

# CABINET AGENDA



**TUESDAY 29 NOVEMBER 2016 AT 7.30 PM**  
**DBC BULBOURNE ROOM - CIVIC CENTRE**

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

#### Membership

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

Councillor Harden  
Councillor Marshall  
Councillor G Sutton

For further information, please contact Michelle Anderson or Member Support

## AGENDA

### 1. MINUTES (Pages 4 - 11)

To confirm the minutes of the meeting held on 18 October 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 12 - 14)**

#### **7. AUTHORISATION OF VIREMENTS (Pages 15 - 19)**

#### **8. HOUSING AND PLANNING ACT 2016 AND WELFARE REFORM AND WORK ACT 2016 (Pages 20 - 34)**

#### **9. GOVERNANCE ARRANGEMENTS FOR THE COMMUNITY INFRASTRUCTURE LEVY (CIL) (Pages 35 - 85)**

#### **10. ENTERPRISE ZONE (Pages 86 - 121)**

#### **11. NEW BUILD UPDATE AND STATIONERS PLACE CONTRACT AWARD**

#### **12. 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.**



# Agenda Item 1

## MINUTES

## CABINET

18 OCTOBER 2016

**Present:**

**Members:**

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

<b>Officers:</b>	Sally Marshall	Chief Executive
	Mark Gaynor	Corporate Director - Housing & Regeneration
	James Deane	Corporate Director - Finance and Operations
	Mark Brookes	Solicitor to the Council and Monitoring Officer
	David Skinner	Assistant Director - Finance & Resources
	Elliott Brooks	Assistant Director - Housing
	Ben Hosier	Group Manager - Commissioning, Procurement & Compliance
	Natasha Brathwaite	Group Manager, Strategic Housing
	Steve Barnes	

The meeting began at 8.10 pm

**CA/100/15 MINUTES**

The minutes of the meeting held on 20 September 2016 were agreed by the members present and signed by the Chairman.

**CA/101/15 APOLOGIES FOR ABSENCE**

None received

**CA/102/15 DECLARATIONS OF INTEREST**

None received

**CA/103/15 PUBLIC PARTICIPATION**

None received

## **CA/104/15 REFERRALS TO CABINET**

None received

## **CA/105/15 CABINET FORWARD PLAN**

That the Cabinet Forward Plan be noted, subject to the following amendments:

- Defer the Leisure Review Paper (which is scheduled for Cabinet in November) to December.
- The Enterprise Zone report to be deferred to the November meeting.
- The 'Authority Monitoring Report and Local Government Development Scheme Update' - the contact should be James Doe, not James Deane.
- The Committee Timetable 2017/18 is added to the December agenda

## **CA/106/15 HOMELESSNESS STRATEGY REVIEW**

### **Decision**

That the Homelessness Strategy 2016-2020 be adopted.

### **Reason for Decision**

The purpose of this report is to provide the committee with an overview of the proposed Homelessness strategy 2016 - 2020. This includes the approach taken to develop the strategy and an update on national and local trends, key changes in legislation and the council's commitment to achieving a Gold Standard homelessness service.

### **Implications**

Proposals have been made in preparation for the 2017/18 budget, to support recommendations made to further improve the service delivered to customers. These proposals will be subject to the Chief Officer Group assessment and considered through the usual annual budget review process.

### **Value for money**

It is important that we deliver value for money for local people accessing our homelessness support services. Increased demand requires us to explore new ways to improve efficiency within our housing advice and options service so we can target resources to improve service quality, enhance effectiveness and deliver positive outcomes for our clients. We are also committed to 'demonstrating the cost effectiveness of preventing homelessness'. By investing in preventative approaches we can support people to stay in existing accommodation.

### **Risk Management**

Risk Assessment completed.

The intention of this report is to comply with legislation and therefore avoid the risk of

non-compliance. Embedding these new ways of working will now need the full commitment of all officers. A procedure and policy review is underway and involves all frontline officers. Improved communications programme is in place and has been since October 2015

### **Community Impact Assessment**

Community Impact Assessment carried out

Corporate Objectives

Preventing and tackling homelessness contributes to the following corporate objectives;

- A clean, safe and enjoyable environment
- Building strong and vibrant communities

Providing good quality affordable homes, in particular for those most in need

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

#### **Monitoring Officer:**

No comments to add to the report.

#### **Deputy S.151 Officer**

The proposed strategy will be delivered through approved budgets. Any direct financial implications of any changes will need to be submitted for financial approval through the normal annual budget setting process.

### **Advice**

Councillor Griffiths explained that they had updated the current strategy, which had been to the Overview & Scrutiny Committee (OSC) who were very impressed with it and commended the work Officers had done.

N Brathwaite noted that the OSC had extensive discussions around the challenges and the impact of mental health and homelessness. They had requested 6 monthly update reports in order to monitor progress. The OSC also suggested having a nominated representative on the homelessness forum.

She reassured members that all staff attended mental health awareness training.

Councillor Griffiths said it was fantastic that the OSC wanted to be involved and asked if Cabinet could help with that.

N Brathwaite said that this can be done internally at the forum meetings as these were open to anyone who had an interest.

Councillor Marshall referred to paragraph 4.4 of the report and asked what the connection was between homelessness and assured shorthold tenancies.

N Brathwaite explained that property prices were high as were the monthly rental costs. Private rented properties are becoming less affordable due to landlords letting their properties on the open market, at a significantly higher value than set at the

Local Housing Allowance (LHA) level, therefore on occasion, making it unaffordable for families. Some families have a tenancy come to an end however their deposit can be held for up to 3 months. This can cause issues in then raising a deposit for their next property. This is something the council need to help manage.

Councillor Marshall asked if DBC offered any high value financial incentives as other local authorities did.

N Brathwaite said that the council had a Service Level Agreement with Hightown Praetorian. The landlord forum had been consulted in order to understand their needs for the community and work needed to create an incentive scheme.

Councillor Marshall referred to paragraph 5.5 of the strategy and asked what the enhanced housing toolkit was.

N Brathwaite explained that it can be accessed via the council's website and the 'Moving with Dacorum' section. This then gives people access to questionnaires and toolkits to use.

Councillor Tindall highlighted an issue with a number of tenancies coming to an end with Hightown Praetorian and the families potentially being asked to move on. He asked if the council had any role in helping those families appeal the decision before they are made homeless.

N Brathwaite confirmed that the council had an early notification process and were more than happy to help liaise with the Hightown Praetorian.

Councillor Harden asked if the council achieved Gold standard once the strategy had been implemented and how long did the standard last.

N Brathwaite said that the council had currently achieved bronze standard. The National Practitioner Service was working with the council in order to work on the criteria to achieve Gold standard. The standard would continue to remain as long as the relevant criteria were met.

The Bronze standard gave the council free resources and toolkits, training for staff and organisations such as Dens and Druglink. It also allowed the council to sit on the assessment board for other council's looking to achieve bronze standard.

Councillor Williams asked if there were placements made from other council's would they have a higher allowance if they were placed from London Boroughs.

N Brathwaite confirmed this would be the case; the council would need to monitor this in the future. They needed to ensure that tenants are placed in accommodation that's affordable to avoid reoccurrence of homelessness.

E Brooks noted that although the teams were doing well and doing a great job, the situation was only going to get worse.

The work was relentless with the amount of people coming to the council for help. He said that the Housing Minister had announced that councils would receive more resources to help support those in temporary accommodation, but he was concerned as to how the team could continue the high level of service with little resources.

Councillor Griffiths reminded members that these resources were from the General Fund account and not from the Housing Revenue account.

Councillor Williams noted that sustaining tenancies could be a challenge when ensuring all needs are continually met.

E Brooks agreed and said the needs of individuals was growing.  
N Brathwaite added that the council was also affected when external organisations cut services or resources. For example the previously mentioned Hightown Praetorian tenancies coming to an end, which meant the families involved, would become the council's responsibility.

### **Voting**

None

## **CA/107/15 RISK MANAGEMENT REPORT QUARTER 1 2016/17**

### **Decision**

That the content of this Cabinet report be noted.

### **Reason for Decision**

To provide the Quarter 1 update on the Strategic Risk Register.

### Financial

None identified

### Value for Money

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 2016/17 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

### **Health & Safety Implications**

Not applicable

### **Corporate Objectives**

Dacorum Delivers – Risk management is an essential part of ensuring that the Council meets all of its objectives.



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

### **Monitoring Officer:**

An effective risk management strategy is essential for the good governance of the Council and therefore this report and the annexed Strategic Risk Register is appropriate for Cabinet consideration.

### **Deputy S.151 Officer**

This is a section 151 Officer report.

## **Advice**

Councillor Elliot introduced the report and noted that the names of the Portfolio Holders needed to be included.

J Deane would ensure this was done.

Councillor Marshall asked if it was flagged up when a service had a high resignation rate.

J Deane explained that any service with a high turnover of staff would be looked into, as well as any recruitment issues.

M Gaynor added that the council were looking into ways to mitigate these issues for example a Hertfordshire wide support mechanism.

S Marshall explained that there were similar recruitment and retention issues across the county. They were looking into ways to mitigate this and how staff can be shared and utilised in a more efficient way. She noted the high competition now with the private sector, in particularly in areas such as Building Control. She added that the People Strategy currently being developed would look at staff terms and conditions which can be advertised to show potential candidates the added benefits of working for the council.

It was a big fear for the council and one which we would work towards ensuring we recruit and retain good quality staff in all key areas in the future.

J Deane added that they were struggling to recruit Benefits Officers recently, however now they can offer home working and flexible working the team's performance and quality is evident.

M Gaynor concluded to note that this concern was on the agenda of the management team and all were aware of the issue.

### **Voting**

None.

## **CA/108/15 OFF STREET PARKING CHARGES 2017/18**

### **Decision**

1. That Cabinet note but do not agree to the proposed changes to off street parking enforcement arrangements as set out in paragraph 4.1 and 4.2 of the background report and agree to review future parking enforcement arrangements when reviewing the Council's parking strategy.
2. That Cabinet agree to the proposed changes to off-street parking tariffs as set out in tables 3-13 as annexed to the minutes of this meeting.
3. Provide delegated authority to the Assistant Director (Finance & Resources) to agree on any increase in parking tariffs for the Old School Yard car park which is owned by Tring Town Council as set out in paragraph 3.9 and table 9 of the background report.
4. That Cabinet agree that further exploratory work is carried out in support of the Council's future parking strategy, and that a report is presented back on a future parking strategy for consideration by Cabinet:
  - a. On-Street and Off-Street parking provision
  - b. Parking Charges
  - c. Parking Management
  - d. Parking Enforcement
  - e. Supporting the local economy
  - f. Sustainable Transport
  - g. Investment & Accreditation

#### **Reason for Decision**

To seek Cabinet approval to set off-street parking charges for 2017/18 to 2018/19.

#### **Implications**

##### Financial

The proposed increase in tariffs will realise an additional revenue gross income of £152,730 per annum from April 2018.

The cost of implementing these tariff increases will be approximately £20,000 which will cover the cost of the legal processes, consultations, amendments to signs, pay and display machine software, etc.

This will result in an estimated nett income figure of £132,730 per annum

##### Value for Money

The background report demonstrates that the proposed increase in tariffs for off-street car parks are still relatively low when compared to car park charges in comparable towns.

The enforcement of the off-street car parks is currently delivered by Indigo Park Services UK Limited until 2018.

### ***Risk Implications***

The report identifies that there has been no increase in off-street car park tariffs since April 2014.

Should a decision be made to not increase the parking tariffs this will incrementally lead to additional strain on the General Fund and in the future may require large increases to regain their current/previous value in real terms.

### **Health & Safety Implications**

There are no Health & Safety implications.

### **Community Impact Assessment**

Provision has been made for Blue Badge holders to continue to use Dacorum Borough car parks free of charge.

### **Corporate Objectives**

Safe and Clean Environment

Economic Growth and Prosperity

On-Street and Off-Street parking supports a clean, safe and enjoyable environment and supports economic growth and prosperity which are both priorities of the Council's vision.

### **Dacorum Delivers**

The Council's car parks provide an income stream. Optimising income assists the General Fund to achieve a balanced budget.

### Monitoring Officer/S.151 Officer Comments

#### **Monitoring Officer:**

The Council is lawfully entitled to charge for the use of its car parks and set appropriate hours of operation and charges for use.

#### **Deputy S.151 Officer**

The proposed charges are consistent with the estimates prepared for the 2017/18+ budget setting process and will support the delivery of the medium term financial strategy.

### **Advice**

Councillor Elliot introduced the report which was to seek Cabinet approval to set off-street parking charges for 2017/18 to 2018/19.

He explained that members had been circulated an amended table 13, which showed revised charges (published as an amended annex).

### **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.	13/12/16	Tax Base 2017/18		24/11/16	James Deane, Corporate Director (Finance & Operations), 01442 228278 <a href="mailto:james.deane@dacorum.gov.uk">james.deane@dacorum.gov.uk</a>	To set the Council Tax Base for 2017/18
2.	13/12/16	Treasury Management mid-year performance		24/11/16	David Skinner, Assistant Director Finance & Resources, 01442 228662 <a href="mailto:david.skinner@dacorum.gov.uk">david.skinner@dacorum.gov.uk</a>	An update with progress against the capital and financing position as approved by Council February 2016.
3.	13/12/16	Q2 Strategic Risk Report		24/11/16	James Deane, Corporate Director Finance and Operations 01442 228278 <a href="mailto:james.deane@dacorum.gov.uk">james.deane@dacorum.gov.uk</a>	Quarterly update on management of the Council's strategic risks
4.	13/12/16	Park Bye Laws		24/11/16	David Austin, Assistant Director Neighbourhood Delivery, 01442 228355 <a href="mailto:david.austin@dacorum.gov.uk">david.austin@dacorum.gov.uk</a>	To consider new bye laws for the main parks in the Borough
5.	13/12/16	Award of the Community Alarm Monitoring Contract		24/11/16	Elliott Brooks, Assistant Director Housing, 01442 228615 <a href="mailto:elliott.brooks@dacorum.gov.uk">elliott.brooks@dacorum.gov.uk</a> Andy Vincent, Group Manager Tenants & Leaseholders, 01442 228149 <a href="mailto:andy.vincent@dacorum.gov.uk">andy.vincent@dacorum.gov.uk</a>	To recommend award of contract for the community alarm monitoring contract.
6.	13/12/16	Civic Centre Site Feasibility (Part 2)		24/11/16	James Deane, Corporate Director Finance and Operations 01442 228278 <a href="mailto:james.deane@dacorum.gov.uk">james.deane@dacorum.gov.uk</a> David Skinner, Assistant Director Finance & Resources, 01442 228662 <a href="mailto:david.skinner@dacorum.gov.uk">david.skinner@dacorum.gov.uk</a>	To consider options for the current Civic Centre site following the Council's move into the Forum.
7.	13/12/16	Authority Monitoring Report and Local Development Scheme Update		24/11/16	James Doe, Assistant Director Planning, Development & Regeneration 01442 228583 <a href="mailto:James.doe@dacorum.gov.uk">James.doe@dacorum.gov.uk</a> Laura Wood, Strategic Planning and Regeneration Team Leader 01442 228661 <a href="mailto:laura.wood@dacorum.gov.uk">laura.wood@dacorum.gov.uk</a>	To provide Members with the headline figures from the 2015/16 AMR, primarily relating to housing delivery and employment land, and to request adoption of a revised Local Development Scheme, which, amongst other things, sets out key dates for production of the Council's new single Local Plan.
8.	13/12/16	Update on Sustainability Development Action Note and Sustainability Check List		24/11/16	James Doe, Assistant Director Planning, Development & Regeneration 01442 228583 <a href="mailto:james.doe@dacorum.gov.uk">james.doe@dacorum.gov.uk</a>	To request adoption of an updated Advice Note and checklist to ensure that all relevant planning applications reflect the requirements of the Core Strategy, taking into account new Government guidance.
9.	13/12/16	Dacorum Leisure Review		24/11/16	Robert Smyth, Assistant Director Performance, People &	To present the findings of a review

	DATE	MATTERS FOR CONSIDERATION	Decision Making Process	Reports to Monitoring Officer/S.15 1 Officer	CONTACT DETAILS	BACKGROUND INFORMATION
					Innovation 01442 228979 <a href="mailto:robert.smyth@dacorum.gov.uk">robert.smyth@dacorum.gov.uk</a>	of Dacorum's leisure provision
10.	13/12/16	Committee Timetable 2017/18		24/11/16	Mark Brookes, Solicitor to the Council, 01442 228236 <a href="mailto:mark.brookes@dacorum.gov.uk">mark.brookes@dacorum.gov.uk</a>	To agree the Council's Committee Timetable for 2017-2018 and recommend it to Council for approval.
11.	13/12/16	Review of Northgate CSCG contract		24/11/16	Robert Smyth, Assistant Director Performance, People & Innovation 01442 228979 <a href="mailto:robert.smyth@dacorum.gov.uk">robert.smyth@dacorum.gov.uk</a>	To review the customer service centre gateway contract and identify options for the long term provision of customer contact support
12.	13/12/16	Delivery of Complementary Development of the Gade Zone  (Part I and II)		24/11/16	Mark Gaynor, Corporate Director Housing & Regeneration, 01442 228575 <a href="mailto:mark.gaynor@dacorum.gov.uk">mark.gaynor@dacorum.gov.uk</a> James Doe, Assistant Director Planning, Development & Regeneration 01442 228583 <a href="mailto:James.doe@dacorum.gov.uk">James.doe@dacorum.gov.uk</a>	To recommend the preferred delivery route for the residential element of the Gade Zone Regeneration.
13.	13/12/16	Dacorum Local Planning Framework Site Allocations Development Plan Document proposed modifications		24/11/16	James Doe, Assistant Director Planning, Development & Regeneration 01442 228583 <a href="mailto:James.doe@dacorum.gov.uk">James.doe@dacorum.gov.uk</a> Chris Taylor, Group Manager Strategic Planning & Regeneration 01442 228405 <a href="mailto:chris.taylor@dacorum.gov.uk">chris.taylor@dacorum.gov.uk</a> Laura Wood, Strategic Planning and Regeneration Team Leader 01442 228661 <a href="mailto:laura.wood@dacorum.gov.uk">laura.wood@dacorum.gov.uk</a>	To consider modifications to the Site Allocations DPD following the Public Examination held in October 2016
14.	24/01/17	Contract Award for Swing Gate Lane Residential Pt 1 report, Pt 2 Appendix		05/01/17	Elliott Brooks, Assistant Director for Housing 01442 228615 <a href="mailto:elliott.brookes@dacorum.gov.uk">elliott.brookes@dacorum.gov.uk</a>	To consider arrangements for the award of contract.
15.	24/01/17	HRA Business Plan Review		05/01/17	Elliott Brooks, Assistant Director Housing, 01442 228615 <a href="mailto:elliott.brookes@dacorum.gov.uk">elliott.brookes@dacorum.gov.uk</a>	To provide the annual update of the HRA Business Plan, taking account of legislative changes and council priorities.
16.	24/01/17	Gadebridge Splash Park		05/01/17	David Austin, Assistant Director Neighbourhood Delivery 01442 228355 <a href="mailto:david.austin@dacorum.gov.uk">david.austin@dacorum.gov.uk</a> Joe Guiton, Neighbourhood Action And Children's Services Team Leader 01442 228429 <a href="mailto:joe.guiton@dacorum.gov.uk">joe.guiton@dacorum.gov.uk</a>	To present proposals for a Splash Park in Gadebridge Park
17.	14/02/17	Budget and Council Tax Setting		26/01/17	James Deane, Corporate Director Finance and Operations 01442 228278 <a href="mailto:james.deane@dacorum.gov.uk">james.deane@dacorum.gov.uk</a>	To recommend approval of the following year's budget and Council Tax
18.	14/02/17	Independent Remuneration Panel		26/01/17	Mark Brookes, Solicitor to the Council, 01442 228236 <a href="mailto:mark.brookes@dacorum.gov.uk">mark.brookes@dacorum.gov.uk</a>	To report on the outcome of the review of the

	DATE	MATTERS FOR CONSIDERATION	Decision Making Process	Reports to Monitoring Officer/S.15 1 Officer	CONTACT DETAILS	BACKGROUND INFORMATION
						Council's Scheme of Members' Allowances by the Independent Remuneration Panel.

**Future Cabinet Dates 2017:** 21 March, 25 April, 23 May

**Future Items:**

Disposal of Assets (David Austin - To seek approval for the disposal of an asset (recycling equipment at Cupid Green Depot).

Ladbrokes Site, Jarman Park - Part 2 (James Deane - An update on the Council's land holding at Jarman Park) Parking Service

Enterprise and Investment Plan

Local Plan

25 April - Hemel Hempstead Town Centre Parking Access and Movement Strategy (J Doe, C Taylor, N Bateman) - To consider arrangements for taking forward the next stages of the parking access and movement strategy for Hemel Hempstead Town Centre



<b>Report for:</b>	<b>Cabinet</b>
<b>Date of meeting:</b>	<b>29 November 2016</b>
<b>PART:</b>	<b>1</b>
If Part II, reason:	

<b>Title of report:</b>	<b>AUTHORISATION OF VIREMENTS</b>
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 for the purpose of increasing the capital budget for Play Area refurbishment to reflect additional grant funding received.
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	<b>Monitoring Officer:</b>  No comments to add to the report.  <b>Deputy S.151 Officer</b>  The proposed virements conform to the requirements as set out in the Financial Regulations and can be contained within the proposed amended budget.

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 increasing the capital budget for Play Area refurbishment to reflect additional grant funding received

Expenditure type	Service Area(s)	Submitted by	Date
Capital	Children and Youth Services (Capital)	Lucy Tash	09/11/16

Account Code	Cost Centre	Account code description	Cost Centre description	TO (DEBIT AMOUNT) £	FROM (CREDIT AMOUNT) £	REASON
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8009	BW600	New Construction, Conversion and Renovation		5,000		Grant Funding from HCC - Extend Multi Use Games Area in Northridge Park
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Total	5,000	0
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Virement(s) requiring Cabinet authorisation

Virement for the purpose of increasing the capital budget for Play Area refurbishment to reflect additional grant funding received

Expenditure type	Service Area(s)	Submitted by	Date
Capital	Waste & Recycling (Capital)	Lucy Tash	09/11/16

Account Code	Cost Centre	Account code description	Cost Centre description	TO (DEBIT AMOUNT) £	FROM (CREDIT AMOUNT) £	REASON
8010	BT004	New Construction, Conversion and Renovation	Play Area Refurbishment Programme	15,000		Supplementary Budget re. grant funding

Total

15,000	0
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# Agenda Item 8



Report for:	Cabinet
Date of meeting:	29 November 2016
Part:	1
If Part II, reason:	

Title of report:	<b>Housing and Planning Act 2016 and Welfare Reform and Work Act 2016</b>
Contact:	Graham Sutton - Portfolio Holder Planning and Regeneration Margaret Griffiths Portfolio Holder Housing Author/Responsible Officer: Mark Gaynor, Corporate Director Housing and Regeneration
Purpose of report:	To set out the implications for the Council and the Borough of the Housing and Planning Act 2016 and the Welfare Reform and Work Act 2016.
Recommendations	<p>1 That the contents of the report be noted.</p> <p>2 That the additional workload arising from new responsibilities which impact on planning and development control be considered within the 2017/18 budget process.</p> <p>3 That, in accordance with current policy, planning applications proposing Starter Homes in advance of formal government guidance being issued and enacted be resisted and for current policy to apply with regard to affordable homes.</p>
Corporate objectives:	<p>Ensuring economic growth.</p> <p>Providing good quality affordable homes, in particular for those in most need.</p> <p>A clean safe and enjoyable environment.</p>
Implications:	<p><b>Financial</b></p> <p><b>Housing and Planning Act</b></p> <p>The impact on planning arises from the new and increased responsibilities that the Act brings in, specifically the creation and maintenance of the Brownfield Register and the technical requirements of assessing Permission in Principle. There may also be an impact if there is an increased demand for Neighbourhood Plans which will require direct support.</p>

<p>'Value For Money Implications'</p>	<p>There is a possible impact arising from the Act, and the associated Welfare Reform and Work Act, in reducing the amount of affordable accommodation that is available and increasing homelessness and possible bed and breakfast costs.</p> <p>The sale of higher value council properties will require the HRA to pay an amount, as yet not known, to the Treasury each year. It is estimated that this may be in the order of £5M per year which will require either actual sales to provide the funds or reductions in expenditure elsewhere in the HRA.</p> <p>The administration of Pay to Stay may require top up funding within the Housing Revenue Account should the actual costs exceed the allowance from the government.</p> <p><b>Welfare Reform and Work Act</b></p> <p>The most significant impact arises from the 1% reduction in the rent of all Council homes that must apply each year for four years. The impact of this compared to the previous rent policy is £30M over this period. This will be reflected in the Housing Revenue Account Business Plan but has already had the effect of restricting the new build programme beyond 2020.</p> <p>The freezing of the Local Housing Allowance and other benefits, together with the reduction of the Benefit Cap, will directly lead to an increase in homelessness as tenants on Housing Benefit find their rents unaffordable.</p> <p>Whilst all efforts will be made to cope with the additional workloads through existing resources it seems likely that some burden will fall to the Council.</p>
<p>Risk Implications</p>	<p>The main risks identified are the potential increase in homelessness and reduction in the supply of genuinely affordable homes.</p>
<p>Equalities Implications</p>	<p>The government has carried out the appropriate Equality Impact Assessments</p>
<p>Health And Safety Implications</p>	<p>N/A</p>
<p>Monitoring Officer/S.151 Officer Comments</p>	<p><b>Monitoring Officer:</b></p> <p>The report identifies a number of legislative changes which will have a significant impact on the Council and the borough as a whole. The detail of many of the changes will be introduced by further subordinate legislation and guidance in due course and therefore the full impact will need to be continually monitored as the detail and timetable for implementation becomes clear.</p> <p><b>Deputy S.151 Officer</b></p> <p>The full impact of the proposals will be factored into the HRA business plan as and when the government confirms the</p>

	<p>details. Any resulting amendments and impacts will be reported to councillors. Any amendments to the HRA budget will be submitted through the usual process to comply with Financial Regulations.</p> <p>The impact of the creation and maintenance of the brownfield register will be considered through the 2017/18 budget cycle.</p>
Consultees:	<p>Elliott Brooks Assistant Director of Housing  James Doe Assistant Director of Planning and Regeneration  Sara Whelan Group Manager Development Management  Chris Taylor Group Manager Strategic Planning and Regeneration  Andy Vincent Group Manager Tenants and Leaseholders  Natasha Brathwaite Group Manager Strategic Management  Julia Hedger Group Manager Housing Development</p>
Background papers:	<p>Housing and Planning Act 2016  Welfare Reform and Work Act 2016</p>
Glossary of acronyms and any other abbreviations used in this report:	<p>CIL – Community Infrastructure Levy  HMO – House in Multiple Occupation  DCLG – Department of Communities and Local Government  HRA – Housing Revenue Account  TA – Temporary Accommodation  HMRC – Her Majesty’s Customs and Excise  LHA – Local Housing Allowance  Ha – Hectare  NSIP – Nationally Significant Infrastructure Project  CPO – Compulsory Purchase Order</p>

## 1.0 Background

1.1`The Welfare Reform and Work Act and the Housing and Planning Act were quickly introduced by the incoming Conservative government in 2015 to deliver a range of policy changes that were highlighted during the General Election campaign. The passage of both through parliament have been controversial with a large number of amendments made, with some of these accepted. The Housing and Planning Act in particular requires regulation to be issued by the Secretary of State much of which is still awaited. Four key areas should be highlighted:

- The requirement to establish and maintain a brownfield register of previously developed sites capable of delivering five or more homes. Associated with this is the introduction of Planning Permission in Principle. This will require officers carrying out a technical assessment of the proposed sites to ensure that they are capable of developing housing and at what scale. Once designated this by passes the normal development control processes other than dealing with ‘technical matters’. There will be additional workload that cannot be met by existing resources. Much of this will be concentrated in the first two year or so in the establishment of the register and the assessment of the suitability of new sites and the associated Planning Permission in Principle. It is proposed that a growth item be included in the 2017/18 budget setting to allow for both

consultancy support and the impact of backfilling for staff drawn from other duties, with the consultancy focused in 2017/18.

- The impact on the delivery and availability affordable homes together with a likely rise in the incidence of homelessness. The impact on affordable homes delivery arises due to the introduction of starter homes (for outright purchase) replacing rented supply, the sale of council homes through Right to Buy and enforced sale of 'higher value' council homes to fund Housing Association Right to Buy and the withdrawal of government financial support for new rented housing construction. This reduction in supply will have its main impact on the ability of people on the housing register to be housed but the impact of the lowering of the benefit cap and the freezing of Local Housing Allowance leading to a reduction in the supply of affordable private rented accommodation will have a greater and direct impact on homelessness which will exert direct pressure on the Council.
- The massive financial impact on the Housing Revenue Account arising through the imposed rent reduction of 1% each year for four years (with a cost of £30M) and the annual payment to the Treasury of an amount, set by formula, of the assumed sake of higher value council homes.
- The very wide extent of these two Acts and the degree to which detail has yet to be issued as both Acts allow much to be introduced by way of regulation set by the relative Secretaries of State.

Set out below is a description of the two Acts (though largely focusing on the Housing and Planning Act ) and the impact on the Council.

Parts of the Housing and Planning Act	Implications for Dacorum
<p><b>Part 1: New Homes in England</b></p> <ul style="list-style-type: none"> <li>The Act allows a change to planning policy that will mean that current section 106 requirements for affordable housing will be replaced with a requirement to build a proportion of homes in a development as ‘Starter Homes’ (to be sold at 80% of market rent to first time buyers under 40, and to be capped at £250,000 outside London and £400,000 within London). These homes will themselves not be subject to section 106 or Community Infrastructure Levy (CIL) requirements. The indication is that this will be a minimum of 20% of new homes built on sites of 0.5HA or more. Regulations yet to be finalised will specify the time period after which Starter Homes buyers call sell on without reimbursing a proportion of the proceeds. The new Housing and Planning Minister has indicated that he is reviewing the balance of this provision with a view that affordable homes should incorporate rented housing and not exclusively owner occupation.</li> <li>The Act requires local authorities to meet demand for self-built homes by granting permissions for suitable sites.</li> </ul>	<p><b>Starter Homes</b> will replace the current affordable home requirements set out by local authorities in their Local Plan and Supplementary Planning Documents, unless the government gives more flexibility in varying the balance between Starter Homes and other forms of affordable homes. Whilst the Minister has indicated that he is considering this there has been no change at this point. National planning policy documents are expected to be amended to prioritise Starter Homes above Affordable Rent or Shared Ownership housing resulting in the reduced provision of affordable homes for rent and shared ownership. Given the lack of clarification on the detail of Starter Homes at this point the Council will not be in a position to introduce this until every element is clarified by the government. For clarity a recommendation is made on this point.</p> <p>There is no plan to make purchasers of Starter Homes re-sell properties as Starter Homes (unless a re-sale is within an initial five year window, although it is unclear how this will be monitored or enforced), which will mean that these properties will not act as a long-term contribution to meeting the housing needs of people requiring some government support.</p> <p>The main consequences with respect to <b>self-build</b> are:</p> <ul style="list-style-type: none"> <li>An additional resource requirement on Dacorum as Local Planning Authority.</li> <li>A potential slowing down of the Local Plan process due to inclusion of the allocation of serviced plots.</li> <li>Unknown details around the delivery of serviced plots and what the responsibilities of Local Authorities regarding</li> </ul>



<b>Parts of the Housing and Planning Act</b>	<b>Implications for Dacorum</b>
	<p>capital investment will be.</p> <p>In order to minimise any administrative impact on the Local Plan process, the resource requirements associated to this section of the Act will need to be considered. Fees can now be levied on individuals registering an interest in self-build to ensure they reflect the administrative cost to the Council, though it will need to ensure that the numbers justify establishment of a payment system. Currently numbers are so low that this would not be the case but it will be kept under review.</p>
<p><b>Part 2: Rogue landlords and letting agents in England</b></p> <ul style="list-style-type: none"> <li>The Act provides greater powers for local authorities to identify and tackle rogue landlords and letting agents operating in the private rented sector (through the use of banning orders, rent repayment orders and a national database).</li> </ul> <p><b>Part 3: Recovering abandoned premises in England</b></p> <p>The Act allows private landlords to take swift action (relative to current legislative allowances) in order to regain possession of a property they have evidence has been abandoned. This is to improve the speed such properties can be back in use as a tenanted property</p> <p><b>Part 5: Housing, estate agents and rent charges: other changes</b></p> <ul style="list-style-type: none"> <li>The Act simplifies the legislation governing local assessments of the housing and accommodation needs of</li> </ul>	<p><b>Private rented sector (tackling ‘rogue’ landlords and lettings agents, licensing ‘fit and proper’ person test, and local authority access to Deposit Protection Scheme information)</b></p> <p>The main consequences for Dacorum Borough Council are:</p> <ul style="list-style-type: none"> <li>Whilst a removal of rogue landlords/lettings agents from the private rented sector market that could lead to a possible reduction in homelessness linked to these perpetrators in the long run there may well be an increase in the immediate where no alternative accommodation can be found for those that are displaced. This work will fall to Environmental Health and Legal Services and will require a review of any capacity issues that arise.</li> <li>Reduction in the likelihood of an unsuitable individual or organisation obtaining a license for a House in Multiple Occupation (HMO).</li> <li>The potential to use the new database to carry out a ‘rogue landlord’ check before accepting a new landlord into the Council’s deposit guarantee scheme.</li> <li>The potential to use the released Deposit Protection Scheme</li> </ul>

<b>Parts of the Housing and Planning Act</b>	<b>Implications for Dacorum</b>
<p>communities, while still requiring the needs of all members of the community to be assessed on an equal basis.</p> <ul style="list-style-type: none"> <li>• The Act allows local authorities to access the database of properties under the Tenancy Deposit Scheme, in order to identify around 70% of the local private rented sector.</li> <li>• The Act allows local authorities to apply a more stringent ‘fit and proper’ person test for landlords letting out licensed properties, such as Houses in Multiple Occupation, and to impose financial penalties as an alternative to prosecution for certain offences.</li> </ul> <p>The Act allows the formula for calculating the amount needed to redeem a ‘rent charge’ (the charge made to landowners who have allowed land to be used for development) to be amended by secondary legislation</p>	<p>information to identify private rented properties to carry out homelessness prevention work.</p> <p>Removing rogue landlords and lettings agents from the market, and tightening tests on people applying to have a HMO, will hopefully improve the overall quality of the private rented sector in Dacorum. The impact on staff resources will need to be kept under review in both Housing and Environmental Health</p> <p>The Council’s deposit guarantee scheme is potentially vulnerable to approaches from rogue landlords as it is reliant on landlords letting properties at rents at the bottom of the market. The team responsible for the Council’s deposit guarantee scheme will need the appropriate access rights to the database of banned landlords and lettings agents, in order to improve the risk management of the scheme. This will require staff in Environmental Health and Housing to liaise very closely.</p> <p>Currently private landlords do not have to register onto any central database so the Council has had limited ways in which to identify possible vulnerable tenants. Details of the properties with a deposit recorded under the Deposit Protection Scheme will improve this (estimates suggest this will identify around 70% of the local market). Around 50% of all current homeless presentations to the Council are due to evictions from the private rented sector. The ability to target campaigns and other communications tools at private rented addresses may enable the Council to improve its prevention work.</p>
<p><b>Part 4: Social housing in England</b></p> <ul style="list-style-type: none"> <li>• This Act sets out the framework for the voluntary agreement between the Government and housing associations to</li> </ul>	<p><b>The sale of high value council homes, and the extension of Right to Buy discounts to housing association tenants</b></p> <p>The main consequences for Dacorum Borough Council are:</p>

Parts of the Housing and Planning Act	Implications for Dacorum
<p>extend the 'Right to Buy' discount to housing association tenants.</p> <ul style="list-style-type: none"> <li>• The Act allows the Secretary of State to reduce regulations on housing associations.</li> <li>• The Act requires stock-retaining local authorities to sell high value social housing as it becomes vacant and provide the receipts to the Treasury. This is in part to 'refund' housing associations the difference between the discount and market rates for those properties they lose through the Right to Buy extension. This will be calculated on a formula put together by DCLG and will be set as an amount due from the local authority each year. Consultation on this has yet to formally begin and it seems unlikely to come into force until 2018/19.</li> <li>• The Act requires landlords of social housing to identify 'high income social tenants' (household income over £31,000 outside London) and charge market, or near market, rents – often referred to as 'Pay to Stay'. The funds from this increase in rent will go to the Treasury (mechanism not yet confirmed), minus administrative costs (details not yet confirmed). Considerable difficulties in administering this process have been identified and a number of conditions were accepted by government following amendments made in the House of Lords. This includes excluding households in receipt of Housing Benefit. The tariff proposed is an addition 15p rent per week for every £1 earned annually (i.e. a household with £10,000 above the threshold would pay an extra £30 per week). The Act does allow for HMRC to make information available but the detail of this has yet to be issued.</li> </ul>	<ul style="list-style-type: none"> <li>• A reduction in the provision of local social/affordable housing for rent to meet the needs of local residents who are not in a position to access the finance needed for any form of home-ownership.</li> <li>• A reduction in available revenue for the Housing Revenue Account.</li> </ul> <p>This is in the context of the Emergency Budget in 2015 that set out the proposed 1% social/affordable rent reduction, now enshrined in the Welfare Reform and Work Act 2016, that will impact both councils and housing associations. This reduction has limited these organisations' plans to seek development land to build new homes for social or affordable rent. This impacts considerably on the Council and has been incorporated into the HRA Business Plan.</p> <p>Both the extension of Right to Buy discounts to housing association tenants and the enforced sale of the Council's high value stock will contribute to a reduction in the local provision of social/affordable homes for rent. The most concerning impact will be an increase in homeless as affordable supply decreases.</p> <p>With fewer social/affordable housing voids to allocate to the Council will be less able to:</p> <ul style="list-style-type: none"> <li>• Meet the housing needs of applicants on its housing register, so people may remain in unsuitable accommodation for longer, resulting in negative health and wellbeing consequences (for example, due to overcrowding, limited mobility throughout the home, or welfare issues potentially relating to domestic violence or other forms of harassment).</li> <li>• Move homeless households out of temporary accommodation (TA) resulting in negative health and</li> </ul>

<b>Parts of the Housing and Planning Act</b>	<b>Implications for Dacorum</b>
<ul style="list-style-type: none"> <li>The Act requires that most new Council tenancies to be fixed term (between 2 -10 years though this can be extended where the household has a child under nine to ensure the tenancy will last until they are nineteen. The Council adopted fixed term tenancies some time ago.</li> </ul>	<p>wellbeing consequences associated with homelessness, and creating a need to increase the Council's temporary accommodation stock.</p> <p>The administration of Pay to Stay will be potentially very intensive, and it is still not clear what information will be provided from HMRC regarding incomes of tenants. The government has indicated that 'reasonable costs' for administration can be taken from the income generated but it is likely the actual costs will exceed this. The impact on tenants will prove very severe in some cases in terms of a reduction in available income. An increase in uptake in Right to Buy can be predicted where the costs of renting and purchase get closer. This will further reduce the stock of social rented homes. Given the delay by government to issue the regulations it seems likely that Pay to Stay will start in 2018/19.</p> <p>Financial impacts associated to these sections of the bill will be experienced by both the Housing Revenue Account and the Council's General Fund:</p> <ul style="list-style-type: none"> <li>It is expected that the Central Government Treasury will request an annual payment from stock-retaining local authorities based on estimate on receipts from stock sales (rather than requesting receipts from individual sales to be paid as and when they complete). This will need to be budgeted for and will be a cost to the Council. If the Council opts to actually sell stock to meet the required amount then the loss of stock will also result in an on-going loss of rental income.</li> <li>There may be pressures on the General Fund in bed and breakfast costs should it prove difficult to source sufficient temporary accommodation and if private rented accommodation under the local housing allowance levels</li> </ul>

<b>Parts of the Housing and Planning Act</b>	<b>Implications for Dacorum</b>
	<p>become unavailable as rents rise.</p> <ul style="list-style-type: none"> <li>As Starter Homes are not themselves subject to CIL or S106 requirements there will be a gap in infrastructure funding.</li> </ul> <p>These changes will need to be incorporated in our forthcoming Local Plan, as more detail on these sections of the Act are known and the Council will have to review how they impact on its other housing planning policies and its housing strategies.</p>
<p><b>Welfare Reform and Work Act 2016</b></p> <p>This introduced the rent reduction of 1% per year for four years for Councils and Housing Associations. It also froze a range of Social Security benefits, the Local Housing Allowance (LHA) and restricted Housing Benefit for tenants at the LHA level. The Benefit Cap was also reduced to £21,000 per household outside of London.</p>	<p><b>Welfare Reform and Work Act 2016</b></p> <p>The major impact of the rent reduction is to reduce the amount of resources available to Councils and Housing Associations, which have already reduced the delivery of new social and affordable rented property. Housing Associations have moved away from the new provision of rented homes where these cannot be delivered through s106 agreements. This means a reduction in the availability of affordable housing – particularly when enforced sales of council homes are required. The reduction in the Benefit Cap and other benefits, together with the relative reduction on the LHA will lead to increased poverty, homelessness within this context of reduced supply. This is already-being experienced in Dacorum with private landlords raising rents above LHA and effectively freezing out tenants on Housing Benefit.</p> <p>The Council has managed to mitigate the reduction in new rented homes due to use of Right to Buy 'One for One' receipts in assisting Hightown Praetorian to deliver homes with Hemel Hempstead. The rent reduction, however, will mean the council house new build programme will stall after 2020 if no new resources can be made available or the rent cap is reversed.</p>
<b>Part 6: Planning in England</b>	<b>Planning in England</b>

Parts of the Housing and Planning Act	Implications for Dacorum
<ul style="list-style-type: none"> <li>• The Act allows the Government to move forward with a range of measures to simplify and speed up the neighbourhood planning process in order to support communities seeking to meet local housing and other development needs. Most of the measures still require the Secretary of State to issue the appropriate regulations including his/her power to bring in 'appointed persons' to resolve issues holding up planning obligations.</li> <li>• The Act gives the Secretary of State further powers to intervene if Local Plans are not delivered effectively by local authorities and extends the Department of Communities and Local Government (DCLG) monitoring to small applications as well as major. The Government has indicated that it will intervene where councils have not made 'due progress' on Local Plans by 2017. It has also promised clarification on how to secure agreement on housing land supply assessments.</li> <li>• It paves the way for pilot schemes to test the use of 'approved providers' to exercise the development control/management function for Councils that under-perform in terms of planning application decisions and a poor track record on planning appeals. Such 'approved providers' are expected to be planning consultancies.</li> <li>• The Act creates a duty for local authorities to maintain a local register of brownfield land capable of housing development – indications so far are that this includes identifying sites capable of delivering 5 or more homes or above 0.5HA. The Act also requires that 90% of areas on the brownfield register, or land identified in local or neighbourhood plans, to be granted with 'planning permission in principle' (PIP)</li> </ul>	<p>The main consequences for Dacorum Borough Council are:</p> <ul style="list-style-type: none"> <li>• The requirement to maintain a database of available brownfield sites able to support five or more dwellings (or larger than 0.5HA). By keeping such a register the Council's five year land supply is enhanced.</li> <li>• The requirement to provide 'permission in principle' for all identified sites (brownfield register, and local and neighbourhood plans).</li> <li>• The creation/maintenance of the brownfield register and dealing with permission in principle have an ongoing staff resource requirement as they are completely additional functions. This will need to be considered in the budget for 2017/18. It will also be important that if a fee is payable for entry onto the brownfield land register and for PIP application that systems are in place to ensure that this is captured (no details have been given by government at this point).</li> <li>• There is a real opportunity for the Council to include some of its own sites on the brownfield register (such as garage sites) as they would gain permission in principle and potentially increase their value. An internal project team is being established to consider the potential and identify sites.</li> <li>• The potential for Secretary of State intervention (to the point of enforcing a new plan) if the Local Plan is deemed ineffective, and DCLG monitoring of small as well as major planning applications (though given progress already made this is not felt to be a concern).</li> </ul>

<b>Parts of the Housing and Planning Act</b>	<b>Implications for Dacorum</b>
<p>where automatic consent would be granted subject to approval of technical matters. This is to facilitate sales of land for development. Councils are awaiting formal details of the criteria.</p> <ul style="list-style-type: none"> <li>• The Act gives the Mayor of London greater planning powers over Greater London.</li> <li>• The Act requires reports to local authority planning committees to include detail on the estimated financial benefits to a community that will accrue from the proposed development.</li> <li>• The Act allows housing to be included within 'Nationally Significant Infrastructure Project' (NSIP) applications made by developers under the national infrastructure planning regime.</li> <li>• The Act creates a faster and more efficient process for creating Urban Development Areas and Corporations, while still requiring those with an interest locally to be properly consulted at an early stage.</li> </ul> <p><b>Part 7: Compulsory purchase</b></p> <ul style="list-style-type: none"> <li>• The Act revises the compulsory purchase regime to make it clearer, fairer and faster, in order to improve the process for bringing forward land for development.</li> </ul>	<ul style="list-style-type: none"> <li>• An additional requirement for local planning authorities to assist Neighbourhood Forums in preparing their plans which will generate a resource requirement.</li> <li>• A requirement to set out to the Development Control Committee the financial benefits that a development would bring, even though they may not be a material planning consideration.</li> <li>• The possibility of an increasing requirement to cooperate with Greater London in setting the Local Plan, and to consider growth created by London as well as the local authority area in making assessments of housing need.</li> <li>• The possibility of housing delivery taking place as part of a National Strategic Infrastructure Project, rather than gaining approval through the Council (for example if Crossrail 2 were to be reconsidered running through the Borough).</li> <li>• There may be some public confusion about the appropriate planning route e.g. Permission in Principle, Outline Planning Permission or Full Planning Permission and technical details approval.</li> <li>• The Council will be under pressure to approve schemes with permission in principle in order to deliver housing, despite less detail being available than usual applications (although the 21 day consultation period and call in to Development Control Committee is likely to remain the same).</li> <li>• It is unclear whether the appropriate level of fees will be chargeable on dealing with permission in principle work.</li> </ul>

Parts of the Housing and Planning Act	Implications for Dacorum
	<p>The administration required to maintain the new brownfield register will add to the resource requirements of the planning services.</p> <p>At the moment the Council has an up-to-date Core Strategy and is not at any threat of intervention from the Secretary of State, however there may be some consequences for neighbouring authorities such as St Albans.</p> <p>If Dacorum was identified to not be performing in terms of its assessment of planning applications then applicants would have the choice to go straight to the Inspectorate for to have their application decided (or possibly to an 'approved provider'). Currently Dacorum performs well in deciding applications in a timely manner, however the Council will need to have monitoring mechanisms in place to ensure sufficient resources are in place to meet targets on-going. Furthermore whilst many applicants would probably opt to have their application decided by a planning authority rather than the Inspectorate, as they maintain their right to appeal to the Inspectorate if their application is refused, some may welcome the option of taking politics out of the planning system and opt for the Inspectorate.</p> <p>There is a possible financial impact to the Council's General Fund from the level of resource that will be required to assist the process of neighbourhood planning. Although there is some support from DCLG at the moment to assist in deferring these additional costs, there is no certainty that this will continue. Dacorum only has one local plan currently being undertaken, however the financial impact could become significant if the number of neighbourhood plans increase</p> <p>Dacorum has a duty to co-operate with the Greater London Authority as part of plan making. The current Mayor of London has</p>



Parts of the Housing and Planning Act	Implications for Dacorum
	<p>placed housing high on the political agenda for Greater London and is looking to areas just outside the boundary of London to support its response to rising housing need.</p> <p>Section 70(2) of the Town and Country Planning Act 1990 already requires a Development Control Committee to have regard to "... any local finance considerations, so far as material to the application ..." so it is not clear why the Act now separately requires financial benefits from schemes to be recorded on planning reports. Adding the financial benefits of a scheme to a committee report will require additional resource that will need to be assessed by the Council. There may also be a need to plan to mitigate possible confusion or distraction that could result at the Development Control Committees.</p> <p>Detail on the inclusion of housing in NSIP applications is not known, and there is 500 properties may be set. The Council is not aware of any large scale projects in the local area where the applicant would chose to use the NSIP route rather than obtain planning permission from the local authority. There is concern that if this route did start being used to deliver housing then it could take control and decision making away from the local authority.</p> <p>The Government is also pressing for local plans to aim for higher density of development, particularly housing, around key transport hubs which may have an impact on Tring, Berkhamsted and Hemel Hempstead.</p> <p><b>Compulsory purchase</b></p> <p>The changes being made to compulsory purchase amend the existing Compulsory Purchase Order (CPO) regime, and do not provide any new powers for local authorities wanting to use CPOs to obtain land to facilitate regeneration or new housing</p>

<b>Parts of the Housing and Planning Act</b>	<b>Implications for Dacorum</b>
	development.



<b>Report for:</b>	<b>Cabinet</b>
<b>Date of meeting:</b>	<b>29<sup>th</sup> November 2016</b>
<b>PART:</b>	<b>1</b>
If Part II, reason:	

<b>Title of report:</b>	<b>Governance Arrangements for the Community Infrastructure Levy (CIL)</b>
Contact:	<p>Cllr Graham Sutton, Portfolio Holder for Planning and Regeneration</p> <p>James Doe, Assistant Director (Planning, Development and Regeneration)</p> <p>Robert Freeman, Strategic Planning and Regeneration Officer (Infrastructure and Project Delivery)</p>
Purpose of report:	The report sets out proposals for the governance of the Community Infrastructure Levy (CIL) and seeks Council approval for them.
Recommendations:	<p>1) That Cabinet notes the information provided on CIL Income and Expenditure at Appendix 1 and agrees to its publication as required under Regulation 62 of the CIL Regulations 2010 (as amended)</p> <p>That Cabinet recommends to Council that:</p> <p>2) It approves the Terms of Reference to the Infrastructure Advisory Group as set out in Appendix 3 including the delegation to the Chairman of the Infrastructure Advisory Group to approve spending of CIL receipts of up to £50,000 on projects not identified in the Infrastructure Business Plan.</p> <p>3) It approves the allocations of CIL funds to those Infrastructure themes set out in Section 3 of this report</p> <p>4) That funding is allocated to these themes for use in</p>

	<p>2018/19 and 2019/20</p> <p>5) That submissions for CIL funds are encouraged from April 2017 using the CIL submission forms at Appendix 4.</p> <p>6) It approves entry into the Memorandum of Understanding with Hertfordshire County Council as set out in Appendix 5</p> <p>7) To delegate authority to the Assistant Director (Planning, Development and Regeneration) to:</p> <p>(a) Finalise the wording of the CIL submission bid form and associated guidance notes; and</p> <p>(b) Finalise guidance notes for Town and Parish Councils and Ward Councillors.</p>
<p>Corporate objectives:</p>	<p><u>Affordable Housing</u> Some forms of affordable housing may claim exemption from the payment of CIL. It is not anticipated that CIL funds would be used to fund the provision of affordable housing although CIL funds could be utilised on infrastructure which would facilitate the delivery of housing sites.</p> <p><u>Safe and Clean Environment</u> Open space and green infrastructure improvements have been identified as possible recipients of CIL funding within the Council's Regulation 123 List. Such works would contribute to a safe and clean environment.</p> <p><u>Building Community Capacity</u> CIL revenues may be used on social enterprise and local community infrastructure which supports those in the most deprived areas. Local communities should feel empowered to carry out improvements within their neighbourhood by the delegated of a proportion of CIL funding to them under Regulation 59 of the CIL Regulations</p> <p><u>Dacorum Delivers</u> The purpose of this report is to explain how the Council will make decisions on the spending CIL receipts upon new items of infrastructure. Key stages in this process include determining which infrastructure projects are capable of delivery and on-going management to ensure that our infrastructure priorities are delivered in accordance with an agreed timetable.</p>
<p>Implications:</p>	<p><u>Financial</u> The cost of developing and implementing the Council's CIL Policies and Procedures was borne by the Local Development Framework (LDF) budget. We are now in the process of collecting CIL and have set aside 5% of CIL receipts to cover the costs above and on-going administration (including</p>

	<p>Software costs and subscriptions) The costs are expected to be cost-neutral in the long term. Further information is set out in Appendix 1.</p> <p>The Council is responsible for collecting and allocating significant sums of money to the delivery of infrastructure and needs an appropriate framework for the consideration of such matters.</p> <p><u>Value for money</u> The Council will be responsible for allocating CIL money for spend, and thus will have a responsibility to ensure the efficient use of funds. Requests for CIL funding will be expected to demonstrate that the infrastructure project offers value for money with such matters being considered through the submission of projects.</p> <p><u>Staff</u> The Council now employs two full time officers to deal with the daily administration and management of CIL and S106. These officers will be responsible for the initial consideration of CIL project submissions, the evolution of the CIL Charging Schedule, supporting policies and strategies together with the wider infrastructure planning function of the Council. Other Council staff will be involved in individual projects relating to the spending of CIL funds as the need arises. Where possible such matters have been incorporated into existing work practices (for example; Resident Services are working closely with Ward Councillors and Neighbourhood Action Groups over the allocation of Neighbourhood CIL)</p> <p><u>Land</u> The Council has an adopted Payment in Kind policy which allows for land to be transferred to the Council upon which they can deliver infrastructure necessary to support growth. No requests have been made to date to pay CIL via this mechanism.</p>
Risk implications:	<p>CIL processes have recently been subject to an audit and officers are in the process of implementing a number of recommendations to ensure that the process for the collection of CIL funds is efficient and robust.</p> <p>In relation to CIL expenditure, the Council will, where possible, oversee the delivery of infrastructure projects to ensure that they are delivered on budget and in accordance with the timescales agreed by the Infrastructure Advisory Group. The Council may withhold CIL funds until delivery targets or conditions have been met.</p>
Equalities implications:	<p>The process for the submission and allocation of CIL funds should be open, fair and equitable for all applicants. The application process has been designed to be inclusive.</p>

Health and safety implications:	N/a
Monitoring Officer/S.151 Officer comments:	<p><u>Monitoring Officer</u></p> <p>Robust governance procedures are essential to ensure that CIL funds can be allocated to appropriate infrastructure in a timely and efficient manner and that spend is properly monitored.</p> <p>This report, the annexed procedural guidance and associated documents demonstrate that an effective system of governance has been developed, however, the procedures should be kept under continuous review to ensure that they remain up to date and effective.</p> <p><u>Deputy Section 151 Officer</u></p> <p>The costs of CIL are factored into the Medium Term Financial Strategy and the income will be reviewed to ensure the forecast and actual income collected is monitored in line with Financial Regulations.</p> <p>The costs of projects will need to be submitted through the budget setting process and will require all the necessary approvals to be built into the ongoing capital programme.</p>
Consultees:	<p>The governance arrangements for CIL have been discussed in detail with members of the Infrastructure Advisory Group and other key Council staff at both Hertfordshire County Council and Dacorum Borough Council including:</p> <ul style="list-style-type: none"> <li>• Mark Gaynor, Director for Planning and Housing</li> <li>• James Doe, Assistant Director for Planning, Development and Regeneration</li> <li>• Nathalie Bateman – Team Leader, Strategic Planning and Regeneration (Infrastructure and Project Delivery)</li> <li>• Laura Wood – Team Leader, Strategic Planning and Regeneration (Strategic Planning)</li> <li>• Heather Overhead – Assistant Team Leader, Strategic Planning and Regeneration (Strategic Planning)</li> <li>• Richard Baker – Group Manager Financial Services</li> <li>• Jacqueline Nixon – Herts County Council, Development Services (Property)</li> </ul> <p>The Infrastructure Advisory Group includes representatives of the Hertfordshire Local Enterprise Partnership (LEP).</p>

<p>Background papers:</p>	<ul style="list-style-type: none"> <li>• Cabinet Report titled “Community Infrastructure Levy (CIL) – Adoption of Charging Schedule and associated documents” – 10<sup>th</sup> February 2015</li> <li>• Cabinet Report titled “Governance Arrangements for the Community Infrastructure Levy (CIL)” – 25<sup>th</sup> November 2014</li> <li>• Inspector’s Report on CIL Charging Schedule – October 2014.</li> <li>• Cabinet Report titled “Future Governance Arrangements for the Community Infrastructure Levy (CIL) – 29<sup>th</sup> March 2014.</li> <li>• CIL Regulations 2010 (as amended)</li> <li>• Infrastructure Delivery Plan Update 2016</li> <li>• Hertfordshire Infrastructure Investment Strategy (HIIS) Update 2013</li> <li>• CIL Regulation 123 List (April 2015)</li> <li>• CIL Instalments Policy (April 2015)</li> <li>• CIL Infrastructure Funding Gap Update 2014</li> </ul> <p>These documents may be viewed at <a href="http://www.dacorum.gov.uk">www.dacorum.gov.uk</a></p>
<p>Glossary of acronyms and any other abbreviations used in this report:</p>	<p>BCIS – Building Cost Information Service  CIL - Community Infrastructure Levy  CRG – Corporate Regeneration Group  GTP – Growth and Transport Plan  IAG – Infrastructure Advisory Group  IBP – Infrastructure Business Plan  IDP – Infrastructure Delivery Plan  LDF – Local Development Framework  LEP – Local Enterprise Partnership  MOU – Memorandum of Understanding  NAG – Neighbourhood Action Group  POS – Planning Officer Society  TOR – Terms of Reference</p>

## **BACKGROUND**

### **1.0 Introduction**

- 1.1 The Community Infrastructure Levy (CIL) is a mechanism for collecting financial contributions from new developments to help fund the provision of infrastructure required to support housing and commercial growth in the Borough. It is a tariff style system applied to the area of the development as a cost per square metre and may vary by both use and location.
- 1.2 The Borough Council is the Charging Authority for CIL. It is responsible for setting the proposed CIL rate, collecting the charges and spending the CIL income. The Council adopted its CIL Charging Schedule on the 25<sup>th</sup> February 2015 and started charging its CIL on all new developments receiving planning permission from the 1<sup>st</sup> July 2015.
- 1.3 The Borough Council CIL has been subject to an internal audit and a number of mechanisms are being introduced to improve its collection and administration. This report is concerned with the expenditure and aspects of the governance of CIL. Such matters were last considered by Cabinet on the 25<sup>th</sup> November 2014 where the broad principles of our governance structure were agreed.

### **2.0 Allocation of Funds**

- 2.1 The Borough Council is required under Regulation 59 of the CIL Regulations 2010 (as amended) to allocate CIL funding to the local community (15%). They may also allocate funds for the purposes of administration (5%) under Regulation 61 where the release of these funds can be justified. The bulk of CIL funding (80%) sits in a further pot from where it may be allocated towards its infrastructure projects and priorities.

#### CIL Administration

- 2.2 The Borough Council has already committed 5% of its CIL receipts from its first year of collection towards the costs of establishing the CIL Charging Schedule and for its daily administration of CIL. This is the maximum amount permitted to be spent on this purpose under the CIL Regulations 2010 (as amended)
- 2.3 CIL is resource intensive and significant costs were incurred in establishing the charge and providing a system for administration and monitoring CIL. These set up costs including the cost of purchasing new software, staff training, providing expert technical advice and documents and holding the CIL examination, were met from the LDF budget. The cost of the project now includes employing two members of staff to administer the collection of CIL and to directly consider other infrastructure planning issues. The Council has annual costs associated with membership of the Planning Officers Society CIL Implementation group, software hosting and maintenance and subscriptions to Building Cost Information Service (BCIS) Online.
- 2.4 The CIL receipts from the first year are limited as set out in Appendix 1 and the proportion of funding allowed for administration is so far insufficient to cover the costs of establishing the CIL charge. This was anticipated and the



CIL forecasted receipts will be significantly higher for this year and future years.

- 2.5 The Council should continue to collect 5% for administration until the end of financial year 2017/18. The CIL Regulations 2010 (as amended) allows authorities to recuperate the set up costs over the first three years of charging and we are expecting the full costs of administration to be met by the end of this period, particularly if an upward trend in housing delivery continues over this period.

#### Local CIL

- 2.6 CIL is expected to incentivise communities to accept and encourage growth in their areas and as such Regulation 59 of the CIL Regulations 2010 (as amended) placed a duty upon the Council to pass 15% of the CIL receipts to Town and Parish Councils from developments that take place within their administrative areas. This figure increases to 25% of the CIL receipts in areas where a Neighbourhood Plan is adopted.
- 2.7 For the unparished area of Hemel Hempstead, the Council is bound by Regulation 59 of the CIL Regulations 2010 (as amended) to use the equivalent proportion of CIL receipts to support the development of the relevant area. Cabinet previously agreed that the 'relevant' area should reflect electoral wards and authority should be delegated to ward councillors to determine the use of the local proportion of CIL receipts in consultation with local residents.
- 2.8 The Council is required to transfer CIL bi-annually to the Town and Parish Councils and relevant areas under this regulation. An initial payment of the neighbourhood proportion of CIL received for the period 1<sup>st</sup> April 2015 to the 31<sup>st</sup> March 2016 was subsequently transferred to Markyate Parish Council in April 2016. The neighbourhood proportion of CIL was also made available for three wards in Hemel Hempstead in which CIL had been received over this period. Full details are set out at Appendix 1.
- 2.9 Town and Parish Councils are not constrained in the use of such sums to the provision of new infrastructure and may use funding broadly to support the needs arising from growth (though is not suited to long term revenue use as they are one-offs). Officers have produced advice notes for Town and Parish Councils and Ward Councillors regarding the use of the Neighbourhood Proportion of CIL which are included at Appendix 2.
- 2.10 The Town and Parish guidance notes provides background on CIL and highlights the relevant responsibilities of these authorities in relation to CIL funding. It includes a number of suggestions to encourage early preparation for the receipt and spending of CIL and suggestions on best practice for managing their CIL funds. It is clear that they are accountable for their CIL expenditure and any on-going costs associated with infrastructure they provide under CIL.
- 2.11 Officers will engage with Town and Parish Councils during the course of general infrastructure planning work including updates to the Infrastructure Delivery Plan (IDP) and works to support the development of a new single local plan. The long term objective of these discussions should be to develop

more settlement focused IDP's which incorporate statements from Town and Parish Council's over their priorities for the use of their neighbourhood proportion of CIL. A number of these local councils have already started to consider the development of local infrastructure lists including Berkhamsted Town Council and Tring Rural Parish Council. This message is to be reinforced through the Town and Parish conference on 25 November 2016.

- 2.12 The draft advice note for ward councillors provides general information on CIL and includes an application form for the release of CIL funds which have been set aside for them. This requires ward councillors to demonstrate that appropriate consultation has taken place with the local community regards the infrastructure project and that they have taken appropriate steps to ensure that projects are deliverable.
- 2.13 Ward councillors will be notified directly of the funds available within their area and encouraged to discuss the use of these funds with officers.
- 2.14 Ward councillors will be supported in the determination of appropriate infrastructure projects and their delivery by officers at both a Borough and County level. It is envisaged that initial discussions around developing an infrastructure project list will build on existing working relationships with the community and utilise existing forums such as the network of Neighbourhood Action Groups. Recent Neighbourhood Action Group (NAG) meetings have or will incorporate new infrastructure projects as a topic for discussion and councillors will be encouraged to take a leading role in discussions. A number of discussions between the ward councillors and the Infrastructure Officer have already taken place regards such matters and further training on CIL will be offered through the member training programme. The training will emphasize the need to consider preparing and review infrastructure project lists in consultation with local residents at the regular opportunities. It is likely that Council officers will lead on the delivery of the infrastructure project (depending on scale) including procurement and project management.
- 2.15 The autumn edition of Dacorum Digest included an article highlighting the CIL funds available in a number of areas and encouraging residents to suggest infrastructure projects to their ward councillors. We are not aware of any significant feedback to this article to date.

#### Core Funds

- 2.16 The remaining, or Core, CIL funds should be allocated by the Council towards the infrastructure requirements arising from the growth planned in the Council's Core Strategy. At a strategic level, these needs are identified in the IDP which sets out the infrastructure plans and funding arrangements of infrastructure providers. This plan is a "live" document and is subject to regular discussion and review. It is published annually on the website (<http://www.dacorum.gov.uk/home/planning-development/planning-strategic-planning/evidence-base/infrastructure-and-delivery>)
- 2.17 A strategy for the use of CIL and S106 funding was developed in advance of the examination into the CIL Charging Schedule and having regard to those projects under the IDP. The Council was required under the CIL Regulations 2010 (as amended) to set out a list of projects which would be wholly or partially funded by CIL (the Regulation 123 list) and by definition those which would not be subject to the receipt of planning obligations under S106 of the

Town and Country Planning Act 1990 (as amended). The purpose of this list is to avoid charging developers twice for the same or similar item of infrastructure.

- 2.18 The Infrastructure Advisory Group (IAG) has already met a number of times to discuss CIL governance arrangements and build on the framework established by Cabinet in November 2014. This group contains both officers and members of the County and Borough Councils, including the Planning Portfolio holder, together with representatives of the Hertfordshire LEP.
- 2.19 The Terms of Reference for the IAG are set out at Appendix 3. The primary objective of the IAG will make recommendations to Council on how the core CIL money is allocated and determine which submissions for CIL funding should be prioritised. The recommendations of the IAG will be made via an Infrastructure Business Plan (IBP), which will set out the Council's priorities for allocating CIL money on a short, medium and long term basis. This document will focus on the delivery of infrastructure and making the best use of CIL funds and should align with the IDP.
- 2.20 The IAG has considered the methodology for considering submissions for CIL funding and concluded that in order to make this process manageable that CIL submissions should only be encouraged for those items of infrastructure that fit within a select group of local themes. These themes have been developed having regard to those infrastructure issues emerging in the latest IDP and issues arising in the delivery of housing sites over the last 18 months. The IAG's recommended themes are explained in detail in Section 3.
- 2.21 'CIL project submissions' for the use of CIL funds will initially be assessed by officers for suitability for CIL funding. This process will remove any bids which cannot be funded through CIL and those which fall outside our chosen CIL themes/budgets/timescales. The IAG and applicants will be advised of the reasons why bids fail to progress beyond this stage. The submissions which pass this stage will be referred to the IAG for more detailed consideration.
- 2.22 CIL funding will be collected over the course of a financial year with bids being considered and allocated over the next financial year. This means that there will be a significant lead in time before funds are released for infrastructure projects.

**3.0 Themes for CIL Expenditure**

- 3.1 The concept of having CIL submission themes emerged via the IAG and was considered to be the most appropriate mechanism for targeting CIL funding to on infrastructure in areas in which we know significant growth is expected (geographic themes) or for types of infrastructure which we know are necessary for growth to occur and where improvements would be visible and/or expected by the local community (subject themes).
- 3.2 Such measures seek to restrict bids for CIL funding so that the process is manageable to those involved and reinforces the links between infrastructure planning and growth established in the IDP.
- 3.3 The key findings of the IDP have been presented to the IAG through the refinement of our CIL governance work. The group are also aware of significant planning applications and proposals (both current and in the

forward programme) through close liaison with the Strategic Planning and Development Management services.

- 3.4 Having considered the available technical work and other relevant information, it is considered that the bulk of CIL funding should be targeted to two themes, one geographic and one subject theme, for the bidding years 2017/18 and 2018/19. A further theme for other projects would be available, so as not to exclude others from the submission process, with a cap introduced on individual bids. A limited proportion of CIL would be set aside as a contingency for use on projects arising outside of the CIL submission process, for example infrastructure works to accelerate or intervene in the delivery of housing sites. The percentage of CIL allocated to each theme is expected to be a broad indication of the funds to be used and not a precise figure.
- 3.5 The themes that the IAG would recommend to Cabinet are those covering:
- a) Infrastructure for East Hemel Hempstead – 50%
  - b) Transport Infrastructure - 40%
  - c) Other projects - 7%
  - d) Contingency - 3%

#### Infrastructure for East Hemel Hempstead

- 3.6 It is considered that a significant proportion of CIL funding (50%) should be allocated to the delivery of infrastructure to support developments occurring on the eastern side of Hemel Hempstead.
- 3.7 Significant levels of new residential development are already under construction within the heart of Maylands and at Spencer's Park and both of these sites are anticipated to have second phases of development being delivered from 2017/18. In addition, residential development is being promoted within the boundaries of St. Albans City and District Council and on the boundary of Hemel Hempstead by the Crown Estates both through the local plan process and through the planning application process<sup>1</sup> Upgrades to local infrastructure will be required to accommodate this growth.
- 3.8 Both Hertfordshire County Council and the Herts Valley Clinical Commissioning group have expressed concerns with regards to the fast pace of residential growth within the area and the associated impact upon social infrastructure. For the County Council, this has heightened the need to provide further secondary education facilities within Hemel Hempstead, as reflected in the latest IDP.
- 3.9 Although the majority of infrastructure needs emerge from residential developments it is also important to note that additional infrastructure requirements are generated from commercial developments. These are likely to be concentrated at Maylands and through the Enterprise Zone and should be supported by CIL funds where applicable.

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<sup>1</sup> The Crown Estate held a public exhibition of proposals for land to the east of Hemel Hempstead on the 20<sup>th</sup>, 24<sup>th</sup> and 27<sup>th</sup> October 2016. The site being promoted is considered to be capable of providing 2,500 homes and up to 8000 new jobs. We are advised that an application for planning permission is likely to be pursued in 2017/18.

## Transport

- 3.10 It is also recommended that significant funds are also committed to transport infrastructure (40%) as evidence suggests that this is the most emotive, visible and most widespread of all new infrastructure requirements. A significant proportion of the projects incorporated in the IDP are related to highway and transport matters and this is likely to increase as further technical studies are due to report their findings later this year.
- 3.11 Hertfordshire County Council is consulting on the draft Transport Vision for Hertfordshire to 2050 and is in the early stages of producing both a new Local Transport Plan (LTP4)<sup>2</sup> and the South West Hertfordshire Growth and Transport Plan (GTP). The GTP is expected to be adopted mid 2017 with LTP4 expected to be adopted in late 2017. GTP and LTP4 will provide a new generation of major and minor transport projects for inclusion in the IDP.
- 3.12 The draft Transport Vision 2050 has identified several objectives for locations in our area including projects MS1 – Sustainable Towns (£5-10m per settlement), MS2 – Access Improvements to East Hemel Hempstead (£50-70m), and MS5 – Hertfordshire Bus Rapid Transit (£3-7m per km).
- 3.13 The IAG is aware that significant transport interventions are crucial to facilitating the development of key housing sites including any potential housing being encouraged through the development of the Two Waters Masterplan and those identified in the Core Strategy and Site Allocations Development Policy Document (DPD). The range of improvements needed to transport infrastructure covers the breadth of Dacorum with significant works required to facilitate movements between and within its three key towns.

## Other Projects and Contingency

- 3.14 Officers initially recommended that the IAG split the remaining core CIL funds equally between other projects (5%) and a contingency pot (5%). The IAG however were concerned that this did not strike an appropriate balance between the need to fund other types of infrastructure (for example, school expansions, open spaces or community buildings) and respond directly to infrastructure issues as they emerge over the funding year. As a consequence of these discussions the IAG have suggested that the Council withhold only 3% of CIL funds for infrastructure emergencies or projects not identified in the IBP and increases the allocation towards other types of infrastructure to some 7% of the core funds.
- 3.15 It is anticipated that bids for other projects will be modest in scale given the limited funds available under this heading; further consideration will need to be given to any restrictions placed upon bids. This will be clarified once the full extent of CIL funds available is known.

## **4.0 The CIL Project Submission Process**

- 4.1 The CIL project submission process will normally run in accordance with the timetable set out in Table 1. The initial bidding process will run from April 2017 with funds being released from April 2018.

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<sup>2</sup> The Transport Vision for Hertfordshire 2050 will sit as evidence in support of the policy document LTP4.

- 4.2 The Borough Council will encourage bids for the core CIL funds collected between the 1<sup>st</sup> July 2015 and the 31<sup>st</sup> March 2017 and thereafter for funds received annually. It is anticipated that the extent of CIL funds that will be available from the 31<sup>st</sup> March 2017 will become clear by the start of Q4 of financial year 2016/17 with most Demand Notices being payable in single instalments and within 90 days of commencement. At present we do not have sufficient information to make long term income projections.
- 4.3 Officers intend to notify infrastructure providers of the likely sums to be made available under this process in January 2017 to enable them to plan and discuss with officers their likely submissions in advance of the submission process, and to provide guidance through the first round of CIL project submissions. This is considered important in view of the tight timetable between inviting CIL bids and the submission deadline (6 weeks).

*Table 1 – CIL Submission Timetable*

<b>April</b>	<i>Invite CIL project submissions -</i>
<b>May</b>	<i>Deadline for receipt of CIL project submissions</i>
<b>July</b>	<i>First consideration of CIL project submissions by IAG</i>
<b>September</b>	<i>Final consideration of CIL project submissions by IAG</i>
<b>October</b>	<i>IAG agree IBP for submission to the Council's Overview and Scrutiny Committees and Cabinet by email</i>
<b>November – January</b>	<i>IBP considered by Council's Overview and Scrutiny Committees and Cabinet</i>
<b>February</b>	<i>IBP approved by Council and successful project submissions included in budget setting process</i>
<b>April</b>	<i>Release of funds in accordance with project timescales</i>

- 4.4 A draft project submission form has been developed and is included in Appendix 4 of this report. The submission form is designed to enable officers and then members of the IAG to extract information about the need, nature, costs and delivery of a particular infrastructure project. The submissions will be screened prior to consideration by the IAG for conformity with the CIL Regulations and our general policies. Submissions for CIL funding will also be ranked using a series of essential and weighted criteria with the highest scoring bids, or a combination of high and lower ranking submissions covering the extent of funding available, being taken forward. A scoring framework is being developed in consultation with the LEP and wider IAG. The reasons why projects are not carried forward for consideration by the IAG will be incorporated into the Infrastructure Business Plan.
- 4.5 The IAG will consider the remaining bids and the extent to which they:
- a) Support the development of Dacorum;
  - b) Secure the best value for money and
  - c) Optimise the use of other funding sources where applicable.
- 4.6 The timetable for the consideration of projects also includes a session for the IAG to question and challenge those people or organisations submitting CIL bids about their projects before drawing conclusions over those to support through the allocation of funds.

- 4.7 The ranking system will be utilised to limit the number of bids to be considered by the IAG and will be only one factor that the IAG consider when looking at CIL submission. It may not necessarily follow that the highest ranking CIL submissions will be those that are recipients of CIL funding.

## **5.0 Memorandum of Understanding (MOU)**

- 5.1 The provision of infrastructure requires a high level of cooperation and coordination between the Borough Council and statutory providers of infrastructure. Historically, the County Council that has taken the lead in such matters using monies secured under S106 of the Town and Country Planning Act 1990 (as amended) towards the provision of education, transport and community infrastructure, e.g. libraries & youth services. This relationship has changed with the introduction of CIL.

- 5.2 The strategic planning service has an excellent relationship with its County Council counterpart that deals with developer contributions, and will seek to build working relationships with officers directly responsible for the delivery of new infrastructure. The County Council has employed a Principal Infrastructure Officer to collate information on infrastructure from individual departments within the County and identify priorities for service delivery.

- 5.3 The Borough Council's working relationship with the County on CIL will be governed by a Memorandum of Understanding between the County Council and ourselves as to how each will act to facilitate the smooth running of the CIL process and governance framework. This is included at Appendix 5 of this report.

- 5.4 The County Council understands that a successful project submissions will be expected to include the timetable for delivery of individual items of infrastructure with key milestones provided in all cases. These milestones will be monitored and may be triggers for payment. The County Council will undertake infrastructure works on the understanding that they will fund infrastructure projects upfront and receive payment on the basis of an agreed commitment in the IBP and in accordance with the project timetable. A declaration on the application form for CIL funding ties the applicant to spending any funds received on the project in question.

- 5.5 In other cases, there may be a need for more formal legal agreements covering the transfer of CIL funds and implementation to other organisations or third parties.

## **6.0 Recommendations**

- 6.1 The specific recommendations for Cabinet are set out at on the cover page of this report.

## APPENDIX 1

### PART 1 – FOR PUBLICATION

#### COMMUNITY INFRASTRUCTURE LEVY (CIL) REGULATION 62 STATEMENT FOR FINANCIAL YEAR 2015/2016

The Community Infrastructure Levy (CIL) was introduced by the Planning Act 2008 as a planning charge available to local authorities in England and Wales. It came into force on the 6<sup>th</sup> April 2010 and is subject to regulation under the CIL Regulations 2010 (as amended) Dacorum Borough Council (DBC) started collecting CIL on the 1<sup>st</sup> July 2015 and operates as the Charging Authority collecting CIL for development projects within its administrative area.

This statement has been prepared by the Council's Infrastructure Officer in accordance with Regulation 62 and sets out the following details for financial year 2015/16:

- a) The Council received a total of £65,119.35 in CIL receipts during the financial year 2015/16<sup>1</sup>.
- b) The Council did not spend any of its CIL receipts during the financial year.
- c) Some £3,255.96 was set aside to cover the costs relating to the administration of the CIL charge. This amounts to some 5%<sup>2</sup> of all CIL receipts over the period and is being used to reimburse CIL software costs (£16,950) and subscriptions (£2,415).

The following sums were set aside under the Neighbourhood Proportion and either passed to local councils or held for ward councillors in accordance with Regulation 59.

Neighbourhood Area	Sum Received
Apsley and Corner Hall	£1,657.40
Bennetts End	£2,440.50
Grovehill	£1,440.00
Markyate Parish Council	£4,230.00
Total	£9,767.90

No expenditure of these sums has been reported back to Dacorum Borough Council and it is therefore assumed that such sums remained unspent as of the 31<sup>st</sup> March 2016.

- d) The Council has retained all of its CIL receipts from 2015/16 with a view to allocating these to appropriate infrastructure projects from April 2017.
- e) The Council did not accept any infrastructure payments in lieu of CIL receipts during the reporting year.

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<sup>1</sup> The annual accounts reported a higher sum of £76,434.87 as CIL receipts for 2015/16 however this figure includes sums for which a Demand Notice has been issued.

<sup>2</sup> This is the maximum percentage of CIL which may be allocated to this purpose under Regulation 61 of the CIL Regulations 2010 (as amended)



**PART 2 – FOR INFORMATION**

**NEIGHBOURHOOD CIL RECIEPTS 1<sup>ST</sup> APRIL 2016 TO 30<sup>TH</sup> SEPTEMBER 2016**

<b>Neighbourhood Area</b>	<b>Sums Received</b>
Apsley and Corner Hall	£9,256.89
Berkhamsted Town Council	£8,130.50
Flamstead Parish Council	£861.75
Great Gaddesden Parish Council	£2,804
Kings Langley Parish Council	£243.60
Markyate Parish Council	£2,128.05
Tring Town Council	£1,138.95
Woodhall Farm	£686.25
<b>Total</b>	<b>£25,250.54</b>



## **Community Infrastructure Levy (CIL) - Guidance Note for Town and Parish Councils**

The following guidance note has been prepared to assist Town and Parish Councils with the use and administration of CIL.

### **What is CIL?**

CIL is a new way of collecting contributions from developments towards the provision of infrastructure required to support growth within the Borough. It is a tariff that will be applied per square metre of new development and varies by scale, use and geography. Different CIL charges for settlements and zones within the Borough have been established on the basis of scheme viability.

### **Roles and Responsibilities**

The Borough Council is the Charging Authority for CIL and is responsible for setting CIL rates, collecting the charge and allocating expenditure for CIL. The Town and Parish Councils, subject to this advice note, are recipients of CIL funds under the CIL Regulations and are responsible for spending and reporting on CIL.

The CIL Regulations (Regulation 59) require the Charging Authority (Dacorum Borough Council) to pass on a meaningful proportion of CIL to Town and Parish Councils in which the development takes place. According to the CIL Regulations (as amended), for areas where there is no neighbourhood plan in place this sum will equate to some 15% of CIL receipts from development within their administrative area up to a maximum of £100 per Council tax dwelling per annum. Caps for 2014/15 are set out in Annex A. This rises to 25% where a neighbourhood plan is in place.

### **Borough Council**

Financial Implications – The Borough Council will make two payments to the Town or Parish Council covering the following payments periods for CIL:

- 1) For payments made between the 1<sup>st</sup> April and 30<sup>th</sup> September, monies will be transferred on or before the 28<sup>th</sup> October

- 2) For payments made between the 1<sup>st</sup> October and 31<sup>st</sup> March, monies will be transferred on or before the 28<sup>th</sup> April.

In view of the auditing and reporting requirements for CIL it is recommended that Town and Parish Councils set up a separate bank account for the receipt of these funds.

It should be noted that the payment of larger CIL sums may be subject to Instalments which in turn will delay payment to the Town or Parish Council.

Sharing Information – The Borough Council must report on the amount of CIL received and spent within their area for any financial year by the 31<sup>st</sup> December. Such information should be published on the Council's website.

The Borough Council is also committed to advising the Town and Parish Councils of the CIL sums secured within a financial year at appropriate times to enable them to prepare bids for the use of core CIL funding. These bids will be prepared and considered in accordance with the Council's governance arrangements.

### Town and Parish Councils

Financial Implications - Town and Parish Councils must make proper arrangements for the proper administration of their financial affairs as set out in Section 151 of the Local Government Act 1972. They must have systems in place to ensure effective financial control in accordance with the Accounts and Audit (England) Regulations 2011. These requirements also apply when dealing with the neighbourhood funding payments under the CIL.

The Town or Parish Council are responsible for spending CIL funds within 5 years of their receipt or run the risk of the Borough Council recovering the charge. In the event of a Town or Parish Council wishing to hold CIL funds for longer than 5 years the Borough Council should be notified as soon as possible.

If a Town or Parish Council does not wish to receive some or all of its CIL funding it must write to the Borough Council informing them of their position. At any time a Town or Parish Council can resume their right to receive funding by writing again to the Borough Council.

Sharing Information – Town and Parish Councils are required under Regulation 62A of the CIL Regulations to publish via their website or that of the Charging Authority the amount of CIL received and spent within their area, a summary of the projects on which CIL was spent, details of any CIL returned to the Borough Council and any balances brought forward from previous years. This should occur no later than the 31<sup>st</sup> December following the reporting year (1<sup>st</sup> April to 31<sup>st</sup> March)

A copy of this report should be sent to the Borough Council. It would be good practice to also publish a copy of the report in any Town/ Parish newsletter or on local noticeboards.

There is no prescribed format for reporting on CIL. The income received from the CIL should also be included in the overall published accounts but is not required to be identified separately therein.

Should the Town or Parish Council wish to report on its CIL spending via the Charging Authorities website, it should provide a full copy of the relevant paperwork no later than the 1<sup>st</sup> December each year.

### **Spending CIL Receipts**

The CIL Regulations state that a local council must use CIL receipts passed to it in accordance with Regulation 59A or 59B to support the development of the local council's area, or any part of that area, by funding

- (a) the provision, improvement, replacement, operation or maintenance of infrastructure; or
- (b) anything else that is concerned with addressing the demands that development places on an area.

This gives Parish and Town Councils considerable freedom to spend their proportion of CIL on the things that address the impacts of development on their area. Notwithstanding this freedom there are a number of factors that should be considered when developing a CIL spending plan.

- *What are the Infrastructure Needs?*

Town or Parish Councils should carefully consider whether the expenditure addresses the extra demand on infrastructure and services that are caused by development within their area and be clear on the links between infrastructure and growth. CIL cannot be used as a replacement for every day Town or Parish Council expenditure and misspent CIL can be claimed back by the Charging Authority.

The production of a Town or Parish Infrastructure Delivery Plan (IDP) can be a useful starting point for the prioritisation of infrastructure projects and input into the Council's wider Infrastructure Delivery Plan is welcomed. A local IDP will assist in understanding how the needs of the town fit with the wider programme for infrastructure works. Cross references to the Borough Council Infrastructure Delivery Plan would strengthen this work.

- *What are our responsibilities?*

Does the Town or Parish Council understand the wider 'strategic' infrastructure requirements of the borough, and how this impacts on the potential scope for 'local' infrastructure? Neighbourhood expenditure should be agreed in the full knowledge of both the needs of a local area and, in so far as it is possible, an understanding of where other strategic investment will be made in the area by the Council and its partners. Town and Parish Councils should be clear that there may be on going operational and maintenance costs associated with the provision of new infrastructure and will need to be clear how such costs will be met for the life of the infrastructure.

- *How can we engage with the local community to determine their infrastructure needs?*

Town and Parish Councils will need to consider the capacity of existing groups and local residents to engage in the CIL process and to ensure that such processes are inclusive, that all members of the community contribute to determining how local CIL may be spent, including those who are least vocal and most vulnerable. Town and Parish newsletters can be an effective mechanism for communication as can a website or Social Media presence.

- *How can CIL funds be maximised?*

There is a temptation to spend CIL receipts quickly on short term/quick win infrastructure projects, however Town and Parish Councils should consider the long term housing growth and resulting infrastructure needs when developing plans for the spending of CIL. It may take some time for sufficient funds to accumulate for more strategic infrastructure or there may be other funding opportunities which will allow the delivery of more significant infrastructure projects which would benefit the local community.

While Town and Parish Councils are not required to spend their neighbourhood funds in accordance with the charging authorities priorities there are likely to be common infrastructure projects. It would be good practice to discuss the expenditure of CIL funds with the Borough Council as early discussions will ensure that projects are in line with the Regulations and will also allow other funding sources to be explored and whether any CIL funding managed by the Borough Council can go towards the project.

### **Neighbourhood Plans and CIL**

CIL is not only designed to pay for infrastructure needed to support growth, it is also designed to incentivise communities to welcome and promote development within their areas. Where development is in an area covered by a Neighbourhood Plan the proportion of CIL receipts received by the Town, Parish or Neighbourhood will increase to some 25%. Town and Parish Councils should carefully consider whether the benefits of introducing a Neighbourhood Plans (noting that such plans should comply with national and local planning policies) outweigh the costs for its introduction, examination and any referendum.



### **Community Infrastructure Levy (CIL) - Guidance Note for Ward Councillors (November 2016)**

The following guidance note has been prepared to assist ward councillors for Hemel Hempstead over the use and administration of CIL. A separate note is available for Town and Parish Councils.

#### **What is CIL?**

CIL is a new way of collecting contributions from developments towards the provision of infrastructure required to support growth within the Borough. It is a tariff that will be applied per square metre of new development and varies by scale, use and geography. Different CIL charges for settlements and zones within the Borough have been established on the basis of scheme viability.

#### **What are the CIL Charges?**

The Borough Council is the Charging Authority for CIL and has set the following charges in Hemel Hempstead<sup>1</sup>

Residential - £100 per square metre

Large Supermarkets, Superstores and Retail Warehousing - £150 per square metre

Affordable housing, self-build housing, residential annexes and residential extensions are exempt from payment of CIL, but may need to claim an exemption.

#### **CIL Process and the Neighbourhood Proportion of CIL**

The CIL Regulations (Regulation 59) require the Charging Authority (Dacorum Borough Council) to pass on a meaningful proportion (15%<sup>2</sup>) of CIL to town, parish and neighbourhood areas. The Borough Council is required to retain levy receipts and engage with communities over the use of the meaningful proportion where no Parish, Town or Community Council is in place. The Borough Council has concluded that local ward councillors should, in these situations, engage with local communities directly and agree how best to spend the neighbourhood funds.

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<sup>1</sup> Excludes land at West Hemel Hempstead and Spencer's Park which are zero rated.

<sup>2</sup> This fund may rise to 25% where a Neighbourhood Plan is adopted.

## CIL Collection

The Borough Council will undertake the collection of CIL and a meaningful proportion for each CIL receipt will be set aside within individual Town, Parish and Neighbourhood (Ward) accounts in accordance with the CIL Regulations (as amended). It should be noted that the payment of CIL receipts may be subject to Instalments. Officers will advise ward councillors of the funds available under the “meaningful proportion” on an annual basis.

## Spending CIL Receipts

The neighbourhood proportion of the CIL can be spent on a wide range of items required to “support the development of an area including:

- a) The provision, improvement, replacement, operation or maintenance of infrastructure; or
- b) anything else that is concerned with addressing the demands that development places on an area”

This could include, for example, environmental improvements (one-off litter clearances, landscaping or open space works) new play equipment, new library equipment, street furniture, additional parking spaces or pedestrian crossing facilities. This **does not** extend to feasibility studies for items of infrastructure for which funds are not already available.

This CIL Regulations give ward councillor’s considerable freedom to spend their allocated proportion of CIL on the items which address the impacts of development upon their area. Notwithstanding this freedom the use of neighbourhood funds must be identified in consultation with the local community and reflect their priorities. There are a number of factors that should be considered when developing a CIL spending plan.

### - *What are the Infrastructure Needs?*

Ward Councillors should carefully consider whether the expenditure addresses the demand on infrastructure and services that are caused by development within their area and be clear on the links between infrastructure and growth. These priorities should not be considered in isolation noting that there may be a number of town-wide infrastructure priorities which may be outside the ward boundaries but supported by local residents.

Active community groups, including Neighbourhood Action Groups, should consider producing a statement identifying community infrastructure projects to act as a useful starting point for the distribution of neighbourhood funds by their ward councillor. Individual ward councillors would be encouraged to lead the production of such plans.

### - *Using CIL Funds Effectively*

Neighbourhood expenditure should be agreed in the full knowledge of both the needs of a local area and, in so far as it is possible, an understanding of

where other strategic investment will be made in the area by the Council and its partners. Ward councillors should be clear that there may be on going operational and maintenance costs associated with the provision of new infrastructure and will need to be clear how any costs will be met for the life of the infrastructure. Maintenance costs are unlikely to be borne by the Borough Council, although they are a legitimate use of CIL funding.

- *How can we engage with the local community to determine their infrastructure needs?*

The Council is expected to allocate neighbourhood funding to infrastructure projects in consultation with the local community.

Ward Councillors will need to consider the capacity of existing groups and local residents to engage in the CIL process and to ensure that such processes are inclusive. All members of the community should have the opportunity to contribute to determining how local CIL may be spent, including those who are least vocal and most vulnerable. Ward Councillors should build on relationships and networks with existing community groups and are encouraged to utilise existing Neighbourhood Action Groups as a forum for discussing the use of the “neighbourhood proportion” of CIL funds. This process will be supported by the Borough Councils Neighbourhood Action team who may also help to identify infrastructure projects based upon their experiences and interactions with the local community. There may be clear links between CIL projects and those requirements identified in Neighbourhood Plans.

Any public consultation on the use of CIL funds should be proportionate to the scale of funds identified to be spent, such consultation could range from discussions with neighbouring parties to a particular application site through to a formal vote for a preferred project within a local community building or at a public meeting. Advertisements will be placed within the Dacorum Digest highlighting the relevant CIL sums and encouraging members of the public to suggest appropriate projects to their ward councillors. Ward councillors may also be aware of projects which may benefit from funding through the daily interaction with members of the community and would be encouraged to assist in the delivery of these projects where appropriate. Ward Councillors should clearly identify the extent of consultation and mechanisms employed for consulting with the local community and document this process when requesting the releasing of CIL funds. Such applications should be made on the appended form.

- *How can CIL funds be maximised?*

Although ward councillors will not be required to spend their neighbourhood funds in accordance with the Charging Authorities priorities, it would be good practice for ward councillors to work closely with the CIL Officer to agree priorities for spending the neighbourhood funding. This will also allow other funding sources to be explored including the potential use of S.106 funds, HCC Locality budgets, LEP funding and community grants which could all contribute to the delivery of the infrastructure project or be used as an



alternative to CIL. It will also allow the Infrastructure Officer to determine whether the project has wider implications which would justify the use of some of the core CIL funds.

The Council recognises that infrastructure projects are not constrained to electoral wards and where appropriate would encourage councillors to work jointly with councillors in adjoining electoral wards where there is a perceived benefit (either financial or otherwise) to the delivery of infrastructure items including those infrastructure issues which effect the whole town.

The Borough Council is committed to advising ward councillors of the CIL sums secured within a financial year at regular intervals and would encourage them to prepare or match CIL bids for core CIL funding where appropriate large scale infrastructure projects are identified within their wards. These bids will be prepared and considered in accordance with the Council's governance arrangements and should be received by the CIL Officer in May each year.

### **Release of CIL Funding**

Upon agreement between them, ward councillors will be invited to submit formal CIL funding bids to the Council's Infrastructure Officer (See Appendix A) These will be Director for Finance or Group Manager (Finance services) and other relevant staff for compliance with the CIL Regulations. These may be submitted at any time within the year.

Funds will be released to those responsible for the delivery of the item of infrastructure requested. Depending on the nature of the contribution sought the infrastructure will generally be provided via four routes:

#### **1) Implementation by DBC/HCC (Small Project)**

The Council will expect projects under £50,000 in value to be undertaken by a relevant responsible officer within the Borough or County Council<sup>3</sup>. The responsible officer should be aware of the request prior to the bid being submitted and his/her capacity to undertake the implementation of the project should be discussed in advance of its submission. The responsible officers will make the necessary arrangements for the procurement of the associated infrastructure in accordance with the Councils adopted Commissioning & Procurement Standing Orders.

*EXAMPLE - A group of local residents have expressed concerns with regards to the lack of parking within their neighbourhood and have raised this at the local neighbourhood action group meeting. It is considered that there is scope to provide a modest parking area upon an area of highways verge and at a cost of £5000. The project is considered small scale and as the Council employs a verge hardening officer it is agreed to include this project within the scope of her works. She discusses the project with HCC who have no objections to the proposals. Funds are released to her for implementation of the project.*

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<sup>3</sup> This includes infrastructure works or services which may be undertaken by the County Council. For example highway works

## 2) Implementation by DBC (Medium or Large Project)

Larger projects or those exceeding £50,000 in value will normally be expected to be registered as an infrastructure project(s) upon CorVu<sup>4</sup>, where a senior officer can project manage its delivery. These projects may be undertaken in partnership with HCC depending on their nature. These projects are subject to greater scrutiny and are reported to the Corporate Management Team on a monthly basis. Again such projects should be discussed directly with those responsible for its delivery and if appropriate with the project board or relevant portfolio holder prior to submission.

## 3) Implementation by HCC (Medium or Large Projects)

Larger projects or those exceeding £50,000 in value, where delivered by HCC, will be required to provide progress reports at key milestones in their delivery. They are likely to report such matters back through the regular IAG meetings and at the request of the infrastructure officer. For long term projects funding will be held in reserve by DBC and released upon implementation or invoice. HCC will normally be expected to forward fund projects and then claim in arrears however the Council may phase payments for the delivery of infrastructure projects in accordance with an approved timetable.

## 4) Implementation by the Voluntary Sector or Third Party (Grant Applications)

CIL funding is allocated to a third party infrastructure provider, on the proviso that the CIL funding can only be used to deliver the agreed infrastructure set out within the bid submission. Third parties would be expected to enter into legal agreements with the Council prior to the transfer of funds. These would cover the specifics of the project, timescales for release of money, the deadlines for the delivery of the project, the submission of reports and evidence of delivery and any repercussions for non-compliance with an agreement. Funds will then be released directly into the account of the third party who will normally be expected to produce receipts relating to the procurement of the infrastructure within 3 months of delivery. The level of individual scrutiny will be dependent on the scale of the sums involved. Organisations may be required to provide the Council with a copy of the following documents in support of an application:

- a copy of the group's constitution
- insurance certificates
- a full set of most recent accounts, audited or otherwise certified
- planning or building regulation consents (if appropriate)
- Quotes for works (if the application involves purchasing goods or services)
- Equalities policy or statement

Every effort will be made to avoid duplicating requests for information provided in relation to the Council's Community Grant Scheme.

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<sup>4</sup> Infrastructure projects may be incorporated within existing projects, for example the play area programme, or subject to a new PID.

*EXAMPLE – Hemel Hempstead FC would like to install a 3G synthetic pitch within the grounds of the football club and have asked for some CIL funding to be provided to assist in the cost of its provision. The pitch would be available to hire and local ward councillors agree that it would support the local community as a whole. The project is supported by the local primary school. An alternative project is suggested for the use of CIL funds by a nursery group within the locality. The councillors for the area decide that it would be appropriate to consult local residents via a newsletter. The responses favour the football club. A bid for funds is submitted and agreed by the Infrastructure officer. The football club enter into a legal agreement covering the use of the funds, together with a recent planning approval for a pitch and copy of the club accounts. Funds are released and the project commence on site. The project takes 5 months to complete. The Council is provided with a receipt for payment the following month by the football club.*

### **Monitoring CIL Expenditure**

The Borough Council are required to report on all its CIL expenditure, including the neighbourhood funding held and spent on behalf of the local community. As such there will be an obligation on ward councillors to assist the Council's finance section record claims for their meaningful proportion of CIL and properly account for expenditure. Such matters will be reported annually on the Council website before the 31<sup>st</sup> December following the reporting year (1<sup>st</sup> April to 31<sup>st</sup> March). CIL funds should be recorded on the CIL Fund release form in Appendix A and copies should be sent to both the CIL/Infrastructure Officer and the Finance sections of the Council.

## Appendix A - CIL Neighbourhood Proportion Fund Release Form

<b>Section A: Application Details</b>		
Ward Councillor(s):		
Lead Council Officer (where applicable):		
Details of Organisation funded (where applicable)  Name: Address: Contact Number: Email:		
Project Title:		
Funds Requested:		
<b>Section B: Project Details</b>		
Project Summary (max 500 words):		

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<p>Please explain how this project supports the development of the ward or meets the needs arising as a result of development (max 500 words):</p>		

<p>Please provide details of any additional funding secured for this project and any details of on-going management and maintenance costs associated with the project.(max 300 word)</p>		

**Section C – Consultation and Engagement**

Please explain how you became aware of the need to carry out this project (max 300 words)

Please provide details of any

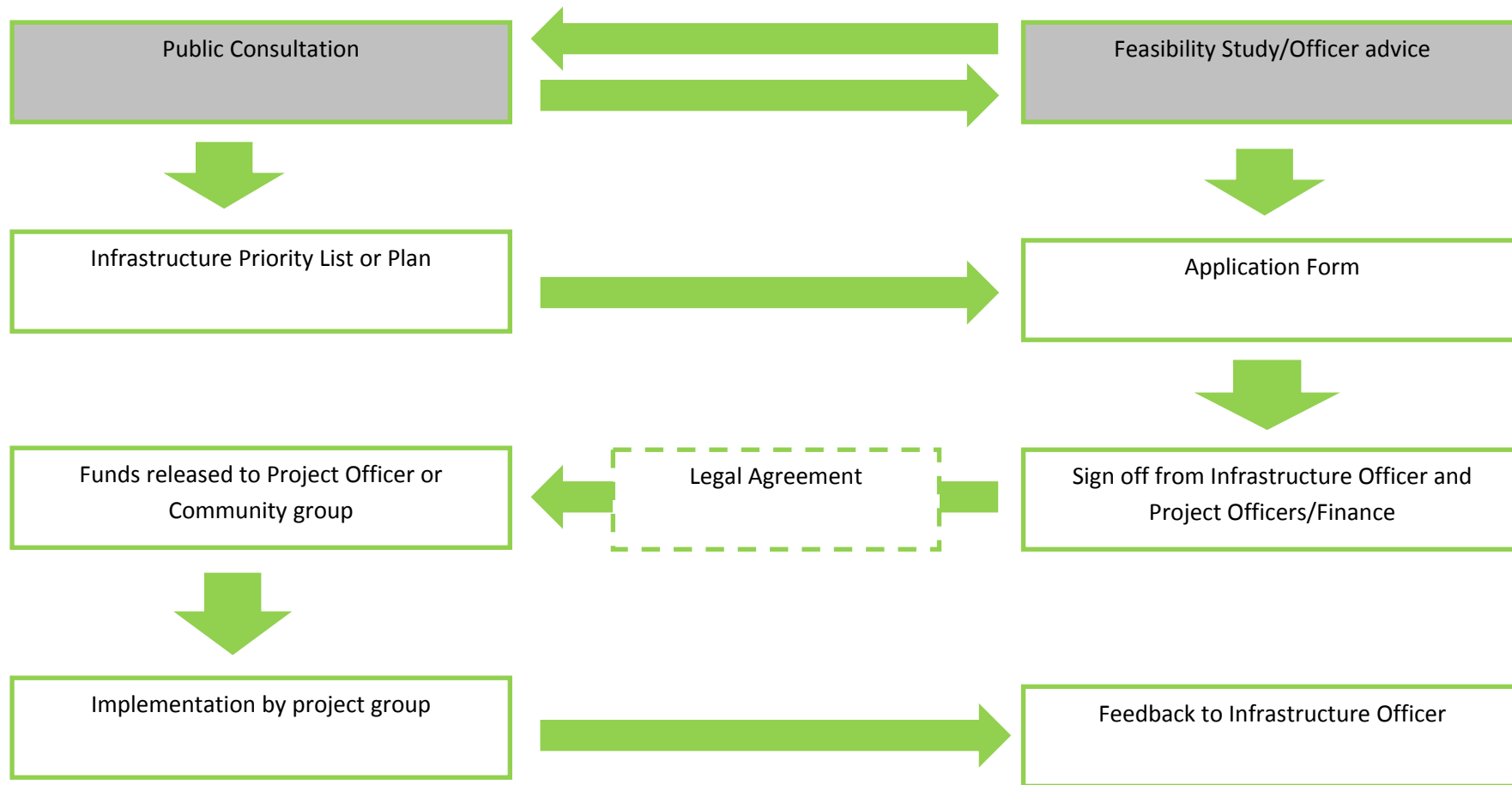


public consultation carried out in relation to this project and its outcomes (max 1000 words).

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Administration (FOR OFFICE USE ONLY)	
Name: Robert Freeman	Name: James Deane/David Skinner/Richard Baker
Role: Strategic Planning and Regeneration (Infrastructure) Officer	Role: Corporate Director (Finance and Operations)/Assistant Director (Finance)/Group Manager (Financial Services)
Signature:	Signature:
Name: (RESPONSIBLE OFFICER)	
Role:	<b>NOTES</b>
Signature:	

## APPENDIX B – DECISION FLOW CHART



## **APPENDIX 3 – TERMS OF REFERENCE FOR INFRASTRUCTURE ADVISORY GROUP**

### **Infrastructure Advisory Group**

#### **Terms of Reference**

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#### **Purpose**

The Infrastructure Advisory Group will:

Provide leadership and manage the delivery of Infrastructure necessary to support the regeneration and economic development agenda within Dacorum.



Co-ordinate the use of the Councils CIL and Section 106 contributions and other available finances, working in partnership with other organisations to facilitate the delivery of the infrastructure including the delivery of cross boundary infrastructure necessary to support the growth of Dacorum and South West Hertfordshire.

Provide a co-ordinated approach to infrastructure planning between tiers of government within Dacorum.

#### **Governance**

- 1 The Group shall be known as the Infrastructure Advisory Group.
- 2 The Lead Councillor shall be the Portfolio Holder for Planning and Regeneration.
- 3 The Chair shall be the Assistant Director of Planning, Development and Regeneration who, for the avoidance of doubt, shall have the casting vote in any decisions made by the IAG.
- 4 The Lead Officer should be the Strategic Planning and Regeneration Officer (Infrastructure and Project Delivery).
- 5 The relationship of the Group to the wider decision making and operational governance structure is shown on the attached diagram.
- 6 A quorum of four shall be required to hold a meeting of the IAG including at least 1 representative from Hertfordshire County Council

The Strategic Planning and Regeneration Overview & Scrutiny Committee shall monitor the work of the Group.

#### **Membership**

The Group will comprise the following persons or their substitute:

DBC Portfolio Holder for Planning and Regeneration (lead Councillor)  
DBC Chair of the Strategic Planning and Environment Overview and Scrutiny Committee  
DBC Assistant Director Planning, Development and Regeneration  
DBC Solicitor to the Council

DBC Assistant Director for Finance and Resources  
DBC Assistant Director for Neighbourhood Delivery  
DBC Infrastructure Officer – Infrastructure and Project Delivery  
HCC Assistant Director (for example Property, Highways or Planning)  
HCC Officer (for example, Principal Infrastructure Officer)  
Representative of the Herts LEP

The Group may invite other officers or organisations to attend meetings where they have a specialist knowledge that may assist in the delivery of the work programme.

Town and Parish Council's will be invited on an ad hoc basis if they are applying for funding or if they have a particular interest in a submission being discussed.

### **Role of the Group and Activities**

1. Management of the delivery and implementation of all key projects in the Council's Infrastructure Delivery Plan.
2. To review and prioritise bids for CIL and Section 106 funding
3. Development and review of the Dacorum Infrastructure Business Plan.
4. Development and review of the CIL Regulation 123 list
5. Preparation of External Funding Bids for onward submission
6. Design work programmes to support the Council's infrastructure priorities (IBP)
7. To ensure effective budget monitoring through all sources of finance and that appropriate actions and works receive all necessary approvals, including the progression of capital works through the Capital Programme
8. To maintain an overview of the progress of infrastructure projects and assist in the timely delivery of key projects as appropriate
9. To recommend to the Chair the authorisation of spending of CIL receipts on projects not identified in the Infrastructure Business Plan as the need and budget arises and up to a value of £50,000.
10. The Strategic Planning and Regeneration (Infrastructure and Project Delivery) service will be the main operational arm of the Group but as the nature of the work is corporate will involve a range of other services as appropriate
11. To review these terms of reference on an annual basis.

### **Frequency of meetings**

The Group shall meet on a quarterly basis or as the need arises. The frequency of meetings shall be kept under review.

### **Monitoring**

The Group shall present recommendations to Council as part of the budget setting process and shall report on CIL spending on a bi-annual basis to the Strategic Planning and Regeneration Overview and Scrutiny committee. The Council should publish information on CIL within its Annual Monitoring Report.

Robert Freeman  
Infrastructure Officer - Infrastructure and Project Delivery  
Updated – November 2016

**Application Number (Office Use Only)**



## **Community Infrastructure Levy Project Submission Form**

To apply for CIL funding you will need to complete the following application form and submit it along with relevant supporting material to [CIL@dacorum.gov.uk](mailto:CIL@dacorum.gov.uk) by the 19<sup>th</sup> May 2017. If you do not have an email or wish to provide supporting evidence by post please send your application to: Infrastructure Officer, Strategic Planning and Regeneration, Dacorum Borough Council, Civic Centre, Marlowes, Hemel Hempstead, Herts. HP1 1HH

Applications will be considered by the Infrastructure Officer and those which meet the required criteria will be further considered by the Council's Infrastructure Advisory Group (IAG). Applicants may be invited to present their submissions and answer questions by the IAG who will makes recommendations to Cabinet and Full Council as to which projects the Council should fund (either wholly or in part) using CIL monies.

**Required Criteria:**

The project must:

- Meet the requirements of the CIL regulations;
- Meet the conditions of the Council's Regulation 123 list;
- Address a need identified in the Infrastructure Delivery Plan (InDP), or address a need identified by an infrastructure provider as required to meet the needs of new development in Dacorum;
- Be deliverable within a specified timescale (this will normally be less than 3 years unless otherwise agreed with the Infrastructure Officer).

**SECTION 1: Applicant Contact Information**

1.0	Applicant Name:		
1.1	Address:		
1.2	Contact Number:		
1.3	Email Address:		

## SECTION 2: Project Overview

2.0	Project Title:		
2.1	Please provide a brief summary of the project proposal (max 500 words):		
2.2	Location:		
		Plan submitted:	
		Yes	

		No		
2.3	Delivery partner (if applicable):			
2.4	Project Sponsor (if applicable):			

**SECTION 3: Meeting Policy Objectives**

3.1	Is the project identified as an appropriate recipient of CIL funding in the Council's Regulation 123 list, Core Strategy or Infrastructure Delivery Plan? Please explain (max 250 words)			
	Regulation 123 List (max 50 words)	Yes		
		No		
	Core Strategy (max 50 words)	Yes		
		No		
	Infrastructure Delivery Plan (max 50 words)	Yes		
		No		
Other (max 100 words)				



3.2	If the project is not already identified as an appropriate recipient of CIL funding, please explain how the proposal addresses infrastructure demands within the development area? (please refer to other published strategies where applicable) (max 250 words)			
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**SECTION 4: Funding**

4.1	Please provide a summary of both the overall cost of the infrastructure scheme and those funds requested through this application. Please identify where costs are estimates and where they have been subject to quotation(s). (max 250 words)	
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4.2	<p>If funding is sought for more than one year please complete the table:</p> <table border="1" data-bbox="264 551 1353 994"> <thead> <tr> <th data-bbox="264 551 421 584">£s</th> <th data-bbox="421 551 577 584">2018/19</th> <th data-bbox="577 551 734 584">19/20</th> <th data-bbox="734 551 890 584">20/21</th> <th data-bbox="890 551 1046 584">21/22*</th> <th data-bbox="1046 551 1203 584">22/23*</th> <th data-bbox="1203 551 1353 584"></th> </tr> </thead> <tbody> <tr> <td data-bbox="264 584 421 651">CIL required</td> <td data-bbox="421 584 577 651"></td> <td data-bbox="577 584 734 651"></td> <td data-bbox="734 584 890 651"></td> <td data-bbox="890 584 1046 651"></td> <td data-bbox="1046 584 1203 651"></td> <td data-bbox="1203 584 1353 651"></td> </tr> <tr> <td data-bbox="264 651 421 786">Match funding from LPA Capital</td> <td data-bbox="421 651 577 786"></td> <td data-bbox="577 651 734 786"></td> <td data-bbox="734 651 890 786"></td> <td data-bbox="890 651 1046 786"></td> <td data-bbox="1046 651 1203 786"></td> <td data-bbox="1203 651 1353 786"></td> </tr> <tr> <td data-bbox="264 786 421 920">Other funding (Please specify)</td> <td data-bbox="421 786 577 920"></td> <td data-bbox="577 786 734 920"></td> <td data-bbox="734 786 890 920"></td> <td data-bbox="890 786 1046 920"></td> <td data-bbox="1046 786 1203 920"></td> <td data-bbox="1203 786 1353 920"></td> </tr> <tr> <td data-bbox="264 920 421 994">Total Cost</td> <td data-bbox="421 920 577 994"></td> <td data-bbox="577 920 734 994"></td> <td data-bbox="734 920 890 994"></td> <td data-bbox="890 920 1046 994"></td> <td data-bbox="1046 920 1203 994"></td> <td data-bbox="1203 920 1353 994"></td> </tr> </tbody> </table>	£s	2018/19	19/20	20/21	21/22*	22/23*		CIL required							Match funding from LPA Capital							Other funding (Please specify)							Total Cost							
£s	2018/19	19/20	20/21	21/22*	22/23*																																
CIL required																																					
Match funding from LPA Capital																																					
Other funding (Please specify)																																					
Total Cost																																					
4.3	<p>Have any applications for alternative funding sources been applied for? And if so please explain the status of these applications. (max 250 words)</p>																																				

4.4	Is there related revenue spend (e.g day to day running costs etc) associated with the project? How will these cost be addressed? (max 250 words)	

**SECTION 5: Delivery**

5.1	Please explain the current status of your infrastructure project and whether any additional approvals are necessary prior to the commencement of works for example, has the project got planning permission? (max 500 words)	
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5.2	Please provide details of the timetable for implementation of the infrastructure project including key milestones.	
5.3	Please clarify how the procurement of the project will be managed and what measures will be put in place to ensure that the scheme delivers value for money (max 500 words)	

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**SECTION 6: Additional Information**

6.1 Please provide any additional information which may explain the nature of your bid and how it supports growth in Dacorum below (max 1500 words):

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**SECTION 7: Declarations**

To the best of my knowledge the information provided on this application form is correct.

If Dacorum Borough Council agrees to release funds for the specified project, I declare that these funds will be used exclusively for the purposes described. When requested, I agree to provide all necessary information required for the purposes of reporting on the progress or otherwise of the identified project including where appropriate proof of any purchases.

I recognise the Council's statutory rights as the designated CIL Charging Authority, which includes provisions to reclaim unspent or misappropriated funds.

The information on this form will be stored for the sole purpose of fund processing, analysis and accounting. Information about the project will be published on the Council website in accordance with the CIL Regulations 2010 (as amended) and may also be used in material for publicity purposes. Personal data will not be disclosed without any prior agreement of those concerned, unless required by law.

Signed:	
Dated:	

## **APPENDIX 5 – MEMORANDUM OF UNDERSTANDING BETWEEN DBC AND HCC**

The parties to this memorandum of understanding (MoU). are:

(1) **Dacorum Borough Council**

(2) **Hertfordshire County Council**

### **1. BACKGROUND**

- 1.1 Dacorum Borough Council (the Council) and Hertfordshire County Council (the County Council) have agreed to work together on the arrangements for the allocation and transfer of Community Infrastructure Levy (CIL) monies collected by the Council. This Memorandum of Understanding (MoU) sets out the joint approach and the officers and committees responsible for the allocation of the Council's CIL monies and its payment to Hertfordshire County Council and other infrastructure providers.
- 1.2 The CIL provides for funding the improvement, replacement, operation or maintenance of infrastructure which includes (but not exclusively), roads and other transport facilities, flood defences, schools, medical facilities and open spaces, as set out in Section 59 of the Community Infrastructure Levy Regulations 2010 (as amended), (the Regulations).
- 1.3 This MoU is entered into pursuant to the powers contained in Section 111 of the Local Government Act 1972 and Section 1 of the Localism Act 2011 and all other enabling powers.
- 1.4 The parties wish to record the basis on which they will collaborate with each other, as follows.
  - (a) the key objectives;
  - (b) the principles of collaboration;
  - (c) the governance structures the parties will put in place; and
  - (d) the respective roles and responsibilities of the parties

### **2. KEY OBJECTIVES**

- 2.1 The parties shall undertake to achieve the key objectives.

Key objectives are:

- For effective liaison between the Council and infrastructure providers, including the County Council, to ensure that recommendations and decisions are transparent, effective and evidence based.

- To ensure relevant CIL monies are transferred to the County Council in accordance with decisions made by the Council in line with the Governance Structure Diagram

### **3. PRINCIPLES OF COLLABORATION AND THE ROLES AND RESPONSIBILITIES OF THE PARTIES**

3.1 The parties agree to adopt the following principles:

- (a) to work together to prepare and identify short term and long term infrastructure assessments to inform the preparation of the Infrastructure Business Plan (IBP) and Infrastructure Delivery Plan (IDP). The IDP provides key evidence on the infrastructure needs required to deliver the Core Strategy and together with the Councils CIL Regulation 123 list will be a reference point for the allocation of CIL funding;
- (b) to work with other infrastructure providers and partners of the Council to facilitate the expedient delivery of appropriate infrastructure;
- (c) to adhere to the Council's governance structure diagram to ensure that activities are delivered and actions taken as required;
- (d) to communicate openly about major concerns, issues or opportunities relating to the CIL governance;
- (e) to learn, develop and seek to achieve full potential. Share information, experience, materials and skills to learn from each other and develop effective working practices, work collaboratively to identify solutions, eliminate duplication of effort, mitigate risk and reduce cost;
- (f) to adopt a positive outlook. Behave in a positive, proactive manner;
- (g) to adhere to statutory requirements under the CIL Regulations and develop best practice for the administration of CIL;
- (h) to respond to CIL enquiries and provide comments on complaints regards the allocation and administration of CIL within prescribed timetables (see section 6 of this memorandum);
- (i) to deploy appropriate resources, both financial and human, to prepare and consider project submissions to the Infrastructure Advisory Group (IAG) and fulfil the roles of a IAG member as set out in the Terms of Reference. Work together to identify infrastructure priorities and appropriate delivery mechanisms;
- (j) to deploy appropriate resources, both financial and human, to deliver those projects incorporated in the Infrastructure Business Plan (IBP) IBP;



- (j) to explore opportunities and position themselves to maximise funding for infrastructure projects from a wide range of sources;
- (k) to review, and inform any updates to, the Regulation 123 list to reflect works undertaken on the IDP, IBP and where appropriate bids for CIL funding;
- (l) to share their experience and provide feedback on CIL Governance regimes operating within Hertfordshire through the Hertfordshire Planning Group or other more appropriate mechanisms; and
- (m) to act in good faith to support achievement of the Key Objectives and compliance with these Principles.

#### **4. CIL GOVERNANCE**

##### **4.1 Overview**

The Council's governance structure diagram shows the structure for the allocation of CIL monies collected by the Council.

##### **4.2 Guiding principles**

The following principles will facilitate decision making and the process for the transfer of the CIL funds. The IAG will:

- (a) provide strategic oversight and direction;
- (b) be based on clearly defined roles and responsibilities at organisation, group and, where necessary, individual level;
- (c) make evidence based decisions or recommendations, to inform the infrastructure business plan;
- (d) conduct themselves in accordance with the IAG Terms of Reference;
- (e) provide coherent, timely and efficient decision-making and recommendations; and
- (f) act in accordance with the CIL governance arrangements, as set out in this MoU.

#### **5 INFRASTRUCTURE ADVISORY GROUP**

5.1 To facilitate the key objectives, the Council's IAG, will be responsible for developing the annual IBP. The IBP will identify the spending priorities for CIL on a short, medium and long term basis and will be informed by the IDP and bids for the use of CIL funds.

5.2 Infrastructure providers will be invited to bid for use of CIL funds by the Council. Project submissions will be submitted via an agreed proforma, and

considered, by the IAG in accordance with the bid timetable. The IAG will review these project submissions over the year before drawing conclusions on which projects should be allocated CIL funding for the following financial year.

- 5.3 The IAG will recommend the allocation of CIL income via the IBP to the Council's Cabinet and ultimately Full Council for approval. The role of the committee meetings are to consider the recommendations of the IAG and make final decisions regarding the allocation of CIL monies in accordance with the Council's constitution.
- 5.4 The IAG may recommend the inclusion of a contingency fund within the IBP to be allocated by the IAG to infrastructure items required to facilitate the delivery of development sites or for urgent delivery of infrastructure items. Such spending decisions shall be approved by the Chair of the IAG.
- 5.5 If an infrastructure provider does not wish to pursue a project which has been allocated funds via the IBP, the IAG will review the allocation of the agreed funds at its earliest convenience and may reallocate such funds as set out in paragraph 5.4.
- 5.6 Processes for the transfer of CIL funds are outside the scope of the MoU and will be set out alongside the Council's governance procedures.

## **6 REPORTING**

- 6.1 The County Council will provide the Council with quarterly updates on the progress of projects within the IBP unless otherwise agreed through any agreement covering the transfer of CIL funds
- 6.2 The County Council and the Council will share information to enable each other to respond to CIL enquiries within 10 working days of receipt.

## **7 ESCALATION**

- 7.1 If either party has any issues, concerns or complaints about the CIL Governance, or any matter in this MoU, that party shall notify the other party and they shall then seek to resolve the issue by a process of consultation.
- 7.2 If the County Council have any issues with the recommendations of the IAG they should notify the Council as soon as possible. There will follow a resolution meeting between the Council's Portfolio Holder for Planning and Regeneration and the County Council's Executive Member for Resources and Transformation or their appointed representatives with support from relevant officers. The outcome of this meeting will be reported to Cabinet who will make a recommendation to Council on how CIL funds should be allocated.

7.3 Any other party that does not agree with the recommendations of the IAG can make representations to the Council in accordance with the Council's policy on Public Participation and speak at any relevant committee meeting.

## **8 TERM AND TERMINATION**

8.1 This MoU shall be reviewed annually by

- the Assistant Director (Planning Development and Regeneration for the Council
- Portfolio Holder for Planning and Regeneration for the Council
- Portfolio Holder for Resources for the County
- Assistant Director Property or Director for Resources at Hertfordshire County Council

8.2 This MoU shall commence on the date of signature by both parties and will continue in force until terminated in accordance with the terms of the MoU.

8.3 Either party may terminate this MoU by giving at least three months' notice in writing to the other party at any time, for any reason.

## **9 VARIATION**

This MoU may only be varied through the annual review process as set out at 8.1 above.

## **10 STATUS**

10.1 This MoU is not intended to be legally binding, and no legal obligations or legal rights shall arise between the parties from this MoU. The parties enter into the MoU intending to honour all their obligations.

10.2 Nothing in this MoU is intended to, or shall be deemed to, establish any partnership or joint venture between the parties, constitute either party as the agent of the other party, nor authorise either of the parties to make or enter into any commitments for or on behalf of the other party.

## **11 GOVERNING LAW AND JURISDICTION**

11.1 This MoU shall be governed by and construed in accordance with English law and, without affecting the escalation procedure set out in 7, each party agrees to submit to the exclusive jurisdiction of the courts of England and Wales.

Signed for and on behalf of Dacorum Borough Council

Signature: .....

Name: .....

Position: .....

Date: .....

Signed for and on behalf of Hertfordshire County Council

Signature: .....

Name: Owen Mapley

Position: Director of Resources

Date: .....

DRAFT

DRAFT

# Agenda Item 10



<b>Report for:</b>	<b>Cabinet</b>
<b>Date of meeting:</b>	<b>29 November 2016</b>
<b>Part:</b>	<b>1</b>
If Part II, reason:	

<b>Title of report:</b>	<b>Hertfordshire Enviro-Tech Enterprise Zone Memorandum of Understanding</b>
Contact:	Councillor Andrew Williams, Leader of the Council  Author/Responsible Officer: Mark Gaynor, Corporate Director (Housing and Regeneration); James Deane, Corporate Director (Finance and Operations)
Purpose of report:	To inform Cabinet about the progress made on the Hertfordshire Enviro-Tech Enterprise Zone and to consider the requirement to agree the Memorandum of Understanding that will guide its eventual operation.
Recommendations	That Cabinet:  (1) Agrees for the Council to progress to formal designation of the Enterprise Zone on 1 <sup>st</sup> April 2017 subject to recommendation 3.  (2) Agrees that the Council enters into the Memorandum of Understanding (MOU), set out as Appendix 1 of the report, and delegates authority to the Corporate Director (Housing and Regeneration) to sign the MOU  (3) Requires a further report to be brought before the designation of the Enterprise Zone in April 2017 setting out an analysis of the final business plan and any other matters relating to the viability of the proposal  (4) Delegates authority to the Corporate Director (Housing and Regeneration) in consultation with the Corporate Director (Finance and Operations) and the Portfolio Holder for Finance and Resources to vary the terms of the MOU following completion subject to such variations being agreed with the other Enterprise Zone parties.

Corporate objectives:	Ensuring economic growth.
Implications:	<p><u>Financial</u></p> <p>The immediate financial impact on the Council will largely be officer time in supporting the Enterprise Zone Board and contributing the operational sub-groups. This will be delivered within existing budgets.</p> <p>If the Enterprise Zone is designated in April 2017 then all the Business rates growth will be retained within the zone and capable of use for infrastructure and other interventions to resolve transport deficiencies in and around Maylands in order to achieve economic growth. Once the infrastructure needs are met then there will be sharing of the retained income for use by the accountable bodies and Hertfordshire Local Enterprise Partnership, which will include Dacorum Borough Council.</p> <p><u>Value for Money</u></p> <p>Value for Money considerations are set out above.</p>
'Value For Money Implications'	
Risk Implications	<p>A risk assessment is attached as <b>Appendix 2</b> to the report.</p> <p>There is a risk that will need to be considered in the context of the St Albans Local Plan which, if stopped following the recent hearing on the meeting of its Duty to Cooperate, may well render the EZ unviable in terms of its ability to deliver the required level of resources for the infrastructure required in the Maylands and East of Hemel Hempstead area. If still an issue this matter will be considered in a further report to Cabinet before designation.</p>
Equalities Implications	No specific equalities impact assessment has been carried out at this point but will be factored into the business plan and actions of the EZ Board.
Health And Safety Implications	None applicable
Monitoring Officer/S.151 Officer Comments	<p><b>Monitoring Officer:</b></p> <p>The Enterprise Zone (EZ) will commence on 1 April 2017 unless specific intervention is made by the local authorities, the LEP or the Secretary of State prior to that date.</p>

The Memorandum of Understanding sets out the key objectives and commitments of the parties to work together in setting up and operating the EZ, but does not in itself designate the area which is approved by central government.

The MOU provides the framework for governance and future decision making but does not fetter the Council's own decision making processes in relation to agreements on key issues such as the use of the proportion of retained rates and borrowing to support investment, which will be subject to agreement between the parties and further internal authorisation.

Under the Enterprise Zone business rate discount scheme, the billing authority is the aid administrator for State Aid purposes and so is responsible for ensuring the rules are met and that the De Minimis allowances are not exceeded (currently 200,000 euro in a three year rolling period)

Further Monitoring Officer comments are contained in the Legal Structure and the Memorandum of Understanding section of the report.

#### **S.151 Officer**

The key decision facing the Council is whether the benefits of the transport infrastructure likely to be delivered if the EZ goes ahead outweigh the growth-related additional income the Council is likely to receive if the EZ does not go ahead.

This decision incorporates cashflows over a 25 year time horizon, and is affected by numerous variables over which there is currently much uncertainty, not least the implementation of a new Business Rates Scheme in 2020, on which Government has yet to release any detail.

In partnership with Hertfordshire County Council, St Albans and District Council and the LEP, Dacorum has commissioned specialist financial due diligence in order to inform Members' decision-making. The report is due for completion in January 2017, and it is recommended that a further report is brought to Members to consider the detailed financial position in February 2017.

The fact that this financial report would come to Members for consideration after the decision on whether to progress with the MoU does not fetter Members' discretion on the more fundamental decision as to whether to progress with the EZ. The MoU provides for all Accountable Bodies to apply for withdrawal from the EZ partnership, which enables Members to formalise a decision to progress with the EZ after the MoU has been signed.



Consultees:	James Doe Assistant Director Planning and Regeneration Hertfordshire Local Enterprise Partnership Hertfordshire County Council St Albans City and District Council
Background papers:	Enterprise Zone Prospectus 2011 Enterprise Zone Application Form 2015
Glossary of acronyms and any other abbreviations used in this report:	EZ Enterprise Zone DCLG Department for Communities and Local Government LEP Local Enterprise Partnership MoU Memorandum of Understanding BRE Building Research Establishment

## 1. Background

- 1.1 An application was made to the Department of Communities and Local Government (DCLG) in September 2015 by the Hertfordshire LEP (Local Enterprise Partnership) to establish an Enterprise Zone (EZ) in order to facilitate delivery of higher value employment growth through a focus on environmental technologies.
- 1.2 The bid was signed by Leaders and Chief Executives of the LEP, Dacorum Borough Council and St Albans City and District Council. Subsequently, Hertfordshire County Council (HCC) has agreed to join the partnership and has already secured formal approval to sign up to the Memorandum of Understanding (MoU). This report proposes that Dacorum Borough Council signs up to the Memorandum of Understanding. The MoU is attached as Appendix 1.
- 1.3 The Hertfordshire Enviro-Tech EZ was announced by the Chancellor of the Exchequer and approved by DCLG in November 2015, along with 18 others nationally. The Herts EZ is made up of three sites (maps of the sites are set out at the end of the report):
- Maylands Avenue in Hemel Hempstead (made up of land owned by Kier, Dacorum Borough Council, the Homes and Communities Agency (HCA) in Dacorum and Crown Estates in St Albans)
  - Rothamsted Research Centre in Harpenden (in St Albans)
  - The Building Research Establishment in Watford (in St Albans)
- 1.4 The initial EZ bid also included the site on Breakspeare Way owned by Aviva. However, this site has now been removed from the EZ, at the request of HM Government, due to its having been granted planning permission for retail premises rather than employment land. Government has deemed that retail is not a priority need within Hertfordshire, and that consequently it is not prepared to forgo its share of the Business Rates that the site will generate whilst in retail usage.
- 1.5 The Aviva site will instead be replaced by a slightly smaller site to the south of the Spencers Park Phase 2 development, which is not zoned for housing and is owned by the HCA. The inclusion of this site will, in part, mitigate the Business Rates lost to the EZ through the exclusion of the Aviva site.

1.6 The EZ takes forward one of the LEP's three strategic priorities for growth in Hertfordshire (M25/M1), and offers to deliver the following strategic benefits for the area and the County:

- The funding to allow resolution to the chronic transport problems that constrain Maylands (which is the largest single employment area within the County) adding to its overall attraction and ability to generate new employment and retain existing employers.
- Accelerated economic and jobs growth, directly providing 8,000 jobs with knock-on growth through supply chain development. Whilst some of this growth would take place without the formation of the EZ, it would be likely over a much longer period and, crucially, without the essential transport improvements.
- A focus within this growth on high value and high technology growth helping to add to the productivity of the Hertfordshire economy.
- The ability to open up major housing growth to the east of Hemel Hempstead in both St Albans and Dacorum, initially at 2500 homes, as well as approved growth in Hemel Hempstead.
- A key part of the overall A414 improvements and strategic growth priority.

## 2. How it works

2.1 Enterprise Zones enable local economies to unlock key development sites, consolidate and provide infrastructure, attract business and create jobs. All business rates growth generated by the Enterprise Zone in their 25 year lifespan is kept by the relevant local enterprise partnership and local authorities in the areas and reinvested in local economic growth. For the Hertfordshire EZ, this is anticipated to be for the 25 years from 2018. It also incentivises business growth within the area by granting Business Rates discounts of up to £275,000 to companies relocating to the zone within the first 5 years of the EZ. Business Rates discounts are funded by HM Treasury, and the EZ can designate what types of uses will qualify.

2.2 In addition, the Government is committed to working actively with Enterprise Zones to help to unblock any barriers to delivery, such as Department for Transport support on transport infrastructure, Defra support on addressing environmental issues and UKTI advice on marketing Zones to international investors.

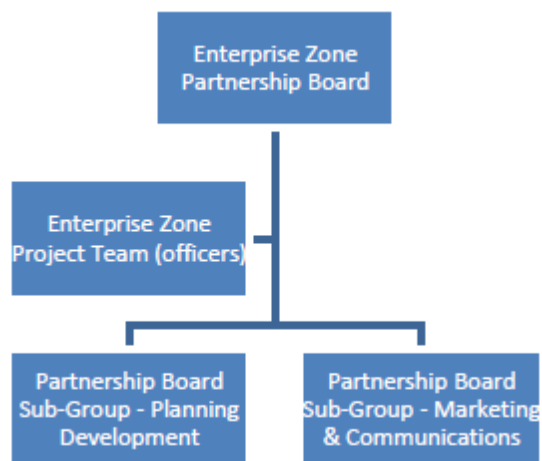
2.3 Initial modelling on the Hertfordshire EZ indicates that it would deliver:

- An overall uplift in land values of £120m (the bulk in St Albans but does include the Council's Maylands Gateway site) – based on figures developed independently by Cushman and Wakefield (previously DTZ). These figures included the Aviva site but presumed the use would be office and manufacturing – its removal and replacement with Spencers Park employment area will result in a marginal reduction in this figure.
- Over 8,000 new jobs, which will be concentrated in the high value environmental technology sector (direct jobs only).
- Over 800 new businesses.
- Around £200m of retained business rates growth over the period
- There are also a number of benefits for business to encourage them to locate within the zone:

- Up to 100% business rate discount worth up to £275,000 per business over a 5 year period
  - Simplified local authority planning, for example, through the use of Planning Performance Agreements giving more certainty to the timings on planning decisions for development within the enterprise zone.
  - Government support to ensure that superfast broadband is rolled out throughout the zone, and, if necessary, public funding
- 2.4 The assumption on Business Rates generated and retained with the EZ is based on the predicted land uses and their timing and the appropriate business rates multiplier for that use. This was carried out by local authority and LEP staff together with consultants Cushman and Wakefield.
- 2.5 The designation should come into place in April 2017 and would last until 2042. This will define the area in which the EZ rules will apply. To get to this point a Memorandum of Understanding will need to be agreed by all parties, i.e. the three local authorities (the accountable bodies), the LEP and DCLG (on behalf of HM Government). Whilst this sets out the objectives and proposed business plan of the EZ the agreement itself does not legally bind any of the accountable bodies to commitment of future resources or borrowing. It is assumed that this commitment will happen ( and it will need to happen for the EZ to be effective) but it will be within principles governed by the EZ Board itself and will allow proper risk assessment before commitments are made.

### **3. Governance**

- 3.1 Given the need to ensure that all partners who have an interest in the EZ are properly informed and engaged in the project, a specific partnership group has been set up which reports back up to the LEP Board. Senior representatives of all interested parties are represented on the Board, including, in the case of this authority, the Leader of The Council and the Corporate Director Housing and Regeneration (who acts as an observer). The EZ partnership group is chaired by the Chair of the LEP and includes the Leader of St Albans City and District Council and the Cabinet Member for Environment, Planning and Transport Environment at HCC, as well as a representative from Rothamsted, BRE and the University of Hertfordshire. The structure also includes specific officer and sub groups to support the detailed work needed to progress this project. The structure of the governance arrangements is set out below:



#### 4. Financial considerations of progressing the Enterprise Zone

- 4.1 The principle of retaining 100% of Business Rates growth for locally determined infrastructure priorities is clearly attractive to all bodies within the EZ. Initial modelling, in advance of the original EZ bid, suggested receipts of around £200m over a 25-year period to be retained and spent locally. This amount would make a significant contribution to the cost of the transport improvements required to ensure that growth in the Maylands area is sustainable in the medium- to long-term.
- 4.2 For HCC, as the Highways Authority, the prospect of this new funding stream means that the Maylands infrastructure improvements become more viable, and thus the project can be prioritised above those competing projects which would need to be funded directly by HCC. For Dacorum and St Albans, bringing forward the infrastructure improvements will unlock local growth potential more quickly and sustainably than without the EZ.
- 4.3 Whilst the potential benefits of the EZ scheme are clear, the key question for Dacorum, in considering whether to sign the MoU, is what it has to forgo in order to realise these gains.
- 4.4 The answer to this question is linked to Government's Business Rates Retention Scheme, and, in particular, how it is likely to operate following the implementation of Full Business Rates Retention in 2020/21. Government is yet to clarify how the Business Rates scheme will operate post-2020, but it is likely to retain a financial incentive for districts to deliver economic growth within their boundaries. On this basis, the decision facing the Council is whether the benefits of the infrastructure delivered under the EZ are likely to outweigh the growth-related additional income the Council is likely to receive if the EZ did not go ahead.
- 4.5 Driven by the local authorities involved, the LEP is currently procuring specialist financial advice in order to model the detailed financial implications of progressing the EZ. This model will incorporate more detailed assumptions than was possible at the time the original bid was modelled in November 2015, and as such is a key element of the due diligence that must be

undertaken prior to the Council's formal approval to progress with the EZ. All of the key variables will be incorporated within the model including, planning restrictions, likely levels of business rates reflecting likely type of business, timing of infrastructure investment to unlock the next parcel of land etc. This financial modelling is likely to be complete in early January 2017.

- 4.6 The completion of the financial model in January 2017 need not delay the recommendation of this report to progress with the signing of the MoU. The MoU provides for all parties to apply for their withdrawal from the agreement, and as such is able to progress whilst still enabling Members to finalise decision on progressing with the EZ after the detailed business case has been delivered.
- 4.7 It is recommended that an updated report is brought to Cabinet in February 2017 with more detailed financial implications of the EZ to enable Members to formalise the decision to progress with the EZ.

## **5. Legal Structure and the Memorandum of Understanding**

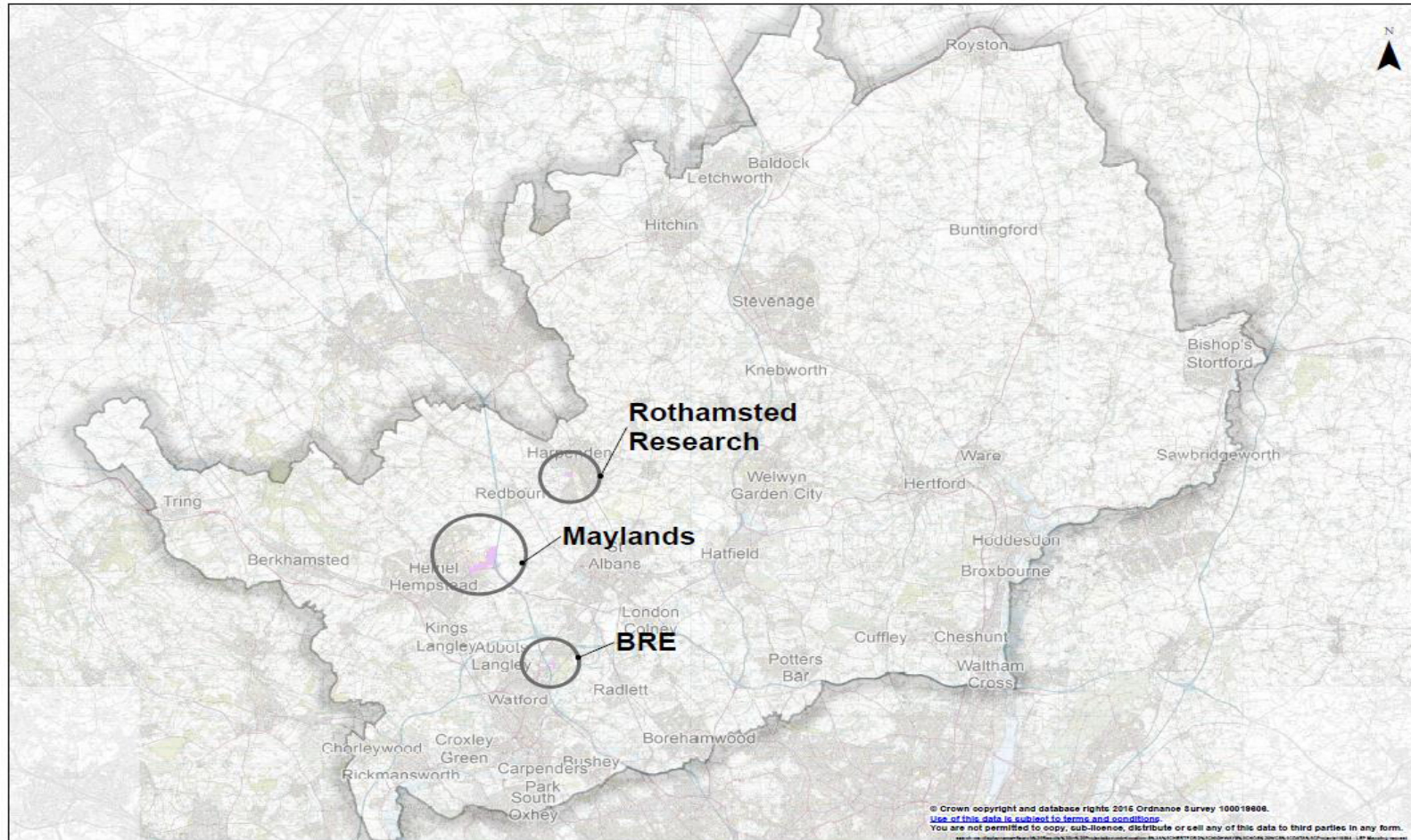
- 5.1 DCLG advise that prior to the EZ going live a Memorandum of Understanding (MOU) be signed with the LEP and all local authorities involved in the EZ, which includes the County Council – The MOU which has been agreed between the parties is set out at Appendix 1. The MOU is not a legal requirement for the EZ to commence but it is strongly advised that the MOU is signed to ensure that the strategic direction of the EZ and the governance structure for the organisation and operation of the EZ are agreed. The MOU runs until 31<sup>st</sup> March 2020 unless it is terminated by the Secretary of State, the LEP, or each of the local authorities. The Secretary of State is entitled to suspend or withdraw the right of the local authorities to market the EZ if it is of the view that that a party has acted in a way which significantly damages the reputation of the EZ or if there has been a material breach of the MOU. The local authorities and LEP are entitled to ask for the EZ status to be rescinded by submitted notice in writing to the Secretary of State.
- 5.2 The MOU can be renewed or its terms renegotiated after April 2020.
- 5.3 The EZ status gives the authorities and the LEP the right to benefit from the following business incentives.
  - Permitting the local authorities to retain 100% of any business rate increase which accrues for a period of 25 years from the commencement date (this being 1<sup>st</sup> April 2017 of the Enterprise Zone, providing that such sums are directed towards the development of the Enterprise Zones and thereafter towards the Local Enterprise Partnership's other identified growth priorities;
  - Central government will reimburse the cost incurred by the local authorities in providing a 100% business rates discount for a period of up to five years, to any business which sets up operations within the Enterprise Zone site before 31 March 2022, and is able to receive the support within the State Aid De Minimis threshold (200,000 euro over 3 year rolling period or other limitation applicable by law);

- 5.4 Given the significant investment required to unlock the land it is likely that all of the retained business rates would be required to reinvest in the infrastructure in the first few years. This is still subject to the formal agreement of all partners, alongside an agreement on how any residual retained business rates would be shared
- 5.5 Any borrowing arrangements made using the Retained Business Rates generated by the EZ will be governed by separate MOUs between the respective parties. These agreements would be subject to robust and independently verified business cases to minimize any financial risks and approval will be sought from Cabinet on these issues at the appropriate time.
- 5.6 The DCLG require the return of the completed MOU as soon as is practicable. As part of the Consultation on Retained Business Rates published on 5 July 2016, the DCLG has confirmed their intention that Enterprise Zones and other designated areas should continue to operate as now and will be guaranteed 100 per cent of business rates growth for 25 years. Whilst this MOU would signal all parties would act in good faith to work together, the delivery of the EZ has a number of other key dependencies:
- Agreement by the DCLG to the overall development proposals that make up the EZ
  - Planning approval for the developments
  - Securing investment for necessary infrastructure
  - Business take-up of the developments
- 5.7 These risks would be monitored and managed by the EZ project board and working groups and any key decisions which involved Dacorum Borough Council would be subject to the requirements of the internal decision making process of the Council, which may include further Cabinet process. The MOU provides safeguards for the authority in this respect.
- 5.8 It appears that the signing of the MOU is the only formal agreement that requires the EZ to proceed – once signed the EZ will go live in April 2017 unless the participating parties serve notice requesting that the EZ status be rescinded (in the case of the accountable bodies including the Council) or by the DCLG/Secretary of State specifically not putting it forward for designation. This would allow the Council to serve notice in advance of designation should circumstances require, or after designation though any Business Rates retained at this point would fall to the EZ Board to determine their use. A further report will be brought to Cabinet in advance of designation which – if the viability of the EZ was under doubt and/or the impact on the Council was judged to be negative – would allow for the Council to request that the EZ status be rescinded. If this were the case it is likely that the other Accountable Bodies would also be in agreement.

## **6. Risks**

- 6.1 A Risk Register, drawn up from a DBC perspective, is attached as Appendix 1. The greatest immediate risk would seem to be whether or not the EZ can include the Crown Estate land, and this is dependent on the progress of the

St Albans Local Plan. All EZ partners will have a better grasp on this after the Inspector carrying out the Examination of the plan reports on the soundness of how St Albans have fulfilled their Duty to Cooperate, and this is expected before Christmas (i.e. before designation). If it cannot be included then all parties – including DCLG – would need to consider whether they are prepared to continue with a significantly smaller EZ and one that would not necessarily be able to generate the resources to pay for the required infrastructure. This will be dealt with in a further report to Cabinet to be brought prior to designation.







1Kier; 2 Aviva (now removed); 3 HCA; 4 DBC; 5 & 6 Crown Estate. Please note the Cemetery shown in the DBC site shown are not in the Enterprise Zone and the Hotel in the Keir site is also not in.

DATED

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**MEMORANDUM OF UNDERSTANDING**

**Between**

**THE SECRETARY OF STATE FOR COMMUNITIES AND LOCAL GOVERNMENT**

**AND**

**HERTFORDSHIRE LOCAL ENTERPRISE PARTNERSHIP**

**AND**

**HERTFORDSHIRE COUNTY COUNCIL**

**AND**

**DACORUM BOROUGH COUNCIL**

**AND**

**ST ALBANS CITY & DISTRICT COUNCIL**

## Enterprise Zone Memorandum of Understanding

THIS AGREEMENT is dated

2016

### PARTIES

1. **THE SECRETARY OF STATE FOR COMMUNITIES AND LOCAL GOVERNMENT** whose principal address is: 2 Marsham Street, London, SW1P 4DF (Secretary of State); and
2. The **HERTFORDSHIRE LOCAL ENTERPRISE PARTNERSHIP** whose principal address is : BioPark, Broadwater Road, Welwyn Garden City, Hertfordshire, AL7 3AX names and principal addresses are listed at Schedule 2; and
3. **HERTFORDSHIRE COUNTY COUNCIL** whose principal address is at County Hall, Pegs Lane, Hertford, Hertfordshire SG13 8DE (Accountable body on behalf of the Hertfordshire Local Enterprise Partnership) (Relevant Local Authority); and
4. **DACORUM BOROUGH COUNCIL** whose principal address is : Civic Centre, Marlowes, Hemel Hempstead, Hertfordshire, HP1 1HH (Relevant Local Authority); and
5. **ST ALBANS CITY & DISTRICT COUNCIL** whose principal address is : Civic Centre, St Peter's St, St Albans, Hertfordshire, AL1 3JE (Relevant Local Authority).

Each of the local authorities listed at 3, 4, 5, above are collectively termed the **Relevant Local Authorities** for the area of the Enterprise Zone, whose names and principal addresses are listed at Schedule 1

### BACKGROUND

- A The Secretary of State has the power to declare an area to be an Enterprise Zone.
- B. Enterprise Zones are single or multiple sites designated for business development which may offer business rate discounts or enhanced capital allowance for new businesses locating on the sites. Enterprise Zones are on sites which would ordinarily not be expected to generate significant business growth nor generate any business rates without incentives and /or dedicated local stakeholder support. Any increase from business rates income which arise from the development of an Enterprise Zone site will not be affected by business rates reform, reset or redistribution for a period of 25 years.
- C. The Hertfordshire Local Enterprise Partnership is a voluntary partnership between local authorities and businesses to help determine local economic priorities and lead economic growth within Hertfordshire. This includes arrangements for the establishment and operation of Enterprise Zones. As the Hertfordshire Local Enterprise Partnerships is not a corporate body, they enter into agreements through an accountable local authority acting on their behalf, namely Hertfordshire County Council.

D. In agreement with the Local Enterprise Partnership local authorities responsible for all or part or all of an Enterprise Zone use any increase in business rates they collect from each Enterprise Zone site to support the further development of the Enterprise Zone and neighbouring areas.

E. Taking account of the application included within the attached schedule and other representations made by the Local Enterprise Partnership, the Secretary of State with the agreement of the Chancellor of the Exchequer offers the **Hertfordshire Local Enterprise Partnership** and the **Relevant Local Authorities**, the right to set up and establish arrangements for the operation of the Enterprise Zone subject to the terms and conditions set out within the other paragraphs of this Memorandum of Understanding. To allow all parties to review their interests, in the first instance this Memorandum of Understanding extends to 2020.

## IT IS AGREED THAT:

### 1 DEFINITIONS

In this Memorandum of Understanding the following words and phrases shall have the following meanings:

**“Accountable Body”** means a local authority organisation(s) responsible for one or more aspects of the operation of the Enterprise Zone in line with plans agreed with the Local Enterprise Partnership.

**“Application”** means the application for enterprise zone status submitted to the Secretary of State by the Local Enterprise Partnership on 18<sup>th</sup> September 2015 (which may be amended from time to time after the date of this Memorandum of Understanding) and includes each of the representations at Schedule 3 of this Memorandum of Understanding (in the event of conflicting statements, Schedule 3 and then the latest validly made variation shall take priority).

**“Enterprise Zone”** means one or more sites which under the Regulations (as amended from time to time) are able to offer specific business incentives and permitted by the Secretary of State to market themselves as such.

**“Regulations”** means “Non-Domestic Rating (Designated Areas) Regulations 2016”, and “Non-Domestic Rating (Rates Retention) Regulations 2013”.

**“Relevant Local Authorities”** means a local authority on which all or part of an Enterprise Zone is situated and as a consequence collects business rates from businesses in operation on that site.

**“Term”** means the earlier of 31 March 2020 or the date of the Secretary of State, each of the Local Enterprise Partnership or each of the Relevant Local Authorities giving written notice to the other parties to this Memorandum of Understanding of its intention to terminate the Enterprise Zone status under clause 5.

## **2 AGREEMENT TO SET UP AND OPERATE AN ENTERPRISE ZONE**

Having relied upon the representations made by the Local Enterprise Partnership in the Application, the Secretary of State offers the Local Enterprise Partnership and the Relevant Local Authorities the right to set up and operate the Enterprise Zone for the Term, subject to the terms of this Memorandum of Understanding, including the right to benefit from the following business incentives:

- Permitting the Relevant Local Authorities to retain 100% of any business rate increase which accrues for a period of 25 years from the commencement date (this being 1<sup>st</sup> April 2017) of the Enterprise Zone, providing that such sums are directed towards the development of the Enterprise Zones and thereafter towards the Local Enterprise Partnership's other identified growth priorities;
- Central government will reimburse the cost incurred by Relevant Local Authorities in providing a 100% business rates discount for a period of up to five years, to any business which sets up operations within the Enterprise Zone site before 31 March 2022, and is able to receive the support within the State Aid De Minimis threshold (or other limitation applicable by law);
- The Local Enterprise Partnership and Relevant Local Authorities can together agree to other local authorities benefitting from the benefits of the Enterprise Zone during the Term provided they have entered into an inter-party agreement as set out in 3.3 (b) and meet the relevant requirements in the regulations. In this situation, notice shall be given to the Secretary of State of the arrangement.

## **3. TERMS AND CONDITIONS**

- 3.1** The Relevant Local Authorities and the Local Enterprise Partnership agree, having undertaken due investigation, that at the date of this Memorandum of Understanding:
- (a) The statements within the Application are accurate;
  - (b) they are not aware of any information which is likely to materially undermine the ability of the Local Enterprise Partnership and the Relevant Local Authorities to deliver the Enterprise Zone in accordance with the Application and achieve the outputs, apart from the outcome of the St Albans City & District Council Draft Strategic Local Plan process. The parties will continue to monitor progress and report back to the relevant governance group if there are any implications arising from the Local Plan process.

**3.2** Subject to the continued review of the St Albans City & District Council Draft Strategic Local Plan process, the Relevant Local Authorities and Local Enterprise Partnership confirm, having undertaken due investigation, that:

- (a) they have obtained or shall use all reasonable endeavours to promptly obtain necessary approvals, authorisations, consents, exemptions, licences, permits, permissions (including planning permission) or registrations necessary to deliver the Enterprise Zone in accordance with the Application;
- (b) they have or will secure the expertise and capacity to set up and operate the Enterprise Zone in accordance with the Application;
- (c) they will undertake all the steps to set up and operate the Enterprise Zone and confirm that each of these shall be achieved compliantly (including but not limited to achieving compliance with applicable procurement, state aid, planning law and all rules relating to the collection and distribution of business rates, discount, and use of business rates for investment); and
- (d) they will deliver the relevant incentives at Schedule 4 for the period set out in the Application and this Memorandum of Understanding.
- (e) The identified infrastructure delivery costs will be met from the retained business rates via borrowing arrangements as explained in the attached Project Plan (which must be approved by the Relevant Authorities and Local Enterprise Partnership finance departments).

**3.3** Subject to the Relevant Authorities/Local Enterprise Partnerships approval in accordance with their internal decision making process and right to exercise its powers accordingly, the Relevant Local Authorities and the Local Enterprise Partnership agree to, where approved:

- (a) organise and promote a governance group for the Enterprise Zone which is able to make strategic and operational decisions. This shall include representatives of each relevant local authority and shall meet at least quarterly (“**Governance Group**”); and
- (b) enter into Memorandum of Understandings with each other which set agreed objectives and priorities for the Enterprise Zone as well as terms necessary to give effect to this Memorandum of Understanding (for example, provisions covering the use of business rates retained by local authorities and how local authorities will use their general power of competence to support the Enterprise Zone, including but not limited to Compulsory Purchase Orders, simplified planning regimes, development orders, Joint Ventures and borrowing to support investment and arrangements for the provision of monitoring data). Where during the Term, new local authorities become involved in the Enterprise Zone or the legal status of Local Enterprise Partnerships and local authorities involved in the Enterprise Zone changes, the Secretary of State requires that the Local Enterprise Partnership uses all reasonable endeavours to enter into new Memorandum of Understandings under this clause. Copies of these

Memorandum of Understandings should be sent to the Secretary of State within 50 Working Days of execution.

- (c) to use government subsidies provided for the Enterprise Zone (including the subsidy provided under this Memorandum of Understanding and the Regulations) for the objectives of the Enterprise Zone and in compliance with relevant laws.

### 3.4 Implementation Plan

The Local Enterprise Partnership in consultation with the Relevant Local Authorities shall design and submit to the Secretary of State a 5 year implementation plan (which sets out the major steps and the individual(s) and organisation(s) who will be responsible to set up, operate and deliver the objectives and priorities which have been agreed for the Enterprise Zone) no later than 31st March 2017.

### 3.5 The Cities and Local Growth Unit shall support:

- (a) the set up and delivery of the Enterprise Zone (in particular through the contact for the Enterprise Zone, which is Andrew Lee (E-mail: Andrew.Lee@hertfordshirelep.co.uk, Telephone: 01707 356129) who shall advise on the procedures for establishing the zones and resolving issues, which may arise in relation to government funding or legal arrangements. The Local Enterprise Partnership and Relevant Local Authorities shall be informed if there is a change in the Cities and Local Growth Unit team contact.
- (b) Enterprise Zones by providing information on the Enterprise Zone to the market via press releases, its national Enterprise Zone website, Twitter account and other media; and
- (c) Collaboration, by inviting senior leaders from all England's Enterprise Zones to meet to discuss progress, challenges and good practice with senior government officials and Ministers

this support shall be provided up until 31 March 2020 and may be renewed or subject to alteration after that date.

### 3.6 The Relevant Local Authorities and Local Enterprise Partnership shall:

- (a) send the Cities and Local Growth Unit contact the details of the primary point of contact ("**Local Enterprise Zone Contact**"), a named representative agreed with the Local Enterprise Partnership) for the Enterprise Zone within 20 Working Days of entering into this Memorandum of Understanding. The Cities and Local Growth Unit contact shall be informed if there is a change in the Local Enterprise contact.
- (b) authorise the Local Enterprise Contact to discuss progress of the Enterprise Zone with the Cities and Local Growth Unit contact either in face-to-face or telephone meetings at least once a quarter. Such meetings shall be two-way enabling both parties to understand progress of the Enterprise Zone. Share information about the wider Enterprise Zone network and any issues which might adversely affect the planned progress of the Enterprise Zone.

- (c) take all reasonable steps to allow the Cities and Local Growth Unit team contact (or another team member in their place) to attend the Governance Group meetings (as mentioned at clause 3.5(a) including providing information on the date and location of meetings and sending papers which will be discussed. The Cities and Local Growth Unit team contact shall be entitled to decide whether they attend in an observer capacity or as a participant at the Governance Group meeting.

### **3.7 Marketing**

The Relevant Local Authorities and the Local Enterprise Partnership agree to use all reasonable endeavours to

- (a) promote the Enterprise Zone;
- (b) share with the Secretary of State a marketing plan for the Enterprise Zone within six months of entering into this Memorandum of Understanding; and
- (c) use DCLG and Enterprise Zone logos within marketing communications and signage.

### **3.8 Monitoring**

The Relevant Local Authorities and the Local Enterprise Partnership agree to use all reasonable endeavours to complete the management information at Schedule 5 within 21 Working Days of the commission from DCLG, which will be quarterly at the end of January, April, July and October.

## **4. CHANGES**

All changes to the text of the application or this Memorandum of Understanding must be approved by the Secretary of State in writing prior to the relevant change being deemed to be effective. Until such time as a change is made in accordance with this clause, the parties shall, continue to perform this Memorandum of Understanding in compliance with its terms before such change.

## **5. TERMINATION**

- (a) The Secretary of State shall be entitled to suspend or withdraw the right of any or all of the Local Enterprise Partnership and / or the Relevant Local Authorities to market an Enterprise Zone if, acting reasonably, the Secretary of State is of the view that a party has acted in a way which significantly damages the reputation of the Enterprise Zone Programme or if there has been a material breach of this Memorandum of Understanding.
- (b) The Relevant Local Authorities and Local Enterprise Partnership with the Memorandum of Understanding involved in delivering the Enterprise Zone is entitled to ask for the Enterprise Zone status to be rescinded by submitting notice in writing.



**6. GOOD FAITH AND COOPERATION**

Each party covenants with the others that they shall act with the utmost good faith towards the other, shall comply with reasonable requests for information in relation to the Enterprise Zone submitted from time to time and will not do anything which would deliberately put the other in breach of its obligations under this Memorandum of Understanding. However, it is recognised that this Memorandum of Understanding is not legally binding.

**7. MISCELLANEOUS**

Nothing in this Memorandum of Understanding shall constitute a partnership or joint venture between any of the parties.

DRAFT

**ACCEPTANCE**

This Memorandum of Understanding has been entered into on the date stated at the beginning of it.

Signed for and behalf of

**SECRETARY OF STATE FOR )  
COMMUNITIES )  
AND LOCAL GOVERNMENT )**

Authorised Signatory: \_\_\_\_\_

Print Name: \_\_\_\_\_

Signed for and on behalf of

**HERTFORDSHIRE COUNTY COUNCIL**

Authorised Signatory: \_\_\_\_\_

Print Name: \_\_\_\_\_

Signed for and on behalf of

**DACORUM BOROUGH COUNCIL**

Authorised Signatory: \_\_\_\_\_

Print Name: \_\_\_\_\_

Signed for and on behalf of

**ST ALBANS CITY & DISTRICT COUNCIL**

Authorised Signatory: \_\_\_\_\_

Print Name: \_\_\_\_\_

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The following parties are aware of the requirements of this Memorandum of Understanding (including the Application) and shall support and assist development and delivery of the Enterprise Zone throughout the Term, but do not have the required legal personality.

#### **HERTFORDSHIRE LOCAL ENTERPRISE PARTNERSHIP**

**Authorised Signatory:**

**Print Name:**

#### **SCHEDULE 1 - RELEVANT LOCAL AUTHORITIES**

1. **HERTFORDSHIRE COUNTY COUNCIL** whose principal address is at County Hall, Pegs Lane, Hertford, Hertfordshire SG13 8DE (Accountable body on behalf of the Hertfordshire Local Enterprise Partnership); and
2. **DACORUM BOROUGH COUNCIL** whose principal address is: Civic Centre, Marlowes, Hemel Hempstead, Hertfordshire, HP1 1HH; and
3. **ST ALBANS CITY & DISTRICT COUNCIL** whose principal address is: Civic Centre, St Peter's St, St Albans AL1 3JE.

#### **SCHEDULE 2 – LOCAL ENTERPRISE PARTNERSHIP**

1. The **HERTFORDSHIRE LOCAL ENTERPRISE PARTNERSHIP** whose principal address is: BioPark, Broadwater Road, Welwyn Garden City, Hertfordshire, AL7 3AX

#### **SCHEDULE 3 KEY INFORMATION ON HERTFORDSHIRE ENVIRO-TECH ENTERPRISE ZONE FROM HERTFORDSHIRE LOCAL ENTERPRISE PARTNERSHIP APPLICATION**

General	
Name of Enterprise Zone	Hertfordshire Enviro-Tech Enterprise Zone
Name of Local Enterprise Partnership	Hertfordshire Local Enterprise Partnership
Relevant local authorities	Dacorum Borough Council St Albans City & District Council Hertfordshire County Council

Fill out information from the application form Q C.8 What is the Local Enterprise Partnership's agreed approach, with the relevant local authorities, about how the retained rates will be used to support development on the Enterprise Zone? Briefly explain your financial or investment plan for how (for example, through borrowing or development of a recycling fund) and when the retained rates will be used.

In order to fully use the space, and to make the broader Maylands and East Hemel Hempstead effective, key investment will focus on:

- transport and access infrastructure
- utilities provision
- superfast broadband
- incubation and business support; and a rapid prototyping centre
- marketing / branding / place making / public realm / public art / programme activity
- enterprise and skills / training

In summary:

- With EZ designation over 75,000 sqm of employment floorspace will be delivered by 2020. Without EZ status this would be 21,000 sqm
- With EZ designation over 2,500 jobs will be delivered by 2020. Without EZ status this figure would be 1,100

Fill out information from the application form Q E 1. Please describe the governance arrangements for the proposed Enterprise Zone, clearly setting out the name and job title of the Senior Responsible Officer for delivery of the Zone, the governance structure and explain how progress will be owned by the Local Economic Partnership Board.

**Name of Senior Responsible Owner:** Neil Hayes

**Job title:** Chief Executive, Hertfordshire Local Enterprise Partnership

**Governance structure:**

A new partnership will be set up specifically to deliver the Hertfordshire Enviro-Tech Enterprise Zone.

The members of the Hertfordshire Enviro-Tech Enterprise Zone Partnership will be: the chair of the Maylands Partnership\*, Dacorum Borough Council, St Albans City & District Council, Hertfordshire County Council, the Hertfordshire Local Enterprise Partnership (LEP), the University of Hertfordshire, the Building Research Establishment (BRE), and Rothamsted Research.

[\*The Maylands Partnership was formed in 2008 and is supported by partners across both the public and private sector. It represents the combined interest of nearly 500 businesses]

The LEP will chair the Hertfordshire Enviro-Tech Enterprise Zone Partnership with Dacorum Borough Council providing the secretariat.

This Partnership will:

- produce an investment and delivery framework, building on the Local Plans and the LEP's Strategic Economic Plan (SEP).
- co-ordinate private-sector led initiatives currently being proposed.
- set out a shared vision for the Hertfordshire Enviro-Tech Enterprise Zone
- provide the necessary infrastructure to enable growth and sustainable development to be delivered.

**How will the LEP Board own and drive progress:**

The LEP will appoint a member of its Board to chair the delivery of the Hertfordshire Enviro-Tech Enterprise Zone Partnership.

The identified infrastructure delivery costs will be met from the retained business rates via borrowing arrangements as explained in the attached Project Plan.

Fill out information from the Application form from Q E.2 capacity and skills you will make available to deliver the Enterprise Zone on a day-to-day basis, including the job titles and names of each of the staff members in the Local Enterprise Partnership and the relevant local authorities and the total costs of this staff team.

The LEP will chair the Hertfordshire Enviro-Tech Enterprise Zone Partnership and provide the secretariat. The LEP will appoint a member of its Board to chair the main partnership.

Neil Hayes the Executive Director of the LEP, will take overall responsibility of the day to day running of the Hertfordshire Enviro-Tech Enterprise Zone.

He will be supported by Andrew Lee, the LEP's Enterprise Zone Programme Delivery Manager who will ensure effective governance structures and delivery frameworks are in place to meet the standards required by UK government.

Andrew will be supported by a dedicated Enterprise Zone Director who will be appointed in the autumn of 2016. This post will lead the delivery of development into and secure investment for the Hertfordshire Enviro-Tech Enterprise Zone. They will also be the lead technical 'ambassador' for the Enterprise Zone.

The LEP's transport and infrastructure input will come via Adam Wood, Hertfordshire LEP's Infrastructure Delivery Manager who will be the main link to the Maylands Growth Corridor group who are reviewing the transport infrastructure.

In addition:

- Dacorum Borough Council's input will come from Mark Gaynor (Corporate Director Housing and Regeneration), James Doe (Assistant Director – Planning, Development and Regeneration) and James Deane (Corporate Director Finance and Operations)
- St Albans City & District Council's input will come via Tracy Harvey ( Head of Planning and Building Control) supported by Maria Cutler ( Principal Policy and Economic and Development Officer).

Q E3 will you gather data that will allow the Local Enterprise Partnership and local authorities to monitor progress of the Enterprise Zone, for example this could include on delivering new jobs, business, and investment?

The Hertfordshire LEP, following the approval of its Growth Deal has in place a robust monitoring and evaluation procedure as set out in its Assurance Framework. The LEP has appointed Andrew Lee as its project manager. He will:

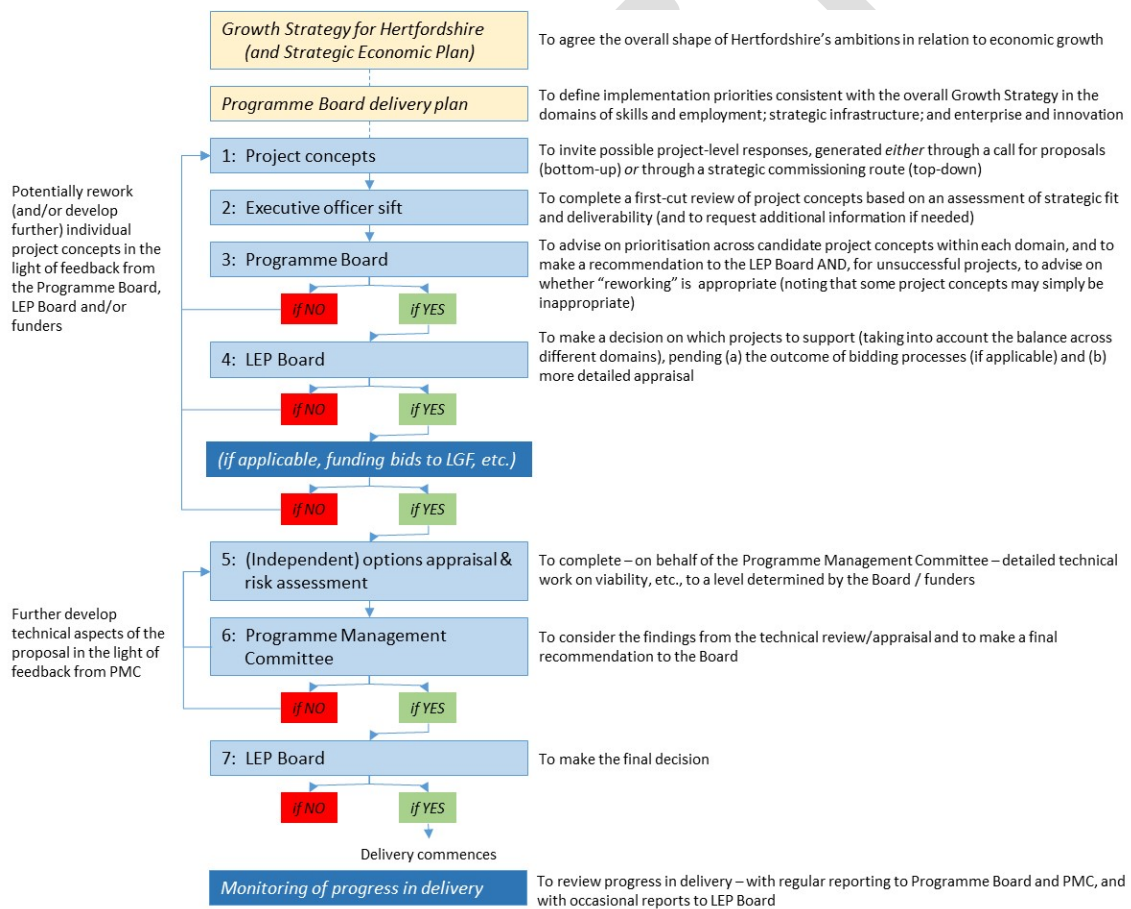
- monitor investment and delivery plans framework for each site
- receive and review regular commercial updates from local agents on each site

- liaise with each land owner

This builds upon the strong existing Local Authority Partnership working arrangements in Hertfordshire, and lists the following groups with which the LEP will work:

- Hertfordshire Leaders Group
- Hertfordshire Chief Executives Group
- Hertfordshire Infrastructure and Planning Partnership
- Hertfordshire Local Transport Body

The LEP will use the Assurance Framework process (summarised below) for the monitoring and evaluation of the Enterprise Zone:



Q E5 Briefly set out your plan for marketing the sites to occupiers and/or investors, in the case of multiple site zones being clear if they will be marketed in clusters or in stages.

The marketing plan will be produced based upon the following assumptions:

- the Hertfordshire Enviro-Tech Enterprise Zone will be marketed as a single

entity.

- a marketing agent will be appointed with a joint duty of care to the Hertfordshire Enviro-Tech Enterprise Zone Partnership
- an office / marketing suite will be established within the Enterprise Zone to establish its identity and presence and offer a meeting point on site.

Close collaboration with:

UKTI (to target international business),  
the Green Triangle (to target businesses in the emerging environmental technologies sector); and  
education partners (in particular BRE, Rothamsted Research and the University of Hertfordshire)



## SCHEDULE 4 – SITES AND INCENTIVES

<b>Proposed Sites</b>	<b>EZ</b>	<b>District / Local authority Ward</b>	<b>ECA</b>	<b>BRD</b>	<b>BRR</b>
<b>Kier Site</b>		Dacorum Borough Council		Y	Y
<b>HCA site</b>		Dacorum Borough Council		Y	Y
<b>DBC site</b>		Dacorum Borough Council		Y	Y
<b>Crown Site</b>		St Albans City & District Council		Y	Y
<b>Spencers Park (Phase 2) site</b>		Dacorum Borough Council		Y	Y
<b>BRE site</b>		St Albans City & District Council		Y	Y
<b>Rothamsted Research site</b>		St Albans City & District Council		Y	Y

## **SCHEDULE 5 – DCLG' MANAGEMENT INFORMATION**

**Q1\*** What was the value of the retained rates that were reinvested in the Enterprise Zone in the last financial year?

**Q2\*** What was the value of the retained rates that were reinvested in the LEP area in which the Enterprise Zone is situated, including the amount in Q1, in the last financial year?

**Q3\*** What was the value of the borrowing against retained rates undertaken by the LEP accountable body or the EZ local authority in the last financial year?

**Q4** What was the change in the number of newly created jobs, excluding construction jobs, on the Enterprise Zone in this quarter?

**Q5** What was the change in the number of newly created construction jobs on the Enterprise Zone in this quarter?

**Q6** What was the change in the number of jobs that were safeguarded on the Enterprise Zone in this quarter?

**Q7** Was a Local Development Order introduced on the zone or a part of the zone this quarter?

**Q8** What was the change in the number of businesses that started trading on the zone this quarter?

**Q9** What was the value of any new public sector capital investment on the zone this quarter? Do not include borrowing against retained rates.

**Q10** What was the value of any new public sector revenue investment on the zone this quarter?

**Q11** What was the value of any new private sector investment on the zone this quarter (excluding non-monetary investment)?

**Q12** What was the value of any new private sector non-monetary investment on the zone this quarter, e.g. use of facilities, staff?

**Q13** What area of land was reclaimed and made ready for development on the zone this quarter?

**Q14** What commercial floorspace was constructed on the zone in this quarter?

**Q15** What commercial floorspace was refurbished on the zone this quarter?

**Q16\*** "What was the market rate for leasing commercial floorspace on the Enterprise Zone as of the current date?"

**Q17** What land sales were there on the zone this quarter?

## Hertfordshire Enviro-tech Enterprise Zone

### Board dashboard 1 of 3

### Financial Forecast over 5 Years

	<i>prestart</i>	<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>
	2016/17 Forecast	2017/18 Forecast	2018/19 Forecast	2019/20 Forecast	2020/21 Forecast
<i>Occupied Rateable Area (m2)</i>	-	-	30,000	34,000	23,000
<i>Forecast Rateable Area, Cumulative (m2)</i>	-	-	<b>30,000</b>	<b>64,000</b>	<b>87,000</b>
<b>Forecast Business Rates Income</b>					
Crown Estate	-	-	-	-	£755,214
BRE Site	-	-	£196,707	£196,707	£196,707
Rothamsted site	-	-	-	-	£131,138
<b>St Albans district sites</b>	-	-	<b>£196,707</b>	<b>£196,707</b>	<b>£1,083,059</b>
Keir site	-	-	-	£262,276	£262,276
Spencers Park phase 2	-	-	£131,138	£262,276	£393,414
HCA site	-	-	£632,273	£1,264,545	£1,738,749
Dacorum BC site	-	-	£378,427	£567,640	£851,460
<b>Dacorum district sites</b>	-	-	<b>£1,141,837</b>	<b>£2,356,737</b>	<b>£3,245,900</b>
other grant income	£150,000	-	£1,500,000	£1,600,000	-
<b>Total Forecast Enterprise Zone Income</b>	<b>£150,000</b>	-	<b>£2,838,544</b>	<b>£4,153,444</b>	<b>£4,328,959</b>
<b>Cumulative Forecast Income</b>	<b>£150,000</b>	<b>£150,000</b>	<b>£2,988,544</b>	<b>£7,141,989</b>	<b>£11,470,948</b>
<b>Forecast Costs</b>					
Rates / rent costs	£2,500	£10,196	£10,396	£10,596	£10,796
Misc office sundries (ie telephone & broadband)	£2,500	£10,196	£10,396	£10,596	£10,796
Comms costs (incl Marketing agent & web site)	£5,000	£30,000	£30,600	£31,200	£31,800
Enterprise Zone Manager	£30,000	£30,600	£30,600	£31,200	£31,800
Operations Director	£25,000	£101,996	£103,996	£105,996	£107,996
<b>Forecast revenue costs</b>	<b>£65,000</b>	<b>£182,988</b>	<b>£185,988</b>	<b>£189,588</b>	<b>£193,188</b>
Technical studies	£150,000	-	-	-	-
Advisory support	£25,000	£10,000	£10,000	-	-
Office fit out & furniture	£10,000	-	-	-	-
web site set up costs	£10,000	-	-	-	-
Road Infrastructure contributions	-	-	-	-	-
Incubation centre(s)	-	-	£3,000,000	£3,000,000	-
Broadband Costs	-	-	-	-	-
<b>Forecast capital costs</b>	<b>£195,000</b>	<b>£10,000</b>	<b>£3,010,000</b>	<b>£3,000,000</b>	-
<b>Hertfordshire Enviro-tech</b>					
Total income	£150,000	-	£2,838,544	£4,153,444	£4,328,959
revenue costs	£65,000	£182,988	£185,988	£189,588	£193,188
capital costs	£195,000	£10,000	£3,010,000	£3,000,000	-
<b>Hertfordshire Enviro-tech surplus / (deficit)</b>	<b>(£110,000)</b>	<b>(£192,988)</b>	<b>(£357,444)</b>	<b>£963,856</b>	<b>£4,135,771</b>
<b>Cumulative position</b>	<b>(£110,000)</b>	<b>(£302,988)</b>	<b>(£660,432)</b>	<b>£303,425</b>	<b>£4,439,196</b>

Board dashboard 2 of 3

Hertfordshire Enviro-tech Enterprise Zone Financial Forecast over 25 Years

Strictly private and confidential

DATE 4 printing only

prestart	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25				
2016/17	2017/18	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32	2032/33	2033/34	2034/35	2035/36	2036/37	2037/38				
Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast				
Occupied Rateable Area (m2)	-	-	30,000	34,000	23,000	18,200	15,000	10,000	3,000	15,000	15,000	5,000	15,000	3,000	5,000	15,000	3,000	15,000	3,000	5,000	15,000	5,000	15,000	5,000	3,000	15,000			
Cumulative Rateable Area (m2)	-	-	30,000	64,000	87,000	105,200	120,200	130,200	133,200	148,200	163,200	168,200	183,200	186,200	191,200	206,200	209,200	224,200	227,200	232,200	247,200	252,200	267,200	272,200	275,200	290,200			
<b>Forecast Business Rates Income</b>																													
Crown Estate	-	-	-	-	£755,214	£1,510,429	£1,762,167	£1,913,210	£2,668,424	£3,171,900	£3,423,639	£4,178,853	£4,329,896	£4,581,634	£5,336,848	£5,487,891	£6,243,106	£6,394,148	£6,645,887	£7,401,101	£7,652,839	£8,408,053	£8,659,792	£8,810,834	£9,566,049	£9,817,091			
BRE site	-	-	-	£196,707	£196,707	£196,707	£196,707	£196,707	£196,707	£196,707	£196,707	£196,707	£196,707	£196,707	£196,707	£196,707	£196,707	£196,707	£196,707	£196,707	£196,707	£196,707	£196,707	£196,707	£196,707	£196,707	£196,707		
Rothamsted site	-	-	-	-	£131,138	£131,138	£131,138	£131,138	£131,138	£131,138	£131,138	£131,138	£131,138	£131,138	£131,138	£131,138	£131,138	£131,138	£131,138	£131,138	£131,138	£131,138	£131,138	£131,138	£131,138	£131,138	£131,138		
St Albans district sites	-	-	£196,707	£196,707	£1,083,059	£1,838,274	£2,090,012	£2,241,055	£2,996,269	£3,499,745	£3,751,484	£4,506,698	£4,657,741	£4,909,479	£5,664,693	£5,815,736	£6,570,951	£6,721,993	£6,973,732	£7,728,946	£7,980,684	£8,735,898	£8,987,637	£9,138,679	£9,893,894	£10,144,936			
Keir site	-	-	-	£262,276	£262,276	£262,276	£262,276	£262,276	£262,276	£262,276	£262,276	£262,276	£262,276	£262,276	£262,276	£262,276	£262,276	£262,276	£262,276	£262,276	£262,276	£262,276	£262,276	£262,276	£262,276	£262,276	£262,276		
Spencers Park phase 2	-	-	£131,138	£262,276	£393,414	£472,097	£472,097	£472,097	£472,097	£472,097	£472,097	£472,097	£472,097	£472,097	£472,097	£472,097	£472,097	£472,097	£472,097	£472,097	£472,097	£472,097	£472,097	£472,097	£472,097	£472,097	£472,097	£472,097	
HCA site	-	-	£632,273	£1,264,545	£1,738,749	£1,738,749	£1,738,749	£1,738,749	£1,738,749	£1,738,749	£1,738,749	£1,738,749	£1,738,749	£1,738,749	£1,738,749	£1,738,749	£1,738,749	£1,738,749	£1,738,749	£1,738,749	£1,738,749	£1,738,749	£1,738,749	£1,738,749	£1,738,749	£1,738,749	£1,738,749	£1,738,749	
Dacorum BC site	-	-	£378,427	£567,640	£851,460	£851,460	£851,460	£1,087,977	£1,087,977	£1,087,977	£1,087,977	£1,324,494	£1,324,494	£1,324,494	£1,324,494	£1,324,494	£1,324,494	£1,324,494	£1,324,494	£1,324,494	£1,324,494	£1,324,494	£1,324,494	£1,324,494	£1,324,494	£1,324,494	£1,324,494	£1,324,494	
Dacorum district sites	-	-	£1,141,837	£2,356,737	£3,245,900	£3,324,582	£3,324,582	£3,561,099	£3,561,099	£3,561,099	£3,797,616	£3,797,616	£3,797,616	£3,797,616	£3,797,616	£3,797,616	£3,797,616	£3,797,616	£3,797,616	£3,797,616	£3,797,616	£3,797,616	£3,797,616	£3,797,616	£3,797,616	£3,797,616	£3,797,616	£3,797,616	
other grant income	£150,000	-	£1,500,000	£1,600,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-			
<b>Total Forecast Business Rates Income</b>	<b>£150,000</b>	<b>-</b>	<b>£2,641,837</b>	<b>£4,153,444</b>	<b>£3,442,607</b>	<b>£4,407,642</b>	<b>£5,162,856</b>	<b>£5,651,111</b>	<b>£5,802,154</b>	<b>£6,557,368</b>	<b>£7,297,361</b>	<b>£7,549,099</b>	<b>£8,304,314</b>	<b>£8,455,357</b>	<b>£8,707,095</b>	<b>£9,462,309</b>	<b>£9,613,352</b>	<b>£10,368,566</b>	<b>£10,519,609</b>	<b>£10,771,347</b>	<b>£11,526,562</b>	<b>£11,778,300</b>	<b>£12,533,514</b>	<b>£12,785,252</b>	<b>£12,936,295</b>	<b>£13,691,510</b>			
<b>Cumulative Forecast Business Rates Income</b>	<b>£150,000</b>	<b>-</b>	<b>£2,641,837</b>	<b>£6,795,282</b>	<b>£10,237,888</b>	<b>£14,645,530</b>	<b>£19,808,386</b>	<b>£25,459,497</b>	<b>£31,261,651</b>	<b>£37,819,020</b>	<b>£45,116,381</b>	<b>£52,665,481</b>	<b>£60,969,794</b>	<b>£69,425,151</b>	<b>£78,132,246</b>	<b>£87,594,555</b>	<b>£97,207,907</b>	<b>£107,576,474</b>	<b>£118,096,083</b>	<b>£128,867,431</b>	<b>£140,393,992</b>	<b>£152,172,292</b>	<b>£164,705,807</b>	<b>£177,491,059</b>	<b>£190,427,355</b>	<b>£204,118,864</b>			
<b>Forecast Costs</b>																													
Rates / rent costs	£2,500	£10,196	£10,396	£10,596	£10,796	£10,996	£5,600	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Misc office sundries (ie telephone & broadband)	£2,500	£10,196	£10,396	£10,596	£10,796	£10,996	£5,600	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Comms costs (incl Marketing agent & web site)	£5,000	£30,000	£30,600	£31,200	£31,800	£32,400	£16,200	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Enterprise Zone Manager	£30,000	£30,600	£30,600	£31,200	£31,800	£32,400	£16,200	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Operations Director	£25,000	£101,996	£103,996	£105,996	£107,996	£109,996	£55,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Forecast revenue costs</b>	<b>£65,000</b>	<b>£182,988</b>	<b>£185,988</b>	<b>£188,988</b>	<b>£193,188</b>	<b>£196,788</b>	<b>£98,600</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Technical studies	£2,500	£10,196	£10,396	£10,596	£10,796	£10,996	£5,600	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Advisory support	£25,000	£10,000	£10,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Office fit out & furniture	£10,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
web site set up costs	£10,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Road infrastructure contributions	-	-	-	-	-	£5,000,000	£5,000,000	£5,000,000	£5,000,000	£5,000,000	£5,000,000	£5,000,000	£5,000,000	£5,000,000	£5,000,000	£5,000,000	£5,000,000	£5,000,000	£5,000,000	£5,000,000	£5,000,000	£5,000,000	£5,000,000	£5,000,000	£5,000,000	£5,000,000	£5,000,000	£5,000,000	£5,000,000
Relocation centre(s)	-	-	£3,000,000	£3,000,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Start up Land Costs	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Forecast capital costs</b>	<b>£47,500</b>	<b>£20,196</b>	<b>£3,020,396</b>	<b>£3,010,596</b>	<b>£10,796</b>	<b>£5,010,996</b>	<b>£5,005,600</b>	<b>£5,000,000</b>	<b>£5,000,000</b>	<b>£5,000,000</b>	<b>£5,000,000</b>	<b>£5,000,000</b>	<b>£5,000,000</b>	<b>£5,000,000</b>	<b>£5,000,000</b>	<b>£5,000,000</b>	<b>£5,000,000</b>	<b>£5,000,000</b>	<b>£5,000,000</b>	<b>£5,000,000</b>	<b>£5,000,000</b>	<b>£5,000,000</b>	<b>£5,000,000</b>	<b>£5,000,000</b>	<b>£5,000,000</b>	<b>£5,000,000</b>	<b>£5,000,000</b>	<b>£5,000,000</b>	<b>£5,000,000</b>
<b>Hertfordshire Enviro-tech</b>	<b>£150,000</b>	<b>-</b>	<b>£2,641,837</b>	<b>£4,153,444</b>	<b>£3,442,607</b>	<b>£4,407,642</b>	<b>£5,162,856</b>	<b>£5,651,111</b>	<b>£5,802,154</b>	<b>£6,557,368</b>	<b>£7,297,361</b>	<b>£7,549,099</b>	<b>£8,304,314</b>	<b>£8,455,357</b>	<b>£8,707,095</b>	<b>£9,462,309</b>	<b>£9,613,352</b>	<b>£10,368,566</b>	<b>£10,519,609</b>	<b>£10,771,347</b>	<b>£11,526,562</b>	<b>£11,778,300</b>	<b>£12,533,514</b>	<b>£12,785,252</b>	<b>£12,936,295</b>	<b>£13,691,510</b>			
revenue costs	£65,000	£182,988	£185,988	£188,988	£193,188	£196,788	£98,600	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
capital costs	£47,500	£20,196	£3,020,396	£3,010,596	£10,796	£5,010,996	£5,005,600	£5,000,000	£5,000,000	£5,000,000	£5,000,000	£5,000,000	£5,000,000	£5,000,000	£5,000,000	£5,000,000	£5,000,000	£5,000,000	£5,000,000	£5,000,000	£5,000,000	£5,000,000	£5,000,000	£5,000,000	£5,000,000	£5,000,000	£5,000,000	£5,000,000	£5,000,000
<b>Hertfordshire Enviro-tech surplus / (deficit)</b>	<b>£37,500</b>	<b>(£165,684)</b>	<b>(£730,231)</b>	<b>£223,030</b>	<b>£3,461,652</b>	<b>£2,661,510</b>	<b>£2,720,166</b>	<b>£3,371,277</b>	<b>£4,173,431</b>	<b>£5,730,800</b>	<b>£8,028,161</b>	<b>£10,577,261</b>	<b>£13,881,574</b>	<b>£17,336,931</b>	<b>£21,044,026</b>	<b>£30,506,335</b>	<b>£40,119,687</b>	<b>£50,488,254</b>	<b>£61,007,863</b>	<b>£71,779,211</b>	<b>£83,305,772</b>	<b>£95,084,072</b>	<b>£107,617,587</b>	<b>£120,402,839</b>	<b>£133,339,135</b>	<b>£147,030,644</b>			
<b>Cumulative position</b>	<b>£37,500</b>	<b>(£165,684)</b>	<b>(£730,231)</b>	<b>£223,030</b>	<b>£3,461,652</b>	<b>£2,661,510</b>	<b>£2,720,16</b>																						

## Appendix 2

### Enterprise Zone Risk Register

Risk	Residual impact	Residual likelihood	Score	Mitigation and commentary	Mitigated impact	Mitigated likelihood	Score
That the St Albans Local Plan is found unsound following the Inspector's review of compliance with the Duty to Co-operate	4	4	16	This is outside of DBC control and as such cannot be mitigated. If the decision is known before the Memorandum of Understanding (MoU) is signed then consideration of the future of the EZ would have to be made by all parties. Should this be after the MoU is signed and the judgement that the EZ is not sufficiently viable then notice can be served on the Secretary of State to terminate the EZ.	3	4	12
That the Crown Estate land does not come forward or is severely delayed	4	3	12	<p>This is dependent on: (i) positive progress being made with St Albans' Local Plan; and (ii) the infrastructure required to develop the site being deliverable.</p> <p>The operation of the EZ makes the chances of the infrastructure coming forward much more likely. St Albans aim to submit their plan for examination this year.</p> <p>The production of a Masterplan will provide more weight to the ability to develop the Crown land</p>	3	3	9

				Should the Crown Estate land not come forward there would be a question mark on whether the EZ should proceed and this would be evaluated at the time. An initial judgement on the St Albans Local Plan will occur in November 2016 with a judgement being made by the plan Inspector regarding whether or not the Duty to Cooperate requirement has been met. If it is deemed not to be met the likelihood is that the St Albans Plan would go back to square one.			
<b>That the government changes the rules on Enterprise Zones</b>	<b>4</b>	<b>2</b>	<b>8</b>	Whilst there is evidence that governments do change the rules on previously agreed arrangements (e.g. self-funding of HRAs) it does seem to recognise that financial commitments made have to be met. It is unlikely that committed borrowing is left unfunded though more likely that uncommitted spending would be expected to be cut.	<b>4</b>	<b>2</b>	<b>8</b>
<b>That the Business Rate income is insufficient to fund the costs of infrastructure</b>	<b>4</b>	<b>3</b>	<b>12</b>	This is a risk not entirely capable of control and will be determined by national and international performance.  The delivery of the Business Plan will be critical to the mitigation of this risk. A convincing marketing and support package alongside a convincing delivery programmes should ensure that this will not happen.	<b>3</b>	<b>2</b>	<b>6</b>
<b>That predicted growth either doesn't</b>	<b>4</b>	<b>4</b>	<b>16</b>	The inherent attraction of the site	<b>2</b>	<b>2</b>	<b>4</b>

happen or is slower to occur				together with the benefits of EZ status means that there will be a strong level of potential growth. The mix of marketing and delivery of required infrastructure will reduce this risk substantially.			
<b>That uncertainty over business rate income prevents necessary borrowing</b>	<b>4</b>	<b>3</b>	<b>12</b>	<p>A prerequisite to manage the financial aspects of the EZ is to have a working Business Plan model which can factor in the investment requirements and their costs against the income stream and to be able to model different scenarios to give better knowledge of funding options.</p> <p>Whilst there can be no absolute assurance over the level of business rates income it is possible to gear the borrowing to be comfortably within the predicted parameters. As it is a revenue stream it is possible to avoid borrowing by use of revenue surplus and use borrowing to cover those points where the business plan moves into deficits.</p> <p>This points to having access to appropriate technical support and guidance on these matters alongside an effective Business plan model.</p>	<b>2</b>	<b>2</b>	<b>4</b>
<b>That anticipated match funding for infrastructure does not materialise</b>	<b>3</b>	<b>3</b>	<b>9</b>	The key area where match funding is required is for the transport improvements. In order to make a decision on which possible solution will be followed the EZ will need certainty over the degree to which there will be	<b>2</b>	<b>2</b>	<b>4</b>

				developer contributions and funding from central government.			
<b>That infrastructure requirements are underestimated</b>	<b>4</b>	<b>2</b>	<b>8</b>	An early task for the EZ will be to refine the individual projects which will form the overall infrastructure requirements and to make sure that these are as comprehensive as possible and are realistically costed.	<b>3</b>	<b>1</b>	<b>4</b>
<b>That the share of Business Rates going directly to the Local authorities and the LEP leaves insufficient income for the EZ</b>	<b>4</b>	<b>3</b>		This will be mitigated by the accountable bodies taking a pragmatic approach to the level and timing of receipt of business rates share. There seems little point in extracting an unreasonable level of funding if the impact is to depress the development of the EZ and the total business rates generated over the EZ lifetime.	<b>2</b>	<b>2</b>	<b>4</b>
<b>That Enviro-Tech growth does not happen</b>	<b>2</b>	<b>4</b>	<b>8</b>	Left entirely to market forces it is very likely that the growth will be in logistics. This is mitigated at BRE and Rothamsted by the ability to select the type of businesses. It is also mitigated to a degree by planning policy.  In the early years the EZ can offer Business Rate Discounts to preferred uses, which would focus on enviro tech.  The EZ can intervene to increase the amount of EZ growth through the approach to marketing, the linkages to BRE, Rothamsted and the University. It can also intervene through purchase of	<b>1</b>	<b>2</b>	<b>3</b>



				land in the EZ and the development and letting of Enviro Tech only incubator, larger move-on, and new company premises.			
<b>That the EZ team has insufficient capacity, expertise and leadership</b>	<b>4</b>	<b>3</b>	<b>12</b>	It is vital that the EZ team moves from its current resourcing and staffing to a more permanent and dedicated basis and is designed to meet the needs of the business plan and the wishes of the Board. It will be a huge venture and will need to be staffed and governed accordingly. In time an EZ Director will be appointed and greater direct involvement of the constituent local authorities – who will be taking the risks – is essential.	<b>2</b>	<b>1</b>	<b>3</b>