



Public Document Pack

FINANCE AND RESOURCES OVERVIEW AND SCRUTINY AGENDA

Scrutiny making a positive difference: Member led and independent, Overview & Scrutiny Committees promote service improvements, influence policy development & hold Executive to account for the benefit of the Community of Dacorum.

WEDNESDAY 7 FEBRUARY 2024 AT 7.30 PM

COUNCIL CHAMBER, THE FORUM

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 Freedman (Chair)
Councillor Capozzi
Councillor Gale
Councillor Reynolds
Councillor Santamaria
Councillor Stewart
Councillor Adeleke

Councillor Elliot (Vice-Chair)
Councillor Guest
Councillor Pound
Councillor Hannell
Councillor S Hobson
Councillor A Williams
Councillor Cox

For further information, please contact Corporate and Democratic Support on 01442 228209 or email member.support@dacorum.gov.uk

AGENDA

1. MINUTES (Pages 3 - 5)

To confirm the minutes from the previous meeting

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 or ask questions in accordance with the rules as to public participation

5. CONSIDERATION OF ANY MATTER REFERRED TO THE COMMITTEE IN RELATION TO CALL-IN

6. ACTION POINTS FROM THE PREVIOUS MEETING (Page 6)

7. DRAFT BUDGET PREPARATION 2024/25 (Pages 7 - 64)

8. UPDATE ON NEW PERFORMANCE MANAGEMENT FRAMEWORK AND PROPOSED REVISIONS TO KEY PERFORMANCE INDICATORS (KPIS) (Pages 65 - 72)

9. PARKING SERVICE TARIFF & BUSINESS CASE PROPOSALS (Pages 73 - 88)

10. CLIMATE AND ECOLOGICAL EMERGENCY PROGRAMME UPDATE (Pages 89 - 94)

11. WORK PROGRAMME (Page 95)

MINUTES

FINANCE & RESOURCES OVERVIEW AND SCRUTINY COMMITTEE

6 DECEMBER 2023

Members:

| | |
|---------------------------|-----------------------|
| Councillor Elliot (Chair) | Councillor A Williams |
| Councillor Capozzi | Councillor Hannell |
| Councillor Gale | Councillor Pound |
| Councillor Reynolds | Councillor Douris |
| Councillor Santamaria | Councillor Guest |
| Councillor S Hobson | Councillor Stewart |

Officers:

Aidan Wilkie (Strategic Director, People and Transformation)
Nigel Howcutt (Chief Finance Officer)
Matt Rawdon (Assistant Director, People)
Mark Brookes (Assistant Director, Legal and Democratic Services)
Ben Hosier (Head of Commercial Development)
Shaj Choudhury (Head of Transformation)
Chris Baker (Head of Revenues, Benefits and Fraud)
Richard Rice (Head of Property Services)
Trudi Angel (Democratic Support Officer)

Also in attendance:

Councillor Ron Tindall (Leader of the Council and Portfolio Holder for Corporate and Commercial)

Following a joint meeting of the OSC's where a presentation on the draft budget proposals for 2024/2025 were given, the Finance & Resources OSC meeting began at 8.35 pm.

1. MINUTES

The minutes of the previous meeting were approved as an accurate record and signed by the Chair.

2. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Freedman, Gale and Adeleke.

Councillor Douris substituted for Councillor Adeleke.

3. DECLARATIONS OF INTEREST

There were no declarations of interest.

4. PUBLIC PARTICIPATION

There was no public participation.

5. CONSIDERATION OF ANY MATTER REFERRED TO THE COMMITTEE IN RELATION TO CALL-IN

None.

6. ACTION POINTS FROM THE PREVIOUS MEETING

There was one outstanding action point from the previous meeting. S Choudhury confirmed the data was being collected and would be circulated to members as soon as it was available.

All other actions had been completed.

7. DRAFT BUDGET PROPOSALS 2024/2025

Please refer to the video minutes for full discussion.

Outcome:

That the committee reviewed and scrutinised the draft budget proposals for 2024/25, and provided feedback to be considered by Cabinet.

Actions:

N Howcutt to advise how much additional income there would be from the increase in fees and charges for pest control.

8. MENOPAUSE POLICY

Please refer to the video minutes for full discussion.

Outcome:

1. That the committee reviewed and provided feedback on the Menopause at Work Policy.
2. That the committee noted the next steps of the approval process.

9. PARKING PROPOSALS

Please refer to the video minutes for full discussion.

Outcome:

1. That the committee noted the review of the responses from the 'informal' consultation.
2. That the committee noted the proposal to commence the statutory consultation on the proposed changes to the parking policy as set out in the report.

Actions:

Officers to advise the cost of changing all the parking charges for the machines.

10. WORK PROGRAMME

It was noted that the meeting scheduled for 9 January 2024 was likely to be cancelled due to lack of business. Members would be notified by email to confirm the cancellation.

The meeting ended at 9.21 pm.

Finance and Resources OSC Action Points - December

| Date of meeting | Action point | Responsible officer | Date action completed | Response |
|------------------------|--|----------------------------|------------------------------|---|
| 06/12/23 | Item 7: N Howcutt to advise how much additional income there would be from the increase in fees and charges for pest control | N Howcutt | 29/01/24 | The increase in pest control fees is to bridge the gap between service delivery costs and income received. The increase in fees will achieve an additional £5k. |
| 06/12/23 | Item 9: Officers to advise the cost of changing all the parking charges for the machines | B Hosier | 30/01/24 | I can confirm that the cost for updating the pay and park machines with the new tariffs is £750 and with Pay By Phone the update to tariffs is free of charge. |

Finance and Resources OSC Action Points - November

| Date of meeting | Action point | Responsible officer | Date action completed | Response |
|------------------------|--|----------------------------|------------------------------|--|
| 07/11/23 | Item 7: S Choudhury to confirm CSU staff turnover figure with Cllr Elliot. | S Choudhury | 30/01/24 | Staff turnover is calculated as those leaving the organisation. The turnover figure for CSU is 4.65% for date range 01.11.2022 to 31.10.2023. However this does not factor in internal moves. Most leavers from the CSU move onto other internal jobs so taking this into account, the turnover would equate to 32.5%. |



Finance and Resources

Overview and Scrutiny Committee

| | |
|--|--|
| Report for: | Finance & Resources Overview and Scrutiny Committee |
| Title of report: | Draft Budget Preparation 2024/25 |
| Date: | 7 th February 2024 |
| Report on behalf of: | Cllr Ron Tindall – Leader of the Council and Interim Portfolio Holder for Corporate and Commercial. |
| Part: | I |
| If Part II, reason: | N/A |
| Appendices: | Appendix A – General Fund Budget Summary 2023/24 Appendix B – Statement of Reserves Appendix C – Capital Treasury Strategy 2024 - 2028 Appendix D – Treasury Strategy 2024/25 Appendix E – Budget Consultation Responses |
| Background papers: | Cabinet - Agenda item 17 th October 2023 - Medium Term Financial Strategy 2023/24 – 2027/28. Joint Budget Scrutiny – 6 th December 2023. |
| Glossary of acronyms and any other abbreviations used in this report: | GF – General Fund HRA – Housing Revenue Account MTFS – Medium Term Financial Strategy OSC – Overview and Scrutiny Committee RSG – Revenue Support Grant |

Report Author / Responsible Officer

Nigel Howcutt, Chief Finance Officer

Fiona Jump, Head of Financial Services



Nigel.howcutt@dacorum.gov.uk / 01442 228662 (ext. 2662)

| | |
|-----------------------------|---|
| Corporate Priorities | A clean, safe and enjoyable environment Building strong and vibrant communities Ensuring economic growth and prosperity Providing good quality affordable homes, in particular for |
|-----------------------------|---|

| | |
|--|---|
| | those most in need Ensuring efficient, effective and modern service delivery Climate and ecological emergency |
| Wards affected | All Wards |
| Purpose of the report: | To provide Members with an overview of proposed changes to the draft budget presented to Scrutiny in December 2023, and provide the opportunity to scrutinise and provide feedback to Cabinet. |
| Recommendation (s) to the decision maker (s): | That the Scrutiny Committee review and scrutinise the draft budget proposals for 2024/25 and provide feedback, to be considered by Cabinet, for each Committee's specific area of responsibility. |
| Period for post policy/project review: | The budget undergoes ongoing monitoring and review as part of the Corporate Financial monitoring processes. The Council's budget is revised at least annually. |

Introduction/Background:

1. The purpose of this report is to present for scrutiny the additional proposed changes to the 2024/25 draft budget presented to scrutiny in December 2023.
2. The Joint budget scrutiny group will jointly scrutinise these budget proposals and will focus only on the proposed changes to the draft budget presented to Scrutiny in December.
3. The following appendices summarise the Dacorum Borough Council draft budget for 2023/24 and adjoining information;

Corporate view

- Appendix A – General Fund Budget Summary 2024/25

Reserves

- Appendix B – Statement of Earmarked Reserves

Corporate Strategies

- Appendix C – Capital Strategy 2024 - 2028
- Appendix D – Treasury Strategy 2024/25

Budget Consultation

- Appendix E – Budget Consultation responses

Options and Proposals.

Changes to the 2024/25 budget proposals since December OSC meeting.

4. Funding changes to the draft budgets published for the Joint OSC on 6th December 2023 are summarised in table 1 below, with more detail provided in paragraphs 5-12.

Table 1: Changes to the DBC 2024/25 Funding Proposals.

| Budget Gap, Joint OSC December 2023 | £ |
|---|---------------|
| Local Government Financial Settlement Changes | |
| Removal Negative RSG Provision | (200k) |
| New Homes Bonus 2024/25 | (1,160k) |
| Local Government Finance Settlement | (80k) |
| Allocation to the Climate and Sustainability Reserve | 1,160k |
| Revised 24/25 Budget Savings Requirement (+ is pressure, -ve is surplus) | (280k) |

Local Government Settlement Changes 2024/25

5. On 18 December 2023, the Secretary of State for the Department for Levelling Up, Housing and Communities (DLUHC), Rt. Hon. Michael Gove MP, released a written statement to Parliament on the provisional local government finance settlement 2024/25. This initially showed a shortfall in government funding for the Council compared to draft budget projections of £108k.
6. On 24th January, the Secretary of State for the Department for Levelling Up, Housing and Communities (DLUHC), Rt. Hon. Michael Gove MP, released a written statement to Parliament providing an additional £600m of government funding as part of the pending **Final** local government finance settlement 2024/25. This equates to an additional circa £188k of funding for the Council, resulting in a net additional funding level of £80k.
7. The draft Local Government Finance settlement was announced on the 19th December and the statement set out some explicit policies including regards to negative RSG. The draft Local government finance settlement states *"We (Government) are confirming that we have no plans to introduce 'negative Revenue Support Grant'".*
8. The Dacorum 2023 MTFS revised projected medium term government funding including removing negative RSG of £2.3m over the medium term, leaving a residual element to support any potential funding shortfall including £200k in 2024/25. Following the government's policy directive the Council will no longer provide for negative RSG in the financial plan.
9. It was also announced that there would be a new round of New Homes Bonus (NHB) payments of £1,160k in 2024/25 but that this is a one off allocation and will not attract legacy payments for future years, hence 2024/25 is now expected to be the final year of the current New Homes Bonus scheme.
10. The net impact of the NHB one off funding stream will be allocated to reserves in line with proposals outlined in the MTFS and December scrutiny.

Revised Budget Proposals for 2024/25

11. Table 2 below details the new budget proposals made since December Scrutiny;

Table 2: New Budget Proposals

| Budget Gap, Joint OSC December 2023 | 0 |
|--|-----------|
| Increased government funding (Detailed in Table 1) | (280k) |
| Parking Implementation contingency | 100k |
| Revised Parking Charges changes | 100k |
| Parking Investment Reserve | 80k |
| Revised Budget Savings Requirement | 0k |

- The parking fees policy was approved by Cabinet in December 2023 for implementation by the 1st July 2024. The administration have sought to make changes to this policy to support town/village centres and local businesses, these changes are potentially going to lead to a delayed implementation and hence reduce income collection by up to £100k.
- The revised parking proposals that include removal of evening parking charges and reduced on street charging are projected to reduce the projected income from car parking by circa £200k p.a. and in the part year implementation of 2024/25 circa £100k.
- During 2024 a parking task and finish group will be set up to review the new parking Traffic Regulation Orders (TRO) and fees policy. This group will also oversee the implementation of new service upgrades including hardware that support the TRO's and additional data collection, to provide an evidence base for future parking policies. Circa £80k of funding is required to support this delivery.

Housing Revenue Account

12. The HRA 30 year Business plan was presented to Housing Scrutiny in January and will be presented to Cabinet in February, the draft budget HRA budget presented to members in December supports this delivery.

Capital Strategy

13. The 2024-28 Capital Strategy is attached at Appendix C and details the overall strategic use of resources to support the capital programme reviewed at Scrutiny in December 2023. The principles of the capital strategy have not changed year on year.
14. The overall capital programme has been updated to include the slippage reported in quarter 3 2023/24 with the addition of 2 other changes made to the programme;
 - The majority of the Council Fleet replacement programme has slipped into future years as the council assesses the medium term fleet requirements with a focus on greener transport.
 - The Leisure investment programme has been slipped into 2025/26 and 2026/27. The leisure assets require investment in the medium term and proposals will be drawn up in 2024 for the new administration to approve and set in place, hence it is unlikely that any significant spend is likely in 24/25 given the timeframe for decision making, due diligence, and procurement required, for any significant capital investment in leisure.

If progress or opportunities arise to invest these funds in a shorter timeframe these funds could be brought forward as part of an accelerated capital investment scheme.

Treasury Strategy

15. The Council has a statutory requirement to have an approved annual Treasury Strategy. Appendix D is the draft 2024/25 Treasury Strategy for review. The overall strategy and approach to investments, borrowing and risk are in line with previous year's treasury strategies and aligned to government guidance on best practice.

Budget Consultation

16. The Council undertook a budget consultation for 4 weeks from the 11th December 2023 to 8th January 2024 on the Lets Talk Dacorum website. The consultation was advertised on social media and the weekly Dacorum e-bulletins. This was the first time the Council has consulted on its budget in this manner.
17. The questions were tailored to make it as clear and as simple as possible to respondents, ensuring they understood what services are provided by Dacorum Borough Council rather than other authorities such as Hertfordshire County Council.

18. There were 175 responses in total and six questions were posed which respondents did not have to respond to in entirety. In addition there was also a free text box for any further comments.
19. Whilst it is positive that there was engagement in the consultation, the number of respondents is relatively low given the population size of the borough. It is expected that this consultation will be carried out on an annual basis and the Council will aim to increase the number of respondents, and look to target different demographic groups.

Key findings from consultation:

- The level of financial resource allocated to services under 2024/25 budget proposals reflects respondent priorities. Waste collection, our largest General Fund service in terms of expenditure budget, is identified amongst the majority of respondents as being 'very important' and the service that the Council should prioritise for Council funding.
- Services identified most frequently by respondents as not being considered by them as a priority for Council funding include community events, arts venues and adventure playgrounds.
- Respondents are most in favour of the Council charging more for planning services and garage rentals.
- Respondents are least in favour of the Council charging more for the collection of green waste and parking.
- The majority of respondents are Hemel Hempstead residents.

Financial and value for money implications

20. A combination of the budget setting process, supported by the corporate governance arrangements and strong financial and procurement controls support a robust framework of processes that strive to achieve value for money in the delivery of council services.

Legal Implications

21. N/A

Risk implications:

22. The Council is required to set a balanced budget and scrutiny of the overall budget proposals and risks included will assist in the challenge process required.

Equalities, Community Impact and Human Rights:

23. Where appropriate, Community Impact Assessments for proposed budgets amendments have been undertaken by relevant service areas.

Sustainability implications (including climate change, health and wellbeing, community safety)

24. The individual budget changes will be delivered through the council's project management and delivery framework and this process includes assessing the impact on sustainability.

Council infrastructure (including Health and Safety, HR/OD, assets and other resources)

25. N/A

Conclusions

26. Members are asked to review and scrutinise the draft budget change proposals for 2024/25 and provide feedback, to be considered by Cabinet.

| Appendix A | | | |
|--|---------------------|-----------------------|------------------------------------|
| DRAFT GENERAL FUND BUDGET SUMMARY 2024/25 | | | |
| | Original 2023/24 | Growth / (Savings) | Estimate 2024/25 OSC 7.02.24 |
| | £000 | £000 | £000 |
| Service Expenditure & Income | | | |
| Employees | 30,341 | 1,885 | 32,226 |
| Premises | 5,461 | 247 | 5,708 |
| Transport | 1,929 | 173 | 2,101 |
| Supplies & Services | 8,427 | 472 | 8,899 |
| Third-Parties | 831 | 35 | 866 |
| Transfer Payments | 47,146 | 0 | 47,146 |
| Capital Charges & Bad Debts | 4,922 | 6 | 4,928 |
| Income | (19,851) | (1,310) | (21,161) |
| Grants and Contributions | (51,702) | 41 | (51,661) |
| Recharge to HRA | (6,115) | 436 | (5,679) |
| Net Cost Of Services | 21,389 | 1,986 | 23,374 |
| Less: | | | |
| Interest Receipts | (755) | (364) | (1,119) |
| Interest Payments & MRP | 741 | 60 | 801 |
| Reversal of Capital Charges | (4,802) | (0) | (4,802) |
| Revenue Contributions to Capital | 0 | 0 | 0 |
| Net movement to/(from) Earmarked Reserves | 2,639 | (2,616) | 23 |
| Budget Requirement General Fund | 19,212 | (934) | 18,278 |
| Parish Precepts | 1,234 | 90 | 1,323 |
| Budget Requirement Including Parishes | 20,445 | (844) | 19,601 |
| Funded by: | | | |
| Business Rates Retained | (3,067) | 27 | (3,040) |
| Revenue Support Grant | 0 | (150) | (150) |
| New Homes Bonus/Government Grants | (1,627) | 467 | (1,160) |
| Other Government Grants | (66) | (824) | (890) |
| Council Tax (Surplus)/Deficit | 0 | 0 | 0 |
| Business Rates (Surplus)/Deficit | (1,111) | 1,894 | 783 |
| Net Expenditure before Council Tax | 14,574 | 570 | 15,144 |
| Demand on the Collection Fund | (14,574) | (570) | (15,144) |
| Net Change in General Fund Balance | 0 | (0) | 0 |
| General Fund Balance B/Fwd | (2,502) | | (2,502) |
| In year use | 0 | | |
| General Fund Balance C/Fwd | (2,502) | | (2,502) |

| General Fund Reserves Summary | Balance as at 31/03/2023 £'000 | Net Reserve Movement 2023/24 £'000 | Balance as at 31/03/2024 £'000 | Net Reserve Movement 2024/25 £'000 | Balance as at 31/03/2025 £'000 | Net Reserve Movement 2025/26 £'000 | Balance as at 31/03/2026 £'000 | Net Reserve Movement 2026/27 £'000 | Balance as at 31/03/2027 £'000 | Net Reserve Movement 2027/28 £'000 | Balance as at 31/03/2028 £'000 |
|--|---|---|---|---|---|---|---|---|---|---|---|
| Compliance with Statutory and Legislative Requirements | | | | | | | | | | | |
| Civic Buildings Major Repairs Reserve | 60 | | 60 | | 60 | | 60 | | 60 | | 60 |
| Earmarked Grants Reserve | 44 | | 44 | | 44 | | 44 | | 44 | | 44 |
| Management of Change Reserve | 725 | (115) | 610 | (166) | 444 | | 444 | | 444 | | 444 |
| On Street Car Parking Reserve | 148 | 40 | 188 | 120 | 308 | 40 | 348 | 40 | 388 | 40 | 428 |
| Litigation Reserve | 317 | (57) | 260 | | 260 | | 260 | | 260 | | 260 |
| Vehicle Replacement Reserve | 0 | 25 | 25 | 25 | 50 | 25 | 75 | 25 | 100 | 25 | 125 |
| Uninsured Loss Reserve | 360 | | 360 | | 360 | | 360 | | 360 | | 360 |
| Supporting Financial Resilience | | | | | | | | | | | |
| Savings Efficiencies Reserve | 881 | 890 | 1,771 | 50 | 1,821 | 200 | 2,021 | 200 | 2,221 | 200 | 2,421 |
| Invest to Save Reserve | 42 | (20) | 22 | | 22 | | 22 | | 22 | | 22 |
| Youth Provision Reserve | 44 | | 44 | | 44 | | 44 | | 44 | | 44 |
| Election Reserve | 81 | (81) | 0 | 40 | 40 | 40 | 80 | 40 | 120 | 40 | 160 |
| Funding Equalisation Reserve | 7,199 | 1,111 | 8,310 | | 8,310 | | 8,310 | | 8,310 | | 8,310 |
| Pensions Reserves | 2,054 | 600 | 2,654 | | 2,654 | | 2,654 | | 2,654 | | 2,654 |
| Covid 19 Hardship Fund | 133 | | 133 | | 133 | | 133 | | 133 | | 133 |
| Inflationary Pressures Reserve | 298 | 750 | 1,048 | | 1,048 | | 1,048 | | 1,048 | | 1,048 |
| Place Shaping and Regeneration | | | | | | | | | | | |
| Local Development Framework Reserve | 408 | (80) | 328 | (130) | 198 | | 198 | | 198 | | 198 |
| Dacorum Development Reserve | 3,497 | 593 | 4,090 | (1,114) | 2,976 | (54) | 2,922 | | 2,922 | | 2,922 |
| Economic Recovery Reserve | 1,082 | (895) | 187 | | 187 | | 187 | | 187 | | 187 |
| Suitable Alternative Natural Greenspace (SANG) Reserve | 153 | | 153 | | 153 | | 153 | | 153 | | 153 |
| Digital Investment | | | | | | | | | | | |
| Technology Reserve | 741 | (12) | 729 | | 729 | | 729 | | 729 | | 729 |
| Delivery of safe and good quality, affordable homes. | | | | | | | | | | | |
| Housing Conditions Survey Reserve | 91 | 15 | 106 | 15 | 121 | 15 | 136 | 15 | 151 | 15 | 166 |
| Supporting recruitment and retention to ensure excellent service delivery | | | | | | | | | | | |
| Training & Development Reserve | 54 | (34) | 20 | | 20 | | 20 | | 20 | | 20 |
| Strategic Partnership Working | | | | | | | | | | | |
| Maylands Plus Reserve | 46 | 23 | 69 | 23 | 92 | 23 | 115 | 23 | 138 | 23 | 161 |
| Leisure Reserve | 330 | 95 | 425 | | 425 | | 425 | | 425 | | 425 |
| Climate Change | | | | | | | | | | | |
| Climate Change and Sustainability Reserve | 167 | (7) | 160 | 1,160 | 1,320 | | 1,320 | | 1,320 | | 1,320 |
| Total Earmarked Reserves | 18,955 | 2,841 | 21,796 | 23 | 21,819 | 289 | 22,108 | 343 | 22,451 | 343 | 22,794 |
| Working Balance | 2,502 | | 2,502 | | 2,502 | | 2,502 | | 2,502 | | 2,502 |
| Total General Fund Reserves | 21,457 | 2,841 | 24,298 | 23 | 24,321 | 289 | 24,610 | 343 | 24,953 | 343 | 25,296 |



Dacorum Borough Council

Capital Strategy

2024/25

1 Introduction

1.1 Requirements of a Capital Strategy

The Prudential Code requires all local authorities to produce a Capital Strategy. The purpose of the Capital Strategy is to tell a story that gives a clear and concise view of how the Council determines its priorities for capital investment, decides how much borrowing is affordable and its risk appetite and the governance arrangements in place to manage those risks.

The Capital Strategy is required to set out the long-term context in which capital expenditure and investment decisions are made and gives due consideration to the risk, reward and impact on the achievement of outcomes.

The Council Strategy should demonstrate that capital expenditure and investment decisions are in line with service objectives and properly take into account stewardship, value for money, prudence, sustainability and affordability.

The Capital Strategy should cover:

- Capital Expenditure
- Debt, Borrowing and Treasury Management
- Commercial Activity
- Other long-term Liabilities and Non-Treasury Investments and Debtors.
- Knowledge and Skills.

2 Capital Expenditure

2.1 The Council's approach to asset management

The Council aims to use its assets to deliver the priorities set out in its Corporate Plan. The performance of the Council's assets supports the delivery of the Council's Medium Term Financial Strategy.

The Council has a significant and varied portfolio of assets, some of which provide an income stream, which is crucial to the funding/delivery of the overall Council objectives.

The Council aims to reduce its long-term asset maintenance costs through proactive maintenance scheduling and better cost recovery. This reduces the risk that under-investment will lead to a spike in maintenance costs or a loss of income should the assets no longer be deemed fit for purpose. Annual maintenance and refurbishment budgets are set as part of the Council's budget setting process.

The Council aims to act as a catalyst for growth by maximising the use of its own assets and stimulating growth. This approach can improve the Council's revenue streams as a result of increased business rate retention and council tax base growth. The Council

weighs up the risk and benefits carefully where new projects potentially risk the loss of current income. Getting the balance right between future economic growth and the protection and enhancement of revenue income is a key issue for asset management planning.

To ensure continuing efficient operation of the Council's assets, decisions on disposals of assets deemed surplus to requirements are taken by the Council, in line with the Council's Financial Regulations.

The Council's social Housing stock is considered separately under the Housing 30 year Business Plan and the revised 2024 Housing asset strategy. These strategies outline the programme of works to maintain, improve and modernise the current housing stock including the approach to improved energy efficiency in the medium to long term. (Link to housing asset strategy included)

The Council is currently conducting a comprehensive [Strategic Asset Review \(SAR\)](#), which was approved by Cabinet in June 2023. This will support the Council's aims to deliver housing growth and regeneration throughout Dacorum, and to make best use of Council assets to generate long term income streams that support service delivery for the benefit of Dacorum's communities.

The key objectives of the Strategic Asset Review are:

- To support the provision of the right type of housing in the right places throughout Dacorum to help local people access good quality homes. That will require a delivery pipeline which includes social housing, affordable rent, market rent, rent to buy, shared ownership and private sale homes. These may be delivered through a range of delivery vehicles harnessing the optimum mix of public and private investment in delivery.
- To progress the regeneration of Hemel Town Centre and other urban/neighbourhood areas throughout Dacorum, to contribute to wider Place Strategy objectives and drive economic growth and health and social wellbeing.
- To support long term income streams for the Council through regeneration and development programmes, which will support the Council's ongoing financial sustainability and allow continued delivery of the corporate vision and objectives.

The results of the various work streams within the Strategic Asset Review will help inform future Capital Programme priorities, asset management and disposal strategies, alongside other development, Place and asset management work taking place across the Council.

2.2 The Council's policies on Capitalisation

The Council capitalises expenditure on property, plant, equipment and software, when it brings economic benefit or service potential to the Council for longer than 1 year and spend is greater than £10,000 per scheme. The Council does not capitalise borrowing costs incurred whilst assets are under construction. Further details of the Council's capitalisation policy can be found in the Council's Statement of Accounts, notes to the Core Financial Statements section: <https://www.dacorum.gov.uk/home/council-democracy/finance/annual-statement-of-accounts>.

2.3 Flexible Use of Capital Receipts

The Council has a Flexible Use of Capital Receipts Strategy. Qualifying expenditure for the flexible use of capital receipts is 'expenditure on any project is designed to generate ongoing revenue savings in the delivery of public services and/ or transform service delivery to reduce costs and/ or transform service delivery in a way that reduces costs or demands for services in future years for any of the public sector delivery partners.

2.4 Capital Programme approval process

As part of the annual Medium Term Financial Strategy review and budget setting process, Senior Officers are invited to submit new Capital bids using a business case template. The business case template outlines the project details including;

- how the project will meet corporate priorities
- Revenue and Capital Requirements
- Proposed funding sources

The Council's corporate priorities for 2020-2025 are:

- A clean, safe and enjoyable environment
- Building strong vibrant communities
- Ensuring economic growth and prosperity
- Providing good quality affordable homes, in particular to those most in need
- Climate and ecological emergency
- Ensuring efficient, effective and modern service delivery.

Bids are scrutinised by the Strategic Leadership Team to ensure they are affordable and support Corporate Priorities. The draft Capital Programme then goes through internal officer and member scrutiny prior to Overview and Scrutiny and Cabinet for further challenge and review. The Capital Programme then goes to full Council in February for approval.

2.5 The Capital Programme

The 2023/24-2027/28 Capital Programme is summarised below. The total Capital Programme for the next 4 years from 1 April 2024 is £218.155m. For 2024/25, the Capital Programme is £70.814m of which £60.192m is to be spent on the Housing Revenue Account (HRA) and £10.621m on General Fund Capital Schemes. Further details of the Capital Programme can be found in Appendix I of the Budget Report.

The proposed capital programme is due to deliver:

- Investment in the Council's commercial property, supporting delivery of income associated with those assets.
- Commercial activities including light industrial units'
- Investment in the borough's Leisure facilities.
- Upgrades to the Council's Fleet vehicles.
- Investment in the Council's housing stock.

- New homes for the Borough

| Capital expenditure | 2023/24 Forecast £m | 2024/25 Estimate £m | 2025/26 Estimate £m | 2026/27 Estimate £m | 2027/28 Estimate £m |
|--|------------------------------------|------------------------------------|------------------------------------|------------------------------------|------------------------------------|
| General Fund* | 8.392 | 10.621 | 21.543 | 23.241 | 6.697 |
| HRA | 58.982 | 60.192 | 41.183 | 29.257 | 25.421 |
| Total | 67.374 | 70.814 | 62.725 | 52.497 | 32.118 |
| Financed by: | | | | | |
| Capital grants & S106 | 12.615 | 8.185 | 0.741 | 4.041 | 1.341 |
| Capital receipts & reserves | 32.695 | 34.351 | 26.271 | 14.515 | 13.617 |
| Internal Borrowing- General Fund | 0.000 | 0.000 | 12.443 | 19.200 | 0.473 |
| External Borrowing- General Fund | 0.000 | 0.000 | 0.000 | 0.000 | 4.883 |
| Internal Borrowing- HRA | 22.064 | 13.740 | 5.000 | 0.000 | 0.000 |
| External Borrowing-HRA | 0.000 | 14.538 | 18.271 | 14.742 | 11.804 |
| Net financing need for the year | 67.374 | 70.814 | 62.725 | 52.497 | 32.118 |

2.6 Long term view of capital expenditure plans

The Council publishes its capital programme covering a 5- year period, in line with its Medium Term Financial Strategy (MTFS) and the HRA Business Plan covers 30 years.

The focus for the Council's General Fund over the medium term is on-going vehicle replacement programme, the provision of a new DEN's One stop shop and foodbank, place shaping acquisitions and light industrial unit acquisitions. Leisure investment plans will be discussed with members in early 2024.

In the medium to longer term, the Council is committed to providing new homes in the Borough and has a HRA programme of new build housing totalling £57.2m over the next 5 year period commencing 1 April 2024.

The Council's capital expenditure programme supports the priorities identified in its Corporate Plan and delivery of the Council's services. As a government organisation governed by a political administration, the Council is subject to changes in government policy and also changes in the political direction, including that arising from local elections held every four years. This has potential implications for the content and direction of the capital programme.

The Council is mindful of risks to the delivery and financial performance of the capital programme over the MTFS period. These include, but are not limited to:

- Inflationary changes
- Local and National political considerations
- Legislative changes

- Access to expertise

The Council projects the potential financial impact of these risks over the life of capital projects where it is possible to do so. Capital schemes are supported by relevant project boards and their financial performance is monitored on a quarterly basis.

2.7 Cost of Borrowing for Capital Expenditure

Under statute, the Council is required to make a charge to revenue in respect of prior year's expenditure on the General Fund which is funded from borrowing (internal or external) in order to repay the principal, this is known as the Minimum Revenue Provision (MRP). External borrowing also incurs interest costs. Based on the current capital programme, the forecast charge to the General Fund for both MRP and interest on borrowing is:

| | 2024/25 £m | 2025/26 £m | 2026/27 £m | 2027/28 £m |
|--------------|---------------|---------------|---------------|---------------|
| General Fund | 0.804 | 0.801 | 0.801 | 0.801 |

There is no requirement for the HRA to make a minimum revenue provision but the HRA is required to pay interest on the borrowing undertaken to fund the £354m Self Financing deal. In 2024/25 this is budgeted to be £11.7m.

2.8 Monitoring of Capital Expenditure

To mitigate the risk of overspends on Capital schemes or the Council undertaking borrowing when not required and incurring interest costs, the Council monitors Capital Expenditure against the approved budget during the financial year. The Budget Monitoring Report goes to the Senior Leadership Team, then Overview and Scrutiny Committee and Cabinet on a quarterly basis. The report provides the latest forecast position and provides an explanation of reasons for slippage and underspends or pressures on each individual scheme. Cabinet is required to approve any requests for additional budget and to approve slippage of projects into future financial years.

To ensure the Council is achieving value for money when awarding tenders for Capital works, Officers must adhere to the Council's Commissioning and Procurement Standing Orders. This details the Council's procurement thresholds and can be found on the [Council's website](#).

Post- project implementation reviews are also carried out, where appropriate, to ensure lessons learnt are taken into consideration for future relevant projects.

3 Debt, Borrowing and Treasury Management

3.1 Overview of Governance Process for Treasury Management

As per the Treasury Management Strategy, Full Council will receive reports on its treasury management policies, practices and activities, including, as a minimum, a mid-year review and an annual report after its close. Responsibility is delegated to the Section 151 Officer for the implementation and regular monitoring of its treasury management policies and practices, and for the execution and administration of treasury management decisions. Cabinet is responsible for ensuring effective scrutiny of the treasury management strategy, policies and monitoring before recommendation to Full Council.

3.2 Projection of External Debt and Internal Borrowing over the Long Term

The Council has total gross debt of £337.634m at the end of 2022/23 and forecasts £380.351m at the end of 2027/28.

| | 2022/23 Actual £m | 2023/24 Estimate £m | 2024/25 Estimate £m | 2025/26 Estimate £m | 2026/27 Estimate £m | 2027/28 Estimate £m |
|--------------------------------------|-------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| External Debt | | | | | | |
| Debt at 1 April | 349.680 | 337.446 | 334.808 | 345.685 | 359.179 | 367.940 |
| Expected change in Debt | (12.233) | (2.638) | 10.877 | 13.494 | 8.761 | 11.223 |
| Other long-term liabilities | 0.188 | 0.188 | 1.188 | 1.188 | 1.188 | 1.188 |
| Actual gross debt at 31 March | 337.634 | 334.996 | 346.873 | 360.367 | 369.128 | 380.351 |
| The Capital Financing Requirement | 349.349 | 368.761 | 394.363 | 425.302 | 453.026 | 464.111 |
| (Under)/over borrowing | (11.715) | (33.765) | (47.489) | (64.935) | (83.898) | (83.760) |

3.3 Limits on overall borrowing

The Treasury Management Strategy sets out the following borrowing limits:

| Operational boundary | 2023/24 Estimate £m | 2024/25 Estimate £m | 2025/26 Estimate £m | 2026/27 Estimate £m | 2027/28 Estimate £m |
|-----------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Debt | 337.446 | 345.685 | 359.179 | 367.940 | 379.163 |
| Other long term liabilities | 0.188 | 1.188 | 1.188 | 1.188 | 1.188 |
| Total | 337.634 | 346.873 | 360.367 | 369.128 | 380.351 |

3.4 Treasury Management Key Risks and Risk appetite

The Council's Treasury Management Strategy 2024/25 sets out in detail the authority's risk appetite around its treasury management activities. The Council adopts a prudent approach to the management of risk, with its investment priorities being first, security, liquidity second and then return as detailed in the Treasury Management Strategy. This includes reducing the Council's exposure to large fixed rate sums falling due for refinancing at the same time by setting upper and lower limits for the maturity structure of borrowing.

3.5 Treasury Management Knowledge and Skills available to the Council

The Council uses Link Group as its external treasury management advisors. The Council recognises there is value in employing external providers of treasury management services

in order to acquire access to specialist skills and resources. The Council ensures knowledge and skills are commensurate with the authority's risk appetite. Council officers regularly attend treasury management training provided by Link Group.

4 Commercial Activity

4.1 Definition of Commercial Activity

Commercial activity includes the investment in assets including loans and property primarily for financial return which are not part of treasury management activity. Commercial activity can also include service investments held clearly and explicitly for operational service purposes such as loans to other organisations for regeneration purposes. Commercial activity within the Council currently includes the holding of investment properties in the commercial assets portfolio to generate rental income. The Council's approach to commercial activity is being further developed in its evolving Commercial Strategy.

The Council's Commercial Strategy is a wide ranging strategy which aims to deliver a change in culture and approach to a more agile and commercially aware operating model, that will leverage maximum value from the Council's assets and resources, to support a financially sustainable organisation that meets the needs and expectations of residents. It is closely linked to the Place and Transformation strategies, and aims to support the Council in the increasingly challenging financial environment within which local government operates. This approach focuses on three areas of focus: i) Maximising income and commercial benefits ii) Developing new opportunities iii) Getting the basics right.

There is a clear link between the Council's Commercial Strategy and this Capital Strategy. The first Commercial project to receive capital investment approval is the development of light industrial units to meet identified local market demand.

4.2 Investment Properties

At the 31st March 2023, the Statement of Accounts showed the Council held £65.265m of Investment Properties. This was 4.3% of the Council's Long-Term Assets. Investment Properties include shops, industrial units, storage units, offices, filling stations and nurseries. Investment Properties in 2023/24 are forecast to generate gross income of £5.89m. The net income from Investment Properties is £5.14m, which helps contribute to a lower net expenditure before Council Tax. For 2023/24 the net expenditure before Council Tax is £14.574m.

The Commercial Assets and Property Development team manage the Council's Investment Properties. Quarterly reports are sent to members using the Council's performance system (InPhase) on the performance of the Council's investment properties. Key indicators include:

- percentage arrears on Commercial Property rents,
- percentage of Occupation in Commercial Properties,
- Investment Property income year to date budget position

The Council's Commercial Assets and Property Development team includes RICS qualified professionals to ensure the Council meet legislative requirements whilst also using that professional knowledge and expertise to maximise the potential income of the portfolio.

4.3 Approach to risk in commercial activities

The Council holds investment assets which deliver an annual rental stream. These investment assets help the authority deliver a balanced budget over the MTFS period as well as supporting the economic objectives the Council has for the Dacorum area.

As with its approach to treasury management, the Council adopts a prudent approach to the management of risk within its commercial activities. The Council engages professional advice on these activities as required, either from its own staff or via external advisors. Decisions on commercial activities are made in line with the Council's constitution.

The Council monitors the performance of its commercial activities via its financial monitoring process and the use of performance indicators. This process includes both Officer and Member scrutiny.

There is a clear governance process as outlined below for any new commercial initiatives proposed.

- i. **Informal Cabinet**, to be convened for all cabinet members on an informal, and as required.
- ii. **Finance & Resources Scrutiny**, to consider new proposals and their business cases as required.
- iii. **Cabinet**, to approve new proposals, with appropriate delegations to the Chief Executive and / or Strategic Directors for delivery as required.
- iv. **Full Council**, to approve resources and / or investment required if appropriate.

5 Other long-term Liabilities and Non-Treasury Debtors

Any other long-liabilities that the Council undertakes are subject to member scrutiny and approval.

6 Knowledge and Skills

The Council employs a wide range of qualified professionals with expert knowledge and skills including legal professionals, RICS property experts and qualified accountants. Annual appraisals are carried out to identify training needs. The Council ensures Councillors have the required skills through the Member training programme. Where skills are not available in house, or in relation to material projects, the Council will draw on additional professional advisers as necessary, these currently include Link Asset Service for Treasury Management Services, Brazier Freeth for Commercial Property advice and various architects.

Dacorum Borough Council

Treasury Management Strategy Statement

**Minimum Revenue Provision Policy Statement and Annual
Investment Strategy**

2024/25

Introduction

1.1 Background

The Council is required to operate a balanced budget, which broadly means cash raised during the year will meet cash expenditure. A primary function of the Treasury Management service is to ensure cash flow is adequately planned, with cash being available when needed. Surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially, before considering investment return.

The second main function of the Treasury Management service is funding the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning, to ensure the Council can meet its capital spending obligations. Longer term cash management may involve arranging long or short term loans, or using longer term cash flow surpluses, or restructuring debt to meet Council risk or cost objectives.

The contribution the treasury management function makes is critical, as the balance of debt and investment operations ensure liquidity and hence the councils ability to meet spending commitments as they fall due, either on day-to-day revenue or in the medium term for larger capital projects. The treasury operations will see a balance of the interest costs of debt and the investment income arising from cash deposits affecting the available budget. Since cash balances generally result from reserves and balances, adequate security of sums invested is paramount, as a loss of principal will result in a loss to the General Fund Balance.

1.2 Clauses to be formally adopted

1. Dacorum Borough Council will create and maintain the following for effective treasury management:
 - A treasury management policy statement, stating the policies, objectives and approach to risk management of its treasury management activities;
 - Suitable treasury management principles and practices (TMPPs), setting out the manner in which the organisation will seek to achieve those policies and objectives, and prescribing how it will manage and control those activities.
2. Full Council will receive reports on its treasury management policies and activities. As a minimum this will include a mid-year review, an annual year- end report and at least two other performance reports during the financial year.

Responsibility is delegated to the Section 151 Officer for the implementation and regular monitoring of its treasury management policies and practices, and for the execution and administration of treasury management decisions. They will act in accordance with the policy statement and TMPPs and, if he/she is a CIPFA member, CIPFA's Standard of Professional Practice on Treasury Management.

3. This organisation nominates Cabinet to be responsible for ensuring effective scrutiny of the treasury management strategy, policies and monitoring before recommendation to Full Council.

1.3 Treasury Management Policy Statement

The Council defines its treasury management activities as:

The management of the organisation's borrowing, investments, cash flows, banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. The analysis and reporting of treasury management activities will focus on their risk implications for the organisation, and management of these risks.

The Council acknowledges effective treasury management will support the achievement of the Council's business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management and employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

1.4 Reporting requirements

Capital Strategy

The CIPFA revised 2021 Prudential and Treasury Management Codes requires all local authorities to prepare a capital strategy report, which provides:

- a high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to service provision
- an overview of how the associated risk is managed
- the implications for future financial sustainability.

Treasury Management reporting

The Council is currently required to receive and approve, various reports each year, which incorporate a variety of policies, estimates and actuals.

Treasury Management Strategy Statement (this report) - The first, and most important report, covers:

- the capital plans (including prudential indicators);
- a minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time);
- the treasury management strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- an investment strategy (the parameters on how investments are to be managed).

A mid- year treasury management report (Quarter 2) – This is a progress report and will update members on the capital position and amend prudential indicators and policies as necessary.

An annual treasury report (Quarter 4) – This provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Financial monitoring report – an update on treasury management performance and all forward-looking prudential indicators will be formally reported on at least two further occasions during the financial year.

Scrutiny – The above reports are required to be scrutinised before being recommended to the Council. Cabinet undertakes this role supported by the Audit Committee and 3 Overview and Scrutiny groups where relevant.

1.5 Treasury Management Strategy for 2024/25

The strategy for 2024/25 covers two main areas:

1. Capital issues

- the capital expenditure plans and the associated prudential indicators;
- the minimum revenue provision (MRP) policy.

2. Treasury management issues

- the current treasury position;
- treasury indicators which limit the treasury risk and activities of the Council;
- prospects for interest rates;
- the borrowing strategy;
- policy on borrowing in advance of need;
- debt rescheduling;
- the investment strategy;
- creditworthiness policy; and
- the policy on use of external service providers.

These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential and Treasury Management Codes, DLUHC MRP and Investment Guidance.

1.6 Training

The CIPFA Code requires Councillors and Officers with responsibility for treasury management have appropriate skills and adequate training.

The Council will carry out the following to monitor and review knowledge and skills:

- Record attendance at training and ensure action is taken where poor attendance is identified.
- Ensure learning plans for treasury management officers and relevant Council members.
- Require treasury management officers and SLT/council members to undertake self-assessment against the required competencies.
- Through regular communication encourage Officers, SLT and Council members to highlight training needs on an ongoing basis.

Training needs of treasury management officers are regularly reviewed as part of the Council's performance development reviews. Records of Member training is kept by Member Support.

1.7 Treasury management consultants

The Council uses Link Group as its external treasury management advisors. The Council recognises the value in employing external treasury management services to access specialist skills and resources. Responsibility for treasury management decisions remain with the organisation at all times and will ensure undue reliance is not placed upon our external advisors. All decisions will be undertaken with regards to all available information, including, but not solely, our treasury advisers.

The Council will ensure the terms of their appointment and methods by which their value are assessed are properly agreed and documented, and subject to regular review.

2. The Capital Prudential Indicators 2024/25 – 2027/28

The Council's capital expenditure plans are the key driver of treasury management activity. The capital expenditure plan is reflected in the prudential indicators, which are designed to assist members' overview and confirm capital expenditure plans are prudent, affordable and sustainable.

2.1 Capital expenditure

The first prudential indicator is a summary of the Council's capital expenditure plans, both those agreed previously, and those forming part of this budget cycle. The table below summarises the capital expenditure plans and financing. Any shortfall of resources results in a borrowing need. Members are asked to approve the capital expenditure forecast:

Table 1: Capital Expenditure

| Capital expenditure | 2022/23 Actual £m | 2023/24 Forecast £m | 2024/25 Estimate £m | 2025/26 Estimate £m | 2026/27 Estimate £m | 2027/28 Estimate £m |
|--|-------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| General Fund* | 2.199 | 8.392 | 10.621 | 21.543 | 23.241 | 6.697 |
| HRA | 34.884 | 58.982 | 60.192 | 41.183 | 29.257 | 25.421 |
| Total | 37.083 | 67.374 | 70.814 | 62.725 | 52.497 | 32.118 |
| Financed by: | | | | | | |
| Capital grants & S106 | 5.478 | 12.615 | 8.185 | 0.741 | 4.041 | 1.341 |
| Capital receipts & reserves | 31.605 | 32.695 | 34.351 | 26.271 | 14.515 | 13.617 |
| Internal Borrowing- General Fund | 0 | 0.000 | 0.000 | 12.443 | 19.200 | 0.473 |
| External Borrowing- General Fund | 0 | 0.000 | 0.000 | 0.000 | 0.000 | 4.883 |
| Internal Borrowing- HRA | 0 | 22.064 | 13.740 | 5.000 | 0.000 | 0.000 |
| External Borrowing-HRA | 0 | 0.000 | 14.538 | 18.271 | 14.742 | 11.804 |
| Net financing need for the year | 37.083 | 67.374 | 70.814 | 62.725 | 52.497 | 32.118 |

* excludes £6m loan treated as capital expenditure in 2022/23.

The financing need excludes other long-term liabilities, such as leasing arrangements. Capital Expenditure excludes Capital loans to other bodies.

2.2 The Council's borrowing need (the Capital Financing Requirement)

The second prudential indicator is the Council's Capital Financing Requirement (CFR). The CFR is the total capital expenditure which has not yet been paid for from either revenue or capital resources. It is a measure of the Council's underlying borrowing need. Capital expenditure, which is not immediately paid for, increases the CFR.

The CFR does not increase indefinitely, as the minimum revenue provision (MRP) is a statutory annual revenue charge which reduces the indebtedness in line with each asset's life, and so charges the economic consumption of capital assets as they are used.

The CFR includes long term liabilities like finance leases. Whilst these increase the CFR, and therefore the Council's borrowing requirement, they include a borrowing facility so the Council is not required to separately borrow.

The Council is asked to approve the CFR projections below:

Table 2: Capital Financing Requirement

| | 2022/23 Actuals £m | 2023/24 Estimate £m | 2024/25 Estimate £m | 2025/26 Estimate £m | 2026/27 Estimate £m | 2027/28 Estimate £m |
|--|--------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Capital Financing Requirement | | | | | | |
| CFR – non housing | 18.272 | 17.930 | 18.587 | 30.699 | 49.318 | 53.709 |
| CFR – housing | 331.077 | 350.832 | 375.775 | 394.604 | 403.708 | 410.402 |
| Total CFR | 349.349 | 368.761 | 394.363 | 425.302 | 453.026 | 464.111 |
| Movement in CFR | | 19.412 | 25.601 | 30.940 | 27.723 | 11.085 |
| Movement in CFR represented by: | | | | | | |
| Net financing need for the annual approved Capital Programme | | 22.064 | 28.278 | 35.714 | 33.941 | 17.160 |
| Net financing need for the year-Loans for Capital Purposes | | (0.010) | (0.010) | 0 | 0 | 0 |
| Accounting changes in lease treatments | | 0 | 1 | 0 | 0 | 0 |
| General Fund Minimum Revenue Provision & HRA Debt Repayment | | (2.642) | (3.667) | (4.774) | (6.218) | (6.075) |
| Movement in CFR | | 19.412 | 25.601 | 30.940 | 27.723 | 11.085 |

2.3 Liability Benchmark (LB)

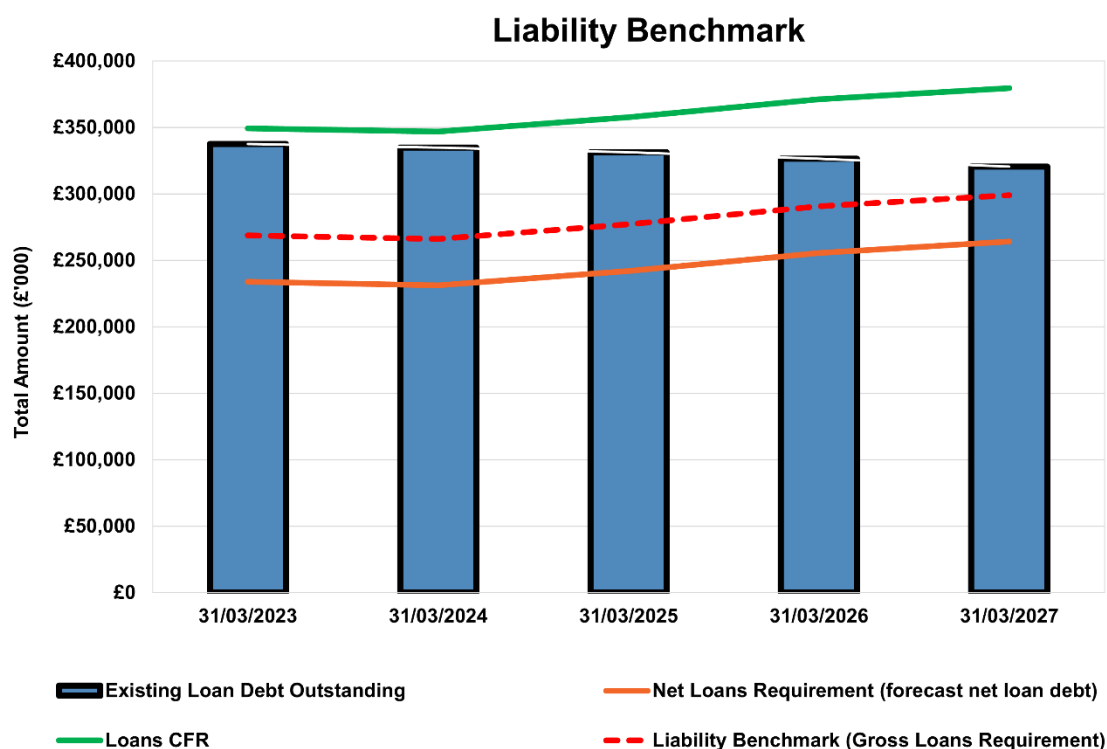
The Council is required to estimate and measure the LB for the forthcoming financial year and the following two financial years, as a minimum. There are four components to the LB: -

1. Existing loan debt outstanding: the Authority's existing loans still outstanding in future years.
2. Loans CFR: calculated in accordance with the definition in the Prudential Code and projected into the future based on approved prudential borrowing and planned MRP.
3. Net loans requirement: shows the Authority's gross loan debt less treasury management investments at the last financial year-end, projected into the future and

based on its approved prudential borrowing, planned MRP and any other major cash flows forecast.

4. Liability benchmark (or gross loans requirement): this equals net loans requirement plus short-term liquidity allowance.

The Council is asked to approve the LB projections below:



2.4 Minimum revenue provision (MRP) policy statement

The Council is required to pay off an element of the Capital Financing Requirement through a charge to revenue known as the minimum revenue provision (MRP). DLUHC regulations require full Council to approve an MRP Statement in advance of each year. A variety of options for calculating MRP are allowed as long as there is a prudent provision. The Council is recommended to approve the following MRP Statement:

The MRP policy will be:

Asset life method – MRP based on the estimated life of the assets, in accordance with regulations;

This option provides for a reduction in the borrowing need over approximately the asset's life. This approach is consistent with the MRP policy in previous years.

There is no requirement on the HRA to make a minimum revenue provision but a charge for depreciation must be made. Repayments included in finance leases are applied as MRP.

MRP Overpayments/Voluntary Revenue Provisions (VRP) - DLUHC MRP Guidance allows any charges made over the statutory MRP, can be reclaimed in later years if necessary or prudent. In order to be reclaimed for use in the budget, this policy must disclose historical cumulative overpayments made. Up until the 31 March 2024, the total VRP overpayments are £0.481m.

The Council has and may provide loans to Parish Councils and other public sector bodies for capital purposes. The Capital Financing Requirement (CFR) will increase by the principal amount of the loan. The loan will be repaid in full and may include interest. The repayment of principal is classed as a capital receipt, and the CFR will reduce accordingly. As this is, a temporary arrangement and the funds will be returned in full, there is no need to set aside prudent provision to repay the debt liability in the interim, so there is no MRP charge.

2.5 Core funds and expected investment balances

The use of funds to finance capital expenditure or support the revenue budget will have an ongoing impact on investments, unless supplemented from new sources (asset sales etc.). Detailed below are estimates of the year end balances and anticipated day to day cash flow balances. These balances are available to the Council to support any internal borrowing requirements for the financing of the Council's capital programme.

Table 3: Cash Balances

| Year End Resources | 2022/23 Actual £m | 2023/24 Estimate £m | 2024/25 Estimate £m | 2025/26 Estimate £m | 2026/27 Estimate £m | 2027/28 Estimate £m |
|-----------------------------|-------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Fund balances / reserves | 53.625 | 56.590 | 59.688 | 62.931 | 66.582 | 70.786 |
| Capital receipts | 40.394 | 29.761 | 16.665 | 9.723 | 12.585 | 15.690 |
| Provisions | 8.955 | 9.000 | 9.000 | 9.000 | 9.000 | 9.000 |
| Other | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 | 0.000 |
| Total core funds | 102.974 | 95.351 | 85.353 | 81.654 | 88.168 | 95.476 |
| Working capital | | 5.000 | 5.000 | 5.000 | 5.000 | 5.000 |
| (Under)/over borrowing | | (33.765) | (47.489) | (64.935) | (83.898) | (83.760) |
| Expected investments | | 66.586 | 42.864 | 21.718 | 9.269 | 16.716 |

2.6 Affordability prudential indicators

Prudential indicators are required to assess the affordability of the capital investment plans on the Council's overall finances. The Council is asked to approve the following indicators:

2.7 Ratio of financing costs to net revenue stream

This indicator identifies the trend in the cost of capital (borrowing and other long-term costs net of investment income) against the net revenue stream.

Table 4: Ratio of Borrowing to Revenue.

| | 2022/23 Actual | 2023/24 Estimate | 2024/25 Estimate | 2025/26 Estimate | 2026/27 Estimate | 2027/28 Estimate |
|--------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| General Fund | -3.20% | -0.32% | -0.93% | -1.17% | -1.12% | -0.50% |
| HRA | 19.14% | 17.77% | 20.68% | 22.28% | 23.71% | 23.15% |

2.8 Table 5: HRA ratios

| | 2022/23 Actual | 2023/24 Estimate | 2024/25 Estimate | 2025/26 Estimate | 2026/27 Estimate | 2027/28 Estimate |
|-----------------------------|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| HRA debt £m | 331.08 | 328.77 | 339.97 | 353.80 | 362.90 | 369.60 |
| HRA revenues £m | 61.633 | 71.067 | 71.735 | 73.899 | 76.615 | 78.475 |
| Ratio of debt to revenues % | 537% | 463% | 474% | 479% | 474% | 471% |
| Number of HRA dwellings | 10,051 | 10,086 | 10,225 | 10,305 | 10,285 | 10,265 |
| Debt per dwelling £ | 32,940 | 32,596 | 33,249 | 34,333 | 35,285 | 36,006 |

3. Borrowing

The treasury management function organises the Council's cash in accordance with relevant professional codes, so sufficient cash is available to meet capital expenditure plans set out in section 2 and in the Council's capital strategy. This involves both the organisation of the cash flow and, where capital plans require, appropriate borrowing facilities. The strategy covers the relevant treasury / prudential indicators, the current and projected debt positions and the annual investment strategy.

3.1 Current portfolio position

The overall treasury management portfolio at 31st March 2023 and 31st December 2023 are shown below for both borrowing and investments.

Table 6: Treasury Portfolio

| | TREASURY PORTFOLIO | | | |
|---|-------------------------|------------------------|---------------------------|--------------------------|
| | Actual 31.3.23 £k | Actual 31.3.23 % | Current 31.12.23 £k | Current 31.12.23 % |
| Treasury investments | | | | |
| Banks | 58,418 | 56% | 34,678 | 29% |
| Building societies – rated | 27,000 | 26% | 12,500 | 10% |
| DMADF (HM Treasury) | 10,000 | 10% | 47,000 | 39% |
| Money market funds | 8,250 | 8% | 25,000 | 21% |
| Total managed in house | 103,668 | 100% | 119,178 | 100% |
| Total managed externally | 0 | 0% | 0 | 0% |
| Total treasury investments | 103,668 | 100% | 119,178 | 100% |
| Treasury external borrowing | | | | |
| PWLB | 337,446 | 100% | 337,446 | 100% |
| Total external borrowing | 337,446 | 100% | 337,446 | 100% |
| | | | | |
| Net treasury investments / (borrowing) | (233,778) | 0 | (218,268) | 0 |

The Council's forward projections for borrowing are summarised below. The table shows the actual external debt, against the underlying capital borrowing need, (the Capital Financing Requirement - CFR), highlighting over or under borrowing.

One key indicator is the Council must ensure its gross debt does not, except in the short term, exceed the total CFR in the preceding year plus the estimates of any additional CFR for 2024/25 and the following 2 financial years. This allows flexibility for some early borrowing for future years, but ensures borrowing is not undertaken for revenue purposes or to generate a profit. The Council complies.

Table 7: Financing and Debt Projections

| | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
|--------------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | Actual | Estimate | Estimate | Estimate | Estimate | Estimate |
| | £m | £m | £m | £m | £m | £m |
| External Debt | | | | | | |
| Debt at 1 April | 349.680 | 337.446 | 334.808 | 345.685 | 359.179 | 367.940 |
| Expected change in Debt | (12.233) | (2.638) | 10.877 | 13.494 | 8.761 | 11.223 |
| Other long-term liabilities | 0.188 | 0.188 | 1.188 | 1.188 | 1.188 | 1.188 |
| Actual gross debt at 31 March | 337.634 | 334.996 | 346.873 | 360.367 | 369.128 | 380.351 |
| The Capital Financing Requirement | 349.349 | 368.761 | 394.363 | 425.302 | 453.026 | 464.111 |
| (Under)/over borrowing | (11.715) | (33.765) | (47.489) | (64.935) | (83.898) | (83.760) |

* Under borrowing is a term used to highlight that the organisation is intending to utilise and/or currently using cash balances to borrow internally to support the financing requirement, rather than external loans.

The Council's chief objective when borrowing is to strike an appropriately low risk balance between securing low interest costs and achieving certainty of those costs over the period for which funds are required.

There was a substantial rise in the cost of both short-and long-term borrowing over the last 18 months. Bank rates rose by 1% from 4.25% at the beginning of April to 5.25% at the end of September. Bank rate was 3% higher than at the end of September 2022.

The current strategy in the short term will be to delay external borrowing, and to fund capital expenditure, which is not met by capital receipts and grants, from internal cash resources. This reduces the net cost to the council when borrowing rates are higher than investment rates and reduces the amount of surplus cash for which suitable investment counterparties must be found until the cash is required. As such there is no new external borrowing requirement in 2024/25.

3.2 Treasury Indicators: Limits to borrowing activity

- a) **The operational boundary.** This is the limit beyond which external debt is not normally expected to exceed.

Table 8: Operational Boundary

| Operational boundary | 2023/24 Estimate £m | 2024/25 Estimate £m | 2025/26 Estimate £m | 2026/27 Estimate £m | 2027/28 Estimate £m |
|-----------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Debt | 337.446 | 345.685 | 359.179 | 367.940 | 379.163 |
| Other long term liabilities | 0.188 | 1.188 | 1.188 | 1.188 | 1.188 |
| Total | 337.634 | 346.873 | 360.367 | 369.128 | 380.351 |

The authorised limit for external debt. This represents a limit beyond which external debt is prohibited and needs to be set or revised by full Council. It reflects the level of external debt, which, while not desired, could be afforded in the short term, but is not sustainable long term. The Council is asked to approve the following authorised limits to 2027/28:

Table 9: Authorised Limit

| Authorised limit | 2023/24 Estimate £m | 2024/25 Estimate £m | 2025/26 Estimate £m | 2026/27 Estimate £m | 2027/28 Estimate £m |
|-----------------------------|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| Debt | 400 | 420 | 420 | 450 | 450 |
| Other long term liabilities | 10 | 10 | 10 | 10 | 10 |
| Total | 410 | 430 | 430 | 460 | 460 |

The table below shows projections of CFR and borrowing:

Table 10: CFR and Borrowing projections

| Capital Financing Requirement including leases | | | | | | |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| | Actual | Estimate | Estimate | Estimate | Estimate | Estimate |
| | 2022/23 | 2023/24 | 2024/25 | 2025/26 | 2026/27 | 2027/28 |
| | £m | £m | £m | £m | £m | £m |
| HRA CFR | 331.077 | 350.832 | 375.775 | 394.604 | 403.708 | 410.402 |
| GF CFR | 18.272 | 17.930 | 18.587 | 30.699 | 49.318 | 53.709 |
| Total CFR | 349.349 | 368.761 | 394.363 | 425.302 | 453.026 | 464.111 |
| | | | | | | |
| External Borrowing | 337.446 | 334.808 | 345.685 | 359.179 | 367.940 | 379.163 |
| Other long term liabilities | 0.188 | 0.188 | 1.188 | 1.188 | 1.188 | 1.188 |
| Total Debt | 337.634 | 334.996 | 346.873 | 360.367 | 369.128 | 380.351 |
| | | | | | | |
| Authorised Limit* | | 410.000 | 430.000 | 430.000 | 460.000 | 460.000 |
| Operational Boundary | | 337.634 | 346.873 | 360.367 | 369.128 | 380.351 |

3.3 Maturity Structure of borrowing

These gross limits are set to reduce the /Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

The Council is asked to approve the following treasury indicators and limits:

Table 11: Borrowing Maturity Schedule

| Maturity structure of fixed interest rate borrowing 2024/25 | | |
|---|-------|--------|
| | Lower | Upper |
| Under 12 months | 0.00% | 2.00% |
| 12 months to 2 years | 0.00% | 2.00% |
| 2 years to 5 years | 0.00% | 6.00% |
| 5 years to 10 years | 2.00% | 20.00% |
| 10 years and above | 5.00% | 70.00% |
| Maturity structure of variable interest rate borrowing 2024/25 | | |
| | Lower | Upper |
| Under 12 months | 0.00% | 1.00% |
| 12 months to 2 years | 0.00% | 2.00% |
| 2 years to 5 years | 0.00% | 2.00% |
| 5 years to 10 years | 0.00% | 0.00% |
| 10 years and above | 0.00% | 0.00% |

3.4 Borrowing strategy

The Chief Finance Officer will monitor interest rates and liaise with the treasury advisers to adopt a pragmatic approach to changing circumstances, specifically in relation to refinancing, delaying capital expenditure and taking on new borrowing. Decisions will be reported to the appropriate governing body in a timely manner.

3.5 Policy on borrowing in advance of need

The Council will not borrow more than, or in advance of its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved Capital Financing Requirement estimates, and will be considered carefully to ensure value for money and that the Council can ensure security of such funds.

Risks associated with any borrowing in advance will be subject to prior appraisal and subsequent reporting through the mid-year, annual or quarterly reporting.

3.6 Prospects for Interest Rates

The Councils Treasury Advisors provided the following view for interest rates on 08 January 2024. The Bank Rate is the Bank of England base rate of interest.

| Link Group Interest Rate View 08.01.24 | | | | | | | | | | | | | |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | Mar-24 | Jun-24 | Sep-24 | Dec-24 | Mar-25 | Jun-25 | Sep-25 | Dec-25 | Mar-26 | Jun-26 | Sep-26 | Dec-26 | Mar-27 |
| BANK RATE | 5.25 | 5.25 | 4.75 | 4.25 | 3.75 | 3.25 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| 3 month ave earnings | 5.30 | 5.30 | 4.80 | 4.30 | 3.80 | 3.30 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 | 3.00 |
| 6 month ave earnings | 5.20 | 5.10 | 4.60 | 4.10 | 3.70 | 3.30 | 3.10 | 3.10 | 3.10 | 3.10 | 3.10 | 3.10 | 3.10 |
| 12 month ave earnings | 5.00 | 4.90 | 4.40 | 3.90 | 3.60 | 3.20 | 3.10 | 3.10 | 3.10 | 3.10 | 3.10 | 3.20 | 3.20 |
| 5 yr PWLB | 4.50 | 4.40 | 4.30 | 4.20 | 4.10 | 4.00 | 3.80 | 3.70 | 3.60 | 3.60 | 3.50 | 3.50 | 3.50 |
| 10 yr PWLB | 4.70 | 4.50 | 4.40 | 4.30 | 4.20 | 4.10 | 4.00 | 3.90 | 3.80 | 3.70 | 3.70 | 3.70 | 3.70 |
| 25 yr PWLB | 5.20 | 5.10 | 4.90 | 4.80 | 4.60 | 4.40 | 4.30 | 4.20 | 4.20 | 4.10 | 4.10 | 4.10 | 4.10 |
| 50 yr PWLB | 5.00 | 4.90 | 4.70 | 4.60 | 4.40 | 4.20 | 4.10 | 4.00 | 4.00 | 3.90 | 3.90 | 3.90 | 3.90 |

3.7 Investment and borrowing rates

LINK Group forecast for interest rates reflects a view that the Monetary Policy Committee (MPC) would be keen to keep the Bank Rate at 5.25% until at least the second half of 2024 to help manage inflation. They forecast a mild recession over the coming months although recent GDP data has not shown this. Reducing interest rates by the MPC will be a fine judgment: cut too soon, and inflationary pressures may increase further; cut too late and any downturn or recession may be prolonged. The overall longer-run forecast is for the bank rate and PWLB rates is to fall during the next 3 years, as inflation starts to fall.

3.8 Debt rescheduling

Debt rescheduling involves the Council paying off its debt prior to the agreed maturity date. Rescheduling of current borrowing in our debt portfolio may be considered whilst premature redemption rates remain elevated but only if there is surplus cash available to facilitate any repayment, or rebalancing of the portfolio to provide more certainty is considered appropriate.

If rescheduling and/or early repayment of existing debt is to be undertaken, this will be reported to Cabinet at the earliest meeting following completion of the repayment.

3.9 New financial institutions as a source of borrowing and / or types of borrowing

The Council's current source of borrowing is the PWLB. Other borrowing sources available to the Council to finance its capital programme are:

- Local authorities
- Financial institutions
- Municipal Bonds Agency

Our advisors keep us informed as to the relative merits of each of these alternative funding sources. This Authority may use these alternative sources of borrowing as and when appropriate.

4. Annual Investment Strategy

4.1 Investment policy

The DLUHC and CIPFA have extended the meaning of 'investments' to include both financial and non-financial investments. This report deals solely with treasury (financial) investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy.

The Council's investment policy has regard to the following: -

- DLUHC's Guidance on Local Government Investments ("the Guidance")
- CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2021 ("the Code")
- CIPFA Treasury Management Guidance Notes 2021.

The Council's investment priorities will be security first, liquidity second and then yield.

The above guidance from DLUHC and CIPFA place a high priority on the management of risk. This authority has adopted a prudent approach to managing risk and defines its risk appetite by: -

- Minimum acceptable credit criteria are applied in order to generate a list of highly creditworthy counterparties. This enables diversification and avoidance of concentrated risk. The key ratings used to monitor counterparties are the short term and long-term ratings.
- Other information: ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment also takes account of information that reflects market opinion. The Council will engage with its Treasury advisors Link Group to maintain a monitor on market pricing such as “credit default swaps” and overlay that information on top of the credit ratings.
- Other information used will include the financial press and share prices in order to establish the most robust scrutiny process on the suitability of potential investment counterparties.
- Dacorum Borough Council has defined the list of types of investment instruments that the treasury management team are authorised to use. There are two lists in Appendix 1 under the categories of ‘specified’ and ‘non-specified’ investments.
 - **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year, or have less than a year left to run to maturity if originally they were originally classified as non-specified investments solely due to the maturity period exceeding one year.
 - **Non-specified investments** are those with a high credit quality, but lower than specified investments, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use.
- Non-specified investments limit. The Council has determined that it will limit the maximum total exposure to non-specified investments as being the lower of 50% of the total investment portfolio or £40m.
- Lending limits, (amounts and maturity), for each counterparty will be set through applying the matrix table described in paragraph 4.2.
- Transaction limits are set for each type of investment in Appendix 1.
- The Council will set a limit for the amount of its investments which are invested for longer than 365 days, (see paragraph 4.5).
- Investments will only be placed with counterparties from countries with a specified minimum sovereign rating, (see paragraph 4.2).

- The Council has engaged external consultants, (see paragraph 1.7), to provide expert advice on how to optimise an appropriate balance of security, liquidity and yield, given the risk appetite of this authority in the context of the expected level of cash balances and need for liquidity throughout the year.
- All investments will be denominated in sterling.
- As a result of changes in accounting standards IFRS 9, this authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges to the General Fund. DLUHC have extended the current statutory temporary override to delay implementation of IFRS 9 to March 2025 to allow local authorities time to adjust their portfolio of all pooled investments. There is no currently no impact for the Council.

The Council will also pursue value for money in treasury management and will regularly monitor the yield from investment income against appropriate benchmarks for investment performance, (see paragraph 4.7).

4.2 Creditworthiness policy

Dacorum uses the creditworthiness service provided by Link Group. This service employs a modelling approach using credit ratings from the three main credit rating agencies.

The credit ratings of counterparties are supplemented with the following:

- credit watches and credit outlooks from credit rating agencies;
- Credit Default Swaps spreads to give early warning of likely changes in credit ratings;
- sovereign ratings to select counterparties from only the most creditworthy countries.

This modelling approach combines credit ratings, credit Watches and credit Outlooks in a weighted scoring system which is then combined with an overlay of credit default swap spreads resulting in a series of colour coded bands which indicate the relative creditworthiness of counterparties. These colour codes are used by the Council to determine the suggested duration for investments. The Council will therefore use counterparties within the following durational bands:

- Yellow 5 years
- Dark pink 5 years for Ultra-Short Dated Bond Funds with a credit score of 1.25
- Light pink 5 years for Ultra-Short Dated Bond Funds with a credit score of 1.5
- Purple 2 years
- Blue 1 year (Nationalised or semi nationalised UK Banks only)
- Orange 1 year
- Red 6 months
- Green 100 days
- No colour not to be used

The Link creditworthiness service uses a wider array of information other than just primary ratings. Using a risk weighted scoring system, it does not give undue preponderance to one agency's ratings.

Typically the minimum credit ratings criteria the Council use will be a Short Term rating (Fitch or equivalents) of F1 and a Long Term rating of A-. There may be occasions when the counterparty ratings from one rating agency are marginally lower than these ratings but may still be used. In these instances, consideration will be given to the whole range of ratings available, or other topical market information, to support their use.

All credit ratings will be monitored weekly. The Council is alerted to changes to ratings of all three agencies through its use of Link's creditworthiness service. If a downgrade results in the counterparty / investment scheme no longer meeting the Council's minimum criteria, its further use as a new investment will be withdrawn immediately.

In addition to the use of credit ratings the Council will be advised of information in movements in credit default swap spreads against the iTraxx European Senior Financials benchmark and other market data daily via Passport website, provided exclusively by Link Group. Extreme market movements may result in downgrade of an institution or removal from the Council's lending list.

Sole reliance will not be placed on the use of this external service. In addition the Council will use market data and market information, information on any external support for banks to help support its decision making process.

The expected significant levels of downgrades to short and long-term credit ratings have not materialised since March 2020. In the main, where they did change, any alterations were limited to outlooks. This Authority will not set a minimum sovereign debt rating for the UK.

4.3 Country limits

Due care will be taken to consider the exposure of the Council's total investment portfolio to non-specified investments, countries, groups and sectors. The Section 151 Officer will determine approved counterparties from countries with a minimum sovereign credit rating of AA- from Fitch (or equivalent) as appropriate, with durations following the same colour coded criteria, as set out in 4.2. Officers will remove counterparties from this list should ratings change in accordance with this policy. Counterparties will only be added with approval from the Section 151 Officer and following consultation with the treasury advisers.

4.4 Local Authority Counterparties

In light of some Local Authorities issuing S114 notices (issued by an authority's s151 office is of the view that expenditure of the authority is likely to exceed the resources available to meet that expenditure), the Council has taken advice in respect of Local Authority counterparties. This states that local authorities continue to represent a low risk investment. The Council will continue to include Local Authority counterparties in its list of potential investment counterparties.

4.5 Investment strategy

In-house funds: Investments will be made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for up to 12 months).

If it is thought that Bank Rates are likely to stagnate and then decline within the time horizon being considered, as such consideration will be given to the length and types of investments that are undertaken, with consideration given to locking in higher rates currently obtainable, for longer periods.

Investment returns expectations: The current forecast shown in paragraph 3.3, includes a forecast for Bank Rate to have peaked at 5.25%. The suggested budgeted investment earnings rates for returns on investments placed for periods up to about three months are as follows:

Table 12: Projected Investment Returns

| | |
|-------------|-------|
| 2024/25 | 4.55% |
| 2025/26 | 3.10% |
| 2026/27 | 3.00% |
| 2027/28 | 3.25% |
| Later years | 3.25% |

As there are so many variables, caution must be exercised in respect of all interest rate forecasts.

Investment treasury indicator and limit

Total principal funds invested for greater than 365 days. These limits are set with regard to the Council's liquidity requirements and to reduce the need for early sale of an investment, and are based on the availability of funds after each year-end.

The Council is asked to approve the treasury indicator and limit:

| Upper limit for principal sums invested for longer than 365 days | | | |
|---|------------------------------------|------------------------------------|------------------------------------|
| £m | 2024/25 | 2025/26 | 2026/27 |
| Principal sums invested for longer than 365 days | Lower of 50% of portfolio or £40m. | Lower of 50% of portfolio or £40m. | Lower of 50% of portfolio or £40m. |

For its cash flow generated balances, the Council will utilise its business reserve instant access and notice accounts, money market funds and short-dated deposits (overnight to 100 days) to benefit from compounding interest.

4.6 Treasury Management Counterparty Limits

The Investment limits for counterparties is set as part of the annual Treasury Management Strategy. No changes have been made for 2024/25. The Council is asked to approve the limits below:

Table 13: Counter Party Limits:

Average Forecast DBC Investment balance 2024/25: £76.28m

| Counterparty Limits | | |
|---------------------------------------|-----------------|--|
| Colour Band (duration | Limit £m | Current limit as a % of total average investment balance* |
| Green (3 months) | 9 | 11.80% |
| Red (6 months) | 11 | 14.42% |
| Orange (1 year) | 12.5 | 16.39% |
| Purple (2 years) | 12.5 | 16.39% |
| Blue (1 year, incl. NatWest own Bank) | 14.5 | 19.01% |

*the Council is able to invest in 'yellow' banded counterparties (duration up to 5 years), which are not shown in this table. These include investments with the DMO and MMFs.

4.7 Investment performance / risk benchmarking

These benchmarks are simple guides to minimise risk; so may be breached from time to time, depending on movements in interest rates and counterparty criteria.

The purpose of the benchmark is that officers will monitor the position and amend operational strategy to manage risk as conditions change. Any breach of the benchmarks will be reported to Cabinet, with supporting reasons in the mid-year and annual report.

Security - The Council's maximum security risk benchmark for the current portfolio, when compared to historic default tables is 0.010%.

Liquidity – in respect of this area the Council seeks to maintain:

- Maximum bank overdraft - £0.25m
- Liquid deposits of at least £5m available with a week's notice.
- Weighted average life benchmark is expected to be around 100 days

Yield - local measures of yield benchmarks for investments is to achieve internal returns above the 7 day SONIA (Sterling Overnight Index Average) rate.

At the financial year end, Council will report on its investment activity in its Annual Treasury Report.

4.8 Transactional Limits

There may be occasions the Council is in receipt of large income transactions from land and property sales etc. In these instances, every effort is made to ensure the council remains within the counterparty limits as set by the Treasury Management Strategy. Due to the nature of these transactions, a provision of 'one working day' is given to allow for surplus funds to be redistributed from the Council's bank to available counterparties as per the creditworthiness policy in 4.2.

4.9 External fund managers

The Council does not currently use fund managers. If deemed appropriate in the future, the decision go through Cabinet for recommendation to Full Council.

4.10 Non - Treasury Investments

The Council recognises investment in other financial assets and property primarily for financial return, taken for non-treasury management purposes, requires careful management. Such activity may include loans to support service outcomes, investment in subsidiaries and investment property portfolios and is covered by the Council's normal approvals processes for revenue and capital expenditure. The Council's portfolio of investment properties are managed as part of the Council's asset management strategy.

4.11 The Council is supportive of the Principles for Responsible Investment (PRI) and will seek to bring ESG (environmental, social and governance) factors into the decision-making process for investments. The PRI is a United Nations supported initiative for incorporating ESG issues into investment practice. This includes a Statement on ESG in Credit Risk and

Ratings, which incorporates ESG into credit ratings and analysis in a systemic and transparent way The Council is appreciative of the Statement on ESG in Credit Risk and Ratings. The Council uses ratings from Fitch, Moody's and Standard & Poor's to support its assessment of suitable counterparties. Each of these rating agencies is a signatory to the ESG in credit risk and ratings statement.

Appendix 1: Credit and Counterparty Risk Management

A variety of investment instruments will be used, subject to the credit quality of the institution, and depending on the type of investment made it will fall into one of the below categories.

The criteria, time limits and monetary limits applying to institutions or investment vehicles are:

Specified Investments: All such investments will be sterling denominated, with maturities up to maximum of 1 year, meeting the minimum 'high' quality criteria where applicable. (Non-specified investments which would be specified investments apart from originally being for longer than 12 months, will be classified as specified once the remaining period to maturity falls to under 12 months.)

| | Minimum Credit criteria/ colour band | Use |
|---|--------------------------------------|--------------------------|
| Debt Management Agency Deposit Facility | Yellow | In-house & Fund |
| Term deposits – UK Government (including other local authorities) | Yellow | In-house & Fund Managers |
| Term deposits – banks and building societies | See 4.2 | In-house & Fund |
| Term deposits – housing associations | See 4.2 | In-house & Fund |
| Certificates of deposit issued by banks & building | See 4.2 | In-house & Fund |
| UK Government Gilts | Yellow | In-house & Fund |
| Money Market Funds (CNAV) | AAA | In-house & Fund |
| Money Market Funds (LVNAV) | AAA | In-house & Fund |
| Money Market Funds (VNAV) | AAA | In-house & Fund |
| Ultra-Short Dated Bond Funds with a credit score | AAA | In-house & Fund |
| Ultra-Short Dated Bond Funds with a credit score | AAA | In-house & Fund |
| UK Government Treasury bills | Yellow | In-house & Fund |

Term deposits with nationalised banks and banks and building societies

| | Minimum Credit Criteria | Use | Max % of total investments | Max. maturity period |
|----------------------------|------------------------------|----------------------------|----------------------------|----------------------|
| UK part nationalised banks | See Link's Creditworthy list | In-house and Fund Managers | £14.5M per institution | 12 months |

Non-specified Investments: These are any investments which do not meet the specified investment criteria. A maximum of the lower of 50% of the portfolio, or £40m will be held in aggregate in non-specified investment.

| | Minimum Credit Criteria | Use | Max. maturity period |
|--|-------------------------|--------------------------|----------------------|
| Term deposits – UK Government and Other Local Authorities | Yellow | In-house & Fund Managers | 5 years |
| Term deposits – banks and building societies | See 4.2 | In-house & Fund Managers | 5 years |
| Certificates of deposit issued by banks and building societies | See 4.2 | In-house & Fund Managers | 5 years |
| Gilt Funds | UK sovereign rating | In-house & Fund Managers | 5 years |
| UK Government gilts | Yellow | In-house & Fund Managers | 5 years |
| Bonds issued by multilateral development banks | AAA | In-house & Fund Managers | 5 years |

Accounting treatment of investments. The accounting treatment may differ from the underlying cash transactions arising from investment decisions. To ensure the Council is protected from adverse revenue impacts, we will review accounting implications of new transactions before they are undertaken.

Appendix 2- Treasury Management Principle 1: Risk Management (Extract from Treasury Management Principles and Practices)

Treasury Management Practice 1: Risk Management

The responsible officer will, in accordance with the procedures set out in TMP6 Reporting Requirements and Management Information Arrangements:

- *Design, implement and monitor all arrangements for the identification, management and control of treasury management risk;*
- *Report at least annually on the adequacy/suitability thereof;*
- *Report, as a matter of urgency, the circumstances of any actual or likely difficulty in achieving the organisation's objectives in this respect;*

In respect of each of the following risks, the arrangements which seek to ensure compliance with these objectives are set out in this document.

1. Liquidity Risk Management

Dacorum Borough Council (DBC) will ensure it has adequate, though not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available which are necessary for the achievement of its business/service objectives.

DBC will only borrow in advance of need where there is a clear business case for doing so, and will only do so for the current capital programme or to finance future debt maturities.

Liquidity risk is the risk cash will not be available when required. This can jeopardise the ability of the Council to carry out its functions, or disrupt those functions being carried out in the most cost-effective manner. The Council will ensure its cash flow forecasting gives as accurate a picture as possible of income and expenditure, and the resulting daily cash balances.

Amounts of Approved Minimum Cash Balances and Short-term Investments

The Treasury Management team shall seek to minimise the balance held in the Council's main bank accounts at the close of each working day, to minimise credit interest foregone and overdraft interest payable. Borrowing and lending shall be arranged, in conjunction with 'auto-sweeping' of balances, to achieve this aim.

Investment of Short-Term Funds

Each morning the Bank's daily forecast figures are aggregated with any other anticipated cash flows (e.g. cash courier receipts, RTB funds flows income) to produce a consolidated forecast balance for the end of the day. Any short-term credit balance will be either:

- Transferred in to the Council's Call Account with its bankers NatWest plc (RBS); or
- Placed in a Business Reserve Account with selected approved counterparties who offer this facility;
- Placed into a Money Market Fund.

All funds lodged in these ways are instantly available if required.

The Council receives interest if its consolidated balance on any particular night shows a credit balance.

Bank Overdraft Arrangements

A £0.25m net overdraft facility is available with the Council's bankers. Overdraft charges are only applicable if the Council's consolidated balance on any particular night is overdrawn, and charged in line with the Bank Contract.

Short-Term Borrowing Facilities

Short-term borrowing is very rarely required. If undertaken, this is done through brokers on the London Money Market, or Public Works Loan Board. Approved borrowing limits are set out in the Treasury Management Strategy Statement.

Insurance/Guarantee Facilities

There are no specific insurance or guarantee facilities as the above arrangements are regarded as adequate to cover all unforeseen occurrences.

2. Interest Rate Risk Management

DBC will manage its exposure to fluctuations in interest rates with a view to containing its interest costs, or securing its interest revenues, in accordance with the amounts provided in its budgetary arrangements, as described in TMP6 Reporting Requirements and Management Information Arrangements.

The Council will achieve this by the prudent use of its approved financing and investment instruments, methods and techniques. This will be done primarily to create stability and certainty of costs and revenues, whilst at the same time retaining a sufficient degree of flexibility to take advantage of unexpected (potentially advantageous) changes in the level or structure of interest rates. The above is subject to the consideration and, if required, approval of any policy or budgetary implications.

Interest rate risk is the risk unexpected changes in interest rates expose the Council to greater costs or a shortfall in income than budgeted. The Council will minimise this risk by seeking expert advice on forecasts of interest rates from treasury management consultants and discussing with them its strategy for the coming year for the investments and debt portfolios. It will also determine appropriate limits and trigger points as set out below.

The limits and strategy are set out in the annual Treasury Management Strategy Statement including details on the approved interest rate exposure limit, trigger points and guidelines for managing changes to interest rate levels and minimum/maximum proportions of variable/fixed rate debt and interest. The strategy is produced before the start of each financial year and periodically reviewed during the year to see if modifications are required in the light of actual movements in interest rates.

Forward Dealing

Consideration will be given to dealing on forward periods dependent upon market conditions. Investments may be agreed weeks or months in advance if market conditions suggest this is appropriate. Any forward deals, whose maturity date is over one year hence at the time the investment is agreed, will only be undertaken with the approval of the Section 151 Officer.

Occasionally investments are agreed a few days in advance for administrative convenience (e.g. due to annual leave).

Callable Deposits

The Council will use callable deposits. The credit criteria and maximum periods are set out in the Schedule of Specified and Non-Specified Investments in the Treasury Management Strategy Statement.

3. Exchange Rate Risk Management

Dacorum Borough Council will manage its exposure to fluctuations in exchange rates so as to minimise any detrimental impact on its budgeted income/expenditure levels.

Exchange rate risk is the risk unexpected changes in exchange rates expose the Council to greater costs or a shortfall in income than budgeted. The Council has a minimal exposure to exchange rate risk as it has no powers to enter into loans or investments in foreign currency for treasury management purposes. It will seek to minimise what risk it does have by using the policies below.

Approved Criteria for Managing Changes in Exchange Rate Levels

As a result of the nature of the Council's business, the Council may have an exposure to exchange rate risk from time to time. This will mainly arise from the receipt of income or the incurring of expenditure in a currency other than sterling.

The Council will adopt a full hedging strategy to control and add certainty to the sterling value of any foreign currency transactions above £10,000 in value (at the prevailing exchange rate). This will mean the Council will eliminate all material foreign exchange exposures as soon as identified.

Where there is a contractual obligation to receive income or make a payment in a currency other than sterling at a date in the future, forward foreign exchange transactions will be considered, with professional advice, to comply with this full cover hedging policy for material foreign currency transactions. Unexpected receipt of foreign currency income will be converted to sterling at the earliest opportunity unless the Council has a contractual obligation to make a payment in the same currency at a date in the future. In this instance, the currency will be held on deposit to meet this expenditure commitment.

4. Credit and Counterparty Risk Management

Dacorum Borough Council regards the primary objective of its treasury management activities to be the security of the principal sums it invests. The Council will ensure its counterparty lists and limits reflect a prudent attitude towards counterparties with whom funds may be deposited. Furthermore, the Council will limit its investment activities to the instruments, methods and techniques referred to in TMP4 Approved Instruments, Methods and Techniques and listed in the schedule to this document.

The Council also recognises the need to have, and will therefore maintain, a formal counterparty policy in respect of organisations from which it may borrow or enter into other financing arrangements.

Credit and counterparty risk is the risk of failure by a third party to meet its contractual obligations under an investment, loan or other commitment, especially due to deterioration in its creditworthiness, which causes the Council an unexpected burden on its capital or revenue resources.

As a holder of public funds, the Council recognises its prime responsibility to always put first preserving the principal of sums it invests. Consequently, it will optimise returns commensurate with the management of the associated risk.

Criteria to be used for Creating/Managing Approved Counterparty Lists/Limits

The Council places a strong reliance on its treasury adviser Link Group to help manage credit and counterparty risk. Link has much greater market expertise and direct access to market knowledge than the Council. None the less, the Council recognises all advice provided by Link is precisely that, and full responsibility for all counterparties used, and investments placed, rests entirely with the Council.

The three elements to managing credit and counterparty risk are:

- 1) Determining '*Specified and 'Non-Specified' Investments*' criteria;
- 2) Determining '*Approved Lending Policy*', which sets out minimum credit criteria, duration and monetary amount limits;
- 3) Managing the *Approved Lending List* (or list of counterparties).

Specified and Non-Specified Investments

The Council will determine through its Treasury Management Strategy the credit criteria for various investment instruments in the 'Specified' and 'Non-Specified' Investments categories. Specified Investments are sterling investments of not more than one year maturity (or the ability to be repaid within one year), meeting the minimum 'high' rating criteria and require '*minimal procedural formalities*'. Non-specified investments are any other type of investment. Maximum amounts and maturity periods along with overall limits are set out in the Treasury Management Strategy Statement.

Lending Policy

The Lending Policy is based on Link guidance. This uses different ratings combinations and allocates those meeting the minimum criteria a colour as set out in the Treasury Management Strategy Statement. The Council has allocated each of these colour bands a maximum duration and amount. Any changes to the Treasury Management Statement require Full Council approval.

Money Market Funds

Money Market Funds will be used in line with the Councils' Treasury Management Strategy. Funds used will be reviewed on at least an annual basis in March, unless market conditions, trends and external advice suggests reviews should be undertaken sooner.

Approved Lending List

The list of approved counterparties is derived from applying the limits in the Treasury Management Strategy to the weekly ratings list of deposit takers provided by Link. The list includes domestic and foreign banks, building societies, supranational institutions and multi-lateral development banks. It is supplemented by a ratings alert service for changes to the ratings of individual counterparties.

If the Council uses external fund managers, they will adhere to the Council's counterparty credit criteria and maximum individual limits; however fund managers may use a subset of the derived counterparty list.

The Regulatory and Financial Accounting Team is responsible for maintaining the Approved Lending List on the Council's Investment System and for ensuring any changes are communicated to the fund manager, where appropriate.

A full copy of the Council's approved counterparties, along with their individual amount and duration limits, will be included in the Treasury Management Annual Report.

5. Refinancing Risk Management

The Council will ensure its borrowing, private financing and partnership arrangements are negotiated, structured and documented, and the maturity profile of the monies so raised are managed, with a view to obtaining offer terms for renewal or refinancing, if required, which are competitive and as favourable to the Council as can reasonably be achieved in the light of market conditions prevailing at the time.

The Council will actively manage its relationships with its counterparties in these transactions in such a manner as to secure this objective, and will avoid over-reliance on any one source of funding if this might jeopardise achievement of the above.

Refinancing risk is the risk when loans or other forms of capital financing mature, they cannot be refinanced where necessary on terms reflecting assumptions made in formulating the budget.

Debt / Other Capital Financing Maturity Profiling, Policies and Practices

Due to Housing Self Finance in March 2012, the Council acquired over a thirty year period fixed term loans from the Public Works Loan Board (PWLB). This transaction was subject to detailed reports and approvals, and a specific audit.

The Council borrowed in May 2015 to support General Fund Capital Expenditure. Borrowing activities and strategies and limits are identified within the Treasury Management Strategy Statement.

The Council will establish through its Prudential and Treasury Indicators the amount of debt maturing in any year/period.

Any debt rescheduling will be considered when the difference between the refinancing rate and the redemption rate is most advantageous and the situation will be continually monitored in order to take advantage of any perceived anomalies in the yield curve. The reasons for rescheduling will include:

- the generation of cash savings at minimum risk;
- to reduce the average interest rate;
- to amend the maturity profile and /or the balance of volatility of the debt portfolio.

Rescheduling will be reported to Cabinet at the meeting immediately following its action.

Projected Capital Investment Requirements

Regular updates are made to the Authority's revenue and capital budget projections. These projections identify the key capital items (both expenditure and income) forecast for forthcoming years, and this analysis is used to ensure the Council will have sufficient funds available in forthcoming years. The responsible officer will also draw up a capital strategy report giving a longer term view.

Capital expenditure and long-term liabilities definition will follow recommended accounting practice.

Policy Concerning Limits on Revenue Consequences of Capital Financing

The Council will consider all the resources currently available/estimated for the future together with the totality of its capital plans, revenue income and revenue forecasts for the forthcoming year and the two following years and the impact these will have on council tax and housing rent levels. It will take into account affordability in the longer term beyond this three year period. The Council will use the definitions in the Prudential Code for borrowing, capital expenditure, financing costs, investments, net borrowing, net revenue stream, and other long-term liabilities.

Whenever major capital projects are planned, a full examination is taken of the potential revenue impact. Issues considered include revenue costs/benefits resulting directly from the project, and the impact on revenue of interest receipts foregone as a consequence of capital investment proposed.

Capital Receipts Generated by the HRA to fund Capital expenditure

For each Right to Buy council house disposal, the Council retains the '1-4-1' receipt, which can be used to fund 40% of new build expenditure within 5 years. Any unused '1-4-1' receipts are to be returned to Government with interest.

The Council can also use 100% of its non- Right to Buy Housing receipts and a small proportion of right to buy council house sales relating to adjusted allowable debt and the local authority's share capital. Receipts under £10,000 are not subject to pooling.

6. Legal and Regulatory Risk Management

Dacorum Borough Council will ensure that all of its treasury management activities comply with its statutory powers and regulatory requirements. It will demonstrate such compliance, if required to do so, to all parties with whom it deals in such activities. In framing its credit and counterparty policy under TMP1[4] Credit and Counterparty Risk Management, it will ensure that there is evidence of counterparties' powers, authority and compliance in respect of the transactions they may effect with the Council, particularly with regard to duty of care and fees charged.

The Council also recognises that future legislative or regulatory changes may impact on its treasury management activities and, so far as it is reasonably able to do so, will seek to minimise the risk of these impacting adversely on the organisation.

Legal and regulatory risk is the risk either the Council or a third party it is dealing with in its treasury management activities, acts outside of its legal powers or regulatory requirements and as a result the Council incurs loss.

References to Relevant Statutes and Regulations

The treasury management activities of the Council shall comply fully with legal statute, guidance, Codes of Practice and the regulations of the Council. These are:

Legislation

Statutes

- Local Government Finance Act 1988 section 114 – duty on the responsible officer to issue a report if the Council is likely to get into a financially unviable position.
- Requirement to set a balanced budget - Local Government Finance Act 1992 section 32 for billing authorities.
- Local Government Act 2003 and (Commencement No.1 and Transitional Provisions and Savings) Order 2003
- Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 and Amendments.
- Local Authorities (Capital Finance) (Consequential, Transitional and Savings Provisions) Order 2004
- Local Government and Public Involvement in Health Act 2007 s238 (2) – power to issue guidance; to be used re: MRP
- The Local Government Pension Fund Scheme (Management and Investment of Funds) Regulations 2009
- Localism Act 2011
- Accounts and Audit Regulations 2015
- Statutory Guidance on Investments 2018
- Statutory Guidance on MRP 2018
- Exiting the European Union financial services: The Money Market Funds (Amendment) (EU Exit) Regulations 2019

Guidance and codes of practice

- CIPFA's Treasury Management Codes of Practice and Guidance Notes 2021
- CIPFA Prudential Code for Capital Finance in Local Authorities Guidance Notes revised 2021
- CIPFA Local Authority Capital Accounting - a reference manual for practitioners
- CIPFA Guide for Chief Financial Officers on Treasury Management in Local Authorities 1996
- CIPFA Standard of Professional Practice on Treasury Management 2002
- CIPFA Standard of Professional Practice on Continuous professional Development 2005
- CIPFA Standard of Professional Practice on Ethics 2006

- The Good Governance Standard for Public Services 2004
- LAAP Bulletins
- CIPFA Code of Practice on Local Authority Accounting in the United Kingdom: A statement of recommended Practice
- PWLB circulars on Lending Policy
- The UK Money Markets Guide. Formally the Financial Conduct Authority's Code of Market Conduct

Dacorum Borough Council

- The Council's Standing Orders;
- The Council's Financial Regulations;
- The Council's Scheme of Delegation;
- The Council's Treasury Management Strategy;
- The Council's Treasury Management Practices – Principles & Practices;

Procedures for Evidencing the Council's Powers / Authorities to Counterparties

The Council's powers to borrow and invest are contained in legislation as follows:

Investing: Local Government Act 2003, section 12;

Borrowing: Local Government Act 2003, section 1;

Required Information from Counterparties Concerning their Powers / Authorities

Lending shall only be made to counterparties on the Council's Approved Lending List. This list has been compiled using advice from the Council's treasury advisers based upon credit ratings supplied by various credit agencies and the Council's own data.

Statement on the Council's Political Risks and Management of these Risks

The Chief Financial Officer shall take appropriate action with the Council, the Chief Executive and the Leader of the Council to respond to, and manage appropriately, political risks such as a change of the majority Group, in the Leader of the Council or a change of Government.

Monitoring Officer

The Monitoring officer is the Assistant Director Legal and Democratic Services. The duty of this officer is to ensure treasury management activities of the Council are lawful.

Chief Financial Officer/ S151 Officer

The Chief Financial Officer is the S151 Officer. The duty of this officer is to ensure financial affairs of the Council are conducted in a prudent manner and report to the Council if he/she has concerns as to the financial prudence of its actions or its expected financial position.

The Deputy S151 Officer is the Head of Financial Services, who can deputise fully for the S151 Officer.

7. Fraud, Error and Corruption, and Contingency Management

Dacorum Borough Council will ensure that it has identified any circumstances that may expose it to the risk of loss through fraud, error, corruption or other eventualities in its treasury management dealings. Accordingly, it will employ suitable systems and procedures, and will maintain effective contingency management arrangements, to these ends.

Fraud, error and corruption risk is the risk the Council may fail to employ adequate systems, procedures and other arrangements which identify and prevent losses through such occurrences. The Council will:

- a) Seek to ensure an adequate division of responsibilities and maintenance at all times of an adequate level of internal check which minimises such risks;
- b) Fully document all its treasury management activities so there can be no possible confusion as to what proper procedures are;
- c) Ensure staff will not be allowed to engage in treasury management activities until they have had proper training in procedures; and then subject to an adequate and appropriate level of supervision
- d) Ensure records are maintained of all treasury management transactions, so there is a full audit trail and evidence of the appropriate checks being carried out.

Details of Systems and Procedures to be followed, Including Internet Services

Authority

The Council's Financial Regulations sets out the Council's delegation arrangements with regard to Treasury Management. These are summarised in *TMP5*.

Investment and Borrowing Transactions

Adequate and effective cash flow forecasting records are maintained on the Council's Investments system to support any decisions made to place investments.

A detailed register of all investments is maintained within the Council's Investments system. This includes full details of counterparty limits, along with other information including investment amounts, value and maturity dates, interest rates, and gross interest receivable.

All transactions placed through brokers, Link's Agency Treasury Services (ATS) or via direct dealing are confirmed, showing details of the transaction. Written confirmation is received from both broker and borrower and checked against the dealer's records. Any discrepancies are immediately reported to the Finance Manager Financial and Regulatory Accounting for resolution. The Council does not send any confirmations of its own.

Regularity and Security

All lending, for investment purposes, is only made to counterparties on the Council's Approved Lending List. This list provides individual authorisation limits for each counter party.

Most Investments are paid direct into the appropriate counterparty's bank account (as advised by the broker or counterparty), and investments are repaid direct from the counterparty into the Council's General Account. The exception is investments using Link Agency Treasury

Services. These are paid to the Link ATS trustee account and then repaid to the Council's General Account.

Counterparty limits are set for every institution that the Council invests with.

Brokers have been provided with a list of named Council officials who are authorised to place investments on the Council's behalf.

The Council's Bank holds a list of Council officers who are authorised signatories. Updates of this list are notified to the bank when current authorised signatories leave, or new signatories join. Notifications of amendments are only accepted by the bank if they are signed by an existing (non-departing) authorised signatory.

All investments are paid by CHAPS instruction through the online banking system. This is undertaken by two of the authorised bank account signatories and the officer agreeing an investment cannot be one of the signatories for that particular investment.

Checks

The Investment System balances are reconciled to the balance sheet ledger codes at the end of each month and at the financial year-end. The System includes comprehensive reconciliation checks back to the Council's banking system to ensure all investments are correctly recorded and processed.

Emergency and Contingency Planning Arrangements

All computer files are backed up on the server to enable files to be accessed from remote sites.

The Council's Investment and banking systems are both internet based so can be accessed from any site or computer, subject to the user having the appropriate access and security information.

Insurance Cover Details

The Council has Crime insurance cover. This policy covers loss resulting directly from any crime committed by any employee or any third party. The total limit of indemnity provided is £1,000,000, a policy excess of £100,000 for each and every claim applies.

The Council also has Officials Indemnity cover. This provides cover in respect of the Council's legal liability to pay claimant's damages and costs for financial losses arising as a result of the negligent acts or accidental errors and omissions of Council employees, occurring in the course of their duties. The limit of indemnity is £5,000,000, a policy excess of £75,000 for each and every claim applies.

The Council has Business Interruption cover as part of its property insurance. This covers additional costs of working and loss of revenue if an insured event occurs.

8. Market Risk Management

Dacorum Borough Council will seek to ensure that its stated treasury management policies and objectives will not be compromised by adverse market fluctuations in the value of the

principal sums it invests, and will accordingly seek to protect itself from the effects of such fluctuations.

Market risk is the risk through adverse market fluctuations in the value of principal sums, the Council borrows and invests, its stated policies and objectives are compromised, against which it had failed to protect itself adequately. The Council does not currently have exposure to investments whose capital may fluctuate (gilts, Corporate Deposits), and will only undertake such activities on discussion with the S151 Officer and Portfolio Holder (Corporate and Commercial Services), and if the current Investment Strategy allows such investments.

9. Environmental, Social and Governance Factors

The Council is supportive of the Principles for Responsible Investment and will seek to bring ESG (environmental, social and governance) factors into the decision-making process for investments. The Council is appreciative of the Statement on ESG in Credit Risk and Ratings which incorporates ESG into credit ratings and analysis in a systemic and transparent way. The Council uses ratings from Fitch, Moody's and Standard & Poor's to support its assessment of suitable counterparties. Each of these rating agencies is a signatory to the ESG in credit risk and ratings statement.

Appendix 3 – Link Asset Services’ Approved Lending List – UK Banks and Financial Institutions

| Country | Counterparty | Approved Duration | DBC Current Limit (M) |
|----------------|---|--------------------------|------------------------------|
| U.K | Al Rayan Bank Plc | 6 months | 11 |
| U.K | Bank of Scotland PLC (RFB) | 6 months | 11 |
| U.K | Barclays Bank PLC (NRFB) | 6 months | 11 |
| U.K | Barclays Bank UK PLC (RFB) | 6 months | 11 |
| U.K | Close Brothers Ltd | 6 months | 11 |
| U.K | Clydesdale Bank PLC | 100 days | 9 |
| U.K | Goldman Sachs International Bank | 6 months | 11 |
| U.K | Handelsbanken Plc | 12 months | 12.5 |
| U.K | HSBC Bank PLC (NRFB) | 12 months | 12.5 |
| U.K | HSBC UK Bank Plc (RFB) | 12 months | 12.5 |
| U.K | Lloyds Bank Corporate Markets Plc (NRFB) | 6 months | 11 |
| U.K | Lloyds Bank Plc (RFB) | 6 months | 11 |
| U.K | National Bank Of Kuwait (International) PLC | 6 months | 11 |
| U.K | NatWest Markets Plc (NRFB) | 6 months | 11 |
| U.K | Santander Financial Services plc (NRFB) | 6 months | 11 |
| U.K | Santander UK plc | 6 months | 11 |
| U.K | SMBC Bank International Plc | 6 months | 11 |
| U.K | Standard Chartered Bank | 6 months | 11 |
| U.K | Coventry BS | 6 months | 11 |
| U.K | Leeds BS | 100 days | 9 |
| U.K | Nationwide BS | 6 months | 11 |
| U.K | Skipton Building Society | 6 months | 11 |
| U.K | Yorkshire BS | 100 days | 9 |
| U.K | National Westminster Bank PLC (RFB) | 12 months | 14.5 |
| U.K | The Royal Bank of Scotland Plc (RFB) | 12 months | 14.5 |

Appendix 4: Treasury management roles and scheme of delegation

Full Council

- receiving and reviewing reports on treasury management activities;
- approval of annual strategy;
- approval of/amendments to the organisation's adopted clauses and treasury management policy statement;
- budget consideration and approval;
- approval of the division of responsibilities;
- receiving and reviewing regular monitoring reports and acting on recommendations;

Cabinet

- reviewing the treasury management strategy and reports and making recommendations to the responsible body.

The S151 (responsible) officer

- recommending clauses, treasury management policy/practices, reviewing regularly, and monitoring compliance;
- submitting regular treasury management policy reports;
- submitting budgets and budget variations;
- receiving and reviewing management information reports;
- reviewing the performance of the treasury management function;
- ensuring the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function;
- ensuring the adequacy of internal audit, and liaising with external audit;
- recommending the appointment of external service providers;
- approving the selection of external service providers and agreeing terms of appointment;
- approving the use of non-UK counterparties as appropriate;
- preparation of a capital strategy to include capital expenditure, capital financing, non-financial investments and treasury management, with a long term time frame;
- ensuring the capital strategy is prudent, sustainable, affordable in the long term and provides value for money;
- ensuring due diligence has been carried out on all investments and is in accordance with the risk appetite of the authority.
- ensure that the authority has appropriate legal powers to undertake expenditure on non-financial assets and their financing
- ensuring the proportionality of all investments so that the authority does not undertake a level of investing which exposes the authority to an excessive level of risk compared to its financial resources
- ensuring that an adequate governance process is in place for the approval, monitoring and ongoing risk management of all non-financial investments and long term liabilities
- provision to members of a schedule of all non-treasury investments including material investments in subsidiaries, joint ventures, loans and financial guarantees

- ensuring that members are adequately informed and understand the risk exposures taken on by an authority
- ensuring that the authority has adequate expertise, either in house or externally provided, to carry out the above
- creation of Treasury Management Practices which specifically deal with how non treasury investments will be carried out and managed, to include the following: -
 - Risk management (TMP1 and schedules), including investment and risk management criteria for any material non-treasury investment portfolios;
 - Performance measurement and management (TMP2 and schedules), including methodology and criteria for assessing the performance and success of non-treasury investments;
 - Decision making, governance and organisation (TMP5 and schedules), including a statement of the governance requirements for decision making in relation to non-treasury investments; and arrangements to ensure that appropriate professional due diligence is carried out to support decision making;
 - Reporting and management information (TMP6 and schedules), including where and how often monitoring reports are taken;
 - Training and qualifications (TMP10 and schedules), including how the relevant knowledge and skills in relation to non-treasury investments will be arranged.

Appendix E Budget Consultation results summary

Introduction

The Council ran a budget consultation for 4 weeks from the 11th December 2023 to 8th January 2024 on the Lets Talk Dacorum website.

The consultation was advertised on social media and the weekly Dacorum e-bulletins. This was the first time the Council has consulted on its budget in this manner. Questions were tailored to make it as clear as possible to respondents what services are provided by Dacorum Borough Council rather than other authorities such as Hertfordshire County Council.

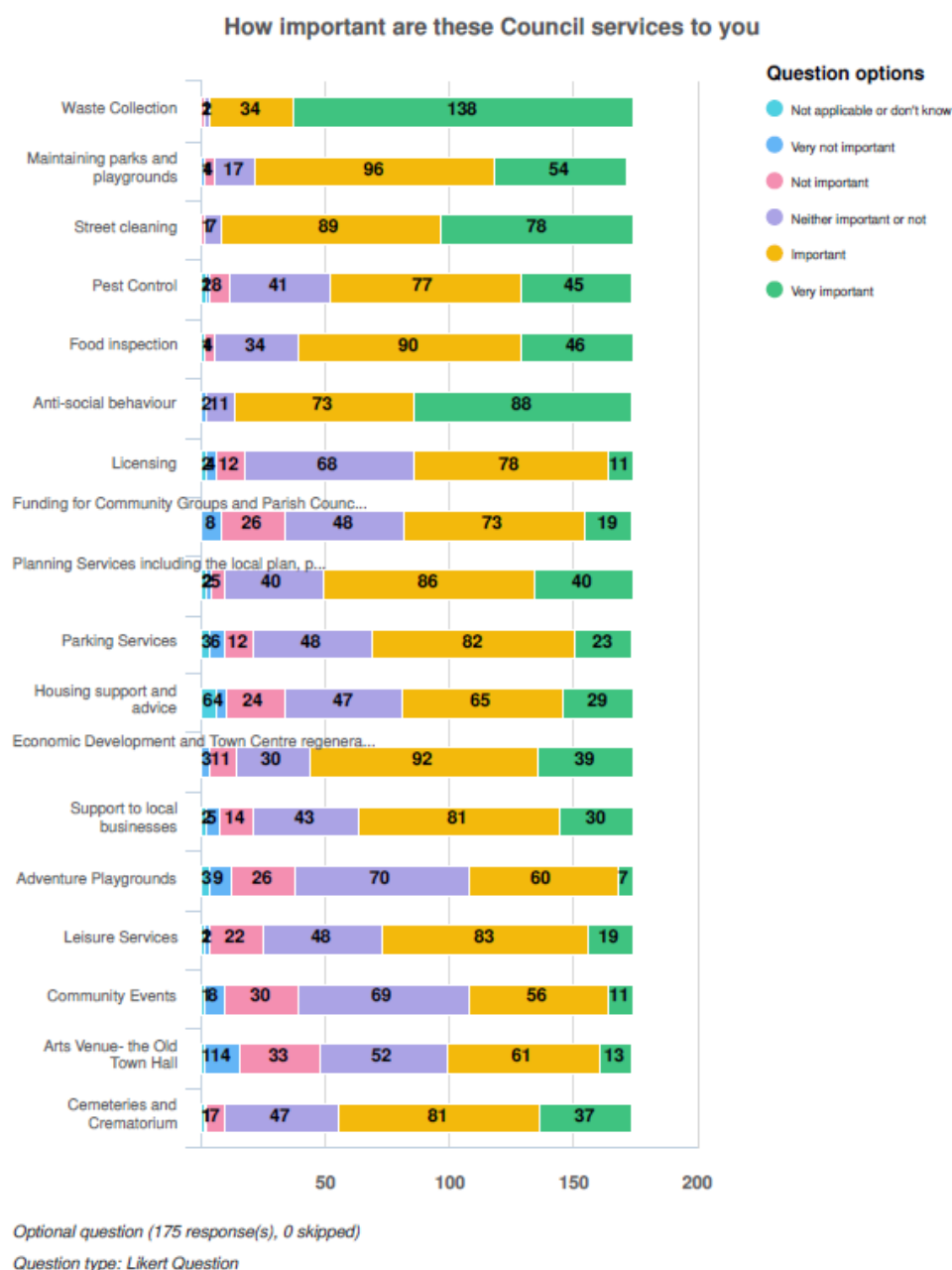
There were 175 responses. Respondents did not have to respond to all questions. Six questions were put to respondents, plus a free text box for any further comments.

Whilst it is positive that there was engagement in the consultation, the number of respondents is relatively low given the population size of the borough. It is expected that this consultation will be carried out on an annual basis and the Council will aim to increase the number of respondents.

Key findings from consultation:

- The level of financial resource allocated to services under 2024-25 budget proposals reflects respondent priorities. Waste collection, our largest General Fund service in terms of expenditure budget, is identified amongst the majority of respondents as being 'very important' and the service that the Council should prioritise for Council funding.
- Services identified most frequently by respondents as not being a priority for Council funding include community events, arts venues and adventure playgrounds.
- Respondents are most in favour of the Council charging more for planning services and garage rentals.
- Respondents are least in favour of the Council charging more for the collection of green waste and parking.
- The majority of respondents are Hemel Hempstead residents.

Question 1: How important are these services to you?



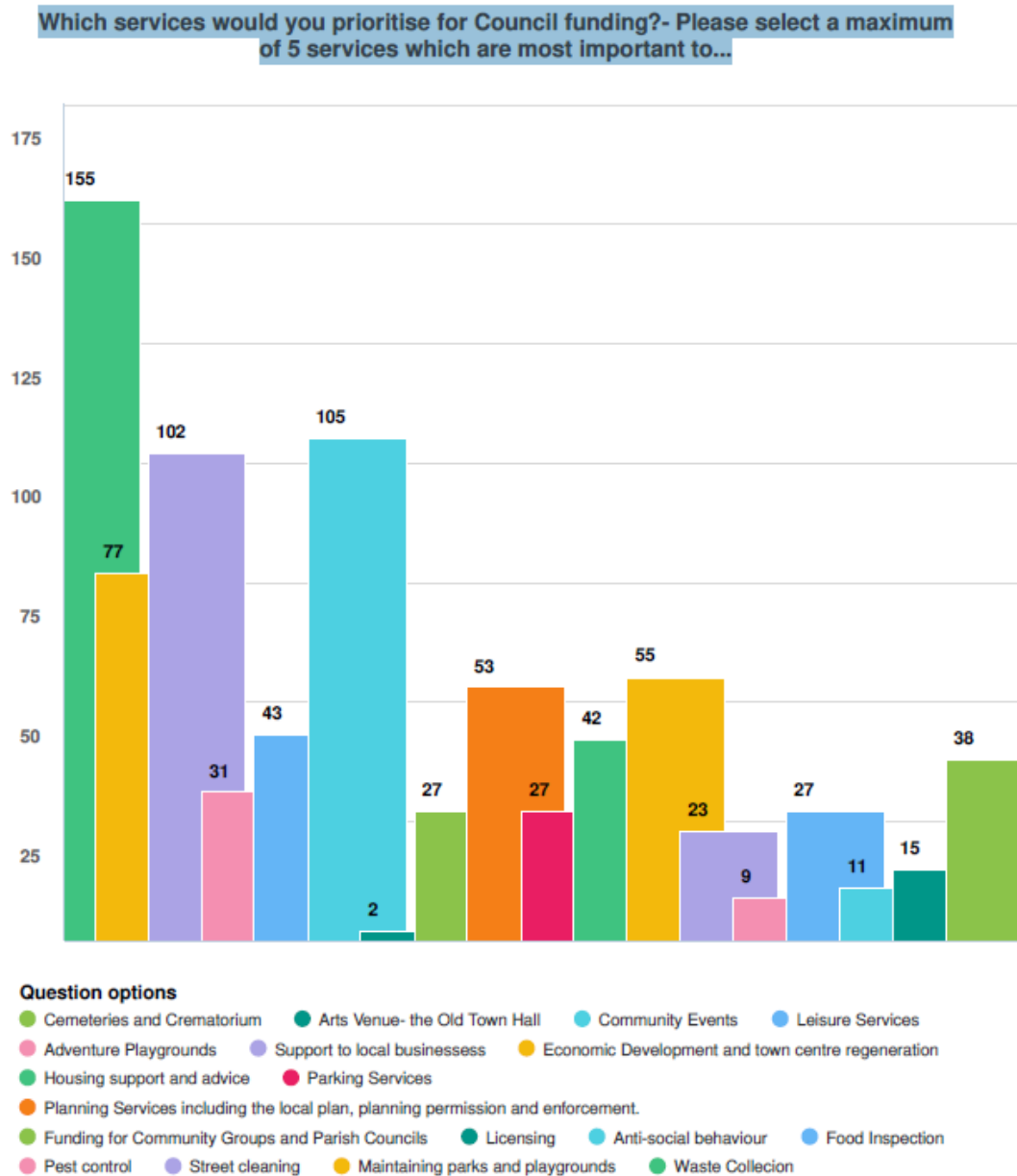
The top 5 very important services were:

| | |
|---------------------------------|-----|
| Waste Collection | 79% |
| Anti-social Behaviour | 50% |
| Street Cleaning | 45% |
| Maintaining Parks & Playgrounds | 31% |
| Food Inspection | 26% |

The top 5 very important and important services were:

| | |
|---------------------------------|-----|
| Waste Collection | 98% |
| Street Cleaning | 95% |
| Anti-social Behaviour | 92% |
| Maintaining Parks & Playgrounds | 86% |
| Food Inspection | 78% |

2) Which services would you prioritise for Council funding?- Please select a maximum of 5 services which are most important to you.



Optional question (175 response(s), 0 skipped)

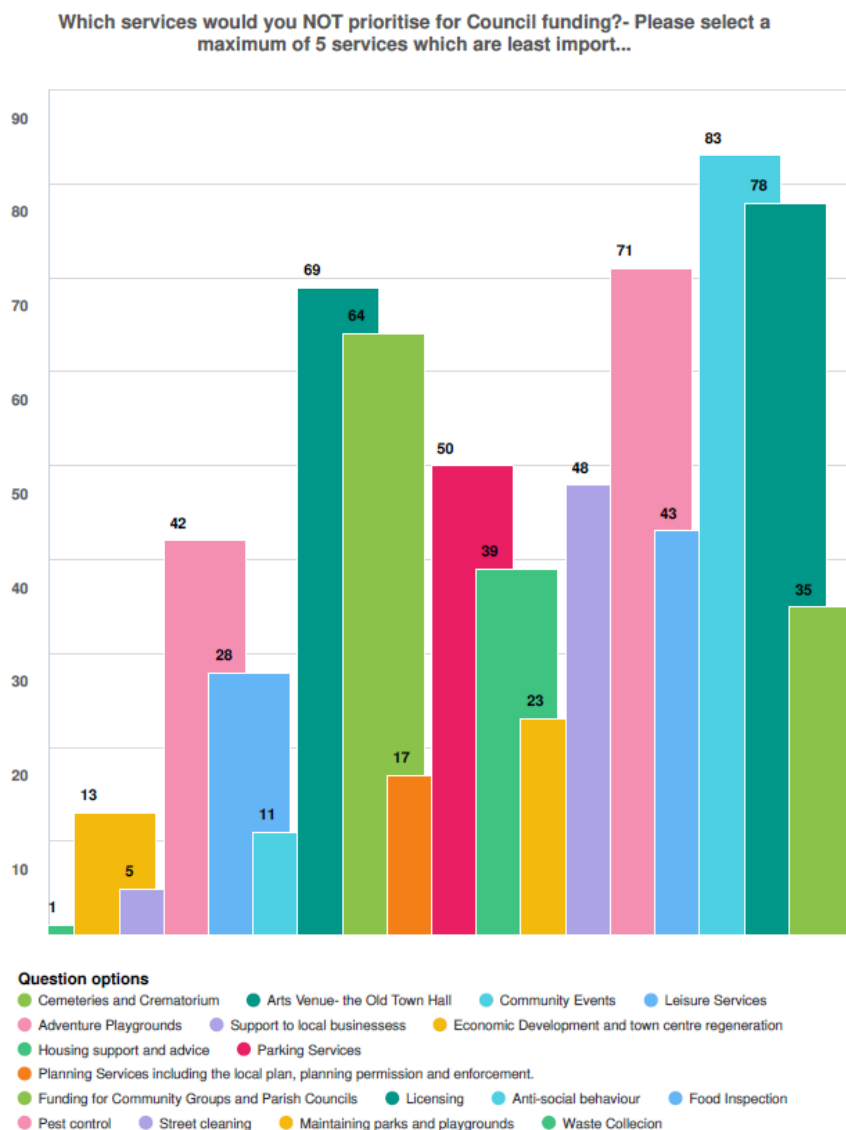
Question type: Checkbox Question

The top 5 services that respondents would prioritise for Council funding were:

| | |
|---|-----|
| Waste Collection | 89% |
| Food Inspection | 60% |
| Street Cleaning | 58% |
| Maintaining Parks and Playgrounds | 44% |
| Economic Development and Town Centre regeneration | 31% |

3) Which services would you NOT prioritise for Council funding?- Please select a maximum of 5 services which are least important to you.

5 respondents skipped this question



Optional question (170 response(s), 5 skipped)

Question type: Checkbox Question

The top 5 services that respondents would NOT prioritise for Council funding were:

| | |
|--|-----|
| Community Events | 49% |
| Arts Venue- the Old Town Hall | 46% |
| Adventure Playgrounds | 42% |
| Licensing | 41% |
| Funding for Community Groups and Parish Councils | 38% |

4) The Council can charge for some of its services and this income helps the Council balance its budget. Which of the following services do you think the Council should charge more for?



Optional question (175 response(s), 0 skipped)

Question type: Likert Question

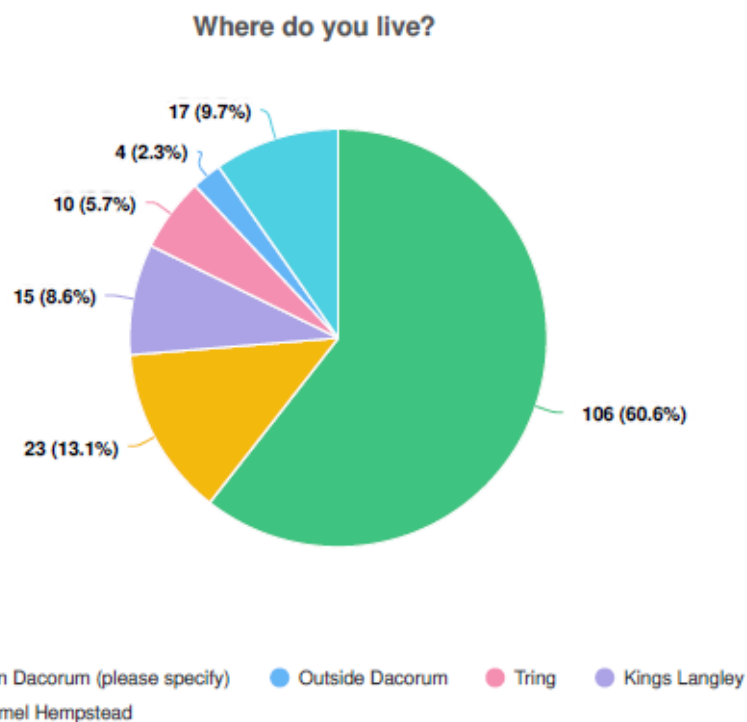
The services where respondents were most in favour of charging more were:

| | |
|---------------------|-----|
| Planning Permission | 53% |
| Garage rental | 51% |
| Licensing | 51% |
| Food Inspection | 49% |
| Pest control | 44% |

The services where respondents were least in favour of charging more were:

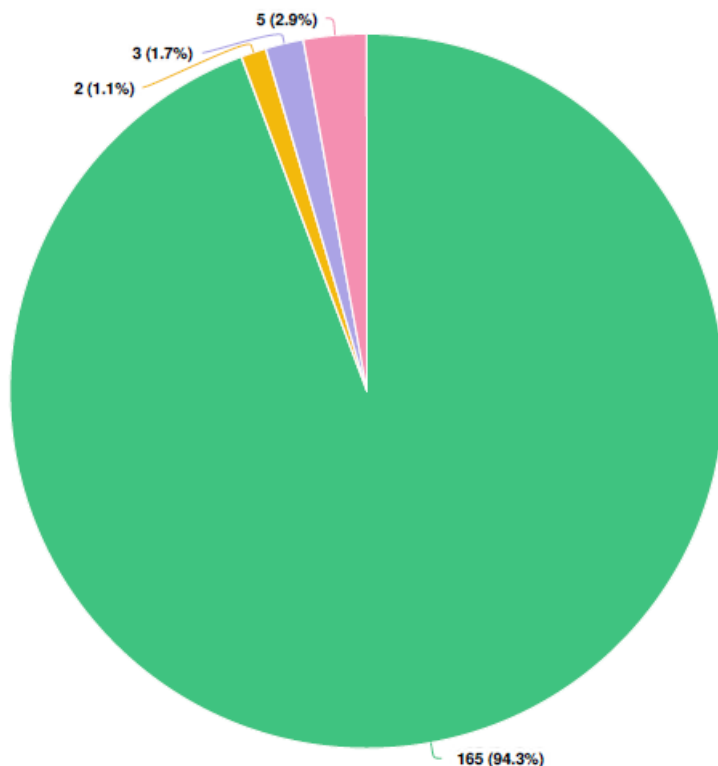
| | |
|----------------------------------|-----|
| Collection of Green Waste | 78% |
| On-street and off-street parking | 76% |
| Leisure Services | 54% |
| Adventure Playgrounds | 51% |
| Art Venue- the Old Town Hall | 37% |

5) Where do you live?



| | |
|---------------------------------|-------|
| Hemel Hempstead | 60.6% |
| Berkhamsted | 13.1% |
| Kings Langley | 8.6% |
| Tring | 5.7% |
| Outside Dacorum | 2.3% |
| Another village/town in Dacorum | 9.7% |

6) Are you responding as:



Question options

● Other (please specify)
 ● Not local, but interested
 ● A business
 ● A resident

| | |
|---------------------------|--------|
| Resident | 94.30% |
| Business | 1.10% |
| Not local, but interested | 1.70% |
| Other | 2.90% |

Respondents given the opportunity to provide free text responses. 56 respondents chose to do so. These responses covered the following main themes:

- The financial position of the Council
- Charging for Council services
- Hemel Hempstead and Hemel Town Centre
- Council communications
- Waste
- Leisure and Community facilities
- Parking
- Other, including services not delivered by the Council

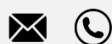


Joint Budget Overview and Scrutiny Committee

| | |
|--|---|
| Report for: | Housing & Communities Overview and Scrutiny Committee; Finance & Resources Overview and Scrutiny Committee; Strategic Planning & Environment Overview and Scrutiny Committee |
| Title of report: | Update on new Performance Management Framework and Proposed Revisions to Key Performance Indicators (KPIs) |
| Date: | 7 February 2024 |
| Report on behalf of: | Councillor Carole Weston, Portfolio Holder for People & Transformation |
| Part: | I |
| If Part II, reason: | N/A |
| Appendices: | Appendix 1 – Proposed KPIs reported to Housing and Communities OSC Appendix 2 – Proposed KPIs reported to Finance & Resources OSC Appendix 3 – Proposed KPIs reported to Strategic Planning & Environment OSC |
| Background papers: | |
| Glossary of acronyms and any other abbreviations used in this report: | OSC – Overview and Scrutiny Committee KPIs – Key Performance Indicators SPIs – Service Performance Indicators SLT – Strategic Leadership Team |

Report Author / Responsible Officer

Shaj Choudhury, Head of Transformation / Aidan Wilkie, Strategic Director for People and Transformation



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| | |
|-----------------------------|---|
| Corporate Priorities | A clean, safe and enjoyable environment Building strong and vibrant communities Ensuring economic growth and prosperity Providing good quality affordable homes, in particular for those most in need Ensuring efficient, effective and modern service delivery Climate and ecological emergency |
|-----------------------------|---|

| | |
|--|---|
| Wards affected | All |
| Purpose of the report: | <ol style="list-style-type: none"> 1. To outline the proposed future suite of KPIs, which are proposed to replace the existing KPIs reported to each of the relevant Overview & Scrutiny Committees |
| Recommendation (s) to the decision maker (s): | <ol style="list-style-type: none"> 1. That the KPIs are adopted and implemented into the OSC reporting schedule. 2. Each Portfolio Holder is delegated authority to amend the KPIs set out in the appendices or set new KPIs relevant to their service areas. |
| Period for post policy/project review: | |

1 Introduction/Background:

- 1.1. A review of the organisations KPI framework took place in 2022/23 and a set of consolidated Key Performance Indicators (KPI) were established and approved by Cabinet. This allowed a more focused approach to performance management across the organisation. A central resource, sitting within the Transformation team, supports services to report against these KPIs on a monthly basis to the Strategic Leadership team and performance is scrutinised and actions to improve performance is agreed. These performance measures are subsequently reported to the Overview and Scrutiny committees.
- 1.2. As we have been reporting on these KPIs over the last twelve months, it has become apparent that a number of our current KPIs are not relevant to our current strategic priorities and the data itself cannot be used effectively to derive strategic decisions upon.
- 1.3. A project was initiated to further improve our overall performance management approach and ensure that data collected can be used at both operational and strategic level to develop a deeper understanding of service delivery and in turn understand what actions can be implemented to aid service delivery further.
- 1.4. The project had the following objectives:
 - 1.4.1. Establish a fit for purpose Performance Management Framework which disaggregates reporting between 'Service Performance Indicator's' (SPIs) which are overseen at departmental level, linked to 'KPIs' (overseen at SLT/OSC level) and 'Trackers' which are tracked to support strategic decision making
 - 1.4.2. Establish appropriate targets for our KPIs / SPIs using past performance trends and benchmarking data
 - 1.4.3. Improve governance of performance management in an attempt to improve overall culture by creating greater oversight of performance at departmental level
 - 1.4.4. Creating dashboards to support reporting and ensure mechanism to establish and monitor actions to improve performance levels where needed
 - 1.4.5. Enable the Corporate Performance Analyst to use performance management data to create business intelligence for use on strategic decision making.

2 Amendment to Key Performance Indicators

- 2.1. A collaborative effort was initiated with council officers to comprehensively assess our existing performance measures. This involved a thorough examination, with a commitment to modifying or substituting measures as needed. The objective was to align these measures with our strategic priorities, capturing the precise activities undertaken and services delivered.
- 2.2. Moreover, we engaged with various services to devise additional operational performance measures, fostering a cohesive link between operational delivery at the team level and overarching performance at the service level. This concerted effort ensures a seamless "golden thread" connecting day-to-day operations with overarching performance objectives.
- 2.3. Our approach included a meticulous review of targets, incorporating analysis of historical performance trends and benchmarking against comparable local authorities. This process aimed to establish targets that are not only appropriate and achievable but also ambitious and provide the opportunity for comparisons with other local authorities.
- 2.4. The revised suite of KPIs is included in the Appendices. These revised KPIs provide a succinct and meaningful suite of indicators which will give members a clear picture of current Council performance across both existing services and new and developing services. Further detail will continue to be provided by the service in the quarterly narrative report, accompanied by the dashboard.
- 2.5. In addition to the KPIs presented to the Strategic Leadership Team and Overview and Scrutiny committees, numerous services provide reports on various measures to external regulatory bodies. Moving forward, our streamlined approach mandates that all such reporting, irrespective of the destination, will be channelled through our centralised performance management system. Subsequently, tailored output reports will be generated for the specific meeting or body requiring the information. This strategic integration aims to enhance the efficiency of our reporting process, consolidating all data within a singular system. This unified approach not only facilitates improved analysis but also promotes seamless connections and correlations within the data, ensuring a more comprehensive and coherent overview.
- 2.6. Dacorum's Key Performance Indicators will continue to change over time to reflect the Council's priorities and focus as they continue to change. They will be reviewed annually through the service planning cycle to ensure we are measuring performance against the key priorities for the Council. As such, it is proposed that minor changes to individual KPIs as a result of such reviews are approved via Portfolio Holder decision, whilst a wholesale change to the KPI framework will be presented to Cabinet for approval.
- 2.7. Alongside the revised KPI framework, we have established an enhanced internal governance and oversight process. This ensures greater examination of performance measures at both operational and directorate levels, fostering heightened scrutiny. Additionally, we are implementing training programs and introducing a comprehensive performance management handbook. These activities are designed to cultivate an improved performance management culture throughout the Council, contributing to a more robust and effective operational environment.

3 Options and alternatives considered:

- 3.1. Alternative to the options proposed above, Dacorum Borough Council could continue to collate, monitor and report on its existing KPIs. As outlined above, some current KPIs are no longer relevant, meaningful or accurate measurements of Council performance. The revised KPIs provide a succinct and meaningful suite of indicators which provide members with a clear picture of current Council performance across both existing services and new and developing services. Embedding these KPIs into the performance management cycle will allow the services to gather their data, and will allow for trend analysis to develop as more data is provided. For these reasons, this option was discounted.

4 Consultation:

- 4.1. The proposed list of KPIs attached to this report have been developed with Heads of Services and Assistant Directors across the council and then refined through engagement with SLT. Portfolio Holders have also been consulted on the proposed measures.
- 4.2. It is proposed in this report that delegated authority is provided to the services to further work with their Portfolio Holders to refine the final version of the KPIs based on feedback provided from the relevant Overview and Scrutiny Committees.

5 Financial and value for money implications:

- 5.1. An effective Performance Management framework for the council will help to ensure all services are delivering value for money, and that our performance is monitored, reported and scrutinised through the appropriate mechanisms including internal scrutiny through our internal management structure and through member scrutiny at Overview and Scrutiny Committee.

6 Legal Implications:

- 6.1. There are no direct legal implications arising from this report.

7 Risk implications:

- 7.1. Failure to have an effective performance management framework and clearly defined KPIs in place could impact the delivery of key council services / objectives.
- 7.2. There is a risk that the newly defined measures and targets are quickly made out of date due to service changes. To mitigate this, we are proposing to request Cabinet delegate authority to each Portfolio Holder to amend individual KPIs relevant to their area if required or set new KPIs relevant to their service areas.

8 Equalities, Community Impact and Human Rights:

- 8.1. There were no direct Equalities or Community Impacts arising from this report, but any impacts will be assessed by the services as part of their operational service delivery.
- 8.2. No human rights implications arising from this report.

9 Sustainability implications (including climate change, health and wellbeing, community safety)

- 9.1. The Climate and Ecological Emergency team have included a KPI on change in Council's emission levels which will be reported on an annual basis.

10 Council infrastructure (including Health and Safety, HR/OD, assets and other resources)

- 10.1. As per above, there are revisions to a number of HR measures. There are new KPIs relating to Commercial Development, as well as re-focusing house-building KPIs to focus on Affordable Housing

11 Conclusions:

- 11.1. In conclusion, the above paper has outlined the revised performance management approach, and the work that has been done to review, refine, develop, and create a new suite of KPIs which reflect the Council's corporate priorities. If approved by Cabinet, the KPIs will be implemented with support from the Performance Team within the Transformation Services and will be reported in the quarterly Overview and Scrutiny performance schedule.

Appendix 1:

Proposed KPIs reported to Housing & Communities OSC

| Service | Measure Name | Target |
|------------------------------|---|---|
| Asset Management | Average re-let time in days (all re-lets, including time spent in works) to 2 decimal points | 40 Days |
| | Percentage of repairs completed at first visit | 86% |
| | Percentage of responsive repairs completed within target timescale | 97% |
| | Percentage of emergency repairs completed within target timescale | 99% |
| | Non-decent dwellings at 31st March 2023 | 0 |
| | Satisfaction with Lettings during the period | 65% |
| | Percentage of respondents satisfied with the overall repairs service | 80% |
| | Percentage of respondents satisfied with the overall lettings process | 65% |
| | Number of live damp and mould cases | 200 |
| | Percentage of HRA homes that have had a stock condition survey within the last five years. | 20/40/60/80/100 increments over the next 5 years |
| Commercial Housing Contracts | Percentage of non-complaint gold contracts | 0 |
| Housing Operations | Satisfaction with how we keep the communal areas clean and tidy during the period | 65% |
| | Current arrears as a percentage of annual debit | 4% |
| | Rent collected as a Percentage of rent owed (excluding current arrears brought forward). | 99% |
| | Percentage of estate inspections completed that were due to be completed during the period | 100% |
| | Total number of Households in temporary accommodation | Profiled Target |
| Investment and Delivery | Number of affordable housing units completed during the period | Q4 23/24 : 23 Q4 24/25: 38 |
| | Satisfaction with New Build homes received during Quarter | 95% |
| Property Services | Percentage of arrears on commercial property rents | 18% |
| | Percentage of commercial property occupation | 90% |
| | Investment Property Income ytd budget against ytd actual | Will be approved by Full Council ahead of the next Financial Year as this is the budget figure. |
| Safe Communities | Satisfaction with ASB case handling (closed cases during the period) | 65% |
| | Percentage of all safeguarding enquiries within DBC that met the threshold resolved in time during the period | 100% |
| | Percentage of all external Safeguarding requests that met the threshold resolved in time during the period | 100% |
| | Percentage of ASB reports acknowledged within policy timescales in the period | 100% |
| | Number of enforcement notices served in respect of the Housing Act 2004 of which lead to successful prosecution | |

| | | |
|---------------------------------|--|------|
| | Percentage of Final Notice of Civil Penalty served of which civil penalties were recovered | 100% |
| | Number of Empty Homes brought back into use | 1 |
| Safe Homes | Percentage of all High risk FRA actions outstanding | 0% |
| | Percentage of homes with a valid gas safety certificate | 100% |
| | Percentage of domestic properties with a satisfactory Electrical Installation Condition Report (EICR) up to five years old | 100% |
| | Percentage of non-domestic properties with a satisfactory Electrical Installation Condition Report (EICR) up to five years old | 100% |
| | Proportion of homes for which all required fire risk assessments have been carried out | 100% |
| | Proportion of homes for which all required asbestos management surveys or re-inspections have been carried out | 100% |
| | Proportion of homes for which all required legionella risk assessments have been carried out | 100% |
| | Proportion of homes for which all required communal passenger lift safety checks have been carried out | 100% |
| Strategy, Quality and Assurance | Percentage of respondents satisfied with complaint handling | 67% |
| | Percentage of Stage 1 and Stage 2 complaints resolved within timescale in month | 100% |

Appendix 2:
Proposed KPIs reported to Finance & Resource OSC

People and Transformation

| Service | Measure Name | Target |
|----------------|---|---|
| Communication | Staff satisfaction with Internal comms | 55% |
| Digital | Percentage of priority 1 & priority 2 incidents resolved in less than 2 days | 90% |
| People | Average days lost due to sickness absence per FTE - profiled target | Q1 – 2.86 Q2 –2.88 Q3 – 2.89 Q4 –3.2 |
| | Turnover of staff | 15% |
| | Average time to employ staff following vacancy. | 120 Days |
| | | |
| Transformation | Percentage of calls answered within 420 seconds in the period | 85% |
| | Percentage of stage 1 complaints escalated to stage 2 within the period | 10% |
| | Percentage of stage 1 complaints due and resolved within policy standards during the period | 100% |
| | Percentage of stage 2 complaints due and resolved within policy standards during the period | 100% |
| | Percentage change in council's own carbon emissions (Scope 1 and 2) | 12.50% (annually) |

Corporate and Commercial Services

| Service | Measure Name | Target |
|-------------------------------|--|---|
| Financial Services | Percentage of creditor trade invoices paid within 30 days during the period | 96% |
| | General Fund Budget Variance against the forecast for the period | 0 |
| | Housing Revenue Account Budget Variance against the forecast for the period | 0 |
| | Capital variance against the forecast for the period | 0 |
| | Investment income: outturn forecast against the budget for the period | Will be approved by Full Council ahead of the next Financial Year |
| | Time taken for debtors to pay in a Quarter | 55 |
| | Percentage of internal audit recommendations implemented in line with the due date | 100% |
| Revenues and Benefits | Average days taken to respond to a benefits-related contact from a resident | 14 Days |
| | Average days taken to respond to council tax related contact from resident | 16 Days |
| Legal and Democratic Services | Percentage of Data Protection Act requests resolved within 31 days in the Quarter | 100% |
| | Percentage of FOI requests satisfied in 20 days in the Quarter | 90% |

Appendix 3:

Proposed KPIs reported to Strategic Planning and Communities OSC

Neighbourhood Operations

| Service | Measure Name | Target |
|--------------------------|--|--------|
| Environmental Services | Reports of all missed bins per 100,000 collected | 125 |
| | Recycling rate of the waste collected during the quarter | 52% |
| | Amount in Kilogram per household of residual waste collected during the period | 400 |
| Neighbourhood Management | Percentage of fly tips collected within the set timescale of 7 days during the period | 95% |
| | Percentage of Graffiti removed within 7 days | 95% |
| | Percentage of Garages of total stock rented | 77.5% |
| | Percentage of Parking income achieved against forecast for the period | 100% |
| Regulatory Services | Percentage of high risk (A-D) food inspections/interventions achieved during the period | 95% |
| | Percentage of Environmental Health requests responded to within 3 working days during the period | 90% |
| | Percentage of noise nuisance cases closed within 60 days in the period | 90% |
| | Percentage of fly-tips reported assessed by an enforcement officer within 3 working days | 90% |

Place

| Service | Measure Name | Target |
|-----------------------------------|---|--|
| Place, Communities and Enterprise | Occupancy rate at the Maylands and Kylna Business Centres | 90% |
| | Number of Business Engagements | 120 |
| | Number of young people attending Adventure Playgrounds | Q1: 4505 Q2: 5603 Q3: 2720 Q4: 2828 |
| | Old Town Hall Customer Satisfaction | 90% |
| Planning | Percentage of all planning enforcement priority site visits completed within target | 100% |
| | Percentage of all planning applications determined within target | 70% |



FINANCE & RESOURCES

Overview and Scrutiny Committee

| | |
|--|--|
| Report for: | Finance and Resources Overview and Scrutiny Committee |
| Title of report: | Parking Service Tariff & Business Case proposals |
| Date: | 7 February 2024 |
| Report on behalf of: | Cllr Ron Tindall, Leader of the Council and Portfolio Holder for Corporate & Commercial Services |
| Part: | I |
| If Part II, reason: | N/A |
| Appendices: | <p>Appendix 1 – Current Off Street Parking Tariffs</p> <ul style="list-style-type: none">– New Off Street Parking Tariffs– Current On Street Parking Tariffs– New On Street Parking Tariffs– Current Limited Waiting Bays (LWBs)– New Limited Waiting Bays <p>Appendix 2 – Maps of Limited Wait Bays</p> |
| Background papers: | <ul style="list-style-type: none">- 4 July 2023 Finance & Resources OSC – Parking Tariff & Business Case Proposals- 5 Sep 2023 Finance & Resources OSC - Parking Tariff & Business Case Proposals- 6 Dec 2023 Finance & Resources OSC – Parking Tariff & Business Case Proposals- 12 December 2023 Cabinet - Parking Service Tariff & Business Case Proposals |
| Glossary of acronyms and any other abbreviations used in this report: | <p>FBC – Full Business Case</p> <p>MTFS – Medium Term Financial Strategy</p> <p>EVCP – Electric Vehicle Charge Point</p> <p>TRO – Traffic Regulation Order</p> |

Report Author / Responsible Officer

Ben Hosier, Head of Commercial Development



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| | |
|--|---|
| Corporate Priorities | A clean, safe, and enjoyable environment Building strong and vibrant communities Ensuring economic growth and prosperity Ensuring efficient, effective, and modern service delivery Climate and ecological emergency |
| Wards affected | All |
| Purpose of the report: | 1. To update committee on the outcome of a review of the 'Parking Tariff' proposals that has been recently undertaken by the administration, and the proposed next steps and timelines |
| Recommendation (s) to the decision maker (s): | 1. That the committee notes the review and update of the 'Parking Tariff' proposals. 2. That committee notes the proposal to commence the statutory consultation on the proposed changes to parking policy as set out in the report. |
| Period for post policy/project review: | 12 months |

1. Background

1.1 The Committee will recall that a Parking Full Business Case (FBC) was developed during the latter part of 2022 and the first few months of 2023, which included 2 distinct areas of focus: the review of parking tariffs and charging policies and the introduction of 'smart' technology. The introduction of 'smart' technology has now commenced as part of the recommissioning process for the parking enforcement contract and will be reported on separately.

1.2 During 2023/24 there have been several reports that have been presented to both this committee and Cabinet where the proposed changes to 'Parking Tariffs' have been amended to meet the changing requirements of the administration.

This culminated in a report being presented to Cabinet in December 2023 which clearly set out a full breakdown of the proposed changes to 'Parking Tariffs' and agreement was reached, and a decision was made to progress to statutory consultation.

2. Further Changes to Parking Tariffs & Charging Policies

2.1 Following the publication of the Cabinet paper in December 2023, the administration has had representations from opposition Members and has also been contacted by residents and local businesses who have expressed concern at the proposed changes. Consequently, the administration has reviewed the proposals again and have proposed a final updated set of changes to present back to this committee and Cabinet.

2.2 A summary of the updated proposals is set out below.

- Keep Limited Wait Bays (LWBs) on the peripheries of the high streets in Berkhamsted and Kings Langley as being free to use (as per attached maps see Appendix 2)
- Keep all LWBs free in Apsley and Hemel Hempstead Old Town
- Introduce charges for LWBs in the centre of Tring and Kings Langley

- All chargeable LWBs (on-street parking) in the centre of Berkhamsted, Kings Langley, Tring plus Waterhouse Street and Marlowes to have maximum 1 hour stay with 2 tariffs: 30 mins for £0.80 or 1 hour for £1.50.
- Hemel Hempstead On-street parking to reduce from the proposed 4 hours to 2 hours in
 - Alexandra Road;
 - Cemetery Hill;
 - St John's Road;
 - Cotterells
 - London Road
- Addition of an 'Up to 10 hours' parking option in off-street parking
- Parking charges to apply from 8am – 6pm Monday to Sunday for both on-street and off-street parking
- All evening charging to be removed.
- Kings Langley off-street car parks to remain free but stay limited to a maximum of 4 hours between 8am – 6pm (no time restriction after 6pm)
- Canal Fields, Berkhamsted, to remain free but stay limited to a maximum of 4 hours between 8am – 6pm (no time restriction after 6pm)
- The introduction of a change in the TRO to enable customers to extend a parking session by using the Pay By Phone app or the pay machines, but only where this allowed under the parking restrictions (e.g. you cannot extend a parking session past the maximum stay).
- Best methodology for collecting usage data and enforcing the maximum stay times to be confirmed.

2.3 These proposals have been developed through extensive consultation by the administration with the key aims of

- Starting to introduce consistency across the borough
- Recognising the value of Council assets and maximising income, whilst also recognising the desire to
 - Support Town/Village centre shops,
 - Support the nighttime economy across the borough,
 - Provide freedom and flexibilities to shoppers.

2.4 The final proposals have been modelled to identify the financial impact on the Council's MTFS which is shown below:

Table 1 – Projected Budgetary Position

| Description | 2025/26 (first full year) |
|--|---------------------------|
| Tariff Increase across all car parks (Circa 28%), Including 2-hour minimum stay. | £500k |
| On-street parking – increased hourly rate and chargeable waiting bays | £85k |
| Extended Car Park Hours and Long Stay Tariffs | £75k |
| Sub-Total | £660k |
| Impact of the updated proposals | (£200k) |
| Total | £460k |

The proposed changes to parking tariffs that were outlined in the Cabinet Report (December 2023 projected that it would achieve circa £660k from 2025/26 onwards, in additional income for the parking service.)

The table now identifies the impact that the updated proposals will have on the 2025/26 budget.

2.4 Project Structure Key Milestones

2.4.1 The table below highlights the key stages required to implement changes to tariffs and charging policies:

Table 2 – Indicative timeframe for tariff and policy review

| Process | Timeline |
|--|--------------------------------|
| Present report to Finance & Resources OSC and then to Cabinet to agree to commence formal consultation. | 7 February 2024 |
| Present report to Cabinet to agree to commence formal consultation | 13 February 2024 |
| Cabinet Decision call-in period ends | 21 February 2024 |
| Commence re-drafting of Notice of Proposal, Schedule of Requirements and Traffic Regulation Orders and obtain HCC approval | 21 February to 20 March 2024 |
| Council officers to validate consultation documents | 21 March 2024 to 27 March 2024 |
| Consult with HCC and obtain approval to progress | 28 March 2024 to 25 April 2024 |
| Update any feedback from HCC and load consultation on to portal | 26 April 2024 to 3 May 2024 |
| Formal Statutory Consultation Process | 6 May 2024 to 28 May 2024 |
| Consultant produces statutory consultation summary report | 29 May 2024 to 12 June 2024 |
| Council officers review summary report and produce PH update report | 13 June 2024 to 20 June 2024 |
| Post Consultation review & decision | June – July 2024 |
| Consultant produces objection report | 22 July 2024 to 2 August 2024 |
| Officer drafts PH Decision and submits for publication | 5 August 2024 to 9 August 2024 |
| PH Decision call-in period ends | 16 September 2024 |
| Consultant to procure works | From September 2024 |
| Arrange updates to tariffs on pay to park machines & Pay By Phone app for implementation date | From September 2024 |
| Signing & sealing of Traffic Regulation Order | October 2024 |
| Information board proofing sign off, manufacture and installation by third party | October 2024 |
| Update website, pay and display machines and pay by phone applications. Go live. | November 2024 |

- 2.4.2 This is a long process, and it should be noted that there are several external factors that may impact on the indicative timeframe, such as statutory stakeholder consultation, the TRO process and the lead-time for the manufacture and installation of the car park information boards and updating pay and display equipment. There is also likely to be a parliamentary election at some point this year, and this will impose another 'pre-election' (purdah) period, which depending on where this project is at the time an election is called, may impact on the project timeline.

3 Options and alternatives considered

- 3.1 Various options were analysed as part of the process of reviewing parking tariff increases and the charging policies. The options were reviewed by officers from finance and commercial and presented to the Portfolio Holder, Leader, Overview and Scrutiny and the wider administration group.
- 3.2 There was consideration of cost recovery and value for money aspects of parking tariffs and charging policy, and the need to make best use of these assets. Climate change and air pollution issues were also considered, including how the Council can support better air quality and sustainable transport now and in the future.
- 3.3 All aspects of parking pricing strategy will be kept under active review going forward as the Council considers opportunities to introduce 'smart' technology, which would enable differentiation of tariffs in a more agile way. As stated above, this could include tariffs relating to vehicle emissions, and could provide the Council with the potential to introduce specific tariffs for concessions, or to support specific strategic initiatives relating to peak hour congestion, supporting town centres, air quality issues etc.
- 3.4 The introduction of 'smart' technology could also help to ensure a more convenient and easier user experience for the customer, with the ability to register to use a car park with touch free transactions as the system would register entry and exit and charge only for time used by a payment method of choice.
- 3.5 As stated in previous reports, the initial review of parking tariffs and charging policies proposed the introduction of parking tariffs in currently free to use car parks. Following consideration of concerns raised, Members subsequently decided to remove this option prior to the commencement of the informal consultation. Following further consideration after the informal consultation, it has also been agreed to retain the full first hour of free parking in car parks where this is currently applied.
- 3.6 After implementation of the new tariffs, parking usage and demand will be reviewed after six months and periodically thereafter. The Council will continue to assess, develop, and modify its Parking Pricing Strategy going forward.
- 3.7 The Council also has the option of not making any changes to parking tariffs or charging policy. However, this would mean that the Council does not properly fulfil its duty to its residents and taxpayers to ensure best value for money, by ensuring it recovers costs for services provided.
- 3.8 All Local Authorities regularly increase their tariffs and review charging policies for parking. The Council will ensure this review is carried out regularly going forward, particularly considering changes to parking technology and how this can support more flexible tariff policies.

4 Consultation

- 4.1 Changes to parking tariffs and charging policies will require formal consultation with stakeholders and members of the public. Any required changes would need to be incorporated into a TRO and a final decision to implement changes will be made by the Leader and Portfolio Holder following formal consultation.

5 Financial and value for money implications

- 5.1 The recommended changes to parking tariffs and charging policies proposed are projected to raise an additional £460k per annum, with the part year roll out in 2024/25 providing an additional £200k income. Hence, these proposals will have a positive financial impact on the Council's ability to raise its own income and contribute to the Council's wider service delivery and financial sustainability; and support continued investment and improvements to local communities, including Hemel Hempstead town centre and other neighbourhood and urban centres.
- 5.2 There are low-level implementation costs that will be incurred in implementing these proposals, and these will be included in the 2024/25 proposed budget.

6 Legal Implications

- 6.1 Any changes to parking tariffs and charging policies will need to be incorporated into the TRO for enforcement purposes. This will also ensure that the Council are fully compliant with relevant legislation. The proposed changes detailed in this report will be assessed to ensure they are legally compliant and if required external Counsel advice will be commissioned.

7 Risk implications:

- 7.1 There are risks that can be attributed to a review of parking tariffs and charging policies. Higher parking tariffs may lead to reduced usage, which may result in a loss of parking income and reduced footfall in the town centre locations. To mitigate these risks, the modelling takes into consideration other car park tariffs and alternative parking arrangements in the vicinity and the likelihood of alternative travel options and hence has reduced the projected usage figures. Pricing Strategy will also be kept under regular review going forward.
- 7.2 The Council is the landowner of the car park assets and has full control over making any changes to tariffs and charging policies.
- 7.3 There is a risk of complaints about any changes to current tariffs and charging policies, but the increases and proposals are reasonable, no increases will have taken place in five years by 2024, and prices still compare favourably with neighbouring Authorities and local privately managed car parks.

8 Equalities, Community Impact and Human Rights:

- 8.1 A Community Impact Assessment was included in the Cabinet report presented in December 2023.

9 Sustainability implications (including climate change, health and wellbeing, community safety)

- 9.1 The recommended changes in parking tariffs and charging policies are to support and nudge behavioural change that will have a positive sustainability implication.

10 Council infrastructure (including Health and Safety, HR/OD, assets, and other resources)

10.1 Consultation with statutory stakeholders will ensure that any implications on Council infrastructure are considered.

11 Conclusions:

11.1 Parking Tariffs & Charging Policies

Subject to consideration by this committee and approval by Cabinet, it is proposed that these updated changes are now taken forward to statutory consultation and that following that, delegated authority is given for the Leader of the Council and the Portfolio Holder for Corporate and Commercial Services to consider any consultation responses received and to make the final decision to confirm and implement the agreed changes through formal Traffic Regulation Orders.

Appendix 1 – Current Off-Street Parking Tariffs

| Car Park | Location | Off Street Tariffs | | | | | | Length of Stay |
|---|-----------------|--|--------------|---------------|---------------|---------------|------------|----------------|
| | | Up to 30 mins | Up to 1 hour | Up to 2 hours | Up to 3 hours | Up to 4 hours | 4-10 Hours | |
| Hicks Road, AL3 8LJ | Markyate | Free | | | | | | Any Stay |
| Wood Lane End, HP2 4RA | Hemel Hempstead | £0.50 | | £0.80 | £1.20 | £2.00 | Any Stay | |
| | | Annual Season Ticket £250 per annum | | | | | | |
| The Gables, near Bell Court, HP2 5HL | Hemel Hempstead | £0.60 | £0.80 | £1.00 | £1.20 | £1.70 | Any Stay | |
| High Street, Old Town, HP1 3AQ | Hemel Hempstead | £0.50 | £0.80 | £1.00 | £1.20 | £1.70 | Any Stay | |
| Gadebridge Lane | Hemel Hempstead | Free | | | | | | Any Stay |
| Queensway, HP1 1HR | Hemel Hempstead | £0.60 | £1.10 | £1.40 | £1.80 | £2.70 | Any Stay | |
| | | Annual Season Ticket £150 per annum | | | | | | |
| Alexandra Road, HP2 5BS | Hemel Hempstead | £0.60 | £1.10 | £1.40 | £1.80 | £2.70 | Any Stay | |
| Water Gardens (North) Lower deck, Bridge Street, HP1 1EF | Hemel Hempstead | £1.00 | £1.60 | £2.20 | £2.70 | £4.00 | Any Stay | |
| Water Gardens (North) Upper deck, Combe Street, HP1 1EF (weekends only) | Hemel Hempstead | £1.00 | £1.60 | £2.20 | £2.70 | £4.00 | Any Stay | |
| Water Gardens (South), HP1 1EF | Hemel Hempstead | £0.60 | £1.20 | £1.80 | | | Short Stay | |
| Moor End, HP1 1BT | Hemel Hempstead | £2.70 | | | | | £4.00 | Long Stay |
| Park Road, HP1 1JS | Hemel Hempstead | £0.70 | £0.90 | £1.10 | £1.40 | £2.70 | Any Stay | |
| Dacorum Way | Hemel Hempstead | Currently Closed | | | | | | Any Stay |
| Boxmoor Road, HP1 1QQ | Boxmoor | Free | | £0.60 | £0.70 | £0.80 | | Short Stay |
| Warrants Hill, HP3 5SD | Apsley | £0.40 | | £0.80 | £1.20 | £1.70 | Any Stay | |
| | | Annual Season Ticket £150 per annum | | | | | | |
| The Nap, WD4 8ET | Kings Langley | Free | | | | | | Any Stay |
| Langley Hill, WD4 9HD | Kings Langley | Free | | | | | | Any Stay |
| Water Lane, HP4 3AP | Berkhamsted | £0.90 | £1.60 | | | | Short Stay | |
| Lower Kings Road, Floors 1, 2 and 3 | Berkhamsted | £0.80 | £1.50 | £2.20 | £3.00 | | Short Stay | |
| Lower Kings Road, Floors 4 and 5 | Berkhamsted | £0.80 | £1.50 | £2.20 | £3.00 | £4.00 | Any Stay | |
| Lower Kings Road, Floors 6 and 7 (weekends only) | Berkhamsted | £0.80 | £1.50 | £2.20 | £3.00 | £4.00 | Any Stay | |
| Lower Kings Road, Floors 6 and 7 | Berkhamsted | Annual Business Permit £375 per annum | | | | | | Any Stay |
| Bournside | Berkhamsted | Free for Blue Badge holders and motorcycles only | | | | | | Short Stay |
| Canal Fields, Broadwater, HP4 2AL | Berkhamsted | Free | | | | | | Short Stay |
| St John's Well Lane, HP4 1HA | Berkhamsted | £0.80 | £1.50 | £2.20 | £3.00 | £4.00 | Any Stay | |
| The Forge, High Street, HP23 5AG | Tring | Free | | £1.10 | £1.30 | £1.60 | £2.40 | Any Stay |
| | | Annual Season Ticket £450 per annum | | | | | | |
| Church Yard, Frogmore Street, HP23 5AZ | Tring | £2.40 | | | | | | Long Stay |
| Frogmore Street (East), HP23 5AZ | Tring | Free | | £1.10 | £1.30 | £1.60 | | Short Stay |
| Frogmore Street (West), HP23 5AU | Tring | £2.40 | | | | | | Long Stay |
| Victoria Hall, Akeman Street, HP23 4AF | Tring | Free | | £1.10 | £1.30 | £1.60 | | Short Stay |
| Old School Yard, High Street, HP23 5AA | Tring | Free | | £1.10 | £1.30 | £1.60 | | Short Stay |

New Off-Street Parking Tariffs

| Car Park | Location | Off Street Tariffs | | | | | | | Length of Stay |
|---|-----------------|--|---------------|---------------|---------------|---------------|---------------|----------------|----------------|
| | | Up to 1 hour | Up to 2 hours | Up to 3 hours | Up to 4 hours | Up to 6 hours | Up to 8 hours | Up to 10 hours | |
| Hicks Road, AL3 8LJ | Markyate | Free | | | | | | | Any Stay |
| Wood Lane End, HP2 4RA | Hemel Hempstead | £0.70 | | £1.10 | £1.60 | £2.10 | £2.70 | £3.50 | Any Stay |
| The Gables, near Bell Court, HP2 5HL | Hemel Hempstead | £1.10 | | £1.30 | £1.60 | £2.10 | £2.70 | £3.50 | Any Stay |
| High Street, Old Town, HP1 3AQ | Hemel Hempstead | £1.10 | | £1.30 | £1.60 | £2.10 | £2.70 | £3.50 | Any Stay |
| Gadebridge Lane | Hemel Hempstead | Free | | | | | | | Any Stay |
| Queensway, HP1 1HR | Hemel Hempstead | £1.50 | | £1.80 | £2.30 | £3.00 | £3.90 | £5.00 | Any Stay |
| Alexandra Road, HP2 5BS | Hemel Hempstead | £1.50 | | £1.80 | £2.30 | £3.00 | £3.90 | £5.00 | Any Stay |
| Water Gardens (North) Lower deck, Bridge Street, HP1 1EF | Hemel Hempstead | £2.00 | | £2.30 | £2.50 | £4.00 | £5.00 | £6.00 | Any Stay |
| Water Gardens (North) Upper deck, Combe Street, HP1 1EF (weekends only) | Hemel Hempstead | £2.00 | | £2.30 | £2.50 | £4.00 | £5.00 | £6.00 | Any Stay |
| Water Gardens (South), HP1 1EF | Hemel Hempstead | £2.30 | | | | | | | Short Stay |
| Moor End, HP1 1BT | Hemel Hempstead | £2.50 | | | | £4.00 | £5.00 | £6.00 | Long Stay |
| Park Road, HP1 1JS | Hemel Hempstead | £1.20 | | £1.50 | £1.80 | £2.30 | £3.00 | £3.90 | Any Stay |
| Dacorum Way | Hemel Hempstead | £1.50 | | £1.80 | £2.30 | £3.00 | £3.90 | £5.00 | Any Stay |
| Cowper Road, HP1 1QQ | Boxmoor | Free | £0.80 | £0.90 | £1.10 | | | | Short Stay |
| Burrants Hill, HP3 5SD | Apsley | £0.60 | | £1.10 | £1.60 | £2.10 | £2.70 | £3.50 | Any Stay |
| The Nap, WD4 8ET | Kings Langley | Free | | | | | | | Any Stay |
| Langley Hill, WD4 9HD | Kings Langley | Free | | | | | | | Any Stay |
| Water Lane, HP4 3AP | Berkhamsted | £2.10 | | | | | | | Short Stay |
| Lower Kings Road, Floors 1, 2 and 3 | Berkhamsted | £2.00 | | £2.90 | £3.90 | | | | Short Stay |
| Lower Kings Road, Floors 4 and 5 | Berkhamsted | £2.00 | | £2.90 | £3.90 | £5.00 | £6.40 | £8.20 | Any Stay |
| Lower Kings Road, Floors 6 and 7 (weekends only) | Berkhamsted | £2.00 | | £2.90 | £3.90 | £5.00 | £6.40 | £8.20 | Any Stay |
| Lower Kings Road, Floors 6 and 7 | Berkhamsted | Annual Business Permit £375 per annum | | | | | | | Any Stay |
| Bournside | Berkhamsted | Free for Blue Badge holders and motorcycles only | | | | | | | Short Stay |
| Canal Fields, Broadwater, HP4 2AL | Berkhamsted | Free | | | | | | | Short Stay |
| St John's Well Lane, HP4 1HA | Berkhamsted | £2.00 | | £2.90 | £3.90 | £5.00 | £6.40 | £8.20 | Any Stay |
| The Forge, High Street, HP23 5AG | Tring | Free | £1.50 | £1.70 | £2.10 | £2.70 | £3.50 | £4.50 | Any Stay |
| Church Yard, Frogmore Street, HP23 5AZ | Tring | £3.10 | | | | £4.00 | £5.20 | £6.70 | Long Stay |
| Frogmore Street (East), HP23 5AZ | Tring | Free | £1.50 | £1.70 | £2.10 | | | | Short Stay |
| Frogmore Street (West), HP23 5AU | Tring | £3.10 | | | | £4.00 | £5.20 | £6.70 | Long Stay |
| Victoria Hall, Akeman Street, HP23 4AF | Tring | Free | £1.50 | £1.70 | £2.10 | | | | Short Stay |
| Old School Yard, High Street, HP23 5AA | Tring | Free | £1.50 | £1.70 | £2.10 | | | | Short Stay |

Current On-Street Parking Tariffs

| Hemel Hempstead - Parking charges apply at various times. Please see the information signs at each location for more information. | | | | | | | |
|---|---------------|-------------------|------------------|--------------|--------------|--------------|--------------|
| Location | No. of Spaces | On Street Tariffs | | | | | |
| | | Up to 15 minutes | 15 to 30 minutes | Up to 1 hour | 1 to 2 hours | 2 to 3 hours | 3 to 4 hours |
| Waterhouse Street | 20 | £0.50 | £1.00 | | | | |
| Alexandra Road - 8am to 8pm Monday to Saturday (shared use bay Zone H) | 11 | £0.50 | £0.50 | £0.50 | £1.00 | £2.00 | £4.00 |
| Cemetery Hill - 8am to 8pm Monday to Sunday (shared use bay) | 17 | £0.50 | £0.50 | £0.50 | £1.00 | £2.00 | £4.00 |
| St John's Road - 8am to 10pm Monday to Sunday (shared use bay Zone K) | 9 | £0.50 | £0.50 | £0.50 | £1.00 | £2.00 | £4.00 |
| Cotterells - 8am to 10pm Monday to Sunday (shared use bay Zone K) | 16 | £0.50 | £0.50 | £0.50 | £1.00 | £2.00 | £4.00 |
| London Road - 8am to 6pm Monday to Friday (shared use bay Zone R) | 10 | £0.50 | £0.50 | £0.50 | £1.00 | £2.00 | £4.00 |

| Hemel Hempstead - Parking charges apply between 8am and 6pm, Monday to Saturday inclusive. Maximum stay one hour, no return within one hour. | | | | | | |
|--|---------------|-------------------|------------------|------------------|------------------|------------------|
| Location | No. of Spaces | On Street Tariffs | | | | |
| | | Up to 12 minutes | Up to 24 minutes | Up to 36 minutes | Up to 48 minutes | Up to 60 minutes |
| Marlowes - Midland Road to Queensway | 22 | £0.20 | £0.40 | £0.60 | £0.80 | £1.00 |

| Berkhamsted - Parking charges apply between 8am and 6pm, Monday to Saturday inclusive. Maximum stay one hour, no return within one hour. | | | | | | |
|--|---------------|-------------------|------------------|------------------|------------------|------------------|
| Location | No. of Spaces | On Street Tariffs | | | | |
| | | Up to 12 minutes | Up to 24 minutes | Up to 36 minutes | Up to 48 minutes | Up to 60 minutes |
| High Street (20mph zone - maximum stay of one hour) | 48 | £0.20 | £0.40 | £0.60 | £0.80 | £1.00 |

New On-Street Parking Tariffs

| Hemel Hempstead - Parking charges apply as stated below. Maximum stay two hours, no return within two hours. | | | |
|--|-------------------|--------------|---------------|
| Location | On Street Tariffs | | |
| | No. of Spaces | Up to 1 Hour | Up to 2 hours |
| Alexandra Road - 8am to 8pm Monday to Sunday (shared use bay Zone H) | 11 | £0.80 | £1.50 |
| Cemetery Hill - 8am to 8pm Monday to Sunday (shared use bay) | 17 | £0.80 | £1.50 |
| St John's Road - 8am to 10pm Monday to Sunday (shared use bay Zone K) | 9 | £0.80 | £1.50 |
| Cotterells - 8am to 10pm Monday to Sunday (shared use bay Zone K) | 16 | £0.80 | £1.50 |
| London Road - 8am to 6pm Monday to Sunday (shared use bay Zone R) | 10 | £0.80 | £1.50 |

| Hemel Hempstead - Parking charges apply between 8am and 6pm, Monday to Sunday inclusive. Maximum stay one hour, no return within two hours. | | | |
|---|-------------------|------------------|--------------|
| Location | On Street Tariffs | | |
| | No. of Spaces | Up to 30 Minutes | Up to 1 hour |
| Marlowes - Midland Road to Queensway | 22 | £0.80 | £1.50 |
| Waterhouse Street | 20 | £0.80 | £1.50 |

| Berkhamsted - Parking charges apply between 8am and 6pm, Monday to Sunday inclusive. Maximum stay one hour, no return within two hours. | | | |
|---|-------------------|------------------|--------------|
| Location | On Street Tariffs | | |
| | No. of Spaces | Up to 30 Minutes | Up to 1 hour |
| High Street (20mph zone - maximum stay of one hour) | 48 | £0.80 | £1.50 |

Current Limited Wait Bays

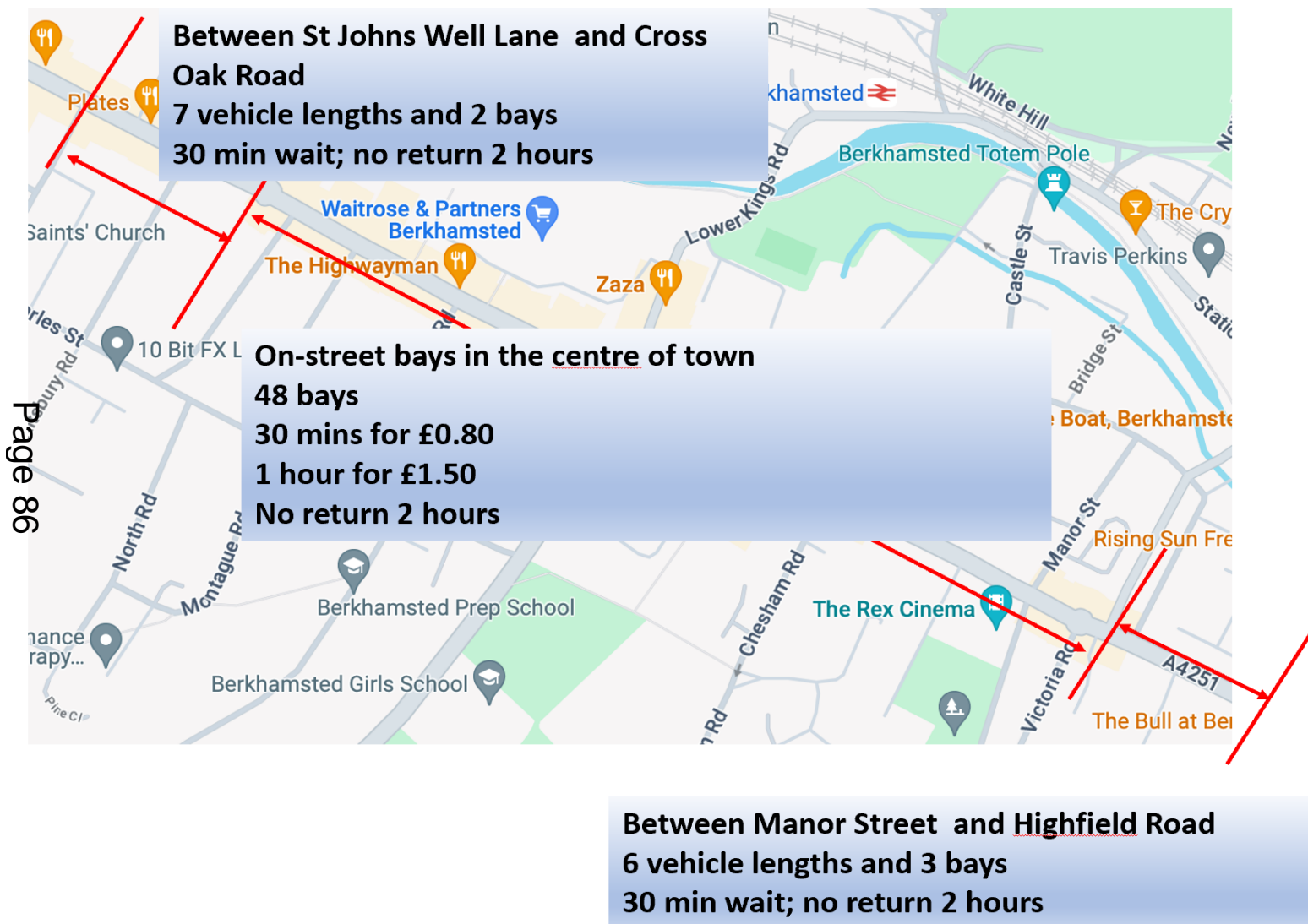
| Location | Number of bays or vehicle lengths | Tariff | Limited Wait Bay |
|---|-----------------------------------|--------|---|
| High Street, Berkhamsted | 6 vehicle lengths | Free | 1 hour no return within 2 hours (Mon-Sat 8:30am to 6:30pm) |
| High Street, Berkhamsted | 3 bays | Free | 1 hour no return within 2 hours (Mon-Sat 8:30am to 6:30pm) |
| High Street, Berkhamsted | 7 vehicle lengths | Free | 30 mins no return within 1 hour (Mon-Sat 8:00am to 6:00pm) |
| High Street, Berkhamsted | 2 bays | Free | 30 mins no return within 1 hour (Mon-Sat 8:00am to 6:00pm) |
| High Street, Tring | 12 vehicle lengths | Free | 1 hour no return within 2 hours (Mon-Sat 8:30am to 6:30pm) |
| High Street (old town), Hemel Hempstead | 22 vehicle lengths | Free | 1 hour no return within 2 hours (Mon-Sat 8:00am to 6:00pm) |
| High Street, Kings Langley | 53 bays | Free | 1 hour no return within 2 hours (Mon-Sat 8:30am to 6:30pm) |
| London Road, Apsley | 16 vehicle lengths | Free | 20 mins no return within 2 hours (Mon-Sat 8:00am to 6:00pm) |

New Limited Wait Bays

| LWBs tariffs are shown below - parking restrictions apply as indicated | | | |
|--|-----------------------------------|--|---|
| Location | Number of bays or vehicle lengths | Tariff | Limited wait Bay |
| High Street, Berkhamsted (between St Johns Well Lane & Cross Oak Road) | 6 vehicle lengths | Free | 30 mins no return within 2 hours (Mon-Sun 8:00am to 6:00pm) |
| High Street, Berkhamsted (between St Johns Well Lane & Cross Oak Road) | 2 bays | Free | 30 mins no return within 2 hours (Mon-Sun 8:00am to 6:00pm) |
| High Street, Berkhamsted (between Manor Street & Highfield Road) | 7 vehicle lengths | Free | 30 mins no return within 2 hours (Mon-Sun 8:00am to 6:00pm) |
| High Street, Berkhamsted (between Manor Street & Highfield Road) | 3 bays | Free | 30 mins no return within 2 hours (Mon-Sun 8:00am to 6:00pm) |
| High Street, Tring (between Akeman Street & Langdon Street) | 12 vehicle lengths | £0.80 - 30 minutes £1.50 - 60 minutes | Maximum stay one hour, no return within two hours (Mon-Sun 8:00am to 6:00pm) |
| High Street (old town), Hemel Hempstead | 22 vehicle lengths | Free | 30 mins no return within 2 hours (Mon-Sun 8:00am to 6:00pm) |
| High Street, Kings Langley (between Vicarage Lane & Common Lane) | 4 bays | Free | 30 mins no return within 2 hours (Mon-Sun 8:00am to 6:00pm) |
| High Street, Kings Langley (between Rose & Crown & Langley Hill) | 21 bays | Free | 30 mins no return within 2 hours (Mon-Sun 8:00am to 6:00pm) |
| High Street, Kings Langley (between Langley Hill & Vicarage Lane) | 28 bays | £0.80 - 30 minutes £1.50 - 60 minutes | Maximum stay one hour, no return within two hours (Mon-Sun 8:00am to 6:00pm) |
| London Road, Apsley | 16 vehicle lengths | Free | 30 mins no return within 2 hours (Mon-Sun 8:00am to 6:00pm) |

Appendix 2 – Maps of Limited Wait Bays

Berkhamsted High Street



Berkhamsted High Street

Proposal:

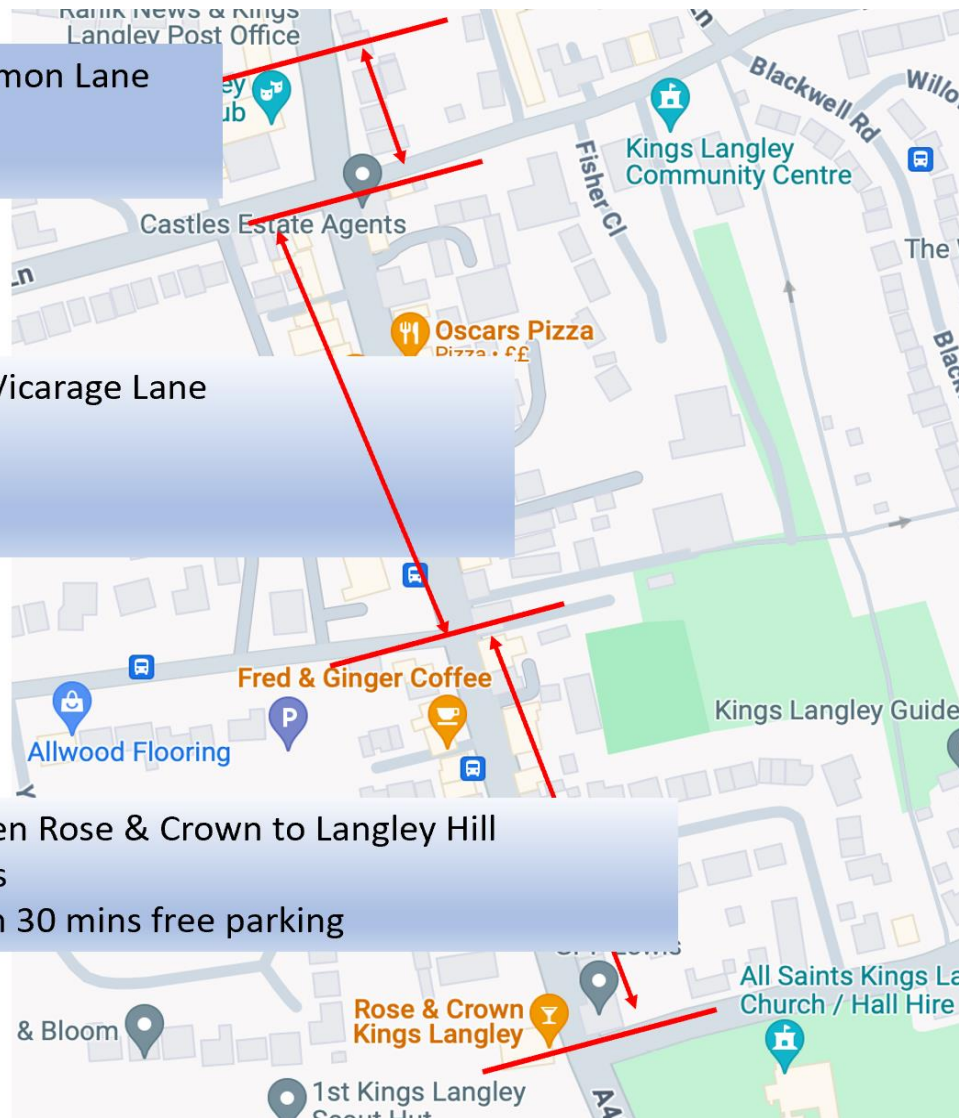
1. Free 30 mins bays, no return 2 hours at each end of the High Street
2. Paid bays in the centre of the High Street

Kings Langley High Street

Between Vicarage Lane & Common Lane
4 bays
Remain 30 mins free parking

Between Langley Hill & Vicarage Lane
28 bays
30 mins for £0.80
60 mins for £1.50

Between Rose & Crown to Langley Hill
21 bays
Remain 30 mins free parking

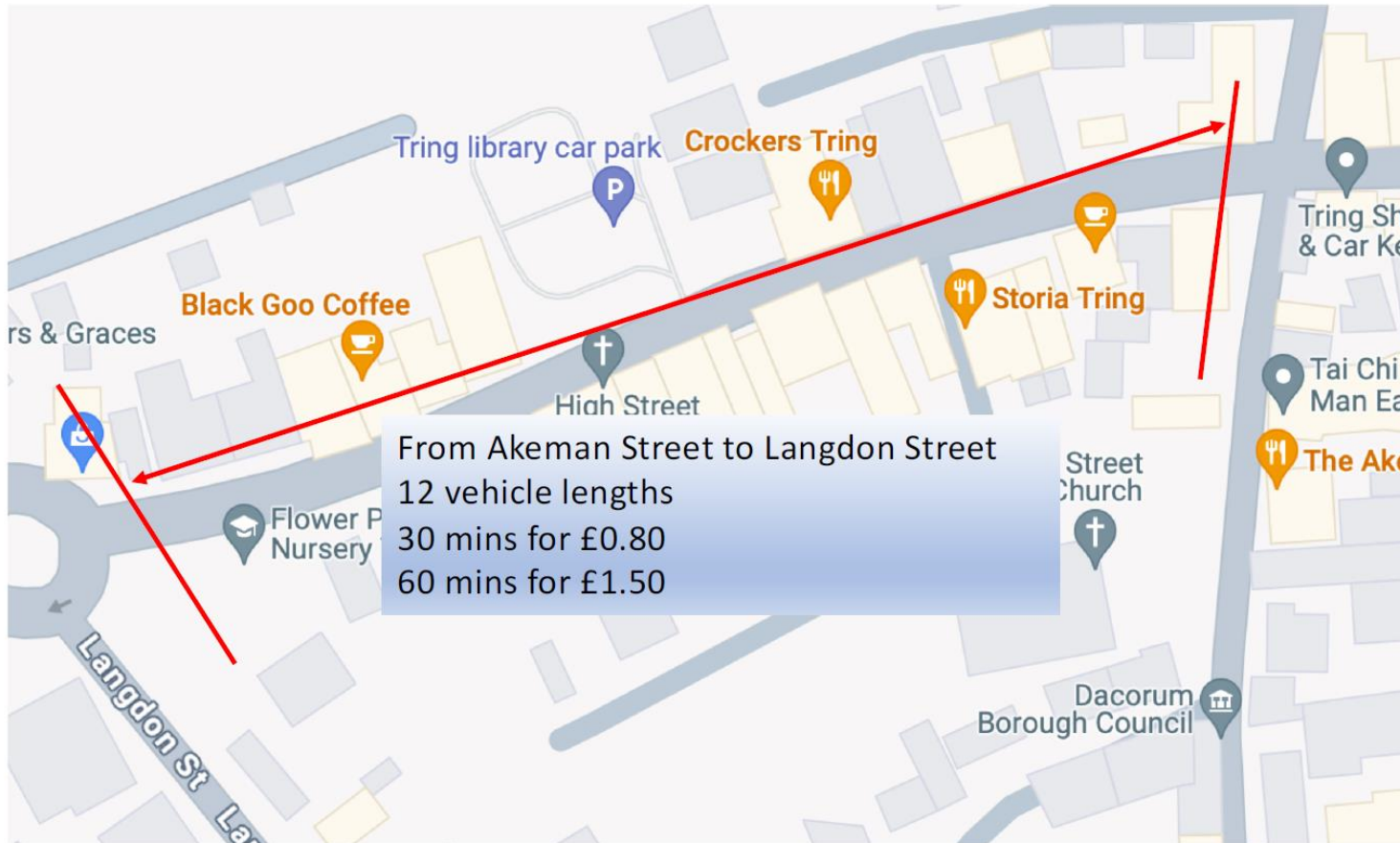


Kings Langley High Street

Proposal:

To reflect Berkhamsted High Street

1. Free 30 mins bays, no return 2 hours at each end of the High Street
2. Paid bays in the centre of the High Street
3. 'Pay by Phone' app to be used



Tring High Street

Proposal:

To reflect Berkhamsted High Street

1. Paid bays in the centre of the High Street
2. 'Pay by Phone' app to be used



Finance and Resources

Overview and Scrutiny Committee

| | |
|--|--|
| Report for: | Finance and Resources Overview and Scrutiny Committee |
| Title of report: | Climate and Ecological Emergency Programme Update |
| Date: | 7 February 2024 |
| Report on behalf of: | Councillor Adrian England, Portfolio Holder for Climate Action and Opportunity |
| Part: | I |
| If Part II, reason: | N/A |
| Appendices: | None |
| Background papers: | |
| Glossary of acronyms and any other abbreviations used in this report: | <p>CEE – Climate and Ecological Emergency</p> <p>SHDF – Social Housing Decarbonisation Fund</p> <p>EVCP - Electric Vehicle Charging Points</p> <p>HCC – Hertfordshire County Council</p> <p>EPC - Energy Performance Certificate</p> |

Report Author / Responsible Officer

Shaj Choudhury, Head of Transformation / Aidan Wilkie, Strategic Director for People and Transformation



Shaj.choudhury@dacorum.gov.uk / 07816 182243

| | |
|--|--|
| Corporate Priorities | <p>Climate and ecological emergency</p> <p>A clean, safe and enjoyable environment</p> |
| Wards affected | All |
| Purpose of the report: | <ol style="list-style-type: none"> To provide Finance and Resource with an update on the work the Council is doing to deliver its objectives set out in the Climate and Ecological Emergency Strategy |
| Recommendation (s) to the decision maker (s): | <ol style="list-style-type: none"> That Members note the report and identify any areas where they require additional information |
| Period for post policy/project review: | N/A |

1. Introduction/Background:

- 1.1. This Council firmly believes in the power of individual action and choice, influenced, perhaps even led, by the example manifested by the Borough Council. Individual actions will make a huge difference, accounting for approximately 40 per cent of global carbon emissions. Unconstrained disposable convenience can be expensive and produce huge waste, whereas taking the time and care to save on consumption, leads to saving and good stewardship. Creating renewable sources requires ingenuity and investment but proves most cost-effective in the long-run. By thinking globally and leading locally we can work together to build a sustainable future for Dacorum, which will be multiplied by our neighbours and their neighbours, to generate a wider positive impact on our planet.
- 1.2. Because of these threats to our global and local environment, in 2019 we declared a climate and ecological emergency and made this one of our six corporate priorities, we have pledged to:
 - Reach net-zero emissions as an organisation by 2030
 - Reach net-zero emissions for our council housing stock, by 2050 at the latest
 - Support the borough in reducing its emissions and reaching net zero as quickly as possible, by 2050 at the latest
 - Support the borough in improving biodiversity
 - Support the borough in creating more sustainable communities
- 1.3. As an example of leadership and efficiency, Reducing the organisations emissions is a key focus of Council. However, we understand that much of the borough's emissions are outside of our direct control so we pledged to support individuals, community groups, businesses and schools to become net zero by 2050. This particular target is the responsibility of everyone and we all have an important part to play.
- 1.4. Following the change in administration and, for the first time, appointment of a dedicated portfolio holder for Climate Action and Opportunity, there has been a renewed emphasis on Climate and Ecological Emergency at the council, and choosing an alternative to this emergency. This has directed attention and focus from senior leadership to the agenda and ensured that the Council have an ambitious and effective work programme in place to achieve the targets set out in our strategy.
- 1.5. The Climate and Ecological Emergency (CEE) programme is a Council wide endeavour to deliver the ambitions set out in the CEE Strategy, but flexible enough to see milestones and push for stretch goals, where these are emerging, across the Council and throughout the Borough. A central CEE team sits in the Transformation team, consisting of one Programme Manager and one Project Officer. The role of the central CEE team is to help co-ordinate these council wide efforts, supporting delivery and oversight of the work programme to ensure it is on track to deliver the CEE targets.
- 1.6. The Council have implemented a number of actions which have helped cut the organisations emissions by 14.3% from the baseline year of 2018/19. Between 2022/23 and 2023/24 reporting period we are expecting to see a further 24% decrease in emissions. This is good progress, but to achieve net zero by 2030 we must cut a further 12.5% emissions on average each year, with a key focus on our fleet and our built assets which makes up the majority of our emissions. For the whole borough emissions have reduced by 39% from a baseline of 2005 (or 12% from 2018) and we see a similar story in terms of the biggest emitters with transport making up 34% of and energy in the home 33%. To reach net zero in the borough for 2050 we must reduce emissions by 3.5% each year.
- 1.7. This report sets out the work undertaken to date establish the new work programme and an update on the different projects currently being delivered across the Council that will help us deliver our carbon reduction targets.

2. Key Issues/proposals/main body of the report:

- 2.1. To ensure a more pragmatic approach to achieving our CEE programme and focus resources on areas which will have the greatest impact, the CEE team recently undertook a comprehensive review of all existing actions to establish a focused CEE Programme that constitutes of defined projects and delivered with a consistent project management methodology in place. Projects were reviewed and prioritised based on based on, carbon saving, net zero targets, resource availability and cost.
- 2.2. Work was also undertaken to establish a robust governance process, ensuring there is focused oversight and accountability of progress on key project. Project boards meet monthly to record and report on progress against projects and their key milestones, address risks and project delays and escalate risks to the Programme Board that cannot be resolved in this Project Board. The CEE Programme Board, chaired by Strategic Director for People and Transformation, meets quarterly to ensure that the objectives set out in the CEE Strategy are delivered, undertake programme decisions, and hold project executives to account for the projects in the CEE programme.
- 2.3. This new CEE Programme with clear project governance and defined projects has been established for four months. The governance structure is working well, all stakeholders are clearly engaged, projects are progressing and it has enabled the identification of certain projects to be accelerated or focus to be shifted onto projects that were previously not up and running.
- 2.4. The following sections provides an update on the key projects and work areas of the CEE programme

Energy

- 2.5. Dacorum have approximately 10,000 social homes, and decarbonisation of these homes is a key element of our CEE strategy. £22.4M is planned to be allocated in the HRA Business Plan to achieve Energy Performance Certificate (EPC) C by 2035 in social homes, prioritising those in fuel poverty for 2030, in line with the government's milestones. The service is currently developing the plan to achieve EPC C for all properties. The council are reviewing all energy data, refreshing stock condition surveys and reviewing archetypes of the buildings so EPC C can be modelled by archetype. Early analysis of data suggests properties are better than previously reported, which puts the Council in a good position. This strategy, which seeks to widen the benefits of energy efficiency as much as practical, is due to be completed in April.
- 2.6. Dacorum invested £1.2m, along with a further £302,000 of government grant to decarbonise a cohort of homes as part of phase 1 of SHDF project. This phase is now complete and has successfully achieved an average EPC A rating in 24 council homes.
- 2.7. Dacorum have successfully levered in a further £580,000 of government grants to deliver phase 2 and have initially identified 30 further homes to work on, with work forecast to commence this month. This consists of 8 homes at Blackwell Road & 22 at Curtis Road. Work will include energy efficiency measures such as external wall insulation, loft insulation, draught proofing, heating controls, improved ventilation and solar PV installations. Government funding is being used where possible, but it often comes with constraints which limit its effect in widening the benefits.
- 2.8. The communal areas of sheltered housing form part of our targets to become net zero therefore the Council have been upgrading gas boilers to hybrid heat pumps and installing solar where possible in our sheltered housing blocks. Analysis of the impact of this work in a couple of schemes has shown a decrease in carbon emissions by 26% and 51% in each scheme. Work is planned in 12 more schemes and an additional £500K per year to 2030 is needed to complete these works in all schemes. The Council have allocated £500K for 24/25 so that the planning for the work can commence.
- 2.9. The council are also exploring opportunities to decarbonise the Council's built assets. Consultants were commissioned in 2021 to identify potential measures that can be implemented and associated benefits it would achieve, and reported in spring 2022. A number of recommendations were made which identified

the potential to make a total of £150k annual savings on energy bills through a total investment of £617k, giving a four-year payback, followed by many-fold income return. £40,000 has been invested in implementing some of these revenue budget recommendations so far, which is generating more than £34,000 of repeated annual savings in energy bills. With additional Capital investment opportunities relating to Leisure Centres, which could boost the total repeating annual benefit to £461k. Unfortunately the detailed report was not fully considered at the time due to staff movements, and only re-surfaced when the new Portfolio-Holder signified its importance and alerted the new CEE team to the potential investment and savings opportunities in it. Given two years have surpassed since the CLS report recommendations were made, costs have increased by about 30%, energy prices have also increased from about ~12p/kWh to ~30p/kWh or more, therefore the payback period would now be quicker and expected energy savings higher.

- 2.10. The council are working with the Greater South East Net Zero Hub (GSENZH) and Tallarna to develop an updated, prioritised and financed Net Zero programme to decarbonise our built assets by 2030. Some measures, such as solar and heat pumps, previously recommended by the consultants will form part of this prioritised plan, but there are a further 23 quick win measures, including thermostatic radiator valves, BMS controls, glazing and insulation, worth £22,000 (figures correct in 2022, the team are awaiting updated quotes) which we will be implementing as soon as possible. The total energy efficiency savings realised to date as well, as these quicker win measures planned, will save around £314,000 cumulatively by the end of 2026/27 financial year.
- 2.11. The council are also working with the Greater South East Net Zero Hub (GSENZH) to develop a prioritised and financed Net Zero programme to decarbonise our built assets by 2030. Some measures recommended by the consultants will form part of this prioritised plan, but there are some quick win measures which we will be implementing as soon as possible.

Fleet

- 2.12. The Council's fleet is responsible for 57% of DBC's total emissions it needs to decarbonise by 2030. The Council has carried out various fleet renewal strategies in recent years with the initial strategy to replace older polluting Euro V vehicles engines with newer compliant Euro VI engines and exhaust standards. Compared with the older Euro V standard vehicles Euro VI produce 67% less nitrogen oxide (NOx).
- 2.13. Work has also recently taken place on route optimisation for waste collections taking 5 vehicles off the road, saving over 8000 miles annually, which will have a further positive impact on emissions from our waste collection vehicles.
- 2.14. DBC has approximately 148 vehicles to decarbonise and currently is using one electric all-terrain vehicle and one e-bike. An electric waste vehicle was trailed in January for 10 days and has shown that some routes do have the potential to be done with an electric vehicle. Officers are currently undertaking some feasibility work to establish options for potential electrification of the wider Council fleet. This will require looking at the options of installing the associated infrastructure to support electric vehicles and exploring new and innovative technology.

Electric Vehicle Charging Points (EVCP)

- 2.15. DBC were awarded approximately £415,000 by the Office for Zero Emission Vehicles (OZEV), with support of the Energy Saving Trust, for additional charging points to be fitted in our public car parks. The OZEV funding and contribution from Connector Kerb will allow the installation of 98 fast-charge points across 16 car parks. We are also working with Connected Kerb's rapid-charging partner Osprey Charging Network who are funding the installation and maintenance of the rapid-charge points. Approximately £2.7 million of both public and private investment is being made in EVCPs through this project in Dacorum.
- 2.16. The Council are pleased with the high useage of the charge points. The data shows that Tring is the busiest site with 1,832 charge sessions already, followed by the High St in Hemel with 1,138 charges. The High Street is also pulling the highest average Kwh at 29. The rapid charge points are going in a

range of locations including Leverstock Green, already live, a prime location which will bring in trade to the shops and cafes, and Markyate crucial to bring rapid charge to a village and rural community. The 7.4Kwh chargers will have lower costs, charging more slowly, providing choice for EV users who don't have driveways at home. These go further to reach local residential communities including Hemel's former New Town Neighbourhood centres. The roll-out of these EVCP's pushes Dacorum forward as a leading district where private investment is stimulated, 'recharging' Dacorum.

- 2.17. The project is progressing well with five car parks now live with rapid charge points; The Forge, Hicks Road, The High St, Leverstock Green and Wood Lane End, with Langley Hill planned to go live in February. All Connected Kerb sites are planned for install in March, however the actual go-live date will be dependent on the District Network Operator. The rapid charging hub has received planning permission for Water Gardens South, with installation expected in summer 2024.
- 2.18. In addition to the above, Hertfordshire County Council (HCC) have been allocated £6m of funding through the Local Electric Vehicle Infrastructure (LEVI) funding. HCC have submitted a business case outlining how the funding would be used and we have contributed to this a draft list of locations to their business case. The LEVI fund prioritises off street locations, as such the list is comprised of locations in car parks at community centres or shopping areas, with a few of on street chargers where there was no off-street option available nearby to suit residents. The idea is that this fund will be used to distribute charge points much more closely to residents' homes, ensuring they're within a walkable distance and prioritising areas where residents do not have off street parking.

Active Travel

- 2.19. We have been using our influence through our planning policy and planning processes to integrate climate change mitigation and adaptation and wider benefits, for example, using the Local Plan to reduce the need to travel and a focus on providing sustainable transport.
- 2.20. Hemel Garden Communities is a programme seeking to deliver approximately 11,00 homes and 10,00 jobs to Hemel Hempstead by 2050. The Transport Vision and Strategy document sets the ambition for a well-connected town, with a network which supports increasing journeys made through sustainable and active ways of travel (Walking, cycling, wheeling and public transport). The policy supports the vision for movement in Hemel Hempstead in 2050. This includes that 40% of all trips starting and/or ending in the existing settlement area of Hemel Hempstead should be by active and sustainable travel modes. 60% of all trips starting and/or ending in the new Garden Communities should be by active and sustainable travel modes by 2050.
- 2.21. Dacorum is currently developing a Local Cycling and Walking Infrastructure Plan (LCWIP) to encourage residents to cycle and walk more. Draft walking and cycling maps have been developed, with public consultation, which commenced on 29th January and open for four weeks. The consultation exercise aims to provide residents with sufficient information about the LCWIP, harness and include local knowledge on the walking and cycling network and seek feedback on the network plans to inform the next stage of the Dacorum LCWIP.
- 2.22. The Council are currently exploring the feasibility of the provision of E-bikes in the borough. Officers have met with peers at Watford and Stevenage who have recently implemented E-Bike schemes to learn from their schemes and have engaged with potential providers to understand costs, risks and liabilities etc. to help inform the feasibility of implementing a scheme in Dacorum. The project is going through various internal approvals at the moment. Both projects will enable residents to make a shift towards active travel, supporting our CEE ambitions.
- 2.23. Additionally, HCC are working on several projects to increase active travel in DBC, such as improvements at Boundary Way Roundabout and Buncefield Lane Quietway and Jarmans Park Improvements including a pedestrian surface level crossing.

Nature Recovery

- 2.24. A green screen project is underway, installing a living barrier around schools to reduce air pollution. Swing Gate and Nash Mills have been identified as schools for this project. Nash Mills is planned to be funded by Dacorum Borough Council and the council are discussing the opportunity to fund Swing Gate through the HCC Sustainable Herts Habitat Intervention Project. Swing Gate already has air quality monitors in place, so we can measure any difference the green screen has on air quality levels.
- 2.25. The council are also expanding wildflower areas - we now have 45, planting new trees - in 2030 we planted 130 trees and 2500 whips. The recent HCC giveaway totalled 5500 whips allocated to the area of Dacorum, with all to be planted in private property. Additionally, Affinity Water and the Environmental Agency are perusing chalk river restoration projects at the River Bulbourne and River Gade.

DCAN and other activities

- 2.26. The Council run the Dacorum Climate Action Network (CAN), which organises events and initiatives throughout the year for residents, schools and organisations to get involved in making changes to achieve our CEE objectives. DCAN hosted its third annual conference and networking event in November, with a focus on community climate action. More than 90 people attended the event in November. Throughout the evening, the audience heard from speakers representing Dacorum Environmental Forum, Community Action Dacorum, Grand Union Community Energy, and Sustainable Tring. These presentations provided the basis for lively and positive discussion about how we can work together across the borough to secure a better future for all.
- 2.27. Carbon literacy training has also been delivered to all senior management team members and to new Portfolio Holders. Mandatory training for all staff members on Climate and Ecological Emergency has also been implemented, to ensure all staff members are aware of the need to change behaviours at an individual level to help achieve our CEE ambitions.
- 2.28. The CEE Programme is working on many other projects, such as liaising with HCC on the Local Area Energy Plan, and across the piece looking for ways to help Council services and residents and businesses alike to be supported to record their progress milestones on a regular and organised basis, so that a positive feedback loop can become established.

3. Conclusion

- 3.1. By pursuing investment in energy efficiency measures we can save the Council money, which can be reinvested further to continue to generate savings for the long term, creating a wider reach for energy efficiency significant carbon savings.
- 3.2. The objectives set out in the CEE Strategy are very challenging to achieve but is critical to ensure we minimise and mitigate the impacts of climate change on our residents and communities. As can be seen from the various actions and projects set out in this report, our renewed approach to Climate and Ecological Emergency will enable us to make significant progress against our target for reducing the Council's emissions.
- 3.3. We recognise the leadership role that DBC has, but also the power of residents and businesses to enable us as a borough to become net zero by 2050. The Dacorum Climate Action Network brings together local individuals and organisations to "think global and act local" and we will be focusing efforts in the coming years on how we can support our communities and residents more effectively to change behaviours and enable us to collectively achieve Net Zero by 2050.

Clerk: Trudi Angel (x2224)

Finance and Resources Overview & Scrutiny Committee Work Programme 2023/2024

| Meeting Date | Report Deadline | Items | Contact Details | Background information |
|--------------|------------------|--|---|---|
| 5 March 2024 | 23 February 2024 | Action Points (from previous meeting) | Democratic Services Trudi.angel@dacorum.gov.uk | |
| | | Q3 Corporate & Commercial Performance Reports: <ul style="list-style-type: none"> Finance and Resources Legal and Democratic Services Commercial Development Services GF Property Service | Strategic Director, Corporate and Commercial Catherine.silvadoonayre@dacorum.gov.uk Chief Finance Officer Nigel.howcutt@dacorum.gov.uk Assistant Director, Legal & Democratic Services Mark.brookes@dacorum.gov.uk Head of Commercial Development Ben.Hosier@dacorum.gov.uk Strategic Director, Housing & Property Services Darren.Welsh@dacorum.gov.uk | <i>To review and scrutinise quarterly performance</i> |
| | | Budget Monitoring Report | Chief Finance Officer Nigel.howcutt@dacorum.gov.uk | <i>To review and scrutinise quarterly performance</i> |
| | | Q3 People and Transformation Performance Report | Strategic Director, People and Transformation Aidan.wilkie@dacorum.gov.uk | <i>To review and scrutinise quarterly performance</i> |