

CABINET AGENDA



TUESDAY 26 JULY 2016 AT 7.30 PM
DBC BULBOURNE ROOM - CIVIC CENTRE

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

Membership

| | |
|--------------------------------------|---------------------|
| Councillor Williams (Leader) | Councillor Harden |
| Councillor Griffiths (Deputy Leader) | Councillor Marshall |
| Councillor Elliot | Councillor G Sutton |

For further information, please contact Michelle Anderson or Member Support

AGENDA

1. **MINUTES** (Pages 4 - 16)

To confirm the minutes of the meeting held on Tuesday 28th June 2016 (circulated separately to Cabinet members).

2. **APOLOGIES FOR ABSENCE**

To receive any apologies for absence.

3. **DECLARATIONS OF INTEREST**

To receive any declarations of interest

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

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

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

(ii) may not participate in any discussion or vote on the matter (and must withdraw to the public seating area) unless they have been granted a dispensation.

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

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

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

4. PUBLIC PARTICIPATION

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

5. REFERRALS TO CABINET

There were no referrals to Cabinet

6. CABINET FORWARD PLAN (Pages 17 - 19)

7. VIREMENTS (Pages 20 - 22)

8. RISK MANAGEMENT QUARTER 4 (Pages 23 - 42)

9. COMPLAINTS REPORT (Pages 43 - 56)

10. HOUSING ASSET MANAGEMENT STRATEGY (Pages 57 - 82)

11. MEDIUM TERM FINANCIAL STRATEGY (Pages 83 - 106)

12. BERKHAMSTED MULTI STOREY CAR PARK (Pages 107 - 114)

13. AFFORDABLE HOUSING SUPPLEMENTARY PLANNING DOCUMENT: CLARIFICATION STATEMENT (Pages 115 - 130)

14. EXCLUSION OF THE PUBLIC

To consider passing a resolution in the following terms:

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

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

MINUTES

CABINET

28 JUNE 2016

Present:

Members:

Councillors: Williams (Leader)
Griffiths (Deputy
Leader)
Elliot
Harden
Marshall
G Sutton

| | | |
|------------------|-------------------|---|
| Officers: | Mark Brookes | Solicitor to the Council and Monitoring Officer |
| | Sally Marshall | Chief Executive |
| | James Deane | Corporate Director - Finance and Operations |
| | Mark Gaynor | Corporate Director - Housing & Regeneration |
| | James Doe | Assistant Director - Planning and Regeneration |
| | Jim Doyle | Group Manager - Democratic Services |
| | Robert Smyth | Assistant Director - Performance, People and Innovation |
| | Chris Baker | Group Manager - Revenues, Benefits & Fraud |
| | Matt Rawdon | Group Manager - People |
| | Barbara Lisgarten | Legal Governance Team Leader |
| | Katie Mogan | Member Support Officer |
| | Andrew Marsh | Innovation and Improvement Officer |

The meeting began at 7.30 pm

CA/55/15 MINUTES

The minutes of the meeting held on 24 May 2016 were agreed by the members present and signed by the Chairman.

CA/56/15 APOLOGIES FOR ABSENCE

None received

CA/57/15 DECLARATIONS OF INTEREST

None received

CA/58/15 PUBLIC PARTICIPATION

None received

CA/59/15 REFERRALS TO CABINET

None received

CA/60/15 CABINET FORWARD PLAN

That the Cabinet Forward Plan be noted, subject to the following amendments:
The relocation of the Athletics Track to be added to the September agenda

CA/61/15 AUTHORISATION OF VIREMENTS

Decision

That the Virements as detailed on the attached Form A to the Cabinet report be approved.

Reason for Decision

To seek Cabinet approval to proposed virements

Implications

Financial

The Scheme of Virements is part of the Council's financial management.

Risk Management

There are no risk implications.

Corporate Objectives

Delivering an efficient and modern Council.

Monitoring Officer/S.151 Officer Comments

Monitoring Officer:

No comments to add to the report

Deputy S.151 Officer:

This is a Section 151 Officer report.

Advice

The Portfolio Holder for Finance and Resources said this was a straight forward report showing the movement and distribution of funds.

Voting

None.

CA/62/15 STATEMENT OF COMMUNITY INVOLVEMENT

Decision

Resolved to Recommend:

- 1. the responses to comments received on the draft Statement of Community Involvement (2016); and**
- 2. the new Statement of Community Involvement to guide future consultation on planning matters as annexed in the report to Cabinet.**

Reason for Decision

That Cabinet consider consultation responses received on a new Statement of Community Involvement (2016), agree responses to comments received and recommend to Council the formal adoption of the new document.

Financial

There are no direct financial implications relating to the preparation of a new SCI. However, there are implications for the consultation arrangements set out within it: and the need to balance public expectations regarding the types of consultation techniques with the costs involved.

Value for money

The SCI sets out the range of consultation techniques that will be used within the planning process and the need to ensure that these are fit for purpose and proportionate in terms of the scale and nature of the planning issue(s) involved.

Legal

The production on an SCI is a legal requirement. Compliance with an up to date SCI assist the Council in defending objections and appeals against its planning decisions. Conversely, failure to comply with the standards and processes set out within the SCI could result in legal action against the Council.

Staff

No direct implications for staffing. However, all staff and elected Members need to be aware of the content of the SCI and follow processes and procedures within it.

Land

No direct implications, although the planning documents and proposals that will be subject to consultation will have implications for the future use of land.

Risk Implications

Key challenges relating to consultation are set out within the SCI itself. Key risks relate to non-compliance with the SCI – resulting in legal challenges - and the need to balance public aspirations regarding consultation and involvement in planning decisions, with the limited budgets available.

Equalities Implications

Equalities issues are considered through the Sustainability Appraisal process that all planning policy documents are subject to. The SCI itself also considers the most appropriate consultation techniques to reach different types of consultees. There may also be indirect implications for the SCI i.e. relating to the choice of venues for public consultation events and the need to ensure these are DDA compliant.

Health & Safety Implications

No direct implications. There may be indirect implications relating to different types of consultation techniques and the choice of event venues.

Corporate Objectives

The SCI sets out how the Council will consult on its planning policy documents and on planning applications. It therefore directly supports the 'Community Capacity' and 'Dacorum Delivers,' and indirectly supports all other objectives via the plans and developments that arise through the planning process.

Monitoring Officer/S.151 Officer Comments

Monitoring Officer

No comments to add to the report.

Section 151 Officer

There are no direct financial consequences of the proposed recommendation. Any resource requirements for delivering consultations in line with the proposed Statement of Community involvement will have to be met from approved existing budgets

Advice

The Portfolio Holder for Planning and Regeneration introduced the report and said this process was started in 2006 and has already been brought to Cabinet this year but this report has a few changes.

The Assistant Director for Planning, Development and Regeneration said the report highlights the principal changes. On page 24, the report shows the alignment with new legislation and the role of social media in the consultation process.

The Portfolio Holder for Environmental, Sustainability and Regulatory Services said that the newsletter was a brilliant idea. The Portfolio Holder mentioned this had been discussed at the Cabinet meeting in December and referred to page 84 of the report. The Portfolio Holder appreciated that this was a draft statement and so asked if the third column heading on page 84 could be changed to “site notice and/or neighbour notification letter” and this would allow for flexibility.

The Assistant Director for Planning, development and Regeneration said this was a helpful suggestion and sometimes it was appropriate to have both a site notice and neighbour notification letter.

Voting

None.

CA/63/15 COMPLAINTS

Decision

That the implementation of a new ‘Compliments, Comments and Complaints Policy and Procedure’ be approved subject to an amendment to Change 5 (page 92) so that residents remain the primary point of contact for complaints and the amended report to return to a future Cabinet meeting.

Reason for Decision

For Cabinet to review and approve the implementation of a new ‘Compliments, Comments and Complaints Policy and Procedure’.

Implications

Financial

Managing complaints ensures that we improve the quality of services and target our resources in the most effective way.

Operational

The failure to properly address issues raised in complaints (and to learn lessons) could lead to operational service issues.

Value for Money

Effective management of complaints supports the achievement of value for money in the pursuit of the Council’s objectives

Risk Implications

A robust Asset Management Strategy (AMS) mitigates the risk of the Council not being able to deliver the benefits described above.

Health & Safety Implications

None

Corporate Objectives

Modern and Efficient Council – The effective management of complaints is vital to ensure that we deliver services which respond to the needs of residents.

Monitoring Officer/S.151 Officer Comments

Monitoring Officer:

This policy will ensure that residents have a right to request that decisions, actions or omissions of the Council are reviewed at an appropriately level of management within the Council. The policy balances that right with the need to manage complaints in an efficient manner.

S.151 Officer

There are no direct financial implications of this decision.

Advice

The Portfolio Holder for Residents and Corporate Services introduced the item and said the change in policy was needed to manage and learn from complaints. In 2014/15, the Council received 1248 complaints and significant time and resources were used to solve complaints. The Innovation and Improvement team have identified issues in the current system and have incorporated this into the new process. It is hoped that the new system will allow for a more robust reply. The Portfolio Holder summarised the changes to the procedure:

- There will be a time limit of 90 days from the incident whereas previously there was no limit.
- We have introduced a clear policy for dealing with inappropriate, unreasonable or vexatious complainers. We currently have no formal policy on this issue.
- We have reduced the number of complaints steps from three to two. This is in line with LGO guidance and it streamlines our approach in line with many other local authorities. As we have reduced the process we have also revised down time allowed for Stage 1 from 20 days to 15 days.
- At present if anyone is unhappy, for any reason, they can ask for progression to Stage 2 and Stage 3. This is not an effective use of resources and it means we are likely to spend disproportionate amounts of time dealing with unreasonable demands and expectations.
- We can often receive the same complaint from a resident and an MP, if they have chosen to send details of their issue to multiple parties. This makes it time consuming and difficult to manage, because in effect we are handling (and responding to) the same complaint twice. It can also delay the process.

The Portfolio Holder for Housing objected to the change regarding dealing with just an MP complaint. The Portfolio Holder felt it was rude to not continue with a resident's complaint unless they have specifically stated that they have handed over the complaint for the MP to deal with.

The Assistant Director for Performance, People and Innovation said that currently, complaints are dealt directly with the resident and with the MP and it is recorded. With the new procedure, we can deal with one complaint in one manner and therefore we will not be dealing with two points of contact. This also prevents the risk of inconsistencies.

The Portfolio Holder for Environmental, Sustainability and Regulatory Services supported the comments from the Portfolio Holder for Housing. The Portfolio Holder said it was totally wrong to drop the resident's complaint. It would be more sensible to copy the MP into any correspondence, not make the MP the principal complainant.

The Portfolio Holder for Residents and Corporate Services understood the concerns raised. If the resident has enacted the MP as their representative then they will be the main point of contact. The MPs serving Dacorum have not yet been consulted.

The Portfolio Holder for Housing asked who would get priority if the same complaint was raised by a resident, a councillor and a MP.

The Assistant Director for Performance, People and Innovation said it would depend on the circumstance but Councillors and MPs would both be involved. The Assistant Director said the aim here was to have a single point of contact. If Cabinet would like to change the resident to the single point of contact then that can be changed in the procedure.

The Leader of the Council said that if the answer should be the same for both the resident and MP and the Council should not need to change their response due to pressure from an MP. The resident should be the primary point of contact and the MP notified. The Leader said himself or the Chief Executive should raise this personally with the local MPs.

The Portfolio Holder for Environmental, Sustainability and Regulatory Services questioned the 90 day time limit. The 90 days from the incident may be inappropriate in cases where houses have had work done to them and if the work is of a poor standard, then this may not be apparent for some time. Can the policy be tweaked for exceptions? The Portfolio Holder was also concerned with the changes regarding refusing resident's progress to stage 2 and the involvement of the Local Ombudsman.

The Assistant Director for Performance, People and Innovation said that the 90 day limit is from when a resident becomes aware of an issue and that the complainant can pursue the matter with the Local Ombudsman even if the Stage 2 process is refused by the Council on a complaint. He said he would amend the wording in the Policy to clarify this.

The Leader of the Council suggested that the feedback from Cabinet be implemented and then brought back to Cabinet to discuss and show changes.

Voting

None.

CA/64/15 NATIONAL GRADUATE DEVELOPMENT PROGRAMME

Decision

1. That the recruitment of a graduate in 2016 from the National Graduate Development Programme be approved.

Resolved to Recommend:

2. **Approval for drawing down £72,800 from the Management of Change reserve.**

Reason for Decision

To recommend to Cabinet that the Council participate in the National Graduate Development Programme (NGDP) for 2016 (Cohort 18).

Implications

Financial

Overall costs = £72,800 for the entire programme, funded by the management of change reserve

Value for Money

No implications due to the scheme being nationally recognised and is the only one of its type.

Risk Implications

Any associated risks will be covered by staff inductions and training, as per any other member of staff.

Health & Safety Implications

The Council's Health and Safety policies would apply to this post.

Corporate Objectives

Dacorum Delivers:

Building an efficient, effective modern Council means having the right workforce in place, which includes employing 'young people' with fresh and current ideas.

This programme also supports succession planning by assisting the Council in growing leaders for the future.

Monitoring Officer/S.151 Officer Comments

Monitoring Officer:

No comments to add to the report

S.151 Officer

Following approval by Council the required amount (£72,800 in total) can be met from the Management of Change reserve to be drawn down over 2016/17 and 2017/18.

Advice

The Portfolio Holder for Residents and Corporate Services introduced the item regarding a two year graduate post from the Local Government Association. The Council have previously had eight graduates and all have gone on to permanent senior positions.

The Portfolio Holder for Housing supported this scheme and said she was proud of all the graduates that had worked at the Council.

Voting

None.

CA/65/15 PARKING ARRANGEMENTS FROM JANUARY 2017 AND ASSOCIATED TRAFFIC REGULATION ORDERS

Decision

That the following be approved:

1. The parking arrangements, following the move to the Forum in January 2017, as set out in paragraph 2.2 of the Cabinet report;
2. The groups of designated users who will be entitled to apply for a parking permit as set out in paragraph 5.3;
3. The charge for permits as set out in paragraph 5.4;
4. The commencement of a formal consultation for a Traffic Regulation Order (Borough of Dacorum (Off-Street Parking Places) (Hemel Hempstead) Order 2016) to amend current parking arrangements within the Watergardens North and South car parks, Moor End Road and Wood Lane End car parks as set out in paragraphs 4.4 and 9.1-9.4 of the report;
5. Delegating authority to the Portfolio Holder for Finance and Resources to consider the consultation responses received pursuant to recommendation 4, and to decide whether to make the Traffic Regulation Order or discontinue the order; and,

Revoking the relevant parts of the existing Dacorum off-street Traffic Regulation Order.

Reason for Decision

To seek authority to formally consult upon proposals to make a new Traffic Regulation Order to facilitate changes to parking following the move to The Forum in January 2017, and to approve proposed changes to parking regulations in Moor End Road and Wood Lane End car parks.

Implications

Not implementing this Traffic Regulation Order could cause displacement parking on roads around the town centre. Failure to provide parking could impact upon the Council's ability to recruit and retain staff.

Implementing this Traffic Regulation Order should not cause any displacement of the public. The resurfacing works have been brought forward to make the necessary work less disruptive, they do not add any additional cost.

These works are necessary, and will be awarded on the basis of a competitive tendering process.

Health & Safety Implications

There will be an increased number of people walking from the Water Gardens North car park across Combe Street to the Forum but this does not raise any particular health and safety concerns as adequate crossing points are available

Occasional use of the Water Gardens North car park during the evening. Additional lighting and CCTV will be installed to address the safety concerns around increased evening use.

Corporate Objectives

Providing this parking will keep Hemel Hempstead town centre a clean, safe and enjoyable environment by preventing increased on-street parking following the loss of spaces around the Civic Centre.

These changes will contribute to a modern and efficient Council by ensuring that key users are able to access the Forum building as required, essential car users returning from off-site visits are able to find parking, and the Council is able to recruit and retain the staff it needs to provide a high quality service to residents.

Monitoring Officer/S.151 Officer Comments

Monitoring Officer:

Comments have been incorporated into the report.

S.151 Officer

Based on the count data within the report, the proposal to create a permit area for designated users within the Water Gardens North car park will not displace public parking and will not therefore result in a loss of income for the Council.

Advice

The Portfolio Holder for Finance and Resources introduced the item and said the report was to deal with the move to The Forum and to accommodate council staff

and members without causing more congestion or costs. Using the Water Gardens North car park will be a more effective use of the space available. There will be a £25 permit for a year and the Portfolio Holder would like to thank the Innovation and Improvement Officer for all his hard work on this project.

The Portfolio Holder for Housing said that this was a good scheme and members that do not come to the Council during the day will be able to make use of the free parking in the evenings and not have to buy a permit.

The Portfolio Holder for Environmental, Sustainability and Regulatory Services asked if the Forum had designated disabled bays. The Portfolio Holder was concerned about people with mobility problems that might not necessarily qualify for a blue badge. There is no lift in the Water Gardens car park and it is a fair distance to walk.

The Corporate Director for Housing and Regeneration said that the lower floor in the Forum has designated disabled bays so blue badge holders can park there. The Corporate Director said that only 4 or 5 staff fit in that category at the moment but Assistant Directors and Group Managers are currently collecting information from staff members to identify any issues.

The Leader of the Council asked if there was any short term flexibility for on-site parking.

The Corporate Director for Housing and Regeneration said that there will be a limited number of dedicated spaces and there will be no reserved spaces. However, a criteria for staff needing a space on site for the short term is something that could be looked at.

The Portfolio Holder for Planning and Regeneration said that he had recently visited Luton Borough Council and the nearest available parking was 25 minutes away on foot. The Portfolio Holder said that the Council are very fortunate to have available space nearby.

The Leader of Council advised Cabinet that the Council had taken the opportunity to deal with the other car parks in the town at the same time. There will be an improvement in the availability of short stay parking with a 2 hour maximum time limit in the Water Gardens South. Also, there will be a four hour tariff in the Moor End Road car park, not just an all day one. This car park is not big enough to introduce short stay parking. He also said that he hoped for better technology with different ways to pay for parking with a new car parking contract in the future.

Voting

None.

CA/66/15 COUNCIL TAX SUPPORT SCHEME REVIEW

Decision

Resolved to Recommend:

- 1. not to revise or replace the current Council Tax Support scheme for 2017/18.**
- 2. Approval of the proposed minor technical changes to the 2017/18 Council Tax Support scheme as laid out in paragraphs 22 and 23 of the report.**

Reason for Decision

To consider whether to revise or replace the existing Council Tax Support scheme for the 2017/18 billing year, and if so, to approve options for consultation.

To note the requirement to consider revision or replacement of the Council Tax Support scheme for 2017/18. To consider the recommendation to uprate the calculation amounts for working age people within the scheme and to adjust the scheme to introduce a rule to automatically do this in future years. To consider the recommendation to make an adjustment to the rule defining disability for the purpose of classing a taxpayer as vulnerable within the scheme.

Implications

Financial

There are no direct financial implications arising if Cabinet agree with the recommendations made by this report, as the assumptions in the MTFS about council tax income are based on the continuation of the current scheme. The potential impacts of other choices are explained in the body of this report.

Community Impact Assessment

An Equality Impact Assessment (EIA) was undertaken on the 2013 Council Tax Support scheme. There have been no changes since that date which have required an update to that assessment. If revision or replacement of the scheme is being considered, then an updated Community Impact Assessment will be developed in order to form part of the consultation process.

Health & Safety Implications

There are no health and safety implications arising from this report.

Corporate Objectives

Effective management of the Council's finances supports the Council's vision and all five of its corporate objectives.

Monitoring Officer/S.151 Officer Comments

Monitoring Officer:

Schedule 1A of the Local Governance Finance Act 1992 (as amended) requires that a billing authority (this Council) considers each financial year whether to whether to revise or replace its Council Tax Support Scheme.

This report satisfies that requirement and recommends no revision or replacement to the current scheme other than the minor technical changes noted. If Cabinet or Council does require revision or replacement of the scheme following consideration of this report further consultation will be required.

S.151 Officer

This is a S151 Officer report.

Advice

The Portfolio Holder for Finance and Resources said that the Council was required, under law, to review or replace the Council Tax Support Scheme. The Portfolio Holder said that there were a couple of minor technical changes to support residents.

The Group Manager for Revenues, Benefits and Fraud said that there were a few minor amendments due to catching up with new welfare legislation.

Voting

None.

The Meeting ended at 8.10 pm

CABINET FORWARD PLAN

| | DATE | MATTERS FOR CONSIDERATION | Decision Making Process | Reports to Monitoring Officer/S.15 1 Officer | CONTACT DETAILS | BACKGROUND INFORMATION |
|-----|----------|---|-------------------------|--|---|--|
| 1. | 26/07/16 | Risk Management Q4 | | 07/07/16 | James Deane, Corporate Director Finance and Operations 01442 228278 james.deane@dacorum.gov.uk | To review the updated Strategic Risk Register. |
| 2. | 26/07/16 | Housing Asset Management Strategy | | 07/07/16 | Elliott Brooks, Assistant Director (Housing) 01442 228615 elliott.brooks@dacorum.gov.uk Fiona Williamson, Group Manager (Property & Place) 01442 228855 fiona.williamson@dacorum.gov.uk | To set out the strategic approach as to how the Council will maintain and invest in its housing stock |
| 3. | 26/07/16 | Medium Term Financial Strategy | | 07/07/16 | James Deane, Corporate Director Finance and Operations 01442 228278 james.deane@dacorum.gov.uk | An updated review of the Council's financial position over the medium-term |
| 4. | 26/07/16 | Berkhamsted Multi Storey Car Park | | 07/07/16 | David Skinner, Assistant Director Finance & Resources, 01442 228662 david.skinner@dacorum.gov.uk | To be provided |
| 5. | 26/07/16 | Affordable Housing Supplementary Planning Document: Clarification Statement | | 07/07/16 | James Doe, Assistant Director Planning, Development & Regeneration 01442 228583 James.doe@dacorum.gov.uk Laura Wood, Strategic Planning and Regeneration Team Leader 01442 228661 laura.wood@dacorum.gov.uk | To clarify the Council's policy on the requirement of affordable housing on smaller development sites following a recent Court decision in relation to Ministerial Statement reference HCWSS50 |
| 6. | 26/07/16 | Complaints Report | | 07/07/16 | Robert Smyth, Assistant Director Performance & Projects 01442 228979 robert.smyth@dacorum.gov.uk | To be provided |
| 7. | 20/09/16 | Performance report Quarter 1 | | 01/09/16 | James Deane, Corporate Director Finance and Operations 01442 228278 james.deane@dacorum.gov.uk | Quarterly update on management of the Council's strategic risks |
| 8. | 20/09/16 | Treasury Management Strategy | | 01/09/16 | David Skinner, Assistant Director Finance & Resources, 01442 228662 david.skinner@dacorum.gov.uk | To be provided |
| 9. | 20/09/16 | Facilities Management Award of Contract | | 01/09/16 | David Skinner, Assistant Director Finance & Resources, 01442 228662 david.skinner@dacorum.gov.uk Ben Hosier, Group Manager Commissioning, Procurement & Compliance 01442 228215 ben.hosier@dacorum.gov.uk | A recommendation will be presented to Cabinet to seek authorisation to award a contract for a new Facilities Management Service |
| 10. | 20/09/16 | Hemel Hempstead Town Centre Parking Access and Movement Strategy | | 01/09/16 | James Doe, Assistant Director Planning, Development & Regeneration 01442 228583 James.doe@dacorum.gov.uk Chris Taylor, Group Manager Strategic Planning and Regeneration 01442 228405 chris.taylor@dacorum.gov.uk | To consider arrangements for taking forward the next stages of the parking access and movement strategy for Hemel Hempstead Town Centre |

| | DATE | MATTERS FOR CONSIDERATION | Decision Making Process | Reports to Monitoring Officer/S.15 1 Officer | CONTACT DETAILS | BACKGROUND INFORMATION |
|-----|----------|---------------------------------------|-------------------------|--|---|--|
| | | | | | Nathalie Bateman, Strategic Planning & Regeneration Team Leader 01442 228592 nathalie.batemen@dacorum.gov.uk | |
| 11. | 20/09/16 | Enterprise Zone | | 01/09/16 | James Doe, Assistant Director Planning, Development & Regeneration 01442 228583 James.doe@dacorum.gov.uk | To seek Council's agreement to sign off proposals |
| 12. | 20/09/16 | Impact of Housing and Planning Act | | 01/09/16 | Mark Gaynor, Corporate Director Housing & Regeneration, 01442 228575 mark.gaynor@dacorum.gov.uk | To outline the changes in legislation impacting on the Housing and Planning services resulting from the Housing and Planning Act 2016, including capacity and resource implications |
| 13. | 20/09/16 | Dacorum Leisure Review | | 01/09/16 | Robert Smyth, Assistant Director Performance & Projects 01442 228979 robert.smyth@dacorum.gov.uk | To be provided |
| 14. | 20/09/16 | Ladbrokes Site, Jarman Park Part 2 | | 01/09/16 | James Deane, Corporate Director Finance and Operations 01442 228278 james.deane@dacorum.gov.uk | To be provided |
| 15. | 20/09/16 | Options for Update on Running Track | | 01/09/16 | James Deane, Corporate Director Finance and Operations 01442 228278 james.deane@dacorum.gov.uk David Skinner, Assistant Director Finance & Resources, 01442 228662 david.skinner@dacorum.gov.uk | To be provided. |
| 16. | 20/09/16 | Acquisitions Policy | | 01/09/2016 | Elliott Brooks, Assistant Director Housing 01442 228615 Elliott.brooks@dacorum.gov.uk Simon Smith, Assets and Business Improvement Team Leader 01442 228464 simon.smith@dacorum.gov.uk | To set out the principles by which the Council's Housing Revenue Account will acquire assets including buying back properties previously sold under Right to Buy |
| 17. | 20/09/16 | Disposal of Assets | | 01/09/16 | David Austin, Assistant Director Neighbourhood Delivery 01442 228355 david.austin@dacorum.gov.uk | To seek approval for the disposal of an asset (recycling equipment at Cupid Green Depot). |
| 18. | 18/10/16 | Homelessness Strategy Review | | 29/09/16 | Elliott Brooks, Assistant Director Housing, 01442 228615 elliott.brooks@dacorum.gov.uk Natasha Brathwaite, Strategic Housing Group Manager, 01442 228840 natasha.brathwaite@dacorum.gov.uk | The Homelessness Strategy is a statutory requirement that all local authorities have. The document is required to set out our approach to Homelessness in the borough. This is a 2013-2018 document, which is having a formal review |
| 19. | 18/10/16 | Quarter 1 Strategic Risk Report | | 29/09/16 | David Skinner, Assistant Director Finance & Resources, 01442 228662 | Quarterly update on management of the Council's |

| | DATE | MATTERS FOR CONSIDERATION | Decision Making Process | Reports to Monitoring Officer/S.15 1 Officer | CONTACT DETAILS | BACKGROUND INFORMATION |
|-----|----------|---------------------------|-------------------------|---|--|------------------------|
| | | | | | david.skinner@dacorum.gov.uk | strategic risks |
| 20. | 18/10/16 | HRA Business Plan Review | | 29/09/16 | Elliott Brooks, Assistant Director Housing, 01442 228615 elliott.brooks@dacorum.gov.uk | To be provided |
| 21. | 29/11/16 | | | 10/11/16 | | |

Future Cabinet Dates 2016: 13th December:

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

Dates to be confirmed:



**AGENDA ITEM:
SUMMARY**

| | |
|-------------------------|---------------------|
| Report for: | Cabinet |
| Date of meeting: | 26 July 2016 |
| PART: | 1 |
| If Part II, reason: | |

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

BACKGROUND

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

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

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

Virement(s) requiring Cabinet authorisation

Virement for the purpose of transferring salaries budgets from Housing Landlord Management budget (managed by AD Housing) to Housing Development Team (managed by Housing Development Group Manager)

| Expenditure type | Service Area(s) | Submitted by | Date |
|------------------|-------------------------|--------------|----------|
| Revenue | Housing Revenue Account | Fay Murphy | 07/07/16 |

| Account Code | Cost Centre | Account code description | Cost Centre description | TO (DEBIT AMOUNT) £ | FROM (CREDIT AMOUNT) £ | REASON |
|--------------|-------------|--------------------------|-----------------------------|---------------------|------------------------|---|
| 1010 | HC108 | Salaries | Housing Development Team | 173,376 | | Housing development team salaries budgets |
| 1060 | HC108 | Car Leasing | Housing Development Team | 5,100 | | Housing development team car lease budgets |
| 1062 | HC108 | Essential User Allowance | Housing Development Team | 2,480 | | Housing development team essential user allowance budgets |
| 1010 | HC100 | Salaries | Housing Landlord Management | | 173,376 | Housing development team salaries budgets |
| 1062 | HC100 | Essential User Allowance | Housing Landlord Management | | 5,100 | Housing development team car lease budgets |
| 1062 | HC100 | Essential User Allowance | Housing Landlord Management | | 2,480 | Housing development team essential user allowance budgets |

Total

180,956

180,956

Finance Use Only

| | Ref. no |
|------------------------------|---------|
| Entered in register by on | |
| Entered on system by on | |



AGENDA ITEM: 6

SUMMARY

| | |
|-------------------------|---------------------|
| Report for: | Cabinet |
| Date of meeting: | 26 July 2016 |
| PART: | 1 |
| If Part II, reason: | |

| | |
|--------------------------------|--|
| Title of report: | Risk Management Report Quarter 4 2015/16 |
| Contact: | Cllr Graeme Elliot , Portfolio Holder Finance & Resources James Deane , Corporate Director (Finance & Operations) Linda Dargue, Lead Officer, Insurance & Risk |
| Purpose of report: | To provide the Quarter 4 update on the Strategic Risk Register |
| Recommendations | That the content of this report is noted |
| Corporate objectives: | Dacorum Delivers – Risk management is an essential part of ensuring that the Council meets all of its objectives |
| Implications: | <u>Financial</u> None identified |
| 'Value For Money Implications' | <u>Value for Money</u> Risk management is closely linked to the Council's commitment to ensure that all resources are used efficiently and forms part of effective financial planning. The Council also needs to ensure that adequate provisions are in place to address anticipated risks but that these are no greater than necessary so that maximum resources are applied to services as required. To this end the Council sets minimum target working balances for both the general fund and HRA and at the date of this report this minimum balances are secured. Budget exercises for 2014/15 have ensured that the minimum balance requirements will also be met for the next financial year. |
| Risk Implications | Effective risk management is an important factor in all policymaking, planning and decision making. Failure to manage risk effectively could have serious consequences for the Council leading to increased costs, wasted resources, prosecution and criticism under external |

| | |
|---|--|
| | assessments |
| Equalities Implications | Equality Impact Assessment reviewed/carried out* *Not applicable |
| Health And Safety Implications | Not applicable |
| | Monitoring Officer: No comments to add to the report. S.151 Officer This is Section 151 Officer report. |
| Consultees: | CMT Audit Committee 29 June 2016 |
| Background papers: | Risk Management working paper files CMT Report to Audit Committee 29 June 2016 |
| Glossary of acronyms and any other abbreviations used in this report: | SRR – Strategic Risk Register |

Background

1. The revised Strategic Risk Register showing the position at the end of Q4 2015/16 is attached at Appendix A.
2. Members' attention is drawn to the increased risk score on risk C5, '*The Council fails to comply with the regulatory framework within which it must operate.*' The rationale behind increasing the score is explained within the Sign Off and Comments section.

Audit Committee scrutiny

3. In line with the Council's approved Risk Management Strategy, the year-end position for the Strategic Risk Register was considered by the Audit Committee at its meeting of 29 June 2016.
4. Audit Committee also received a presentation from the Corporate Director (Housing & Regeneration) in relation to risk I3, '*The Borough does not secure sufficient investment in infrastructure to ensure that housing delivery and economic and community growth is sustainable in the longer term.*'

5. There were no material concerns to report back to Cabinet. Minutes of the Audit Committee discussion will soon be available on the Council's website at the following link:

<https://democracy.dacorum.gov.uk/ieListDocuments.aspx?CId=160&MId=485>

6. Audit Committee requested a presentation at its next meeting, 27 July 2016, from the Assistant Director (Performance & Projects) on the following risks:
 - C7, '*Controls do not develop at a sufficient pace to keep track with the continually emerging data protection risks*'; and,
 - R5, '*The Council does not embrace the increased use of social media as a tool for social engagement and increased community engagement*'.
7. Any material concerns arising from this meeting will be reported back to Cabinet as part of the next quarterly update.

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C5 - The Council fails to comply with the regulatory framework within which it must operate.

| | | | | | |
|---|--|--|--|---|----------------------------|
| Category: Legal & Regulatory | Corporate Priority: Dacorum Delivers | Risk Owner: James Deane | Portfolio Holder: Cllr Graeme Elliot | Tolerance: Treating | |
| Inherent Probability | Inherent Impact | Inherent Risk Score | Residual Probability | Residual Impact | Residual Risk Score |
| 4 Very Likely | 4 Severe | 16 Red | 3 Likely | 2 Medium | 6 Amber |
| Consequences | | Current Controls | | Assurance | |
| <p>As a public sector organisation, there a number of regulatory frameworks which govern the way in which the Council must operate both on a day-to-day basis and in the discharging of one-off duties or actions.</p> <p>Generally, compliance with these frameworks is considered an operational risk and is monitored and managed through a combination of the Operational Risk Register and Performance Indicators which are reported to the relevant Overview and Scrutiny Committees.</p> <p>However, there is a risk that in some circumstances failure to comply with regulations could result in a number of consequences for the Council that are sufficiently negative and high profile in nature to become, for a short time, strategic in nature.</p> <p>For example, failure to follow the correct protocols prescribed under the data protection legislation could result in the following consequences for the Council:</p> | | <p>The Council has a number of strategies and policies in place which aim to provide clarity in the way Council Members and staff should operate.</p> <p>These documents are reviewed and updated periodically by Officers who are experts in the field and are frequently the subject of Internal Audit reviews in order to provide Members with independent, third-party assurance.</p> <p>These processes mitigate the likelihood of this risk crystallising and have resulted in my reducing the inherent risk score from '4', Very Likely, to '2', Unlikely.</p> <p>Data Protection policy & procedures Health & Safety policy & procedures Risk Management framework Safeguarding policy & procedures Financial Regulations Procurement Standing Orders Constitution</p> | | <p>The Financial Regulations (Main Accounting) and Emergency Plan were audited by Mazars, the Council's Internal Auditors in 2014/15 and achieved a FULL level of assurance.</p> <p>The Risk Management framework and Procurement Standing Orders were audited in 2014/15 and achieved a SUBSTANTIAL level of assurance.</p> <p>Data Protection, Health and Safety, the Constitution (Corporate Governance) and the Financial Regulations (Main Accounting) are in the Internal Audit plan for review in 2015/16.</p> | |

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1. Disclosure of personal information causing harm to a resident
 2. High profile negative publicity regarding the way the Council operates
 3. Significant financial penalty imposed by the Information Commissioner

This risk has been included on the Strategic Risk Register to ensure that there is scope to escalate an operational risk for Cabinet consideration and Audit Committee scrutiny should there be a period of intensified risk in a specific regulatory area.

Emergency Plan
 Human Resources terms & conditions

Sign Off and Comments

Sign Off Complete

The Health & Safety Executive (HSE) is currently undertaking a review of H&S procedures at Cupid Green Depot with reference to the prevalence of Hand Arm Vibration cases among machine operatives. There is a risk, depending on the outcome of this review, that the HSE could decide to take action against the Council. As a result of this review, I have increased the likelihood score of this risk crystallising from 2 to 3. More information will be provided to Members as it becomes available.

C6 - The Council does not attract and retain the skill sets within its workforce that will enable it to maximise opportunities for delivering its services more efficiently through increased partnership working.

| | | | | | |
|---|--|---|--|---|--|
| Category: People/Employees | Corporate Priority: Dacorum Delivers | Risk Owner: Robert Smyth | Portfolio Holder: Cllr Neil Harden | Tolerance: Treating | |
| Inherent Probability 4 Very Likely | Inherent Impact 4 Severe | Inherent Risk Score 16 Red | Residual Probability 2 Unlikely | Residual Impact 4 Severe | Residual Risk Score 8 Amber |
| Consequences | | Current Controls | | Assurance | |
| • The quality of service delivery is likely to be adversely | | - Leading in Dacorum continues to be delivered (all | | • Across 2015/16 the Council had a voluntary annual | |

STRATEGIC RISK REGISTER

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affected due to a lack of resources and/or skills to effectively deliver services through increased partnership working.

- There is likely to be a reduction in efficiency savings due to inability to create more effective partnerships.
- There is also likely to be a negative impact on any proposals for devolved powers.
- A failure to create more examples of effective partnership working will result in a higher likelihood of back office and front line services being reduced as the financial constraints on the Council's budget continue to tighten.

courses stated in risk register)

- People strategy to be implemented autumn 2016 which will cover issues including graduate scheme, apprenticeship scheme, succession planning, reviewing T&Cs etc.
- Continuation of sharing services with other LAs, with policy development and transactional/operational Hr activities
- The new approach for service planning for 2016/2017 focusses heavily on service innovation, service efficiencies and workforce planning.
- All leadership appointments are subject to behaviour tests which will assist with assessing their understanding and approach to partnership working. This control will reduce the risk as it will ensure that candidates who are appointed to leadership positions within the Council will have demonstrated that they display a positive approach to partnership working.

turnover rate of 10.6% (76 staff). This compares positively to the public sector average (18%) and it is below the level within local government (11.9%). It is also lower than average for district councils (11%).

- Opportunities for collaboration and shared services are being actively considered across Hertfordshire in relation to Legal, HR, Information Management, Insurance and Payroll Services.
- Recruitment for leadership posts is generally competitive with a good number of applications being received from suitably qualified candidates for vacant posts.

Sign Off and Comments

Sign Off Complete

We have continued to make good progress in this area. Leading in Dacorum continues to be delivered (all courses stated in risk register). We have also shared information and ideas with other LAs. The new approach for service planning for 2016/2017 focusses heavily on service innovation, service efficiencies and workforce planning.

Given the controls in place, it is not necessary to increase the risk or likelehood of it crystallising. However the new People Strategy will be central in setting out our long term vision for staff and it will provide the platform for future actions in relation to the retention and recruitment of the right workforce.

C7 - Controls do not develop at a sufficient pace to keep track with the continually emerging data protection risks

| | | | | |
|-----------|---------------------|-------------|-------------------|------------|
| Category: | Corporate Priority: | Risk Owner: | Portfolio Holder: | Tolerance: |
|-----------|---------------------|-------------|-------------------|------------|

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| Corporate | | Dacorum Delivers | | Sally Marshall | Cllr Neil Harden | Treating |
|--|-----------------|--|----------------------|--|---------------------|----------|
| Inherent Probability | Inherent Impact | Inherent Risk Score | Residual Probability | Residual Impact | Residual Risk Score | |
| 3 Likely | 4 Severe | 12 Red | 2 Unlikely | 3 High | 6 Amber | |
| Consequences | | Current Controls | | Assurance | | |
| <p>Cause of Risk - The Council is reliant on vast amounts of good quality data and information to determine sound decisions and plans, conduct operations and deliver services.</p> <p>It is also required by the Data Protection Act and Government's Public Sector Network (PSN) Code of Connection (CoCo) to maintain confidentiality, integrity, availability and appropriately authorised use of the data.</p> <p>With the Government's 'Open' agenda, increased flexible working patterns of staff, and increased partnership working and use of multiple information storage sources, controls on data management and security have become complex and important.</p> <p>Consequences of Risk –</p> <ol style="list-style-type: none"> Poor decision making due to ineffective use of or insufficient availability of data and information sharing. Loss, misrepresentation or unauthorised disclosure of sensitive data, DBC has the potential to be susceptible to cyber-attacks or sabotage. Under performance. Breach of Data Protection Act | | <p>Information Security Officer appointed -responsibilities include:</p> <ul style="list-style-type: none"> the Council's Corporate Information Assurance specialist the custodian, owner and updater of ICT Security and Information Governance strategy, policy and procedure ensuring that the Council complies with the latest legislation in terms of ICT Security standards and compliance. To ensure that the Council's policies and procedures regarding ICT Security and Information governance are adhered to across all the Council's services. To keep informed of relevant technical innovation and changes to technological, infrastructure, telecom and software systems in relation to Information Security. To be the custodian and owner of Information Security and Governance Standards. To manage Information Security and Governance strategies and to support the Council in the future development of Information Security, Governance and Business Continuity. To train Council Staff, Members on Information Security, Data Protection Act and Freedom of Information Acts. | | <ul style="list-style-type: none"> Information Security Officer appointed Various ICT policies and procedures in place Compulsory training for staff on Data Security PSN Compliance | | |

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| leading to legal actions, fines, adverse publicity, and additional remedial and data protection costs. 4. Significant interruption of vital services leading to failure to meet duties and to protect people, finances and assets. 5. Potential damage to DBC's reputation. | Compulsory training for staff on Data Security - PSN Compliance - Audit of data protection approach | |
|---|---|--|

Sign Off and Comments

Sign Off Complete

We have received full PSN compliance for our environment - which demonstrates that our processes and network & security controls are compliant with the requirements of the Cabinet Office. We also continue to provide training on information security, data protection and FOI to Members and staff and all staff are required to comply with Data Protection rules as part of their employment at DBC.

We are also continuing to work with services to ensure that we manage the data security implications of a move to the Forum through the use of detailed service level plans, senior manager sign-off and central reviews of all rooms and areas. We also received a strategic audit of data protection in Q4 and no serious issues were identified (and the report was presented to the Audit Committee).

F6 - Changes to legislation could negatively affect the medium to long term viability of the HRA Business Plan.

| Category: Financial | Corporate Priority: Affordable Housing | Risk Owner: Mark Gaynor | Portfolio Holder: Cllr Margaret Griffiths | Tolerance: Treating | |
|---|--|--|---|--|---------------------|
| Inherent Probability | Inherent Impact | Inherent Risk Score | Residual Probability | Residual Impact | Residual Risk Score |
| 4 Very Likely | 4 Severe | 16 Red | 4 Very Likely | 3 High | 12 Red |
| Consequences | | Current Controls | | Assurance | |
| Since the 'once and for all' settlement with government on the self financing of the HRA there have been major legislative and policy changes which, overall, have impacted detrimentally on the HRA Business Plan: | | Elements of the changes are yet to apply (the rent changes start from April 2016) and the current controls – proper business planning, the disciplines of the MTFs, project and programme management arrangements, | | A remodelling of the HRA Business Plan has been made to take account of the impact of the changes which will be considered by Cabinet (initially in November 2015 and periodically thereafter). This has demonstrated that | |

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- The re-invigoration of the RTB which has increased sales from around 15-20 per year to well over 100
- The parallel introduction of the RTB 'one for one' replacement scheme where the Council can use receipts to build new homes but only to pay for 30% of costs (leaving the other 70% to be sourced)
- A change to national rent policy which moved from RPI + 0.5% to CPI + 1% and ending the process of reaching target rents (leaving 60% of DBC properties below target)

The government now propose two further changes which, if enacted, will further constrain the capacity of the HRA Business Plan viability:

- A rent reduction of 1% per year for four years and a complete inability to make any progress towards convergence to target rents (a reduction of income of £30M over the first four years and over £500M over the lifetime of the HRA Business Plan)

- Enforced sales of 'high value' council homes as they become vacant to fund Housing Association RTB
- The first of these changes is already in draft legislation and the assumption must be that it will happen. The consequences are very significant, and even with mitigation will continue to be so:

The financial viability of the HRA to meet its current business plan objectives in full cannot be made due to loss of income and economies of scale as stock numbers diminish.

Services to tenants will have to reduce, including proposed investment in the existing stock, to deal with

effective contract management, annual efficiency programmes and so on – reflect on the existing position and could provide sufficient mitigation to the long term business plan. The controls proposed for the new changes – if the proposed legislation is enacted – will only mitigate the impact to an extent as the scale of change, compounded with previous changes, are so significant. The controls are as follows:

A complete review of the HRA Business Plan to spread the impacts over activities and over time. Initially, in order to deliver the current new build programme, this will be focused on a slowing down of the investment into current stock.

Reducing the costs of running the service through efficiency and service redesign (in partnership with tenants and leaseholders).

Improved procurement of services and renegotiation of existing contracts (though these have been procured within the last year or so and will restrict potential). This would include seeking shared services with other partners and models of operation which reduce the overheads of the HRA.

Maximising the income to the HRA by altering use of parts of the stock (increased use of HRA stock for temporary accommodation and provision of low level care as part of a tenancy where rent controls do not apply).

Altering the tenure mix of the current new build programme to include shared ownership and market sale in order to cross subsidise new rented provision.

the current new build programme can be completed. The ability to extend this further will depend on the success of the mitigations above.

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the scale of resource reduction.
The new build programme at its proposed scale will have to reduce, and possibly cease, in order to provide services to tenants and balance the books.
That resources provided through RTB one for one replacement will be unused and lost to the Borough as it is returned to the Treasury as a result of the Council's inability to provide the 70% match funding and as Housing Associations reduce their supply of new affordable homes (as a result of the same legislative changes impacting on the Council).
The Council's housing stock will progressively reduce through RTB, enforced sales and reduction in new build which will reduce its ability to meet the housing needs in the Borough and achieving the strategic objective of increasing the supply of affordable homes.

This could incorporate an element of affordable rent to increase revenue.
Development of a partnership approach to use of RTB one for one replacement funding with local Housing Associations in order to minimise losses of resource to the Borough and to increase supply of new homes.
Fully exploring the potential of a Local Housing Company to improve the cost of delivery of new homes alongside the benefits to the General Fund.
Lobbying of government regarding the disproportionately severe impacts of the changes, though historical reasons, on DBC seeking some local amelioration.
Ensuring that our intelligence on the changing position and on developments within the sector are fully up to date through membership of ARCH, liaison with CIH and other key bodies.
The following controls are in place already with regard to the financial and strategic management of the HRA Business Plan:

- An annual refresh of the HRA Business Plan reported both to CMT and to Cabinet
- Monthly meeting between budget holders and accountants monitoring progress against original timeframes and costs
- Regular meetings of the Corporate New Build Group considering performance and new schemes
- CMT receive a fortnightly update on the new build programme
- Performance Board comprising Chief Officers and

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| | |
|---|--|
| cabinet members receive a report on progress before each cabinet meeting | |
| <ul style="list-style-type: none"> • Reports on HRA performance go the Overview and Scrutiny every quarter • The HRA is reported as part of the overall corporate financial reporting process | |

Sign Off and Comments

Sign Off Complete

The Welfare and Work Act and Housing and Planning Act are now approved by parliament. These confirm the 1% rent reduction for four years and the sale of 'higher value' council homes to fund Housing association Right to Buy. It is not yet clear the extent of the enforced sale of higher value homes but likely that the Council will be given a sum of money that DCLG will require and it will be up to each Council to decide how they fund this. Adjustments have already been made to the development programme for new build and the HRA Business Plan. The development at Wood house will be 50% shared ownership and the development at Martindale will be 50% market sale which will provide sufficient cross subsidy to ensure the programme can be delivered.

F7 - Funding and income is not sufficient to deliver the Council's corporate objectives

| Category: Financial | Corporate Priority: Dacorum Delivers | Risk Owner: James Deane | Portfolio Holder: Cllr Graeme Elliot | Tolerance: Treating | |
|---|--|---|--|---|---------------------|
| Inherent Probability | Inherent Impact | Inherent Risk Score | Residual Probability | Residual Impact | Residual Risk Score |
| 4 Very Likely | 4 Severe | 16 Red | 3 Likely | 3 High | 9 Amber |
| Consequences | | Current Controls | | Assurance | |
| The government's austerity programme has led to reduced Local Authority funding over the last five years, resulting in the Council's need to find savings of £5m since 2010/11. Further funding reductions in excess of £3m are forecast over the next four years, which increase the risk of the Council being unable to deliver | | The Council's Medium Term Financial Strategy and the HRA Business Plan are controls that mitigate the likelihood of this risk crystallising through the effective modelling of the future financial environment, which allows for more effective forward planning. These controls are detailed below, and have resulted in my | | There were three internal audit reviews undertaken by Mazars during 2014/15, which provide an external view of the effectiveness of the controls implemented by the Council to manage the financial risks to delivering its priorities. | |

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its vision for the borough, as detailed in the Corporate Plan.
(http://www.dacorum.gov.uk/docs/default-source/council-democracy/dacorum_corporateplan_web.pdf?sfvrsn=2)

Sustained funding reductions of this magnitude are not only a risk to the Council's capacity to grow and enhance the community, but more fundamentally they are a risk to the continued provision of high quality frontline services to residents.

If the Council is unable to deliver its vision or to protect its frontline service provision, it risks the following consequences:

Increased community hardship as the services provided to the most vulnerable residents in the borough are impacted, leading to delays in their accessing financial and residential help.

The impact of reducing standards of environmental services across the borough could lead to a less attractive environment and a loss of community identity and civic pride for residents.

Reputational damage as residents become dissatisfied with their experience of interacting with the Council. This risk is exacerbated by the growth of social media and the ability of residents to share their experiences with large numbers of people instantaneously.

reducing the inherent risk score from '4', Very Likely, to '3', 'Likely'.

The Council's Medium Term Financial Strategy (MTFS) details the financial implications of the Corporate Plan over a five-year period. It ensures that the Council is able to forecast likely income pressures in the medium-term, and optimise the balance between its financial resources and the delivery of its priorities. The MTFS is reviewed at least annually and is approved by Full Council, thereby providing the opportunity for Members to make informed amendments to the Corporate Plan on the basis of likely funding constraints. The current version is accessible via the following link:

<http://www.dacorum.gov.uk/docs/default-source/council-democracy/mtfs-july-cabinet-2015.pdf?sfvrsn=0>

The Council's Housing Revenue Account (HRA) Business Plan maps planned income and expenditure over a thirty-year period. Government legislation that can affect the Council's delivery of social housing is incorporated within the plan and forms the basis for informed strategic decision-making.

The Council's reviewing of its Corporate Plan together with its Communications Strategy mitigate the impact of this risk, should it occur, by keeping residents informed of the pressures faced by the Council, and consequently

The audits on 'Efficiency Savings' and 'Main Accounting' received a Full level of assurance (the highest available), and the audit on 'Budgetary Control' received a Substantial level of assurance (the second highest available).

These internal audit opinions provide assurance that the Council is effectively controlling the processes that will enable it to derive value for money from its available resources, and therefore to maximise the opportunity for delivering its corporate objectives.

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by managing aspiration and expectation (detail below).
On this basis, I have reduced the Impact score from '4',
Severe, to '3', 'High.

The Council reviews its
Corporate Plan periodically to ensure that the vision for
the borough remains relevant and realistic within the
financial constraints outlined within the MTFS and the
HRA plan. The aspirations of the Council and the
community are managed through the Council's
Communications Strategy both through social media,
the local press and Digest.

Sign Off and Comments

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Sign Off Complete

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The Local Government Finance Settlement issued by Government in February 2016 provided an indicative four-year settlement for the Council up to and including financial year 2019/20, which will see Revenue Support Grant (RSG) fall by £3m over the period, from £2m in 2015/16 to -£1m in 2019/20.

£1m of this reduction related to 2016/17, and the Council has therefore already taken the necessary steps to absorb it within the annual budget approved by Council in February 2016. However, the remaining £2m reduction, when incorporated into the draft Medium Term Financial Strategy (MTFS), leaves the Council with an updated savings target of £2.7m over the next three years, an amount equivalent to around 15% of its current Net Cost of Services. This represents a £1.1m increase over the same three-year period to the forecast savings target in the most recently approved MTFS in July 2015.

This increase is due to Government's changing the means by which it allocates RSG in 2016/17 to reflect the ability of a Local Authority to generate its own funding through Council Tax, a concept known as Core Spending Power. This represented a departure from the allocation method employed in previous years, and hit Dacorum particularly hard due to its having the 15th highest Council Tax income of the 200 district councils in England (£10.1m against an average of £6.3m).

The implications to the Council of this reduction are further compounded by uncertainty over the future of both the New Homes Bonus, on which we currently await Government's response to the recent consultation, and of amendments to the Business Rates Retention scheme beyond 2019/20. Changes to both of these funding streams are likely to further increase the Council's savings targets, and Members will be updated on these issues as more detail becomes available.

At this stage, I have not increased the likelihood score for this risk crystallising on the basis that additional mitigations have been put in place to offset the increased risk. As part of the budget setting process last year, three-year planning was put in place which has ensured that Service managers have already put in place schemes to reduce their operating costs over the next two years. The renewed MTFS scheduled for cabinet in July 2016 will augment this with details of a more structured approach to co-ordinating strategic savings initiatives.

I3 - The Borough does not secure sufficient investment in infrastructure to ensure that housing delivery and economic and community growth is sustainable in the longer term.

| | | | | | |
|------------------------------------|--|-----------------------------------|--|-------------------------------|----------------------------|
| Category: Infrastructure | Corporate Priority: Affordable Housing | Risk Owner: Mark Gaynor | Portfolio Holder: Cllr Graham Sutton | Tolerance: Treating | |
| Inherent Probability | Inherent Impact | Inherent Risk Score | Residual Probability | Residual Impact | Residual Risk Score |

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| 4 Very Likely | 4 Severe | 16 Red | 3 Likely | 3 High | 9 Amber |
|--|-------------|---|-------------|--|------------|
| Consequences | | Current Controls | | Assurance | |
| <p>The provision of infrastructure such as schools, health, transport and other facilities is crucial to sustainability of the local community and economy. Its funding, however, is increasingly complex and difficult as central government moves away from direct provision and expects the development process and local partnerships to deliver it. Failure to provide this infrastructure will have a number of damaging consequences:</p> <ul style="list-style-type: none"> A reduction in the quality of life and opportunities for people in the Borough A serious constraint to economic growth with the impact on the contribution to service provision through Business Rates growth Increased community opposition to new developments, particularly housing, on the grounds that existing infrastructure will not cope Damage to the image of the area, worsening of community pride and social cohesion and reputational damage to the Council | | <p>Infrastructure is provided through the development process (s106 and Community Infrastructure Levy) and elements of funding which comes from central government (increasingly through the LEP, bidding and HCC). The responsibility for some infrastructure elements is through privatised arrangements (utilities) or arms-length government agencies such as Network Rail. The ability of the Council to control these processes is limited.</p> <p>The Council is able to promote the quantum, nature and timing of growth making it more likely that the infrastructure will be delivered. It is also able to promote partnerships and use its asset base and influence to stimulate desired development. Current controls include:</p> <p>Ensuring that the Local Plan (and its component elements such as the Core Strategy, site allocations, supporting policies and so on on) is up to date and sets out very clearly the requirements of proposed development. This promotes sustainable development by design, access and movement, materials. Use of masterplanning supports what is required to be delivered to produce sustainability on larger sites.</p> <p>The approved Council's Community Infrastructure Levy Policy and schedule (CIL) provides for the levels of contributions that must be made by developers and the purpose for which they will be spent. This also includes</p> | | <p>The process for setting out development delivered is through the Annual Monitoring Report. The agreed process for CIL will see an annual report setting out income due, achieved and expenditure made on agreed infrastructure.</p> <p>Regular reports are made as set out above in controls.</p> | |

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an element of CIL which can be spent by local communities and act to link growth directly with infrastructure provision local people want.

Operating a 'open for business' approach to how the Council deals with potential development with a presumption of making acceptable development easier to deliver by proactive advice through the planning process. Allied to this is ensuring that the development management service is capable of achieving decision making within required time limits.

Stimulating required growth through the Council's own regeneration activity, including Hemel Evolution, Gade Zone and Heart of Maylands resulting in inward investment being more likely.

Increasing inward investment through initiatives such as Dacorum Look no Further, Ambassadors, direct provision of business advice and a supportive approach to new development.

Good market intelligence through regular liaison with local employers, landowners, developers, institutional investors and land agents regarding demand and expected assistance.

Partnership with the LEP as the main route for additional funding for infrastructure through influencing the Strategic Growth Plan (in which Hemel Hempstead and the M1 corridor is a priority) and bidding for resources for infrastructure (such as the £5M achieved for West Herts College)

Working to create key partnerships to bring forward development capable of funding major infrastructure

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| Page 38 | <p>(such as Gorhambury)</p> <p>These controls are exercised within the following:</p> <ul style="list-style-type: none"> • Monthly reporting to Hemel Evolution Board and Corporate Regeneration Group • Fortnightly reporting on key projects to CMT • Reporting to Performance Board before each Cabinet Meeting • A clear programme for the Local Development Framework and CIL • Quarterly reporting to Overview and Scrutiny • Regular reporting to Cabinet • Adherence to the agreed performance and project management processes | |
| | Sign Off and Comments | |

Sign Off Complete

The announcement in the Chancellors Autumn Statement in 2015 that the Hertfordshire LEP's bid for an Enterprise Zone including Maylands (which DBC led on) is successful brings the potential to fund up to £100M of infrastructure much of which will benefit Hemel Hempstead. This will focus on resolving the inability of the current road structure to cope with demand and to deal with increased growth.

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| R5 - The Council does not embrace the increased use of social media as a tool for social engagement and increased community engagement. | | | | | |
| Category: Reputational | Corporate Priority: Dacorum Delivers | | Risk Owner: Sally Marshall | Portfolio Holder: Cllr Neil Harden | Tolerance: Treating |
| Inherent Probability | Inherent Impact | Inherent Risk Score | Residual Probability | Residual Impact | Residual Risk Score |
| 3 Likely | 3 High | 9 Amber | 2 Unlikely | 3 High | 6 Amber |
| Consequences | | Current Controls | | Assurance | |
| The risk of not using social media | | In order to mitigate these risks we have put in place a | | o Corporate Information Security Management Policy | |

STRATEGIC RISK REGISTER

March 2016



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| <p>- This will mean that our approach to engagement (i.e. letters, workshops, printed magazines) is likely to exclude key demographic groups including younger residents and those who are more technologically minded.</p> <p>- We will not be able to respond to negative posts or views which could cause significant reputational damage or risk.</p> <p>- We will have less opportunity to influence Government and media through the use of targeted campaigns and communications.</p> <p>- The organisation may not be viewed as 'technologically forward thinking' which could lead to reputational risks. This includes more difficulty in attracting hi-tech investment or exclusion from innovation pilots.</p> <p>Managing the risk of social media</p> <p>- Members of the public can use DBC's profile to raise negative or incorrect statements that damage the reputation of DBC.</p> <p>- Employees may breach data security rules regarding the management of private or confidential information.</p> <p>- Inappropriate or unacceptable content posted by</p> | <p>number of controls:</p> <p>The risk of not using social media</p> <p>- Our social media strategy sets out how we will proactively engage with residents through Twitter, Facebook, Linked In, Instagram and using online videos.</p> <p>- We have 13 social media accounts covering corporate and operational services including from the CSU.</p> <p>- We regularly use social media to actively promote campaigns, events and messages.</p> <p>- We interact with partners and other third parties (eg HCC) to promote joint initiatives via social media</p> <p>- We generate reports and analysis on scale and content of Facebook and Twitter posts.</p> <p>Managing the risk of social media</p> <p>- We employ the Crowd Control system to enable the Communications team to manage and authorise services posts and tweets.</p> <p>- The Crowd Control system also enables the Communications team to monitor and respond to any negative posts.</p> | <ul style="list-style-type: none"> o Corporate Information Technology Security Policy o Data Protection Act Policy o Freedom of Information Policy o PSN/Government Connect (GSx) Acceptable Usage Policy o Information Security Incident Procedure o Social Media Strategy o Facebook and Twitter accounts o Social Media Management System |
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STRATEGIC RISK REGISTER

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| <p>employees</p> <ul style="list-style-type: none">- Our social media accounts are 'identity jacked' which occurs when fake accounts are set up to look like those of DBC. This is a risk because the fake accounts can post incorrect or inappropriate information which is then associated with DBC.- Weak authentication in the use of social media accounts can lead to them being hacked. The hacked accounts are then used to post inappropriate, derogatory or libellous comments.- The use of social media can make it easier for 'pressure groups' to generate support behind negative campaigns. | <ul style="list-style-type: none">- Our system provides automatic moderation of abusive messages.- We provide in-house training for all staff posting on DBC social media accounts.- We use a subscription service that manages and secures accounts.- All staff are required to read and sign-up to a range of policies including:<ul style="list-style-type: none">Corporate Information Security Management PolicyCorporate Information Technology Security PolicyData Protection Act PolicyFreedom of Information PolicyPSN/Government Connect (GSx) Acceptable Usage PolicyInformation Security Incident Procedure | |
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Sign Off and Comments

Sign Off Complete

STRATEGIC RISK REGISTER

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In the last three months we have continued to manage our social media presence in a positive and proactive way. During the reporting period we posted over 1,000 outbound messages, received over 250 direct messages and had a total twitter reach of 1.7million viewers. Most popular campaigns included Be like Bill (recycling), Hemel Evolution social media takeover day (recap on all projects under the Hemel Evolution programme and opportunity to ask any questions), launch of new bus interchange and the first “Clean for the Queen” events in 2016.

From a security perspective we have also continued to remind all staff of their responsibilities in relation to social media posts/comments and we have considered social media security as part of our new communication and consultation strategy and policy. This is an important issue but given the controls in place, we do not consider that any changes need to be made to the risk or the likelihood of it occurring.

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AGENDA ITEM: 11

SUMMARY

| | |
|-------------------------|---------------------|
| Report for: | Cabinet |
| Date of meeting: | 26 July 2016 |
| Part: | 1 |
| If Part II, reason: | |

| | |
|-------------------------------|--|
| Title of report: | New Complaints Policy And Procedure |
| Contact: | <p>Cllr Neil Harden, Portfolio Holder for Resident and Corporate Services</p> <p>Author/Responsible Officers;</p> <p>Robert Smyth, Assistant Director (Performance, People & Innovation)</p> <p>Matt Rawdon, Group Manager (People & Performance)</p> |
| Purpose of report: | For Cabinet to review and approve the three suggested changes to the complaints ' <i>Compliments, Comments and Complaints Policy and Procedure</i> ' following review at the previous Cabinet meeting (28 th June 2016). |
| Recommendations | That Cabinet approve the suggested changes to the proposed complaints ' <i>Compliments, Comments and Complaints Policy and Procedure as set out in paragraph 2 of the report</i> '. |
| Corporate Objectives: | Modern and Efficient Council – The effective management of complaints is vital to ensure that we deliver services which respond to the needs of residents. |
| Implications: | <p><u>Financial</u></p> <p>Managing complaints ensures that we improve the quality of services and target our resources in the most effective way.</p> |
| Value For Money Implications' | <p><u>Operational</u></p> <p>The failure to properly address issues raised in complaints (and to learn lessons) could lead to operational service issues.</p> <p><u>Value for Money</u></p> <p>Effective management of complaints supports the achievement of value for money in the pursuit of the Council's objectives</p> |

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| Risk Implications | No risks are expected as this approach will improve the way we manage complaints. |
| Community Impact | Community Impact Assessment carried out |
| Health And Safety Implications | None |
| Monitoring Officer/S.151 Officer Comments | <p>Monitoring Officer:</p> <p>This policy will ensure that residents have a right to request that decisions, actions or omissions of the Council are reviewed at an appropriately level of management within the Council. The policy balances that right with the need to manage complaints in an efficient manner.</p> <p>Deputy S.151 Officer</p> <p>There are no direct financial implications of this decision.</p> |
| Consultees: | Corporate Management Team Officers Finance & Resources Committee |
| Background papers: | <i>'Compliments, Comments and Complaints Policy and Procedure'</i> . |
| Glossary of acronyms and any other abbreviations used in this report: | LGO AD CIMS |

1. Introduction

- 1.1 Having an approach that enables the Council to manage and learn from complaints is vital if it is going to deliver high quality services that offer real value for money.
- 1.2 At the previous meeting (28th June 2016) the Cabinet reviewed the proposals and identified three changes that needed to be made before approval could be given.
- 1.3 The following report highlights those changes to enable the new *Compliments, Comments and Complaints Policy and Procedure* to be approved.
- 1.4 The broader changes introduced in the new *Compliments, Comments and Complaints Policy and Procedure* remain the same as debated at the previous Cabinet meeting (details provided below).

2. Alterations to the New Complaints Policy and Procedure

The three key changes identified at the previous Cabinet meeting are as follows:

2.1.1 Alteration 1

We have amended the wording around the time-limit of 90 days to make clear that it only applies from the point at which the complainant is aware of the incident or issue.

2.1.2 Alteration 2

We have clarified the wording so that if a resident is dissatisfied with our decision to close the case without progressing to Stage 2, they know to contact the Local Government Ombudsman.

2.1.3 Alteration 3

We have revised the policy, so that if we receive a duplicate complaint from an MP, Councillor or other agencies, we will now close their case, and only deal directly with the resident. This is a change from the previous approach which dealt directly with MPs, Councillors or other agencies.

3. Details of New Policy and Procedure (as discussed at Cabinet – 28th)

3.1 The key changes fall into three categories; policy, process and system.

3.1.1 **Policy**

Change 1 (P3, sec. 3.4)

We have introduced a time-limit of 90 days for a complaint to be lodged once the complainant is aware of the incident or issue. Previously we had no time-limit.

This will ensure that the evidence is still available and that we are not subject to spurious or false claims for historical incidents that cannot be properly assessed.

Change 2 (P7, sec 5)

We have introduced a clear policy for dealing with inappropriate, unreasonable or vexatious complainers. We currently have no formal policy on this issue.

This will ensure that we have the tools and approach to deal with unwanted behaviour, including restricting people's contact. This is necessary because vexatious complainers take time away from genuine complainants.

3.1.2 **Process**

Change 3 (P5, sec 4 Stage 1)

We have reduced the number of complaints steps from three to two. This is in line with LGO guidance and it streamlines our approach in line with many other local authorities.

As we have reduced the process we have also revised down the amount of time allowed for Stage 1 from 20 days to 15 days. This is in line with good practice in other areas. However for channel shift purposes we have only committed to this for individuals who complaint via our online form. For off-line contact we note that a response may still take up to 20 days.

Change 4 (P6, sec 4 Stage 2)

At present if anyone is unhappy, for any reason, they can ask for progression to Stage 2 and Stage 3. This is not an effective use of resources and it means we are likely to spend disproportionate amounts of time dealing with unreasonable demands and expectations.

We have introduced a new test that means a complainant has to evidence why the Stage 1 investigation was incorrect or unfair.

If a complainant cannot provide that evidence, we will not progress their complaint to Stage 2. An AD will write to the complainant explaining why the case was closed (and that if they are still unhappy they can go to the Ombudsman having exhausted our process).

Change 5 (P7, sec 4.6)

We can often receive the same complaint from a resident as well as from an MP, Councillor or other agencies, if they have chosen to send details of their issue to multiple parties. This makes it time consuming and difficult to manage, because in effect we are handling (and responding to) the same complaint multiple times. It can also delay the process.

We have introduced a new policy that if we receive a duplicate complaint, we will write to the MP, Councillor or other agencies to inform them that we are already dealing with this matter and that we will only be responding directly to the resident.

This will ensure we are not double handling issues and that we can focus our attention on the problems identified.

3.1.3 **System**

If these changes are accepted we will need to undertake some re-development work with our existing system.

In the medium term we are planning to introduce a new complaints system as part of the re-development of MS Dynamics, however in the meantime we will make some improvements to CIMS.



Compliments, Comments and Complaints: Policy & Procedure

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1. Introduction

- 1.1 Our aim and commitment is always to provide high quality services that meet the needs of our residents. That's why we want to make it as easy as possible for people to let us know what they think.
- 1.2 Through listening and learning we seek to improve the quality of the services and encourage good practice by our staff.
 - 1.2.1 **Compliments –**
 - 1.2.2 This may be something we've done well or when someone liked a service delivered by us or one of our partners.
 - 1.2.3 **Comments –**
 - 1.2.4 This may be a suggestion or view on how we might improve our services or a request for information or guidance.
 - 1.2.5 **Complaints -**
 - 1.2.6 We recognise that sometimes things go wrong; a complaint is an expression of dissatisfaction or concern. Full details of what can be dealt with as a complaint can be found below.

2. Getting in Touch

- 2.1 The easiest way for people to get in touch is through our online form:

****Complete the easy to use form online at <http://www.dacorum.gov.uk/home/do-it-online/make-a-complaint>****

- 2.2 If people can't go online, they can also telephone us (01442 228000).
- 2.3 If people can't go online or telephone, they can come into the Customer Service Centre or write to us:
 - 2.3.1 *Compliments, feedback and complaints, Dacorum Borough Council, Civic Centre, Hemel Hempstead, Hertfordshire, HP1 1HH*

3. Our Approach to Complaints (Policy)

Defining Complaints...

- 3.1 A complaint occurs when someone is unhappy with the standard of service or with something that the council or someone working on behalf of the council may or may not have done.
- 3.2 Examples of complaints...
- *we have done something we should not have done*
 - *we have failed to do something we should have done*
 - *our service has not been delivered to the expected quality, frequency or cost*
 - *an employee of the council (or any of our contractors or agents) has behaved inappropriately*
- 3.3 Complaints can be made in relation to any services or actions by us, or by anyone working on behalf of us. That includes third party contractors or other organisations employed by us.

Circumstances in which this complaints process does not apply...

- 3.4 There are a number of circumstances in which it is usually not appropriate or possible to accept a complaint using this process:
- *A complaint is received more than **90 calendar days after the complainant is aware of the issue or incident (s) specified in the complaint.** This is because it is very difficult to effectively investigate after a long period of time. If a complaint is received after this time we would not accept it unless there are exceptional mitigating circumstances.*
 - *Someone is **requesting a service** or **reporting a service problem for the first time.***
 - *Someone has an **issue with their Councillor.** You can find more information about how to contact them on their web pages (<http://www.dacorum.gov.uk/consultation-feedback/complaints-about-councillors>).*
 - *Someone is asking us to deal with a **complaint about another resident or organisation.** This includes neighbour noise, fly tipping, or environmental health (<http://www.dacorum.gov.uk/home/environment-street-care>).*

- Someone has a **complaint about benefit appeals decisions or planning enforcement decisions**. This complaint can be better dealt with using other rules (<http://www.dacorum.gov.uk/home/benefits/housing-council-tax-benefits/appeal-against-a-benefits-decision> or <http://www.dacorum.gov.uk/home/planning-development/planning-enforcement>).
- Someone has a **complaint about a service provided by someone else**, for example Hertfordshire County Council (<http://www.hertsdirect.org/>). The complaint should be made to that organisation.
- Someone **disagrees with local or national policy**. We can record this but it's not a complaint.

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4. Managing the Complaints (Process)

Introduction...

- 4.1 Our complaints process has two clear stages, each of which is designed to provide a robust, thorough and independent response to the issues raised.
- 4.2 If a complaint is not made through our online form, we may take up to 5 working days extra to investigate and respond.

Stage 1 - (Initial Investigation)...

- The complaint will be logged and the complainant will receive an acknowledgement within **5 working days**.
- An investigation will be carried out by the Group Manager for the service area against which the complaint has been made. The complainant will receive a formal response within **15 working days**¹.
- However the time period can be extended if the case is complex or it requires more investigation. In these circumstances we will write to the complainant to explain the delay and provide a new date for receipt of our response.
- If the complaint includes or involves the Group Manager, then another Group Manager will be nominated to sign-off the complaint. If a complaint involves a serious risk, either for the resident or the organisation, we may ask an Assistant Director to investigate, however this decision is at our discretion.
- Details of complaints will be recorded on our complaints management system and regular monitoring and scrutiny of complaints performance will be undertaken by senior management and Councillors.
- If a complainant is dissatisfied with the process or outcome they can request a review by contacting us within **28 calendar days from receipt of our response**.

¹ This is the expected time for a complaint reported online. If it is reported in a different way we can take up to 20 days.

Stage 2 - (Independent Review)...

- To progress to Stage 2 the complainant must demonstrate why the process or outcome was unfair or incorrect.
- If the complainant is not able to demonstrate why the process or outcome was unfair or incorrect, we can take the decision to not progress the case to Stage 2. In these circumstances we will consider the case closed and the Assistant Director will write to the complainant explaining our decision.
- If the complainant is dissatisfied with our decision to close the case, they can contact the Local Government Ombudsman's office.
- If the complaint is accepted, an independent review will be carried out by an Assistant Director (or Monitoring Officer where appropriate) from a different service area to the one associated with the complaint. The complainant will receive a formal response within **20 working days**, at which point we will consider the case closed.
- However the time period can be extended if the case is complex or it requires more investigation. In these circumstances we will write to the complainant to explain the delay and provide a new date for receipt of our response.

If they are still unhappy...

- 4.3 If the complainant is still dissatisfied after the Independent Review (Stage 2) decision they can contact the Local Government Ombudsman's office.
- 4.4 The Ombudsmen will not normally consider a complaint until it has already been through both stages of our internal complaints process or if we consider the case closed after Stage 1. The Ombudsman will also accept complaints for up to 12 months.
- 4.5 More information about the Ombudsman can be found at www.lgo.org.uk or you can contact;

Receiving the same complaint from a resident and an MP, Councillor or other agency...

- 4.6 Dealing with the same complaint from different people is time consuming, costly and it can mean that it takes longer to investigate and respond to the issues raised.
- 4.7 That is why we will only deal with one point of contact for each complaint.
- 4.8 ****Please Note** - If we receive a duplicate complaint from a resident and an MP, Councillor or other agency, will we write back to the MP, Councillor or other agency to inform them that we are already dealing with this complaint and that we will only be responding directly to the resident.
- 4.9 However we will copy the MP, Councillor or other agency into any correspondence sent to the resident.
- 4.10 If the resident informs us that they would like the matter to be dealt with by an MP, Councillor or other agency, we will close down the original resident complaint.

5. Dealing with Inappropriate or Unreasonable Behaviour (Process)

Introduction...

- 5.1 While we are committed to ensuring the best possible resolution to any complaint, the nature of some complaints or the manner in which they are pursued can make it difficult to respond in a fair and timely manner.
- 5.2 It can also impact negatively on the experience of other residents as well as the staff themselves.

5.3 Some examples of unreasonable or inappropriate behaviour are:

- *The person repeatedly makes the same complaint with minor differences and does not accept the outcome.*
- *The person changes aspects of the complaint or continues to add to the complaint, hindering the investigation.*
- *The person regularly breaks appointments or will not allow appointments with staff which would progress the complaints process.*
- *The person makes repeated contact with staff in different departments through different routes, letters, faxes, phone calls, MP, councillor and media enquiries.*
- *Contact is frequent, lengthy, complicated and stressful for staff and repeats the same themes.*
- *The person will not allow the complaint to progress to the next stage, but continues to express dissatisfaction.*
- *The person is abusive, makes inappropriate or personal comments, makes threats, or uses aggressive behaviour including shouting or swearing (either on email or verbally).*

Possible responses to unreasonable behaviour...

5.4 If a complainant behaves in an unreasonable or inappropriate manner, we will ask them to stop immediately. We will also look at what support can be put in place.

5.5 However...if they do not stop the behaviour there are a number of steps we can take:

- *We can warn the complainant that, if the behaviour continues, we will take action to restrict their contact with the Council including:*
 - *requiring the complainant to enter into an agreement about future behaviour before their case proceeds;*
 - *blocking an email address*
 - *requiring contact to take place with one named officer;*
 - *limiting contacts to one form only (for example, a maximum of one letter a week);*
 - *restricting telephone calls to specified days and/or specified times*
 - *refusing to discuss the complaint in the future*
- *If the behaviour is threatening we may consider involving the Police or taking legal action ourselves without prior warning to the complainant.*
- *If the behaviour falls within the scope of our Zero Tolerance Policy it could result in the complainant being registered on our Cautionary Database.*
- *A decision to restrict contact with the Council will be reviewed automatically after six months. There is no further right of appeal under the policy. Complainants are advised to contact the Local Government Ombudsman if they remain unhappy with the decision to restrict contact.*

6. Monitoring, Training and Data Protection

Monitoring...

- 6.1 The council will monitor the effectiveness of this policy and procedures by collating and analysing details of complaints to identify areas for improvement and learning.
- 6.2 We will produce regular monitoring reports for scrutiny and assessment by Councillors and senior staff.

Training...

- 6.3 All staff receive specialist training and support to ensure that they are able to respond to complaints in way that is considerate, understanding and deals with the issues raised.

Data protection...

- 6.4 When you make a complaint, we will log information about your complaint and your name and contact details. Information will only be collected and stored for the purposes of dealing with your complaint and improving our services. Your complaint and details will be treated confidentially.



AGENDA ITEM: 7

SUMMARY

| | |
|-------------------------|-----------------------|
| Report for: | Cabinet |
| Date of meeting: | 26th July 2015 |
| Part: | 1 |
| If Part II, reason: | |

| | |
|------------------------------|--|
| Title of report: | Housing - Asset Management Strategy |
| Contact: | Councillor Margaret Griffiths, Portfolio Holder for Housing Responsible Officer: Mark Gaynor Corporate Director Housing and Regeneration. Author - Fiona Williamson, Group Manager Property and Place |
| Purpose of report: | To seek Cabinet approval to the Homes for the Future - Asset Management Strategy 2016-2020. |
| Recommendations | That Cabinet approve the Homes for the Future - Asset Management Strategy 2016-2020 |
| Corporate Objectives: | <p>Providing good quality affordable homes for those most in need, the asset management strategy will:</p> <p>Ensure the management and maintenance of the housing portfolio is undertaken in accordance with best practice and is appropriate for the type, age and use of the stock.</p> <p>Consider national and local factors that could influence the optimal use of the housing stock in terms of value for money, the most economical use of resources and are reflective of the demand.</p> <p>Promote tenant involvement in deciding the priorities within the Asset Management Strategy.</p> <p>Provide assets of a consistent standard, allowing for differences in type of construction or archetype.</p> <p>Enable the delivery of new affordable homes, where individual</p> |

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| | sites are identified. |
| Implications: 'Value For Money Implications' | <p><u>Financial</u></p> <p>The Council will be required to deliver the Asset Management Strategy in line with the available budgets derived from revenue income and in line with the Housing Revenue Account Business plan.</p> <p>Value for Money</p> <p>The assessment to determine the optimal use of any of the assets will ensure that value for money is one of the criteria applied when considering a change of designation, remodelling or disposal.</p> |
| Risk Implications | <p>The Asset Management Strategy is essential as it will supplement the Business Plan and provide the framework for decision making to ensure the housing stock is viable and fit for purpose both now and in the future.</p> <p>The risks associated with not developing an Asset Management Strategy are that investment is not targeted appropriately and the long term financial viability of the business model is undermined.</p> |
| Community Impact Assessment | Community Impact Assessment for the delivery of the service has been carried out. |
| Health And Safety Implications | <p>Failure to adequately maintain the properties in a good state of repair and compliant with statutory requirements has health and safety implications.</p> <p>Health and Safety will be one of the key themes of the Asset Management Strategy and individual Health & Safety plans will be developed for each project as required.</p> |
| Monitoring Officer/S.151 Officer Comments | <p>Monitoring Officer:</p> <p>The strategy provides a sound and sensible basis for the management and maintenance of the Council's housing portfolio. No further comments to add to the report.</p> <p>S.151 Officer</p> <p>The HRA Asset Management Strategy must be delivered within the constraints of approved budgets, and therefore there are no budgetary implications arising directly from the recommendations within this report.</p> |
| Consultees: | <p>Councillor Margaret Griffiths, Portfolio Holder Housing,</p> <p>Housing and Communities Overview and Scrutiny Committee</p> |

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| | <p>Tenant Representatives</p> <p>Andy Vincent, Group Manager Tenants and Leaseholders</p> <p>Elliott Brooks, Assistant Director Housing</p> |
| Background papers: | <p>HRA Business Plan</p> <p>Cabinet 29 March 2011, Housing Services the way forward HCOSC 16th Oct 2013,</p> <p>Proposed changes to Government Rent Policy and impact on the HRA Business Plan Cabinet Report 18th October 2011</p> <p>Housing & Community Overview & Scrutiny Committee 28th January 2015 – Housing Asset Management Strategy - Update</p> |
| Glossary of acronyms and any other abbreviations used in this report: | <p>HRA - Housing Revenue Account</p> <p>VfM - Value for Money</p> |

Background

- 1.0 Background summary
- 1.1 The Asset Management Strategy has been developed in a style that is tenant focused and outlines four key commitments regarding how the Council will deliver the ongoing management and maintenance of the Housing Assets.
- 1.2 There are a number of key drivers for Asset Management that have been considered in the development of the strategy which are summarised below:

Demand and Supply

- Demographic changes, including an ageing population
- Fluctuations in demand for particular locations and property types (impact of welfare reform)
- Growing emphasis on choice and increasing customer expectations

Stock Condition and Sustainability

- An aging stock profile and 'fit for purpose' issues with some property types
- The pressure to deliver higher, locally determined standard 'The Dacorum Standard'
- Neighbourhood and economic sustainability

Funding Financing and VfM

- The imperative for assets and asset planning to support the Business Plan
- The need to optimise value and use of the asset
- The need for proactive solutions to improve stock portfolios and their performance

1.3 The Asset Management Strategy provides the overarching approach to the management of the assets that is determined by the available budget derived from the Business Plan. In addition there are a range of Housing Strategies and policies that the Asset Management Strategy is designed to support. These include the following:

- The Housing Strategy
- Adaptations Policy
- Cross Tenure Energy Strategy
- Development Strategy
- Acquisitions Policy
- Disposals Policy
- Parking Policy
- Empty Homes Policy and re-let standard
- Mobility Scooter Policy

2.0 The Business Plan

2.1 The 30 year Business Plan has been developed to provide the direction for the delivery of services to tenants and leaseholders. The plan outlines the level of investment in the homes and related assets, required to ensure they meet the standard agreed with tenants and which meets the long term physical requirements of the stock. The plan includes:

- The service standards required
- The investment required over a 30 year period
- Anticipation of likely changes in demand and requirements
- A clear understanding of the costs involved
- An approach to Treasury Management that facilitates both the needs of the Business Plan and servicing debt obligations
- A clear assessment of the income required to deliver the plan, including rent policy, other charges and their collection, and of best use of assets.
- A clear strategy of controlling and managing costs

2.2 All of the above interact with each other and will provide an opportunity or limitation to be taken or mitigated as appropriate, will require alignment to existing policy and, critically, the ability to model the impact of a wide range of scenarios to help advise the best course of action.

2.3 The Asset Management Strategy has been designed to provide a flexible approach that will be able to respond to changes in National policy, whilst still ensuring that the local objectives are met wherever possible.



Homes for the Future

Dacorum Borough Council Asset Management Strategy
2016 - 2020



Foreword

Asset Management foreword tbc

Contents

1.0 Introduction

2.0 Our Vision

3.0 National and local considerations

- 3.1 National changes
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- 3.3 Housing and Planning Act
- 3.4 Local impact

4.0 Commitment to delivering a great service

- 4.1 Our asset management commitments
- 4.2 Working in partnership
- 4.3 Value for money
- 4.4 Equality and diversity

5.0 Commitment One: Our housing assets meet the current and future needs of our tenants

6.0 Commitment Two: Our tenants live in homes that are safe, and maintained to the agreed standard.

7.0 Commitment Three: Through investments and improvements our assets generate income and support the housing service business plan

8.0 Commitment Four: We get the best value from our assets and develop homes for the future

9.0 Conclusion

Appendices

1.0 Introduction

2.0 Our vision

We will ensure we have the right properties, in the right places that meet the required standards and work with our tenants, leaseholders and contractors to provide good quality homes for the future.

1.0 Introduction

Dacorum Borough Council owns approximately 10,200 properties. The successful management of these properties is essential as they are the council highest value assets and the largest cost liability.

This strategy outlines the councils approach to managing demand and supply and the sustainability and condition of our stock whilst delivering a financially robust service that offers value for money.

We will use a range of activities to manage our assets including:

- Responsive repairs
- Void works
- Improvement programmes
- Disabled Adaptations
- Building new homes
- Inspections and surveys
- Estate improvements
- Risk management
- Stress testing
- Horizon scanning
- Benchmarking

This strategy will highlight how the council will proactively manage and reduce the impact on our assets of increasing cost of investment, changes to national policy, tenancy turnover and the increased demand for social housing.

2.0 Our vision

Dacorum Borough Council is committed to maximizing the benefits of our housing stock. We will ensure we have the right properties, in the right places that meet the required standards and work with our tenants, leaseholders and contractors to provide good quality homes for the future.

This strategy supports the councils corporate vision of ‘...working in partnership to create a borough that enables Dacorum’s communities to thrive and prosper’.

Through effective asset management we are able to provide safe, clean and enjoyable homes and environments that support our tenants and leaseholders to build strong and vibrant communities. By maintaining, improving and increasing our housing stock we can continue to provide good quality affordable homes, particularly to those in need and ensure the economic growth and prosperity of our borough. Working with partners we can achieve efficient and modern services ultimately improving the experience of our tenants and leaseholders.



3.0 National and Local Considerations

“The changing policy environment and significant financial pressures mean housing organisations must rethink how their assets are managed and maintained.” - CIH

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3.1 National changes

This strategy has been developed to align with all relevant current statutory legislation and best practice guidance.

The AMS considers relevant asset management risks, including increasing investment costs, changes to government policy, increased tenancy turnover and voids, increased housing need/demand and wider economic and demographic change

It is important we understand how changes nationally such as the move to self-financing and the introduction of the Housing and Planning Act (2016) affect Dacorum residents. Based on this understanding we can adapt our approach to asset management.

3.2 General needs 1% rent reduction and depooling

In 2015 the Government announced a 1% cut in rent this year for all our ‘general needs’ tenants. A 1% decrease in rent will be implemented each year for the next three years.

From September 2016 the council will be depooling rent and service charges for all general needs tenants. We recognise that communal areas have a significant impact on a tenants’ quality of life. Through accurate charges for the services required to maintain these areas we can continue to provide high quality services and increase transparency for our tenants and leaseholders.

3.3 Housing and Planning Act

The extension of the right to buy to housing associations could result in the council having to sell its higher value homes. Payments required will be based on an assumed level of sales. This will impact both the council’s business plan and resources.

Additionally introduction of the New English Secure tenancy marks the end of local authorities offering lifetime tenancies. Local authorities will now offer tenancies between two and ten years, with some exceptions being made for families with young children and other households considered vulnerable.

With shorter tenancies being offered it is essential that explore the balance between incentivising tenants and the use of enforcement to ensure homes are well maintained.

3.4 Local impact

In April 2012 central government ended the Housing Revenue Account subsidy system for council housing.

The Localism Act 2011 introduced new powers for councils to keep their rental income and thereby generate growth capital to fund investment in their housing stock (called ‘self-financing’).

One-off payments to or from each council were used to adjust housing debt to reflect the value of a council’s stock. Dacorum Borough Council’s settlement meant that we took on a debt of £354m.

To repay this debt the council made a practical long term assessment of the income we can generate and the value of work required to maintain the assets over a 30 year period.

4.0 Commitment to delivering a great service

8 out of 10 of our tenants are satisfied with the overall quality of their home.

8.5 out of 10 are satisfied that their rent provides value for money
– STAR Survey 2016

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4.1 Our asset management commitments

To develop this strategy, the council considered a range of stakeholders including a tenant led focus group on maintenance and lettable standards and all relevant legislation

Through the STAR Survey we were able to shape this further by using feedback from tenants on their experience of our service. With this feedback, along with relevant legislation and requirements we have our four commitments for asset management. These are:

Commitment One: Our housing assets meet the current and future needs of our tenants

Commitment Two: Our tenants live in homes that are safe and maintained to the agreed standard

Commitment Three: Through investments and improvements our assets generate income and support the housing service business plan

Commitment Four: We get the best value from our assets and develop homes for the future

4.2 Working in Partnership

All of the repairs, maintenance and improvement contracts that have been entered into are based upon a Partnership model.

The contracts have been designed to incentivize the contractors to provide a high quality service and value for money. The contracts are monitored monthly and an annual review undertaken to ensure they are delivering to the promises that they made at tender stage.

4.3 Value for Money

It is important to us that our tenants feel they are getting value for money. The Council along with tenant representatives will monitor the cost for delivering the various contracts that provide the repairs and improvement services to our tenants and leaseholders. In addition we will benchmark our costs with peer organisations in the locality and undertake regular audits using external bodies to validate our approach.

4.4 Equality and Diversity

As a Housing Service we believe all Council tenants should have the opportunity to access the maintenance and improvement service regardless of; age, disability, gender, race, religion or belief and sexual orientation (Equality and Diversity Act 2010) and are committed to being inclusive with our approach. We are also determined to make sure our policies and procedures and working practices reflect this commitment. In terms of managing and investing in our assets we take the different and varying needs of the people who live in the properties into account. We recognise that some people and groups within our tenant population find it difficult to have their voice heard. By tailoring our opportunities of involvement we hope to encourage these tenants to have their say.

The Council is committed to promoting independent living and where viable undertake adaptations to properties, or offer alternative more suitable accommodation.

5.0 Commitment One: Our housing assets meet the current and future needs of our tenants

"I'm impressed with the way our block looks now, my friends are also admiring these works and feel it was a good job. The problem of moisture is gone and we feel fresh. We have everything – the doors, the balcony and outside appearance of the block. Thank you."

- Dacorum Borough Council Tenant

5.0 Commitment One

Our role as a local authority and a landlord means it is important for us to build relationships with our tenants and use information to better understand their needs. This understanding means we can make informed decisions when managing our assets and contribute to the overarching challenges within our tenant population such as an aging population and a high demand for housing. We understand that to effectively meet our tenants needs we must manage our assets in a way that is financially sustainable and targeted. To achieve this we will:

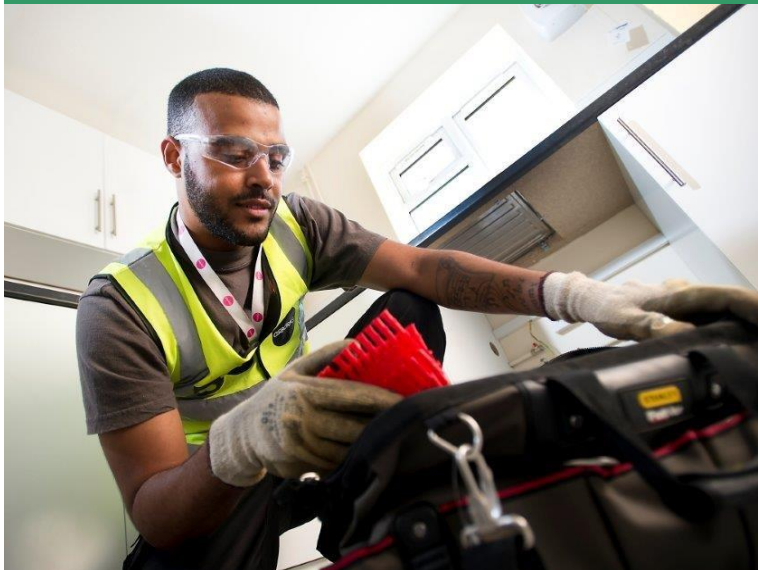
- Create targeted improvement plans based on the needs of our tenants, condition of our assets and predicted future need within Dacorum
- Where required adapt our properties to meet specific housing needs of our tenants such as older people, tenants with a disability or those considered vulnerable
- Make improvements to our properties that support the wider needs of our tenants such as reducing fuel poverty
- Ensure periodic surveys are undertaken and maintain accurate asset information to develop targeted improvement plans and determine whether assets remain fit for purpose



6.0 Commitment Two: Our tenants live in homes that are safe and maintained to the agreed standard.

“Overall performance is good and is continuing to improve” – Dacorum Borough Council Tenant Inspectors

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6.0 Commitment Two

It is essential that our assets are maintained to a defined standard that complies with legal requirements in order to provide a safe environment for tenants and leaseholders. The council work in partnership with the contractors and tenants to establish priorities and obtain current information on the condition of the assets. Maintenance and improvement work must be carried out in a planned and equitable way that ensures the maximum number of properties reach the agreed standard. To achieve this we will:

- Ensure our Dacorum Standard for properties is deliverable and reflects the priorities of our tenants.
- Protect our properties against neglect or wilful damage by holding tenants accountable
- Make it easy for tenants and leaseholders to report repairs
- Depooling of service charges so we can continue to provide good quality services to our communal areas an tenants can see how their money is spent



7.0 Commitment Three: Through investment and improvements our assets generate income and support the housing service business plan

Social landlord must “link knowledge of their stock, the need for housing in response to local demand and customer aspirations, and what is affordable in the business plan.” - Housemark

7.0 Commitment Three

The Housing Revenue Account Business Plan will establish the available resources for investment, which will determine the annual programme and ability to achieve the required standard. Where possible the Council will develop additional units on small infill sites and ensure existing properties are desirable and reflects tenants’ needs. We will achieve this by:

- Ensuring the business plan is updated to reflect changes in the income levels and remains viable to enable the ongoing investment in the housing assets.
- Establish an early warning mechanism to flag potential risks that could arise from under investment in the stock or an inability to meet targets in respect of energy efficiency
- Review the impact of changes in legislation upon the ability to maintain the levels of income
- Take a proactive approach to tenancy management, recharges and enforcement in instances when tenants fail to adhere to the tenancy agreement and through neglect or wilful damage cause an increase in repair or void costs.
- Promote the sale of freeholds in blocks that are occupied solely by leaseholders



8.0 Commitment Four: We get the best value from our assets and develop homes for the future

“It is important that we assess all our options when managing our assets so we can achieve best value” – Elliott Brooks, Housing Assistant Director

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8.0 Commitment Four

The Council is committed to achieving best value from the Housing assets by ensuring the stock consists of properties that are structurally sound and straightforward to maintain whilst providing homes that satisfy the needs of our tenants. We will achieve this by:

- Identifying land, whether HRA, General Fund or non-council to build additional homes to increase the number of Council owned properties available of the type and quality needed in locations where people want to live.
- Identifying and assessing opportunities to increase our stock by acquiring properties particularly where property type and location matches housing need and management arrangements.
- Identifying properties that have poor thermal performance, high maintenance liabilities and a high market value for disposal.
- Assess the viability of remodelling stock that due to age, condition or layout is no longer suitable for tenants needs.



9.0 Conclusion

The council is dedicated to meeting the needs and priorities of our tenants and the requirements of the service.

9.0 Conclusion

To conclude, this strategy demonstrates Dacorum Borough Council's commitment to having the right properties, in the right places that meet the required standards and work with our tenants, leaseholders and contractors to provide good quality homes for the future.

The strategy acknowledges changes in the external national and economic environment and how the council will continue to respond proactively. The council is dedicated to meeting the needs and priorities of our tenants and the requirements of the service. This is outlined in the four commitments.

The Council is keen to see that tangible benefits and real impacts are delivered through the Asset Management Strategy and it is anticipated that the following positive outcomes will be delivered:

- Homes which meet the locally determined Dacorum Standard and which are well managed and maintained
- Homes that meet acceptable thermal comfort levels to minimise heating costs
- A stock of properties which changes over time to provide a balanced portfolio that responds to the changing needs of our tenants
- Improved stakeholder satisfaction with the accommodation and the maintenance services provided

- A well maintained portfolio which enables the Council to manage running costs effectively and efficiently
- New projects delivered in line with the needs of the Borough and support the wider objectives of the Council through regeneration, use of sustainable products and customer engagement
- Maximise any return on investment through careful project planning
- Deliver continuous improvement through the performance management of the contractors who maintain our assets.

By achieving effective asset management, the council can continue to support its tenants, improve their quality of life and deliver a sustainable service for the future.



Appendix A

Our Assets

Appendix B

Size and type of properties

Appendix C

Non- Traditional Properties

Appendix D

Asset Information

Appendix E

Asset Risk Register

Appendix F

Dacorum Standard

Appendix

Appendix

Housing Revenue Account Assets

*10232 Properties

*1711 Leaseholders

Communal drying areas

Communal gardens

HRA footpaths (generally those not adjacent to a highway)

HRA walls and fencing

Parking facilities and barriers

Scooter Stores

Sheds

Bin Stores

Lighting Columns (H and 3 digit number reference denotes HRA asset)

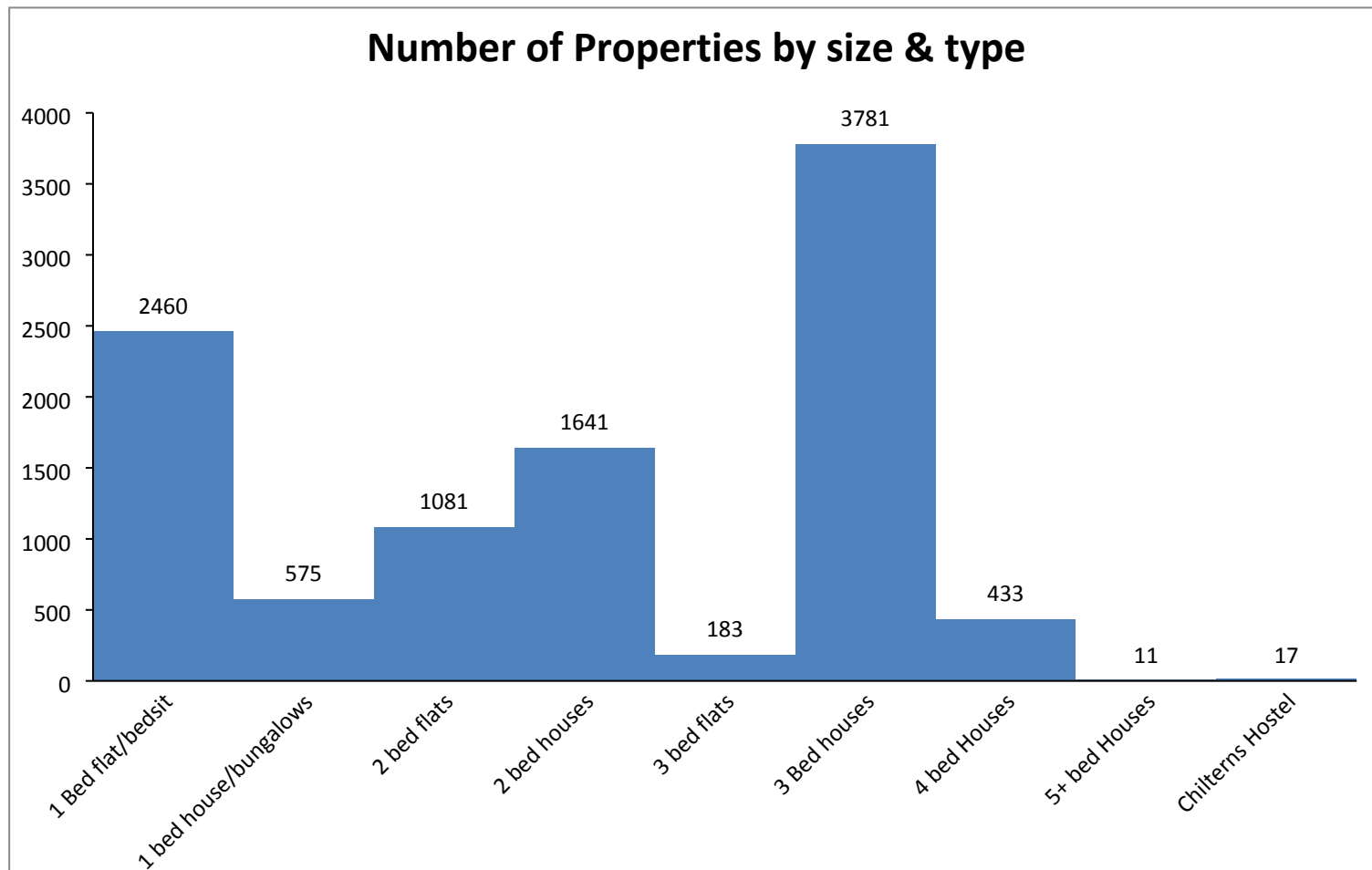
Amenity Greens

*as at January 2016

Appendix B

Property by size and type

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Appendix C

Non- Traditional Properties

| Type of Construction | No. of Properties (2016) |
|--|--------------------------|
| B.I.S.F (British Iron & Steel Federation | 93 |
| Wimpey No Fines | 652 |
| Quickbuild | 198 |
| Lovell Timber Frame | 76 |
| Drury System 3 | 5 |
| Surebuilt | 10 |
| Guildway | 15 |
| Steel Framed | 14 |
| Total | 1063 |



AGENDA ITEM: 8

SUMMARY

| | |
|-------------------------|---------------------|
| Report for: | Cabinet |
| Date of meeting: | 26 July 2016 |
| PART: | 1 |
| If Part II, reason: | |

| | |
|--------------------------------|---|
| Title of report: | Medium Term Financial Strategy |
| Contact: | Cllr Graeme Elliot, Portfolio Holder for Finance & Resources James Deane, Corporate Director (Finance & Operations) |
| Purpose of report: | To present to Cabinet the revised Medium Term Financial Strategy for approval. |
| Recommendations | It is recommended that Cabinet recommend to Council the approval of the revised Medium Term Financial Strategy for the period 2016/17 – 2020/21 |
| Corporate objectives: | The Medium Term Financial Strategy supports the delivery of all five of the Corporate Objectives. |
| Implications: | Contained within the body of the report. |
| Risk Implications | The updated strategy reduces the risk of forward projections becoming out of date. |
| Equalities Implications | There are no equality implications. |
| Health And Safety Implications | There are no health and safety implications. |
| Monitoring Officer/S.151 | Monitoring Officer: No comments to add to the report. |

| | |
|---|--|
| Officer Comments | S.151 Officer This is a Section 151 Officer report. |
| Consultees | Corporate Management Team |
| Background papers | Budget Report to Cabinet, February 2016 Provisional Outturn Report to Cabinet, May 2016 Final Outturn Report to Audit Committee, June 2016 |
| Glossary of acronyms and any other abbreviations used in this report: | COG – Chief Officer Group GF – General Fund HRA – Housing Revenue Account MTFS – Medium Term Financial Strategy NHB – New Homes Bonus RSG – Revenue Support Grant |

Introduction

1. The previous version of the Medium Term Financial Strategy (MTFS) was approved by Council in July 2015.
2. The Budget report to Cabinet and Council in February 2016 provided updated information on the Council's financial position.

Review of the Medium Term Financial Strategy

3. In the current economic climate and in light of continued reforms to Local Government Finance it is essential that the MTFS is regularly reviewed to enable forward projections to remain as relevant as possible.
4. The attached Strategy has been reviewed to take into account the pre-audit closure of accounts position for 2015/16, and the 2016 Local Government Finance Settlement.
5. It is recommended that Cabinet recommend the revised MTFS to Council for approval. The Strategy will provide the framework for the development of annual budgets for 2017/18, together with the development of the five-year Capital Programme for consideration and approval by Council in February 2017.



MEDIUM TERM FINANCIAL STRATEGY

2016/17 – 2020/21

| | |
|----------------------------|--|
| Author | James Deane, Corporate Director (Finance & Operations) |
| Responsible officer | James Deane, Corporate Director (Finance & Operations) |

| | | | |
|-----------------------------|-----------|-----------------------------|-----------|
| Date of publication | July 2016 | Date of last version | July 2015 |
| Version no. | 1 | Date of expiry | July 2017 |
| Associated documents | | | |

Working in partnership, to create a Borough which enables the communities of Dacorum to thrive and prosper
Affordable Housing ♦ Regeneration ♦ Building Community Capacity ♦ Safe and Clean Environment ♦ Dacorum Delivers

DACORUM BOROUGH COUNCIL MEDIUM TERM FINANCIAL STRATEGY 2016/17–20/21

July 2016

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Appendix A – General Fund Budget 2016/17 – 2020/21

Appendix B – Housing Revenue Account Budget 2015/16 – 2019/20

Appendix C – General Fund Reserves Summary 2016/17 – 2020/21

1. Introduction

- 1.1 The Medium Term Financial Strategy (MTFS) is the Council's key financial planning document. In detailing the financial implications of the Corporate Plan over a five-year period, the MTFS provides a reference point for corporate decision-making and ensures that the Council is able to optimise the balance between its financial resources and delivery of its priorities.
- 1.2 The MTFS informs the annual budget-setting process, ensuring that each year's budget is considered within the context of the Council's ongoing sustainability over the entirety of the planning period. The annual budget-setting process is detailed in the Financial Planning Framework in Section 3.
- 1.3 In order to forecast the Council's future financial position, the MTFS contains a number of assumptions, the bases of which are detailed throughout the Strategy. It should be noted that these assumptions are subject to change. The Corporate Director (Finance & Operations) will report back to Cabinet as a matter of urgency if there are changes to key assumptions in the Strategy that threaten the sustainability of the approved MTFS.

2. Recommendations

- 2.1 The MTFS makes the following recommendations for approval by Council. It is recommended that:
 - 2.1.1 The financial projections within the 5-year Medium Term Financial Strategy be noted, and the Strategy approved;
 - 2.1.2 A General Fund savings target of £1.33 million be approved for the 2017/18 budget-setting process;
 - 2.1.3 A four-year General Fund savings target of £3.6 million be approved for the duration of this Medium Term Financial Strategy;
 - 2.1.4 A review of the Housing Revenue Account base budget and savings target be undertaken as part of the review of the HRA business plan and budget preparation cycle;
 - 2.1.5 The Corporate Director (Finance & Operations) works with the Council's Corporate Management Team and Portfolio Holders to deliver options that will achieve the saving targets identified within the strategy;
 - 2.1.6 Authority be delegated to the S151 Officer, in consultation with the Budget Review Group, to consider Government's proposed four-year Settlement, and, subject to further guidance emerging before October, to accept the offer if appropriate;
 - 2.1.7 The Financial Planning Framework is approved to support the budget-setting process for 2017/18;
 - 2.1.8 The Corporate Director (Finance & Operations) be requested to revise the Medium Term Financial Strategy and re-present to Cabinet and Council for approval if material changes to forecasts are required following future Government announcements.

3. Financial Planning Framework

- 3.1 The Financial Planning Framework, shown below, demonstrates the process by which the Council ensures that revenue and investment plans are developed in tandem, and that the annual budgets approved by Council each February are developed within the context of longer-term sustainability. It also demonstrates the consultation the Council undertakes with major stakeholders as part of the budgeting process.

| | |
|----------------------------|--|
| May | The Budget Review Group, comprising both Members and Officers, begins a series of meetings, continuing throughout the budget-setting process, to develop proposals for strategic savings options. |
| June/July | <p>The final budgetary position for the previous year is finalised, and reported to Members for approval through the Provisional Outturn Report to Cabinet and the Final Outturn Report to the Audit Committee.</p> <p>The approved outturn position is then incorporated within a refreshed MTFs, which is recommended to Council as the basis for setting the subsequent year's budget.</p> <p>The first cut of the base budget for the following year is produced by the end of July.</p> |
| August/September | Budget Holders begin developing Service Plans, in consultation with Portfolio Holders, for the following year. These plans include revenue and capital bids, and highlight new savings proposals and budgetary pressures. |
| October – November | Proposed budgets are scrutinised and challenged by the Corporate Director (Finance & Operations) and by the Budget Review Group, both supported by the Financial Services team. |
| November – December | <p>Provisional Local Government Finance Settlement announced by Government, which sets the level of grant the Council will receive over the next year(s).</p> <p>Consultation events held with Town and Parish Clerks and Members, and with members of the public.</p> |
| January | <p>Draft budget proposals presented to Joint Overview & Scrutiny Committee, for Members' scrutiny.</p> <p>Feedback from Joint OSC is considered by Budget Review Group, and incorporated into final budget proposal presented to a second Joint Overview & Scrutiny Committee meeting.</p> |
| February | Final budget report presented to Cabinet for recommendation to Council. Council considers the recommendations of Cabinet for approval. |
| April | The new financial year begins, and the approved budget is then assessed under the in-year budget performance monitoring process. |

4. Review of the Council's primary funding streams (General Fund)

- 4.1 On 8 February 2016, the Secretary of State for the Department for Communities and Local Government, Greg Clark MP, made a statement to Parliament on the provisional Local Government Finance Settlement 2016/17. The Settlement contained details of a four-year offer to local authorities, with some of the key messages affecting Dacorum summarised, below.

Reduced central government grant to the local government sector

- 4.2 On a national level, in 2016/17 there was a 12.5% reduction in the amount of Settlement Funding Assessment paid by government to local authorities – reducing from £21.2bn to £18.6bn. This will be followed by a further three years of annual reductions, resulting in a total reduction of 32% over the period to 2019/20 (from £21.2bn to £14.5bn).
- 4.3 Settlement Funding Assessment (SFA) constitutes the primary source of government support for local authorities, and refers to the combined payments of Revenue Support Grant and Baseline Funding (Business Rates).
- 4.4 Dacorum's SFA was reduced by 22.5% (£1.1m) in 2016/17 and will face a further 58% (£2.8m) reduction over the period to 2019/20. In both cases this is significantly higher than the national average for district councils, which was 17% for 2016/17 and is 44% for the period to 2019/20.

The concept of Core Spending Power

- 4.5 The reason Dacorum's SFA reduction is high relative to the district council average is that for 2016/17 onwards the government has apportioned grant reductions based on a new method: *Core Spending Power*. This means that rather than simply applying the same percentage grant reduction to all authorities, Core Spending Power (CSP) also takes into account the amount that a council can raise locally from Council Tax and New Homes Bonus (NHB) when apportioning funding reductions. All funding reductions calculated using CSP, are applied to RSG – Baseline Funding is not reduced.
- 4.6 In 2016/17, Dacorum was forecast to have the 15th highest Council Tax income of the 200 district councils in England (£10.1m compared to the average £6.3m). This means that Dacorum can generate more income locally than most district councils and therefore, within the context of Core Spending Power, can absorb a greater reduction in government grant than most district councils.

Revenue Support Grant and the four-year Settlement proposal

- 4.7 Within the Settlement, government offered local authorities the opportunity to accept a four-year funding deal, to 2019/20, for RSG, *Transitional Grant and Rural Services Delivery Grant* only. Dacorum receives funding through the first two of these grants. (£150m of Transitional Grant was introduced to the sector by government for 2016/17 and 2017/18 to soften the impact of the continued reductions in RSG. Dacorum will receive around £125k in each of 16/17 and 17/18.)
- 4.8 Notably, the four-year deal excludes New Homes Bonus, of which Dacorum received £3.5m in 2016/17, and Baseline Funding, of which Dacorum received £2.7m in 2016/17. Government policy to reform both of these funding streams within the four-

year period are already underway, and the potential implications of these reforms for Dacorum are detailed within paragraphs 4.17 – 4.28 of this strategy.

4.9 The Secretary of State has also confirmed, that the four-year deal will not protect against:

- The extra responsibilities and functions that might need to be accepted by local government as part of the move to 100% business rates retention;
- Future transfer of functions to or between local authorities, or the impact of mergers; and,
- Any other ‘unforeseen events’. (No parameters have been put on the breadth of this definition.)

4.10 The table below shows the four-year deal available to Dacorum.

| | 2016/17 | 2017/18 | 2018/19 | 2019/20 |
|-----------------------|----------------|----------------|----------------|----------------|
| Revenue Support Grant | £970k | £100k | 0 | 0 |
| Transitional Grant | £125k | £125k | 0 | 0 |

4.11 Members will note that Dacorum sees its RSG reduced to £100k in 2017/18 and down to zero for 2018/19 and 2019/20, the final two years of the Settlement. On this basis that grant funding cannot fall any lower than zero, Members may question whether the Council has anything to lose by not accepting the deal.

4.12 In response to this question, it should be noted that the Settlement also includes, for the first time, a ‘payment’ from councils to government known as a ‘Tariff Adjustment’. This is effectively ‘negative RSG’, and its purpose is to allow government to continue reducing an individual council’s funding, under the Core Spending Power calculation, even after they are no longer in receipt of any RSG to reduce. (See paragraphs 4.5 - 4.6 for an explanation of government’s Core Spending Power approach.)

4.13 The Final Settlement shows that the only year in which Dacorum is currently scheduled to face a Tariff Adjustment is 2019/20 (£1m), and even this is likely to be superseded by that time by the reforms to Business Rates scheduled for implementation in 2019/20. The key point relevant to the question of whether to accept the four-year Settlement is that in establishing the principle of Tariff Adjustments, government has provided itself with the means to effectively reduce Dacorum’s RSG beyond zero. On this basis, the zero-levels of RSG within the proposed four-year deal should not be considered a strong reason for rejecting the deal.

4.14 Despite the list of eventualities against which the deal does not protect local authorities, listed in paragraph 4.9 of this report, the feeling within the sector is that the relative certainty it provides over the medium-term is an attractive proposition. Furthermore, any argument to reject the deal would rely on the belief that government might increase funding for those councils which do not accept. This would seem improbable.

4.15 Other than to specify a deadline of 14 October 2016, and to state the need for an accompanying ‘efficiency strategy’, no guidance has yet been issued by government

as to the process by which councils should apply to accept the four-year deal. The LGA and CIPFA are currently working on the design of an approach that could be used consistently across the sector to meet the stated requirements.

- 4.16 It is recommended that Members accept the four-year deal in principle, but that final approval be delegated to the S151 Officer in consultation with the Budget Review Group, pending any further guidance and information that may be publicised before the acceptance deadline.

Baseline Funding

- 4.17 Baseline Funding (also known as Retained Business Rates) contributed £2.6m to DBC in 2016/17. This is based on the government's assessment of need within the borough, and it can be increased or decreased depending on whether the overall amount of business rates collectable across the borough increases or decreases. The amount by which the Baseline Funding can reduce is capped at 7.5%, which is known as the 'safety net'.
- 4.18 Over the last three years the Council has had to provide for potential backdated refunds for extant Business Rates appeals that were outstanding at the time the localisation of Business Rates was introduced in 2013. The Council's audited assessment of these outstanding appeals is that enough of them will be successful to offset the forecast business growth within the borough, thereby resulting in a net reduction in the amount of business rates collectable, and a consequent reduction in Baseline Funding.
- 4.19 The assumption in the proposed version of the MTFs is that the Council will be in 'safety net' throughout the planning period and will receive the minimum amount of Baseline Funding, i.e. 7.5% less than the government's assessment of need within Dacorum.
- 4.20 It is possible that the amount of Baseline Funding the Council receives could be reduced further if Government changes the structure of the Business Rates Localisation scheme. At the time the scheme was implemented, however, Government announced that the baselines would not be reset until 2020. The S151 Officer will continue to monitor Government announcements over coming years, as the resetting of baselines, and subsequent reductions in the level of Baseline Funding, could be forthcoming earlier than 2020 if the Government needs to intensify its deficit reduction programme.

Council Tax

- 4.21 Government's view of Council Tax as a cornerstone of its planned shift from centralised to localised funding for local government is clear in the greater freedoms permitted within the 2016/17 Settlement for local authorities to set their Council Tax.
- 4.22 Whereas previous Settlements have incentivised Council Tax freezes, in 2016/17, in addition to there being no Council Tax Freeze Grant on offer, there has been an increase in the Council Tax referendum limit for all district councils from 2% to the higher of 2% or £5 on a Band D, to be in place for each year until 2019/20.
- 4.23 In February 2016, Council approved an increase in Council Tax for 2016/17 of £5, equating to 2.78% for a Band D property. The proposed MTFs assumes continued increases of £5 per annum and growth in the tax base of 0.75% per annum, equating to around 250 dwellings per year.

- 4.24 It should be noted that in calculating the four-year Settlement for Dacorum, government has assumed that the Council will increase Council Tax by £5 per year, and that the tax base will grow by around 1.5% per year.

New Homes Bonus

- 4.25 The Council received £3.5m of New Homes Bonus (NHB) from central government in 2016/17. NHB is paid to local authorities to stimulate local housing growth and takes the form of a grant for each additional home within the borough, payable for a six-year period.
- 4.26 With the exception of £325k per year, which is used to support annual revenue budgets, the Council has contributed NHB to reserves in order to fund capital projects over the life of the Capital Programme. It is recommended that Members continue with this strategy.
- 4.27 As part of Spending Review 2015, Government announced a review of NHB and a reduction in the amount of grant paid nationally by around 50%, or £800m. Government is currently considering a number of changes to help achieve this, primarily relating to a reduction in the grant cycle from the current six years down to four. However, a review of the allocation method is also expected in order to address perceived inequalities in the current distribution of the grant.
- 4.28 The proposed MTFS assumes that the level of NHB received by Dacorum will reduce in 2017/18 by two thirds from the 2016/17 level, and that this level will then be sustained throughout the remainder of the planning period. This is a prudent assumption, approved by Council in February 2016, and will be subject to further refinement when Government makes an announcement on the future of NHB later in the current financial year. The S151 Officer will update Members as more information becomes available.

5. Review of MTFS assumptions

Update of General Fund budget assumptions based on 2015/16 outturn

- 5.1 The basic principle of the MTFS model is to extrapolate the current year's approved budget, in this case 2016/17, over the next four years. The extrapolation process incorporates assumptions on government grant, inflation, changes in demand for services, changing legislation, and probable risks and opportunities.
- 5.2 The 2015/16 outturn was approved by Audit Committee at its meeting of 29 June 2016. A fundamental part of the outturn analysis is to focus on those areas where there were over- or under-spends in order to identify whether the budget assumptions were flawed and require updating in order to improve the accuracy of the MTFS. Budgetary assumptions for 2017/18 have been updated where appropriate.

Update of MTFS assumptions based on other information

- 5.3 A range of information sources have been used to inform the updated assumptions shown within the following table. The rationale behind estimates is shown in the notes below. Further sensitivity will be undertaken as new information becomes available.

| | Note | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
|--------------------------|------|---------|---------|---------|---------|
| Income | | % | % | % | % |
| Council Tax | 1 | 3.45 | 3.38 | 3.31 | 3.20 |
| Revenue Support Grant | 2 | (89) | (100) | n/a | n/a |
| Tariff Adjustment Grant | 3 | £125k | £125k | n/a | n/a |
| Business Rates Retained | 4 | 1.4 | 1.7 | 2 | 2 |
| Fees & Charges | 5 | 2.1 | 2.8 | 3.4 | 3.2 |
| Investment Income | 6 | 0.9 | 1.5 | 2 | 2.75 |
| | | | | | |
| Expenditure | | | | | |
| Pay settlement | 7 | 1 | 1 | 1 | 1 |
| Pay: contract increments | 8 | 0.6 | 0.6 | 0.5 | 0.3 |
| Pension contributions | 9 | 1 | 0 | 0 | 1 |
| Utilities | 10 | 5 | 5 | 5 | 5 |
| Fuel | 11 | 5 | 5 | 5 | 5 |
| Supplies & Services | 12 | 2.1 | 2.8 | 3.4 | 3.2 |

Notes:

1. Increase by £5 per Band D and 0.75% increase in tax base (see paras 4.21 – 4.24).
2. Based on proposed four-year Settlement (see paragraphs 4.7 – 4.16).
3. Based on proposed four-year Settlement (see paragraphs 4.7 – 4.16).
4. Based on proposed four-year Settlement (see paragraphs 4.7 – 4.16).
5. Inflation assumptions from OBR on controllable income eg excludes Planning fees
6. Sector forecast on interest rates
7. Consistent with most recent government announcement: Summer Budget 2015
8. Based on actual increments due and historical staff turnover rates
9. Increase 1% on current service costs and 0.9% per annum on past service costs
10. Currently under review – historical assumptions used at present
11. Currently under review – historical assumptions used at present
12. Inflation assumptions from Office of Budget Responsibility (OBR)

Growth

- 5.4 Growth is defined as an increase in the expenditure, or the net expenditure, budgets of the Council. In the event that essential or unavoidable growth is required within a Service area, a business case outlining the requirements should be produced by the relevant Group Manager and Assistant Director, and be signed off by the Director and S151 Officer, before being submitted for consideration by the Budget Review Group.
- 5.5 Growth in the income generating capacity of a particular Service does not mean that the additional income automatically accrues to that Service. All Council income, unless stated otherwise by statute, is considered corporate income and is used to finance the provision of all Council services. All requests from budget holders to retain additional income budget in order to finance increased expenditure are subject to the growth process outlined above.
- 5.6 If, during the budget-setting process, a budget holder reduces the cost of providing one of their services, the resultant saving does not automatically become available to them to finance the expansion of an alternative service area. All savings made across services constitute a contribution to the Council's corporate budgetary

position. Any expansion of a Service area constitutes growth, which necessitates a separate growth bid.

Fees and Charges Strategy

5.7 The fees and charges set by the Council are subject to annual review as part of the budget-setting process. Changes made between years are included within the annual Budget Report, and are subject to Council approval. The key principles behind charging are that:

- discretionary charges should recover costs unless the strategy is to provide a particular service at a subsidy;
- discretionary income should be optimised through appropriate commercial charges; and,
- robust systems of discounts or concessions should be in place for those who would otherwise find that they could not access services, where deemed appropriate.

5.8 Provision of many Council services is a statutory requirement and charges for access to these are determined as part of that requirement. The Council therefore has no discretion in setting these fees.

5.9 A thorough review of the true cost and effectiveness of providing statutory services must be undertaken on a regular basis to ensure that the fees charged meet the cost of service provision wherever possible. Where any review indicates an under-recovery of cost, alternative methods of service provision and comparison with other comparable authorities must be undertaken to identify opportunities for minimising the liability to the Council.

5.10 The Local Government Act 2003 includes a general power for Councils to charge for discretionary services i.e. services that an authority has the power, but no obligation, to provide. Some discretionary charges are governed by alternative legislation, in which case this general power does not then apply.

5.11 Increases for the annual review of fees and charges have been included in the MTFS projections based on the percentages set out in table 5.3.

General Fund Working Balances and Earmarked Reserves

5.12 The Council's Reserves Strategy is integral to the Medium Term Financial Strategy because it demonstrates how the Council augments its annual ongoing running costs with plans to finance specific items of one-off expenditure over the medium-term. The Strategy is reviewed annually, and was most recently approved by Council within the 2016/17 Budget Report, in February 2016.

5.13 The Council holds two types of reserve. These are:

- **Working balances**, which are required as a contingency against unforeseen events, and to ensure that the Council has sufficient funds available to meet its cash flow requirements. The Local Government Act 2003 requires the Section 151 Officer to report on the adequacy of financial reserves when setting the

General Fund budget requirement for the year. This requirement was met within Appendix M of the Budget Report.

- **Earmarked reserves**, which are funds approved by Members to finance specific items of future expenditure. The Council’s Financial Regulations dictate that Earmarked Reserves can be created only by Member approval, and that all subsequent transfers to and from those reserves also require Member approval.

5.14 In accordance with best practice, the General Fund Working Balance is maintained at a level between 5% and 15% of Net Service Expenditure.

6. General Fund medium-term savings target

6.1 Based on the assumptions detailed throughout this Strategy, and the need to maintain the desired level of General Fund Working Balances, the savings targets over the life of this MTFS are as follows. (See Appendix A for a full summary.)

| | 2017/18 | 2018/19 | 2019/20 | 2020/21 | Total |
|----------------|---------|---------|---------|---------|-------|
| Savings Target | £1.3m | £250k | £1.1m | £1m | £3.6m |

7. Closing the savings gap

7.1 In order to meet medium-term savings targets and continue to deliver services within the context of continuing reductions to government funding, the Council has adopted two key strategies: 1) a multi-year savings plan; and, 2) a Corporate Efficiency Strategy. These are detailed in the paragraphs below.

Multi-year savings plan

7.2 Each Assistant Director, together with their Group Managers, has proposed a number of transformation initiatives and budgetary changes within their Service areas which, cumulatively, will deliver an estimated £1.5m of savings over the period to 2018/19.

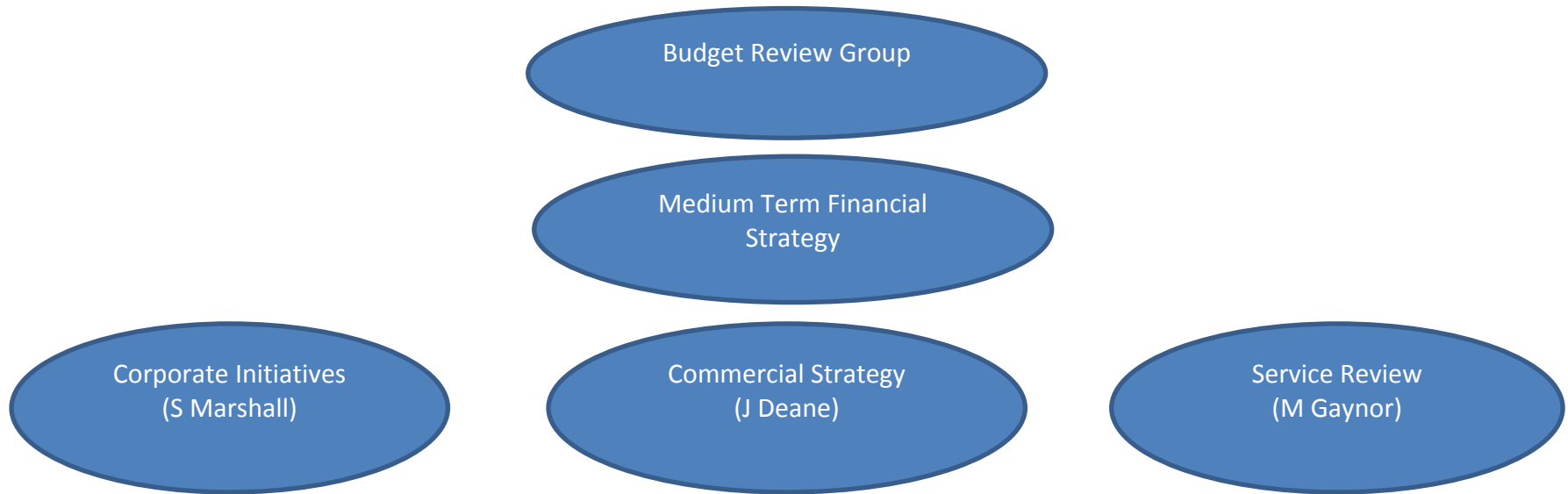
7.3 These proposals are currently under review by the Chief Officer Group (COG) to ensure that the initiatives proposed by each individual Service do not have any unintended consequences for other services within the Council, and to provide the corporate oversight that will help identify opportunities for cross-service initiatives. This process entails scrutiny meetings between COG and each Assistant Director and Group Manager to consider the ramifications of proposals.

7.4 It is envisaged that this process will result in a refined and more detailed series of projects which will be presented to Budget Review Group for discussion and scrutiny from September onwards.

Corporate Efficiency Strategy

7.5 In addition to the multi-year savings plan, which is essentially a *Service-driven* approach to the identification of savings programmes, the Council is in the process of implementing a new approach, in the form of the Corporate Efficiency Strategy (CES), which the objective of delivering savings and efficiencies through broader *Council-wide* initiatives.

- 7.6 To deliver this objective, the CES will focus on two clear strands: operational change and cultural change. Operational change will focus on the identification of *specific opportunities* for the Council to deliver its services more efficiently. Cultural change will focus on embedding a *commercial outlook* across the organisation that will enable the continuous improvement ethic the Council needs in order to continue delivering value for money for its residents.
- 7.7 In order to deliver the required corporate oversight of CES, it is jointly owned by Chief Officer Group (COG) and progress is reported directly into the Budget Review Group. Updates on the programme of projects within the CES will be reported formally to Members at various points throughout the year.
- 7.8 There are three programmes within the CES, each of which is sponsored by a different member of COG. Each programme contains a number of sub-groups which will be led by Assistant Directors or, in particularly technical areas, by Group Managers. The three programmes, together with their respective sponsors are:
- Corporate Initiatives – Sally Marshall
 - Commercial Strategy – James Deane
 - Service Efficiency – Mark Gaynor
- 7.9 A pictogram of the project structure is shown on the following page.



- Council 2018 and beyond**
- Human Resources**
 - T&Cs Review
 - Sickness Management
 - Agency staff usage
- Development Company**
 - Revenue stream
 - Increased housing
- Leisure Provision**
 - Reduced costs
 - Investment opportunity

- Commercial Assets**
 - Garage disposal
 - Land disposal
- Review of revenue generation**
 - Stat & Non-stat services
 - Current profitability
 - Selling opportunities
 - Business case models
- Business Rates review**
 - Planning for the future retention scheme
- Financial Management**
 - Budget Process
 - Savings Trackers
 - Improvement measures

- Service Efficiency Review**
 - Establish review method
 - Process review by AD
 - Review HRA process
- Establish delivery programme**
 - Savings pathway identified
 - Monitor delivery
- Contract Management Review**
 - TAM review
 - Identify blueprint
 - Links to future procurement
 - Performance measures

8. Key Budget Risks (General Fund)

EU referendum result

- 8.1 Although the Chancellor has announced that there will be no Emergency Budget as a consequence of the EU referendum result, there remains significant uncertainty over the medium term implications for the economy as a whole and for local government. The following risks will continue to be monitored and the MTFS will be updated if/when they begin to crystallise.
- 8.2 Although the detailed arrangements behind the policy have yet to be released, the 100% retention of Business Rates by the local government sector from 2019/20 will link councils' financial sustainability to their ability to retain and grow rate-paying businesses. It is not yet known how multinational companies will view the UK's attractiveness as a base for investment post-Brexit, but there is a risk that demand for commercial property will fall, resulting in **reduced Business Rates** and consequent funding pressures in the medium-term.
- 8.3 The longer-term impact on **demand for the Council's services** will depend on how the local economy fares, but nationally there has already been reported increases in hate crime which require a response from local authorities. As at the time of writing there has been no increase in hate crime statistics within Dacorum.
- 8.4 The Council already has a limited number of **investment counterparties** due to the stringent criteria in place within the Treasury Management Strategy (TMS) designed to prioritise the security of funds ahead of level of return. The recent downgrading of the UK's sovereign credit rating has already necessitated a revision to the TMS to enable continued investment in UK based institutions. There is a risk that further changes to the credit rating of individual institutions will reduce further the list of the available investment counterparties, thereby reducing the Council's return on investment.
- 8.5 The downgrading of the UK's sovereign credit rating would normally be expected to increase the **cost of borrowing** for government and therefore increase the borrowing rates available to the Council through the Public Works Loan Board (PWLb). The extent of economic uncertainty at present has meant that borrowing rates remain low. However, increasing cost of borrowing remains a risk for the Council in the medium-term.
- 8.6 The Council's **pension fund** is already the most volatile material liability on the balance sheet and the impact of low bond yields is likely to drive up the deficit in the short-term. The size of the pension fund deficit has a direct relationship with the amount of contributions the Council is required to make to the fund, and therefore to the annual revenue cost of providing the scheme. Changes to the Council's contributions are triggered by the recommendations of the fund's triennial review, the next of which is scheduled for December 2016. The Council has a Pensions Reserve of £1.8m which could be used for one-off payments to reduce the deficit, pending future actuarial reviews.

Recruiting professional staff

- 8.7 In common with other local authorities within Hertfordshire, the Council is currently facing difficulties in the recruitment of staff with professional qualifications e.g. within Finance, Legal, Building Control, Planning, Environmental Health. In the short-term this can cause a revenue pressure as the Council is forced to increase its use of

(more costly) agency staff in order to maintain service provision. Council officers continue to work with neighbouring authorities to identify a strategic solution to future recruitment needs.

9. Housing Revenue Account (HRA)

- 9.1 The HRA Business Plan plans delivery of the Council's housing objectives over a thirty-year period. The long-term perspective is necessary to ensure sound investment decisions both in terms of the Council's new build programme and in maintaining existing stock.
- 9.2 The Business Plan is kept constantly under review, and is presented for Members' approval at least annually. The most recently approved HRA Business Plan was approved in November 2015, and is next scheduled for Cabinet consideration in October 2016. The table below details the assumptions within the most recently approved plan,

| Budget | Assumptions |
|-------------------------------------|--|
| HRA Working Balance | Minimum 5% of turnover, as per Reserves Strategy. |
| Major Repairs Reserve (MRR) Balance | Depreciation is ring-fenced to the MRR. The plan does not show an increasing MRR balance because in all years planned capital expenditure exceeds depreciation. The investment shortfall is met through HRA contributions to capital. |
| Rent | In accordance with Government policy, the Business Plan assumes an annual reduction to rents of 1% for four years. After this, the plan assumes uplift on rents of CPI + 1% to all rents. |
| RPI | 3%, as per historic average (since 2001) |
| CPI | 2.3% as per historic average (since 2001) |
| New Build Programme | Years 1-5: 263 homes |
| Bad Debt Provision | Increased five-fold in 2015/16 to take account of new restrictions on Housing Benefit rents. |
| 52 week rent per unit | £109 p/w based on social rent charged for New Build - 2 bedroom property. This figure is equal to average 2014/15 Target Rent. |
| General Management costs | £500 per unit, based on current stock. |
| Right to Buy | The model reflects the Government's proposed policies within Reinvigorating RTB through: <ul style="list-style-type: none"> 1) inclusion of 80 RTB sales in year 2, 2) Inclusion of '1-4-1' receipts of £5m for 2015/16 ('1-4-1' receipt is additional RTB receipt income permissible on the premise that it is used for new build and is match-funded). |

Key HRA Budget Risks

- 9.3 The number of properties sold under **Right to Buy** (RTB) legislation remains at around one hundred per year. Within the current model, the resulting loss of rental income is not yet sufficient to jeopardise the Council's medium-term ambitions. However, this will need to be kept under review as the number of sales shows no sign of abating.

- 9.4 The Council is subscribed to Government's '**One for One Replacement**' scheme, which entitles it to retain substantially all of the receipts from RTB sales. However, in order to retain the income, the Scheme stipulates that it can only be used as a contribution to new build schemes up to a maximum contribution of 30%, and must be utilised within three years of receipt.
- 9.5 There is a risk that the Council will be unable to retain this income because the high value of receipts (£8m in 2014/15) means that the Council may struggle to cash-flow its 70% share of new build project costs within the three-year timeframe. The borrowing cap imposed by government as part of the Self-Financing settlement precludes the Council from borrowing sufficient amounts to meet the costs.
- 9.6 The HRA business plan faces further risk to its rent collection rates resulting from the Budget announcements relating to **benefit and tax credit reductions**, and that tenants with household incomes of £30k will have to pay market, or near market rent, for their properties. The additional amount received by DBC cannot be retained by the HRA, but must be paid over to HM Treasury to be used as part of the deficit reduction programme. The impact of these changes will be monitored over the next few months and the appropriate changes made to the HRA bad debt provision.

10. Capital Resources

- 10.1 Capital expenditure is defined as expenditure incurred on the acquisition or creation of assets needed to provide services, such as houses, vehicles, public buildings, play areas, ICT, etc.
- 10.2 Capital grants and borrowing can only be spent on capital items and cannot be used to support revenue budgets. However, it should be noted that revenue funds can be used to support capital expenditure. Under the Local Government Act 2003, each council can determine how much it can borrow within prudential limits. All borrowings must be financed from the total available resources of the Council.

Flexible use of capital receipts

- 10.3 Within the 2016 Settlement, government provided new flexibility for local authorities to use capital receipts from the sale of property, plant and equipment to support upfront revenue expenditure on transformational projects that will deliver ongoing efficiency savings. Councils can only use capital receipts from sales made since the date of this announcement, and cannot use existing capital balances for revenue spending.
- 10.4 At present, the Council's forecast capital receipts are fully committed to financing the approved Capital Programme. It is recommended that any future case for the flexible use of capital receipts first be considered by Budget Review Group, before progressing to Cabinet and Council for further approval in accordance with government guidance.

Capital Spending Plans 2016/17 to 2020/21

- 10.5 The Council's approved Capital Programme for the current and future years was approved by Council in February 2016, and is summarised below:

| Capital Expenditure | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
|----------------------------|----------------|----------------|----------------|----------------|----------------|
| | £m | £m | £m | £m | £m |
| General Fund | 21.8 | 15.3 | 1.9 | 2.1 | 1 |
| Housing Revenue Account | 28.2 | 29.4 | 25.6 | 22 | 16.9 |
| Total | 50.0 | 44.7 | 27.6 | 24.1 | 17.9 |

General Fund

- 10.6 The Council's Capital Programme is currently fully funded, following borrowing of £19.4m taken in May 2015. The loan is structured over a portfolio of 30 loans, with one maturing each year. The loan was taken from the Public Works Loan Board (PWLB), at favourable rates, around 60 basis points above gilts, and resulted in an average initial interest rate of 2.98%.
- 10.7 The Council is required to pay off an element of borrowing each year through a revenue charge, the Minimum Revenue Provision (MRP). The Council's Treasury Management Strategy approved by Cabinet in February 2016, sets out the Council's policy to, at a minimum, pay off the debt over the life of the asset associated with the borrowing. This policy has been applied to the MTFS forecasts.
- 10.8 The full impact of borrowing costs of the current Capital Programme on the Council's revenue budgets is reflected in the forecasts included in this strategy. However, at the time of writing the Council is examining the potential for further investment in leisure and recreation across the borough. This would provide additional quality of life infrastructure to support the additional housing and economic developments that will be taking place over the next few years. The costs of these proposals for leisure and recreation have not yet been assessed, and thus at this stage there is no provision for their funding within the MTFS.
- 10.9 The financing of the Capital Programme will continue to be supported through the following prioritisation of funds: firstly, appropriate application of grant funding; secondly, use of revenue contributions and capital receipts generated from the sale of Council assets; and, thirdly, through undertaking prudential borrowing.
- 10.10 The approved General Fund Capital Programme is financed as follows:

| | 2016/17 | 2017/18 | 2018/19 | 2019/20 | 2020/21 |
|----------------------------------|----------------|----------------|----------------|----------------|----------------|
| | £m | £m | £m | £m | £m |
| Capital Receipts | 5.4 | 10.5 | 0.4 | 0.6 | 0 |
| Borrowing | 9.9 | 1.5 | 0 | 0 | 0 |
| Grants and Contributions | 0.8 | 2.2 | 0.4 | 0.4 | 0.4 |
| Revenue Contributions to Capital | 5.8 | 1.2 | 1.2 | 1.2 | 1.2 |
| Total | 21.9 | 15.4 | 2.0 | 2.2 | 1.6 |

HRA

- 10.11 The majority of the approved HRA capital programme is funded through depreciation and revenue surpluses. Revenue is contributed to capital on an annual basis as required to fund the shortfall between planned capital expenditure and depreciation contributions to the Major Repairs Reserve. Surplus revenue not required for capital expenditure is transferred to the HRA revenue reserves.

10.12 Following the legislatively imposed 1% per annum rent reductions, the most recent iteration of the HRA Business Plan is forecasting the need for the HRA to take a further £9.6m of borrowing in 2017/18 and 2018/19 in order to maintain the planned new build programme. This position was approved by Council in February 2016. Members will be updated on this position when the updated HRA Business Plan is presented to Cabinet in October 2016.

| GENERAL FUND MEDIUM TERM FINANCIAL STRATEGY | | | | | |
|--|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| | Original 2016/17 | Estimate 2017/18 | Estimate 2018/19 | Estimate 2019/20 | Estimate 2020/21 |
| | £000 | £000 | £000 | £000 | £000 |
| Service Expenditure & Income | | | | | |
| Employees | 22,508 | 22,521 | 22,594 | 24,000 | 23,718 |
| Premises | 2,981 | 2,922 | 2,858 | 2,994 | 3,067 |
| Transport | 1,526 | 1,594 | 1,667 | 1,745 | 1,827 |
| Supplies & Services | 6,629 | 7,092 | 6,822 | 7,311 | 7,404 |
| Third-Parties | 1,548 | 1,581 | 1,625 | 1,680 | 1,734 |
| Transfer Payments | 47,622 | 47,622 | 47,622 | 47,622 | 47,622 |
| Capital Charges & Bad Debts | 4,443 | 4,450 | 4,459 | 4,470 | 4,481 |
| Income | (65,991) | (65,993) | (66,258) | (66,732) | (67,112) |
| Recharge to HRA | (2,827) | (2,883) | (2,941) | (2,941) | (3,000) |
| Cummulative Savings | 0 | 0 | (1,364) | (1,626) | (2,756) |
| Net Cost Of Services | 18,439 | 18,904 | 17,084 | 18,523 | 16,985 |
| Less: | | | | | |
| Interest Receipts | (242) | (236) | (287) | (383) | (383) |
| Interest Payments & MRP | 965 | 1,052 | 1,039 | 1,026 | 1,026 |
| Reversal of Capital Charges | (4,125) | (4,125) | (4,125) | (4,125) | (4,125) |
| Revenue Contributions to Capital | 5,796 | 1,189 | 1,189 | 1,189 | 1,189 |
| Net movement on Earmarked Reserves | (7,033) | (821) | 178 | (834) | 381 |
| Budget Requirement General Fund | 13,800 | 15,964 | 15,079 | 15,396 | 15,074 |
| Parish Precepts | 690 | 713 | 735 | 757 | 781 |
| Budget Requirement Including Parishes | 14,491 | 16,676 | 15,814 | 16,154 | 15,854 |
| Funded by: | | | | | |
| Use of General Fund Balance | (151) | 0 | 0 | 0 | 0 |
| Revenue Support Grant | (970) | (110) | 0 | 990 | 1,640 |
| Transition Grant | (126) | (126) | 0 | 0 | 0 |
| Business Rates Retained | (2,553) | (2,616) | (2,689) | (2,780) | (2,869) |
| New Homes Bonus/Government Grants | (3,491) | (1,214) | (1,214) | (1,214) | (1,214) |
| Council Tax (Surplus)/Deficit | (80) | 0 | 0 | 0 | 0 |
| Business Rates (Surplus)/Deficit | 3,637 | (0) | (0) | (0) | (0) |
| Net Expenditure before Council Tax | 10,757 | 12,611 | 11,911 | 13,149 | 13,411 |
| Demand on the Collection Fund | (10,908) | (11,284) | (11,665) | (12,051) | (12,437) |
| General Fund Balance B/Fwd | (2,502) | (2,502) | (2,502) | (2,502) | (2,502) |
| In year use | 0 | 0 | 0 | 0 | 0 |
| General Fund Balance C/Fwd | (2,502) | (2,502) | (2,502) | (2,502) | (2,502) |
| Savings Requirement | 0 | 1,327 | 246 | 1,098 | 974 |

Appendix B – Housing Revenue Account 2015/16 – 2019/20 & 2044/45 year totals

| Year | 2015.16 | 2016.17 | 2017.18 | 2018.19 | 2019.20 | 2044.45 |
|----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| £'000 | 1 | 2 | 3 | 4 | 5 | 30 |
| INCOME: | | | | | | |
| Dwelling Rents | 56,410 | 55,785 | 54,998 | 54,686 | 54,381 | 113,278 |
| Void Losses | (562) | (837) | (825) | (820) | (816) | (1,699) |
| Service Charges | 780 | 803 | 828 | 852 | 878 | 1,838 |
| Non-Dwelling Rents | 80 | 82 | 85 | 87 | 90 | 189 |
| Contributions to Expenditure | 555 | 571 | 588 | 606 | 624 | 1,307 |
| Total Income | 57,262 | 56,405 | 55,674 | 55,411 | 55,157 | 114,912 |
| EXPENDITURE: | | | | | | |
| Supervision & Management | (11,598) | (12,031) | (12,406) | (13,096) | (13,356) | (28,013) |
| Special Management | 0 | 0 | 0 | 0 | 0 | 0 |
| Rents, Rates & Taxes | (14) | (14) | (15) | (15) | (16) | (33) |
| Rent Rebates | 0 | 0 | 0 | 0 | 0 | 0 |
| Bad Debt Provision | (217) | (1,116) | (1,100) | (1,093) | (1,087) | (2,265) |
| Responsive & Cyclical Repairs | (10,262) | (10,653) | (10,676) | (11,039) | (11,374) | (23,475) |
| Total Revenue Expenditure | (22,090) | (23,814) | (24,196) | (25,244) | (25,833) | (53,786) |
| OTHER: | | | | | | |
| Interest Paid | (11,658) | (11,643) | (11,663) | (11,839) | (11,938) | (391) |
| Finance Administration | 0 | 0 | 0 | 0 | 0 | 0 |
| Interest and Investment Income | 142 | 240 | 317 | 339 | 359 | 425 |
| Depreciation | (9,224) | (9,506) | (9,755) | (10,138) | (10,452) | (20,696) |
| Net Operating Income | 14,432 | 11,682 | 10,376 | 8,529 | 7,292 | 40,464 |
| APPROPRIATIONS: | | | | | | |
| FRS 17 /Other HRA Reserve Adj | 0 | (11,000) | 3,500 | 750 | 6,595 | 0 |
| Revenue Contribution to Capital | (14,729) | 0 | (14,363) | (9,312) | (13,934) | (31,784) |
| Total Appropriations | (14,729) | (11,000) | (10,863) | (8,562) | (7,339) | (31,784) |
| ANNUAL CASHFLOW | (297) | 682 | (487) | (33) | (48) | 8,680 |
| Opening Balance | 2,846 | 2,549 | 3,231 | 2,745 | 2,712 | 10,331 |
| Closing Balance | 2,549 | 3,231 | 2,745 | 2,712 | 2,665 | 19,011 |
| Capital Reserves | 23,667 | 20,656 | 14,295 | 13,545 | 6,950 | 1,000 |

The above extract from the most recently approved Business Plan Model shows the next 5 years of the HRA revenue projections, together with Year 30. It should be noted that these figures are forecasts based on current best estimates, and are subject to change as time progresses and more information becomes available.

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| General Fund Reserves Summary | Balance as at 31/03/2016 £'000 | Net Reserve Movement 2016/17 £'000 | Balance as at 31/03/2017 £'000 | Net Reserve Movement 2017/18 £'000 | Balance as at 31/03/2018 £'000 | Net Reserve Movement 2018/19 £'000 | Balance as at 31/03/2019 £'000 | Net Reserve Movement 2019/20 £'000 | Balance as at 31/03/2020 £'000 | Net Reserve Movement 2020/21 £'000 | Balance as at 31/03/2021 £'000 |
|--|---|---|---|---|---|---|---|---|---|---|---|
| Civic Centre Major Repairs Reserve | 200 | | 200 | | 200 | | 200 | | 200 | | 200 |
| Earmarked Grants Reserve | 274 | (10) | 219 | (199) | 20 | (10) | 10 | (10) | 0 | | 0 |
| Redundancy Reserve | 0 | | 0 | | 0 | | 0 | | 0 | | 0 |
| Management of Change Reserve | 1,441 | 72 | 1,433 | (400) | 1,033 | | 1,033 | | 1,033 | | 1,033 |
| Technology Reserve | 163 | (153) | 0 | | 0 | | 0 | | 0 | | 0 |
| CSR Transitional Reserve | 0 | | 0 | | 0 | | 0 | | 0 | | 0 |
| Car Parks Commuted Sums Reserve | 0 | | 0 | | 0 | | 0 | | 0 | | 0 |
| On Street Car Parking Reserve | 149 | (128) | 0 | | 0 | | 0 | | 0 | | 0 |
| Local Development Framework Reserve | 366 | (282) | 34 | (34) | 0 | | 0 | | 0 | | 0 |
| Dacorum Development Reserve | 568 | (228) | 276 | (120) | 156 | (70) | 86 | (86) | 0 | | 0 |
| Planning Enforcement & Appeals Reserve | 125 | | 125 | | 125 | | 125 | | 125 | | 125 |
| Planning & Regeneration Project Reserve | 160 | (40) | 110 | (85) | 25 | (25) | 0 | | 0 | | 0 |
| Litigation Reserve | 214 | | 214 | (214) | 0 | | 0 | | 0 | | 0 |
| Vehicle Replacement Reserve | 350 | 350 | 700 | 350 | 1,050 | 350 | 1,400 | 350 | 1,750 | 350 | 2,100 |
| Invest to Save | 411 | (116) | 248 | (150) | 98 | (98) | 0 | | 0 | | 0 |
| Building Control Reserve | 86 | (86) | 0 | | 0 | | 0 | | 0 | | 0 |
| Longdean School Repairs Reserve | 7 | (7) | 0 | | 0 | | 0 | | 0 | | 0 |
| Tring Swimming Pool Repairs Reserve | 91 | (91) | 0 | 8 | 8 | 8 | 16 | 8 | 24 | 8 | 32 |
| Youth Club Reserve | 101 | | 101 | | 101 | | 101 | | 101 | | 101 |
| Election Reserve | 30 | 30 | 60 | 30 | 90 | 30 | 120 | (90) | 30 | 30 | 60 |
| Uninsured Loss Reserve | 586 | | 586 | | 586 | | 586 | | 586 | | 586 |
| VAT Reserve | 0 | | 0 | | 0 | | 0 | | 0 | | 0 |
| Training & Development Reserve | 114 | (26) | 88 | (22) | 66 | (22) | 44 | (22) | 22 | (22) | 0 |
| Housing Conditions Survey Reserve | 66 | 15 | 81 | 15 | 96 | 15 | 111 | (111) | 0 | 15 | 15 |
| S106 Commuted Sums Reserve | 0 | | 0 | | 0 | | 0 | | 0 | | 0 |
| Dacorum Partnership Reserve | 66 | | 53 | | 53 | | 53 | | 53 | | 53 |
| Dacorum Rent Aid - Guarantee Scheme | 15 | | 15 | | 15 | | 15 | | 15 | | 15 |
| Rent Guarantee Scheme Reserve | 15 | | 15 | | 15 | | 15 | | 15 | | 15 |
| The Forum Reserve | 2,006 | (1,758) | 0 | | 0 | | 0 | | 0 | | 0 |
| LG Resource Review and Localisation of Council Tax | 0 | | 0 | | 0 | | 0 | | 0 | | 0 |
| Funding Equalisation Reserve | 2,943 | (3,606) | 0 | | 0 | | 0 | | 0 | | 0 |
| Pensions Reserve | 1,773 | (900) | 873 | | 873 | | 873 | (873) | 0 | | 0 |
| Maylands Plus Reserve | 100 | (69) | 0 | | 0 | | 0 | | 0 | | 0 |
| Total Earmarked Reserves | 12,420 | (7,033) | 5,431 | (821) | 4,610 | 178 | 4,788 | (834) | 3,954 | 381 | 4,335 |
| Working Balance | 2,502 | 0 | 2,502 | 0 | 2,502 | 0 | 2,502 | 0 | 2,502 | 0 | 2,502 |
| Total General Fund Reserves | 14,922 | (7,033) | 7,933 | (821) | 7,112 | 178 | 7,290 | (834) | 6,456 | 381 | 6,837 |



AGENDA ITEM: 9

SUMMARY

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|---------------------|--------------|
| Report for: | Cabinet |
| Date of meeting: | 26 July 2016 |
| Part: | 1 |
| If Part II, reason: | |

| | |
|-----------------------|--|
| Title of report: | DEVELOPMENT OF MULTI-STOREY CAR PARK AT LOWER KINGS ROAD, BERKHAMSTED |
| Contact: | Cllr Graeme Elliot, Portfolio Holder for Finance and Resources James Deane – Corporate Director (Finance & Operations) David Skinner - Assistant Director (Finance & Resources) Nicholas Brown -Group Manager - (Commercial Assets and Property Development) |
| Purpose of report: | To seek authorisation to proceed and agree delegated authority for tendering and awarding the building contract and other project management issues for the multi-story car park (MSCP) subject to the receipt of Planning Permission. |
| Recommendations | Cabinet is recommended to:- 1) Delegate authority to the Assistant Director (Finance & Resources) to proceed with the project and formally tender the building contract subject to obtaining conditional approval of planning permission; 2) Subject to contract bids falling within the budget previously approved, and detailed within the Part II element of this report, delegate authority to the Corporate Director (Finance and Operations) in consultation with the Portfolio Holder for Finance and Resources to award the building contract. |
| Corporate Objectives: | Building strong and vibrant communities Ensuring economic growth and prosperity Delivering an efficient and modern |

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| | council |
| Financial Implications: 'Value For Money Implications' | <p><u>Financial</u></p> <p>Detailed specific financial costings are not available until bids are received but market assessments and soft market testing indicate that the original baseline figures supplied in the January 2014 report are still valid. The original project budget as set out in Table2 of the Part II report is still correct. The budgetary implications of this report are detailed further in the Part II report.</p> <p><u>Value for Money</u></p> <p>The project will produce a return on investment for the Council consistent with the parameters agreed by Cabinet in February 2014.</p> |
| Risk Implications | Delivery of the scheme is subject to planning approval. The Council's planning and transport consultants continue to work with Council planning officers and County Council Highways Officers in order to progress the application. |
| Community Impact Assessment | Community Impact Assessment updated. |
| Health And Safety Implications | Health and Safety issues will be considered as part of the project risk assessment for delivering the project. |
| Monitoring Officer/S.151 Officer Comments | <p>Monitoring Officer</p> <p>Tendering for the build contract will require a formal regulated procurement process and officers will need to ensure that an appropriate construction contract is agreed with the preferred contractor in due course.</p> <p>S.151 Officer</p> <p>This is a Section 151 Officer report.</p> |
| Consultees: | Ben Hosier – Group Manager (Commissioning, Procurement & Compliance) |
| Background papers: | <p>Portfolio Holder Decision Sheet PH/015/13 for the Appointment of a consultant to progress the development of a multi-storey car park in Berkhamsted. (April 2013)</p> <p>Cabinet Report 11 January 2014 - Report on the Feasibility of Developing a Multi Storey Car Park on Lower Kings Road Berkhamsted.</p> |
| Glossary of acronyms and any other abbreviations | <p>MSCP – multi storey car park</p> <p>WYG – White Young Green (DBC's appointed consultant)</p> |

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| used in this report: | HCC – Hertfordshire County Council DBC – Dacorum Borough Council |
|----------------------|---|

1. Background

- 1.1. In August 2012, an initial report was produced to study the feasibility of a Multi Storey Car Park in Berkhamsted by Savell, Bird and Axon. This was followed in April 2013, by a commercial viability assessment undertaken by White Young Green.
- 1.2. The WYG report constituted the first phase of a 3-phase delivery approach as approved by Portfolio Holder Decision in April 2013. The approved phased approach is as follows:
 - Phase 1 – to undertake a feasibility and commercial viability study on the site
 - Phase 2 – to undertake more detailed design work, including wider consultation
 - Phase 3 – to tender, award and manage the contract to build completion.
- 1.3. Cabinet approved the progress to Phase 2 of the project, to undertake more detailed design work, including wider consultation in February 2014.
- 1.4. The purpose of this report is to update Cabinet on the progress of Phase 2, and to seek approval to proceed to Phase 3 of the project subject to the grant of planning permission.

2. Phase 1

- 2.1. Phase 1 examined the feasibility and commercial viability of a MSCP in Berkhamsted town centre and considered the following issues:
- 2.2. **Potential locations** that could be used with the intention of relieving car parking pressure in the town centre and residential streets. In terms of location, the report by WYG in January 2014 considered alternative sites within the town and concluded at paragraph 4.9 that the Lower King's Road Car Park "is deemed most suitable to redevelop due primarily to its size, shape, location and lack of significant constraints".
- 2.3. **Existing Supply and Demand.** The 2013 and 2014 reports carried out detailed parking surveys of existing public car parks and the High Street Pay and Display parking bays. Additional sample surveys were also carried out on streets within a five minute walk time of the High Street / Lower Kings Road / Kings Road junction. These surveys identified that there was strong demand for parking within the town centre and that the existing provision of parking spaces was fully utilised.
- 2.4. **Potential Future Demand.** The assessment was based on consideration of current parking practice along with additional future demand which could be generated through a variety of sources over the coming years. The demand profile was prepared on the basis of current parking occupancy, predicted background growth in vehicle trips, census data analysis, population change

(resident growth), increased economic activity and growth through unlocking demand and a prediction profile developed for 2015 to 2034 (up to 20 years).

- 2.5. **Occupancy and Revenue Projections.** A number of different scenarios were calculated at the time of the report and concluded that the project would deliver payback in a period of approximately 20 years.
- 2.6. **Social and Environment issues.** The proposal is on the site of the existing surface car park. The scoping sets out the following considerations. Visually, the car park is designed to blend with the conservation area. The Waitrose store adjoining the car park acts as the guide for its maximum height. The car park is designed so that it cannot be seen from the Lower Kings Road until the access junction is reached. The height of the car park is masked from the canal area through existing trees and shrubbery along the northern perimeter. The designs for the proposed MSCP will meet the standards set to achieve Park Mark accreditation as a minimum, which means the design will meet acceptable standards for personal safety, vehicle security and be fully accessible to all members of society. Step free access to storeys will be achieved via lifts and in the event of emergency, via the vehicular ramps.

3. Phase 2 – Detailed design work and consultation

- 3.1. Detailed technical and design work has progressed in order to decide if an appropriate scheme was achievable that could obtain planning permission. That work has been the result of an iterative process with WYG, the Council as the landowner, DBC Planning Officers and statutory consultees such as the Environment Agency and HCC Highways Division.
- 3.2. Once a provisional design was settled following pre application advice from DBC Planning Officers, a formal public consultation took place in December 2015 before the Planning Application was submitted in January 2016. This Consultation was run to ensure appropriate engagement with the residents of Berkhamsted. A variety of responses were received following the meeting and further written responses were invited; comments received were considered before the planning application was submitted and have been summarised in the Statement of Community Involvement which was submitted with the planning application..
- 3.3. Various issues were raised by the public at the Consultation including the general principle and need for the development. Accordingly, the meeting considered issues beyond just the planning merits of the development.
- 3.4. Berkhamsted Town Council Parking Forum, set up by the Town Council, has been used to discuss issues arising from the MSCP. Feedback from the Parking Forum has been given to the Council and the Council has provided progress updates since project inception. Council officers and the Portfolio Holder for Finance and Resources have attended recent meetings of the Parking Forum to ensure that dialogue continued. Written comments from the Parking Forum were received by DBC Officers and responded to in written form.
- 3.5. Opportunities still remain for the public to comment as part of the formal Planning Process and at the relevant Development Control Committee.

4. Planning Application and Statutory Consultation

- 4.1. A formal Planning Application was submitted in January 2016 with the reference 4/00122/16/MFA.
- 4.2. The environmental, social and transport impacts of the multi-storey car park are addressed in detail as part of the planning application.
- 4.3. During the statutory consultation process a number of points have been raised on aspects of the application by HCC Highways and DBC Conservation and Design. The DBC client team have instructed WYG to work with the statutory consultees to address these points and design a scheme that is acceptable and would be recommended to Development Control Committee for approval.

5. Phase 3 – Next steps

- 5.1. Subject to Cabinet approval and the receipt of planning permission, Phase 3 of the project would involve :-
 - 5.1.1. Detailed Employer Requirements being drawn up between WYG and the Commissioning, Procurement and Compliance team. These will be finalised subject to final details and any conditions or planning obligations required through the planning process.
 - 5.1.2. Formally tendering the build contract, evaluating received tenders and awarding the contract.
 - 5.1.3. Satisfying any planning conditions or S.106 planning obligations prior to commencement of works (to run concurrently with 5.1.2 above)
 - 5.1.4. Commencing and completing the construction works.
 - 5.1.5. Opening of the car park to the public.
- 5.2. Construction will begin once planning permission has been secured. Specific timeframes for construction will not be known until tender bids have been received and evaluated, but it is expected to take around 8 months once a contractor has been appointed.
- 5.3. During the construction phase mitigation measures will be put in place to comply with any planning conditions concerning the maintenance of access to those premises located in proximity to the existing surface level car park and to maximise parking provision. These measures have already been discussed with Berkhamsted Town Council parking Forum and will be subject to consultation through amendments to the Traffic Regulation Order.

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

Document is Restricted



AGENDA ITEM: 10

SUMMARY

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| Report for: | Cabinet |
| Date of meeting: | 26 July 2016 |
| Part: | 1 |
| If Part II, reason: | |

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|-------------------------|--|
| Title of report: | Affordable Housing Clarification Note |
| Contact: | <p>Cllr Graham Sutton, Portfolio Holder for Planning and Regeneration.</p> <p>James Doe, Assistant Director, Planning, Development and Regeneration (extension 2583); and</p> <p>Laura Wood, Team Leader, Strategic Planning and Regeneration (extension 2661).</p> |
| Purpose of report: | To agree the re-adoption of the Affordable Housing Clarification Note setting out how the Council will apply the changes to national affordable housing policy set recent changes to the national Planning Practice Guidance (PPG), and as a result of a Court of Appeal judgement. |
| Recommendations | <p>It is recommended that Cabinet recommend to Council to:</p> <ul style="list-style-type: none"> (a) Re-adopt the Affordable Housing Clarification Note as a material planning consideration in relevant planning decisions and for use in the preparation of future planning documents; and (b) Delegate authority to the Assistant Director, Planning, Development and Regeneration to make any necessary minor editorial changes to the current Clarification Note, prior to its re-issue. |
| Corporate Objectives: | The Affordable Housing Clarification Note supports the 'Dacorum Delivers' and 'Affordable Housing' objectives. It will improve efficiency and effectiveness of services by enabling planning decisions to be approved within agreed time scales and through the provision of upfront and clear advice on the provision of affordable housing within new development. It also demonstrates that the Council is able to respond to changes in national policy in a prompt and effective manner. |

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| <p>Implications:</p> | <p><u>Financial</u></p> <p>There are no direct financial implications for the Council in relation to this guidance note, although there will be a limited number of cases where the revised approach to affordable housing may reduce the ability to secure either on-site provision or commuted payments. The requirements to apply 'vacant building credit' may also reduce CIL income.</p> <p>The application of the Clarification Note will however assist in the efficient determination of planning applications within the statutory decision periods, which will assist with the overall financial efficiency of the planning service. It will also reduce the risk of the Council having to defend appeals which may have occurred should measures not have been taken to bring the Council's approach in-line with revised national planning policies.</p> <p><u>Value for Money</u></p> <p>Up-to-date guidance on affordable housing will ensure the Council secures contributions from development where appropriate, but does not spend unnecessary time and money fighting appeals where there is a mis-match between the policies within the adopted Core Strategy and revised national guidance.</p> |
| <p>Risk Implications</p> | <p>There are no direct risk implications related to this guidance note. The note provides detailed guidance to support the application of policies within the adopted Core Strategy and Affordable Housing SPD. A separate Risk Assessment has been prepared for the Local Planning Framework (of which the Core Strategy is part). This is updated monthly as part of CORVU monitoring processes.</p> |
| <p>Community Impact Assessment</p> | <p>Equalities Impact Assessment prepared for the Core Strategy, which this guidance note supports. This will be translated into a new Community Impact Assessment in due course.</p> |
| <p>Health And Safety Implications</p> | <p>There are no health and safety implications relating to this Clarification Note.</p> |
| <p>Monitoring Officer/S.151 Officer Comments</p> | <p>Monitoring Officer:</p> <p>The clarification note will ensure that the Council is applying the most up to date and relevant government guidance and will assist consistent decision making on planning applications.</p> <p>S.151 Officer</p> <p>No further comments to add.</p> |
| <p>Consultees:</p> | <ul style="list-style-type: none"> • Development Management (Paul Newton) • Strategic Housing (Julia Hedger, Sam Bramley) • Strategic Planning and Regeneration (Francis Whittaker, Heather Overhead, Robert Freeman) • Legal Governance (Christopher Gaunt) |

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|--|---|
| <p>Background papers:</p> | <ul style="list-style-type: none"> • National Planning Policy Framework (NPPF). • Planning Practice Guidance (PPG). • Dacorum Borough Council’s Core Strategy – Adopted Sept 2013. • Affordable Housing SPD – adopted September 2013. • Ministerial Statement (reference HCWSS50) – November 2014. • Cabinet Report (March 2015) – Affordable Housing Clarification Note • High Court Judgment (reference CO/76/2015) re West Berkshire District Council and Reading Borough Council vs Department for Communities and Local Government (31 July 2015) • Cabinet Report (15 September 2015) Disapplication of the Affordable Housing Clarification Note, • Appeal Court Judgment (reference C1/2015/255) re West Berkshire District Council & Anr v The Secretary of State for Communities and Local Government (11 May 2016). |
| <p>Glossary of acronyms and any other abbreviations used in this report:</p> | <p>NPPF – National Planning Policy Framework PPG – Planning Practice Guidance SPD – Supplementary Planning Document DBC – Dacorum Borough Council LDF – Local Development Framework (also referred to as the LPF – Local Planning Framework) CIL – Community Infrastructure Levy S106 – Developer contributions secured via legal agreements under s106 of planning act.</p> |

Background

1. INTRODUCTION

Affordable Housing Policy

- 1.1 The Council’s approach to affordable housing is set out in its Core Strategy. This was adopted in September 2013, following an extensive consultation and examination process. Further detail is set out in the Affordable Housing Supplementary Planning Document (SPD), which was adopted alongside the Core Strategy. This SPD elaborates on the types of developments that will trigger the need for affordable housing contributions, and whether these contributions will be in the form of on-site provision or commuted sums. Both the Core Strategy policies and SPD have been in place now for almost 18 months and are performing well.

Recent Changes to National Policy

- 1.2 On 28 November 2014, a written statement was issued by Brandon Lewis, the Minister of State for Housing and Planning (reference HCWS50). This set out

a number of changes the Government was introducing to national policy in relation to planning obligations under Section 106 of the Town and Country Planning Act 1990 (as amended). These were reflected in amendments to the Government's Planning Practice Guidance (PPG) and are now material planning considerations.

1.3 The revisions to the PPG made it clear that contributions for affordable housing and tariff style planning obligations should not be sought in the following scenarios:

- Where developments in urban areas comprise 10 units or less and which have a maximum combined gross floor area of no more than 1000 sq.m
- Where a development is located in a designated rural area and comprises 5 units or less under the discretion of the local planning authority
- Where development consists of the construction of a residential annex or extension.

1.4 It further stated that in designated rural areas where there is a reduced threshold, affordable housing and tariff style contributions sought from developments of between 6 and 10-units should be in the form of cash payments which are commuted until after completion of units within the development. Rural Exception Sites are specifically exempted from this new approach.

1.5 The statement also required local authorities to offer a financial incentive to bring back vacant buildings into use by allowing them to reduce the requirements for affordable homes. This is referred to as 'Vacant Building Credit'. No advice was been provided (either through the Ministerial Statement or subsequently) regarding the methodology that should be used to calculate this credit.

1.6 As a result of these changes, the Council prepared a clarification note to accompany the Affordable Housing Supplementary Planning Document (SPD). This was agreed by Cabinet in March 2015 and subsequently ratified by full Council.

1.7 In September 2015 Cabinet and Council were however asked to revoke the Clarification note due to a successful legal challenge brought by West Berkshire District Council and Reading Borough Council in the High Court. This challenge was heard in April 2015 and the Judgement issued on 31 July 2015.

1.8 The Judgment was clearly in favour of the two Councils and the actions agreed to remedy the case are as follows:

- (a) Declaration by the Court that the Ministerial Statement must not be treated as a material planning consideration in development management and development plan procedures and decisions or in the exercise of powers and duties under the Planning Acts more generally; and
- (b) The removal of the relevant paragraphs introduced to the PPG (with immediate effect).

1.9 The Government decided to appeal this High Court decision. The judgment from the Court of Appeal was issued on 11th May 2016 (*R (West Berkshire District Council and Reading Borough Council) v. Secretary of State for Communities and Local Government* [2016] EWCA Civ 441, and, somewhat unexpectedly bearing in mind the previous judgement, upheld all four appeal grounds brought

by the Government, and reversed the earlier decision to quash the policy. Following this appeal Court Judgement the PPG as again been amended to reinstate the relevant paragraphs previously deleted and bring the previous policy changes back into effect.

1.10 There are two options open to the Council in terms of a response to the Court of Appeal judgment:

- 1) Continue to apply adopted policy (as set out in the Core Strategy and Affordable Housing SPD) without regard to the Court of Appeal decision and subsequent changes made to the NPPG; or
- 2) Reinstate the Affordable Housing Advice Note, with any necessary updates to the background text.

1.11 Officers strongly recommend that Option 2 is the appropriate course of action, as the Council is in effect in exactly the same position as when it originally drew up the Clarification Note in March 2015 and the note makes it clear that it was drawn up as a direct result of the Ministerial Statement and changes to the PPG that once again apply.

2. THE NEED FOR A CLARIFICATION NOTE

2.1 As a result of the above, Officers consider that a 'Clarification Note' needs to be reissued and referred to alongside the Council's existing affordable housing policies in relevant decisions. This will ensure that all parties - developers, landowners, affordable housing providers and Council Officers in Development Management, Strategic Planning, Strategic Housing and Legal, together with Members - all interpret and apply these policy changes in a consistent manner when dealing with planning applications and providing pre-application advice.

2.2 The Council's current policy is to secure financial contributions towards affordable housing from residential schemes comprising a single dwelling or greater in accordance with Policies CS19: Affordable Housing, CS6: Selected Small Villages in the Green Belt and CS35: Infrastructure and Developer Contributions of the Core Strategy. In the case of affordable housing contributions these may be waived for small scale schemes in accordance with the Affordable Housing SPD. These contributions are normally sought prior to the commencement of development.

2.3 The Clarification Note proposes a number of changes to how the Council secures affordable housing. These are the same as those set out in the original Advice Note agreed by Cabinet and Council in 2015. Whilst none of these changes are ideal in the context of seeking to increase the delivery of affordable homes in the Borough, as Ministers have made clear their intention that both the changes to the PPG are to be treated as national policy, Officers consider that the Council has little option but to amend how it applies its adopted policies accordingly. This approach is supported by recent appeal decisions issued by the Planning Inspectorate and advice from the Council's legal team.

2.4 Key changes to the policy approach set out in the Core Strategy which would be brought back into effect by the Clarification Note include:

Contributions made by developments within Hemel Hempstead, Berkhamsted and Tring:

- The authority will no longer seek to secure affordable housing either directly or in kind from schemes of 10 units or less within the key settlements within the Borough. This may result in a small reduction in affordable housing delivery within Tring and Berkhamsted. However, the Strategic Housing team have advised that the overall impact of this change in approach will be very limited, due to the relatively small number of schemes that fall within this size category.

Developments within the 'Rural Area'

- Developments within the 'rural area' will only be required to contribute towards affordable housing delivery (whether on-site or through commuted sums) when the site comprises 6 or more units (gross). For Dacorum, the Government's definition of 'rural' area covers all land within the Chilterns Area of Outstanding Natural Beauty (AONB), plus a number of other parishes. The Clarification Note lists and maps these. As a result of this change, the Council will no longer be able to require 'infill' developments in Chipperfield, Flamstead and Potten End and Wigginton to be affordable (in accordance with Policy CS6: Selected Small Villages in the Green Belt).

Timing of collecting contributions:

- For eligible schemes, affordable housing contributions are usually payable on commencement of development. Under the Government's new requirements, the payment trigger would need to be delayed until the occupation of the units in questions.

Vacant Building Credit:

- The newly introduced 'Vacant Building Credit' in-effect applies a discount to the affordable housing contribution that would otherwise have been sought from certain types of development. It applies to all qualifying residential schemes, irrespective of their size and location. In the absence of both a statutory definition of 'vacant building' and a nationally prescribed format for calculating the credit, the Clarification Note sets out how the Council will define and apply this approach.

2.5 The Council's Planning Lawyer previously advised that it is not necessary to undertake public consultation on the Clarification Note as:

- (a) The changes are required to comply with the Ministerial Statement and PPG; and
- (b) The changes brought in via the Ministerial Statement and PPG have been subject to consultation themselves (by Government).

This advice still stands.

3. UPDATING AND REVIEW

3.1 Whilst the Clarification Note that Cabinet and Council are being asked to re-adopt remains unchanged in broad content from the March 2015 version previously in-effect. The revised version now before does include a few changes

to the background text to ensure it fully explains the legal context. The revised clarification note (dated July 2016) is appended to this report.

- 3.2 It should be noted that there is still potential for the issues covered by the Clarification Note to be considered again by the courts – should the Councils who brought the original challenge seek to challenge the decision of the Court of Appeal. However, Officers are not aware of any intention to bring such action.
- 3.3 Further changes to the Affordable Housing Clarification Note may also need to be made should there be any further Government announcements relating to affordable housing in advance of the Council's Core Strategy policies being formally reviewed. Any updates required to the Clarification Note will be referred back to Cabinet for approval.
- 3.4 A full review of the Council's approach to the delivery of affordable homes and collection of commuted sums will be carried out as part of the early partial review of the Core Strategy, as part of the new Borough Local Plan. It is the intention that the Affordable Housing SPD will also be updated either in parallel, or immediately following this process. This will ensure consistent and comprehensive guidance is provided for use by landowners, developers and Planning Officers.



Affordable Housing SPD - Clarification Note

Version ~~21~~: ~~March 2015~~ July 2016

Background:

Dacorum Borough Council adopted its Affordable Housing SPD in September 2013, alongside its Core Strategy. The role of the SPD is to provide additional advice and guidance regarding how the Council will implement Policy CS19: Affordable Housing and other relevant policies in its adopted Core Strategy and calculate appropriate commuted sums where these are deemed appropriate in lieu of on-site provision.

The Affordable Housing SPD has been very successful in providing clear advice to both developers and Officers alike regarding the Council's requirements.

However, the Council originally issued a clarification note (Version 1: March 2015) to explain how the policy was to be applied in response to the Ministerial Statement of 28 November 2014 (House of Commons Written Statement – reference HCWSS50), and the associated changes to the national Planning Practice Guidance (PPG). These set out a new national policy approach to affordable housing for smaller sites. The note was then withdrawn following a successful High Court appeal to these policy changes in July 2015^[1]. The national policy has now been reinstated as a result of a decision by the Court of Appeal^[2] resulting in the need for the clarification note to be re-issued to reflect this position.

~~The Affordable Housing SPD has now been in operation for over a year and has been very successful in providing clear advice to both developers and Officers alike regarding the Council's requirements.~~

~~However, the Council considers that the Ministerial Statement of 28 November 2014 (House of Commons Written Statement – reference HCWSS50), combined with the associated changes to the national Planning Practice Guidance (PPG) warrant a change in how this policy approach is applied.~~

There are also a few areas of the Affordable Housing SPD which the Council feels would benefit from further clarification. This note provides this clarification.

The Council's approach will be kept under review and this Clarification Note amended as necessary in the light of any further guidance or clarification received either direct from Government or as a result of decisions issued by the Planning Inspectorate or High Court.

General Approach:

^[1] High Court Judgement (reference CO/76/2015) re West Berkshire District Council and Reading Borough Council vs Department for Communities and Local Government (31 July 2015)

^[2] Appeal Court Judgement (reference C1/2015/255) re West Berkshire District Council & Anr v The Secretary of State for Communities and Local Government (11 May 2016).

The general approach to determining where affordable housing is required within Dacorum remains unchanged i.e.

- STEP 1** Check if the scheme triggers the need for affordable housing under Policies CS6, CS19 or CS20;
- STEP 2** Check whether a waiver applies to contributions. This waiver is set by the Affordable Housing SPD as amended by the PPG.

The main effect of the recent Government announcements is to introduce a new 'national waiver' approach [on smaller sites](#) that, in some instances, supersedes the waiver set out in the Council's Affordable Housing SPD. This new waiver applies to developments of 10 units and below with a combined gross internal floorspace of no more than 1,000 sqm which are located outside of the defined 'rural area' (see Figure 1). A lower waiver (5 units) applies in the defined 'rural area' (see below). No minimum gross internal floorspace applies here.

The main effect of the changes is to reduce the number of developments which will be expected to make an affordable housing contribution – whether on-site or via commuted payments.

1) Application of threshold

The 1,000 sq m metre figure referred to in the PPG, relates to 'maximum combined gross floorspace'. This floorspace figure will be calculated in accordance with the RICS measuring guide. This includes garages but excludes stores etc and is based on internal floorspace. This is the same measuring guide as used to calculate CIL contributions.

The Government waiver is assumed to apply to gross dwelling figures e.g. if 2 units are demolished and 10 new units are built, this creates 10 units gross. In other words, existing buildings on-site are not relevant to the calculations, except where they relate to calculations under the vacant building credit (see (3) below).

2) Calculating contributions

The flow diagram in Figure 2 sets out a number of questions which will determine how the new approach will be applied. It determines:

- i. If affordable housing contributions are required; and
- ii. If so, whether these are in the form of commuted sums or on-site provision.

The requirements for contributions, the amounts required and the thresholds that apply will vary depending on the geographical location, numbers of units, total gross internal floorspace, type of development and whether this relates to the re-use or demolition of vacant buildings.

(a) Number of units and geographical location:

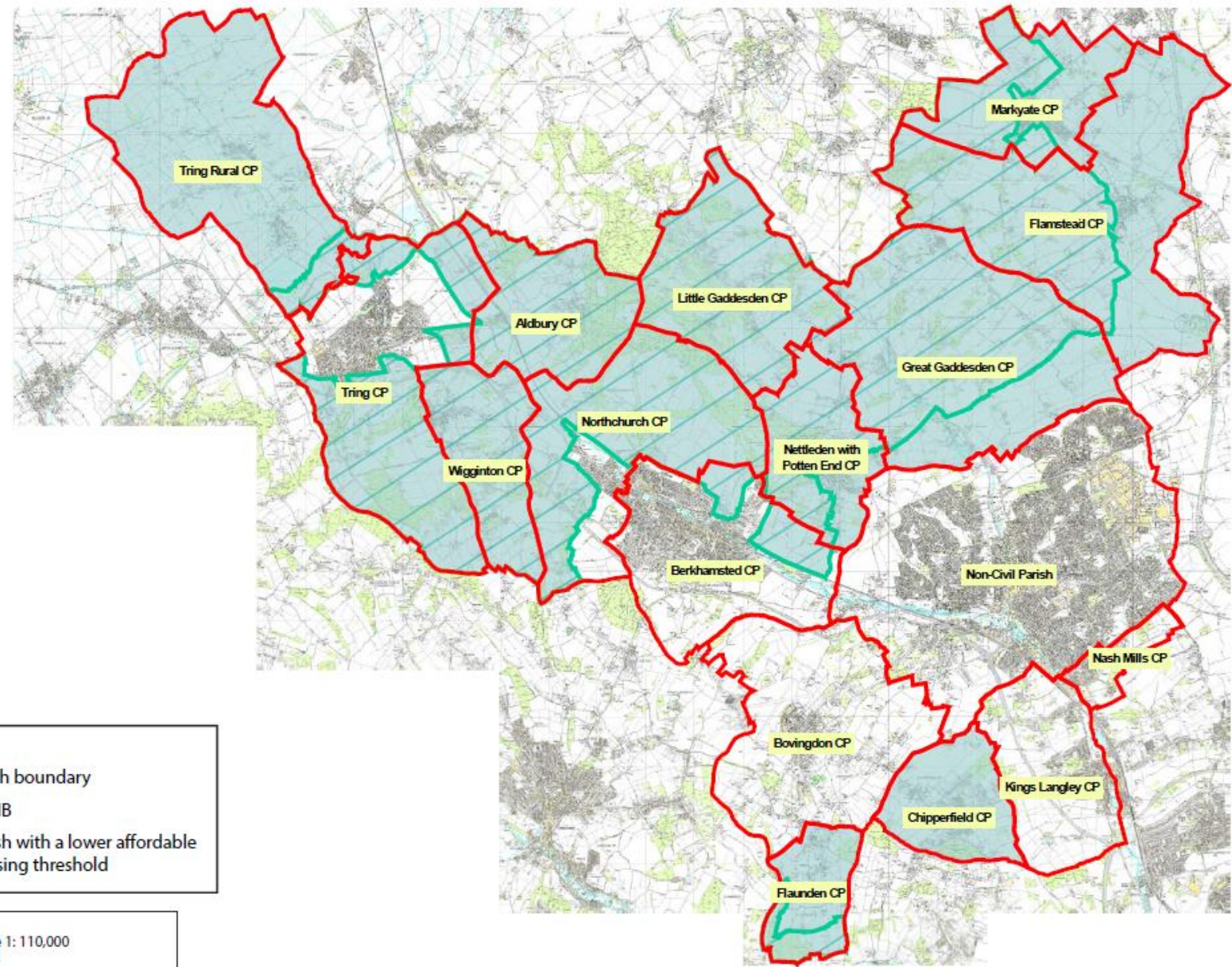
The PPG states that contributions should not be sought from developments of 10 units or less. However, in designated 'rural areas' (as described under section 157(1) of the Housing Act 1985), '*local planning authorities may choose to apply a lower threshold of 5 units or less.*' This approach of having a lower threshold in rural areas is consistent with the adopted Affordable Housing SPD. The PPG specifies that contributions from developments of 6-10 units within designated rural areas should be in the form of commuted sums, payable on completion of the development. The Council's previous approach has been to seek on-site provision in these locations.

For Dacorum the 'rural area' covers all land within the Chilterns AONB plus the following parishes:

- Chipperfield
- Flamstead
- Flaunden
- Great Gaddesden
- Little Gaddesden
- Markyate
- Nettelden with Potten End
- Tring Rural
- Wigginton

This 'rural area' is illustrated in blue in Figure 1.

Defined 'Rural Areas' for the application of affordable housing waivers



KEY

- Parish boundary
- AONB
- Parish with a lower affordable housing threshold

Scale 1: 110,000
@ A4

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(b) Development type:

The recent Government announcements also impact upon how we apply our adopted policies for different types of development in different ways:

Infilling:

Within the villages of Chipperfield, Flamstead, Potten End and Wigginton, Policy CS6: Selected Small Villages in the Green Belt allows for limited infilling, provided that this is for affordable housing for local people.

However, as all of the above areas fall within the 'rural area' designated in the PPG, new dwellings will only need to be affordable where the scheme creates 6 or more units. As infilling is defined as schemes of 2 units or less (see paragraph 8.34 of the Core Strategy), this means that the requirement for infill development to comprise affordable units set out in clause (B) of Policy CS6 will no longer apply. Such development can now be offered for open market occupation. Development schemes that do not meet the definition of 'infill' development are not normally acceptable under Policy CS6: Selected Small Villages in the Green Belt.

Larger schemes will usually be treated as 'rural exception sites' where Policy CS20: Rural Sites for Affordable Homes applies (see below). Rural exceptions sites are still liable to provide full affordable housing contributions in accordance with the Council's adopted policy, as the Ministerial Statement that accompanied the changes to the PPG makes it clear that the amended approach does not apply to such schemes.

Conversions:

Where applications are received for conversions (whether of large houses or other types of buildings to houses or flats), Policy CS19: Affordable Housing applies, as amended by the PPG i.e. the approach is the same as for new-build residential schemes that generate similar numbers of new units.

Other small scale housing schemes:

For other small scale housing schemes that do not relate to conversions of existing buildings, and for rural exception sites, Policy CS20: Rural Sites for Affordable Homes will apply. Policy CS19: Affordable Housing states that '*On rural housing sites 100% of all new homes will normally be affordable*'. No waiver will be applied and all provision should be on-site. This policy approach continues and is not affected by changes to the PPG.

Please refer to Figure 2 for further information.

(c) Site area

Both Policy CS19 and the Affordable Housing SPD refer to site size thresholds of 0.3ha for Hemel Hempstead and 0.16ha elsewhere. These thresholds relate to where affordable housing contributions should be provided on-site. These thresholds will no longer be applied.

Instead the 1,000sqm figure in the PPG will be applied to development of 10 units or under *outside* of the defined Rural Area.

No site size threshold will be applied to sites *within* the defined Rural Areas. This is to ensure the policy approach reflects the spirit of the PPG, which is primarily based on decisions being made on the basis of the number of units, not site area. To apply the 1,000sqm figure would also potentially result in a more onerous approach than set out in the Core Strategy.

3) Vacant Building Credit

The revisions to the NPPG include introduction of reference to a new 'vacant building credit.' This states that:

'Where a vacant building is brought back into any lawful use, or is demolished to be replaced by a new building, the developer should be offered a financial credit equivalent to the existing gross floorspace of relevant vacant buildings when the local planning authority calculates any affordable housing contribution which will be sought. Affordable housing contributions would be required for any increase in floorspace.'

It goes on to say that:

'Where there is an overall increase in floorspace in the proposed development, the Local Planning Authority should calculate the amount of affordable housing contributions required from the development as set out in their Local Plan. A 'credit' should then be applied which is the equivalent of the gross floorspace of any relevant vacant buildings being brought back into use or demolished as part of the scheme and deducted from the overall affordable housing contribution.'

This approach applies to all residential schemes, irrespective of their size and location. The Ministerial Statement does however make it clear that this credit will not apply to vacant buildings which have been abandoned.

There is currently no statutory definition of a "vacant building" and as such it will be for Officers to determine whether the credit should be applied on a case by case basis, or until clarification is provided through either case law or further guidance. Gross internal floorspace should be calculated in accordance with the RICs Code of Measuring Practice. Such information will normally be reflected within the CIL Additional Information form.

There is no nationally prescribed format for the calculation of the Vacant Building Credit. The Council will use the following methodology which has been subject to discussion by the Planning Officer Society CIL Implementation Group, unless a different approach is formally endorsed by Government:

- Step 1 -** Calculate the number of dwellings that should be the affordable housing contribution on a given site – i.e. 35% of the total number of dwellings proposed.
- Step 2 -** Calculate, as a proportion, the extent of existing floorspace compared against the proposed floorspace. Such calculations should be based on the Gross Internal Area as set out within the CIL Regulations 2010 (as amended)
- Step 3 -** Make a deduction to the number of affordable dwellings to be provided based on the proportion identified at step 2

This will be calculated as follows:

$$RAH = AH - (AH \times E / P)$$

RAH = Revised number of affordable housing units to be provided.

AH = Expected number of affordable housing units to be provided prior to application of credit (i.e. 35% of total number of dwellings proposed).

E = Existing floorspace to be demolished.

P = Proposed floorspace to be created.

For example - A development of 50 dwellings on a site that has a building of 1,000 square metres which would be demolished. Assume a floorspace of 100 square metres for each new dwelling - ie 5,000 square metres new floorspace in total.

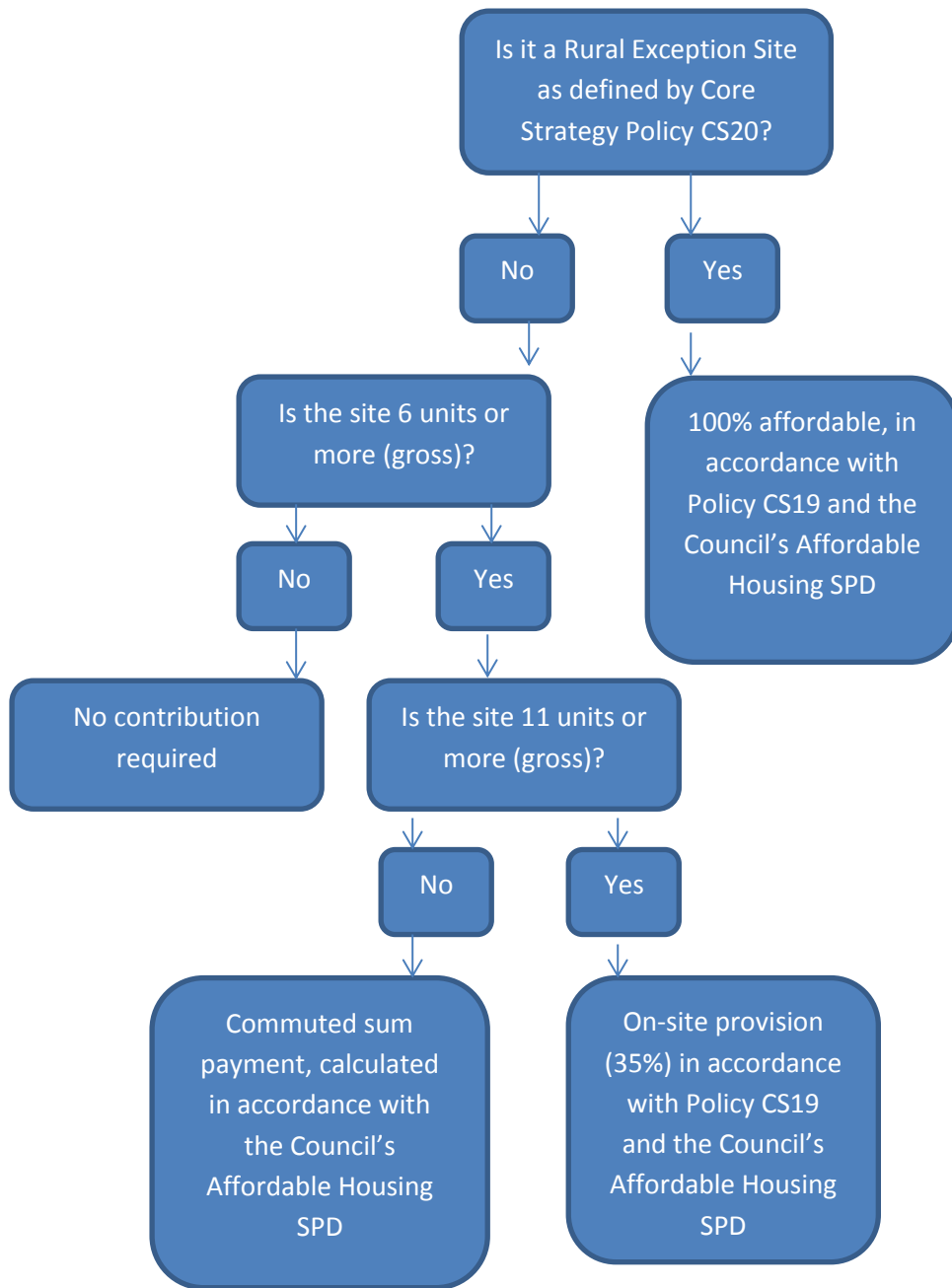
The normal affordable housing contribution would be 18 units (35% of 50)

So the revised contribution would be $18 - (18 \times 1,000 / 5,000) = 18 - 4 = 14$

If the total floorspace of existing buildings to be demolished is equal to or exceeds the total floorspace created, then no affordable housing would be provided.

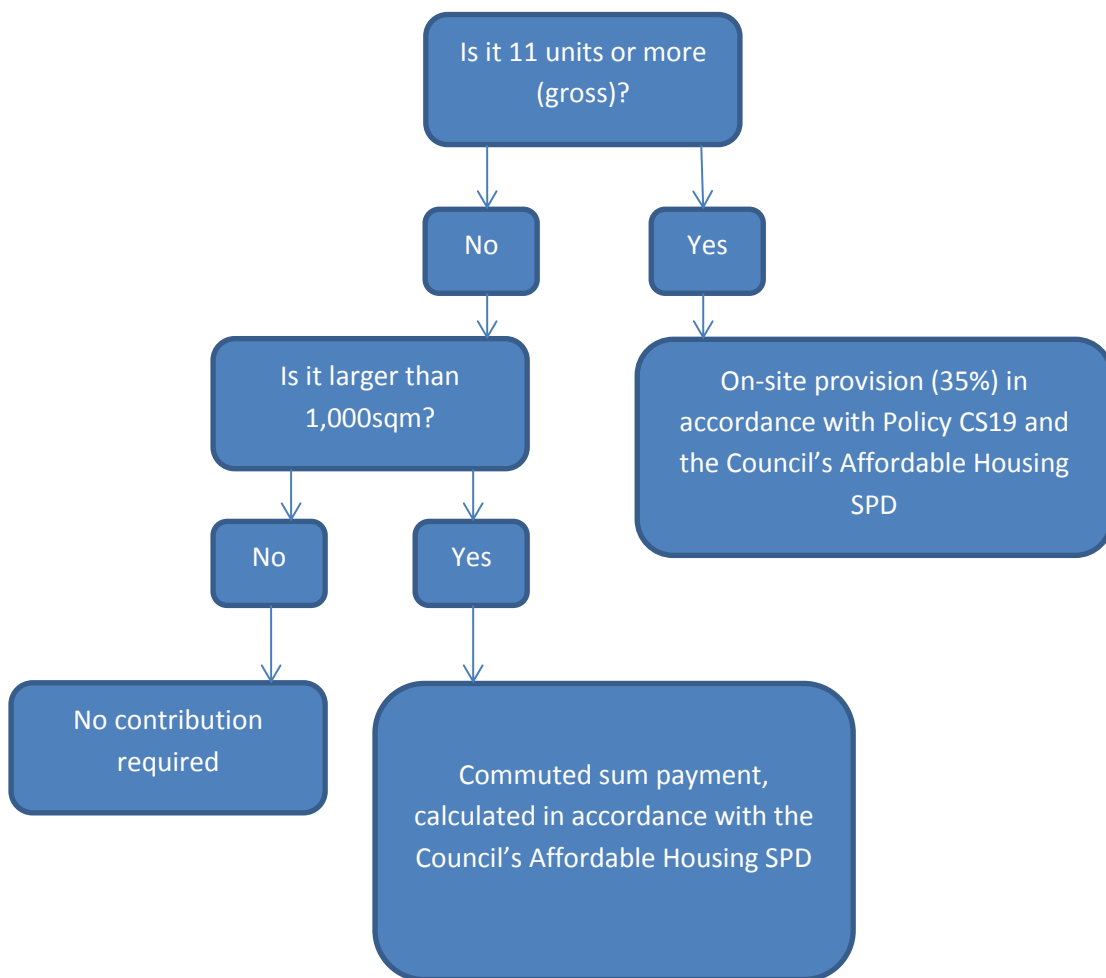
If affordable housing provision is in the form of commuted sums, the revised affordable housing unit figure will be translated into a financial contribution, as advised by the Council's Strategic Housing Team.

(a) Developments in defined 'Rural Areas' – as per Figure 1



Note: Contributions listed do not include any reduction required as a result of vacant building credit.

(b) Development outside defined 'Rural Area'



Note: Contributions listed do not include any reduction required as a result of vacant building credit.