

# CABINET AGENDA



**TUESDAY 24 MAY 2016 AT 7.30 PM**  
**DBC BULBOURNE ROOM - CIVIC CENTRE**

The Councillors listed below are requested to attend the above meeting, on the day and at the time and place stated, to consider the business set out in this agenda.

#### Membership

Councillor Williams (Leader)  
Councillor Griffiths (Deputy Leader)  
Councillor Elliot

Councillor Harden  
Councillor Marshall  
Councillor G Sutton

For further information, please contact Michelle Anderson

## **AGENDA**

### **1. MINUTES (Pages 3 - 7)**

To confirm the minutes of the meeting held on 26 April 2016

### **2. APOLOGIES FOR ABSENCE**

To receive any apologies for absence.

### **3. DECLARATIONS OF INTEREST**

To receive any declarations of interest

A member with a disclosable pecuniary interest or a personal interest in a matter who attends a meeting of the authority at which the matter is considered -

(i) must disclose the interest at the start of the meeting or when the interest becomes apparent

and, if the interest is a disclosable pecuniary interest, or a personal interest which is also prejudicial

(ii) may not participate in any discussion or vote on the matter (and must withdraw

to the public seating area) unless they have been granted a dispensation.

A member who discloses at a meeting a disclosable pecuniary interest which is not registered in the Members' Register of Interests, or is not the subject of a pending notification, must notify the Monitoring Officer of the interest within 28 days of the disclosure.

Disclosable pecuniary interests, personal and prejudicial interests are defined in Part 2 of the Code of Conduct for Members

[If a member is in any doubt as to whether they have an interest which should be declared they should seek the advice of the Monitoring Officer before the start of the meeting]

#### **4. PUBLIC PARTICIPATION**

An opportunity for members of the public to make statements and ask questions in accordance with the rules as to Public Participation.

#### **5. REFERRALS TO CABINET**

There were no referrals to Cabinet

#### **6. CABINET FORWARD PLAN (Pages 8 - 10)**

#### **7. AUTHORISATION OF VIREMENTS (Pages 11 - 17)**

#### **8. PROVISIONAL OUTTURN (Pages 18 - 40)**

#### **9. PROPOSALS FOR A DEVELOPMENT COMPANY (Pages 41 - 45)**

#### **10. CONSTITUTION UPDATE (Pages 46 - 51)**

#### **11. EXCLUSION OF THE PUBLIC**

To consider passing a resolution in the following terms:

**That, under s.100A (4) of the Local Government Act 1972 Schedule 12A Part 1 as amended by the Local Government (Access to Information) (Variation) Order 2006 the public be excluded during the items in Part 2 of the Agenda for this meeting, because it is likely, in view of the nature of the business to be transacted, that, if members of the public were present during those items, there would be disclosure to them of exempt information relating to the financial and business affairs of the Council and third party companies/organisations.**

**Local Government Act 1972, Schedule 12A, Part 1, paragraph 3.**

## MINUTES

## CABINET

26 APRIL 2016

**Present:**

**Members:**

**Councillors:** Williams (Leader)  
Elliot  
Harden  
Marshall  
G Sutton

<b>Officers:</b>	Sally Marshall	Chief Executive
	James Deane	Corporate Director - Finance and Operations
	Steven Baker	Assistant Director - Chief Executive's Unit
	David Austin	Assistant Director - Neighbourhood Delivery

The meeting began at 7.30 pm

**CA/38/15**    **MINUTES**

The minutes of the meeting held on 22 March 2016 were agreed by the members present and signed by the Chairman.

**CA/39/15**    **APOLOGIES FOR ABSENCE**

An apology was received on behalf of Councillor Griffiths.

**CA/40/15**    **DECLARATIONS OF INTEREST**

None received

**CA/41/15**    **PUBLIC PARTICIPATION**

None received

**CA/42/15**    **REFERRALS TO CABINET**

None received

**CA/43/15**    **CABINET FORWARD PLAN**

That the Cabinet Forward Plan be noted subject to the following amendment:

Enterprise Zone report to move from June to July 2016.

## **CA/44/15     RECYCLING CONTRACT**

### **Decision**

That Dacorum Borough Council join the new consortium arrangement for the procurement of a MRF processor for the processing of mixed recyclables commencing in 2017.

### **Reason for Decision**

To seek authority to enter into a consortium arrangement with selected members of the Hertfordshire Waste Partnership (HWP) for a joint procurement of a MRF processor for the bulk receipt and processing of mixed dry recyclables.

### **Implications**

#### **Financial**

As detailed in this report, there has been a significant decline in market values for recyclables over recent years which has resulted in the Council currently incurring a gate fee for the processing of mixed recyclables. Clearly with either a consortium or individual approach to securing a new contract the Council will be subject to the same market conditions and possible cost volatility.

#### **Value for Money**

The approach to collecting mixed recyclables as opposed to the material being collected separately at the kerbside has previously demonstrated that the current approach with wheeled bins provides the best value for money for the residents of Dacorum.

### **Risk Implications**

Dacorum Borough Council has to sell its collected recycling material in a free market. It is not possible to predict the future value of the material at the time of the tender or how commodity markets will act to market conditions in the future, so there is a potential risk of higher costs or lower revenue streams to the Council. A shared risk/reward approach with the MRF processor will need to be built into the specification and contract to ensure we mitigate the impact of these potential risks.

The other main risk could have been around the quality of material. Dacorum Borough Council has traditionally supplied material of high quality which is clearly important in a market which is often in a state of oversupply. The risk therefore could have been that our recyclables may have been 'contaminated' by the other consortium partners leading to potential financial implications. This however has been prevented by writing the specification and the contract so that each Authority is responsible for the quality of the material collected in their respective areas.

## Health & Safety Implications

There are no health and safety implications to this report.

## Corporate Objectives

- Safe and Clean Environment
- Dacorum Delivers

## **Monitoring Officer/S.151 Officer Comments**

### **Monitoring Officer:**

No comments to add to the report.

### **S.151 Officer**

No comments to add to the report.

## Advice

The Portfolio Holder for Environmental, Sustainability & Regulatory Services noted that a late annex had been emailed to the committee which provided helpful background.

The Portfolio Holder for Environmental, Sustainability & Regulatory Services explained that the report related to the processing of the contents of the blue bin – the dry recyclables waste. The DBC contract for processing will end in October 2017.

In addition, the contracts for Three Rivers, Watford and Welwyn Hatfield also expires in 2017, albeit January 2017.

Consequently, this meant there was an opportunity for all 4 authorities to contract with one processor.

A soft tendering exercise has taken place and it seemed ideal for waste processors to invest significantly if the local authorities could give an assured tonnage of at least 80,000. Nevertheless around 40,000 tonnes was still attractive.

The purpose of this report was to seek approval to form a consortium with Three Rivers, Watford and Welwyn Hatfield for the purpose of tendering and entering into a contract for the processing of dry recyclable waste. The proposed tender will not include the transport of the waste.

In evaluating the bids, the consortium will be looking at the distance to the waste processor. The benefit of a tremendously low bid from the North East will obviously be destroyed because of the cost of transport. DBC could benefit significantly by virtue of the new processor being much nearer than Crayford.

The contract will be based on what is termed as the “basket value” of a comingled tonne of the waste and the processing cost of a tonne (known as the “gate fee”).

Basket value is what the component parts of the waste can achieve in the market, such as for aluminium, glass, paper and that can fluctuate frequently and significantly.

The Portfolio Holder continued to explain that “gate fee” is the actual processing costs of separating the component parts of the waste and the more sophisticated the

technology used, the better the purity of the result and the better price obtained in the "basket".

Bidders will be asked to submit a gate fee to cover the cost of processing a tonne and specify what share of the basket value will be given to the Consortium.

It is intended that the contract start date with 3 Rivers, Watford and Welwyn Hatfield is February 2017 and, for DBC, November 2017.

Welwyn Hatfield will be the lead authority, so that the contract would be between the processor and Welwyn Hatfield and, in turn, Welwyn Hatfield contracts with Watford, 3 Rivers and DBC.

The timetable is that the OJEU advert will be issued in May, tenders received in July and the local authorities in the consortium agreeing to proceed with the selected tenderer at the end of August.

Paragraph 2.11 of the report explains that DBC is not contractually committed at this stage simply because of this joint procurement exercise. Two of the authorities have expressed the view that there is to be full commitment to joining this consortium, prior to the OJEU advert, and, in so doing, agrees to enter into the contract with the processor which offers the best overall value to the four partner authorities and not necessarily any one individual council. However, DBC cannot avoid its commitment to do what is in the best interest to its own taxpayers and this position has been explained to the other partner authorities.

But the chances of DBC **alone** being at a clear disadvantage with such a consortium based contract is unlikely and a bad result from the tendering process could well result in all four local authorities deciding not to proceed.

It was reported that the Overview and Scrutiny committee considered this issue at some length at its recent meeting. The two principal concerns raised were that DBC should not be penalised if there is considerable contamination in the waste of the other local authorities, and that the contract is too long at seven years, with the opportunity to extend for a further three years.

The quality aspect is addressed at paragraphs 2.7, 2.8 and 2.9 of the report. It was intended that the contract will provide for each local authority's waste to be checked so that cost arising from the contamination is borne by the relevant local authority.

Regarding the length of the contract, the view of the OSC was that 4 years would be appropriate. But a soft marketing exercise showed that prospective tenderers are more attracted and would more likely give a better tender if there is the security of the length of contract. A longer contract is more likely to encourage bidders to invest in more sophisticated technologies to sort the materials, so creating better income streams.

The Portfolio Holder for Environmental, Sustainability & Regulatory Services recommended the report for approval.

The Portfolio Holder for Finance & Resources asked if other county councils had entered into such a consortium that we can benchmark against.

The Assistant Director for Neighbourhood Delivery explained that most had a waste partnership e.g. Norfolk, Suffolk, Lincolnshire. Hertfordshire was the first partnership consortium which established the principle around 10 years ago.

The Portfolio Holder Residents & Corporate Services raised concern with the impact on the benefits to the council, however he also felt that many authorities would be affected and therefore it probably would not occur.

The Assistant Director for Neighbourhood Delivery said it would be unlikely there were scenarios in which DBC would pull out of working with the other partners.

The Leader of the council felt that if the tendering process was disastrous, the council would only have faced the same prices if they had carried out the process themselves later in the year. He felt it was an advantage that the council had a longer contract than others as it allowed time for it to bed in.

The Assistant Director for Neighbourhood Delivery added that the council could extend the existing contract if it wanted to.

The Leader of the council asked if the prices were regularly reviewed to keep up with market conditions.

The Assistant Director for Neighbourhood Delivery said that DBC were paying a fee based on materials and on market rates.

### **Voting**

None.

The Meeting ended at 7.44 pm

**CABINET FORWARD PLAN**

	DATE	MATTERS FOR CONSIDERATION	Decision Making Process	Reports to Monitoring Officer/S.151 Officer	CONTACT DETAILS	BACKGROUND INFORMATION
1.	28/06/16	Hemel Hempstead Town Centre Parking Access and Movement Strategy		09/06/16	James Doe, Assistant Director Planning, Development & Regeneration 01442 228583 <a href="mailto:James.doe@dacorum.gov.uk">James.doe@dacorum.gov.uk</a> Chris Taylor, Group Manager Strategic Planning and Regeneration 01442 228405 <a href="mailto:chris.taylor@dacorum.gov.uk">chris.taylor@dacorum.gov.uk</a> Nathalie Bateman, Strategic Planning & Regeneration Team Leader 01442 228592 <a href="mailto:nathalie.batemen@dacorum.gov.uk">nathalie.batemen@dacorum.gov.uk</a>	To consider arrangements for taking forward the next stages of the parking access and movement strategy for Hemel Hempstead Town Centre
2.	28/06/16	Statement of Community Involvement		09/06/16	James Doe, Assistant Director Planning, Development & Regeneration 01442 228583 <a href="mailto:James.doe@dacorum.gov.uk">James.doe@dacorum.gov.uk</a> Chris Taylor, Group Manager Strategic Planning and Regeneration 01442 228405 <a href="mailto:chris.taylor@dacorum.gov.uk">chris.taylor@dacorum.gov.uk</a>	to agree a refresh of the Council's approach and policy for engaging with the public and other stakeholders on planning applications and the setting of planning strategy and policy.
3.	28/06/16	Park Bye Laws		09/06/16	David Austin, Assistant Director Neighbourhood Delivery 01442 228355 <a href="mailto:david.austin@dacorum.gov.uk">david.austin@dacorum.gov.uk</a> Mark Brookes, Group Manager, Legal Governance, 01442 228236 <a href="mailto:mark.brookes@dacorum.gov.uk">mark.brookes@dacorum.gov.uk</a>	To consider the introduction of new bye laws for the parks in the Borough.
4.	28/06/16	The Forum Car Parking		09/06/16	James Deane, Corporate Director Finance and Operations 01442 228278 <a href="mailto:james.deane@dacorum.gov.uk">james.deane@dacorum.gov.uk</a>	To be provided
5.	28/06/16	Council Tax Support Team Review		09/06/16	James Deane, Corporate Director Finance and Operations 01442 228278 <a href="mailto:james.deane@dacorum.gov.uk">james.deane@dacorum.gov.uk</a>	To be provided
6.	28/06/16	National Graduate Development Programme		09/06/16	To be provided	To be provided
7.	28/06/16	Complaints		09/06/16	Robert Smyth, Assistant Director Performance & Projects 01442 228979 <a href="mailto:robert.smyth@dacorum.gov.uk">robert.smyth@dacorum.gov.uk</a>	To be provided
8.	26/07/16	Risk Management Q4		07/07/16	James Deane, Corporate Director Finance and Operations 01442 228278 <a href="mailto:james.deane@dacorum.gov.uk">james.deane@dacorum.gov.uk</a>	To review the updated Strategic Risk Register.
9.	26/07/16	Housing Asset Management Strategy		07/07/16	Elliott Brooks, Assistant Director (Housing) 01442 228615 <a href="mailto:elliott.brooks@dacorum.gov.uk">elliott.brooks@dacorum.gov.uk</a> Fiona Williamson, Group Manager (Property & Place) 01442 228855 <a href="mailto:fiona.williamson@dacorum.gov.uk">fiona.williamson@dacorum.gov.uk</a>	To set out the strategic approach as to how the Council will maintain and invest in its housing stock
10.	26/07/16	Enterprise Zone		07/07/16	James Doe, Assistant Director Planning, Development & Regeneration 01442 228583	To seek Council's agreement to sign off proposals



	DATE	MATTERS FOR CONSIDERATION	Decision Making Process	Reports to Monitoring Officer/S.151 Officer	CONTACT DETAILS	BACKGROUND INFORMATION
					<a href="mailto:James.doe@dacorum.gov.uk">James.doe@dacorum.gov.uk</a>	
11.	26/07/16	Housing Acquisition Policy		07/07/16	Elliott Brooks, Assistant Director (Housing) 01442 228615 <a href="mailto:elliott.brooks@dacorum.gov.uk">elliott.brooks@dacorum.gov.uk</a> Simon Smith, Assets and Business Improvement Team Leader Property & Place, 01442 228464 <a href="mailto:simon.smith@dacorum.gov.uk">simon.smith@dacorum.gov.uk</a>	To set out the principles by which the Council's Housing Revenue Account will acquire assets including buying back properties previously sold under Right to Buy
12.	26/07/16	Medium Term Financial Strategy		07/07/16	James Deane, Corporate Director Finance and Operations 01442 228278 <a href="mailto:james.deane@dacorum.gov.uk">james.deane@dacorum.gov.uk</a>	To be provided
13.	20/09/16	Performance report Quarter 1		01/09/16	David Skinner, Assistant Director Finance & Resources, 01442 228662 <a href="mailto:david.skinner@dacorum.gov.uk">david.skinner@dacorum.gov.uk</a>	To be provided
14.	20/09/16	Treasury Management Strategy		01/09/16	David Skinner, Assistant Director Finance & Resources, 01442 228662 <a href="mailto:david.skinner@dacorum.gov.uk">david.skinner@dacorum.gov.uk</a>	To be provided
15.	20/09/16	Town Centre Asset Management Strategy		01/09/16	James Doe, Assistant Director Planning, Development & Regeneration 01442 228583 <a href="mailto:James.doe@dacorum.gov.uk">James.doe@dacorum.gov.uk</a> Chris Taylor, Group Manager Strategic Planning and Regeneration 01442 228405 <a href="mailto:chris.taylor@dacorum.gov.uk">chris.taylor@dacorum.gov.uk</a>	to agree operational arrangements and responsibilities for the ongoing management of assets held by the Borough Council in Hemel Hempstead Town Centre
16.	20/09/16	Facilities Management Award of Contract		01/09/16	David Skinner, Assistant Director Finance & Resources, 01442 228662 <a href="mailto:david.skinner@dacorum.gov.uk">david.skinner@dacorum.gov.uk</a> Ben Hosier, Group Manager Commissioning, Procurement & Compliance 01442 228215 <a href="mailto:ben.hosier@dacorum.gov.uk">ben.hosier@dacorum.gov.uk</a>	A recommendation will be presented to Cabinet to seek authorisation to award a contract for a new Facilities Management Service
17.	18/10/16	Homelessness Strategy Review		29/09/16	Elliott Brooks, Assistant Director Housing, 01442 228615 <a href="mailto:elliott.brooks@dacorum.gov.uk">elliott.brooks@dacorum.gov.uk</a> Natasha Brathwaite, Strategic Housing Group Manager, 01442 228840 <a href="mailto:natasha.brathwaite@dacorum.gov.uk">natasha.brathwaite@dacorum.gov.uk</a>	The Homelessness Strategy is a statutory requirement that all local authorities have. The document is required to set out our approach to Homelessness in the borough. This is a 2013-2018 document, which is having a formal review
18.	18/10/16	Quarter 1 Strategic Risk Report		29/09/16	David Skinner, Assistant Director Finance & Resources, 01442 228662 <a href="mailto:david.skinner@dacorum.gov.uk">david.skinner@dacorum.gov.uk</a>	To be provided

**Future Cabinet Dates 2016:** 29<sup>th</sup> November  
13<sup>th</sup> December:

- Tax Base 2017/18 (D Skinner)
- Treasury Management mid-year performance (D Skinner)
- Q2 Strategic Risk Report (D Skinner)

*As at 12 May 2016*

**Dates to be confirmed:** Planning Legislation Update (M Gaynor)  
HRA Business Plan Review (E Brooks)



<b>Report for:</b>	<b>Cabinet</b>
<b>Date of meeting:</b>	<b>24 May 2016</b>
<b>PART:</b>	<b>1</b>
If Part II, reason:	

<b>Title of report:</b>	<b>AUTHORISATION OF VIREMENTS</b>
Contact:	Councillor Graeme Elliott, Portfolio Holder for Finance & Resources James Deane, Corporate Director (Finance & Operations)
Purpose of report:	To seek Cabinet approval to proposed virements.
Recommendations	That the virements as detailed on the attached Form A be approved.
Corporate objectives:	To standardise documentation and authorisation requirements for all virements.
Implications: 'Value For Money Implications'	<u>Financial</u> The Scheme of Virements is part of the Council's financial management.
Risk Implications	There are no risk implications.
Monitoring Officer/S.151 Officer Comments	<b>Monitoring Officer:</b> No further comments to add to the report. <b>Deputy S.151 Officer:</b> This is a Section 151 Officer report.
Consultees:	
Background papers:	Form A

## **BACKGROUND**

1. The Council is required to establish standard documentation and authorisation requirements for all virements.
2. The Council's Financial Regulations determine the scheme of virement and its application. The Financial Regulations state that the scheme covers-

“all transfers of budget, of any value and for any reason including for reason of organisational restructure”.

This will remain in force until such time as the regulations are reviewed. The regulations make clear that no virement can be carried out without the approval of the Corporate Director of Finance & Operations (or his/her nominated delegate), who will also be the final arbiter in any dispute. Additionally, the Director may override any authorisation and determine that approval is required by a higher level of authority.

Virement(s) requiring Cabinet authorisation

Virement for the purpose of moving budget to correct cost centre and account code for in-house Facilities Management costs

Expenditure type	Service Area(s)	Submitted by	Date
Revenue	Property Management and Office Accommodation	Lucy Tash	06/05/16

Account Code	Cost Centre	Account code description	Cost Centre description	TO (DEBIT AMOUNT) £	FROM (CREDIT AMOUNT) £	REASON
1010	DZ120	Salaries (Permanent Employees)	Facilities Management	281,250		Set up a salaries budget for Facilities Management staff, following approval of in-house interim FM service
2050	DZ120	General Building Improvements and Maintenance (Building Services)	Facilities Management	41,250		Set up a buildings maintenance budget for Facilities Management staff, following approval of in-house interim FM service
2250	DZ120	Building Repairs & Maintenance - Service Contracts	Facilities Management	37,020		Set up a service contracts budget for Facilities Management staff, following approval of in-house interim FM service
3000	DZ120	Equipment - General	Facilities Management	5,500		Set up an equipment budget for Facilities Management staff, following approval of in-house interim FM service
4191	DZ120	Contracted Services	Facilities Management	64,085		Set up budget for Third Parties for new FM service
4191	DZ200	Contracted Services	Hemel Civic Centre		429,105	Transfer of budget from Third Parties line to appropriate cost centre and subjective heading
Total				429,105	429,105	

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Virement(s) requiring Cabinet authorisation

Virement for the purpose of moving budget to correct cost centre following restructuring of leadership team

Expenditure type	Service Area(s)	Submitted by	Date
Revenue	Chief Executive's Unit / Finance & Resources / Performance & Projects	Jackie Doyle	04/05/16

Account Code	Cost Centre	Account code description	Cost Centre description	TO (DEBIT AMOUNT) £	FROM (CREDIT AMOUNT) £	REASON
1010	UT210	Salaries	Chief Executive's Unit (Management Team)		133,010	Realign salary budgets to new structure of leadership team
1060	UT210	Car Leasing	Chief Executive's Unit (Management Team)		7,960	Realign car leasing budgets to new structure of leadership team
1010	UT250	Salaries	Performance, People & Innovation (Management Team)	66,750		Realign salary budgets to new structure of leadership team
1060	UT250	Car Leasing	Performance, People & Innovation (Management Team)	3,750		Realign car leasing budgets to new structure of leadership team
1010	UT200	Salaries	Finance and Resources (Management Team)	66,260		Realign salary budgets to new structure of leadership team
1060	UT200	Car Leasing	Finance and Resources (Management Team)	4,210		Realign car leasing budgets to new structure of leadership team

Total

140,970

140,970

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Virement(s) requiring Cabinet authorisation

Virement for the purpose of moving budget to correct account code and cost centres

Expenditure type	Service Area(s)	Submitted by	Date
Revenue	Animal and Public Health/Household Waste and Recycling	Lucy Tash	

Account Code	Cost Centre	Account code description	Cost Centre description	TO (DEBIT AMOUNT) £	FROM (CREDIT AMOUNT) £	REASON
1010	ED610	Salaries (Permanent Employees)	Cesspool Emptying	21,258		Create a separate budget for the Cesspool service, so that income and expenditure can be separately tracked and monitored. The service was previously amalgamated with the Clinical Waste service in the Public Health cost centre
1010	ED620	Salaries (Permanent Employees)	Clinical Waste	14,172		Create a separate budget for the Clinical Waste service, so that income and expenditure can be separately tracked and monitored. The service was previously amalgamated with the Cesspool service in the Public Health cost centre
1010	ED520	Salaries (Permanent Employees)	Public Health (Drainage, Cesspools & Clinical Waste)		35,430	Split out Cesspool and Clinical Waste budget from Public Health cost centre
1380	ED610	Insurance Premiums - Employees	Cesspool Emptying	192		
1380	ED620	Insurance Premiums - Employees	Clinical Waste	128		
1380	ED520	Insurance Premiums - Employees	Public Health (Drainage, Cesspools & Clinical Waste)		320	
1911	ED610	Depreciation (Other Assets)	Cesspool Emptying	1,955		
1911	ED620	Depreciation (Other Assets)	Clinical Waste	1,955		
1911	ED520	Depreciation (Other Assets)	Public Health (Drainage, Cesspools & Clinical Waste)		3,910	
3000	ED620	Equipment - General	Clinical Waste	7,000		
3000	ED520	Equipment - General	Public Health (Drainage, Cesspools & Clinical Waste)		7,000	

3391	ED610	Photocopier Costs	Cesspool Emptying	15		
3391	ED620	Photocopier Costs	Clinical Waste	15		
3391	ED520	Photocopier Costs	Public Health (Drainage, Cesspools & Clinical Waste)		30	
3460	ED610	Telephones, Broadband & Internet (ICT Corporate Buyers)	Cesspool Emptying	150		
3460	ED620	Telephones, Broadband & Internet (ICT Corporate Buyers)	Clinical Waste	150		
3460	ED520	Telephones, Broadband & Internet (ICT Corporate Buyers)	Public Health (Drainage, Cesspools & Clinical Waste)		300	
3910	ED610	Insurance Premiums (All Risks)	Cesspool Emptying	75		
3910	ED620	Insurance Premiums (All Risks)	Clinical Waste	75		
3910	ED520	Insurance Premiums (All Risks)	Public Health (Drainage, Cesspools & Clinical Waste)		150	
4070	ED610	Services (Refuse)	Cesspool Emptying	30,000		
4070	ED520	Services (Refuse)	Public Health (Drainage, Cesspools & Clinical Waste)		30,000	
4460	ED610	Fuel	Cesspool Emptying	4,200		
4460	ED620	Fuel	Clinical Waste	4,200		
4460	ED520	Fuel	Public Health (Drainage, Cesspools & Clinical Waste)		8,400	
4651	ED610	Uninsured Losses (Vehicles)	Cesspool Emptying	505		
4651	ED620	Uninsured Losses (Vehicles)	Clinical Waste	505		
4651	ED520	Uninsured Losses (Vehicles)	Public Health (Drainage, Cesspools & Clinical Waste)		1,010	



5410	ED610	Fees and Charges - Environmental (Zero Rated VAT)	Cesspool Emptying		90,980	
5410	ED520	Fees and Charges - Environmental (Zero Rated VAT)	Public Health (Drainage, Cesspools & Clinical Waste)	90,980		
7020	ED610	Recharges Expenditure - Premises	Cesspool Emptying	3,500		
7020	ED620	Recharges Expenditure - Premises	Clinical Waste	3,500		
7020	ED520	Recharges Expenditure - Premises	Public Health (Drainage, Cesspools & Clinical Waste)		7,000	
7050	ED610	Recharges Expenditure - Supplies & Services	Cesspool Emptying	320		
7050	ED620	Recharges Expenditure - Supplies & Services	Clinical Waste	320		
7050	ED520	Recharges Expenditure - Supplies & Services	Public Health (Drainage, Cesspools & Clinical Waste)		640	
7400	ED610	Recharges Expenditure - Support Services & Management Overheads	Cesspool Emptying	33,530		
7400	ED620	Recharges Expenditure - Support Services & Management Overheads	Clinical Waste	33,530		
7400	ED520	Recharges Expenditure - Support Services & Management Overheads	Public Health (Drainage, Cesspools & Clinical Waste)		67,060	

Total

252,230	252,230
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# Agenda Item 8



<b>Report for:</b>	<b>Cabinet</b>
<b>Date of meeting:</b>	<b>24 May 2016</b>
<b>PART:</b>	<b>1</b>
If Part II, reason:	

<b>Title of report:</b>	<b>Provisional Outturn 2015/16</b>
Contact:	<p>Cllr Graeme Elliot, Portfolio Holder for Finance and Resources</p> <p>James Deane, Corporate Director (Finance &amp; Operations)</p> <p>David Skinner, Assistant Director (Finance &amp; Resources)</p> <p>Richard Baker, Group Manager (Financial Services)</p>
Purpose of report:	<p>To provide details of the provisional outturn position for the:</p> <ul style="list-style-type: none"> <li>· General Fund</li> <li>· Housing Revenue Account</li> <li>· Capital Programme</li> </ul> <p>To provide details of the proposed transfers to and from earmarked reserves.</p>
Recommendations	<p>It is recommended that Cabinet:</p> <ol style="list-style-type: none"> <li>1. Consider the provisional outturn position for each of the above accounts; and</li> <li>2. Recommend to Council approval of the reserve movements outlined in Section 9</li> </ol>
Corporate objectives:	Delivering an efficient and modern council
Implications:	Financial and Value for Money implications are included within

	the body of the report.
Risk Implications	Risk implications are included within the body of the report.
Equalities Implications	There are no equality implications.
Health And Safety Implications	There are no health and safety implications.
Monitoring Officer/S.151 Officer Comments	<p><b>Monitoring Officer</b></p> <p>No further comments to add.</p> <p><b>S.151 Officer</b></p> <p>This is a Section 151 Officer report.</p>
Consultees:	Budget Managers
Glossary of acronyms and any other abbreviations used in this report:	<p>GF – General Fund</p> <p>HRA – Housing Revenue Account</p> <p>MTFS – Medium Term Financial Strategy</p>

## 1. Introduction

1.1 The purpose of this report is to outline the Provisional Outturn for 2015/16, prior to the closure of the accounts. Outturn is reported for the following:

- General Fund
- Housing Revenue Account (HRA)
- Capital Programme

1.2 The Accounts and Audit Regulations 2011 require local authorities to have prepared their annual Statement of Accounts, complete with certification from the Section 151 Officer, by 30 June. The Statement of Accounts must be published by 30 September, following an audit to be undertaken by Ernst & Young.

1.3 The Council's outturn position is a primary source of information for the production of the Statement of Accounts. The provisional outturn position detailed in this report may be subject to further amendment as work continues on the preparation of the Accounts. The final outturn position, along with movements in reserves, will be reported to Cabinet at its meeting of 28 June 2016 if there are any material variances. If there are no material variances, then the Final Outturn

will be reported only to the Audit Committee for final sign off at its meeting of 29 June 2016.

## 2. General Fund Revenue Account

2.1 The General Fund revenue account records the income and expenditure associated with all Council functions except management of the Council's own housing stock, which is accounted for within the Housing Revenue Account (HRA) (see Section 7).

2.2 Appendix A provides an overview of the General Fund provisional outturn position, separating expenditure into controllable and non-controllable categories in order to focus scrutiny on those areas that officers are able to influence, i.e. the controllable.

2.3 The majority of non-controllable costs result from year-end accounting adjustments, e.g. depreciation charges. These are required to show the true value of resources used to provide the Council's services, but do not result in a cash charge to taxpayers. The provisional adjustments that have been completed to date are explained in section 6 of this report.

2.4 The current budget is the original budget approved by Cabinet in February 2015, plus the following approved amendments:

<b>Amendments</b>	<b>£000</b>	<b>Approved</b>
<b>2015/16 Original budget</b>	<b>17,534</b>	
Ambassadors' Programme	36	Council July 2015
Grant Funded Staff Costs in Revenues and Benefits	70	Council September 2015
Office Accommodation	53	Council September 2015
Reserve Funded Staff Costs	(10)	Council September 2015
Local Development Framework	(50)	Council September 2015
Grant Funded Costs in Electoral Registration	42	Council January 2016
Reserve Funded Election Budget	(30)	Council January 2016
<b>2015/16 Current Budget</b>	<b>17,645</b>	

2.5 The table below provides an overview by Scrutiny area of the current forecast outturn for controllable budgets within the General Fund.

	Current Budget £000	Provisional Outturn £000	Variance	
			£000	%
Finance & Resources	7,365	7,142	(223)	-3.0%
Strategic Planning & Environment	7,748	7,706	(42)	-0.5%
Housing & Community	2,532	2,393	(139)	-5.5%
<b>Total</b>	<b>17,645</b>	<b>17,241</b>	<b>(404)</b>	<b>-2.3%</b>

2.6 The following sections provide an analysis of the projected outturn and major budget variances shown by Scrutiny area.

### 3. Finance and Resources

Finance & Resources	Current Budget £000	Provisional Outturn £000	Variance	
			£000	%
Employees	9,796	9,755	(41)	-0.4%
Premises	1,754	2,037	283	16.1%
Transport	35	44	9	25.7%
Supplies & Services	4,184	4,063	(121)	-2.9%
Third-Parties	583	664	81	13.9%
Income	(8,987)	(9,421)	(434)	4.8%
	<b>7,365</b>	<b>7,142</b>	<b>(223)</b>	<b>-3.0%</b>

#### 3.1 Premises - £283k over budget (16.1%)

Pressure of £195k – In accordance with the legal agreement, the Council has reimbursed Hertfordshire County Council for a share of the costs of the temporary relocation of the Library, prior to the move to The Forum.

Pressure of £60k - There is a pressure of £60k relating to utilities costs on the Planet Ice site at Jarman Park, where the Council acts as agent for the operator. These costs have been recovered from the tenant and a corresponding overachievement in income has been generated (see paragraph 3.4).

Pressure of £40k – There is a pressure of £40k in the Public Conveniences Service, as a new electronic opening system is being installed. This will remove the need for Council staff to attend Public Conveniences to open and close the facilities, and offers a more cost-effective long term solution.

### 3.2 Supplies & Services - £121k under budget (2.9%)

Centralised Underspend of £207k – Underspends were identified across various services through close scrutiny of the budgets, in preparation for the 2016/17 budget round. Following approval at Full Council on 20 January 2016, these savings have been moved to a central area in Finance & Resources, and have been taken out of the base budget for 2016/17.

The savings originated from the following budgets:

<b>Scrutiny Committee</b>	<b>Description</b>	<b>Value</b>
Finance & Resources	Central Admin Staffing – in year vacancies	<b>£50k</b>
Finance & Resources	Performance and Projects - savings in Performance team (timing)	<b>£10k</b>
Strategic Planning & Environment	Regulatory Services supplies and services	<b>£20k</b>
Finance & Resources	Performance and Projects – various underspends across the service	<b>£44k</b>
Finance & Resources	Chief Executive Mgt Team	<b>£83k</b>
<b>Total</b>		<b>£207k</b>

Pressure of £90k – following a review of capital expenditure, annual licences for Microsoft Enterprise Agreements are now being treated as revenue expenditure. This cost had previously been budgeted in the capital programme. The cost for financial year 2015/16 has been charged to the General Fund revenue account, and this expenditure has been budgeted as a revenue cost in the 2016/17 budget.

Pressure of £50k –A levy was notified from Municipal Mutual Insurance. This is unbudgeted as this is only the second levy since 1992.

Surplus of £80k – The facilitating change budget has underspend by c£80k. This was allocated to deliver a review of sports provision and delivery arrangements within the Borough. This review will be delivered in 2016/17 following a tender to conduct the review. It is recommended that money is moved into a reserve to fund this activity.

### 3.3 Third Parties £81k over budget (14%)

Pressure of £50k – There is a pressure of £50k in Facilities Management. Additional costs have been incurred since the relocation of the Hemel Hempstead library into the Civic Centre, due to longer opening hours. Costs are also being incurred due to additional hours worked at Berkhamsted Civic Centre and Victoria Hall Tring over and above the contracted hours in order to generate income from hire of the premises. This pressure is offset by the service charge income as identified in paragraph 3.4.

Pressure of £40k – There is a pressure of £40k in Financial Services, as the budgeted savings on the provision of the Payroll contract will not be achieved in 2015/16. Following a long period of transition modelling with the new provider, the start of the new contract was delayed until 2016/17. The new payroll contract

was implemented in April 2016, from which point savings will be achieved at the rate previously forecast, and in line with the approved budget.

### 3.4 Income £434k over-achievement of budget (4.8%)

Surplus of £255k – Additional income, net of repairs costs of £28k, has been generated on properties owned by the General Fund which are currently being used by the HRA as rental properties. Following an in-depth review of rental income, as part of the 2016/17 budget-setting exercise, this income stream has now been transferred from the HRA to the General Fund.

Surplus of £105k – as mentioned in paragraph 3.1 and 3.3 above, utilities costs on the Planet Ice site have been recovered from the tenant. In addition, service charges e.g. portering services provided to enable the Civic Centre to remain open to accommodate the library's opening hours, have been billed to Herts County Council following the relocation of the library into the Civic Centre.

Surplus of £60k – Additional income of £60k has been generated from service charges on commercial properties. The terms of individual leases have been reviewed to identify an improved methodology for charging, which has led to an increase in income.

## 4. Strategic Planning and Environment

Strategic Planning and Environment	Current Budget £000	Provisional Outturn £000	Variance	
			£000	%
Employees	9,199	9,416	217	2.4%
Premises	1,065	1,025	(40)	-3.8%
Transport	1,445	1,436	(9)	-0.6%
Supplies & Services	3,932	4,267	335	8.5%
Third-Parties	132	128	(4)	-3.0%
Income	(8,024)	(8,566)	(542)	-6.8%
	<b>7,748</b>	<b>7,706</b>	<b>(42)</b>	<b>-0.5%</b>

### 4.1 Employees - £217k over budget (2.4%)

Pressure of £140k – There is a pressure of £140k in the budget for Employee costs in Waste Services. The budgeted efficiencies to be delivered through the new waste service (£420k budget reduction) were not fully realised from the start of the year, as the new structure took time to bed in.

A specific Waste Performance group was set up in June 2015 to address why productivity was below the anticipated level, and consequently why there was an overspend. During the first quarter of the financial year, two additional waste collection rounds were being utilised over and above the anticipated round structure. As at Quarter 2 this had been reduced to one additional round, and by the end of Quarter 3 this last additional round had been removed, to leave the service operating within budget at no additional resource or cost. Whilst the

budget pressure cannot be reversed for this financial year, it is expected that the service will operate within budget for financial year 2016/17.

Pressure of £100k – There is a pressure of £100k in Planning and Building Control, due to a number of vacant posts within the services. This work has been carried out by agency staff, but at a more expensive rate. A service review is being undertaken with a view to improving processes within the service and making efficiency savings going forward.

#### **4.2 Supplies and Services - £335k over budget (8.5%)**

Pressure of £120k – This pressure has arisen in the budgets for uninsured losses in Environmental Service and in Planning, where a number of insurance claims have been received, particularly for damage to properties from subsidence due to tree roots.

Pressure of £65k – There is an unbudgeted cost of £65k for the disposal of recycled material. This cost has arisen due to a downturn in the market for recycled materials due to the fall in the price of plastic, steel and glass.

Pressure of £40k – The Council commissioned V4 services to carry out a review of Waste Services, with a view to making service improvements. The initial findings of this review have been received and a number of the suggested improvements have been factored into the budget for 2016/17.

Pressure of £60k – A pressure of £60k has arisen in Development Control due to additional costs for consultancy support on more complex planning cases. There has also been an increase in the volume of challenges from the public which has led to higher than anticipated legal costs.

#### **4.3 Income - £542k surplus (6.8%)**

Surplus of £250k – A surplus of £250k has been generated in Planning and Building Control. This is due to a high volume of large one-off applications having been received during the financial year.

Surplus of £115k – In Waste Services, there is a surplus of £115k from the Alternative Financial Model. This is an incentive payment made by the waste disposal authority Herts County Council, to reward local authorities for increases in their recycling rates which saves the county council in disposal costs.

Surplus of £95k – A surplus of £95k has arisen in the Waste Transfer Site at Cupid Depot from efficiencies implemented by the service in waste disposal. The variance has arisen in the Income category because of a new arrangement with Herts County Council concerning street sweepings.



## 5 Housing and Community

Housing & Community	Current Budget	Provisional Outturn	Variance	
	£000	£000	£000	%
Employees	2,462	2,516	54	2.2%
Premises	436	427	(9)	-2.1%
Transport	16	11	(5)	-31.3%
Supplies & Services	2,891	2,830	(61)	-2.1%
Third Parties	823	830	7	0.9%
Income	(4,096)	(4,221)	(125)	3.1%
	<b>2,532</b>	<b>2,393</b>	<b>(139)</b>	<b>-5.5%</b>

### 5.1 Income - £125k over budget (3.1%)

Surplus of £45k – There is a surplus of £45k on income from The Elms homeless hostel. The Council entered into a contract with DENS to manage The Elms from May 2015, but the income from this contract had not previously been budgeted. This income has been factored in to the budget for 2016/17.

Surplus of £30k – There is a surplus of £30k on income from Garages where the level of voids has been lower than anticipated.

## 6 Non-Controllable Expenditure

6.1 Appendix A includes the provisional outturn for non-controllable expenditure. These are largely year-end accounting adjustments. There will be further adjustments as work on the Statement of Accounts continues, but major variances arising to date are detailed below:

Surplus of £305k – There is a surplus of £305k in Housing Benefits and Subsidy due to a review of the methodology for providing for bad debts on overpaid Housing Benefit. A more accurate provision has been created based on previous recovery levels. This has led to a reduction in the bad debt provision required.

Surplus of £128k – there is a surplus of £128k on Interest Receipts. In May 2015 Council approved the borrowing of £19m to finance approved projects in the capital programme in advance of need in order to take advantage of historically low interest rates. This, along with slippage and underspends on the General Fund capital programme of £10.2m, has meant the Council has held higher cash balances during the year. These higher balances have been invested in line with the Council's treasury management strategy and have generated an additional £128k of interest receipts.

6.2 At the time of writing, the depreciation and recharge calculations for the year have yet to be finalised and included within the non-controllable expenditure section of Appendix A. At this stage, both have been included as on budget.

6.3 The depreciation charge is an accounting adjustment which has no impact on the taxpayer. However, the recharge calculation is likely to result in the charge to the HRA deviating from budget. Any changes resulting from the recharge calculation will be reported to the Audit Committee as part of the Final Outturn report.

## **7 Housing Revenue Account (HRA)**

7.1 The HRA is a ring-fenced account relating to the Council's Landlord functions. A guiding principle of the HRA is that revenue raised from rents and service charges must be sufficient to fund expenditure incurred. The forecast outturn position for the HRA is shown at Appendix B.

7.2 The projected HRA balance at the end of 2015/16 is £2.6m, which is £300k less than the budgeted balance of £2.9m.

### **7.3 Dwelling Rent - £151k under budget (0.3%)**

Although the net position on Dwelling Rent is under budget, there is an overachievement of £132k on budgeted housing rent, as the number of empty homes in the year was lower than anticipated. The budgeted level was 1%, but empty homes were approximately 0.4% over the course of the year.

The deficit has arisen following an unbudgeted recharge from the General Fund of £283k, to account for rent received on properties that are used to house Council tenants but are owned by the General Fund. This is shown as a reduction in rental income in the HRA. (See paragraph 3.4)

### **7.4 Contribution towards Expenditure - £336k over-achievement of income (60.5%)**

There is a surplus of £240k in Contributions from Leaseholders. Repairs costs were being charged to Leaseholders on an arrears basis, but are now being charged in the year the work has taken place.

A one-off payment of £40k has been received for Feed-In Tariffs for William Crook House which was an overdue payment relating to the last 4 years. There have also been some minor capital receipts, each individually under £10k, which have contributed a further surplus of £50k.

### **7.5 Interest and Investment Income - £71k over-achievement of income (62.3%)**

This over-achievement is as a result of higher than anticipated receipts from the sale of Right to Buy properties. An amount of £3.4m was estimated in the budget, however this financial year £12.9m has been received.

### **7.6 Repairs and Maintenance - £1.18m over budget (11.5%)**

The year end outturn position for 2015/16 shows an overspend of £1.18m in the repairs and maintenance budgets.

The four areas that have experienced the greatest pressure are Responsive Repairs, including small works, Asbestos surveys and removals, Health and Safety works and External redecorations.

The reasons for the main variances are:

### **Responsive Repairs, including small works - overspend £740k (9.6%)**

These are all demand led works, encompassing traditional responsive repairs, and small works including estate works such as rebuilding dangerous walls, fence renewals, and footpath works.

In overall terms, in financial year 2015/16 28,534 responsive repair jobs were completed in comparison with 23,368 jobs in financial year 2014/15, which is an increase of 22%. Average job costs were at a 25% lower average cost in the first quarter of the year and it was anticipated that this would continue over the rest of the year. High demand in small works was experienced in the second and third quarters of the year as a result of a backlog in work predating self-financing that has outstripped the savings anticipated from reduced average job costs.

It was expected that these overspends could be offset by corresponding underspends on voids based on activity levels for the first two quarters of c£250k. However, due to increasing demand for homeless temporary accommodation, a number of HRA general needs properties have been converted into temporary accommodation during the year, thereby increasing the frequency and volume of voids. This has resulted in a swing in forecasts of c£500k based on the average unit cost of servicing a void of c£5k.

- *Voids 14-15 - 713 completed*
- *Voids 15-16 - 766 completed*

### **Health and Safety works – overspend £120k (7.6%)**

The poor summer followed by a persistently wet autumn/winter resulted in an increased demand for work to treat mould in the housing stock where the average rainfall was almost twice the normal average. An enhanced specification was developed and extensive work carried out to the affected properties to eradicate the mould and improve ventilation.

The remainder of the works in this category relate to concrete repairs, trip hazards or other health and safety related issues and are demand led.

### **Asbestos surveys and removals - overspend £230k (5.7%)**

The impact of higher volumes of responsive small works and the enhanced specification for eradication of mould has resulted in a corresponding increase in the number of asbestos refurbishment and demolition surveys, as the enhanced specification leads to more invasive work requiring a greater number of surveys. Due to the age and poor condition a number of asbestos components have required removal.

### **External redecoration - overspend £180k (3.8%)**

External redecoration was undertaken to blocks where scaffold was in-situ for windows or roof renewals funded from capital to maximise the use of the scaffold

in line with the objectives of the Total Asset Management (TAM) approach. The TAM approach resulted in bringing forward spend from future years of the business plan.

#### **7.7 Supervision and Management - £141k under budget (1.2%)**

There are various over and underspends in this area, but the key variances are £140k underspend in the Housing Cleaning service due to a number of vacancies in year, £60k under budget in utilities costs in Elderly Persons' Dwellings and £60k overspend due to unbudgeted revenue costs associated with the New Build programme.

#### **7.8 Revenue Contribution to Capital - £481k under budget (3.3%)**

Line 192 of the Capital Programme (Appendix C) shows the budget for Planned Fixed Expenditure. There is an overspend of £149k on this line. Within this net overspend there is accelerated spend of £630k on the Walkways project to upgrade the structural integrity of the balconies and walkways, which necessitates budget to be brought forward from 2016/17. This leaves a residual underspend of £481k on the capital scheme overall. This underspend means that the Revenue Contribution to Capital can be reduced by a corresponding amount of £481k, as this amount is not required to fund the capital programme.

It is recommended that the revenue contribution to capital be further reduced by £279k to offset the current deficit on the HRA.

#### **7.9 Transfer from Housing Reserves - £34k over budget**

This transfer from HRA earmarked reserves is to fund the costs of the Social Housing Fraud officer, met from a grant received from DCLG in prior years.

### **8 Capital Programme**

#### **8.1 Appendix C shows the projected capital outturn in detail by scheme.**

The table below summarises the overall capital outturn position by Scrutiny area.

The 'Rephasing' column refers to those projects where expenditure is still expected to be incurred, but it will now be in 2016/17 or future years rather than 2015/16, or conversely, where expenditure planned initially for 2016/17 will now be in 2015/16.

The 'Variance' column refers to those projects which are now complete, but have come in under or over budget and those projects which are no longer required.

	<b>Current Budget £000</b>	<b>Projected Outturn £000</b>	<b>Rephasing £000</b>	<b>Variance</b>	
				<b>£000</b>	<b>%</b>
Finance & Resources	12,712	10,424	(1,936)	(352)	-2.8%
Strategic Planning & Environment	14,651	7,041	(6,146)	(1,464)	-10.0%
Housing & Community	1,855	1,539	(113)	(203)	-10.9%
<b>G F Total</b>	<b>29,218</b>	<b>19,004</b>	<b>(8,195)</b>	<b>(2,019)</b>	<b>-6.9%</b>
<b>HRA Total</b>	<b>32,062</b>	<b>30,530</b>	<b>(1,048)</b>	<b>(484)</b>	<b>-1.5%</b>
<b>Grand Total</b>	<b>61,280</b>	<b>49,534</b>	<b>(9,243)</b>	<b>(2,503)</b>	<b>-4.1%</b>

## 8.2 General Fund Major Variances

There is an overall underspend of £10,214k on the General Fund within year 2015/16. This is a combination of underspending of £2,019k and slippage of £8,195k. This represents 28% slippage against the budget, compared to slippage of 10.3% in 2014/15. This increase in slippage is primarily due to slippage on a few high value projects including the Forum, the Water Gardens, the Fleet Replacement Programme, and the Maylands Urban Realm Project. Further on these areas of slippage follows.

The net underspend of £2,019k is comprised of:

- Line 43: underspend of £76k on demolition of Unit B and The Old Court House due to the costs coming in less than the budgeted £400k.
- Line 59: underspend of £121k on the Car Park Refurbishment project. The requirements for 2015/16 were refined, and 2 car parks have been refurbished this financial year at a cost of £116k, with slippage of £99k into 2016/17. A new capital bid has been approved for works to be carried out to further car parks in 2016/17.
- Line 89: underspend of £136k on Enterprise Licence Agreements. These ICT licences are now being treated as revenue expenditure, as they are incurred on an annual basis. The cost for financial year 2015/16 has been charged to the General Fund revenue account, and this expenditure has been budgeted as a revenue cost in the 2016/17 budget.
- Line 137: an underspend of £165k on the Affordable Housing Development Fund. This budget was previously allocated from General Fund capital receipts, but is now funded from Housing Revenue Account 1-4-1 receipts due to the high level of property sales under the Right to Buy scheme. The expenditure is based on the grant applications received from Housing Associations and is therefore demand led.

- Line 165: an underspend of £141k on Home Improvement Loans budget. Uptake to this scheme has been low and the budget is not expected to be spent. The budgets previously allocated for this scheme in future years have been removed from the capital programme during the last budget round.
- Line 172: an overspend of £93k on Regeneration of the Town Centre which equates to 2% of the overall project budget. During the course of the work at the Marlowes Shopping Zone, many issues were identified including previously unidentified underground utilities and changes made by Herts County Council to the design and materials, which had a substantial impact on the time and budget for this project. Unbudgeted grant income has been received from Herts County Council of £60k which partially offsets this overspend.
- Line 175: an underspend of £403k on the Bus Interchange project. Following the issues identified during the course of the works at the Marlowes Shopping Zone, a large contingency was put in to the Bus Interchange project, with a high expectation that unforeseen issues might arise. Fortunately this did not turn out to be the case and a large saving has been made. Unbudgeted grant funding of £180k from Herts County Council has also been secured which reduces the overall cost to the council.
- Line 176: an underspend of £1m on the Heart of Maylands project. This scheme was intended to support the provision of highway access and infrastructure serving DBC's landholding on the Maylands Gateway, however this work is no longer required and the budget will not be spent.

The projected rephasing to future years of £8,195k includes:

- Line 42: accelerated spend of £464k on the budget for Strategic Acquisitions. The Health Centre building was purchased in October 2015, however this spend had previously been profiled to financial year 2016/17.
- Line 56: slippage of £191k at Rossgate Shopping. £9k has been spent this financial year on design work. Any further work is on hold pending the outcome of the strategic condition survey of the Council's property portfolio.
- Line 59: £99k slippage on the Car Park Refurbishment project. The budget allocated to resurface Queensway car park will now be spent in 2016/17.
- Line 60: £161k of accelerated spend on Berkhamsted Multi-Storey Car Park. Additional expenditure has been incurred on the development and planning stage of the project which necessitates bringing forward approved budget that had previously been profiled for expenditure in 2016/17.
- Line 62: £184k slippage on Bunkers Farm. The purchase of land has taken longer than anticipated. Completion is now expected in the first quarter of the new financial year.
- Line 144: £400k slippage on Berkhamsted Sport Centre roof. The work has not currently been scoped out, and at this stage it is unrealistic to expect spend to take place in 2015/16.

- Line 147: £76k slippage on Hemel Sports Centre renew heat and power system. This project has been postponed to 2016/17 due to the work on replacement of the Air Handling Unit for the gymnasium taking priority.
- Line 72: £87k slippage on Planning Software Replacement. This project was intended for a complete upgrade of the IDOX software, but to date this has not been required, as smaller improvements to the system have been sufficient. The budget will be needed in 2016/17 however, for further improvements to Planning software to deliver future service efficiencies.
- Line 81: slippage of £1m on The Forum. The budget of £9.4m was based on indicative cashflows at the time.
- Line 90: slippage of £70k on Website Development. This relates to the web portal element of CRM. The procurement exercise is not yet complete and it is now expected that the project will be completed next financial year.
- Line 102: slippage of £70k on EIS replacement. A decision on EIS replacement will be taken when there is more clarity on the feasibility of other HR delivery models.
- Line 131: slippage of £83k on Youth Centre Provision. This budget is being used for the new Cycle Hub and for youth facilities at the Adventure Playgrounds. To avoid the works impacting on the Adventure Playgrounds during the Easter holidays, it was necessary to slip the £83k in to 2016/17.
- Line 155: slippage of £107k on the Play Area Refurbishment Programme. The programme of work has been reviewed many times, particularly as individual amounts of section 106 funding are being identified that can be used to fund particular sites. The requirements have now been reworked and the anticipated spend for 2015/16 is £107k less than the budgeted £397k. Any unused funds will be slipped into 2016/17 to fund the programme of works for that year.
- Line 156: slippage of £75k on Waste & Recycling Service Improvements. This budget was slipped forward from 2014/15 and was intended to be used for new bins for the second phase of the new waste service which is the roll out to communal properties. The project has been delayed due to the complexities of dealing with a variety of communal properties but it is expected that this funding will be required in 2016/17.
- Line 160: slippage of £1.72m on the Fleet Replacement Programme. The requirements of the service for communal properties are still being scoped out.
- Line 170: slippage of £813k on Maylands Phase 1 (Maylands Urban Realm). A revised project cost was approved at Cabinet 20 October 2015, and approval was given to award the contract for the construction of the project. £233k has been spent in 2015/16 with the balance now anticipated to be spent in 2016/17.

- Line 171: slippage of £300k on Urban Park. This project will not be completed in 2015/16 now due to other projects such as the Water Gardens taking priority.
- Line 173: slippage of £335k on Maylands Business Centre. Initial bids on this scheme were received earlier in the financial year, but were in excess of the allocated budget. A request to increase the level of budget was approved at Cabinet on 24 November, and revised quotes are currently being evaluated, with the aim of awarding the contract early in the new financial year.
- Line 174: slippage of £2m on the Water Gardens. Delays have been experienced on the project due to the complexity of the work. It had been intended that the bridges would be refurbished in September 2015, however after structural surveys and a planning review, it was decided that these would all be replaced with new bridges which will now take place in summer 2016. The removal of silt has also taken longer than anticipated due to lack of storage space.
- Line 175: slippage of £300k on the Bus Interchange project. Although the project is practically complete, there remains some enhancement work to be carried out. There have been some delays in agreeing the final specification for this work and these costs will now be incurred early 2016/17.
- Line 178: slippage of £508k on Town Centre Access Improvements project. Options for the scheme have been received and are currently being considered. Pre-assessment work of £14k has been carried out in 2015/16, but the majority of the work will now be in 2016/17.

### 8.3 HRA Major Variances

There is an underspend on the HRA capital programme of £1,532k.

- Line 192: net overspend of £149k on Planned Fixed Expenditure. Within this net overspend there is accelerated spend of £630k on the Walkways project to upgrade the structural integrity of the balconies and walkways, which necessitates budget to be brought forward from 2016/17. This leaves a residual underspend of £481k. The HRA Revenue Contribution to Capital will be reduced by this amount, as the budgeted contribution to capital is not required in full.
- Line 196 and 197: slippage of £106k on the new build programme at Farm Place and £140k on Galley Hill. Both of these schemes are complete, however it is proposed that the budget be slipped to 2016/17 to fund unbudgeted expenditure which will be required on Stationer's Place (The Apsley Paper Mill) where a second overage payment is due in 2016/17 on the land purchase.
- Line 198: slippage of £838k on the new build scheme at London Road Apsley. There have been some delays to the build of the site, due to amendments to meet changing client requirements, such as ground floor flats low level showers and layout change to certain plots to meet resident requirements. This work can be accommodated within the approved budgets for the scheme overall.



- Line 203: accelerated spend of £235k on the new build site at Apsley Paper Mill (Stationer's Place). An overage payment of £250k has been made following the granting of planning permission on this site. A further payment of £450k will be due in 2016/17.
- Line 204: slippage of £73k on the new build scheme at Queen Street Tring. With Queen Street being a former council depot, the initial site investigation suggested two points of contamination which needed to be addressed. A further survey uncovered extensive contamination across much of the site which was unexpected, and required removal of the surface layer and replacement in its entirety, culminating in a 5 week delay. This work can be delivered within the approved budgets for the scheme overall.
- Line 205: slippage of £178k on the new build scheme at Able House, which represents the first payment to the main contractor for works. The works were due to start on site in March 2016, after demolition of the existing building, however the demolition has proved more complex and time consuming than anticipated, due to the discovery of asbestos.
- Line 207: slippage of £583k on the new build scheme at Swing Gate Lane. This slippage is due to delays in the purchase of the land. It was expected that the land would be purchased in March 2016, but complexities in the transaction have led to a time delay and the purchase is now expected early in financial year 2016/17.

## **9 Balances and Reserves**

9.1 The Reserves Summary at Appendix D reflects the movements approved by Council in February 2016.

9.2 In cases where reserves were to be drawn down in 2015/16 to fund budgeted expenditure which was not spent in full, only the amount required to fund actual expenditure was drawn down.

9.3 Variances over £30k on recommended reserve movements compared to the original budget and additional movements approved in year are as follows:

- Invest to Save Reserve - £47k reduced draw down. A draw down of £195k was budgeted to be drawn down towards income generation and cost reduction projects at the Council cemetery sites. The refurbishment of facilities at Woodwells cemetery has slipped to 2016/17. A reduced drawdown of £148k from the reserve is required in 2015/16, with the balance of £47k to be drawn down in 2016/17.
- Dacorum Development Reserve - £82k reduced draw down. A draw down of £100k was budgeted to be drawn down to be paid to Tring Town Council for the development of a local plan. Part of this project has slipped, with £18k being spent in 2015/16. A reduced drawdown of £18k from the reserve is required in 2015/16, with the balance of £82k to be drawn down in 2016/17.
- Management of Change Reserve - £37k reduced draw down. A draw down of £40k was budgeted to be drawn down towards the management of a

community centre at Woodhall Farm. Income was raised that will be payable to the community group that takes over the management of the community centre in 2017/18. A reduced drawdown of £3k from the reserve is required in 2015/16, with the balance of £37k to be drawn down in 2017/18.

- Management of Change Reserve – Additional contribution to the reserve of £80k. As set out in paragraph 3.2, £80k was set aside to deliver a review of sports provision within the Borough. As this was not undertaken in 2015/16, the funds will be set aside in the Management of Change Reserve and drawn down in 2016/17.
- Maylands Plus Reserve - £31k additional contribution to the reserve. Surpluses generated at Maylands Business Centre are contributed to the Maylands Plus reserve towards future works at the premises or other economic development schemes. In 2015/16 the centre generated £31k through increased income and reduced running costs.

9.4 It is recommended that as part of the normal year-end processes all balances will be reviewed and movements of any surplus identified is delegated for final approval of the amounts to Audit Committee on 29 June 2016. This will help fund future organisational transformation initiatives as the Council seeks to respond to the forecast reductions in government funding.

	Month			Year-to-Date			Full Year Forecast		
	Adjusted Budget £000	Actuals £000	Variance £000	Adjusted Budget £000	Actuals £000	Variance £000	Adjusted Budget £000	Forecast Outturn £000	Variance £000
<b>Controllable</b>									
Finance and Resources	718	535	(183)	7,365	7,142	(223)	7,365	7,142	(223)
Strategic Planning and Environment	253	158	(95)	7,748	7,706	(42)	7,748	7,706	(42)
Housing and Community	181	365	184	2,532	2,393	(139)	2,532	2,393	(139)
<b>Controllable</b>	<b>1,152</b>	<b>1,058</b>	<b>(94)</b>	<b>17,645</b>	<b>17,241</b>	<b>(404)</b>	<b>17,645</b>	<b>17,241</b>	<b>(404)</b>
<b>Non-Controllable</b>									
Finance and Resources	(2,413)	(1,675)	738	(3,712)	(679)	3,033	(3,712)	(4,017)	(305)
Strategic Planning and Environment	583	0	(583)	3,865	(5)	(3,870)	3,865	3,915	50
Housing and Community	563	1	(562)	1,450	6	(1,444)	1,450	1,450	0
<b>Non-Controllable</b>	<b>(1,267)</b>	<b>(1,674)</b>	<b>(407)</b>	<b>1,603</b>	<b>(678)</b>	<b>(2,281)</b>	<b>1,603</b>	<b>1,348</b>	<b>(255)</b>
<b>General Fund Service Expenditure</b>	<b>(115)</b>	<b>(616)</b>	<b>(501)</b>	<b>19,248</b>	<b>16,563</b>	<b>(2,685)</b>	<b>19,248</b>	<b>18,589</b>	<b>(659)</b>
Reversal of Capital Charges							(4,125)	(4,125)	0
Interest Receipts							504	378	(126)
Revenue Contributions to Capital							4,106	4,106	0
Contributions to / (from) Reserves							(897)	(561)	336
Contributions to / (from) Working Balance							(152)	465	617
<b>Budget Requirement:</b>							<b>18,684</b>	<b>18,852</b>	<b>168</b>
<b>Met From:</b>									
Revenue Support Grant							(2,070)	(2,070)	0
Retained Business Rates							(3,986)	(3,986)	0
New Homes Bonus							(2,611)	(2,620)	(9)
Other General Government Grants							(112)	(271)	(159)
Council Tax Surplus							(80)	(80)	0
Requirement from Council Tax							(9,825)	(9,825)	0
<b>Total Funding:</b>							<b>(18,684)</b>	<b>(18,852)</b>	<b>(168)</b>

### Interpreting this report

#### General Fund Service Expenditure

This subtotal includes those costs which are directly attributable to specific Council services.

#### Budget Requirement

This subtotal shows the total cash requirement to operate the Council for one year. It includes the General Fund Service Expenditure plus corporate costs and income.

#### Total Funding

This subtotal shows how the Council receives sufficient funding from different sources to meet the Budget Requirement. In order to 'balance the budget', Total Funding must equal the Budget Requirement.

## Housing Revenue Account

### Provisional Outturn 2015/16

	Original Budget £000	Provisional Outturn £000	Forecast Variance £000	Variance %
<b>Income:</b>				
Net Dwelling Rents	(56,236)	(56,085)	151	-0.3%
Non-Dwelling Rents	(80)	(70)	10	-12.5%
Tenants Charges	(273)	(332)	(59)	21.6%
Leaseholder Charges	(507)	(466)	41	-8.1%
Interest and Investment Income	(114)	(185)	(71)	62.3%
Contribution towards Expenditure	(555)	(891)	(336)	60.5%
<b>Total Income</b>	<b>(57,765)</b>	<b>(58,029)</b>	<b>(264)</b>	<b>0.5%</b>
<b>Expenditure:</b>				
Repairs and Maintenance	10,262	11,442	1,180	11.5%
Supervision & Management:	11,334	11,193	(141)	-1.2%
Rent, Rates, Taxes & Other Charges	14	13	(1)	-7.1%
Interest Payable	11,658	11,658	0	0.0%
Provision for Bad Debts	216	216	0	0.0%
Depreciation	9,288	9,288	0	0.0%
HRA Democratic Recharges	264	264	0	0.0%
Revenue Contribution to Capital	14,729	14,268	(461)	-3.1%
<b>Total Expenditure</b>	<b>57,765</b>	<b>58,342</b>	<b>577</b>	<b>1.0%</b>
Transfer from Housing Reserves	0	(34)	(34)	0.0%
<b>HRA Deficit / (Surplus)</b>	<b>0</b>	<b>279</b>	<b>279</b>	<b>0.0%</b>
<b>Housing Revenue Account Balance:</b>				
Opening Balance at 1 April 2015	(2,900)	(2,846)	54	
Deficit / (Surplus) for year	0	279	279	
Proposed Contributions to Reserves	0	0	0	
<b>Closing Balance at 31 March 2016</b>	<b>(2,900)</b>	<b>(2,567)</b>	<b>333</b>	

**CAPITAL PROGRAMME PROVISIONAL OUTTURN 2015/16**

**APPENDIX C**

Scheme	Budget Holder	Original Budget	Prior Year Slippage	In-Year Adjustments	Current Budget	YTD Spend	Provisional Outturn	Proposed Slippage	Projected Over / (Under)	Slippage into 2016/17	Slippage into 2017/18 & future	
<b>General Fund</b>												
<b>Finance and Resources</b>												
<b>Commercial Assets and Property Development</b>												
42	Strategic Acquisitions	Nicholas Brown	0	0	0	463,500	463,500	463,500	0	463,500		
43	Demolition of Civic Centre Unit B & Old Court House	Nicholas Brown	400,000	0	0	400,000	324,077	324,077	(75,923)	0		
44	Service Lease Domestic Properties	Nicholas Brown	30,000	0	0	30,000	30,195	30,195	195	0		
45	Cupid Green MRF/VRS replace roof	Nicholas Brown	40,000	0	0	40,000	20,850	20,850	(19,150)	0		
46	Demolition of Civic Centre	Nicholas Brown	0	0	0	0	1,990	1,990	0	1,990		
47	Grovehill Community Centre - Plant	Nicholas Brown	0	16,052	0	16,052	21,046	21,046	4,994	0		
48	Adeyfield Community Centre - Window Renewals	Nicholas Brown	0	4,348	0	4,348	10,529	10,529	6,181	0		
49	Leverstock Green Community Centre - Roof	Nicholas Brown	20,000	0	0	20,000	20,730	20,730	730	0		
50	Highfield Community Centre - Resurface Car Park	Nicholas Brown	0	18,318	0	18,318	0	0	(18,318)	0	(18,318)	
51	Adeyfield Community Centre - replace roof	Nicholas Brown	45,000	0	0	45,000	770	770	(44,230)	0	(44,230)	
52	Woodhall Farm Community Centre - structural works	Nicholas Brown	15,000	0	0	15,000	15,880	15,880	880	0		
53	Tring Community Centre - new play area for Childrens Nursery	Nicholas Brown	15,000	0	0	15,000	1,890	1,890	0	(13,110)	(13,110)	
54	Apsley Industrial Estate - Box Gutter	Nicholas Brown	0	10,000	0	10,000	0	0	(10,000)	0		
55	Queens Square Shopping Centre - Roof	Nicholas Brown	0	12,425	0	12,425	11,380	11,380	(1,045)	0		
56	Rossgate Shopping Centre - Structural Works	Nicholas Brown	200,000	0	0	200,000	9,090	9,090	(190,910)	0	(90,910) (100,000)	
57	High Street, Tring - Replace External Cladding & Roof	Nicholas Brown	50,000	0	0	50,000	0	0	(50,000)	0	(50,000)	
58	Commercial Properties - Renew Obsolete Door Entry Controls	Nicholas Brown	30,000	0	0	30,000	30,697	30,697	697	0		
59	Car Park Refurbishment	Nicholas Brown	330,000	6,199	0	336,199	115,563	115,563	(99,172)	(121,464)	(99,172)	
60	Multi Storey Car Park Berkhamsted	Nicholas Brown	68,000	72,000	0	140,000	301,436	301,436	161,436	0	161,436	
61	Woodwells Cemetery - Work Yard Development	Nicholas Brown	20,000	(20,000)	0	0	0	0	0	0		
62	Bunkers Farm	Nicholas Brown	0	194,218	0	194,218	10,612	10,612	(183,606)	(0)	(183,606)	
63	Sanctum 2000 Interment Chambers - Woodwells	Nicholas Brown	35,000	0	0	35,000	38,726	38,726	3,726	0		
64	Sanctum 2000 Interment Chambers - Tring	Nicholas Brown	20,000	0	0	20,000	19,752	19,752	(248)	0		
65	Rose Garden of Remembrance - Woodwells	Nicholas Brown	45,000	0	0	45,000	44,139	44,139	(861)	0		
66	Rose Garden of Remembrance - Tring	Nicholas Brown	10,000	0	0	10,000	10,580	10,580	580	0		
67	Refurbishment of Facilities at Woodwells Cemetery	Nicholas Brown	64,000	0	0	64,000	6,403	6,403	(57,597)	0	(57,597)	
68	Cremated Remains Burial Area Woodwells Cemetery	Nicholas Brown	18,500	0	0	18,500	18,007	18,007	(493)	0		
145	Berkhamsted Sports Centre - Roof Replacement	Nicholas Brown	400,000	0	0	400,000	0	0	(400,000)	0	(400,000)	
146	Tring Sports Centre - Replace Swimming Pool Roof	Nicholas Brown	30,000	0	0	30,000	0	0	(30,000)	0	(30,000)	
147	Hemel Sports Centre - renew heat and power system	Nicholas Brown	80,000	0	0	80,000	3,950	3,950	(76,050)	0	(76,050)	
148	Hemel Sports Centre - renew outdoor pool water heaters	Nicholas Brown	15,000	0	0	15,000	10,048	10,048	(4,952)	(0)	(4,952)	
149	Air Handling Unit - Hemel Hempstead Sports Centre	Nicholas Brown	0	0	40,000	40,000	21,074	21,074	(18,926)	(0)	(18,926)	
150	Hemel Hempstead Sports Centre - Gym Refurbishment	Nicholas Brown	0	0	0	0	30,852	30,852	30,852	0		
			<b>1,980,500</b>	<b>313,560</b>	<b>40,000</b>	<b>2,334,060</b>	<b>1,593,766</b>	<b>1,593,766</b>	<b>(559,945)</b>	<b>(180,349)</b>	<b>(11,627)</b>	<b>(548,318)</b>
<b>Development Management and Planning</b>												
72	Planning Software Replacement	Sara Whelan	0	101,132	0	101,132	14,168	14,168	(86,964)	0	(86,964)	
			<b>0</b>	<b>101,132</b>	<b>0</b>	<b>101,132</b>	<b>14,168</b>	<b>14,168</b>	<b>(86,964)</b>	<b>0</b>	<b>(86,964)</b>	
<b>Financial Management</b>												
76	Payroll (Invest to Save)	Richard Baker	0	0	50,000	50,000	47,553	47,553	(2,447)	0	(2,447)	
77	Upgrade of HSM Module (BACS / DD Security)	Richard Baker	0	0	5,000	5,000	0	0	(5,000)	0	(5,000)	
			<b>0</b>	<b>0</b>	<b>55,000</b>	<b>55,000</b>	<b>47,553</b>	<b>47,553</b>	<b>(7,447)</b>	<b>0</b>	<b>(7,447)</b>	
<b>Housing &amp; Regeneration Management</b>												
81	The Forum (Public Service Quarter)	Mark Gaynor	9,000,000	405,785	0	9,405,785	8,390,385	8,390,385	(1,015,400)	(0)	(1,015,400)	
82	Gade Zone	Mark Gaynor	0	0	50,000	50,000	58,488	58,488	8,488	0		
83	Market Square	Mark Gaynor	0	0	0	0	551	551	551	0		
			<b>9,000,000</b>	<b>405,785</b>	<b>50,000</b>	<b>9,455,785</b>	<b>8,449,424</b>	<b>8,449,424</b>	<b>(1,015,400)</b>	<b>9,039</b>	<b>(1,015,400)</b>	<b>0</b>

**CAPITAL PROGRAMME PROVISIONAL OUTTURN 2015/16**

**APPENDIX C**

Scheme	Budget Holder	Original Budget	Prior Year Slippage	In-Year Adjustments	Current Budget	YTD Spend	Provisional Outturn	Proposed Slippage	Projected Over / (Under)	Slippage into 2016/17	Slippage into 2017/18 & future	
<b>Finance and Resources (continued)</b>												
<b>Information, Communication and Technology</b>												
87	Rolling Programme - Hardware	Ben Trueman	75,000	0	0	75,000	33,297	33,297	(41,700)	(3)	(41,700)	
88	Software Licences - Right of Use	Ben Trueman	50,000	32,000	0	82,000	44,070	44,070	(32,000)	(5,930)	(32,000)	
89	Enterprise Licence Agreements	Ben Trueman	260,000	(96,631)	0	163,369	27,017	27,017	0	(136,352)	0	
90	Website Development	Ben Trueman	85,000	85,000	0	170,000	100,632	100,632	(69,500)	132	(69,500)	
91	Dacorum Anywhere	Ben Trueman	55,000	0	0	55,000	54,313	54,313	0	(687)	0	
92	Mobile Working	Ben Trueman	0	44,476	0	44,476	43,992	43,992	0	(484)	0	
93	Wifi	Ben Trueman	0	4,726	0	4,726	2,157	2,157	0	(2,569)	0	
			<b>525,000</b>	<b>69,571</b>	<b>0</b>	<b>594,571</b>	<b>305,477</b>	<b>305,477</b>	<b>(143,200)</b>	<b>(145,894)</b>	<b>(143,200)</b>	<b>0</b>
<b>Legal Governance</b>												
97	Visual Files Case Management System	Mark Brookes	0	5,630	0	5,630	0	0	0	(5,630)	0	
98	Corporate GIS	Mark Brookes	0	7,720	0	7,720	13,100	13,100	0	5,380	0	
			<b>0</b>	<b>13,350</b>	<b>0</b>	<b>13,350</b>	<b>13,100</b>	<b>13,100</b>	<b>0</b>	<b>(250)</b>	<b>0</b>	<b>0</b>
<b>People</b>												
102	EIS Replacement	Matt Rawdon	70,000	0	0	70,000	0	0	(70,000)	0	(70,000)	
			<b>70,000</b>	<b>0</b>	<b>0</b>	<b>70,000</b>	<b>0</b>	<b>0</b>	<b>(70,000)</b>	<b>0</b>	<b>(70,000)</b>	<b>0</b>
<b>Performance and Projects</b>												
106	E Signatures	Robert Smyth	34,900	0	0	34,900	0	0	0	(34,900)	0	
107	Incoming Mailroom	Robert Smyth	0	48,009	0	48,009	0	0	(48,009)	0	(48,009)	
108	Reprographics	Robert Smyth	0	5,247	0	5,247	0	0	(5,247)	0	(5,247)	
			<b>34,900</b>	<b>53,256</b>	<b>0</b>	<b>88,156</b>	<b>0</b>	<b>0</b>	<b>(53,256)</b>	<b>(34,900)</b>	<b>(53,256)</b>	<b>0</b>
	<b>Totals: Finance and Resources</b>		<b>11,610,400</b>	<b>956,654</b>	<b>145,000</b>	<b>12,712,054</b>	<b>10,423,487</b>	<b>10,423,487</b>	<b>(1,936,212)</b>	<b>(352,355)</b>	<b>(1,387,894)</b>	<b>(548,318)</b>
<b>Housing and Community</b>												
<b>Chief Executive's Unit Management</b>												
116	Highbarns Land Stabilisation Project	Steve Baker	0	77,252	0	77,252	68,891	68,891	(8,360)	(1)	(8,360)	
			<b>0</b>	<b>77,252</b>	<b>0</b>	<b>77,252</b>	<b>68,891</b>	<b>68,891</b>	<b>(8,360)</b>	<b>(1)</b>	<b>(8,360)</b>	<b>0</b>
<b>Commissioning, Procurement and Compliance</b>												
120	Telephony upgrade & virtualisation	Ben Hosier	6,480	53,440	0	59,920	43,952	43,952	(4,600)	(11,368)	(4,600)	
121	Customer Services Unit Refurbishment	Ben Hosier	25,120	0	0	25,120	15,241	15,241	(9,870)	(9)	(9,870)	
			<b>31,600</b>	<b>53,440</b>	<b>0</b>	<b>85,040</b>	<b>59,193</b>	<b>59,193</b>	<b>(14,470)</b>	<b>(11,377)</b>	<b>(14,470)</b>	<b>0</b>
<b>People</b>												
125	Capital Grants - Community Groups	Matt Rawdon	20,000	8,508	0	28,508	12,000	12,000	0	(16,508)	0	
			<b>20,000</b>	<b>8,508</b>	<b>0</b>	<b>28,508</b>	<b>12,000</b>	<b>12,000</b>	<b>0</b>	<b>(16,508)</b>	<b>0</b>	<b>0</b>
<b>Residents Services</b>												
129	Rolling Programme - CCTV Cameras	Julie Still	25,000	0	0	25,000	23,349	23,349	0	(1,651)	0	
130	Verge Hardening Programme	Julie Still	300,000	(33,179)	0	266,821	258,981	258,981	(7,840)	0	(7,840)	
131	Youth Centre Provision	Julie Still	0	100,000	0	100,000	17,193	17,193	(82,807)	(0)	(82,807)	
132	Adventure Playgrounds - Rewire Chaulden, Adeyfield, Bennettsend	Julie Still	0	31,361	0	31,361	37,537	37,537	0	6,176	0	
			<b>325,000</b>	<b>98,182</b>	<b>0</b>	<b>423,182</b>	<b>337,060</b>	<b>337,060</b>	<b>(90,647)</b>	<b>4,525</b>	<b>(90,647)</b>	<b>0</b>
<b>Strategic Housing</b>												
136	New Build - Elms Hostel Redbourne Road	Julia Hedger	0	0	191,000	191,000	177,000	177,000	0	(14,000)	0	
137	Affordable Housing Development Fund	Julia Hedger	1,300,000	(250,000)	0	1,050,000	885,000	885,000	0	(165,000)	0	
			<b>1,300,000</b>	<b>(250,000)</b>	<b>191,000</b>	<b>1,241,000</b>	<b>1,062,000</b>	<b>1,062,000</b>	<b>0</b>	<b>(179,000)</b>	<b>0</b>	<b>0</b>
	<b>Totals: Housing and Community</b>		<b>1,676,600</b>	<b>(12,618)</b>	<b>191,000</b>	<b>1,854,982</b>	<b>1,539,144</b>	<b>1,539,144</b>	<b>(113,477)</b>	<b>(202,361)</b>	<b>(113,477)</b>	<b>0</b>

Scheme	Budget Holder	Original Budget	Prior Year Slippage	In-Year Adjustments	Current Budget	YTD Spend	Provisional Outturn	Proposed Slippage	Projected Over / (Under)	Slippage into 2016/17	Slippage into 2017/18 & future	
<b>Strategic Planning and Environment</b>												
<b>Environmental Services</b>												
154	Wheeled Bins & Boxes for New Properties	Craig Thorpe	20,000	0	0	20,000	0	0	0	(20,000)	0	
155	Play Area Refurbishment Programme	Craig Thorpe	350,000	46,558	0	396,558	289,642	289,642	(106,916)	(0)	(106,916)	
156	Waste & Recycling Service Improvements	Craig Thorpe	0	75,000	0	75,000	0	0	(75,000)	0	(75,000)	
157	Play Areas & Open Spaces - replace equipment	Craig Thorpe	20,000	14,510	0	34,510	19,788	19,788	(14,722)	0	(14,722)	
158	Cupid Green Depot - new parking area	Craig Thorpe	15,000	0	0	15,000	11,456	11,456	0	(3,544)	0	
159	Cupid Green Depot - Security Gates Upgrade	Craig Thorpe	0	0	0	0	10,645	10,645	0	10,645	0	
160	Fleet Replacement Programme	Craig Thorpe	2,573,000	(288,432)	36,675	2,321,243	594,012	594,012	(1,727,231)	0	(94,231)	(1,633,000)
			<b>2,978,000</b>	<b>(152,364)</b>	<b>36,675</b>	<b>2,862,311</b>	<b>925,543</b>	<b>925,543</b>	<b>(1,923,869)</b>	<b>(12,899)</b>	<b>(290,869)</b>	<b>(1,633,000)</b>
<b>Regulatory Services</b>												
164	Disabled Facilities Grants	Chris Troy	588,000	(105,167)	0	482,833	544,179	544,179	61,346	0	61,346	
165	Home Improvement Grants	Chris Troy	150,000	0	0	150,000	0	0	(8,894)	(141,107)	(8,894)	
166	Air Quality Monitors	Chris Troy	0	0	21,000	21,000	20,735	20,735	0	(265)	0	
			<b>738,000</b>	<b>(105,167)</b>	<b>21,000</b>	<b>653,833</b>	<b>564,914</b>	<b>564,914</b>	<b>52,453</b>	<b>(141,371)</b>	<b>52,453</b>	<b>0</b>
<b>Strategic Planning and Regeneration</b>												
170	Maylands Phase 1 Improvements	Chris Taylor	750,000	294,000	2,275	1,046,275	233,019	233,019	(813,256)	0	(813,256)	
171	GAF - Urban Park/Education Centre	Chris Taylor	170,000	129,720	0	299,720	0	0	(300,000)	280		(300,000)
172	Regeneration of Hemel Town Centre	Chris Taylor	1,659,000	718,868	4,000	2,381,868	2,474,687	2,474,687	0	92,819		
173	Maylands Business Centre	Chris Taylor	350,000	0	0	350,000	15,050	15,050	(335,000)	50	(335,000)	
174	Water Gardens	Chris Taylor	2,804,148	48,105	2,275	2,854,528	849,268	849,268	(2,005,260)	0	(2,005,260)	
175	Bus Interchange	Chris Taylor	2,550,000	(15,113)	(4,550)	2,530,337	1,827,308	1,827,308	(300,000)	(403,029)	(300,000)	
176	Heart of Maylands	Chris Taylor	1,000,000	0	0	1,000,000	0	0	0	(1,000,000)	0	
177	Heath Park Gardens Improvements ( Fully funded from S106)	Chris Taylor	0	0	130,000	130,000	117,108	117,108	(12,892)	(0)	(12,892)	
178	Town Centre Access Improvements	Chris Taylor	520,000	2,280	0	522,280	14,319	14,319	(507,961)	0	(507,961)	
179	Market Canopies	Chris Taylor	10,000	0	10,000	20,000	19,884	19,884	0	(116)		
180	Digital High Street Software	Chris Taylor	10,000	0	(10,000)	0	0	0	0	0		
			<b>9,823,148</b>	<b>1,177,860</b>	<b>134,000</b>	<b>11,135,008</b>	<b>5,550,644</b>	<b>5,550,643</b>	<b>(4,274,369)</b>	<b>(1,309,996)</b>	<b>(3,974,369)</b>	<b>(300,000)</b>
<b>Totals: Strategic Planning and Environment</b>			<b>13,539,148</b>	<b>920,329</b>	<b>191,675</b>	<b>14,651,152</b>	<b>7,041,101</b>	<b>7,041,100</b>	<b>(6,145,786)</b>	<b>(1,464,266)</b>	<b>(4,212,786)</b>	<b>(1,933,000)</b>
<b>Totals - Fund: General Fund</b>			<b>26,826,148</b>	<b>1,864,365</b>	<b>527,675</b>	<b>29,218,188</b>	<b>19,003,732</b>	<b>19,003,732</b>	<b>(8,195,475)</b>	<b>(2,018,982)</b>	<b>(5,714,157)</b>	<b>(2,481,318)</b>
<b>Housing Revenue Account</b>												
<b>Housing and Community</b>												
<b>Property &amp; Place</b>												
192	Planned Fixed Expenditure	Fiona Williamson	20,200,000	992,443	0	21,192,443	21,341,537	21,341,537	630,178	(481,084)	630,178	
			<b>20,200,000</b>	<b>992,443</b>	<b>0</b>	<b>21,192,443</b>	<b>21,341,537</b>	<b>21,341,537</b>	<b>630,178</b>	<b>(481,084)</b>	<b>630,178</b>	<b>0</b>
<b>Strategic Housing</b>												
196	New Build - Farm Place Berkhamsted	Julia Hedger	0	218,681	224,790	443,471	337,966	337,966	(105,505)	(0)	(105,505)	
197	New Build - Galley Hill Gadebridge	Julia Hedger	0	68,318	186,441	254,759	114,634	114,634	(140,125)	(0)	(140,125)	
198	New Build - London Road Apsley	Julia Hedger	0	2,890,351	895,633	3,785,984	2,948,184	2,948,184	(837,800)	0	(837,800)	
199	New Build - General Expenditure	Julia Hedger	6,202,000	0	(6,202,000)	0	0	0	0	0	0	
200	Martindale	Julia Hedger	0	3,977,038	221,342	4,198,380	4,194,269	4,194,269	(4,111)	0	(4,111)	
201	Strategic Acquisitions - Housing	Julia Hedger	0	0	25,000	25,000	25,000	25,000	0	0	0	
202	Wood House	Julia Hedger	0	(78,239)	140,155	61,916	70,506	70,506	8,590	(0)	8,590	
203	The Apsley Paper Mill (Land Adj to Retail Park, London Road)	Julia Hedger	0	(43,278)	104,285	61,007	295,942	295,942	234,935	0	234,935	
204	New Build - Queen Street (Old Tring Depot)	Julia Hedger	580,000	(13,321)	(42,905)	523,774	450,353	450,353	(73,422)	0	(73,422)	
205	Able House	Julia Hedger	0	(30,385)	360,222	329,837	151,528	151,528	(178,309)	(0)	(178,309)	
206	New Build - Longlands	Julia Hedger	300,000	300,000	0	600,000	597,241	597,241	0	(2,759)	0	
207	Swing Gate Lane	Julia Hedger	0	0	585,500	585,500	2,820	2,820	(582,680)	0	(582,680)	
			<b>7,082,000</b>	<b>7,289,165</b>	<b>(3,501,537)</b>	<b>10,869,628</b>	<b>9,188,442</b>	<b>9,188,442</b>	<b>(1,678,427)</b>	<b>(2,760)</b>	<b>(1,678,427)</b>	<b>0</b>
<b>Totals: Housing and Community</b>			<b>27,282,000</b>	<b>8,281,608</b>	<b>(3,501,537)</b>	<b>32,062,071</b>	<b>30,529,979</b>	<b>30,529,979</b>	<b>(1,048,249)</b>	<b>(483,844)</b>	<b>(1,048,249)</b>	<b>0</b>
<b>Totals - Fund: Housing Revenue Account</b>			<b>27,282,000</b>	<b>8,281,608</b>	<b>(3,501,537)</b>	<b>32,062,071</b>	<b>30,529,979</b>	<b>30,529,979</b>	<b>(1,048,249)</b>	<b>(483,844)</b>	<b>(1,048,249)</b>	<b>0</b>
<b>Totals</b>			<b>54,108,148</b>	<b>10,145,973</b>	<b>(2,973,862)</b>	<b>61,280,259</b>	<b>49,533,711</b>	<b>49,533,711</b>	<b>(9,243,723)</b>	<b>(2,502,825)</b>	<b>(6,762,405)</b>	<b>(2,481,318)</b>

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## GENERAL FUND RESERVES SUMMARY 2015/16

<b>General Fund</b>	<b>Balance as at 31/03/2015</b>	<b>Transfers In 2015/16</b>	<b>Transfers Out 2015/16</b>	<b>Balance as at 31/03/2016</b>	<b>Balance as at 31/03/2017</b>	<b>Balance as at 31/03/2018</b>	<b>Balance as at 31/03/2019</b>	<b>Balance as at 31/03/2020</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Civic Centre Major Repairs Reserve	0	200		200	200	0	0	0
Earmarked Grants Reserve	298		(24)	274	219	20	10	0
Management of Change Reserve	1,356	80	(270)	1,166	854	417	417	417
Technology Reserve	348		(185)	163	0	0	0	0
On Street Car Parking Reserve	181		(32)	149	0	0	0	0
Local Development Framework Reserve	666		(300)	366	34	0	0	0
Dacorum Development Reserve	2,046		(1,478)	568	276	156	86	0
Planning Enforcement & Appeals Reserve	125			125	125	125	125	125
Planning & Regeneration Project Reserve	178		(18)	160	110	25	0	0
Litigation Reserve	214			214	214	0	0	0
Vehicle Replacement Reserve	0	350		350	700	1,050	1,400	1,750
Invest to Save Reserve	0	609	(148)	461	298	148	0	0
Building Control Reserve	86			86	0	0	0	0
Longdean School Repairs Reserve	7			7	0	0	0	0
Tring Swimming Pool Repairs Reserve	83	8		91	0	8	16	24
Youth Club Reserve	101			101	101	101	101	101
Election Reserve	159		(129)	30	30	60	90	0
Uninsured Loss Reserve	586			586	586	586	586	586
Training & Development Reserve	114			114	66	44	22	0
Housing Conditions Survey Reserve	51	15		66	81	96	111	0
S106 Commuted Sums Reserve	609		(609)	0	0	0	0	0
Dacorum Partnership Reserve	66			66	53	53	53	53
Dacorum Rent Aid	15			15	15	15	15	15
Dacorum Rent Guarantee Scheme	15			15	15	15	15	15
The Forum Reserve	2,050		(44)	2,006	0	0	0	0
Funding Equalisation Reserve	1,338		1,383	2,721	0	0	0	0
Pensions Reserve	1,773			1,773	873	873	873	0
Maylands Plus Reserve	69		31	100	0	0	0	0
<b>Total Earmarked Reserves</b>	<b>12,534</b>	<b>1,262</b>	<b>(1,823)</b>	<b>11,973</b>	<b>4,850</b>	<b>3,792</b>	<b>3,920</b>	<b>3,086</b>
<b>General Fund Working Balance</b>	<b>2,651</b>			<b>2,651</b>	<b>2,651</b>	<b>2,651</b>	<b>2,651</b>	<b>2,651</b>
<b>Total General Fund Reserves</b>	<b>15,185</b>	<b>1,262</b>	<b>(1,823)</b>	<b>14,624</b>	<b>7,501</b>	<b>6,443</b>	<b>6,571</b>	<b>5,737</b>





<b>Report for:</b>	<b>Cabinet</b>
<b>Date of meeting:</b>	<b>24 May 2016</b>
<b>Part:</b>	<b>1</b>
If Part II, reason:	

<b>Title of report:</b>	Proposals for a Development Company
Contact:	Cllr Graeme Elliot, Portfolio Holder for Finance & Resources James Deane, Corporate Director (Finance & Operations)
Purpose of report:	To gain Cabinet approval for the overarching principles of a Council-owned Development Company, ahead of procuring specialist, technical advice.
Recommendations	<p>It is recommended that Cabinet approve:</p> <ol style="list-style-type: none"> <li>1. The procurement of specialist technical advice to progress work on the creation of a Development Company;</li> <li>2. The primary objectives of the Development Company, as detailed in paragraph 7 of this report; and,</li> <li>3. The development sites identified in paragraph 12 to form the initial pipeline for the Development Company,</li> </ol> <p>It is also recommended that Cabinet recommend to Council:</p> <ol style="list-style-type: none"> <li>4. A draw down of £100k from the Invest to Save reserve, in order to fund the procurement of advice associated with the creation of a Development Company.</li> </ol>
Corporate Objectives:	This project aligns with all of the Council's corporate objectives, as approved by Council in February 2016.
Implications:	<u>Financial</u>  The financial implications are included within the body of the report.
'Value For Money	

Implications'	<p><u>Value for Money</u></p> <p>The procurement exercise will be governed by the Council's Procurement Standing Orders, deigned to ensure fair competition and maximise value for money.</p>
Risk Implications	<p>There are limited risks associated with the recommended procurement at this stage of the project. The risks inherent with the actual creation of a company will be reported back to Cabinet to consider later in the year, before the next steps are taken.</p>
Health And Safety Implications	<p>None</p>
Monitoring Officer/S.151 Officer Comments	<p><b>Monitoring Officer:</b></p> <p>The Council has the power to establish a Development Company pursuant to provisions contained in the Local Government Act 1972, Local Government Act 2003 and the Localism Act 2011.</p> <p>As highlighted in the report, detailed legal advice will be obtained in relation to the governance arrangements which will operate between the Council and the Development Company, the applicability of 'State Aid' rules (EU rules in place to prevent members states distorting cross boundary competition), and the Council's requirement to achieve 'best consideration' for any disposal/transfer of land to the Development Company.</p> <p>Comprehensive advice on all of the above issues will be provided in future reports to Cabinet in due course.</p> <p><b>S.151 Officer</b></p> <p>This is a Section 151 Officer report.</p>
Consultees:	<p>Chief Officer Group</p> <p>Cabinet</p>
Background papers:	<p>None</p>

### Executive Summary

1. In response to the continued financial pressures faced by the public sector, a number of Local Authorities have created, or are in the process of creating, Development Companies with a view to optimising the return on council-owned assets, in particular land, housing and commercial assets.
2. Whilst the principles of a Development Company are straightforward, the legal and financial considerations are complex and must be addressed from the outset in order to ensure that the Council creates the type of company most suited to delivering its objectives. The

fundamental purpose of this report is to take the first steps towards addressing these considerations.

3. Based on consultation with other Local Authorities exploring the concept of a Development Company, the recommended process to progress from concept stage through to formation, together with indicative timeframes, is shown below. (More detail on each point is provided within the body of the report.)
  - a. Establish the Council's development objectives (Cabinet May 2016)
  - b. Identify potential development land (Cabinet May 2016)
  - c. Issue tender for specialist legal, financial and property advice (end of July)
  - d. Provision of specialist advice (end of July – end of October)
  - e. Seek Cabinet and Council approval (November – January 2017)
  
4. The purpose of this report is to seek Cabinet approval of the following 'in-principle' recommendations which will underpin a procurement exercise for specialist advice. A further report will be brought to Cabinet later in the year, after the advice has been provided, with recommendations on next steps.
  - a. Procurement of specialist advice based on the principles within this report
  - b. The Development Company objectives detailed in paragraph 6
  - c. Inclusion of the development sites proposed in paragraph 11

### **Establish the Council's development objectives**

5. There are various types of Development Company the Council could create, and determining which is the most efficient depends on the objectives the Council has for the company. For example, the Council could opt to create a charity in order to benefit from the associated tax reliefs. However, the potential downside of creating a charity is that there are restrictions on the use of charitable income which would render it an unsuitable structure if the Council intends to use revenue from the company to support the provision of wider General Fund services.
  
6. It is, therefore, a prerequisite for the procurement of specialist advice that the Council establishes clear objectives for the Development Company. Without this clarity, advisors will be unable to recommend the most appropriate company structure.
  
7. Following consultation with Cabinet and Chief Officer Group, it is recommended that the Council's principle objectives for the Development Company be approved, in order of priority, as:
  - a. To maximise revenue income to support provision of General Fund services
  - b. To contribute to the delivery of local housing in a high-demand market
  
8. Broader, additional objectives can be explored with the specialist advisors. However, in order to focus the advice, prioritise options and deliver something that works, it is essential that the Council is signed up to clear overarching objectives in advance.

9. Some of the broader objectives that will inform discussions with specialist advisors include: whether there is flexibility to broaden the scope of services provided by the company in future; delivery of future HRA developments alongside commercial development; and, what is the most efficient means of operating the company e.g. the Council's selling staff services to the company.

#### **Identify potential development land**

10. Whilst it is possible to create a company before identifying development land, the majority of Local Authorities create companies with a clearly identified pipeline of development land. Taking this approach ensures that financial, legal and property advice can be more focused, and that particular challenges relating to specific sites can be identified and addressed while the specialist advisors are within commission.
11. Pre-identification of sites is not intended to limit future projects for the company. The Council will seek optimal flexibility within the structure of the company to deliver as wide a range of sites as possible in the future.
12. It is recommended that the following sites be specified as development sites for consideration within the tender specification:
  - a. Civic Centre site
  - b. Market Square site
  - c. Magic Carwash site
  - d. Various garage sites, including surrounding land
  - e. Martindale

#### **Issue tender for specialist legal, financial and property advice**

13. There is a mature market for the procurement of combined specialist advice for the creation of a development company by Local Authorities, which effectively reduces the procurement timeframe. The Council can make use of the HCA Property Framework, with an indicative tender timeframe of around 6 weeks from issue of tender to appointment.
14. Some of the key questions for specialist advisors are as follows:

##### **Legal advice**

- a. Evaluate company options: Charity; Limited by Shares; LLP; Joint Venture
- b. Evaluate governance structures, operational structures & relationship with Council
- c. Compliance with State Aid regulations and best consideration rules
- d. Retain scope for broader business opportunities (commercial dev. & other services)
- e. Confirm appropriate legal powers and political risk

##### **Financial advice**

- a. Evaluate tax implications e.g. Stamp Duty, Land Tax, Corporation Tax, VAT
- b. Evaluate tax implications for the Council e.g. VAT partial exemption
- c. Accounting requirements of the company
- d. Evaluate financing options e.g. PWLB or market – tax propriety, on-lending rates

- e. Selling services to the company or the company selling services
- f. Transfer of assets from Council to company at the most efficient time, and vice versa
- g. Sustainable medium-term plan e.g. mix of tenures, mix of receipts, maintenance

**Property advice**

- a. Optimisation of site returns – business case, residential/commercial, sale/rent
- b. Market risk – mix of tenure/Temporary Accommodation/delivery model
- c. Development risk – composition of appropriate delivery team

**Next steps**

- 15. Subject to approval by Cabinet, the recommendations within this paper will form the basis of a tender to procure the technical advice required to progress the Development Company project.
- 16. It is recommended that Members approve a draw down of £100k from the Invest to Save reserve in order to fund the procurement and other associated costs that may be required in advance of the next report to Cabinet.
- 17. The initial stages of the Development Company project will be led by the Corporate Director (Finance & Operations), working closely with the Chief Officer Group as a whole, together with Mark Brookes, as Solicitor to the Council and Monitoring Officer.
- 18. A further report will be brought to Cabinet later in the year, following further work, recommending next steps.

# Agenda Item 10



<b>Report for:</b>	<b>Cabinet</b>
<b>Date of meeting:</b>	<b>24 May 2016</b>
<b>Part:</b>	<b>1</b>
If Part II, reason:	

<b>Title of report:</b>	<b>CONSTITUTION AND FINANCIAL REGULATIONS REVIEW AND UPDATE</b>
Contact:	Cllr Andrew Williams, Leader of the Council  Author/Responsible Officer:  Mark Brookes, Solicitor to the Council and Monitoring Officer  James Deane, Corporate Director (Finance and Operations)
Purpose of report:	To seek approval to amend the Constitution and Financial Regulations to reflect changes to staffing structures, operational changes and new legislation.
Recommendations	<ol style="list-style-type: none"> <li>1. That Cabinet recommend Council to approve the changes to the Constitution as set out in paragraphs 9, 10, 14, 16 and 21 of the report</li> <li>2. That Cabinet recommend Council to approve the changes to the Financial Regulations as set out in paragraphs 22 and 26 of the report</li> </ol>
Corporate Objectives:	The Constitution and the Council's Financial Regulations support all of the Council's Corporate Objectives as they provide the governance framework for all decisions, strategic and operational.
Implications:	<u>Financial</u>  There are no financial implications arising from this report
'Value For Money Implications'	<u>Value for Money</u>  There are no implications arising from this report.

Risk Implications	Failure to have an up to date and accurate Constitution could lead to legal challenge and operational, reputational and financial costs may follow if the challenge was successful.
Community Impact Assessment	There are no community impacts which require assessing resulting from this report.
Health And Safety Implications	There are no Health and Safety implications connected to this report.
Monitoring Officer/S.151 Officer Comments	<p><b>Monitoring Officer:</b></p> <p>This is a Monitoring Officer report.</p> <p><b>S.151 Officer</b></p> <p>No further comments to add to the report.</p>
Consultees:	<p>Andrew Williams, Leader of the Council</p> <p>Graeme Elliot – Portfolio Holder for Finance and Resources</p> <p>James Deane, Corporate Director (Finance and Operations)</p> <p>Sally Marshall, Chief Executive</p> <p>Assistant Director (Neighbourhood Delivery)</p> <p>Chris Troy, Group Manager (Regulatory Services)</p> <p>Rob Smyth, Assistant Director (Performance and Innovation)</p>
Background papers:	<p>Senior Officer Pay Policy - Cabinet 9<sup>th</sup> February 2016</p> <p>The Microchipping of Dogs (England) Regulations 2015</p> <p>Address Management Portfolio Holder Decision (PH/011/2016)</p> <p>Cabinet Report 29 June 2015 Amendment to Standing Orders</p>
Glossary of acronyms and any other abbreviations used in this report:	None

## **BACKGROUND**

1. The Monitoring Officer is under a continuous duty to review the Constitution to ensure that it is up to date and provides an appropriate governance framework for all Council decision making.
2. Proposals for change may be prompted not only by formal internal reviews, but also by the Monitoring Officer, the Cabinet, other Members or officers and by public opinion.
3. Changes to the Constitution may only be approved by full Council after consideration of the proposal by the Cabinet and/or the Monitoring Officer.
4. It is proposed that an update of this report in respect of the Constitution is considered by Cabinet and Council at least annually and further reports provided throughout the year as required.
5. The Corporate Director (Finance and Operations) as the Council's S.151 officer is responsible for reviewing and updating the Financial Regulations and provides updates periodically as required. The amendments proposed at paragraphs 22 and 26 have been incorporated on the request of, and with the authority of the Corporate Director (Finance and Operations).
6. The proposals for amendment to the Constitution in this report follow three key areas; staffing structural changes, legislative changes and operational changes.

### **Staffing Structure**

7. Following the retirement of the Assistant Director (Chief Executive's Unit) and Monitoring Officer in April of this year the Head of Paid Service, acting under delegated powers, approved a small number of changes to the existing Leadership Team.
8. The changes approved to the Leadership structure are as follows:
  - Delete the role of Assistant Director (Chief Executive's Unit) from the structure.
  - Create a new role Solicitor to the Council and Monitoring Officer. This role will replace the existing Group Manager (Legal Governance) role which will be deleted from the structure. The new role will report directly to the Chief Executive and have line management responsibility for the Group Manager (Democratic Services). The incumbent of this role will attend Corporate Management Team, Cabinet and Council in their capacity as Monitoring Officer.
  - The fixed term post of the Assistant Director (Performance and Projects) will be confirmed as a substantive post in the structure and renamed Assistant Director (Performance and Innovation).
  - The Group Manager (People) will report to the Assistant Director (Performance & Innovation) and also have line management



responsibility for the Performance and Innovation team and Corporate Administration.

- The Group Manager (Commissioning, Procurement and Compliance) will report to the Assistant Director (Finance and Resources)
9. The changes to the Leadership structure need to be reflected in the Constitution and therefore it is proposed to amend the Constitution so that all functions and duties of the Assistant Director (Chief Executive's Unit) are transferred to the new post of Solicitor to the Council except any functions and duties which have been realigned and transferred to the Assistant Director (Performance and Innovation) or the Assistant Director (Finance and Resources).
10. The Leadership Team restructure will also necessitate the appointment of a Deputy Monitoring Officer. This role will be covered by the two Legal Governance Team Leaders, Barbara Lisgarten and Christopher Gaunt who will act as Deputy Monitoring Officer for six months of the year each. Barbara Lisgarten will cover the first six months commencing from 2<sup>nd</sup> May 2016. This arrangement will be reviewed at the end of the financial year. Consequential amendments to the Constitution will be made to reflect this position.

### **Legislative Changes**

11. From the 6<sup>th</sup> April 2016 new laws were introduced by the The Microchipping of Dogs (England) Regulations 2015 which require all owners (subject to limited exemptions) to microchip their dogs and keep their details up to date on a registered database.
12. Local authorities and the police are empowered by the regulations to:
- (a) serve on the keeper of a dog which is not microchipped a notice requiring the keeper to have the dog microchipped within 21 days;
  - (b) where the keeper of a dog has failed to comply with a notice under paragraph (a), without the consent of the keeper—
    - (i) arrange for the dog to be microchipped; and
    - (ii) recover from the keeper the cost of doing so;
  - (c) take possession of a dog without the consent of the keeper for the purpose of checking whether it is microchipped or for the purpose of microchipping it in accordance with sub-paragraph (b) (i).
13. Certain offences are also created under Regulation 13 which will enable the Council to prosecute dog owners for failing to comply with a notice served under regulation 12 requiring the dog to be microchipped or by obstructing an authorised person from exercising the power under (b) and (c) above.
14. It is recommended that all Council responsibilities and powers under the The Microchipping of Dogs (England) Regulations 2015 including the power to authorise prosecution proceedings are delegated to the Assistant Director (Neighbourhood Delivery) or the Group Manager (Regulatory Services).

## **Operational Changes**

15. It has been agreed by Portfolio Holder Decision (PH/011/2016) that the Address Management function currently undertaken by Luton Borough Council on behalf of the Planning, Development and Regeneration Team will be terminated and brought back in house in order to achieve efficiency savings and enable the current Geographical Information System (GIS) officer post to be made permanent at minimum cost to the Council.
16. Management of the GIS system is currently a service which falls within the Legal Governance Team. Accordingly, the Address Management service will now move to Legal Governance under the management of the Solicitor to the Council and amendments to the Constitution will be made to reflect this change.
17. The final constitutional amended recommended relates to the 'Officer Employment Procedure Rules' contained in Part 4 of the Constitution..
18. Cabinet and Council were advised by report dated 29 July 2015 of changes introduced by the The Local Authorities (Standing Orders) (England) (Amendment) Regulations 2015 ("the Amendment Regulations") to the disciplinary rules applicable to the Head of Paid Service, Chief Financial Officer or Monitoring Officer ("the Statutory Officers").
19. The Amendment Regulations replace the requirement to appoint a designated independent person with a new procedure which is set out in Schedule 3 to the Amendment Regulations. The Council must appoint at least two "independent persons" to the Panel which is advising the Council on matters relating to the dismissal of the Statutory Officers. These persons must be the independent person already appointed by the Council under section 28(7) of the Localism Act 2011 together with any other second independent person who the Council may have appointed. Where there is no second independent person the Council must appoint an independent person from another authority.
20. Before the Council can take a vote on whether or not to approve a dismissal of a Statutory Officer, it must take into account, in particular-
21.
  - (a) any advice, views or recommendations of the Panel;
  - (b) the conclusions of any investigation into the proposed dismissal; and
  - (c) any representations from the Statutory Officer who is subject to the disciplinary action.
22. This report recommends that for the purposes of the Amendment Regulations that Council formally appoints the Appointments Committee as 'the Panel' together with the independent person and one other independent person who has been appointed by another local authority.

## **Financial Regulations**

23. There are various references in the Financial Regulations to the Assistant Director (Chief Executive's Unit) as Monitoring Officer. These will all be

replaced with the new role of Solicitor to Council who will also act as the Council's Monitoring Officer.

24. There is currently an inconsistency within the Financial Regulations regarding the method of land disposal adopted by the Council, which this report proposes to correct.
25. The currently approved position on land disposal is that the Corporate Director (Finance and Operations) has delegated authority, in consultation with the Portfolio Holder for Finance and Resources, to dispose of land valued below £500k by means of private treaty, tender, or public auction.
26. The inconsistency is that, unlike disposal by means of private treaty or tender, disposal by means of public auction requires Cabinet to set the conditions of sale and reserve price even if the disposal price is within the Corporate Director's approved disposal limit of £500k.
27. It is recommended that the Financial Regulations be updated so that Cabinet approval is only required to approve conditions of sale and reserve price at auction if the land is valued by a Chartered Surveyor as likely to achieve over £500k. There current requirement for third party valuation of land for disposal would remain, as would the requirement for sign off by the Council's S151 Officer and Monitoring Officer.
28. This proposed amendment to the Regulations would ensure consistency of the Corporate Director's approval levels across all three methods of land disposal, and will ensure that Cabinet is involved in the decision-making process at the appropriate, strategic level, rather than for the disposal of lower value land packages.