
**Town and Country Planning Act 1990
Planning and Compulsory Purchase Act 2004**

Section 78 Appeal by Redrow Homes Ltd

Land at Little Bushey Lane, Hertsmere

Five Year Housing Land Supply – Technical Report
Nicholas Martin Paterson-Neild BA (Hons) MPhil, MRTPI

Appeal Ref: **APP/D0121/W/21/3285624**

LPA Ref: 22/1071/OUT

April 2023

Town and Country Planning Act 1990 – Section 78

Planning and Compulsory Purchase Act 2004

**Town and Country Planning
(Inquiries Procedure) (England) Rules 2000 (As Amended)**

Land at Little Bushey Lane, Hertsmere

Appeal against non-determination of planning permission by Hertsmere Borough Council of an outline planning application for residential development (up to 310 units) with access from Little Bushey Lane, and land reserved for primary school, community facilities and mobility hub (Class E) along with car parking, drainage and earthworks to facilitate drainage, open space and all ancillary and enabling works. (Outline Application with Appearance, Landscaping, Layout and Scale Reserved)”

**Five Year Housing Land Supply – Technical Report of
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2.	Decision Notice: Sunny Bank Junior and Infant School, Field View Road, Potters Bar, Hertfordshire	17 th April 2019
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1.0 QUALIFICATIONS AND EXPERIENCE

- 1.1 My name is Nicholas Martin Paterson-Neild. I have a Bachelor of Arts Degree with Honours in Geography from the University of Southampton (1996) and a Master of Philosophy Environmental Planning and Development Post Graduate Degree with Distinction from the University of Reading (2000). I have 22 years' experience as a town planner. I am a Chartered Member of the Royal Town Planning Institute.
- 1.2 Barton Willmore now Stantec is one of the UK's leading planning and design consultancies. Founded as an architectural practice in the 1930s, it developed into a comprehensive planning, architectural, landscape and urban design practice in the 1970s to 1990s and has strong track record in the design and implementation of major housing and mixed-use development. Barton Willmore become part of Stantec UK in April 2022. I am currently a Director, having been a Partner at the Reading Office of Barton Willmore from October 2019 to March 2022. I joined the company as Planner in April 2003, was a Senior Planner from October 2003 to April 2005, an Associate until 2012 and a Director until September 2019. I was previously employed as a Planning Officer between 2000 and 2003 in the Development Control Department at Surrey Heath Borough Council, where I represented the Council in the Appeal process as well as dealing with a varied caseload of planning applications and other statutory consents. I have subsequently given advice on a wide range of planning projects, including Section 78 Appeals heard by way of written representation, informal hearing and public inquiry throughout the country for both public and private sector clients.
- 1.3 I have also given evidence to Section 78 Appeal and Local Plan Inquiries and Local Plan, Core Strategy and Site Allocation Examinations in Public.
- 1.4 I have made myself aware of the planning policy background and relevant issues to this appeal. The evidence provided is my true and professional opinion.

2.0 INTRODUCTION

2.1 My Technical Report relates to an appeal by Redrow Homes Ltd ('the Appellant') in support of an appeal against the failure to determine an outline planning application by Hertsmere Council ('HC'), for the proposed residential development of land at Land at Little Bushey Lane, Hertsmere (the 'Appeal Site').

2.2 The description of development is as follows:

"Outline planning application for residential development (up to 310 units) with access from Little Bushey Lane, and land reserved for primary school, community facilities and mobility hub (Class E) along with car parking, drainage and earthworks to facilitate drainage, open space and all ancillary and enabling works. (Outline Application with Appearance, Landscaping, Layout and Scale Reserved)"

2.3 Since lodging this Appeal, officers have presented a report to the Council's Planning Committee on 23rd February 2023 (**CD.C1**). Of particular note is that officers confirm:

"7.4.9 The Council cannot currently demonstrate a five-year housing land supply and therefore the presumption in favour of sustainable development is engaged, per paragraph 11 of the NPPF. Planning permission should be granted unless the application of policies in the NPPF that protect areas or assets of particular importance provide a clear reason for refusal. Footnote 7 of the NPPF confirms that land designated as Green Belt is included in the definition of 'areas or assets of particular importance'. The 'tilted balance' does not therefore come into play as part of this assessment, as the application site falls wholly within the Metropolitan Green Belt."

and

"7.15.6 The delivery of homes, including affordable homes, where the Council cannot demonstrate a five-year housing land supply, is considered to carry significant weight."

2.4 The Council has since prepared a putative reason for refusal to confirm how the application would have been determined:

"01. Per paragraph 11 of the NPPF, the presumption in favour of sustainable development applies. Planning permission should therefore be granted, unless the application of policies within the NPPF that protect areas or assets of particular importance (which includes land designated as Green Belt) provides a clear reason for refusal.

The proposed development is considered to be inappropriate development in the Green Belt, given that it would fail to comply with any of the defined exceptions at paragraphs 149 and 150 of the NPPF. A case for Very Special Circumstances (VSCs) has been made by the applicant, outlining a number of benefits of the scheme. However, these benefits when taken together are insufficient to clearly outweigh the substantial harm to the Green Belt, by virtue of inappropriateness and due to the significant harm to openness that would arise.

Therefore, the proposed development is considered to be contrary to the NPPF (2021), Policies SP1, SP2, and CS13 of the Core Strategy (2013) and Policy SADM26 of the Site Allocations and Development Management Policies Plan (2016)

02. The proposed development is considered to result in harm to the character and appearance of the landscape; in particular, due to the visual impact of the development on existing open views with rural aspect from Little Bushey Lane and nearby Public Rights of Way, including those that cross through the application site (PRoW Bushey 033 and 040). In particular, views through and within the site from PRoW 040 would become enclosed and constrained by built form.

Therefore, the proposed development is considered to be contrary to the NPPF (2021), Policy CS12 of the Hertsmere Core Strategy (2013) and Policy SADM11 of the Site Allocations and Development Management Policies Plan (2016).

03. The proposed development has failed to demonstrate that it would not result in increased flood risk to future occupiers of the development or the surrounding area, and that an appropriate drainage scheme could be achieved. This is contrary to the NPPF (2021), Policy CS16 of the Hertsmere Core Strategy (2013), and Policies SADM14 and SADM15 of the Site Allocations and Development Management Policies Plan (2016).

- 2.5 The Council's report to Committee identifies a series of benefits arising from the proposed development and this includes, inter alia:

“provision of a high number of market dwellings where there is a significant shortfall in housing land, and delivery at speed as the applicant is the freeholder of the land” (my emphasis).

- 2.6 This report specifically refers to Hertsmere’s failure to be able to demonstrate a five-year land supply and provides a detailed overview of the extent of the shortfall. The consideration of the development proposal in terms of the overall planning balance is contained in the evidence of Ms Ventham.

3.0 THE DEVELOPMENT PLAN

3.1 Section 38(6) of the Planning and Compulsory Purchase Act 2004 requires local planning authorities to determine planning applications in accordance with the Development Plan unless material considerations indicate otherwise.

3.2 The Development Plan comprises the following¹:

- Hertsmere Core Strategy (January 2013);
- Elstree Way Corridor Area Action Plan (July 2015); and
- Hertsmere Site Allocations and Development Management Policies Plan (November 2016).

Core Strategy (January 2013)

3.3 The Core Strategy was initially adopted in January 2013 and covers the period 2012-27. As identified in the Spatial Vision in Paragraph 2.1 the Borough is characterised by a small number of main settlements, including Bushey which the appeal site adjoins, and a significant proportion of the Borough is Metropolitan Green Belt land:

"Hertsmere is a largely rural Borough in Hertfordshire, and situated immediately to the north of London. 80% of the 38 square mile Borough is Green Belt land, with the four main settlements of Borehamwood, Bushey, Potters Bar and Radlett constituting the only urbanised areas..."

3.4 The Spatial vision statement in Table 3 confirms the need to ensure sufficient land is made available to meet housing needs and that the four key settlements will remain a priority in realising this objective:

"Steps will be taken to ensure that sufficient land is made available to meet the different housing needs of the local population and for a range of business accommodation and local services, facilitating a more sustainable pattern of development. Recognising the distinct development needs and local constraints of the four key settlements of Borehamwood, Potters Bar, Bushey and Radlett together with those of other communities, will remain a priority."

¹ Though not of relevance to my evidence the Development Plan also includes the Hertfordshire Minerals Local Plan Review 2002-2016 (adopted March 2007); Hertfordshire Waste Core Strategy and Development Management Policies (adopted November 2012); and Hertfordshire Waste Site Allocations Document (adopted July 2014); Radlett Neighbourhood Plan (May 2021); Shenley Neighbourhood Plan (May 2021)

- 3.5 Paragraph 2.33 confirms that Borehamwood, Potters Bar and Bushey have been identified as Strategic Housing Locations, corresponding with their position within the Borough settlement hierarchy in Table 6.
- 3.6 My evidence focusses on those Development Plan policies relevant to the supply of housing, with Ms Ventham's evidence addressing other relevant planning policies relating to this appeal.
- 3.7 Policy SP1 (Creating Sustainable Development), confirms that there will be a focus on prioritising development opportunities in Borehamwood but all existing built-up areas within urban settlements will be expected to accommodate opportunities which arise for meeting local housing needs. Policy SP2 confirms that the Council will take a positive approach to the consideration of development proposals that reflects the presumption in favour of sustainable development. Paragraph 3.2 sets out the drivers behind the need for additional housing development, which include household growth (driven by smaller households, higher life expectancy, and increased separation rates); population increase and housebuilding rates which is not keeping up with the projected level of affordable housing need. To 2027, the Council expected to accommodate up to 25% of new homes in Bushey (second only to Borehamwood (60%)).
- 3.8 Policy CS1 (The Supply of New Homes) requires provision of 3,990 dwellings between 2012 and 2027 having regard to a series of criteria, including environmental constraints, character, pattern and density of the surrounding area, the need to locate new development in the most accessible locations taking account of infrastructure capacity, the settlement hierarchy and the need to focus development within the boundaries of existing built-up areas.
- 3.9 It is of importance to appreciate that the Core Strategy Inspector concluded that the proposed housing target of 3,550 (amended through main modifications to 3,990) had **"not been adequately justified against RS [Regional Strategy],"** and that:

"The under-provision proposed in the Plan is not supported by substantive evidence that this is justified, having regard to the overall planning objectives for this part of the region set out in RS Policy LA1."²

² Paragraph 15 CD.F20

- 3.10 The Core Strategy Inspector ultimately concluded that there were insufficient grounds to delay the Plan in order to re-assess the housing requirement at that time, but concluded the need for an early partial review of the Plan within 3 years (i.e. by January 2016) in Paragraph 23 that:

"The Council has put forward modifications that firstly, set the RS residual housing requirement as the minimum provision figure for the Plan and secondly, confirm that the necessary re-assessment of housing need and demand will be undertaken in collaboration with adjoining authorities to inform an early partial review of the Plan. This will include an updated strategic housing market assessment and jobs growth and employment land study."

- 3.11 The commitment to a partial review is found in Paragraph's 9.13-9.15:

"The Council commits to undertaking a partial review of the Core Strategy within three years of the adoption of this Development Plan Document."

and

"The Council acknowledges that housing need in the authority would not be fully met in the minimum target set in Policy CS1, based on the latest available evidence." (my emphasis)

- 3.12 Policy CS2 (The Location of New Homes) indicates that priority will be given to locating the majority of residential development in the main settlements (25% in Bushey), with windfall developments supported on appropriate sites in all towns subject to environmental constraints, the relationship with the surrounding pattern of development and the requirements of other policies.
- 3.13 Paragraph 3.16 confirms that where housing delivery and projected housing completions falls below the minimum rate, in line with Policy CS3 and the contingency arrangements set out in Chapter 9 (Implementation and Monitoring Framework), it will be necessary to take steps to increase the housing supply.
- 3.14 Policy CS3 (Housing Delivery and Infrastructure) states that:

"Where housing delivery has fallen below the required minimum rate over a rolling three year period by at least 20% and at the same point in time the expected completions over the following five years will be insufficient to compensate for the shortfall of the minimum required annualised rate, a review of

housing allocations will be undertaken including consideration of safeguarded land for housing and land presently designated as Green Belt. New housing development will only be permitted if satisfactory arrangements are in place to provide the necessary infrastructure.”

3.15 At the time of adoption of the Core Strategy no changes were proposed to the Green Belt save in respect of Shenley Hospital, to reflect its redevelopment (as confirmed in Policy CS13).

3.16 However, Paragraph 9.7 (Implementation & Monitoring Framework) confirms that:

“Should housing delivery still remain more than 20% below the annualised housing target, as set out above, this will trigger a review of the plan and the Council will implement one or more of the following measures in order to increase the delivery of housing, as detailed below:

1. Review the DPDs to bring forward additional sites for housing in locations consistent with the overarching spatial strategy, including a review of housing allocations, affordable housing provision and S106/CIL requirements.

2. In the event that there is still a shortfall in housing delivery, following co-operation with neighbouring authorities, the Council will evaluate employment land and if required Green Belt land with the aim of releasing land for housing development in appropriate locations.”

Hertsmere Site Allocations and Development Management Policies Plan (November 2016)

3.17 The SADM made minor changes to the Green Belt, allocated land under Policy SADM1 and removed the Print Works at Bushey Hall Golf Course from the Green Belt.

Elstree Way Area Action Plan (AAP) (July 2015)

3.18 The Elstree Way Corridor Area Action Plan (AAP) is a spatial strategy for the coordinated development and design of the area known as the Elstree Way Corridor. Paragraph 1.12 confirms that the delivery of the AAP will require joint working between various public and private sector organisations and agencies. The development of the whole of the Elstree Way Corridor as envisaged will take many years to complete. The delivery and implementation section of the AAP sets out that:

"7.3 As the proposed development requires the re-provision of a number of public facilities, a development partner approach will be favoured for a phase or series of phases of development, particularly where the development proposals are within the same opportunity site. Such an approach would allow the comprehensive development of the corridor. This involves a lead organisation (not necessarily the landowner) submitting the application and guiding it through the planning process, including the negotiation of s106 obligations. The organisation would then act in the role of 'development manager' in relation to the exercise of development activity undertaken by separate house builders procuring serviced plots, and the 'development manager' ensuring that infrastructure is delivered so that standards and restrictions are observed.

7.4 An incremental development approach whereby development is brought forward on a plot by plot basis is highly likely. Development following this approach must be consistent with policies within the AAP and Core Strategy. Applications for development not in accordance with the AAP or coming forward in a fragmented manner will be refused."

Emerging Planning Policy

Emerging Hertsmere Local Plan

- 3.19 Despite the requirement for a partial review within three years, work on the new Local Plan only began in 2016 and was proposed to cover the period to 2038. The Council consulted on the Draft Hertsmere Local Plan Reg 18 in October to December 2021. One of the Strategic Objectives was to **"Enable the delivery of a minimum of 12,160 new homes."** This was set out in draft Policy H1 (between 2022 and 2038 at a rate of 760 homes per annum). The draft Plan highlights Bushey as a Tier II Settlement, second only to Borehamwood. The appeal site was identified (site ref B1 – see page 87) for a sustainable urban neighbourhood of 350 homes. A total of 2,895 new homes were proposed in Bushey including 12 allocated sites. The Council had also identified a new settlement on current Green Belt land for 6,000 homes (2,400 within the Plan period) at Bowmans Cross.
- 3.20 Of importance, the draft Plan acknowledges on page 59 in the context of ensuring the delivery of new housing to meet identified needs, the release of land for housing from the Green Belt is necessary and sites (including the Appeal site) have been subject to rigorous assessment and where exceptional circumstances exist, sites are allocated:

“Directing new residential development to urban and brownfield sites and optimising the density of development remain local priorities but the extent of housing need identified still requires a number of sites and/or locations within the boundary of the green belt, as defined on the 2016 Policies Map, to be allocated for residential use. Sites promoted for residential development have been subject to rigorous assessment; where exceptional circumstances justifying the release of land for this purpose exist, sites are allocated and the green belt boundary has been adjusted on the Policies Map accordingly, with compensatory improvements to the green belt required in accordance with Policy GB2.”

- 3.21 The most recently published Local Development Scheme (LDS) was published in April 2021 (**CD.F17**) and had assumed pre-submission consultation on the new Local Plan in March and April 2022 with Submission of the Plan in July 2022, Examination late 2022 into early 2023 and adoption by June of 2023.
- 3.22 However, A meeting of Hertsmere’s full Council on 27th April 2022 (**CD.G3**) it was agreed to ‘set aside’ the current Regulation 18 draft Local Plan but continue the local plan process by completing consideration of the Regulation 18 engagement responses and carrying out additional work as necessary to inform a local plan spatial strategy, whilst awaiting clarity from the Government on changes to law or policy affecting that matter.
- 3.23 There is currently no revised timetable for the preparation of the new Local Plan, nor an updated LDS. However it is noteworthy that Paragraph 6.21 of the Full Council Report advised that “it is likely that the additional housing, employment and other evidence base reviews and work will take around a year and if a decision is made to pursue changes to the Local Plan using this information, there could be another 12 months to update other evidence and undertake further Regulation 18 consultation, and then following that undertake a Regulation 19 Publication of the Local plan”. In other words, at least a two-year delay to the adoption of a Local Plan. Amongst many planning implications of a delay to plan making officers advised:

“It will take longer for Hertsmere to be able to establish a five year supply of land. Hertsmere currently only has a 2.5 year supply of housing land, this will most likely worsen it in the medium term.”

South West Herts Joint Strategic Plan

- 3.24 Along with Dacorum Borough Council, St Albans City and District Council, Three Rivers District Council and Watford Borough Council, Hertsmere has commenced work on a Joint Strategic Plan (JSP) for the South West Hertfordshire area. This work is also being supported by Hertfordshire County Council. Each council will still be responsible for preparing their own Local Plan, but a JSP will support local planning work across South West Hertfordshire, setting the strategic framework and shared priorities within which individual local plans can be prepared. Work began in 2021 and remains at an early stage, with a 2050 – Realising Our Potential consultation in 2022.

4.0 THE NEED FOR HOUSING

- 4.1 The overall thrust of the planning policy approach towards housing provision at a national level has been to boost significantly the supply of housing. This was articulated as far back as the 'Planning for Growth' Ministerial Statement (dated 23rd March 2011) which has a clear objective to drive forward economic growth and housing delivery. It recognises the need to **"...maintain a flexible and responsive supply of land for key sectors, including housing"** and acknowledges that the planning system is key in driving and delivering economic development and helping to unlock stalled development. It requires Councils to:

"press ahead without delay in preparing up-to-date development plans and should use that opportunity to be proactive in driving and supporting the growth that this country needs" and to "...make every effort to identify and meet the housing, business and other development needs of their areas, and respond positively to wider opportunities for growth...".

- 4.2 The purpose of the planning system is to contribute to the achievement of sustainable development. Paragraph 8 of the Framework acknowledges importantly that achieving sustainable development means that the planning system has three overarching objectives, which are interdependent and need to be pursued in mutually supportive ways (so that opportunities can be taken to secure net gains across each of the different objectives). Paragraph 9 advises that these objectives should be delivered through the preparation and implementation of plans and the application of policies in the Framework and that they are not criteria against which every decision can or should be judged.
- 4.3 Nevertheless, Paragraph 10 of the Framework highlights that at the heart of the Framework there is a presumption in favour of sustainable development. Paragraph 11 states that this should apply in plan-making and decision-taking. For decision taking this means:

- "(c) approving development proposals that accord with an up-to-date development plan without delay; or**
- (d) where there are no relevant development plan policies, or the policies which are most important for determining the application area out-of-date, granting planning permission unless:**
 - (i) the application of policies in this Framework that protect areas or assets of particular importance provides a clear reason for refusing the development proposed; or**

(ii) **any adverse impacts of doing so would significantly and demonstrably outweigh the benefits, when assessed against the policies in this Framework taken as a whole."**

- 4.4 Footnote 8 clarifies that out-of-date includes the situation where the local planning authority cannot demonstrate a five-year supply of deliverable housing sites (with the appropriate buffer, as set out in Paragraph 74). NPPF Paragraphs 60 to 80 deal with delivering a sufficient supply of homes. The Framework gives a clear and concise statement of Government policy on the matter of housing supply, commencing at paragraph 60 which seeks to **"significantly boosting the supply of homes"** and that it is **"important that a sufficient amount and variety of land can come forward where it is needed, that the needs of groups with specific housing requirements are addressed"**. As
- 4.5 I have set out above, the Council does not have an NPPF compliant assessment of local housing need as required by paragraph 61 of the Framework. As confirmed in the Suffolk Coastal Supreme Court Judgment (**CD.J1**), where housing supply policies failed to meet the objectives set by the then Paragraph 47 of the 2012 NPPF, the Inspector in that case **"rightly recognised that they should be regarded as 'out of date' for the purposes of Paragraph 14."** I also conclude in my evidence that the Council does not have a 5-year supply of deliverable housing sites.
- 4.6 Paragraph 61 states that to determine the minimum number of homes needed, strategic policies should be informed by a local housing needs assessment, conducted using the standard method in national planning guidance unless exceptional circumstances justify an alternative approach which also reflects current and future demographic trends and market signals. Paragraph 73 advises that in the context of large sites, authorities should:
- "...make a realistic assessment of likely rates of delivery, given the lead-in times for large scale sites."**
- 4.7 Paragraph 74 of the Framework requires LPAs to provide a minimum of 5 years' worth of housing (with a buffer of either 5% to ensure choice and competition; 10% where an LPA publishes an annual position statement; or 20% where there has been significant under delivery of housing over the previous three years) against their local housing need where their strategic policies are more than 5 years old: that is the case here with the Core Strategy having been adopted in 2013. In such circumstances, the starting point for calculating the 5-year land supply is the local housing need using the standard method.

- 4.8 Paragraph 76 confirms that to maintain the supply of housing, LPAs should monitor progress in building out sites which have planning permission. Where the Housing Delivery Test indicates that delivery has fallen below 95% of the requirement over the previous three years, the authority should prepare an Action Plan to assess the causes of under-delivery and identify actions to increase delivery in future years. The fourth annual Housing Delivery Test (HDT) results were published by DLUHC on the 14th January 2022. For Hertsmere, this showed that only 88% of the housing delivery required over the previous 3 years was delivered. The consequence of this being a need to apply a 5% buffer to the land supply and the need to prepare an Action Plan to address supply. An Action Plan was prepared by Hertsmere and published in September 2022 (**CD.H2**).
- 4.9 To support the Government’s objective of significantly boosting the supply of housing, it is important that a sufficient amount and variety of land can come forward where it is needed. Paragraph 15 of the Framework underlines the importance of the plan led system:

“Succinct and up-to-date plans should provide a positive vision for the future of each area; a framework for addressing housing needs and other economic, social and environmental priorities; and a platform for local people to shape their surroundings.”

- 4.10 The Glossary of the NPPF defines the meaning of ‘Deliverable’ in the context of the supply of housing and highlights a firm and important distinction between non major development with planning permission and all sites with detailed permission on the one hand, and those sites with outline planning permission for major development and those allocated in Local Plans on the other:

“To be considered deliverable, sites for housing should be available now, offer a suitable location for development now, and be achievable with a realistic prospect that housing will be delivered on the site within 5 years. In particular:

- a) sites which do not involve major development and have planning permission, and all sites with detailed planning permission should be considered deliverable until permission expires, unless there is clear evidence that homes will not be delivered within 5 years (for example because they are no longer viable, there is no longer a demand for the type of units or sites have long term phasing plans).**

- b) **where a site has outline planning permission for major development, has been allocated in a development plan, has a grant of permission in principle, or is identified on a brownfield register, it should only be considered deliverable where there is clear evidence that housing completions will begin on site within 5 years.”** (my emphasis)

Planning Practice Guidance (PPG)

- 4.11 The Planning Practice Guidance (PPG) was launched in March 2014 and has been updated a number of times since. The PPG provides further guidance on the application of national policy with regard to the assessment and consideration of the 5-year supply of housing:

“A 5 year land supply is a supply of specific deliverable sites sufficient to provide 5 years’ worth of housing (and appropriate buffer) against a housing requirement set out in adopted strategic policies, or against a local housing need figure, using the standard method, as appropriate in accordance with paragraph 73 of the National Planning Policy Framework.³”

- 4.12 The PPG confirms in the context of what constitutes a deliverable housing site in the context of plan making and decision taking that:

“In order to demonstrate 5 years’ worth of deliverable housing sites, robust, up to date evidence needs to be available to support the preparation of strategic policies and planning decisions.⁴”

- 4.13 The PPG also clarifies that for decision-taking purposes, an authority will need to be able to demonstrate a 5-year housing land supply when dealing with applications and appeals. They can do this in one of two ways: through an Annual Position Statement (which Hertsmere Council has not prepared), or by:

“using the latest available evidence such as a Strategic Housing Land Availability Assessment (SHLAA), Housing and Economic Land Availability Assessment (HELAA), or an Authority Monitoring Report (AMR)⁵”

- 4.14 Hertsmere last produced a SHLAA report 4 years ago in 2019 in support of the emerging Local Plan (**CD.H3**).

³ Paragraph: 002 Reference ID: 68-002-20190722

⁴ Paragraph: 007 Reference ID: 68-007-20190722

⁵ Paragraph: 004 Reference ID: 68-004-20190722

- 4.15 With reference to the definition of Deliverable in the NPPF, the PPG amplifies this by confirming that:

"As well as sites which are considered to be deliverable in principle, this definition also sets out the sites which would require further evidence to be considered deliverable, namely those which:

- have outline planning permission for major development;**
- are allocated in a development plan;**
- have a grant of permission in principle; or**
- are identified on a brownfield register.**

Such evidence, to demonstrate deliverability, may include:

- current planning status – for example, on larger scale sites with outline or hybrid permission how much progress has been made towards approving reserved matters, or whether these link to a planning performance agreement that sets out the timescale for approval of reserved matters applications and discharge of conditions;**
- firm progress being made towards the submission of an application – for example, a written agreement between the local planning authority and the site developer(s) which confirms the developers' delivery intentions and anticipated start and build-out rates;**
- firm progress with site assessment work; or**
- clear relevant information about site viability, ownership constraints or infrastructure provision, such as successful participation in bids for large-scale infrastructure funding or other similar projects⁶.**

- 4.16 In the context of Housing Land Availability Assessments, the PPG also provides guidance on the consideration of lead in times and delivery rates:

"Information on suitability, availability, achievability and constraints can be used to assess the timescale within which each site is capable of development. This may include indicative lead-in times and build-out rates for the development of different scales of sites. On the largest sites allowance should be made for several developers to be involved. The advice of developers and local agents will be important in assessing lead-in times and build-out rates by year."⁷

⁶ Paragraph: 007 Reference ID: 68-007-20190722

⁷ Paragraph: 022 Reference ID: 3-022-20190722

- 4.17 There has been much debate on lead in times and delivery rates. In their latest Insight report (November 2021), “Feeding the Pipeline” Lichfields, commissioned by the Land Promoters and Developers Federation (LPDF) and Home Builders Federation (HBF), have undertaken research into the pipeline of sites for housing set against what might be needed to achieve the Government target of 300,000 homes per annum across England. Lichfield’s advise:

“Increasing the number of ‘outlets’ – the active sites from which homes are completed – and doing so with a wide variety of different sites, is key to increasing output, with each housebuilder outlet delivering on average 45 homes each year.”

- 4.18 Lichfield’s stark conclusion is that for every district in England a further 4-5 medium sites a year or 4-5 larger sites over the next 5 years (or 1-2 medium sites per annum or 1-2 large sites over the next 5 years and 12 or 13 smaller sites per annum) is needed to achieve Government policy on housing delivery over and above the usual number of permissions granted each year. With regard to the pipeline of developers and the rate of delivery they note that:

“Housebuilders in buoyant conditions may be able to increase build out rates from their existing pipelines, and this might be welcomed. However, it would still necessitate more implementable planning permissions coming through the system to both increase outlets (alongside those existing outlets delivering more quickly) as well as to top-up already short pipelines that would otherwise be exhausted more quickly. Quite simply, without adding more permissions, there is no business rationale for housebuilders to build-out from their pipelines more quickly as the risks associated with topping up their pipeline in time would not be compatible with business resilience.”

- 4.19 It is important to appreciate the changes to and evolution of the guidance contained in the PPG pertaining to what constitutes a deliverable site in the context of housing policy. The definition of deliverable in the original NPPF in 2012 made no distinction between sites with full or outline permission, footnote 11 stated:

“To be considered deliverable, sites should be available now, offer a suitable location for development now, and be achievable with a realistic prospect that housing will be delivered on the site within five years and in particular that development of the site is viable. Sites with planning permission should be considered deliverable until permission expires, unless there is clear evidence that schemes

will not be implemented within five years, for example they will not be viable, there is no longer a demand for the type of units or sites have long term phasing plans.”

- 4.20 The 2014 version of the PPG clarified that the grant of planning permission is not a prerequisite for a site being considered deliverable in terms of 5-year supply but again did not distinguish explicitly between sites with outline and full planning permission:

“Deliverable sites for housing could include those that are allocated for housing in the development plan and sites with planning permission (outline or full that have not been implemented) unless there is clear evidence that schemes will not be implemented within 5 years.

However, planning permission or allocation in a development plan is not a prerequisite for a site being deliverable in terms of the 5-year supply. Local planning authorities will need to provide robust, up to date evidence to support the deliverability of sites, ensuring that their judgements on deliverability are clearly and transparently set out. If there are no significant constraints (eg infrastructure) to overcome such as infrastructure sites not allocated within a development plan or without planning permission can be considered capable of being delivered within a 5-year timeframe.

The size of sites will also be an important factor in identifying whether a housing site is deliverable within the first 5 years. Plan makers will need to consider the time it will take to commence development on site and build out rates to ensure a robust 5-year housing supply.

**Paragraph: 031 Reference ID: 3-031-20140306
Revision date: 06 03 2014”**

- 4.21 The 2018 version of the PPG drew reference to sites with outline permission and allocations, calling for clear evidence is required:

“What constitutes a ‘deliverable site’ in the context of housing policy?

Annex 2 of the National Planning Policy Framework defines a deliverable site in terms of an assessment of the timescale for delivery and the planning status of the site. For sites with outline planning permission, permission in principle, allocated in a development plan or identified on a brownfield register, where clear evidence is required to demonstrate that housing completions will begin on site within 5 years, this evidence may include:

- **any progress being made towards the submission of an application;**
- **any progress with site assessment work; and**
- **any relevant information about site viability, ownership constraints or infrastructure provision.**

For example:

- **a statement of common ground between the local planning authority and the site developer(s) which confirms the developers' delivery intentions and anticipated start and build-out rates.**
- **a hybrid planning permission for large sites which links to a planning performance agreement that sets out the timescale for conclusion of reserved matters applications and discharge of conditions.**

Paragraph: 036 Reference ID: 3-036-20180913
Revision date: 13 09 2018"

4.22 It is evident that from 2012 to the present, Government policy, expressed both through the Framework and PPG, has materially changed in terms of the evidential requirements placed on Local Planning Authorities in considering what constitutes deliverable housing sites for the purposes of 5-year supply of housing. In the Bloor Homes Hanging Lane, Birmingham Secretary of State decision, (CD.I14)⁸ the Inspector concluded in the context of the revised definition of deliverable that:

"The significant change, in the second part of the definition, is that the presumption of deliverability is removed in respect of sites with outline planning permission, permission in principle, allocated in a development plan or identified on a brownfield register, in respect of which there is now a requirement for clear evidence that housing completions will begin within five years. As agreed by the parties this places the onus on the local planning authority to justify the inclusion of such sites in the 5YHLS." (Paragraph 14.37)

4.23 The Hanging Lane (CD.I14)⁹ Inspector summarised with reference to the two categories of sites referred to in the definition of deliverable in the NPPF (with reference to the St Modwen Judgment and Lord Gill's Judgment in the Suffolk Coastal Supreme Court case (CD.J1)):

⁸ APP/P4605/W/18/3192918

⁹ APP/P4605/W/18/3192918

"The essential consideration under both definitions is whether or not sites included in the 5YHLS will actually deliver housing within the 5 year period. In my view, that assessment is still to be made on the basis of realistic prospect and not on any greater burden of proof. As established in the St Modwen judgment (paragraph 38), that does not mean that for a site to be considered deliverable it must be certain or probable that the housing will in fact be delivered upon it. [8.27] In that paragraph, Lord Justice Lindblom refers to Lord Gill's statement, in paragraph 78 in the Suffolk Coastal judgment (CD.K1), that the requirements set out in the NPPF reflect the futility of local authorities including sites in their 5YHLS which have no realistic prospect of being developed within five years."

- 4.24 As LJ Lindblom confirmed in the Court of Appeal Judgment¹⁰ in East Bergholt (**CD.J2**) in December 2019 confirmed that:

"49. There is, in my view, no need to enlarge the court's reasoning in St Modwen Developments Ltd.. What it demonstrates is that the whole exercise of assessing the "deliverability" of sites under the policy in paragraph 47 is replete with planning judgment and must always be sensitive to the facts (see paragraphs 27 to 30, 34, 41 to 43 and 51 of my judgment). And this may be said, in particular, of the question of "achievability" – whether there is a "realistic prospect" of housing being delivered on a site within five years. A "realistic prospect" is not a legal concept. It is a broad concept of policy, which gives ample scope for a decision-maker's reasonable planning judgment on the likelihood of development proceeding on a site within five years – a predictive judgment on future events that are inevitably not certain. The court recognized the range of legitimate planning judgment available to the decision-maker when considering whether sites have a "realistic prospect" of development in the five-year period."

- 4.25 The publication of the Framework in 2018, however, signalled a shift in the burden of proof in relation to deliverability, which is now on the Local Planning Authority in respect of major sites which do not have detailed planning permission. It is for the council to provide that clear evidence of a realistic prospect of delivery for outline planning permissions and allocated sites.

- 4.26 In the Woolpit appeal decision (**CD.I15**)¹¹, the Inspector concluded that:

¹⁰ R on the Application of East Bergholt Parish Council v Babergh District Council [2019] EWCA Civ 2200

¹¹ Land on East Side of Green Road, Woolpit, Suffolk (APP/W3520/W/18/3194926)

"Sites with outline permission, or those sites that have been allocated, should only be considered deliverable where there is clear evidence that housing completions will begin on sites within five years. The onus is on the LPA to provide that clear evidence for outline planning permissions and allocated sites. (Paragraph 65)

- 4.27 In the Sonning Common appeal decision (**CD.I16**)¹², the Inspector, when considering the matter of deliverable supply and what should constitute 'clear evidence' he indicated that:

"This advice indicates to me the expectation that 'clear evidence' must be something cogent, as opposed to simply mere assertions. There must be strong evidence that a given site will in reality deliver housing in the timescale and in the numbers contended by the party concerned.

Clear evidence requires more than just being informed by landowners, agents or developers that sites will come forward, rather, that a realistic assessment of the factors concerning the delivery has been considered. This means not only are there planning matters that need to be considered but also the technical, legal and commercial/financial aspects of delivery assessed. Securing an email or completed pro-forma from a developer or agent does not in itself constitute 'clear evidence'."

- 4.28 The extent of the shortfall in the 5-year supply of deliverable housing has material significance for the weight to be given in the overall planning balance given the Hallam Judgment, a case which involved my Practice representing Hallam Land (Hallam Land Management Ltd v Secretary of State for Communities And Local Government & Anor [2018] EWCA Civ 1808 (31 July 2018) (**CD.J3**). In relation to the materiality of a housing supply shortfall, Lindblom LJ opined:

"...in a case where the local planning authority is unable to demonstrate five years' supply of housing land, the policy leaves to the decision-maker's planning judgment the weight he gives to relevant restrictive policies. Logically, however, one would expect the weight given to such policies to be less if the shortfall in the housing land supply is large, and more if it is small. Other considerations will be relevant too: the nature of the restrictive policies themselves, the interests they are intended to protect, whether they find support in policies of the NPPF, the implications of their being breached, and so forth."
(Paragraph 47)

¹² APP/Q3115/W/20/3265861

4.29 Davis LJ added that in the context of the relevance of the shortfall:

"The reason is obvious and involves no excessive legalism at all. The extent (be it relatively large or relatively small) of any such shortfall will bear directly on the weight to be given to the benefits or disbenefits of the proposed development. That is borne out by the observations of Lindblom LJ in the Court of Appeal in paragraph 47 of Hopkins Homes. I agree also with the observations of Lang J in paragraphs 27 and 28 of her judgment in the Shropshire Council case and in particular with her statements that "...Inspectors generally will be required to make judgments about housing need and supply." (Paragraph 83)

4.30 In the Brereton Heath decision (**CD.I30**)¹³, the Inspector was presented with differing views on the extent of the shortfall in housing supply, ranging between 3.31 and 4.86 years. The Council in that case invited the Inspector to consider a mid-point or 'middle ground' of 4.48 years (a shortfall of 500 homes) a position the Inspector concluded was **"not only significant but also gives rise for serious concern"**. In the recent Appeal decision¹⁴ (30th July 2021) at Old Crawley Road, Horsham (**CD.I18**), the Inspector included a detailed commentary on housing land supply matters relating to that case. In the context of a site with outline permission and evidence presented of a reserved matters anticipated to be submitted later in the year the Inspector noted that the delivery assumptions made by the landowner, noting in Paragraph 59:

"...the email correspondence relied upon falls short of the robust and practical supporting evidence referred to in the PPG. It does not reflect the challenges around gaining reserved matters approval, noting also that there is no evidence of pre-commencement conditions associated with the outline approval having been discharged. As such it is not clear this site will be able to deliver the 133 dwellings anticipated by the Council, though it appears reasonable to assume that development will have started on site."

4.31 With regard to a site benefitting from outline planning permission, but with no reserved matters application having been lodged and no evidence of progress towards such an application, the Inspector noted in Paragraph 60 that **"the reliance on the previous delivery rates in earlier phases of development as in indicator of future performance is not a sound basis for evidencing the deliverability of this Category B site."** In concluding in the Horsham decision, a 5-year supply of 4.3 years, the Inspector opined:

¹³ APP/R0660/A/13/2192192

¹⁴ APP/Z3825/W/21/3266503

"The implications of not having a five-year supply of housing land are of great significance in as the most important policies for determining the application are deemed to be out of date for the purposes of paragraph 11 d)."

NPPF Proposed Changes Consultation (December 2022 - March 2023)

4.32 At the time of writing the Government has recently consulted upon a number of proposed changes to the NPPF. Some of these are relevant to the consideration of housing land supply. At the present time little weight can be given to such proposals which remain solely potential changes to national policy. However, it is anticipated that changes to the NPPF may be made prior to the opening of the Inquiry and therefore I set out a short summary of the relevant changes proposed and how this evidence addresses them.

4.33 A change is proposed to Paragraph 7 of the NPPF to emphasise the importance of delivering new homes as part of the achievement of sustainable development:

"The purpose of the planning system is to contribute to the achievement of sustainable development, including the provision of homes and other forms of development, including supporting infrastructure in a sustainable manner."

4.34 Footnote 9 is proposed to be amended to advise that 'out of date' as set out in Paragraph 11d includes situations where the LPA cannot demonstrate a 5-year supply of deliverable housing sites and the housing requirement set out in strategic policies is more than five years old, unless these strategic policies have been reviewed and found not to require updating. Hertsmere therefore will still be required to demonstrate a 5-year supply of deliverable housing sites.

4.35 Paragraph 74 (now para 75) is proposed to be amended to state:

"Local planning authorities should monitor their deliverable land supply against their housing requirement as set out in adopted strategic policies. When the housing requirement set out in strategic policies becomes more than five years old, local planning authorities should identify and update annually a supply of specific deliverable sites sufficient to provide a minimum of five years' worth of housing against their housing requirement set out in adopted strategic policies, or against their local housing need (taking into account any previous under or over-supply as set out in planning practice guidance)"

- 4.36 The current requirement to include a buffer of 5, 10 or 20% depending on the circumstances set out in the 2021 NPPF is proposed to be deleted. As a consequence of this I will consider the housing land supply position both with and without the requisite buffer.
- 4.37 Paragraph 75 (new para 77) identifies that where housing delivery falls below 95% of the requirement over the last three years, the LPA should prepare an action plan to assess the causes of under-delivery and identify actions to increase delivery in future years. Where delivery falls below 75% of the requirement over the previous three years, the presumption in favour of sustainable development applies, as set out in footnote 9 of this Framework, in addition to the requirement for an action plan. Footnote 40 clarifies that the presumption is, however, not to be applied if permissions have been granted for homes in excess of 115% of the authority's housing requirement over the applicable Housing Delivery Test monitoring period. In the last three years Hertsmere has permitted 955 dwellings, just 42% of its requirement over that same period.
- 4.38 Proposed paragraph 226 states:

"From the date of publication of this revision of the NPPF, for the purposes of changes to paragraph 61, for decision-taking, where emerging local plans have been submitted for examination or where they have been subject to a Regulation 18 or Regulation 19 (Town and Country Planning (Local Planning) (England) Regulations 2012) consultation which included both a policies map and proposed allocations towards meeting housing need, and the housing requirement as set out in strategic policies has become more than five years old in the extant plan, local planning authorities should identify and update annually a supply of specific deliverable sites sufficient to provide a minimum of four years' worth of housing against their local housing need instead of a minimum of five years as set out in paragraph 75 of this document. These arrangements will apply for a period of two years from the publication date of this version."

- 4.39 This proposed 4-year transition arrangement I do not consider can apply to Hertsmere as it has set aside its Local Plan. In any event it cannot demonstrate four years' worth of housing against its local housing need.

5.0 THE HOUSING REQUIREMENT

- 5.1 Hertsmere Borough Council's Development Plan is the Hertsmere Core Strategy (2013) and Hertsmere Site Allocations and Development Management Plan (2016). The Core Strategy set out the requirement for housing provision in the Borough between 2012 and 2027 which is 3,990 homes and equates to 266 dwelling per annum. The Council's strategic policies were five years old as of January 2018.
- 5.2 Paragraph 74 of the Framework requires LPAs to provide a minimum of 5 years' worth of housing (with a buffer of either 5% to ensure choice and competition; 10% where an LPA publishes an annual position statement; or 20% where there has been significant under delivery of housing over the previous three years) against their local housing need where their strategic policies are more than 5 years old.
- 5.3 This is the case here with the Core Strategy having been adopted in 2013 and the key policies relating to housing Policy CS1 (The supply of new homes) and Policy CS2 (The location of new homes) being out of date. In such circumstances, the starting point for calculating the 5-year land supply position is the local housing need using the standard method.
- 5.4 Paragraph 76 of the NPPF confirms that to maintain the supply of housing, LPAs should monitor progress in building out sites which have planning permission. Where the Housing Delivery Test indicates that delivery has fallen below 95% of the requirement over the previous three years, the authority should prepare an Action Plan to assess the causes of under-delivery and identify actions to increase delivery in future years. The fourth annual Housing Delivery Test (HDT) results were published by DLUHC on the 14th January 2022. For Hertsmere, this showed that only 88% of the housing delivery required over the previous 3 years was delivered. The consequence of this being a need to apply a 5% buffer to the land supply and the need to prepare an Action Plan to assess the causes of under delivery and identify actions to increase delivery in future years. An Action Plan was published in September 2022 (**CD.H2**).
- 5.5 I set out below the actions identified by the Council in terms of progress and implications for the supply of housing and why the measures in the Action Plan are unlikely to increase delivery given the delay to plan making.

- (a) Continue work on Local Plan in line with Council Resolution of April 2022: as outlined above, given the Council has set aside its emerging Local Plan this will, as a minimum on the Council's own estimate, result in at least a two-year delay to plan making.
- (b) Update Hertsmere HELAA including new Call for Sites: HELAA has yet to be updated and is now 4 years old: a call for sites exercise was undertaken between October and December 2022.
- (c) Update brownfield land register: there are only some 16 sites on the register that do not already have planning permission.
- (d) Continue to progress relevant technical studies for the Local Plan: whilst welcome, this does not directly address supply given the setting aside of the Local Plan.
- (e) Expedite updating Part D (guidelines for new development) of the Design Guide: it is unclear how this will address supply.
- (f) Identify and where possible address factors behind consultee delays in responding to planning applications: the speed of determination of applications is an important issue but this action does not itself address the underlying matter of housing supply, especially as the Council acknowledges that over 90% of applications are determined within their time limits.
- (g) Review processes within the Planning and Economic Development department for issuing householder/minor application decisions, including template formats for delegated reports: whilst an important development management objective as over 70% of Hertsmere planning applications are householder, this again does not fundamentally address the underlying matter of housing supply.
- (h) The scope for closer joint working and associated capacity building on s106 agreements should be identified by planning and legal departments across the County. The proposed monthly monitoring of s106 between should be actively pursued and implemented, which should go a long way to improving the process: Hertsmere acknowledge that S106s can take 12-18 months to negotiate.
- (i) Consider whether the pre-application service can be expended to householder and other minor applications: this will not address supply on major sites.
- (j) Maintain a register of 'stalled' sites, where development has not commenced within two years of permission being granted, identifying reasons for delay and potential remedies: The Council states there is a "very low lapse rate for planning applications [which] indicates that there are few genuinely 'stalled' development sites".

- (k) Review options and arrangements, including through future updates of the Corporate Plan, for progressing public sector-owned sites with development potential including where jointly owned with other public sector landowners: There are no specific site objectives in the current Corporate Plan (2022/23) (**CD.H9**).
- (l) Hertsmere Borough Council should maintain and use its membership of the HIDB (Hertfordshire Infrastructure and Development Board) to help identify and address barriers to housing delivery rates: whilst helpful to improve relationships and partnerships with developers this is not a substitute for plan making.
- (m) PERD and IT to review IT systems used across the Planning and Economic Development department to improve speed and reliability and reduce the risk of IT-related delays: unclear how this will address supply though may lead to operational efficiencies in decision making.

5.6 Hertsmere Borough Council's latest Five Year Land Supply Update (2021/22) was published in September 2022 (**CD.H1**). The Council's assessment of housing requirement is based on the projected increase in households from 2022 to 2032 under the 2014 Projections of 5,168 (517 annually) and an affordability adjustment using a local affordability ratio (2021) of 15.5, creating a standard method adjustment factor of 1.72. This gives an initial uncapped calculation of 889 dpa.

5.7 A 40% cap applies as the initial annual housing need figure is greater than 40% above the average annual household growth (889 is more than 40% greater than 517). As the relevant strategic housing policies are more than 5 years old, the local housing need is capped at whichever is higher of:

- The projected housing growth for the area over a 10-year period (517); or
- The average annual housing requirement figure set out in the most recently adopted strategic policies (266).

5.8 The average annual housing requirement is therefore set at 40% above 517 which is 724 dwellings per annum.

5.9 A buffer of 5% needs to be applied to the housing requirement in Hertsmere to ensure choice and competition. As such, the annual housing requirement in the latest published 5-year supply update with a buffer is 760 dwellings, which equates to a requirement of 3,801 over the five-year period.

- 5.10 However these calculations are based on the 2022 to 2032 household growth baseline (as was current at the time of publication of the Council’s statement) and the 2022 Affordability Ratio published on 22nd March. This needs to be updated to the 2023 to 2033 baseline which shows a marginally higher average household growth from 517 to 519. As such, the Appellant’s position on requirement is set out below in comparison to the Council’s.

Housing Requirement Table	Hertsmere	Appellant
A) Baseline Average household growth over 10 year period based on 2014 household projections.	2022 to 2032 data = 5,168 total = 517 per year	2023 to 2033 data = 5,190 total = 519 per year
B) Affordability Adjustment Calculating the Standard Method adjustment factor using local affordability ratio (LAR) of 14.39 $\frac{(LAR - 4)}{4} \times 0.25 + 1$	$= 15.5 - 4 = 11.5$ $= \frac{11.5}{4} \times 0.25 + 1$ $= (2.875 \times 0.25) + 1$ $= 0.71875 + 1 = 1.71875$ $= \mathbf{1.72}$	$= 14.39 - 4 = 10.39$ $= \frac{10.39}{4} \times 0.25 + 1$ $= (2.5975 \times 0.25) + 1$ $= 0.6494 + 1 = 1.6494$ $= \mathbf{1.65}$
C) Initial Calculation Annual household growth x Standard Method adjustment factor	$= 517 \times 1.72$ $= 889.24$ $= \mathbf{889}$	$= 519 \times 1.65$ $= 856.35$ $= \mathbf{856}$
D) Capping the Increase The annual housing need figure (C) is capped at 40% above the projected housing growth over a 10 year period (A)	$= 517 + 40\%$ $= 517 + 206.8$ $= 723.8$ $= \mathbf{724}$	$= 519 + 40\%$ $= 519 + 207.6$ $= 726.6$ $= \mathbf{727}$
E) Buffer 5% Buffer applied as per Paragraph 74(a) of the NPPF	$= 724 + 5\%$ $= 724 + 36.2$ $= 760.2$ $= \mathbf{760}$ per annum $= \mathbf{3,801}$ five year housing land requirement	$= 727 + 5\%$ $= 727 + 36.35$ $= 763.35$ $= \mathbf{763}$ per annum $= \mathbf{3,817^{15}}$ five year housing land requirement

- 5.11 The Council’s published Housing Land Supply position states that as of 31st March 2022, a net total of 4,123 dwellings had been completed in Hertsmere since the start of the plan period: an average of 412 dwellings per annum. The Council consider that this represents a “significant surplus of 1,457 over the baseline requirement of 2,660 dwellings for the same period derived from an annualised target of 266 homes”. The Council considers that the surplus means they have already met the 15-year Core Strategy target of 3,990 homes, with a surplus, within a 10-year period.

¹⁵ 763.35 x 5

- 5.12 The Council's Housing Land Supply reports advise of past delivery against the annual requirement within the Core Strategy until 2017/18 and thereafter against the standard method for calculating local housing need. As can be seen from the table below, rather than having a surplus, the Council actually has a shortfall in delivery as of April 2022 and therefore, despite the proposed change to the NPPF, is not able to demonstrate past over supply on a cumulative basis.

Monitoring Year	Completions	Core Strategy Req.	SM Req.	Difference	Cumulative Difference
2012/13	292	266		26	26
2013/14	440	266		174	200
2014/15	180	266		-86	114
2015/16	354	266		88	202
2016/17	309	266		43	245
2017/18	540	266		274	519
2018/19	630		466	164	683
2019/20	564		750	-186	497
2020/21	456		753	-297	200
2021/22	352		757	-405	-205

- 5.13 In the next section of my evidence, I will analyse and set out the Appellant's position on the supply position, establishing the Appellant's view of the extent of the five-year housing supply shortfall. It is worth emphasising to put into context the position the Council finds itself in, that according to a recently published online Housing Supply Index: March 2023 Update by Planning Resource, confirming the housing land supply position of all English Council's as at March 2023, Hertsmere is the **14th worst** performing authority in England: on the basis of its own assessment of 2.25 years housing land supply.

6.0 THE HOUSING SUPPLY

- 6.1 The Council published its latest Five-Year Housing Land Supply position in 2022 with a base date of 1st April 2022, and thus looks at the 5-year period to 2027.
- 6.2 It sets out the components of the supply which comprise:
1. Sites with extant planning permission deemed to be deliverable within the next five years;
 2. Site with a resolution to grant permission subject to the completion of a s106 agreement and deemed to be deliverable within the next five years;
 3. Strategic allocations in the Local Plan (SADM Policies Plan and Elstree Way Corridor AAP) considered deliverable within the next five years; and
 4. Sites from the Housing and Economic Land Availability Assessment (HELAA), published in August 2019, which are deemed to be deliverable within the next five years
 5. Windfall allowances where there is compelling evidence that they will provide a reliable source of supply, as demonstrated in the 2019 HELAA
 6. HELAA Sites reassessed as part of the local plan process prior to publication of the Reg18 Draft Local Plan
- 6.3 As I have already set out, the onus rests on Local Planning Authorities as expressed in the NPPF and PPG to provide clear evidence for major sites which have outline planning permission and for site allocations or indeed those sites identified in the HELAA. This absence of evidence to support the Council's housing land supply position places it in stark contrast to both national policy and those appeals decisions which I have referred to earlier. Before turning to my assessment of the sites in the Council's supply, it is important to consider relevant appeal decisions in respect of development proposed on Green Belt land where housing land supply was a relevant planning consideration.
- 6.4 The Colney Heath appeal decisions (**CD.12**) (two appeals for a development of 100 homes, which straddled the St Albans City and District Council and Welwyn Hatfield BC administrative boundaries)¹⁶, which were allowed in the context of the respective Councils supply positions of 2.58 years and 2.4 years respectively, the Inspector noted that **"the position is a bleak one and the shortfall in both local authorities is considerable**

¹⁶ APP/B1930/W/20/3265925 and APP/C1950/W/20/3265926

and significant.” The Inspector accepted harm to the openness of the Green Belt but concluded:

“However, these appeals involves two local authority areas, both of which have acute housing delivery shortages and acute affordable housing need. The proposals would make a contribution towards addressing these needs in the form of market, self build and affordable housing in both WHBC and SADC. I have attached very substantial weight to the provision of both market housing and affordable housing. I have attached substantial weight to the provision of self build housing. These factors, when considered collectively demonstrate that very special circumstances do exist.”

- 6.5 In allowing an appeal in September 2021 for 167 homes in the Green Belt at Codicote (**CD.I31**) in North Hertfordshire¹⁷ for a site proposed for allocation in the emerging Local Plan the Inspector noted that the Council could only demonstrate 1.47 years housing land supply, and at the time of its refusal, the Council also had the fourth lowest performance nationally for housing delivery relative to the terms of the Government’s Housing Delivery Test and concluded that:

“There is an unquestionably urgent need to identify land in North Hertfordshire to provide for essential market and affordable housing. The Council itself acknowledges a substantial and serious housing land supply shortfall, a position which it further describes as ‘acute’. I attach very substantial weight to the considerable housing benefits of the appeal scheme, and which include an ELP-compliant affordable housing contribution of 40% of the dwellings.”

- 6.6 In a recently allowed appeal decision (30th January 2023) (**CD.I32**) in Bolton for 101 homes in the Green Belt¹⁸, an Inspector concluded that in the context of a cumulative shortfall of more than 2,500 homes and an out-of-date housing need figure in the Core Strategy from 2011 that there was a **“desperate need”** for new housing and no realistic prospect of the shortfall being addressed in the near future and **“Having regard to the severity of the shortfall and the historic under-provision, I give very significant weight to this aspect of the development.”** He stated that:

¹⁷ APP/X1925/W/21/3273701

¹⁸ APP/N4205/W/22/3301093

"A Written Ministerial Statement of December 2015 indicates that unmet need is unlikely to clearly outweigh harm to Green Belt and any other harm so as to establish very special circumstances. However, this provision was not incorporated within the Framework when it was subsequently updated. In common with the Colney Heath appeal decisions I give little weight to this as a material consideration. In any case, unmet need forms one of a number of the benefits arising from the proposal."

- 6.7 In another recently allowed Green Belt appeal decision in respect of 116 new homes (partly on previously developed land) at Timperley (**CD.I33**) in Trafford Metropolitan Borough Council¹⁹. The Local Plan was out-of-date and the housing land supply position between 2.82 and 3.47 years. Consistent with the findings of other appeal decisions, the Inspector in this case concluded that limited weight should be given to the Written Ministerial Statement of December 2015 (WMS). The Inspector concluded that there was an acute housing supply shortfall, and the reasonably quick delivery of new homes was a benefit which was very significant.
- 6.8 The site was proposed to be allocated for housing in the emerging development plan. In considering whether there would be very special circumstances in light of that fact that the development was inappropriate development within the Green Belt, the Inspector stated that:

"84. I have concluded that the appeal scheme would be inappropriate development that would, by definition, harm the Green Belt. I have also concluded that the appeal scheme would result in significant and permanent harm to the openness of the Green Belt and moderate harm to GB purposes. Paragraph 148 of the Framework requires substantial weight to be given to any harm to the Green Belt. In addition, there would be some limited harm from a conflict with the spatial strategy. Overall, the harm is cumulatively of very substantial weight.

85. On the other hand, the appeal scheme would assist in addressing the acute and persistent housing supply shortfall and would deliver affordable housing in an area of high need. The appeal scheme would provide other benefits including the reuse of brownfield land, the accumulation of economic benefits and a net gain in biodiversity. Emerging policy also seeks to release the appeal site from the GB for housing. Overall, the cumulative benefits of the appeal scheme are other considerations of a very high order.

¹⁹ APP/Q4245/W/22/3306715

86. Protecting the GB is a matter of great importance to the Government, and I have considered the proposal with this in mind. However, in this instance, the identified harm would be clearly outweighed by the other considerations identified. Accordingly, the very special circumstances necessary to justify the development have been demonstrated and therefore a conflict with Policy R4 of the CS, and Paragraph 148 of the Framework, would not occur."

- 6.9 A development of 367 new dwellings in the Green Belt at Little Chalfont (**CD.I13**) in Buckinghamshire has been allowed on appeal on 8th March 2023²⁰. The site was proposed for allocation in a withdrawn Local Plan and the housing land supply position was agreed as being 2.5 years, declining to 1.81 years in the current year: the Inspector concluded that:

"180. The appeal scheme would make a substantial contribution to addressing the Authority's chronic under supply of housing land in a location which allows access to services by walking and cycling. Other considerations, for example, its economic and environmental benefits are important matters in support of the scheme.

181. When considered overall, whilst I accord substantial weight to the harm arising to the Green Belt through inappropriateness and other harm, this is clearly outweighed by the very special circumstances of this scheme.

182. Overall, I conclude that the benefits of the appeal scheme would significantly and demonstrably outweigh the harm identified when assessed against the policies of the Development Plan, when taken as a whole. As such the proposed development benefits from the Framework's presumption in favour of sustainable development."

- 6.10 I now turn to my assessment of the components of the Council's housing land supply.
- 6.11 Sites which do not involve major development and have planning permission, and all sites with detailed planning permission should be considered deliverable until permission expires, unless there is clear evidence that homes will not be delivered within 5 years, the onus in a s78 appeal falls to the Appellant to demonstrate such clear evidence that such sites will not be cable of delivery within 5 years. In contrast, as set out in the Woolpit decision and reflecting the PPG, sites with outline permission, or those sites that have been allocated, should only be considered deliverable where there is clear evidence that housing

²⁰ APP/X0415/W/22/3303868

completions will begin on sites within five years. The onus is on the Local Planning Authority to provide that clear evidence for outline planning permissions and allocated sites.

Hertsmere Borough Council Housing Data

- 6.12 Hertsmere Borough Council produced a housing trajectory, as explained above, detailing permissions which are expected to be delivered in the period 1st April 2022 to 31st March 2027 and a supporting document to explain the overall housing land supply position (**CD.H1**). A large proportion of the housing approved in the Borough is through prior notification applications. Therefore, in the housing land supply data, the Council has split out approvals into planning permissions and prior notifications and then these groups into site which were under construction and those not started at the base date.
- 6.13 The Council uses a lapse rate of 5% for permissions which have yet to commence construction (which is derived from a rate across the period 2006-2016 of 4.8% as set out in Table 4 of the HELAA). I accept that this is an appropriate lapse rate which is locally evidenced. The supporting HLS document produced by the Council shows the planning permission and prior notifications that had not commenced with a lapse rate of 5% applied.
- 6.14 There are minor discrepancies in the calculations when comparing the trajectory to the supporting document. However, overall, the total number of units granted permission is 896 on both. These discrepancies are shown in the table below.

The Sources of Housing Land Supply	Hertsmere Supporting Document	Hertsmere Trajectory	Difference
Planning permissions under construction	287	296	+9
Prior notifications under construction	26	29	+3
<i>Planning permissions not started</i>		394	
Planning permission not started including 5% lapse rate	383	374 (374.3)	-9
<i>Prior notifications not started</i>		177	
Prior notifications not started including 5% lapse rate	171	168 (168.15)	-3
Total	867	867	

- 6.15 Given the trajectory evidences the data in the supporting document and provides the raw data prior to the application of a lapse rate, I have used this as the basis for my assessment and analysis. I have removed the lapse rate from the data during my assessment and re-applied it following my analysis, to ensure accuracy in my calculations.
- 6.16 The Council's housing trajectory contains a total of 331 sites of all sizes, with the oldest permission dating back to 2001. In the interest of efficiency, I have reviewed sites which have a proposed net gain of 5 or more dwellings, which is 69 sites, and have a different view to the Council on 8 of these.

Planning Permissions and Prior Approvals under construction

- 6.17 The Council's trajectory informs that there are a total of 296 homes from planning permissions and 29 from prior notifications that were under construction at the base date, from 72 and 5 sites respectively. Of the 69 sites that I have analysed, 6 sites where I disagree with the Council were under construction and all of these relate to full planning permissions.
- 6.18 Several of these include the demolition of existing dwellings or partial conversions of existing residential units, therefore the net gain in dwellings is not necessarily the same as the number of houses for which permission is sought. Many of the sites where I disagree with the Council on their net outstanding commitments calculations are for reasons relating to the net gain in dwellings where the Council is showing gross outstanding commitments with no evidence to show that the losses have been included in previous years' trajectories.

Site Ref: 2 and 4 Steeplands and 1 and 3 Claybury, Bushey (No. 47)

- 6.19 Planning permission was granted at this site for the erection of 24 flats including the demolition of 4 units, meaning a net gain of 20 units. The trajectory states that the 24 flats were under construction at the base date and that the completion of minus 4 (-4) units had already taken place. Therefore, the Council have included 24 units as the net commitments outstanding.

- 6.20 The Council has not provided evidence to justify the inclusion of 24 units within the trajectory and to not account for the demolition of 4 units as part of the permission. No evidence has been provided to show that the loss of 4 units as part of this permission were taken from a previous years' trajectory. The Council is therefore showing gross outstanding commitments rather than net outstanding commitments. Accordingly, I deduct 4 dwellings from the supply.

Site Ref: 10 and 10A Watford Road, Radlett (No. 188)

- 6.21 Planning permission was granted for 18 properties and the demolition of 2 existing houses, therefore a net gain of 16 units. As with the site above, whilst the demolition is said to have taken place prior to the base date, there is no evidence that the losses were included in a previous years' trajectory. The works were also noted to have started on 31st March 2022, which is one day before the base date for this 5-year period. The demolitions would not have taken place when the housing trajectory with a base date of 1st April 2021 was produced. This further supports the point that the demolitions would not have previously been discounted from the Council's trajectory and the net figure should be adjusted accordingly with the removal of 2 dwellings.

Site Ref: Watt Cottage and Wick Lodge, Catsey Lane, Bushey (No. 134)

- 6.22 Planning permission was granted for the demolition of 2 houses and the construction of 8 apartments, therefore a net gain of 6 properties. As with the site at Watford Road, the development is reported to have commenced on 31st March 2022 therefore the losses could not have been included in the trajectory with a base date of 1st April 2021 and 2 dwellings should be discounted as part of the Council's supply and the net figure for which permission was granted should be included.

Site Ref: 16 Allum Lane, Borehamwood (No. 285)

- 6.23 Planning permission was granted for the demolition of an existing house and the erection of a building for 9 apartments. Again, works are noted to have commenced on 31st March 2022, with the loss of 1 having already taken place. This loss could not have been included in the previous trajectory and therefore 1 dwelling should be discounted from the Council's supply to accurately reflect the net number of units granted permission.

Site Ref: Gaisgill, Barnet Lane, Elstree (No. 97)

- 6.24 Planning permission was granted for 6 units including the demolition of 1, meaning a net gain of 5. The net completion of minus 1 (-1) unit is reported to have already been completed however without evidence of this being accounted for in a previous trajectory, the net number of units granted permission should be shown in the trajectory with the reduction of 1 dwelling.

Site Ref: Former Patchetts Equestrian Centre, Hilfield Lane, Aldenham (No. 88)

- 6.25 The Council's trajectory states that this permission is for 6 units however, the permission is for 4 units with 2 existing units at the site, meaning a net gain of 2 homes. The Council state that 1 property has already been completed and conclude that the net outstanding commitments is 5 homes. As there is only a net gain of 2 homes, I consider this figure should be reduced by 4 to accurately reflect the proposal.
- 6.26 I therefore consider that a total of 14 units should be removed from the Council's trajectory in connection with sites that have already commenced development. Whilst this is a modest number it does highlight a lack of robustness in the information presented by the Council.

Planning Permissions and Prior Approvals

- 6.27 The Council's trajectory includes 394 dwellings from planning permissions and 177 dwellings from prior notifications that had not commenced at the base date, from 229 and 25 sites respectively.
- 6.28 I do not agree with the Council's assessment on two of these sites, all of which relate to planning permissions and are set out below:

Site Ref: Land at 1 and 1A Drayton Road and Associated Neighbouring Premises, Shenley Road, Borehamwood (No. 92)

- 6.29 Planning permission (18/1811/FUL) was granted on 16th October 2019 for an amendment to an existing permission (17/1010/FUL) to enable the conversion and extension of the upper parts to form new residential accommodation providing 15 new residential units (8 x 1 bed and 7 x 2 bed units) with associated refuse and cycle storage and the creation of associated parking spaces following demolition of the existing rear garages. This application is a standalone full planning permission and is not a variation of or amendment

to the previous consent. The Council therefore include 15 dwellings in their trajectory in connection with this permission.

- 6.30 There were pre-commencement conditions attached to this permission for the submission of material details (condition 4) and privacy screen details (condition 5). At the time of writing, no applications to discharge these conditions had been submitted to the local planning authority. The planning permission lapsed on the 16th of October 2022 and the Council's trajectory advises that development had not commenced at the base date.
- 6.31 The permission has lapsed with outstanding pre-commencement conditions. As such, it cannot lawfully be implemented, and 15 dwellings should be removed from the Council's trajectory.

Site Ref: First Place Nursery, Falconer Road, Bushey (No. 131)

- 6.32 Planning permission (19/0648/FUL) was granted on 2nd March 2020 for the demolition of the existing nursery building and erection of 9 dwellings. This permission had 3 pre-commencement conditions attached to it, as follows:
- Condition 4 – Surface Water Drainage Scheme
 - Condition 5 – Plans showing roads, footways, cycleways and foul and surface water drainage
 - Condition 13 – Waste management plan
- 6.33 No applications have been submitted to discharge any of these pre-commencement conditions. The application lapsed on 2nd March 2023 and therefore cannot be lawfully implemented. As such, these 9 units should be removed from the Council's trajectory.
- 6.34 I therefore consider that a total of 24 dwellings should be removed from the Council's trajectory in connection with unimplemented sites. With the re-application of the 5% lapse rate, this removes 23 dwellings from the overall trajectory.

AAP/Local Plan Allocations

- 6.35 As I have already indicated above and set out in the Woolpit decision and reflecting the PPG, those sites that have been allocated, should only be considered deliverable where there is clear evidence that housing completions will begin on sites within five years. The

onus is on the Local Planning Authority to provide that clear evidence for outline planning permissions and allocated sites.

- 6.36 As confirmed in the Hanging Lane Secretary of State decision for sites without planning permission there is now a requirement for clear evidence that housing completions will begin within five years. This places the onus on the local planning authority to justify the inclusion of such sites in the 5-year housing supply: the Council presents no evidence of this for any of the site allocations outlined below.

AAP Sites

- 6.37 As set out in Section 3 of this report, the Elstree Way Corridor AAP is a spatial strategy for the coordinated development and design of the Elstree Way Corridor. The delivery of the AAP will require joint working between various public and private sector organisations and agencies and the development of the whole of the Elstree Way Corridor as envisaged will take many years to complete.

Site 3: Civic Cluster (50 Dwellings)

- 6.38 This site currently occupies Hertsmere Borough Council and Borehamwood Police Station along with other civil uses. The Council and Police both still occupy the buildings and Hertsmere Borough Council is listed as the freehold landowner on the Land Registry. In the Setting the Capital Budget Report to the Council's Executive meeting held on 9th February 2022 (**Appendix 4**), paragraph 13.2 confirms:

"The arrangements with the NHS and PCC [Police and Crime Commissioner] have established a hub of key services within a central location for Hertsmere residents whilst also generating an annual rental income for the Council of £345k per annum and making efficient use of a public asset."

- 6.39 Paragraph 13.3 confirms that there is a 25-year lease which runs until 2039. Furthermore, the Executive As the site remains in active use for local authority and police services (with a long-term lease), and the Setting the Capital Budget Report to the Council's Executive meeting held on 9th February 2023 (**Appendix 5**) funding of the repurposing and refurbishment of the Council offices will take place in 2022-24. As there is no evidence of a planning application coming forward on this site, I consider that the 50 units accounted for in the housing land supply trajectory should be discounted as there is no evidence of the deliverability of the site.

Site 4: Elstree Way North (50 Dwellings)

- 6.40 The site currently accommodates two separate buildings and lies to the east of the Civic Centre. The building to the west is occupied by Cheeky Monkeys Day Nursery which is still operational and accepting new enrolments and adjoining this is Elstree Way Clinic, a medical centre. At the east of the site is a former library which is currently occupied by a local charity. Having checked Land Registry, the Central London Community Healthcare NHS Trust is the landowner for part of the site and Hertfordshire County Council for another part. Redevelopment would therefore require land negotiations with the respective owners to enable delivery.
- 6.41 There is no evidence of a planning application coming forward for the redevelopment of the site or to justify the delivery of 50 dwellings on this land within the next 5 years. I therefore discount these dwellings from the deliverable supply of housing.

Site 5: Elstree Way South (Part) (50 Dwellings)

- 6.42 Part of this site occupies the former Borehamwood Police Station, and an outline application was submitted in 2020 for the demolition of the police station and construction of 96 flats (20/0057/OUT). The application was reported to planning committee in November 2020 where there was a resolution to grant permission, subject to a Section 106 agreement. A decision notice has not been issued; however, the application website shows an extension of time agreement has been made to 31 March 2023. There is no information available online to explain why a decision has not been issued since the committee meeting. The Committee Report explains that Officers sought height reductions which would have lowered overall unit numbers and for the provision of additional affordable housing, however this would have impacted on the viability of the proposal.
- 6.43 The Applicant for the proposal is listed as Harpenden Police Station with Certificate A being signed and Land Registry details show that the Police and Crime Commissioner for Hertfordshire remains the owner. The land therefore does not appear to have been acquired for redevelopment. The passing of 28 months since the Committee resolution; the record of viability concerns with amendments; and as the site is still within the ownership of the Police without being in operation casts doubts on the likelihood of a legal agreement being reached, a decision being made and the deliverability of the proposal within the next five years.
- 6.44 Adjacent to this, and still within Site 5, permission was granted in December 2015 for 88 flats (15/0058/FUL) and this development has been completed. This explains why the Council's supporting documentation states 'part' for Site 5.

- 6.45 Despite the fact that the site is allocated with the AAP and there is a resolution to grant permission, I therefore consider it would not be reasonable to include these 50 units as being deliverable within the next 5 year period over 2 years have passed since the resolution of the planning committee without the grant of planning permission and therefore this significant lapse of time cannot be attributed of simple lack of resources. The Council has offered no evidence to support why the site should be considered deliverable as required by national policy and therefore I do not consider that there is a realistic prospect of this site delivering within 5 years, not least as the application was in outline rather than reserved matters and there will need to be detailed consent approved plus the discharge of planning conditions prior to delivery on site.

Site 6: Car Park (50 Dwellings)

- 6.46 This site is a Council operated car park comprising close to 400 spaces which lies to the north of Site 4 and to the northeast of Site 3 and is associated with the adjacent civic offices. There is no evidence of a planning application coming forward on this land and the car park is still operational 24 hours a day. The Council's Executive Revenue and Capital Outturn 2021/22 Report on 6th July 2022 (**Appendix 6**) refers in Paragraph 6.3 to a budget of £2.575k for Civic Offices car park decking which is now on hold: despite a delay to this proposal, it is evident that the Council intends to invest in the car park to maintain its current use in the short to medium term. Given the lack of evidence to support the inclusion of 50 dwellings within the housing land supply, I consider that these units should be discounted from the supply.

Site 9: Elstree Way / Bullhead Road (50 Dwellings)

- 6.47 The final AAP site that the Council have included in their housing land supply projections is at the corner of Elstree Way and Bullhead Road. The northern part of the site adjacent to Elstree Way is occupied by a petrol station (owned by Shell UK Limited) and the southern part comprises a vehicle repair centre (owned by James Barrie Irvine, Mary Anne Irvine, Jeremy Dennis Irvine and Lesley Anne Irvine) and Land Registry data also shows that Kwik-Fit have a lease on the land to the south dated 28 January 1999 for 30 years. They therefore have more than 5 years left on this lease which would present a barrier and constraint to development delivery within 5 years. The only planning history on Site 9 relates to these existing uses which are still operational. No evidence has been provided about redevelopment or upcoming applications on this site. Given the existing uses, there are likely to be contamination remediation schemes and measures required in order to satisfy environmental policies which would add to the timescales for the delivery of housing. As such, I consider that the inclusion of 50 dwellings in this location should be removed from the housing land supply calculations on the basis of lack of evidence of deliverability.

Local Plan Allocation

- 6.48 The Council account for one site allocation within their housing land supply calculations: the Directors Arms, Borehamwood for 26 units. This site is allocated as Site H1 through Policy SADM1 (Housing Allocations) in the Site Allocations and Development Management Policies Plan (2016) for 26 dwellings as part of a mixed residential scheme of flats and houses.
- 6.49 The site was formerly a public house and has the following recent planning history:
- 19/0041/DEM (8th April 2019) – Demolition of The Directors Arms Public House (Application for Prior Notification of demolition) – Withdrawn and to be decided by application 19/0484/FUL.
 - 19/0483/FUL (17th May 2019) – The demolition of the Directors Arms Public House and associated outbuildings.
 - 20/0784/FUL (submitted June 2020, withdrawn August 2022) – Demolition of existing garages and redevelopment of the site to provide 34 x 1 & 2 bed apartments between 3 to 5 storey's high, and 18 x 2 & 4 bed town houses with associated parking, refuse storage and landscaping.
- 6.50 The public house has been demolished, however there is not currently a planning permission on the land. The application submitted in 2020 for the redevelopment of the land comprising 52 dwellings, which is double that of the allocation, was withdrawn in 2022. The planning application webpage shows that issues were raised during the course of the application relating to land contamination and surface water strategy, however there is no substantive reasons set out online to explain why the application was withdrawn. Hertsmere Borough Council were named as the Applicant on the application form and the Land Registry confirms that the Council remains the landowner.
- 6.51 The onus on the local planning authority to justify the inclusion of such sites in the 5-year housing supply: the Council has indicated in its evidence to the Harris Lane appeal²¹ that the site is subject to a pre-application submission, but no further details are provided. The Council presents no evidence in terms of delivery of the site and there is insufficient evidence given of firm progress being made towards the submission of a planning application for the site. Accordingly, I discount the 26 dwellings from the deliverable supply of housing.

²¹ APP/N1920/W/22/3311193

- 6.52 I therefore consider that a total of 276 dwellings should be removed from the Council's housing land supply position from those sites which are allocated on the basis of lack of evidence and no realistic prospect to support the deliverability of housing within the 5-year period.

HELAA Sites

Site Ref: HEL175: Hartsbourne Country Club (25 Dwellings)

- 6.53 The site has been promoted by Bidwells on behalf of Hartsbourne Properties Ltd. The land comprises a country club and golf course. The Country Club is a locally listed building. The staff accommodation, former stables, a house and outbuilding constructed are locally listed for their group value. The site lies within the Green Belt. The HELAA advises that the site is owned by Hartsbourne Properties Ltd and the lease with Hartsbourne Country Club is due for review/renewal in 2018.
- 6.54 The site was identified for allocation in the set aside draft Local Plan under draft Policy H10, though for a revised number of 20 rather than 25 dwellings and it is envisaged that development would be limited to that part of the site where existing development is clustered. Planning application 20/0198/FUL in respect of 26 dwellings was considered by the 12th August 2021 planning committee, where the committee resolved to grant planning permission subject to the completion of a legal agreement to secure 7 affordable homes to be provided at a donor site at Prestige House, Station Road, Borehamwood (which has planning permission (ref 19/1972/FUL). Whilst the site has the benefit of a resolution to grant planning permission, the permission has still yet to be issued by the Council. It is unclear why the S106 agreement has not been concluded after over 18 months from the date of the planning committee. Given this, there is a lack of clear evidence of delivery within 5 years and therefore this site should be excluded from the supply of deliverable sites and therefore 25 dwellings should be removed from the supply.

Site Ref: HEL176: Bushey Golf and Country Club (50 Dwellings)

- 6.55 This Council owned site is the former Bushey Country Club, which closed in 2018 due to a number of years of financial losses. The land has since been leased out to a wedding and events firm on a lease till 2023. The site lies within the Green Belt and there are a number of heritage assets close to the site. The Bushey Country Club Consultation Group was established, with cross-party political and community representation, to explore and identify potential options for redevelopment of the site and a number of consultation events and focus groups were organised. At a virtual meeting held on 18th March 2021, a draft

concept proposal was discussed. The design incorporates new retail facilities; a community hub and a woodland corridor, along with a secondary school-led scheme based on levels of demand indicated by the local education authority, Hertfordshire County Council, plus some residential development. A website was established in 2021 to support a consultation exercise. On that site there is a frequently asked questions document²². The FAQs document (dated March 2021) confirms that the timescale for delivery of the proposal remains uncertain:

“What is proposed is a very complex programme of projects aimed at providing something that brings benefits for the community from this council-owned asset. It will need careful planning and delivery. Some elements may not be undertaken for some time. This is why the master planning exercise is important. It aims to ensure we respond to as many ideas and opinions as possible and find a workable solution. We will be working within the Local Plan timeframe and then developing outline plans for the site.”

- 6.56 The site was identified for allocation in the set aside draft Local Plan under draft Policy H10 Site B3 for 200 dwellings and other community facilities and open space. The onus on the local planning authority to justify the inclusion of such sites in the 5-year housing supply: the Council presents no clear evidence of this in terms of delivery of the site and there is no evidence given of firm progress being made towards the submission of a planning application for the site. Accordingly, there is no realistic prospect of delivery and I discount 50 dwellings from the deliverable supply of housing.

Site Ref: HEL235: Bushey Hall Garage (20 Dwellings)

- 6.57 This site has been promoted by Osprey Homes on behalf of the landowner. The site is currently a vehicle maintenance and repair facility and lies within the existing settlement boundary on previously developed land. There is assumed to be a level of contamination given the current use of the site. The site was identified for allocation in the set aside draft Local Plan under draft Policy H10 for 20 dwellings. No planning application has been submitted for this site. The site remains in active use as a motor servicing and repairs, including MOT testing family business operated by the Ayres family and the Land Registry confirms that Roger and Dawn Ayres remain the owners. As the site remains actively in use as an ongoing business and there is no firm evidence of the preparation of a planning application, there is no realistic prospect of delivery and I do not consider that the site can

²² [Look Back at - Frequently Asked Questions - Former Bushey Country Club \(commonplace.is\)](#)

be included in the housing land supply, therefore 20 dwellings should be removed from the supply.

Site Ref: HEL502: Birchville Cottage (15 Dwellings)

- 6.58 The site comprises an existing dwellinghouse and adjoins Birchville Court which already has planning permission and has been recently constructed for new homes. The owner is the promoter, there is no developer interest identified in the HELAA. The Land Registry confirms that the site is owned by Ruth Farley, Sara Lindsay and Andrew Farley. There is a restrictive covenant on the site from an 1871 conveyance (Title number HD7949) which limits development of the site to no more than one detached or two semi-detached houses. Despite this, the site is considered suitable by the Council, having already been safeguarded for housing under policy SADM2 in the current Local Plan: reserved for housing development to meet longer term needs. The site was proposed for allocation in the set aside draft Local Plan under draft Policy H10 for 15 dwellings. There has been no planning application prepared for the site and there is no firm evidence of one being prepared. As the land is safeguarded it requires a decision to allocate in a revised Local Plan to provide policy support to deliver new development. Accordingly, there is no clear evidence of delivery of this site within 5 years and I discount 15 dwellings from the supply: indeed, the HELAA states that the site will only deliver in the 6–10-year period and this is confirmed by the owners' recent call for sites response referred to in the evidence to the Harris Lane appeal.²³

Site Ref: HEL505: Greenacres (35 Dwellings)

- 6.59 The site comprises an existing dwellinghouse. Preston Bennett (now part of Hamptons estate agents) has promoted the site on behalf of the owner, there is no developer interest identified in the HELAA, however the site was acquired for £6M on 19th June 2020 by Greenacres Homes Ltd and the Land Registry confirms Greenacres Homes Ltd as the owner. The site is considered suitable by the Council, having already been safeguarded for housing under policy SADM2 in the current Local Plan: reserved for housing development to meet longer term needs. The site is subject to a tree preservation order affecting individual trees and two groups on the site frontage (TPO/106/1986). The site was proposed for allocation in the set aside draft Local Plan under draft Policy H10 for 35 dwellings. Land to the rear of the dwellinghouse was subject to a dismissed appeal in June 2003 in respect of a proposal for two dwellings, rejected as it was Green Belt at that time and was therefore inappropriate development and there were no very special circumstances sufficient to

²³ APP/N1920/W/22/3311193

outweigh the harm to the Green Belt²⁴. There has been no planning application prepared for the site and there is no firm evidence of one being prepared. As the land is safeguarded it requires a decision to allocate in a revised Local Plan to provide policy support to deliver new development. Accordingly, there is no clear evidence of delivery of this site within 5 years and I discount 35 dwellings from the supply.

Site Ref: HEL152: Lyndhurst Farm (10 Dwellings)

- 6.60 This site lies within the Green Belt. The Stage 2 Green Belt assessment of the sub-area confirms that it “meets purpose assessment criteria strongly and makes an important contribution to the wider strategic Green Belt. It is not recommended for further consideration”. Despite this conclusion, the site was identified for allocation in the set aside draft Local Plan under draft Policy H10. The site comprises a derelict landscape contractors’ yard, commercial turf plantation with no active use. The HELAA details that the planning history includes a withdrawn application for a new garden centre (ref 16/0330/OUT). The site requirements are:

“Residential development reflecting the previously developed status of part of the site, providing an opportunity to remove unsightly non-conforming uses in the green belt. Vehicular access from Green Street with connections to/from the site enhanced for sustainable modes. This will include providing a link to footpath 053 and a contribution to enhanced pedestrian and cycle routes on Green Street/Cowley Hill. Development will be required to minimise and where necessary mitigate the effects of any contamination on the site.”

- 6.61 The HELAA also confirms that there is an overhead power line is located at the Northern boundary of the site, with a pylon straddling the site boundary and FP53 runs along the southern boundary and the site adjoins a Local Wildlife site to the immediate west (Organ Hall pasture). There is also an adjacent gas transfer station which may limit development.
- 6.62 The Council received a FoI request (ref HBC_FOI_20190158) on 20th February 2019 concerning the use of the land for the preceding 18 months as a HGV storage site and is understood that this activity was being investigated by the Council as an enforcement matter.

²⁴ APP/N1920/A/03/1107963

- 6.63 The HELAA states that the land was being promoted by Catalyst Land Solutions on behalf of owner (**Appendix 1**). Analysis of their website confirms that the site remains on the market for sale. The Council has indicated in its evidence to the Harris Lane appeal²⁵ that the site has been subject to a call for sites submission dated 15th December 2022 promotes the site as part of a wider scheme across 4.2ha for 140-150 dwellings and confirms that the site is now vacant, surveys have been undertaken plus references "high level" consultation with the Council and developer interest. There is no clear evidence provided by the Council of progress towards the preparation of a planning application for residential development, including how constraints such as contamination will be addressed, nor evidence that the land has been acquired by a developer to prepare a residential proposal, nor information regarding timescale for delivery nor therefore that the site will be deliverable within the next 5 years. I therefore conclude that 10 dwellings should be removed from the supply. Indeed, this site is a proposed emerging allocation and within the Green Belt: indeed, it is inconsistent for the Council to rely on a Green Belt site whilst opposing the Appellant's proposal.

Site Ref: HEL388: The Point, Borehamwood (50 Dwellings)

- 6.64 This urban site has been promoted by Rapleys (Land Registry confirms that the site is owned by Hertsmere Council). The site is currently in leisure uses (Gala bingo/Reel cinema/gym and roof level parking). Such uses are considered important by the Council in the HELAA. The existing car park will need to be replaced. The HELAA states that it is "not known" whether the site is available. Furthermore, the HELAA then states:

"Whilst the application has been submitted by developers on behalf of the leaseholder, the Council as freehold owner has not indicated that the site would be available...The site cannot currently be considered available for development and is therefore not suitable available and achievable under the HELAA methodology."

- 6.65 In the now set aside draft Local Plan the site is proposed for allocation under Policy E9 (securing Mixed Use Development) for 150 homes and **"appropriate town centre uses and parking."** The site is also subject to Policy VTC1 (retail and town centre strategy) and VTC3 (town centre regeneration and Opportunity Areas) where one of the objectives (iv) refers to **"delivery of a mixed-use redevelopment of The Point incorporating residential, leisure and improved car parking facilities together with enhancements to the public realm, in accordance with the requirements set out in Policy H10."** The draft policy also states:

²⁵ APP/N1920/W/22/3311193

"Hertsmere's Key Opportunity Areas and Sites are identified on the Policies Map. Applications within these areas will be need to demonstrate that suitable consideration has been given to:

- i. the local community's needs, the protection of existing facilities and any site specific requirements within the plan;**
- ii. the vitality of the town centre, the immediate and future impact on the existing uses within the town centre, any Covid-19 recovery plans and the compatibility of the proposed uses;**
- iii. future proofing the high street and local centres as visitor destinations by adapting to new technologies and consumer behaviours; and**
- iv. creating a safe environment for all users with more space, less traffic, and enhanced access to public transport"**

- 6.66 The site also forms part of the Primary Shopping Area (Draft Policy VTC7) where new development within the Primary Shopping Area should enhance the vitality and/or viability of the centre and retain an active frontage. the Council has indicated in its evidence to the Harris Lane appeal²⁶ that the site is subject to a pre-application submission, but no further details are provided. Accordingly, I do not consider that this provides evidence of firm progress towards the redevelopment of the site including timescale for its delivery especially given existing use of the site. It is clear that the site is of considerable importance given its location and the suite of policies which would need to be taken into account in considering a redevelopment proposal. Given the absence of sufficient information to detail real progress towards the submission of a planning application and its subsequent delivery I do not consider that reliance can be placed on delivery of the site as a mixed-use development within 5 years and therefore I have removed 50 dwellings from the supply.

Site Ref: HEL179: Hilfield Lane (5 Dwellings)

- 6.67 This is a Green Belt site promoted by Faybrook Ltd on behalf of the owner, the Land registry confirms the owner as Denis Nolan. The Council has indicated in its evidence to the Harris Lane appeal²⁷ that the site has been subject to a call for sites submission dated 22nd December 2022 in its recent consultation, submitted on behalf of the owner by Savills: this confirms no pre-application discussions have been undertaken and does not even confirm a number of dwellings proposed for the site, suggesting no technical work has been undertaken to establish capacity. The site lies within the Patchetts Green and Delrow Conservation Area and forms a small part of the gap between Borehamwood and Bushey

²⁶ APP/N1920/W/22/3311193

²⁷ APP/N1920/W/22/3311193

Heath/Village. The HELAA considers that only a rural exceptions policy of 5 dwellings would be suitable under current policy. The site was proposed for allocation for 10 dwellings under the now set-aside draft Local Plan and no change to the Green Belt was proposed. There is no clear or firm evidence of progress in the preparation of a planning application. As above, it is inconsistent for the Council to rely on a Green Belt site whilst opposing the Appellant's proposal.

Site Ref: HEL199: Land at Church Lane (5 Dwellings)

- 6.68 This site has been promoted by Barton Willmore now Stantec on behalf of the site promoter for 15 dwellings, though a planning application has not been submitted. The site was identified in the now set aside draft Local Plan for 10 dwellings in Policy H10. The site lies within a Conservation Area and within a Green Belt settlement washed over by the Green Belt. As the site is in the Green Belt the Council has stated that it is not suitable for development other than for rural exceptions under current policy. It is inconsistent for the Council to rely on a Green Belt site in its supply whilst opposing the Appellant's proposal. Accordingly on the basis of the Council's own position and delay to its new Local Plan I do not agree that reliance can be placed on delivery within 5 years and therefore 5 dwellings should be removed from the supply.

Site Ref: HEL219/252: Pegmire Lane (5 Dwellings)

- 6.69 The site is promoted by Aldenham Parish Council and was identified in the now set aside draft Local Plan for 15 dwellings in Policy H10. The site lies within the Green Belt and a Conservation Area, and the site is subject to a Tree Preservation Order (TPO1089/2003). The HELAA advises that there are covenants on each building plot to state only one dwelling can be built (limiting the site to 12 dwellings). The Council has indicated in its evidence to the Harris Lane appeal²⁸ that the Parish has recently submitted a call for sites response dated 5th December 2022: this confirms that the Parish partly own the site along with two other owners (C Woolf and R Bourne). There has been no planning application and there is no firm evidence of progress to the preparation of such an application. The HELAA confirms that the Council does not support development on the site under current policy unless restricted to rural exception development of affordable homes. The HELAA rather unconvincingly states that the site is "probably" achievable. As there is a lack of clear evidence to the preparation of a planning application, I do not consider that this site represents a deliverable site for the purposes of 5-year supply.

²⁸ APP/N1920/W/22/3311193

Site Ref: HEL345: Aldenham Glebe/Roundbush Nursery (10 Dwellings)

- 6.70 The site is promoted by Bidwells on behalf of The Diocesan Board of Finance and was identified in the now set aside draft Local Plan for 30 dwellings in Policy H10. The Council has indicated in its evidence to the Harris Lane appeal²⁹ that Bidwells has recently submitted a call for sites response dated 15th November 2022 on behalf of the owner, but this does not even confirm when they consider the site to be available nor confirm the extent of any site constraints. The site lies within the Green Belt and a Conservation Area. The site is partly occupied by the Roundbush Nursery and Garden Centre. Land Registry confirms that the St Albans Diocesan Board of Finance is the owner.
- 6.71 The HELAA confirms that "Only 3% approx. of the land is built. It preserves the historic setting of the area, defined by the field pattern and soft edge between the settlement and countryside in the north-east of the parcel." The HELAA states that there is no developer interest and that it is not currently suitable under Green Belt policy and confirms that it is likely to deliver in the 6-10-year period not within 5 years. The HELAA also states that the site is not considered suitable other than for appropriate development within the parameters set out in the NPPF which based on the current footprint of development, an estimated 700 sq m developable area, would yield 10 units based on an equal mix of 3 and 4 bed houses. The HELAA advises that Capacity figure is based on a standard calculation and is an indication only. It does not mean that this number of homes would be built were the site to be taken forward for development. As there is a lack of clear evidence to the preparation of a planning application, and on the basis of the delivery timescale assumed by the HELAA, I do not consider that this site represents a deliverable site for the purposes of 5-year supply.

Site Ref: HEL216: Land west of Potters Bar station (40 Dwellings)

- 6.72 The site comprises a car park, promoted and owned by Network Rail. The site was identified for draft allocation in the now set aside draft Local Plan under Policy H10 for 40 dwellings. The leaseholder of Albany House rents the spaces for domestic use (39 spaces) rather than used by rail passengers. The site access lies within flood zone 3. The HELAA advises that the site is located within Potters Bar Darkes Lane district centre where residential development would be an acceptable use in policy terms. It is however currently used as car parking for residents of Albany House so any redevelopment of the site would need to provide parking for existing residents as well as catering for new demand arising from the

²⁹ APP/N1920/W/22/3311193

development. Moreover, the capacity of the site is uncertain given a range of technical constraints:

"The quantum and design of any development on this site may however be heavily constrained by its shape, proximity to residential properties and listed building, proximity to the railway line, the need to provide acceptable levels of car parking, and the need to satisfy Environment Agency requirements in relation to flood risk. For these reasons it can be expected that the eventual capacity of the site would be at or below the lower end of that anticipated by the site promoter."

- 6.73 With respect to deliverability, The HELAA advises that the interested developer has already sought the successful conversion of Albany House to residential use and is keen to progress a scheme in this location. Network Rail's position is summarised in the HELAA as follows:

"Because of the terms of the lease they hold they say it is in their interests to seek a scheme in conjunction with the leaseholder."

- 6.74 Overall, the ownership and lease arrangement are key issues for this site, including the relationship of the existing parking serving nearby Albany House:

"parking needed for existing Albany House flats. This would need to be resolved if any development of the site was to be allowed. The release of the land is needed through the "Station Change" and condition license 7 procedure (internal rail industry consents) whereby the disposal is subject to ORR [Office of Rail and Road] and [Locomotive Services] TOC approval – but applicant states there is no reason to suggest why this would not be forthcoming."

- 6.75 The development of this site requires the resolution of parking for Albany House, the need to provide safe means of access from flood risk, as well as internal rail industry consents from the Office of Rail and Road. The Council has indicated in its evidence to the Harris Lane appeal³⁰ that HgH Consulting has recently submitted a call for sites response dated 22nd December 2022 on behalf of W.E Black Ltd and City and County Ltd who have a development agreement with Network Rail. This confirms that a pre-application submission has been made (ref 21/2377/PA1) However, a planning application has not been prepared and there are other consents required and the need to address the parking lease requirements. This does not provide clear evidence that the site will deliver new homes

³⁰ APP/N1920/W/22/3311193

within 5 years and therefore I do not consider that reliance can be placed on its inclusion in the housing supply.

Site Ref: HEL318: HCC 6 - Former Sunny Bank Primary School (15 Dwellings)

- 6.76 This site is being promoted by Hertfordshire County Council, the site current comprises a vacant school and playing fields, the school having close in 2008. The site was identified for 80 dwellings in the now set aside draft Local Plan under Policy H10. The site lies within the Green Belt. An outline planning application was submitted in July 2018 for the demolition of the school and development of up to 30 new homes. The Council refused the application in April 2019 (**Appendix 2**) with three reasons for refusal. The first was that the development represented inappropriate development in the Green Belt with no very special circumstances demonstrated. The second was that the Applicant had not adequately demonstrated that the existing school facility would be surplus to the needs of the community or that there is no scope for any alternative community use on the site. The third was the failure for provide any public open space.
- 6.77 The County Council lodged an appeal and this was dismissed by the Planning Inspectorate on 18th November 2019 and whilst the Inspector found that the proposal would not lead to the unacceptable loss of a community facility, he concluded that the development did not provide for public open space and found that development would lead to substantial harm to the openness of the Green Belt and that very special circumstances necessary to justify the development do not exist (**Appendix 3**). The Council has indicated in its evidence to the Harris Lane appeal³¹ that the County Council has recently submitted a call for sites response on 21st December 2022; however, this does not confirm the number of dwellings proposed and does not confirm any developer interest but does indicate preparation work is underway to enable a planning application for a SEND school and “an outline application for the residential area will follow.” This does not suggest priority is being given to residential development. On the basis of the dismissed appeal, the current policy context, the lack of developer interest and the absence of any revised proposal there is a lack of clear evidence or realistic prospect that this site will deliver within 5 years and therefore I deduct 15 dwellings from the supply.

³¹ APP/N1920/W/22/3311193

Site Ref: HEL220: Porters Park Golf Club (5 Dwellings)

- 6.78 The HELAA confirms that this site lies within the Green Belt, in part previously developed though part of the land falls within the Porters Park Golf Course Local Wildlife Site. The area being promoted for development comprises approximately 0.4ha of previously developed land and buildings including a dwelling house, large clubhouse/function room and car park: it is understood that the clubhouse would need to be re-provided to serve the golf club: no timescale is indicated for this proposal. Moreover, the Green Belt Stage 1 assessment for the site confirms the parcel forms the essential gap between Shenley and Radlett and development would **"significantly reduce actual and perceived distance between settlements"** and that **"the sub-area meets Purpose assessment criteria strongly and makes an important contribution to the wider strategic Green Belt. It is not recommended for further consideration."**
- 6.79 The HELAA also confirms that there is a restrictive covenant on the site and that it is within the club's control as to when it is made available. Rather unconvincingly the HELAA states that the site is "probably" available for 4 rather than 5 homes as indicated by the Council's housing supply table. The site was identified for 40 dwellings in the now set aside draft Local Plan under Policy H10. The Council has indicated in its evidence to the Harris Lane appeal³² that DLA Planning has recently submitted a call for sites response dated 21st December 2022 on behalf of the owner, but this does not indicate developer interest, that the site has not been marketed and indicates that the development is reliant on the relocation of the clubhouse and that there is a restrictive covenant in favour of the Borough Council. There is no clear evidence of firm progress towards the preparation of a planning application, there is uncertainty regarding the timescale for delivery given the need to provide the clubhouse, the resolution of the covenant and whether a proposal would be acceptable in terms of the impact on the Green Belt. On the basis of the current policy context, the absence of information confirming developer interest and the absence of any planning application proposal there is no realistic prospect that this site will deliver within 5 years and therefore I deduct 5 dwellings from the supply.

Windfall Allowance

- 6.80 The NPPF advises in Paragraph 71 that where a windfall allowance is made there should be compelling evidence that they will provide a reliable source of supply, having regard to strategic housing land availability assessment, historic windfall delivery rates and expected future trends. The evidence for the Council's windfall allowance is set out in paragraph's

³² APP/N1920/W/22/3311193

2.53-2.56 of the HELAA from 2019. Table 5 sets out an annual average of 55 dpa for small site windfalls from sites of less than 5 dwellings over the period 2014-19: the latest Housing Land Supply statement has adjusted this to 56dpa as an average over the period 2017-22. The Council acknowledges that "the supply of large urban sites, particularly in Borehamwood, may begin to diminish over time, notwithstanding the possibility of changes of use from office to residential under the prior approval system." Therefore, it does not include an allowance for large site windfalls. I agree with this.

- 6.81 Whilst I accept that the inclusion of a small site windfall allowance is consistent with national policy and the rate per annum based on locally derived evidence, I consider that the Council is incorrect in allowing for 5 years' worth of such allowance (i.e. 280 dwellings) on the basis that the first 3 years of such dwellings is already allowed for in the sites with planning permission within the Council's supply. To include this for years 1 to 3 is evidently to double count such delivery in terms of projected supply. Therefore, whilst I agree with the rate per annum, the allowance should only apply to years 4 and 5, i.e., a total of 112 dwellings.
- 6.82 In summary, following my analysis, I calculate the deliverable housing land supply to be 942 dwellings, a reduction of 771 compared to the Council's housing trajectory:

Housing Land Supply Table	Hertsmere	Appellant
5 year Standard Method Requirement inc 5%	3817	3817
Category of Site		
Planning Permissions under construction	296	282
Prior Notifications under construction	29	29
Planning Permissions (inc 5% lapse)	374	351
Prior Notifications (inc 5% lapse)	168	168
HELAA Sites	290	0
AAP (excl. sites with pp)	250	0
Local Plan Allocations (excl. sites with pp)	26	0
Windfall Allowance	280	112
Total Supply	1713	942
Shortfall	2,104	2,885
Years Supply	2.25	1.23

7.0 CONCLUSION

- 7.1 The Council does not have an NPPF compliant assessment of local housing need as required by paragraph 61 of the Framework. As confirmed in the Suffolk Coastal Supreme Court Judgment, where housing supply policies failed to meet the objectives set by the then Paragraph 47 of the 2012 NPPF, the Inspector in that case “**rightly recognised that they should be regarded as ‘out of date’ for the purposes of Paragraph 14.**” In terms of paragraph 11d (the equivalent paragraph of the 2021 Framework to Paragraph 14 of the 2012 version), the Development Plan is not up-to-date as the housing requirement policy CS1 of the Core Strategy was adopted in 2013 with the Inspector concluding at that time “not been adequately justified against RS [Regional Strategy].
- 7.2 For the reasons outlined in Section 6.0, I conclude that Hertsmere only has **1.23 years supply of deliverable housing sites.** This would place Hertsmere as the **3rd worst** performing authority in terms of housing land supply rather than the 14th worst according to the Planning Resource March 2023 Housing Land Supply Index. Even without the 5% buffer being applied (should the NPPF be changed as proposed by the recent consultation proposal) the Council would require 727 dwellings per annum (3,635 over 5 years), and this would equate to a supply of 1.3 years. As outlined by the PPG, major sites with outline planning permission or site allocations (or indeed sites without planning permission) require further evidence demonstrate that they are deliverable in the 5-year supply period.
- 7.3 In the context where the Council has failed to bring forward NPPF compliant policies for the supply and delivery of new homes, I am very concerned that the Council has elected to set aside its Local Plan. It is for the council to provide that clear evidence of a realistic prospect of delivery for allocated sites without planning permission and HELAA sites, yet it has failed to do so.
- 7.4 The failure to review the Local Plan by 2016 is a significant factor in this. This has been augmented by, in the words of Lord Gill, the futility of relying on sites (such as site allocations or outline permissions without clear evidence of delivery) which do not have a prospect of delivery in 5 years. The **magnitude of this shortfall is clearly both serious and significant and represents a chronic failure to deliver the new homes needed in Hertsmere:** and should be given substantial material weight in the consideration of this appeal especially in the context where there is no clear way proposed by the Council to address this shortfall.

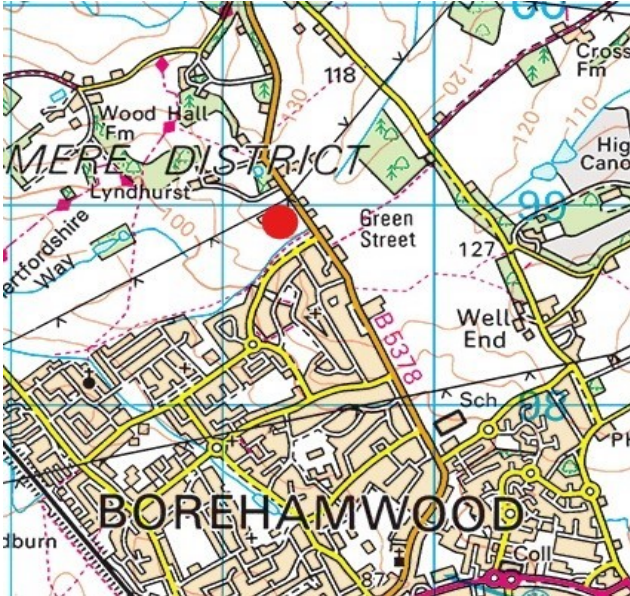
Appendix 1

Lyndhurst Farm Sale Brochure
dated August 2017

FOR SALE, Lyndhurst Farm, Green Street, Borehamwood Hertfordshire, WD6 5NF



- Offers are invited regarding an excellent residential development opportunity on a subject to planning basis.
- 4.5 acre site (Edged Red), subject to survey within the greenbelt, but with an established business use as a contractors yard.
- Site has direct road frontage to Green street, and abuts the edge of Borehamwood, Hertfordshire.
- Located within the borough of Hertsmere and the parish of Shenley.
- Opportunity to acquire adjacent 5.7 acres, subject to survey (Edged Blue)



Viewing:

By appointment with the agent.

Planning:

Catalyst Land Solutions have undertaken positive dialogue during 2017 with Hertsmere Borough Council and Shenley Parish Council regarding the residential development potential of the site.

Interested parties are advised to conduct their own investigation's with Hertsmere Borough Council.

Further Information:

Please contact:

Brian Harding, Director

bharding@catalystlandsolutions.co.uk

www.catalystlandsolutions.co.uk

Mobile: 07933 672187

Office: 01604 700674

Catalyst Land Solutions Ltd

64 Wildern Lane, East Hunsbury,

Northampton, NN4 0SN

Brian Harding, Director

Claire Williams-Harding, Company Secretary

Reg no 09179449 VAT no 213 4220 64

Appendix 2

Decision Notice: Sunny Bank Junior and Infant School, Field View Road,
Potters Bar, Hertfordshire
dated 17th April 2019



Hertsmere
Borough Council

Civic Offices
Elstree Way, Borehamwood
Herts WD6 1WA
Tel: 020 8207 2277
DX45602 Borehamwood
www.hertsmere.gov.uk

Decision Notice

Town and Country Planning Act 1990
Town and Country Planning (General Permitted Development)
Order 2015

AGENT

Mr Edward Purnell
Wood
Ground Floor
Redcliff Quay
120 Redcliff Street
Bristol
BS1 6HU

APPLICANT

Dick Bowler
Hertfordshire County Council
County Hall
Pegs Lane
Hertford
SG13 8DN

Application Number:

18/1475/OUT

Location of Development:

Sunny Bank Junior And Infant School, Field View Road, Potters Bar, Hertfordshire,
EN6 2NA

Description of Development:

Demolition of existing Sunnybank School building and former caretaker's house, removal of hardstanding areas, and development of up to 30 new homes with associated access arrangements and ancillary works. (Outline application to include access, all other matters reserved)

In pursuance of its powers under the above mentioned Act and the Orders and Regulations for the time being in force thereunder, the Council hereby **REFUSES Outline Application** for the development proposed by you in your application received by us on 23 July 2018 and received with sufficient particulars on 26 July 2018 and shown on the plan(s) accompanying such application.

THE REASON(S) FOR THE COUNCIL'S DECISION ARE:

01. The proposed demolition of existing Sunnybank School building and former caretaker's house, removal of hardstanding areas, and development of up to 30 new homes with associated access arrangements and ancillary works. (Outline application to include access, all other matters reserved) is considered inappropriate development within the Green Belt for which no case of very special circumstance has been demonstrated, The proposal cannot be regarded as one of the exceptions that are listed in paragraph 145 of the NPPF and is therefore contrary to the NPPF (2019), Core Strategy Policy CS13 (2013), and SADM Policy SADM26 (2016).
02. The proposed demolition of existing Sunnybank School building and former caretaker's house, removal of hardstanding areas, and development of up to 30 new homes with associated access arrangements and ancillary works. (Outline application to include access, all other matters reserved), has not adequately demonstrated that the existing school facility would be surplus to the needs of the community or that there is no scope for any alternative community use on the site. The application is therefore contrary to the aims of the NPPF (2019), Core Strategy Policy CS19 (2013), and SADM32 of the SADMPP (2016).
03. The proposed demolition of existing Sunnybank School building and former caretaker's house, removal of hardstanding areas, and development of up to 30 new homes with associated access arrangements and ancillary works. (Outline application to include access, all other matters reserved), has failed to provide any on site public open space and therefore fails to deliver sufficient community facilities contrary to Policy SADM37 of the SADMPP (2016).

INFORMATIVE

01. This determination refers to the following plans:

40108-LEA21-FIG 1 (received 23rd July 2018)
 40108-LEA22-FIG 2 (received 23rd July 2018)
 40108-LEA23-FIG 3 (received 23rd July 2018)
 40108-LEA24-FIG 4 (received 23rd July 2018)
 40108 SUNNYBANK SCHOOL_INTERIM ECOLOGY FINAL REPORT 1830611
 (received 23rd July 2018)
 40108-LEA20 - OPPORTUNITIES AND CONSTRAINTS(received 23rd July 2018)
 40108-LEA25A - FINAL MASTERPLAN (received 23rd July 2018)
 ARBORICULTURAL SURVEY REPORT ESC ACCESS 2015 (received 23rd July 2018)
 SUNNYBANK PHASE 1 REPORT_FINAL (received 23rd July 2018)
 SUNNYBANK PLANNING STATEMENT 16.07.18 - SUBMITTED TO LPA
 (received 23rd July 2018)

TOPO 3275 SUNNYBANK SCHOOL POTTERS BAR-MODEL (received 23rd July 2018)
DESIGN AND ACCESS STATEMENT_DAS (received 27th July 2018)
FLOOD RISK ASSESSMENT 40108RR00412 (received 27th July 2018)
GEO-ENVIRONMENTAL REPORT (received 27th July 2018)
PRELIMINARY ECOLOGICAL APPRAISAL FINAL REPORT (received 27th July 2018)
TRANSPORT STATEMENT_ (received 27th July 2018)
PLANNING ADDENDUM (received 6th March 2019)

02. Planning permission has been refused for this proposal for the clear reasons set out in this decision notice. The Council acted pro-actively through positive engagement with the applicant in an attempt to narrow down the reasons for refusal but fundamental objections could not be overcome. The Council has therefore acted pro-actively in line with the requirements of the Framework (paragraphs 186 and 187) and in accordance with The Town and Country Planning (Development Management Procedure) (England) Order 2015.

NOTES TO APPLICANT

Community Infrastructure Levy (CIL) – Important Information

Your development may be considered chargeable for the purposes of the Community Infrastructure Levy. Residential development, Hotels, Retail and Specialist accommodation for the elderly and/or disabled are all liable to be charged CIL.

The Council will issue a CIL Liability Notice and Demand Notice where CIL is liable. The notices will contain details of any financial sums owed, the collection process and details of relief that may be applicable.

IMPORTANT

You should be aware that a failure to submit a CIL Commencement Notice prior to beginning development on any site liable for CIL, will result in the full CIL amount having to be paid immediately. It is essential that any relief or exemption is applied for, and approved by the Council, using the relevant exemption or relief forms PRIOR to the commencement of development. Any exemption or relief lapses if works commence on the chargeable development prior to the Council's notification of its decision on the exemption or relief claim. Relief cannot be claimed on any retrospective applications.

A person or party must assume liability to pay the levy using the Assumption of Liability form which should be submitted, unless it has already been submitted as part of the planning application, to the Planning Department at: CIL@hertsmere.gov.uk or Planning (CIL), Hertsmere Borough Council, Civic Offices, Elstree Way, Borehamwood, Hertfordshire, WD6 1WA.

If nobody assumes liability to pay the Levy, this will default to the Land Owner.

Failure to adhere to the CIL Regulations and commencing work without notifying the Council could forfeit any rights you have to appeal and may also incur fines/surcharges.

For further information on how the Community Infrastructure Levy may impact your application, including any financial sum for which you may be liable, please contact the Council at this email address: cil@hertsmere.gov.uk . You can also access the Council's CIL webpage at the following link:

[https://www.hertsmere.gov.uk/Planning--Building-Control/Planning-Policy/Community-Infrastructure-Levy-\(CIL\).aspx](https://www.hertsmere.gov.uk/Planning--Building-Control/Planning-Policy/Community-Infrastructure-Levy-(CIL).aspx)

Building Control

If this proposal involves demolition of buildings, your attention is drawn to the need to serve notice under section 80 of the Building Act 1984 of intended demolition at least six weeks prior to demolition works commencing. It should be noted that, where asbestos may be present, a survey by a specialist company will be required to determine whether it is present. If asbestos is found the specialist company will be required to submit a method statement to the Health and Safety Executive with a copy to the Council's District Surveyor indicating how the asbestos is to be safely disposed of.

Right of Appeal

If the applicant wishes to have an explanation of the reasons for this decision it will be given on request and a meeting arranged if necessary.

If the applicant is aggrieved by the decision of the local planning authority to refuse permission or approval for the proposed development, or to grant permission or approval subject to conditions, he may appeal to the Secretary of State under section 78 of the Town and Country Planning Act 1990,

If you want to appeal against your local planning authority's decision then you must do so within 6 months of the date of this notice. Unless the following notes are applicable:

- If this is a decision to refuse permission for a minor commercial application and you want to appeal against your local planning authority's decision then you must do so within 12 weeks of the date of this notice.

- If this is a decision on a planning application relating to the same or substantially the same land and development as is already the subject of an enforcement notice, and you want to appeal against your local planning authority's decision, then you must do so within 28 days of the date of this notice.
- If an enforcement notice is served relating to the same or substantially the same and development as in your application and if you want to appeal against your local planning authority's decision on your application, then you must do so within; 28 days of the date of service of the enforcement notice, or within 6 months of the date of this notice, whichever period expires earlier.

Appeals can be made online at: <https://www.gov.uk/planning-inspectorate>.
If you are unable to access the online appeal form, please contact the Planning Inspectorate to obtain a paper copy of the appeal form on tel: 0303 444 5000.

The Secretary of State can allow a longer period of time for giving notice of an appeal but will not normally be prepared to use this power unless there are special circumstances which excuse the delay in giving notice of appeal. The Secretary of State need not consider an appeal if it seems to the Secretary of State that the local planning authority could not have been granted planning permission for the proposed development or could not have granted it without the conditions they imposed, having regard to the statutory requirements, to the provisions of any development order and to any directions given under a development order.

If permission to develop land is refused, or granted subject to conditions, whether by the local planning authority or by the Secretary of State and the owner claims that the land has become incapable of reasonably beneficial use in its existing state and cannot be rendered capable of reasonably beneficial use by the carrying out of any development which has been or would be permitted, they may serve on the District Council a purchase notice requiring the Council to purchase its interest in the land in accordance with the provisions of Part VI of the Town and Country Planning Act 1990

Date Decision Notice Produced:
17 April 2019

Signed: Adrien Waite



Designation: Head of Planning and
Economic Development



Hertsmere
Borough Council

Civic Offices
Elstree Way, Borehamwood
Herts WD6 1WA
Tel: 020 8207 2277
DX45602 Borehamwood
www.hertsmere.gov.uk

Planning and Economic Development

Dick Bowler
Hertfordshire County Council
County Hall
Pegs Lane
Hertford
SG13 8DN

Your Ref:
Our Ref: 18/1475/OUT
Contact: Katie Hogendoorn
Extension: 020 8207 2277 ext 5186
Email: katie.hogendoorn@hertsmere.gov.uk
Fax:
Date: 17 April 2019

Dear Sir/Madam

Town and Country Planning Act 1990 Town and Country Planning (Applications) Regulations 1988

Application Number: 18/1475/OUT

Site Location: Sunny Bank Junior And Infant School, Field View Road, Potters Bar, Hertfordshire, EN6 2NA,

Site Description: Demolition of existing Sunnybank School building and former caretaker's house, removal of hardstanding areas, and development of up to 30 new homes with associated access arrangements and ancillary works. (Outline application to include access, all other matters reserved)

I would like to advise you that after consideration of all the relevant issues the council decided to Refuse Permission on 17 April 2019.

The Decision Notice detailing the conditions/reasons attached to this decision have been forwarded to your agent.

An appeal against the local planning authority decision can be lodged with the Secretary of State for Communities and Local Government under section 78 of the Town and Country Planning Act 1990, within 6 months of the date of the notice unless the following is applicable:-

- If this is a decision to refuse permission for a minor commercial application and you want to appeal against your local planning authority's decision then you must do so within 12 weeks of the date of this notice.
- If this is a decision on a planning application relating to the same or substantially the same land and development as is already the subject of an enforcement notice, and you want to appeal against your local planning authority's decision, then you must do so within 28 days of the date of this notice.

- If an enforcement notice is served relating to the same or substantially the same development as in your application and if you want to appeal against your local planning authority's decision on your application, then you must do so within; 28 days of the date of service of the enforcement notice, or within 6 months of the date of this notice, whichever period expires earlier.

Appeals must be made on a form which is obtainable from Initial Appeals, The Planning Inspectorate, Temple Quay House, 2 The Square, Temple Quay, Bristol, BS1 6PN (Tel: 0303 444 5000) or submitted online at <https://www.gov.uk/planning-inspectorate>.

Yours sincerely

Katie Hogendoorn- Planning Officer



Hertsmere
Borough Council

Civic Offices
Elstree Way, Borehamwood
Herts WD6 1WA
Tel: 020 8207 2277
DX45602 Borehamwood
www.hertsmere.gov.uk

Planning and Economic Development

PLEASE NOTE

Community Infrastructure Levy

Introduction of the Community Infrastructure Levy

Following the endorsement by the Planning Inspectorate of our proposed Community Infrastructure Levy (CIL) Charging Schedule in December 2013, an agenda item for the Full Council meeting on the 17 September 2014 will seek approval for CIL to come into effect on the 1 December 2014.

All planning applications determined on or after 1 December 2014 may be liable to pay CIL.

What is CIL?

CIL is a new charge that will raise funds to provide improved infrastructure in Hertsmere. It will be charged on the increase in new build floor space, although there are exemptions and relief from paying CIL for developments under 100 square metres, self-build homes, affordable housing and development by charities (where for a charitable purpose).

CIL will replace the general section 106 (s106) 'tariff' approach currently operated by both the council and Hertfordshire County Council. Town councils will receive a minimum of 15% of CIL receipts raised in their area, which the parish can spend directly on local improvements. The remainder of the CIL receipts will be allocated by Hertsmere Borough Council.

For further information either visit our website using the following link.
[http://www.hertsmere.gov.uk/Planning--Building-Control/Planning-Policy/Community-Infrastructure-Levy-\(CIL\).aspx](http://www.hertsmere.gov.uk/Planning--Building-Control/Planning-Policy/Community-Infrastructure-Levy-(CIL).aspx)

Or alternatively you can ring 0208 207 2277 and ask for the Planning Policy Section.

Appendix 3

Appeal Decision: APP/N1920/W/19/3229315
Sunny Bank Junior and Infant School, Field View Road, Potters Bar
dated 18th November 2019

Appeal Decision

Site visit made on 22 October 2019

by Matthew Woodward BA (Hons) MA MRTPI

an Inspector appointed by the Secretary of State

Decision date: 18th November 2019

Appeal Ref: APP/N1920/W/19/3229315

**Sunny Bank Junior and Infant School, Field View Road, Potters Bar
EN6 2NA**

- The appeal is made under section 78 of the Town and Country Planning Act 1990 against a refusal to grant outline planning permission.
 - The appeal is made by Mr Dick Bowler (Hertfordshire County Council) against the decision of Hertsmere Borough Council.
 - The application Ref 18/1475/OUT, dated 20 July 2018, was refused by notice dated 17 April 2019.
 - The development proposed is for the demolition of existing Sunnybank School building and former caretaker's house, removal of hardstanding areas, and development of up to 30 new homes with associated access arrangements and ancillary works.
-

Decision

1. The appeal is dismissed.

Procedural Matter

2. The application was submitted in outline form with all matters reserved for future consideration, except for access. Therefore, I have treated the submitted 'masterplan', which shows details of layout and landscaping, as indicative only.

Main Issues

3. The main issues in this case are whether or not the proposal would:
 - be inappropriate development in the Green Belt, having regard to the National Planning Policy Framework (the Framework) and any relevant development plan policies, including its effect on the openness of the Green Belt;
 - result in the unacceptable loss of a community facility;
 - make adequate provision for public open space; and,
 - if the development would be inappropriate, whether the harm by reason of inappropriateness and any other harm, would be clearly outweighed by other considerations, so as to amount to the very special circumstances necessary to justify the proposal.

Reasons

Whether inappropriate development

4. The Framework states that inappropriate development is, by definition, harmful to the Green Belt and should not be approved except in very special circumstances. Paragraph 145 of the Framework makes it clear that new buildings are inappropriate in the Green Belt, subject to a number of exceptions. One exception, set out in paragraph 145(g) concerns the limited infilling or partial or complete redevelopment of previously developed land providing that a) it would not have a greater impact on the openness of the Green Belt than the existing development, or b) would not cause substantial harm to openness where it would contribute to meeting an affordable housing need within the local area.
5. Neither Policy CS13 of the Hertsmere Local Plan Development Plan Document Core Strategy 2013 (Core Strategy), nor Policy SADM26 of the Hertsmere Local Plan Site Allocations and Development Management Policies Plan 2016 (SADMP) fully reflect the provisions of the Framework in respect of development within the Green Belt. The policies predate the Framework and whilst they are consistent in the way they identify inappropriate development to be harmful to the Green Belt, they do not go on to identify the exceptions which are relevant to this appeal, as set out in paragraph 145(g) as referenced above. Therefore, I give these policies limited weight in my consideration of this appeal.
6. The proposal would provide 7 affordable housing units, which in principle and in terms of the number proposed, the Council do not object to. However, the Council contends that the proposal would not provide affordable housing over and above what would be expected on any similar development in the borough. Even so, the Framework's stipulation is that affordable housing would need to 'contribute to meeting' an identified affordable housing need. In this case, as the Council are satisfied with the number of affordable units proposed on the basis that they would address affordable housing policies in the Core Strategy, I am satisfied that the intended aim of the proposal would be to contribute to meeting an identified affordable housing need in the local area as required by paragraph 145(g) of the Framework.
7. According to the Framework¹, previously developed land comprises land occupied by a permanent structure, including the curtilage of the developed land. The appeal site comprises a former school building and a caretaker's house which includes an extensive area of hardstanding and grass land around it, previously used as a school playground, access roads and areas for parking, and as playing fields. On this basis, I concur with the main parties that the appeal site is previously developed land. The issue therefore hinges on whether the development would cause substantial harm to the openness of the Green Belt.
8. The term 'openness' is essentially a three-dimensional concept which effectively denotes an absence of buildings and development. However, no calculations of the volume of the existing buildings or those proposed have been provided. Nevertheless, the appellant has provided development footprint calculations. The existing school footprint and playground to be

¹ See 'Annex 2: Glossary' – the National Planning Policy Framework 2019

demolished would amount to 5,495m². Conversely, the total built floor space of 30 dwellings and associated garages would be approximately 3,945m². However, the existing hardstanding area is relatively flat and has a limited impact on the openness of the Green Belt in comparison with the buildings. Therefore, I have also taken into consideration the total floorspace figure associated solely with the school building, which would be just over 2,120 m², although this excludes the caretaker's house. However, it appears to me from the evidence that the floorspace associated with the new dwellings would be greater than the floorspace associated with the existing buildings.

9. I have exercised caution in comparing the aforementioned floorspace figures. Firstly, floorspace is calculated on a two-dimensional basis and this does not give a clear indication of the overall effect of a proposal on the openness of the Green Belt. Secondly, the proposal is in outline form and therefore, the figures at this stage could only ever be an approximation pending subsequent consideration of the details at reserved matters stage. Therefore, whilst I have used the floorspace figures provided by the appellant, I have also considered the visual and spatial effects of the proposal on the ground, taking into account the existing make-up of the site and the nature of the proposal.
10. Accepting that the submitted masterplan is indicative, it is clear that to accommodate the number of dwellings proposed, whatever the final form of the development, it would require dwellings to be erected on land that is currently hardstanding and grass. In this regard, whilst the existing school block would be taller than, and would be replaced by, a number of modest sized dwellings which would be interspersed more sparsely in place of the school building, most of the remaining dwellings would be built on areas of the site which are occupied by hardstanding or grass fields. Even taking into account the topography of the site, which would reduce the prominence of dwellings proposed on the northern portion of the site, the proposal would introduce numerous dwellings on large areas of the site which are currently devoid of buildings. The overall effect would be to substantially reduce the openness of the appeal site.
11. Some of the appeal site is slightly elevated above existing houses to the north and east but obtainable views would be reduced from many properties and surrounding streets by the presence of vegetation along the site boundary and the existing built form. Therefore, the appeal site is not in an exposed location and the perception of openness is reduced by the backdrop of the existing housing and the site's topography. The proposal would also result in an increase in openness on some parts of the appeal site, primarily as a result of the removal of the existing school building and former caretaker's house. However, this does not detract from my overall findings that the development would cause substantial harm to the openness of the Green Belt.
12. Even if I was to conclude that the proposal would cause less than substantial harm to the openness of the Green Belt, there is no planning obligation or mechanism in place to secure the provision of affordable housing. I also find that the development would have a greater impact on the openness of the Green Belt than the existing built form. Therefore, the proposal would not meet either of the exceptions set out in paragraph 145(g) of the Framework.
13. In conclusion, the proposal would cause substantial harm to the openness of the Green Belt. It would be a form of inappropriate development which, by

definition, would be harmful to the Green Belt and should not be approved except in very special circumstances. It would conflict with paragraph 145 of the Framework which requires that development on previously developed land would not have a greater impact on the openness of the Green Belt than the existing development, or cause substantial harm to the Green Belt in the case of development that contributes to an identified affordable housing need. The development would also conflict with Policy CS13 of the Core Strategy and Policy SADM26 of the SADMP which seeks to protect the Green Belt from inappropriate development, except in very special circumstances.

Community facility

14. The existing school building has been disused since 2008 and the appeal site has remained largely unused since this time. Policy CS19 of the Core Strategy seeks to protect key community facilities unless they are found to be surplus to requirements, or not fit for purpose. The Inspector, in reporting on the Examination into the Hertsmere Local Plan², concluded that the former school was not a facility in public use and was not an existing community facility. I saw on my site visit that the school building was boarded up and there is nothing in the evidence before me to contradict the findings of the Examination Inspector, and no evidence has been presented to me which indicates that the site comprises a key community facility that is fit for purpose.
15. Consequently, I find that the proposal would not lead to the unacceptable loss of a community facility. It would comply with Policy CS19 of the Core Strategy and Policy SADM32 of the SADMP which require, amongst other matters, that key community facilities are protected unless it can be demonstrated that they are surplus to requirements or not fit for purpose. However, the lack of harm in this respect is not a positive factor weighing in favour of the scheme.

Open space

16. Policy SADM37 of the SADMP requires that developments in excess of 50 dwellings or 2500m² provide open space, preferably on-site. The appellant is of the opinion that the '2500m²' requirement set out in the policy relates to non-residential uses, thus the development would not be required to provide open space given the proposal is for less than 50 dwellings.
17. However, to my mind, Policy SADM37 is written in a lucid way and it does not state that the floor space requirement would only relate to non-residential developments, and there is nothing in the Policy to suggest that it would. Therefore, I have no reservations in coming to the view that the development would be required to provide open space as the appeal scheme would comprise an external floorspace in excess of 2500m².
18. As 'layout' is a reserved matter, the way in which buildings, routes and open spaces within the development would be provided, situated and orientated in relation to each other, would be determined at reserved matters stage. However, as the submitted masterplan is indicative, it is unclear whether the final development form would be able to deliver sufficient open space within the appeal site. I note that there is flexibility contained within Policy SADM37 which would allow a financial contribution to be made to fund off-site open

² Inspector appointed by the Secretary of State for Communities and Local Government - Report on the Examination into the Hertsmere Local Plan (site allocations and development management policies) dated 14th September 2016

space, either in full, or part, depending on the feasibility of providing open space on-site. However, the appellant has not provided me with adequate assurance that the open space could be delivered on-site, and there is no planning obligation or mechanism in place to secure the provision of open space either on-site or off-site.

19. Therefore, in conclusion, it has not been adequately demonstrated that the proposal would provide sufficient open space either on-site, or as an off-site contribution. Consequently, I find that the proposal would conflict with the requirements of SADM37 of the SADMP which requires, amongst other matters, that new open space which includes biodiversity benefits and which may include a sustainable urban drainage system, is provided on appropriately sized development sites.

Other considerations

20. The Framework requires me to come to a view as to whether or not, in Green Belt terms, there are other considerations that clearly outweigh the totality of the identified harm so as to amount to very special circumstances. In this regard, the proposed development would provide up to 30 dwellings on brownfield land which would contribute to local and borough wide housing supply, a matter to which I apply significant weight.
21. In addition to the above, there would be indirect benefits to the local economy from the spending potential of future occupiers of the dwellings, and direct and indirect benefits from the construction phase. This matter carries modest weight in favour.
22. There would potential benefits from the proposed additional landscaping which may bring about biodiversity benefits. However, limited details have been provided at this stage and it is a matter to which I apply only limited weight in favour.

Other matters

23. I note that representations were made by local residents, some of whom raise additional concerns, including highways and drainage. However, given my findings on the main issues, it is not necessary to consider these matters in detail.
24. The appeal site was promoted as a potential housing site through the emerging Local Plan Examination process, but no decision has been made concerning any changes to the Green Belt boundary in relation to the appeal site, and the emerging Local Plan does not form part of the development plan. This consideration does not detract from the fact that the appeal site lies in the Green Belt, and the primary concern in this case, as set out in my reasoning, relates to the impact of the proposal on the openness of the Green Belt.

Conclusion and planning balance

25. The proposal would be inappropriate development in the Green Belt which is harmful by definition. According to the Framework, substantial weight should be attributed to any harm to the Green Belt. In addition, I have found that the development would lead to substantial harm to the openness of the Green Belt. The development would also fail to make adequate provision for open space.

26. Against this, whilst I find that the proposal would not result in the unacceptable loss of a community facility, this is a neutral factor which neither weighs in favour or against the appeal.
27. In terms of social benefits, I attach significant weight to the contribution the scheme would make to local housing supply, in line with the aim of significantly boosting the supply of homes, as advocated by the Framework. Other material factors that weigh in favour of the proposal include modest economic benefits and limited biodiversity and landscaping benefits. However, in combination, these benefits are not sufficient to clearly outweigh the harm I have identified.
28. I therefore conclude that the harm by reason of inappropriateness, and any other harm, is not clearly outweighed by other considerations, such that the very special circumstances necessary to justify the development do not exist. Thus, the appeal should be dismissed.

Matthew Woodward

INSPECTOR

Appendix 4

Setting the Capital Budget Report to Executive
dated 9th February 2022

HERTSMERE BOROUGH COUNCIL

Meeting name & Date	EXECUTIVE 9 February 2022
Agenda item	6.2
Report title	Setting the Capital Budget 2021/22 to 2024/25
Report reference no.	EX/22/12
Wards affected	All wards
Report author, job title & email	Matthew Bunyon, Head of Finance & Business Services matthew.bunyon@hertsmere.gov.uk Philip Lui, Financial Services Manager philip.lui@hertsmere.gov.uk
List of Appendices	Appendix A: Draft Capital Programme 2021/22 to 2024/25 Appendix B: Capital Projects Appraisal Process Appendix C: Capital Strategy 2022
Reason for urgency	Not applicable
Is it a Key Decision?	Yes
Call-in expires on	
Exempt from Call-in	Not applicable
Portfolio Holder	Councillor Abhishek Sachdev Portfolio Holder for Finance

PUBLIC REPORT - this report is available to the public.

1 RECOMMENDATION

- 1.1 That the Executive notes the revised capital programme budget for 2021/22 to 2023/24 of £30,048k as set out in Section 7.
- 1.2 That the Executive agrees the additions to the capital programme amounting to £4,149k as set out in Section 8 (summarised in Table 4).
- 1.3 That the Executive considers the draft capital programme 2021/22 to 2024/25 (Section 9 and Appendix A) and recommends it to the full Council for approval.
- 1.4 That the Executive consider the Capital Strategy 2022 (Section 12 and Appendix C) which has been reviewed and updated to reflect the draft capital programme and reflects the requirements of the Prudential Code 2017 and recommends this strategy to the Council for approval.
- 1.5 That the Executive recommends that the full Council gives delegated authority to the Executive to approve the Civic Office Repurposing Plan work streams detailed in section 13 to be funded from the Business Rates Reserve.

2 PURPOSE OF THIS REPORT

- 2.1 The purpose of this report is for the Executive to consider the four-year capital programme for the period 2021/22 to 2024/25 and also to consider the Capital Strategy 2022 and recommend them to the Council on 23 February 2022 for approval.

3 REASONS FOR RECOMMENDATION

- 3.1 The Council has a statutory obligation (as specified in the CIPFA Prudential Code) to make estimates of the total capital expenditure it plans to incur during the forthcoming year and the following two financial years to facilitate prudent, affordable and sustainable capital investment decisions.
- 3.2 The Prudential Code, which was last published in 2017, requires the Council to produce an annual capital strategy to include a number of key areas including strategic considerations, corporate priorities, capital investment ambition, available resources, affordability, capacity to deliver, risk appetite and risk management. It should also deal with significant commercial (focused on income generation) investments in appropriate detail so that members can properly assess the particular risks in this area. Hertsmere's existing Capital Strategy, which forms part of its overall Medium Term Financial Strategy, has been reviewed and updated to explain how the Council is following the requirements set and is attached in Appendix C.
- 3.3 The procedure agreed by full Council for setting the capital budget is that capital bids are firstly critically appraised by the Asset Management Panel in conjunction with officers prior to recommendation for inclusion in the capital programme.

- 3.4 The Council's constitution also requires that the Policy Review Committee and Members of the Council be consulted on the capital budget at least four weeks prior to the Executive recommending that Council adopts the budget.
- 3.5 In order to comply with these requirements, the adoption of the 2021/22 – 2024/25 Capital Budget will follow the timetable below:

Table 1 – Timetable for the Capital Budget 2021/22 to 2024/25

Asset Management Panel for consultation	16 December 2021
Draft budget to Executive to recommend consultation	12 January 2022
Draft budget to Policy Review Committee for consultation	20 January 2022
Final budget to Executive for recommendation to Council	9 February 2022
Approval by Full Council	23 February 2022

4 ALTERNATIVE OPTIONS

- 4.1 The Executive may decide to recommend that full Council adopt an alternative capital budget to that presented in Appendix A. The Executive may also recommend to full Council that any of the individual bids for funding presented are not approved. However, these options could adversely affect the Council's ability to provide its services and/or make efficiencies going forward.

5 BACKGROUND

- 5.1 The CIPFA Prudential Code provides the framework for the Council's capital investments. It requires the Council to make reasonable estimates of the total of capital expenditure that it plans to incur during the forthcoming financial year and at least the following two financial years. When setting its capital programme the Council must have regard to:
- The council's service objectives
 - Stewardship of council's assets
 - Value for money offered by the plans
 - Prudence and sustainability
 - Affordability of its plans
 - The practicality of the capital expenditure plan
- 5.2 The Council's Capital Strategy and the Prudential Code require that the Council has a clear plan for its capital expenditure in the medium term, as well as ensuring that the revenue implications of any capital programme are also budgeted.

- 5.3 The Prudential Code requires the Council to produce an annual capital strategy to include a number of key areas including strategic considerations, corporate priorities, capital investment ambition, available resources, affordability, capacity to deliver, risk appetite and risk management. It should also deal with significant commercial (focused on income generation) investments in appropriate detail so that members can properly assess the particular risks in this area. Hertsmere's Capital Strategy 2022 is attached in Appendix C and has been updated to reflect the draft capital programme.
- 5.4 The capital budget is funded by a combination of capital receipts, specific reserves, S106, CIL, external grants and borrowing (internal). However this position can change depending on the progress of major schemes and availability of alternative funding sources. A final decision on funding will be taken at a later date and will be dependent upon several factors such as reserve levels, known commitments and borrowing rates.
- 5.5 The adoption of this four-year capital budget and the critical review of capital bids by the Asset Management Panel (AMP) will allow the Council to meet its requirements as listed in paragraph 5.1. Furthermore, timely decisions made by the full Council prior to the start of the new financial year 2022/23 will enable Officers to plan in advance for expenditure, enabling good cash flow management and effective monitoring of capital expenditure versus the approved budget.

6 CAPITAL STRATEGY GROUP (CSG)

- 6.1 To support the capital budget setting framework, in May 2017 officers formed a Capital Strategy Group (CSG) with the aim of guiding the strategic direction for the capital programme by ensuring that the programme and all new bids for funding aligns with the council's key priorities and objectives.
- 6.2 This officer group advises on and makes recommendations to members in respect of capital proposals and capital funding via the Asset Management Panel, Executive and full Council.
- 6.3 The group aims to:
- maintain an integrated overview of all capital investment across the council and of all capital funding resources and sources;
 - review, monitor and challenge performance and delivery of the Capital Programme;
 - check and challenge new capital investment proposals to ensure that they align with Hertsmere's priorities, that they are affordable and that there is an appropriate business case; and
 - ensure that capital investment decisions are not taken in isolation from consideration of any on-going revenue consequence.
- 6.4 The group now plays a key role in the annual capital budget process, challenging the existing capital programme and presenting new proposals for inclusion in the capital programme for Council approval via the AMP.

- 6.5 The CSG have reviewed the new capital bids and recommended their inclusion in the capital programme as discussed in Section 8.

7 REVISED CAPITAL PROGRAMME 2021/22 to 2023/24

- 7.1 The Council, at its meeting in February 2021, approved the capital programme for 2021/22 to 2023/24, a total programme over three years of £23,427k.
- 7.2 The final 2020/21 year-end expenditure position was determined in April 2021 and slippage of £1,404k identified. The slippage was approved to be carried forward into the 2021/22 capital budget by the Executive in July 2021 (EX/21/50).
- 7.3 Other capital budget adjustments can occur outside of the annual budget process, for example projects approved separately by the Executive or Council or capital projects arising from other funding sources such as S106 or grant funding not already included in the capital programme. The new capital schemes approved to the Capital Programme since February 2021 amounted to £5,217k.

Table 2 – Revised Capital Programme 2021/22 to 2023/24

Approved Budget	21,711	966	750	23,427
Slippage from 2020/21 Capital Budget	1,404	-	-	1,404
Add: New capital schemes approved				
Purchase of Street Scene Vehicles	1,129	-	-	1,129
Elstree Studios New Sound Stages and Workshops	3,600	-	-	3,600
Replacement Meeting Rooms Civic Offices	95	-	-	95
Elstree Studios Replacement Stage Doors 7, 8 & 9	199	-	-	199
Mitel Telephone Support Contract	15	-	-	15
Civic Offices Secure Cycling Parking	9	-	-	9
Crown Road	100	-	-	100
New Financial System	-	70	-	70
Sub-total of new capital scheme approved	5,147	70	-	5,217

8 NEW CAPITAL BIDS

Recommended by the Asset Management Panel (AMP)

- 8.1 As part of the agreed capital budget process, the AMP have critically appraised eleven capital bids relating to the Council's Assets, that had been presented to the Panel following a review by officers through the Capital Strategy Group (CSG). The AMP are recommending the following bids for inclusion in the capital programme, supporting detail is attached at Appendix B:

Table 3 – New Capital Bids

Project	Estimated Capital Expenditure £000's	Capital Funding Source
<u>Bournehall Avenue Roof & Walkways</u> The bid is to carry out replacement of the roof and walkway finishes which form the waterproofing to the shops below and which are now beyond economic repair.	100	Capital Receipts
<u>Clerk of Work Services Orchard Close & St John's Church</u> Both Schemes already have previously approved funding. This is a further bid to provide Clerk of Work services throughout the duration of the construction projects to ensure they are delivered successfully.	40	Section 106
<u>Asset Management Forklift Truck Replacement</u> The existing truck is well beyond it's economic life and is becoming increasingly expensive and difficult to maintain due to obsolete parts. The replacement forklift truck will be electric powered.	15	Earmarked Reserves
<u>Elstree Film Studios - Maxwell Building Façade</u> The Maxwell Building at Elstree Film Studios is in poor condition whereby the glazed curtain walling and roof are perished and degraded. A specialist survey of the building was undertaken and the report detailed extension work required and the Council, as the landlord, is responsible for the works.	220	Capital Receipts
<u>Environmental Health Van Replacement</u> Replacement of Environmental Health officer van used by the service to transport equipment. The existing vehicle is now over 12 years old. Following Asset Management Panel, the capital bid has been increased to £25k to consider the purchase of an electric van.	25	Earmarked Reserves
<u>Cycle Hire Scheme</u> Public cycle hire scheme in Borehamwood which will help encourage a modal shift in transportation from cars to cycling at a local level.	250	Section 106 £88k Other Contributions £162k
<u>Allum Lane Cemetery Extension</u> The current cemetery is expected to reach full capacity by July 2023. Although not a statutory service,	590	Section 106 £49k

members feel strongly that the council has a duty of care to our residents to continue to provide burial space.		Other Contributions £541k
<u>Furzefield Greenway</u> Creation of Greenway through Furzefield to improve access within the site for users who have driven there, parked in the sports centre car park and wish to visit the woodland and meadow area and/or for football spectators, parents of payers etc.	115	Section 106
Project	Estimated Capital Expenditure £000's	Capital Funding Source
<u>Oakmere Lakeside Viewing Area & Retaining Wall</u> The terrace adjacent to the upper lake at Oakmere Park is showing signs of subsidence and instability. A study is needed to determine exact scope of work (plus any other options which could offer value if taken at the same time) and then implementation of the necessary works.	110	Earmarked Reserves
<u>Oakmere Toddler Play Area</u> Replacement of life expired play equipment to provide a fully inclusive all year round accessible play area for all user abilities. Oakmere Park is a Green Flag Award winning park however the equipment and safety surfacing in the toddler play area date from 1999 making this one of the oldest play areas in the borough.	100	Earmarked Reserves
<u>Street Scene Vehicle Replacement Programme</u> Planned replacement of the Street Scene fleet as per the vehicle replacement programme from 2022/23 to 2023/24.	1,835	Earmarked Reserves
TOTAL NEW CAPITAL BID PROPOSALS	3,400	

Disabled Facilities Grants (DFGs)

- 8.2 The current capital programme includes budget provision for DFGs of £750k per annum based on Hertsmere's revenue account funding of £100k and the annual government grant funding of £650k. However funding from prior years that has been committed but not yet spent is held in a reserve but should also be reflected in the capital programme based on the anticipated spend profile.
- 8.3 The programme for the delivery of DFG's has proved difficult during the Covid-19 pandemic and it is anticipated to have a significant slippage to the 2022/23 financial year.
- 8.4 It is assumed the council would be receiving a similar amount of government grant funding in 2024/25 and have therefore included £749k as additional DFG budget. Any changes to approved DFG government funding will be reflected accordingly in the council's revised budget.

Total Additions to the Capital Programme

- 8.5 The total additions to the capital programme amount to £4,149k as set out in table 4 below:

Table 4 - Total Additions to the Capital Programme

Schemes to be added	2022/23 £'000	2023/24 £'000	2024/25 £'000	TOTAL £'000
Bournehall Avenue Roof & Walkways	100	-	-	100
Clerk of Work Services Orchard Close & St John's Church	30	10	-	40
Elstree Film Studios - Maxwell Building Façade	220	-	-	220
Asset Management Forklift Truck Replacement	15	-	-	15
Environmental Health Van Replacement	25	-	-	25
Cycle Hire Scheme	250	-	-	250
Allum Lane Cemetery Extension	210	380	-	590
Furzefield Greenway	115	-	-	115
Oakmere Lakeside Viewing Area & Retaining Wall	110	-	-	110
Oakmere Toddler Play Area	100	-	-	100
Street Scene Vehicle Replacement Programme	1,276	559	-	1,835
Sub-Total New Capital Bids	2,451	949	-	3,400
Disabled Facilities Grant (DFG)	-	-	749	749
Sub-Total DFG Budget	-	-	749	749
Total Additions to the Capital Programme	2,451	949	749	4,149

9 CAPITAL PROGRAMME 2021/22 TO 2024/25

- 9.1 The draft capital programme, incorporating the proposed changes outlined in Section 7 and 8 for the four-year period 2021/22 to 2024/25 amounts to £34,197k as summarised in Table 5 below and detailed in Appendix A. The actual value of the programme will however be dependent on the confirmed final outturn for 2021/22, which will not be known until after the end of the 31 March 2022 financial year. This will be reported to the Executive in the final outturn report in July 2022.

Table 5 – Draft Capital Programme 2021/22 to 2024/25

	Revised Budget 2021/22 £'000	Draft Budget 2022/23 £'000	Draft Budget 2023/24 £'000	Draft Budget 2024/25 £'000	Draft Capital Programme £'000
Asset Management	23,326	581	10	-	23,917
Development Company	303	-	-	-	303
Planning & Economic Development	386	250	-	-	636
Environmental Health	1,540	775	750	749	3,814
Housing & Partnerships	-	-	-	-	-
Street Scene	2,598	1,811	939	-	5,348
Finance & Business Services	109	70	-	-	179
Human Resources & Customer Services	-	-	-	-	-
TOTAL	28,262	3,487	1,699	749	34,197

10 FUNDING THE CAPITAL PROGRAMME

- 10.1 The detailed capital programme for 2021/22 to 2024/25 is set out in Appendix A. The three-year programme is funded by a combination of capital receipts, specific reserves, S106, other contributions and external grants.
- 10.2 For all projects included in the programme the profile of agreed expenditure has been reviewed and aligned based on current estimates. This has resulted in a £34,197k four-year capital programme.
- 10.3 Table 6 sets out the estimated capital resource requirements for the planned capital programme spend and the proposed funding sources. Final funding decisions are however taken as part of the year-end decisions process when the most appropriate funding resources are consider and applied.

Table 6 – Capital Funding 2021/22 to 2024/25

Funding Source	Revised Budget 2021/22 £000	Draft Budget 2022/23 £000	Draft Budget 2023/24 £000	Draft Budget 2024/25 £000	TOTAL Capital Funding 2021/22 to 2024/25 £000
Capital Receipts	3,426	405	-	-	3,831
Disabled Facilities Grant	1,481	691	691	691	3,554
Earmarked Reserves	5,808	1,606	559	-	7,973
Housing Enabling Fund	179	-	-	-	179
Innovation and Investment Fund	216	-	-	-	216
Revenue Contribution	258	59	59	58	434
Borrowing	6,048	-	-	-	6,048
Grants and Other Contributions	4,971	323	380	-	5,674
CIL/S106	5,875	403	10	-	6,288
Totals	28,262	3,487	1,699	749	34,197

11 CAPITAL STRATEGY 2022

- 11.1 The Capital Strategy 2022 has been updated to include the latest 2021/22 revised budget position as at 31 December 2021 and also incorporates the draft 2021/22 to 2024/25 capital programme as detailed in this report. The latest draft is included in Appendix D of this report.
- 11.2 The Capital Strategy will be annually reviewed and presented with the annual capital programme.

12 CONSULTATION

Asset Management Panel

- 12.1 At its meeting on 16 December 2021 the Asset Management Panel considered eleven new capital bids (Section 8 above and Appendix B), and the draft four year capital budget (Section 9 above and Appendix A).
- 12.2 The Panel discussed considerations on the depreciation length of Council owned vehicles to factor in the change to renewable fuel vehicles.
- 12.3 The Panel agreed to recommend that the two capital bids for the Asset Management forklift truck and Environmental Health van replacements should be for electric vehicles.
- 12.4 The two year planned Street Scene fleet replacement capital bid was agreed pending further considerations from officers for renewable fuelled vehicles. Smaller vehicles would be considered for renewable fuel as the purchase cost of the vehicles are more economical and could be purchased via government procurement framework.
- 12.5 The Panel were satisfied with the eleven new capital bids (paragraph 8.1 and Appendix B).
- 12.6 The Panel agreed to recommend the four year capital budget for the period 2021/22 to 2024/25 to the Executive.

Policy Review Committee

- 12.7 At its meeting on 20 January 2022 the Policy Review Committee considered the draft capital programme 2021/22 to 2024/25 and 2022 Capital Strategy. The draft capital budget had been circulated to members of the Policy Review Committee and all members, all of whom were encouraged by the chair to contribute to the discussion.
- 12.8 Members were updated on the Council Offices Repurposing plan which was on-going but not included in the draft capital programme. The plan included:
- The lease agreement of the current Committee Rooms A to D to provide more accommodation for the Police and Crime Commissioner (PCC). This

was approved by members in July 2021.

- The PCC lease would require the re-provision of Committee Rooms on the first floor of the Civic Office.
- Investment required for essential maintenance plant and machinery in the Civic Offices due to age and increasing maintenance costs of the plant currently in situ.
- Hybrid working requirements.

12.9 A member raised points on the Council Offices Repurposing plan, whether the council is maximising the potential for the Civic Offices in terms of the commercial income receivable, the layout of the office and plant replacement. It was advised third party consultants will be used to assess requirements of the Council and engage with the PCC on their requirements.

12.10 A query was raised on whether the Council Offices Repurposing replacement plant and maintenance will follow the Council's pledge for zero carbon emissions. Assessments will be made to ensure that designs and equipment replaced would be following the zero carbon pledge.

12.11 The committee agreed, following consultation, to recommend the draft 2021/22 to 2024/25 capital programme 2021/22 to 2024/25 and 2022 Capital Strategy to Executive.

Executive

12.12 Comments of the Executive to be included following its meetings on 9 February 2022.

13 CIVIC OFFICES REPURPOSING PLAN

13.1 The Civic Offices had its last major refurbishment in 1972. Since then the office has been developed to accommodate the NHS from 2010 and then the Police and Crime Commissioner (PCC) from 2014, however no further works have been undertaken in relation to the offices or plant.

13.2 The arrangements with the NHS and PCC have established a hub of key services within a central location for Hertsmere residents whilst also generating an annual rental income for the Council of £345k per annum and making efficient use of a public asset.

13.3 In July 2021, the Council approved the lease of some further office space to the PCC, the area where the current committee rooms are located, with an additional rent of £95k per annum. Whilst further opportunities to develop the offices could have been explored, the current 25 year lease with the PCC which runs until 2039 would limit these opportunities hence this additional lease was agreed to be coterminous with the existing lease.

13.4 Letting the additional space to the PCC will however require the relocation of the committee rooms, which will be to the other wing of the first floor. This will in turn

mean the displacement of some staff which will require a re-planning of the Civic Offices to optimise space. This presents an opportunity to create flexible working environments suitable to support hybrid working and address many of the longstanding poor office environmental conditions.

13.5 Significant efforts have already been put into decluttering the offices with a view to storing more documents electronically thereby releasing space through storage reduction and also to support hybrid working arrangements by enabling remote access to key information. However this will require some investment in IT infrastructure and electronic file integration.

13.6 This, together with the changing requirements for workplaces generally in recent months, has caused officers to review all the office accommodation at the Civic Office and Council Depots to determine appropriate layout plans and associated enabling works to create a fit for purpose modern attractive working environment, embracing technology and following best practice. The timing of this has not however met the early part of the capital programming process, however officers have been working up estimated costs based on a the measures necessary to complete the proposed changes as soon as possible. The indicative costs associated with the infrastructure, furniture and equipment are approximately:

• Building alterations	£900k
• Plant and equipment	£500k
• Electrical and IT systems	£500k
• Furniture and relocation	£600k
• Committee rooms	£200k
• Paper light project	£300k

13.7 The additional income from the new lease with the PCC means the total annual rental from the PCC and NHS now amounts to £440k per annum from 2022/23. In addition, officers will continue to explore opportunities to maximise rental income offered by the Civic Office such as renting the committee rooms and Council Chamber to external users, which it is anticipated will pick up again post-pandemic. Repurposing the offices will also create new meeting space which will be fully equipped for hybrid meetings offering more potential for rental income. Based on the current budgeted income the expected payback period for the proposed investment in the Civic Office could be around 6-7 years.

13.8 Officers are working on the details for the proposed works which will be presented to the Executive in due course. To enable these projects to move forward quickly it is recommended that the full Council delegate authority to the Executive to approve the work streams listed in paragraph 13.6 within the estimated funding envelope. It is proposed that these works be funded from the Business Rates Reserve thereby utilising the additional retained growth that Hertsmere has benefitted from as a result of Business Rates pooling since 2016/17.

14 FINANCIAL AND BUDGET FRAMEWORK IMPLICATIONS

14.1 The financial and budget framework implications are noted throughout this report.

15 LEGAL POWERS RELIED ON AND ANY LEGAL IMPLICATIONS

- 15.1 The legal implications in relation to each new capital project are dealt with by the respective project owners in their detailed capital bids.
- 15.2 The legal framework for the Council's capital investments is underpinned by CIPFA's Prudential Code. The statutory basis for the prudential system is set out in Part I of the Local Government Act 2003. The Prudential Code requires the Council make reasonable estimates of the total of capital expenditure that it plans to incur during the forthcoming financial year and at least the following two financial years.

16 EFFICIENCY GAINS AND VALUE FOR MONEY

- 16.1 Each capital bid is individually assessed and recommended for inclusion in the programme where it supports the Council's priorities, which may include delivering efficiency gains. Subject to approval, the majority of capital projects will require a procurement process through which value for money will be assessed.

17 RISK MANAGEMENT IMPLICATIONS

- 17.1 The risks arising from the capital programme is contained within the individual project bids. The Council conducts regular monitoring of strategic risks and takes appropriate measures accordingly.

18 PERSONNEL IMPLICATIONS

- 18.1 The Personnel implications in relation to each capital project are dealt with by the respective project owners in their detailed bids.

19 EQUALITIES IMPLICATIONS

- 19.1 The Equalities implications in relation to each capital project are dealt with by the respective project owners in their detailed bids.

20 CORPORATE PLAN and POLICY FRAMEWORK IMPLICATIONS

- 20.1 The Corporate Plan & Policy Framework Implications in relation to each bid were dealt with by the bid authors in their bid forms presented to the Asset Management Panel and Executive.

21 ASSET MANAGEMENT IMPLICATIONS

- 21.1 The Asset Management implications are contained within the individual capital

project bids presented to the Asset Management Panel.

22 HEALTH AND SAFETY IMPLICATIONS

22.1 The Health & Safety implications in relation to each capital project are dealt with by the respective project owners in their detailed bids.

23 BACKGROUND DOCUMENTS USED TO PREPARE THIS REPORT

Document Title:	Filed at:
2021/22 Budget Book Financial Strategy 2018/19 – 2021/22	www.hertsmere.gov.uk/Your-Council/Other-council-departments/Finance-and-Business-Services/Financial-Documents.aspx
Prudential Code for Capital Finance in Local Authorities * subscription required to view the document	https://www.cipfa.org/policy-and-guidance/publications

Appendix A

PROJECT REF	PROJECT DESCRIPTION	2021/22	2022/23	2023/24	2024/25	TOTAL 2021/22 to 2024/25
		£'000	£'000	£'000	£'000	£'000
	CAPITAL PROJECTS - CAPITALISED EXPENDITURE BUDGETS					
	ASSET MANAGEMENT					
HV108	Refurbishment of Lock-Up Garages	298	85	-	-	383
HV171	Works to Council Owned Shops	174	-	-	-	174
HV215	St Johns Church	2,982	107	10	-	3,099
	Crown Road	100	-	-	-	100
HV225	111 Strafford Gate – CPO	31	-	-	-	31
HV238	Civic Offices Car Park Decking	2,575	-	-	-	2,575
HV239	Window Replacement and Loft Insulation	185	-	-	-	185
HV240	Orchard Close	1,688	44	-	-	1,732
HV243	Purchase of Vehicle	73	-	-	-	73
HV255	Elstree Studios New Sound Stages and Workshop	14,316	-	-	-	14,316
HV265	Elstree Studios Ancillary Block Roof	300	10	-	-	310
	Replacement Meeting Rooms Civic Offices	95	-	-	-	95
	Elstree Studios Replacement Stage Doors 7, 8 & 9	9	-	-	-	9
	Bournehall Avenue Roof & Walkway Repairs	-	100	-	-	100
	Forklift Truck Replacement	-	15	-	-	15
	Elstree Film Studios – Maxwell Building Façade	-	220	-	-	220
		22,826	581	10	-	23,417
	STREET SCENE					
HV211	Moatfield Greenway	32	-	-	-	32
HV226	Improvement Plans - Meadow Road Park	87	-	-	-	87
HV229	Meadow Parks Phase II	1,350	-	-	-	1,350
HV164	Purchase of Street Scene Vehicles	1,129	1,276	559	-	2,964
	Allum Lane Cemetery Extension	-	210	380	-	590
	Furzefield Greenway	-	115	-	-	115
	Oakmere Lakeside Viewing Area and Retaining Wall	-	110	-	-	110
HV244	Oakmere Toddler Play Area	-	100	-	-	100
		2,598	1,811	939	-	5,348
	FINANCE & BUSINESS SERVICES					
HV158	New Financial System	50	70	-	-	120
HV175	IT Desktop Devices	44	-	-	-	44
	Mitel Telephone Support Contract	15	-	-	-	15
		109	70	-	-	179
	ENVIRONMENTAL HEALTH					
	Purchase of EHO Vehicle	-	25	-	-	25
		-	25	-	-	25
	SUB-TOTAL CAPITAL PROJECTS - CAPITALISED EXPENDITURE BUDGETS	25,533	2,487	949	-	28,969

Appendix A

PROJECT REF	PROJECT DESCRIPTION	2021/22	2022/23	2023/24	2024/25	TOTAL 2021/22 to 2024/25
		£'000	£'000	£'000	£'000	£'000
	CAPITAL PROJECTS - NON-CAPITALISED EXPENDITURE BUDGETS					
	ASSET MANAGEMENT					
HV170, 213, 214, 242	Development Sites Feasibility Studies	130	-	-	-	130
HV212	Civic Offices Extension	76	-	-	-	76
HV231	Croxdale Road & Rossington Ave Roof	95	-	-	-	95
	Elstree Studios Replacement Stage Doors 7, 8 & 9	199	-	-	-	199
		500	-	-	-	500
	DEVELOPMENT COMPANY					
HV206	Working Capital Loan Herts Dev Ltd	303	-	-	-	303
		303	-	-	-	303
	ENVIRONMENTAL HEALTH					
HV162	Disabled Facilities Grant (DFG)	1,540	750	750	749	3,789
		1,540	750	750	749	3,789
	PLANNING & ECONOMIC DEVELOPMENT					
	CIL Projects	357	-	-	-	357
HV256	Elstree Way Corridor Improvements	29	-	-	-	29
	Cycle Hire Scheme	-	250	-	-	250
		386	250	-	-	636
	SUB-TOTAL CAPITAL PROJECTS - NON-CAPITALISED EXPENDITURE BUDGETS	2,729	1,000	750	749	5,228
	TOTAL CAPITAL ESTIMATES	28,262	3,487	1,699	749	34,197

CAPITAL PROJECT APPRAISAL PROCESS

The Asset Management Panel (AMP) addresses capital strategy and asset management issues on a service wide basis. This forum is used to evaluate and monitor capital project investment bids prior to making recommendations to the Executive.

The capital project appraisal process for evaluating capital investment proposals is outlined below:

1. Capital Project Bid

Submission to the AMP for evaluation: After the evaluation of the capital bid as per the attached form, AMP will recommend to the Executive the project bid for approval. The Executive may refer this to full Council subject to total cost estimates and policy implications. The full Council following recommendations from the Executive will approve the annual capital budget.

2. Capital Project Ranking

H – High Priority	• Statutory Requirement • Housing Improvement / Repair
M – Medium Priority	Discretionary • High returns • Best fit with existing plans (i.e. corporate, community, asset management, service planning etc.)
L – Low Priority	• Discretionary service benefits
D – Desirable	• Improvement of internal facilities

3. Key priorities and targets

(Refer to the Capital Strategy for guidance on the Key priorities and targets of the Council.)

- The project should meet the aims and objectives of the Corporate and Service Plans.
- Priority of projects should be considered in conjunction with current capital commitments and future capital needs in the Capital Expenditure Programme.
- The project bid has to demonstrate that alternative funding and partnership opportunities have been fully explored.

- Any risks associated with the project are in line with the Council's overall risk strategy.
- The rate of return of the project is higher than that achieved on cash investments and/or service benefits should be demonstrated.

4. Capital Project Appraisal Review

Following the project bid submission and the recommendations of the AMP; a report should be written to the Executive for consideration. The report should include an analysis of the following:

- Financial outlay in terms of both capital and revenue - funding sources.
- Service Benefits.
- Impact on any relevant performance measures (performance indicators)
- Revenue implications of a recurring nature.
- Legal and policy implications.
- Evaluation of partnership and funding proposals.
- Impact of project on meeting stakeholders and/or community needs. Evidence of stakeholders consultation/evaluation?
- Demonstration of lessons learnt from previous projects, which could be applied to the future projects.

RISK ASSESSMENT GUIDELINES

The risks of any capital investment project should be evaluated to ensure that it is in line with the risk profile of the Capital Strategy and the Council as a whole. Therefore potential risks should include those, which may have an impact on the Council, the Finance Strategy, and the project itself.

Risks should be evaluated using the following methodology

Any risks identified shall be given a rating of High (H), Medium (M), or Low (L). Any risk rated M or higher will require close monitoring and appropriate mitigation strategies should be put in place.

Should a risk rated H be identified, then consideration should be given as to whether or not the project should be approved, or alternative options considered.

The ratings above should be evaluated in terms of the following:

Extent of Potential Adverse Impact

- **Financial**
 - Are estimates used subject to a significant degree of uncertainty?
 - Is there a possibility that any external funding required may not be available for the duration of the project?
 - Are there any adverse revenue implications for the project?
- **Political / Community**
 - Will a significant portion of the community oppose the project?
 - Will the project have a significant adverse effect on sections of the community? For example, local businesses, Special Needs groups or particular part of the borough.
- **Environmental**
 - Is there a risk of harm to the local environment and wildlife?
- **Project**
 - Is there a chance the project will not be completed on time?
 - Is there a risk of staff or resources not being available?
 - Does the management of the project have sufficient expertise?
- **Partnership**
 - Is there a risk of the partners not having sufficient security
 - Is the partner sufficiently committed to the project

Likelihood

What is the probability / likelihood of an adverse impact over short, medium and long-term timescale?

NEW CAPITAL PROJECT BIDS



Capital Project Bid Appraisal Form

Section 1	Project Description	
Service	Asset Management and Engineering Services	
Name of Project	Bournehall Avenue – roof and walkway repairs	
Project Manager	Head of Asset Management and Engineering Services	
Description of Project	The proposal is to carry out replacement of the roof and walkway finishes which form the waterproofing to the shops below.	
Section 2	Project Timeline	
Target start date	Summer 2022	
Target end date	Autumn 2023	
Section 3	Objectives and Outcomes	
Project Objectives	To carry out removal of existing waterproof layer and installation of new waterproofing to the walkways serving the flats above and rooking to shops below.	
Project Rationale	The Council owns and manages the maintenance of shops and flats above at Bournehall Avenue, Bushey. There have been a number of leaks to this area which have been treated with temporary repairs. The surface is now beyond economic repair and requires replacement to ensure the shops remain protected. The leaks are impacting on the shop tenants and have potential to cause a loss of income if not resolved. This is a landlord liability for which the Council are liable under the terms of the lease.	
Project Priority Ranking	H	
Key Project Outputs	Statutory compliant and fit for purpose assets.	
Project	Milestones	Dates
State how the project meets the aims and objectives of the following:	<u>Corporate Plan</u> Planning for the future by reviewing land and buildings and retaining asset value <u>Community Strategy</u> This project aligns with the key objectives of improving some of the poor performing land and buildings and at the same time preserve the value of the asset and environment. <u>Finance Strategy</u> This project aligns with the key objectives: To optimise use of the Council's assets in land, property and liquid resources so that appropriate reserves can be maintained in order to achieve the Council's overall financial	

	and corporate objectives and to achieve the efficiency gains required to deliver a balanced and sustainable budget. <u>Property Strategy</u> This project aligns with the key objectives: • To ensure efficient effective and sustainable use of land and buildings • To manage property as a strategic resource at both corporate and service levels <u>Service Plan</u> This is a key priority for the Asset Management team.
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This section sets out the whole life costs of the project i.e. capital and revenue costs

	100,000				100,000

	Assumed	100,000

Please insert 1.76% of the total amount above, in the corresponding line below					

Appendix B

Section 4d REVENUE IMPACT	2022/23 £	2023/24 £	2024/25 £	2025/26 £	TOTAL £
COSTS					
Operating Expenses					
Consultants/Salaries					
IT Licences					
Opportunity Cost	100				100
Other					
Sub-total:	100				100
SAVINGS					
Revenue Saving					
Additional Income					
Sub-total:					
TOTAL	100				100

Section 5	VFM Assessment
What alternative means of funding/providing this output have been considered? e.g. leasing, partnership arrangements, match funding	There are no other known funding sources for this at present other than responsive revenue maintenance budgets.

Environmental Risk	There is potential risk to the shops portfolio if the leaks are not addressed.
Financial Risk	There is a risk associated with not maintaining the asset as required under the terms of the lease. The costs included are internally estimated at this stage while firmer prices are established.



Capital Project Bid Appraisal Form

Section 1	Project Description	
Service	Asset Management	
Name of Project	Orchard Close & St Johns Church	
Project Manager	Head of Asset Management and Engineering Services	
Description of Project	Orchard Close – Development of HBC owned garage site to deliver 7 affordable units. St Johns Church – Joint venture with Diocese of St Albans to deliver 6 affordable units. Both schemes already have previously approved funding in place sourced from S106. This is a further bid for £40320 to provide Clerk of Work services throughout the duration of the construction projects to ensure they are delivered successfully.	
Section 2	Project Timeline	
Target start date	July 2021	
Target end date	July 2023	
Section 3	Objectives and Outcomes	
Project Objectives	Utilising underused assets to deliver affordable housing in Radlett.	
Project Rationale	Weekly Clerk of Works services at both sites is deemed essential to the successfully delivery to both affordable housing schemes. Ensuring that work is carried out to our standards, specification, correct materials, workmanship and schedule.	
Project Priority Ranking	M	
Key Project Outputs	Delivering affordable housing units.	
Project	Milestones	Dates
	Orchard Close Completion	July 2022
	St Johns Church Completion	July 2023
State how the project meets the aims and objectives of the following:	The project is part of Hertsmere Borough Councils agreed development programme to develop HBC assets to provide future revenue streams. There is a proven need for the provision of affordable accommodation and no more so in Radlett where these developments are being constructed.	

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This section sets out the whole life costs of the project i.e. capital and revenue costs

	30,240	10,080			40,320

	16/1931 Watford Road Radlett	40,320

Please insert 1.76% of the total amount above, in the corresponding line below					

	30	10			40
	30	10			40
	30	10			40

Section 5	VFM Assessment
What alternative means of funding/providing this output have been considered? e.g. leasing, partnership arrangements, match funding	None, the schemes it relates to have both previously been granted S106 monies and the requirement of a CoW had been deemed essential to the successful delivery of both projects and will follow the same process as previously established.

	The risks associated with these construction projects have been detailed in previous bids and this if for further additional funding. There are no risks associated to this specific bid.



Capital Project Bid Appraisal Form

Section 1	Project Description	
Service	Asset Management and Engineering Services	
Name of Project	Engineering Depot – forklift truck replacement	
Project Manager	Head of Asset Management and Engineering Services	
Description of Project	The proposal is to replace the life expired forklift truck at the Engineering Depot.	
Section 2	Project Timeline	
Target start date	Apr 2022	
Target end date	Apr 2023	
Section 3	Objectives and Outcomes	
Project Objectives	To replace life expired plant	
Project Rationale	The Council owns a forklift truck for loading and unloading use at the Engineering Services Depot. The existing plant is well beyond its economic life and is becoming increasingly expensive and hard to maintain due to obsolete parts. The Council's maintainer has recommended replacement to ensure service delivery is not impacted. If deliveries and loading is not able to completed this has financial implications as well as causing delays to service delivery. The option of leasing has been explored however this has been discounted in favour of ownership of this asset.	
Project Priority Ranking	M	
Key Project Outputs	Replacement of this failing asset with reliable and economic plant.	
Project	Milestones	Dates
State how the project meets the aims and objectives of the following:	<u>Corporate Plan</u> Planning for the future by retaining asset value and improving performance and reducing running costs. <u>Community Strategy</u> <u>Finance Strategy</u> This project aligns with the key objectives: To optimise use of the Council's assets in order to achieve the Council's overall financial and corporate objectives and to achieve the efficiency gains required to deliver a balanced and sustainable budget. <u>Property Strategy</u> <u>Service Plan</u> This is a key priority for the Engineering Services team.	

Section 4

This section sets out the whole life costs of the project i.e. capital and revenue costs

	15,000				15,000

	Drainage reserve funding	15,000

<i>Please insert 1.76% of the total amount above, in the corresponding line below</i>					

	20				
	20				
	20				

Section 5	VFM Assessment
What alternative means of funding/providing this output have been considered? e.g. leasing, partnership arrangements, match funding	There are no other known funding sources for this at present.

Service Risk	By replacing this failing plant it will ensure the safe and efficient handling of deliveries and loading of heavy plant and equipment.
Financial Risk	This investment is needed to meet the needs of the service, ensuring reliable plant is available and avoid cost of downtime and increased repairs, where possible to maintain.



Capital Project Bid Appraisal Form

Section 1	Project Description
Service	Asset Management and Engineering Services
Name of Project	Elstree Studios- Maxwell Building Facade
Project Manager	Head of Asset Management and Engineering Services
Description of Project	The proposal is to carry out urgent essential remedial works to the glazed curtain walling of the Maxwell Building
Section 2	Project Timeline
Target start date	Apr 2022
Target end date	Jun 2022
Section 3	Objectives and Outcomes
Project Objectives	To remediate defective glazing and address significant H&S issue
Project Rationale	The glazed walling and mansard roof of the Maxwell Building, Elstree Studios is in a poor condition due to the joints, glazing gaskets and security fastening having perished and degraded. Many are missing and have been patched with sealant over the years which is ineffective. The glazing is now leaking and causing water ingress to the occupied building areas with resultant damage. A comprehensive specialist survey of the whole has been undertaken by abseiling the façade and a report has been received detailing the extensive works required and estimated costs. There are no alternative options than to fully renew some defective glazing panels, all gaskets and repairs to the system framing.

	This is a landlords obligation under the terms of the lease. There is an ongoing revenue requirement to maintain the glazing system which is the Studio's responsibility	
Project Priority Ranking	H	
Key Project Outputs	Refurbishment of the curtain wall glazing system and extended life of the component	
Project	Milestones	Dates
State how the project meets the aims and objectives of the following:	<u>Corporate Plan</u> Planning for the future by retaining asset value and improving performance and reducing running costs. <u>Community Strategy</u> <u>Finance Strategy</u> This project aligns with the key objectives: To optimise use of the Council's assets in order to achieve the Council's overall financial and corporate objectives and to achieve the efficiency gains required to deliver a balanced and sustainable budget. <u>Property Strategy</u> <u>Service Plan</u> This is a key priority to retain the commercial income achievable from this asset and meet landlord obligations.	

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This section sets out the whole life costs of the project i.e. capital and revenue costs

	200,000				200,000
	20,000				20,000

		220,000

Section 4c PRUDENTIAL BORROWING	2022/23 £	2023/24	2024/25 £	2025/26 £	TOTAL £
Item of Spend					
Works					
Major IT Systems					
Infrastructure e.g. roads					
Equipment					
Buildings					
TOTAL					
<i>Please insert 1.76% of the total amount above, in the corresponding line below</i>					
BORROWING COST					

Section 4d REVENUE IMPACT	2022/23 £	2023/24 £	2024/25 £	2025/26 £	TOTAL £
COSTS					
Operating Expenses					
Consultants/Salaries					
IT Licences					
Other					
Sub-total:					
SAVINGS					
Revenue Saving					
Additional Income					
Sub-total:					
TOTAL					

Section 5	VFM Assessment
What alternative means of funding/providing this output have been considered? e.g. leasing, partnership arrangements, match funding	There are no other known funding sources for this at present.

Health and Safety	There is a significant health and safety risk of glazing detaching from the building.
Service Risk	There is an obligation on the Council as landlord to address this significant health and safety issue.
Financial Risk	This investment is needed to ensure the safe operational use of the building and ensure continued income from letting out the property



Capital Project Bid Appraisal Form

Section 1	Project Description	
Service	Environmental Health	
Name of Project	New EHO Van	
Project Manager	Chief Environmental Health Officer	
Description of Project	Planned replacement of Environmental Health Officer (EHO) van used by the service to transport equipment (e.g. for noise complaints)	
Section 2	Project Timeline	
Target start date	1/4/22	
Target end date	31/5/22	
Section 3	Objectives and Outcomes	
Project Objectives	To renew the existing fleet vehicle	
Project Rationale	The current vehicle was purchased in March 2009 as a replacement van for dog control. When the dog van was replaced in 2016, the old vehicle was transferred to the EHOs but is now over 12 years old. Rather than replace the dog van (which has to be specifically boarded out for cages and limits the capacity for equipment) it is proposed to purchase a standard vehicle instead. Electric options will be explored.	
Project Priority Ranking	M (vehicle will need replacing sooner rather than later)	
Key Project Outputs	Improve efficiency & reliability of fleet	
Project	Milestones	Dates
	Go out to procurement (3 quotes)	April 2022
	Procure vehicle	May 2022
State how the project meets the aims and objectives of the following:	Corporate Plan Optimising use of assets – by replacing vehicle only when required Seeks to protect and enhance the natural environment – used for EHO visits around the borough Community Strategy n/a Finance Strategy A sum is set aside annually for vehicle replacement as a prudent financial strategy to asset replacement. Corporate Property Strategy n/a Service Plan Enables staff to carry out environmental inspections/respond to call outs throughout the borough	

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This section sets out the whole life costs of the project i.e. capital and revenue costs

	25,000				25,000

	Environmental Health Sinking Fund (HZ100/Z8250)	25,000

<i>Please insert 1.76% of the total amount above, in the corresponding line below</i>					

	0				
	12				12
	12				12
	0				
	12				12

*The running costs of the existing vehicle are already budgeted and replacing with a new vehicle will have minimal impact on revenue costs.

Section 5	VFM Assessment
What alternative means of funding/providing this output have been considered? e.g. leasing, partnership arrangements, match funding	None as the funds have already been placed in an earmarked reserve (sinking fund) specifically for the purpose of vehicle replacement.

Financial Risk	Cost of an electric vehicle may be more than the estimate, however there are sufficient funds in the reserve to cover this should this be the preferred option.



Capital Project Bid Appraisal Form

Section 1	Project Description	
Service	Planning	
Name of Project	Public Cycle Hire Scheme	
Project Manager	Head of Planning and Economic Development	
Description of Project	Public cycle hire scheme in Borehamwood - A public focussed scheme, in which upfront capital expenditure to set up the scheme is paid by the Council (supported by Section 106 contributions) and then handed over to an operator to run the scheme. The operator takes the responsibility of operational expenditures such as marketing of the scheme, engagement with public/employers, maintenance of the bikes and stations.	
Section 2	Project Timeline	
Target start date	April 2022	
Target end date	April 2026	
Section 3	Objectives and Outcomes	
Project Objectives	To increase use of cycles as a mode of transport within the Borough	
Project Rationale	The public bike hire scheme will help to encourage a modal shift in transportation from cars to cycling at a local level which has the following benefits: a. Cycling is preferred as it is more active and sustainable form of transportation and is recommended by the County's Local Transport Plan 4. b. At the time of declaring Climate Emergency, the Council committed to achieving net-zero carbon emissions no later than 2050. This project will enable the Council to reduce its transport related emissions. c. This scheme is expected to result in improved air quality in Borehamwood which has Air Quality Management Areas. d. The scheme will provide an additional mode of transport for local areas which are not well connected. e. The scheme will make cycles available to the public at low cost, thus improving accessibility. f. The scheme will promote zero carbon and sustainable development of the Council. g. The scheme will improve health and well-being of the users of the scheme by supporting an increase in activity levels.	
Project Priority Ranking		
Key Project Outputs	Number of cycle rides Reduction in car traffic Air quality indicators	
Project	Milestones	Dates
	Initial Executive approval	July 2021
	Procurement process	September 2021

	Final approval from Executive/Full Council for implementation and rollout	October/November 2021
	Rollout of scheme	Spring 2022
	<u>Corporate Plan</u> The scheme provides an innovative way to deliver transport services. By reducing emissions and improving air quality, the scheme will help protect and enhance the natural environment. An active mode of transport will improve the health and well-being of our residents. By making affordable means of transport available for residents, the scheme will improve residents' access to employment opportunities and recreational facilities. This will help reduce inequality and build a more cohesive community. <u>Community Strategy</u> Building healthier communities is a prime focus area in the Community Strategy. The cycle hire scheme will provide an additional avenue for the residents to become more physically active, thereby, promoting healthy weight and improved mental health and well-being. Borehamwood has areas of deprivation. An affordable cycle hire scheme will help reduce unequal access to opportunities as well as health inequalities. By working with residents, local businesses, town and parish councils, this project will also be an opportunity for fostering a thriving community for present and future collaboration. <u>Finance Strategy</u> N/A <u>Corporate Property Strategy</u> N/A <u>Service Plan</u>	

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This section sets out the whole life costs of the project i.e. capital and revenue costs

	250,000				250,000

¹ Estimated based on quote from Beryl bikes ([Herts Executive report 7 July 2021 \(moderngov.co.uk\)](https://www.moderngov.co.uk/herts/2021/07/07/herts-executive-report-7-july-2021/))

Appendix B

Section 4b FUNDING SOURCE	Details:	TOTAL £
Capital Receipt		
Grants	Specify name	
S106	Sky Studios	75,000
	Pure Data Centre	13,000
Other	Combination of contribution from EBTC and HBC CIL	162,000
Prudential Borrowing	If any prudential borrowing is required, please complete table 4c	
TOTAL		250,000

Section 4c PRUDENTIAL BORROWING	2022/23 £	2023/24	2024/25 £	2025/26 £	TOTAL £
Item of Spend					
Works					
Major IT Systems					
Infrastructure e.g. roads					
Equipment					
Buildings					
TOTAL					
<i>Please insert 1.76% of the total amount above, in the corresponding line below</i>					
BORROWING COST					

Section 4d REVENUE IMPACT	2022/23 £	2023/24 £	2024/25 £	2025/26 £	TOTAL £
COSTS					
Operating Expenses	55,000	44,000	27,500	0	126,500
Consultants/Salaries					
IT Licences					
Opportunity Costs	88*				88
Other					
Sub-total:	55,088	44,000	27,500	0	126,588
SAVINGS					
Revenue Saving					
Additional Income	25,000**	25,000*	25,000*	25,000*	100,000
Sub-total:					
TOTAL	30,088	19,000	2,500	(25,000)	26,588

*Based on known S106 capital funding

**Sky Studios S106

Appendix B

	Section 106 contribution from Sky Studios and other major developments Local businesses and employers are being approached for corporate membership and sponsorship Town and Parish Councils are being approached for capital contributions

Theft and vandalism have been known to put schemes on hold	Engaging with the communities will help in developing a sense of ownership and reduce cases of theft and vandalism. GPS and other technology will be used to support where possible.
Financial risk	The financial risks will be limited by the providing upfront capital cost.
Project does not achieve its objectives	This will be limited by the Council providing upfront capital expenditure and the operator taking on operational risk/revenue
There have been instances when scheme has not been successful and the operator has packed up and left without completing contract	This risk will be kept in mind at the time of contract signing with the operator and appropriate safeguarding measures will be put in place against it.



Capital Project Bid Appraisal Form

Section 1	Project Description	
Service	Parks	
Name of Project	Allum Lane Cemetery Extension	
Project Manager	Head of Street Scene	
Description of Project	Purchase of land and construction of Extension to Allum Lane Cemetery.	
Section 2	Project Timeline	
Target start date	October 2021	
Target end date	March 2024	
Section 3	Objectives and Outcomes	
Project Objectives	To provide the balance of funding required to carry out the works approved by EX/21/32	
Project Rationale	These are set out in EX/21/32 attached	
Project Priority Ranking	High – Although not a statutory service, members feel strongly that the council has a duty of care to our residents to continue to provide burial space. The Cemetery is nearly full and urgent action is required to enable the service to be continued after capacity is reached in July 2023 (based on current average burial rates).	
Key Project Outputs	Continuation of the service to the Borough's residents.	
Project	Milestones	Dates
	Engagement with Land Agent	Oct 2021 (funded by s106)
	Completion of Purchase	April 2022
	EA Risk Assessment Surveys and Monitoring	Requires 12 months borehole sampling and monitoring.
	EA Permission	April 2023
	Draft Specifications	April 2023
	Planning Permission Process	April 2023 – July 2023
	Tender works	July/August 2023
	Evaluate Tenders	August/September 2023
	Award of works by Executive	September 2023
	Completion and Handover	March 2024
State how the project meets the aims and objectives of the following:	Provision of burial space is not a statutory requirement for the Borough, but the current demography and population projections for the Borough suggest a strong continuing demand for such provision over the next fifty years. Members feel strongly that the council has a duty of care to our residents to continue to provide burial space. Corporate Plan This work will contribute towards the 2020 vision priority of Supporting our Communities by Supporting our residents and aiding Community Cohesion.	

	<u>Community Strategy</u> This project fits well with the key objective of enhancing our environments and increasing use of green space. <u>Finance Strategy</u> It is anticipated that the level of demand of new burials and associated income will continue to grow as the population of the borough increases. <u>Corporate Property Strategy</u> N/A <u>Service Plan</u> This is included in the Parks and cemeteries development programme and in the latest draft of the Service Plan.
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This section sets out the whole life costs of the project i.e. capital and revenue costs

		375,000			375,000
	10,000				10,000
	200,000	5,000			205,000

	Specify name	
	See attached s106 forms	49,053
	Share of income from West Herts Crematorium and CIL	540,947
	If any prudential borrowing is required, please complete table 4c	

Section 4c PRUDENTIAL BORROWING	2022/23 £	2023/24	2024/25 £	2025/26 £	TOTAL £
Item of Spend					
Works					
Major IT Systems					
Infrastructure e.g. roads					
Equipment					
Buildings					
TOTAL					
<i>Please insert 1.76% of the total amount above, in the corresponding line below</i>					
BORROWING COST					

Section 4d REVENUE IMPACT	2022/23 £	2023/24 £	2024/25 £	2025/26 £	TOTAL £
COSTS					
Operating Expenses			30,000	30,000	60,000
Consultants/Salaries					
IT Licences					
Opportunity Cost	210	380			590
Other					
Sub-total:	210	380	30,000	30,000	60,590
SAVINGS					
Revenue Saving					
Additional Income			17,500	17,500	35,000
Sub-total:					
TOTAL	210	380	12,500	12,500	25,590

Section 5	VFM Assessment
What alternative means of funding/providing this output have been considered? e.g. leasing, partnership arrangements, match funding	After the section 106 funding which is allocated to this, the following sources could be used to fund the outstanding balance required to deliver this project, it is envisaged that the final outcome will be a mixture of some or all of these as decided by Senior Officers and Members. Share of Income from West Herts Crematorium HBC CIL contribution. HBC Capital

Risk	Mitigation
Financial	Annual maintenance costs for the extension are estimated at £30,000 at opening, this would be in addition to the costs of maintaining the existing cemetery which would remain at current levels at £120,000. It should be noted that the £30,000 per year will increase as the proportion of box mow grass increases once grave spaces are used. It is anticipated that the level of demand of new burials and associated income will continue to grow as the population of the borough increases.
Community	The new section of the cemetery will include a road and path network to give as easy as possible access to each section for mourners and visitors. Enhanced parking provision will include additional disabled spaces to improve access for disabled users. The cemetery is open to all faiths.
Environmental	The design process for the cemetery extension includes Risk Assessments to satisfy the Environment Agency that there will not be a risk of contamination of the water supply resulting from the new burial spaces. The project includes landscaping improvements.
Other	There is a reputational risk to the Council if this project is not carried out and this was discussed at the Executive Meeting of June 2021.



Capital Project Bid Appraisal Form

Section 1	Project Description	
Service	Parks	
Name of Project	Furzefield Greenway	
Project Manager	Head of Street Scene	
Description of Project	Creation of Greenway through Furzefield.	
Section 2	Project Timeline	
Target start date	June 2022 (consultation)	
Target end date	July 2023	
Section 3	Objectives and Outcomes	
Project Objectives	To improve access within the site for users who have driven there, parked in the sports centre car park and wish to visit the woodland and meadow area and/or for football spectators, parents of players etc. Also to provide better access to users from further afield, or who wish to use the greenway as part of a longer journey, such as travelling to work on the industrial estate.	
Project Rationale	This North to South route through Furzefield will provide a Strategic route from Mutton Lane and Furzefield Leisure Centre to Cranborne Industrial Estate. Funding is available from s106 money allocated for Greenways.	
Project Priority Ranking	Medium – Use of s106 funding allocated to this work area. The project will provide a useful route with the potential to benefit a range of users.	
Key Project Outputs	Completion of route	
Project	Milestones	Dates
	Approval of Scheme by CSG / AMP	January 2022
	User and Member Consultation	June 2022
	Apply for Planning Permission	Autumn 2022
	Get Approval from Fields in Trust	Autumn 2022
	Finalise Specification / Go to tender	February 2023
	Evaluation of Tenders	April 2023
	Executive approval to award	May 2023
	Award Contract	May 2023
	Start on site	June 2023 (to avoid Football season)
	Completion and Handover	July 2023
State how the project meets the aims and objectives of the following:	Corporate Plan This work will contribute towards the 2020 vision priority of Supporting our Communities by Supporting our residents to be healthier and live longer, aiding Community Cohesion and enabling all the people of Hertsmere to lead fulfilling lives.	

	<u>Community Strategy</u> This project fits well with the three key objectives of creating a safer community for all, creating a healthier community for all (in particular by enhancing our environments and increasing use of green space) and creating a thriving community for all. <u>Finance Strategy</u> <u>Corporate Property Strategy</u> <u>Service Plan</u> This is included in the Parks and cemeteries development programme and in the latest draft of the Service Plan.
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This section sets out the whole life costs of the project i.e. capital and revenue costs

	£114,812				£114,812

	Specify name	
	Greenway Funding mainly in Potters Bar plus some identified as Borough wide	£114,812
	Please specify	
	If any prudential borrowing is required, please complete table 4c	

Please insert 1.76% of the total amount above, in the corresponding line below					

Section 4d REVENUE IMPACT	2022/23 £	2023/24 £	2024/25 £	2025/26 £	TOTAL £
COSTS					
Operating Expenses					
Consultants/Salaries					
IT Licences					
Opportunity Cost	115				115
Other					
Sub-total:	115				115
SAVINGS					
Revenue Saving					
Additional Income					
Sub-total:					
TOTAL	115				115

The pricing of the current GM contract does not distinguish between surfacing types in the cleansing costs, so there would be no change to these. There is a reduction in quantity of grass cutting but a similar increase in the costs of edging, overall there would be a slight increase in cost, depending on the width of path built, but it would be less than £50 per year.

Section 5	VFM Assessment
What alternative means of funding/providing this output have been considered? e.g. leasing, partnership arrangements, match funding	There is s106 money available for this project, if tenders are received which slightly exceed this amount there is some scope within revenue budgets to make up the shortfall. A Capital Project bid, CIL or the parks sinking fund or a combination of these could also be used to fund all or part of this project.

Financial	Funding is available for the project if tenders are received within the expected range. If tenders exceed the anticipated amount then alternative funding could be explored as described above and/or the necessary the work could be delivered in phases.
Community	The majority of the route across the sports field will be of tarmac construction which will be suitable for a range of disabled users. However, the section through woods/meadow will be more natural in

	appearance using either crushed concrete/limestone fines with retaining sleepers or flexible rubber/stone to provide a porous and durable surface which can be constructed without damaging the roots of trees and allows for the changes in levels within the woodland.
Environmental	The Greenway will provide opportunities for increased non-motorised travel with the associated environmental benefits as well as improved access to nature.



Capital Project Bid Appraisal Form

Section 1	Project Description
Service	Parks
Name of Project	Repairs to Oakmere Park lakeside viewing area and retaining wall
Project Manager	Head of Street Scene
Description of Project	Study to determine exact scope of works followed by carry out necessary repairs
Section 2	Project Timeline
Target start date	January 2022
Target end date	December 2022
Section 3	Objectives and Outcomes
Project Objectives	Stabilise and make safe the lakeside terrace at Oakmere Park.
Project Rationale	The terrace adjacent to the upper lake at Oakmere Park is showing signs of subsidence and instability which appears to be due to the undermining of the wall at the edge of the lake.  The exact extent of the work required is unclear and therefore it is proposed to bid for two elements, firstly a study to determine exactly what is required (plus any other

	options which could offer value if taken on at the same time) and secondly for the works. 	
Project Priority Ranking	High – Failure to act could leave the Council with potential liability in case of accidents.	
Key Project Outputs	Investigation of cause and solutions to problems of terrace subsidence and instability, followed by necessary repairs plus other works which can be advantageously carried out at the same time (e.g. if the lake has to be partially emptied to carry out the work, what else could or should be done at that time).	
Project	Milestones	Dates
	Approval of Scheme by CSG / AMP	Jan 2022
	Completion of study to determine scope of works	April 2022
	Finalise Specification / Go to tender	May 2022
	Evaluation of Tenders	June 2022
	Executive approval to award	July 2022
	Award Contract	August 2022
	Start on site	October 2022
	Completion and Handover	December 2022
State how the project meets the aims and objectives of the following:	<u>Corporate Plan</u> This work will contribute towards the 2020 vision priority of Supporting our Communities by Supporting our residents to be healthier and live longer, aiding Community Cohesion and enabling all the people of Hertsmere to lead fulfilling lives. <u>Community Strategy</u>	

	This project fits well with the three key objectives of creating a safer community for all, creating a healthier community for all (in particular by enhancing our environments and increasing use of green space) and creating a thriving community for all. <u>Finance Strategy</u> <u>Corporate Property Strategy</u> <u>Service Plan</u> This is included in the Parks and cemeteries development programme and in the latest draft of the Service Plan. <u>Oakmere Park Management Plan</u> This project will contribute towards delivery of the two overarching aims for all Hertsmere's parks and open spaces which are: • To encourage the public use and enjoyment of Hertsmere's parks and open spaces. • To ensure that parks and open spaces are healthy, safe and secure places for all sections of the community to use.
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This section sets out the whole life costs of the project i.e. capital and revenue costs

	50,000-100,000				50,000-100,000
	5000-10,000				5000-10,000

	Specify name	
	Name of scheme	
	Parks Reserve – up to	110,000
	If any prudential borrowing is required, please complete table 4c	

Section 4c PRUDENTIAL BORROWING	2022/23 £	2023/24	2024/25 £	2025/26 £	TOTAL £
Item of Spend					
Works					
Major IT Systems					
Infrastructure e.g. roads					
Equipment					
Buildings					
TOTAL					
<i>Please insert 1.76% of the total amount above, in the corresponding line below</i>					
BORROWING COST					

Section 4d REVENUE IMPACT	2022/23 £	2023/24 £	2024/25 £	2025/26 £	TOTAL £
COSTS					
Operating Expenses					
Consultants/Salaries					
IT Licences					
Opportunity Cost – Up to	110				110
Other					
Sub-total:					
SAVINGS					
Revenue Saving	Potential saving in future ad-hoc works				
Additional Income					
Sub-total:					
TOTAL	110				110

Section 5	VFM Assessment
What alternative means of funding/providing this output have been considered? e.g. leasing, partnership arrangements, match funding	There is no s106 money available and unfortunately a bid to the Heritage Lottery fund to carry out this work (as part of a larger project covering the whole park) was rejected in February 2015. This leaves CIL, a Capital Project bid or the parks sinking fund or a combination of these as the only funding sources available in the short term.

Refer to risk assessment guidelines	
Risk	Mitigation
Financial	The exact extent of the work required is unclear and therefore it is proposed to bid for two elements, firstly a study to determine exactly what is required (plus any other options which could offer value if taken on at the same time) and secondly for the works. Cost of maintaining this area will not change as the repair is to create “like for like”. A full repair should reduce the level of ad-hoc repairs required in the short to medium term, although there will continue to be wear and tear, this is hard to exactly quantify. The other financial risk is that of any potential insurance claims due to the condition of the area.
Community	The area is popular with people with restricted mobility, children and families as it provides safe, close access to the lakeside and wildlife within.
Environmental	The continued deterioration of the terrace could eventually lead to its partial collapse and accelerate the erosion of adjacent lakeside banks further devaluing these features.
Other	The risk of a serious accident because of the condition of the play area represents a reputational risk, which would be mitigated by carrying out this project.



Capital Project Bid Appraisal Form

Section 1	Project Description	
Service	Parks	
Name of Project	Replacement of Oakmere Toddler Play Area	
Project Manager	Head of Street Scene	
Description of Project	Replacement of Life Expired Play Equipment to provide a fully inclusive all year round accessible play area for all abilities of user.	
Section 2	Project Timeline	
Target start date	February 2022 (consultation)	
Target end date	November 2022	
Section 3	Objectives and Outcomes	
Project Objectives	Replacement of Life Expired Play Area to improve facilities (helping in the retention of the park's Green Flag Status) and reduce risk to the Council by removing deteriorating equipment.	
Project Rationale	Oakmere Park is a Green Flag Award winning park containing two of Hertsmeres's five Play Areas in Potters Bar. Most of the equipment in the junior play area was replaced in 2018 and 2019, however, the equipment and safety surfacing in the toddler play area date from February / March 1999 making this one of the oldest play areas in the borough. Typically the life expectancy of play areas might be considered to be 15 to 20 years depending upon use and maintenance levels. The surfacing now requires replacement and with the equipment at the end of it's useful life it will be more cost effective to replace all at once. Based on recent play schemes at Meadow Park (Toddler), Byron Avenue and Oakmere Park Junior, a figure of £100,000 is required to deliver a scheme deemed appropriate for the scale and requirements of this play area. However, there is no s106 money available and unfortunately a bid to the Heritage Lottery fund to carry out this work (as part of a larger project covering the whole park) was rejected in February 2015. This leaves a Capital Project bid, CIL or the parks sinking fund or a combination as the only funding sources available in the short term.	
Project Priority Ranking	High – Failure to act could leave the Council with potential liability in case of accidents.	
Key Project Outputs	Replacement of Play Area	
Project	Milestones	Dates
	Approval of Scheme by CSG / AMP	December 21
	User and Member Consultation	February / March 22
	Finalise Specification / Go to tender	April 22
	Evaluation of Tenders	May 22
	Executive approval to award	June 22
	Award Contract	July 22
	Start on site	September 22
	Completion and Handover	November 22

	<u>Corporate Plan</u> This work will contribute towards the 2020 vision priority of Supporting our Communities by Supporting our residents to be healthier and live longer, aiding Community Cohesion and enabling all the people of Hertsmere to lead fulfilling lives. <u>Community Strategy</u> This project fits well with the three key objectives of creating a safer community for all, creating a healthier community for all (in particular by enhancing our environments and increasing use of green space) and creating a thriving community for all. <u>Finance Strategy</u> <u>Corporate Property Strategy</u> <u>Service Plan</u> This is included in the Parks and cemeteries development programme and in the latest draft of the Service Plan. <u>Oakmere Park Management Plan</u> This project will contribute towards delivery of the two overarching aims for all Hertsmere's parks and open spaces which are: • To encourage the public use and enjoyment of Hertsmere's parks and open spaces. • To ensure that parks and open spaces are healthy, safe and secure places for all sections of the community to use.
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This section sets out the whole life costs of the project i.e. capital and revenue costs

	30,000				30,000
	70,000				70,000
	Specify name				
	Name of scheme				
	Parks Reserve				100,000
	If any prudential borrowing is required, please complete table 4c				

Section 4c PRUDENTIAL BORROWING	2022/23 £	2023/24	2024/25 £	2025/26 £	TOTAL £
Item of Spend					
Works					
Major IT Systems					
Infrastructure e.g. roads					
Equipment					
Buildings					
TOTAL					
<i>Please insert 1.76% of the total amount above, in the corresponding line below</i>					
BORROWING COST					

Section 4d REVENUE IMPACT	2022/23 £	2023/24 £	2024/25 £	2025/26 £	TOTAL £
COSTS					
Operating Expenses					
Consultants/Salaries					
IT Licences					
Opportunity Cost	100				100
Other					
Sub-total:	100				100
SAVINGS					
Revenue Saving	Potential saving in future ad-hoc works				
Additional Income					
Sub-total:					
TOTAL	100				100

Section 5	VFM Assessment
What alternative means of funding/providing this output have been considered? e.g. leasing, partnership arrangements, match funding	There is no s106 money available and unfortunately a bid to the Heritage Lottery fund to carry out this work (as part of a larger project covering the whole park) was rejected in February 2015. This leaves a Capital Project bid, CIL or the parks sinking fund or a combination as the only funding sources available in the short term.

Risk	Mitigation
Financial	Play Projects are normally tendered by setting the budget and key requirements and evaluating the offers against those criteria, bids in excess of the budget would be non-compliant and therefore rejected. Cost of maintaining a play area will not change as “like for like” in terms of GM contract. Ad-hoc costs should be less as new items will not suffer from wear and tear in initial years of use, but this is hard to exactly quantify. The other financial risk is that of any potential insurance claims due to the condition of the play area.
Community	The specification could include a number of items suitable for a range of disabled users.
Environmental	The most recent annual inspection assessed the area as a moderate risk, this has the potential to increase over time if the play area is not replaced.
Other	The risk of a serious accident because of the condition of the play area represents a reputational risk, which would be mitigated by carrying out this project.



Capital Project Bid Appraisal Form

Section 1	Project Description	
Service	Street Scene Services	
Name of Project	Street Scene Vehicle Replacement Programme	
Project Manager	Head of Street Scene	
Description of Project	Planned replacement of the Street Scene fleet as per the vehicle replacement programme from 2022/23 to 2025/26.	
Section 2	Project Timeline	
Target start date	1/4/22	
Target end date	Ongoing annual replacement programme. An annual revised programme to be submitted each year.	
Section 3	Objectives and Outcomes	
Project Objectives	To renew the existing fleet	
Project Rationale	There is a Street Scene vehicle replacement programme that sets out the planned replacement of the fleet (see Appendix)	
Project Priority Ranking	M (vehicles will need replacing to ensure optimum service operation)	
Key Project Outputs	Improve efficiency & reliability of fleet as well as reducing maintenance costs.	
Project	Milestones	Dates
	Call in from Framework where applicable & place orders	March 2022
	Out to procurement for any vehicles not on the procurement framework	March 2022
	Vehicles delivery	August/Sept 2022
State how the project meets the aims and objectives of the following:	<u>Corporate Plan</u> Optimising use of assets. Seek to protect and enhance the natural environment by providing recycling services and street cleansing. <u>Community Strategy</u> Identifying resources required to address the needs of Hertsmere <u>Finance Strategy</u> Renewing Council assets via a long term planned process to maximise savings to be achieved and ensuring sufficient funds are in place. <u>Corporate Property Strategy</u> Not applicable <u>Service Plan</u> To continue to deliver an efficient waste, recycling, street cleansing service.	

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This section sets out the whole life costs of the project i.e. capital and revenue costs

	1,276,026	559,314			1,835,340

	Street Scene Replacement Reserve (HZ100/Z8245)	1,835,340
	If any prudential borrowing is required, please complete table 4c	

Please insert 1.76% of the total amount above, in the corresponding line below					

					0
					0
					0
					0
	0	0	0	0	0
	18,450	46,300			64,750
	18,450	46,300			64,750
	18,450	46,300			64,750

Appendix B

NB: the revenue savings are based on the estimated annual maintenance saving from the fleet replacement, however other vehicle maintenance cost will increase as they age. There may be some fuel efficiencies but these are hard to quantify.

Section 5	VFM Assessment
What alternative means of funding/providing this output have been considered? e.g. leasing, partnership arrangements, match funding	None – an annual revenue sum is placed in to a sinking fund for the purpose of replacing the street scene fleet of vehicles

These are estimate prices only and the actual cost of vehicles may be higher	A 3% contingency sum has been added to the annual projected spend each year as well an additional 3% RPI on estimate costs each year.
Revenue savings in year are dependent on the delivery of the new vehicles	Where possible, vehicles will be purchased via an agreed framework which reduces the procurement process.

CAPITAL STRATEGY 2022

1. Overview

- 1.1 This Capital Strategy document sets out the strategic direction for the Council's capital programme and provides a background against which the Council will pursue opportunities in order to maximise capital investment. It also takes into account the requirements of the Capital Finance system and the Prudential Code. This strategy demonstrates corporate responsibility, Council objectives and spending priorities.
- 1.2 The Council has developed a Capital Strategy to ensure that there is a formal and transparent framework in place to manage the current property portfolio and future capital investment decisions. A key focus of the strategy is to ensure that capital resources are effectively utilised and prioritised to deliver the Council's strategic aims and objectives and represent tangible benefit to people and deliver improvements in essential services.
- 1.3 This strategy outlines the recent developments, the capital investment background, the capital programme, capital strategy framework, key priorities and targets, the management and monitoring framework and our investment priorities.
- 1.4 The developments impacting capital decision making are summarised below:
 - In 2016 the Council established Hertsmere Developments Limited as a general company limited by shares to take forward the development of land within the borough with a view to generating future income streams. The company has since developed a business plan approved by the Council in July 2018, this included a number of Council owned sites proposed for development that will need to be transferred to HDL. The Council also approved a loan facility of up to £50 million. In January 2021 the Council will be requested to approve the transfer of an additional site, Clarendon Park, which already has planning permission and is ready for development. HDL have also now appointed a Development Director who joined the company in January 2021 and will be responsible for driving forward this initial development and the company's Business Plan.
 - CIPFA have launched a consultation covering its "*Prudential Code for Capital Finance*" as set out in The Local Government Act 2003. The consultation reflects the increasing commercialisation of local authorities and a recognition that risk management and investment activity in the treasury function have evolved considerably in recent years.
 - A number of revisions have been proposed in the consultation on a revised Prudential Code including the requirement to report on the overall strategy to Full Council in order to demonstrate alignment with service objectives and the CFO will be required to report explicitly on the deliverability, affordability and risk associated with the capital strategy.
 - DCLG have introduced capital receipts flexibility to enable councils to use up funds from asset sales for transformation projects.

- In 2012 DCLG issued updated guidance on the Minimum Revenue Provision (MRP) setting out the government's recommendations for the arrangements that authorities should make in establishing an MRP policy (i.e. approval by full council) and how a prudent provision should be calculated.
- From 1 April 2010 Local Authorities, in line with Central Government Bodies and the National Health Service were required to adopt the IFRS based Code of Practice moving away from the previous UK GAAP (Generally Accepted Practice) reporting standards.

2. Capital Investment Background

2.1 The Capital Strategy has been formulated with reference to the historical capital decisions and the future aims and strategies of the Council. The key capital decisions made by the Council in the past are outlined below:

- Transfer of housing stock - In 1994, the Council made a decision based on consultation with community organisations to transfer its housing stock under twin Large Scale Voluntary Transfer (LSVT) disposals to two housing associations. The Council has maintained the right to receive receipts from the "right to buy" schemes on a diminishing scale until ceiling targets with each of the associations are achieved. The transfer generated nearly £50 million of capital receipts which helped the Council to invest in Leisure facilities amounting to £28 million, Community Assets £11 million and other land and buildings including Elstree Film Studios.
- Redemption of outstanding debt – The Council is a debt free (External debt) authority.

3. The Capital Programme

3.1 The Council has completed a significant programme of capital expenditure, which has seen replacement or renewal of some of the Council's principal operational assets. This has taken place together with significant new investment in community assets held by others and on facilities that are of specific benefit to the residents of Hertsmere.

Significant recent completions include:

- Edwintree Court
- Refurbishments of garage estate
- Resurfacing of car parks
- Disability access works
- Replacement of street scene vehicles

4. The Capital Strategy Framework

4.1 The Council's Capital Strategy sets out the framework outlining the Council's approach to capital management and the evaluation and approval for new capital investment projects. The key corporate aims and strategies outlined in the Corporate Plan ("2020 Vision") and the Corporate Action Plan provide the basis for the formal framework for the Capital Strategy and the prioritisation of capital resources. The Asset Management Plan and Service Plans along with support from the Capital Strategy Group further underpin the corporate strategies and provide the operational approach to implementing the corporate strategies and aims. The Capital Budget Programme estimates for the period 2021/22 to 2024/25 are shown below in section 7.

4.2 Objectives:

- To assist in the corporate aim of optimising the use of land, property, staff and finances.
- To create opportunities through effective asset management in order to provide an optimum financial return and/or community benefits.
- To optimise usage of scarce capital resources in order to strike a proper balance between resources and the local strategic partnership needs.
- To review:
 - Possibility of Government funding (whether ring fenced or not)
 - Type of capital programme – asset maintenance or new build.
 - Use of local resources (S106 & CIL, Usable Capital Receipts, external contributions and revenue to capital)
 - Revenue implications of capital spend (In Prudential Code)

4.3 The key components of the framework are outlined below:

- **Debt Structure:** The Council will maintain an external debt free status except when an opportunity arises to obtain a significant return on capital investment.
- **Major Repairs and Renewals:** The renewal and structural repairs of assets will be funded from a provision in the revenue budget.
- **Return on Investments:** The Council is committed to investments, which optimise service benefits and/or financial return. The opportunity cost of owning capital will be considered in each capital investment appraisal. The Asset Management Plan includes a process to manage and review the current property register in order to identify any under-performing assets and produce an action plan to enhance the asset performance.
- **Capital Investment Appraisal:** A capital investment appraisal process is in place to ensure that all future projects are subject to a thorough risk assessment, option appraisal, have an appropriate business case and are prioritised in accordance with the Council's corporate priorities.
- **Capital Receipts:** Any proceeds from the sale of surplus revenue account

properties are pooled and used to finance future capital investment programmes. These assets will comprise of revenue returning assets and assets that achieve the Council's aims and objectives.

- **Revenue Implications of Capital Investment:** Priority is given to projects that have no adverse revenue budget implications for the Council, and have long term cost savings and/or income generating opportunities, with the exception of projects of a statutory nature or a high community need.
- **Management and Monitoring:** All projects will be managed and monitored on an ongoing basis and reported to the Financial Monitoring Panel and the Capital Strategy Group on a quarterly basis to ensure that they continue to meet approved budgets and specification. The results of the monitoring may result in re-prioritisation of Council's capital programme. The Capital Strategy will be reviewed annually.
- **Performance Monitoring and Measurement:** Each Service Head will be responsible for monitoring, measuring and reporting the performance of service delivery to key stakeholders. Each service has adopted statutory performance indicators, local and national benchmarking comparisons from membership with other Local Authorities, benchmarking clubs and CIPFA. In respect of property, the performance indicators used by the Council are outlined in the Asset Management Plan. The monitoring process also takes into account the post-implementation reviews of projects with a view to establish whether the original aims and objectives have been met. Any lessons learned will be fed back into the system and used for the appraisal of future capital programmes.
- **Options for Partnering and Funding:** A key requirement of the capital investment appraisal is to explore options for partnering and funding and S106 funding and CIL as means of alternate capital funding.
- **Procurement Strategy:** The Corporate Procurement Strategy to sets a clear framework for purchases throughout the Authority, which reflects the Council's Corporate Plan and stands alongside the Council's Contract Standing Orders and Constitution.
- **Additional Capital Resources:** Decisions to bid for additional resources (i.e. lottery bids, regeneration funding, Local Enterprise Partnership) will only be made if it is in line with the existing Capital Strategy and a review of service needs, capital resources and ongoing capital commitments.
- **Consultation:** The Council has engaged in two-way consultation and communication with all its stakeholders to inform them about future strategies and plans. This process of consultation will underpin the Council's formulation of future strategies and plans
- **Key Priorities:** The projects in the capital expenditure programme are linked to the strategic aims of the Council, as per the Corporate Plan and the Corporate Action Plan. The Capital Strategy has grouped the key priorities and targets of the capital investment programme under the three key goals outlined in the Corporate Plan and as explained below.

5. Aims, Key Priorities & Targets of the Capital Programme

5.1 When setting its capital programme the council must have regard to the overall service objectives and be consistent with the strategic plan.

<u>BEING AN ENTERPRISING COUNCIL</u> ❑ Maintain financial resilience and work towards self sufficiency ❑ Explore innovative ways to deliver services, particularly through collaborative working ❑ Optimise use of our assets; Land, Staff and Financial	<u>Priorities and targets:</u> ❑ Optimise return from Council's assets by seeking opportunities to re-utilise/dispose of underutilised sites or to develop land with a view to sell or use for housing needs within the Borough.
<u>PLANNING FOR THE FUTURE</u> ❑ Ensure future growth meets the needs of the borough and its residents ❑ Support a thriving local economy ❑ Help increase the supply of affordable housing to meet local need ❑ Seek to protect and enhance the natural environment	<u>Priorities and targets:</u> ❑ Installation of electric charging points across the borough which aims to reduce emissions in Hertsmere and improve air quality. ❑ Construction of new homes for rent, on the open market and for Temporary Accommodation
<u>SUPPORTING OUR COMMUNITIES</u> ❑ Support our residents to be healthier and live longer ❑ Work in partnership to build a safe, strong and cohesive community ❑ Provide opportunities to enable all the people of Hertsmere to lead fulfilling lives	<u>Priorities and targets:</u> ❑ Improve the range of recreational facilities and activities for our residents by investing in parks and open spaces. ❑ Enhancement of pitch and pavilions for outdoor sports provision. ❑ Undertake key environmental improvements to parks and open spaces.

6. Governance Framework

6.1 In May 2017 the Council formed the Capital Strategy Group with the aim of;

- Setting the strategic direction for the Council's capital programme.
- Ensuring that the capital programme aligns with the Council's key priorities and objectives,
- Promoting the most efficient use of the Council's capital resources
- Managing the effective delivery of the approved capital programme.

6.2 The Capital Strategy Group will support the delivery of the Capital Strategy by:

- Ensuring the most efficient and effective use of Hertsmere's capital resources and assets;
- Strategically planning for capital investment in existing and new assets;
- Identifying forward infrastructure needs and linking the Capital Strategy with the Local Development Plan; and
- Innovation in investment opportunities and the use of capital resources.

Terms of Reference

1. The group will be an officer group
2. The group will advise on and make recommendations to members in respect of capital proposals and capital funding via the Asset Management Panel and CIL Board and in respect of the Budget Process via the Budget Panel, the Executive and full Council
3. It will maintain an integrated overview of all capital investment across the council and of all capital funding resources and sources
4. It will review, monitor and challenge performance and delivery of the Capital Programme
5. It will check and challenge new capital investment proposals to ensure that they align with Hertsmere's priorities, that they are affordable and that there is an appropriate business case
6. It will ensure that capital investment decisions are not taken in isolation from consideration of any on-going revenue consequence.
7. The group will play a key role in the annual budget process, challenging the existing capital programme and presenting new proposals for inclusion in the capital programme for Council approval

Membership

6.3 The group will consist of senior managers with all services being represented on the group. Where members of the group are unable to attend specific meetings then they should send a substitute.

Service	Membership
Chief Officers	Executive Director
Finance & Business Services	Head of Finance & Business Services (Chair & Chief Finance Officer) Financial Services Manager Financial Accountant (Minutes & Agenda)
Asset Management	Head of Asset Management and Engineering Services
Environmental Health	Chief Environmental Health Officer
Human Resources & Customer Services	Head of Human Resources and Customer Services Customer Services Operations Manager
Legal & Democratic Services	Head of Legal & Democratic Services
Partnerships & Community Engagement	Head of Partnerships, Community Engagement and Housing
Planning & Economic Development	Head of Planning & Economic Development
Street Scene	Head of Street Scene

7. Capital Programme 2021/22 – 2024/25

- 7.1 The Council also considers the overall priorities for the current financial year and next three years during the budget preparation process as required by The Prudential Code. These are then put into the context of revenue and capital budgets at service level linking these overall priorities with service objectives and performance targets.

Capital Programme 2021/22 to 2024/25	Revised Budget 2021/22 £'000	Budget 2022/23 £'000	Budget 2023/24 £'000	Budget 2024/25 £'000	TOTAL £'000
Asset Management	23,326	581	10	-	23,917
Development Company	303	-	-	-	303
Planning & Economic Development	386	250	-	-	636
Environmental Health	1,540	775	750	749	3,814
Housing & Partnerships	-	-	-	-	-
Street Scene	2,598	1,811	939	-	5,348
Finance & Business Services	109	70	-	-	179
Human Resources & Customer Services	-	-	-	-	-
	28,262	3,487	1,699	749	34,197
Financed by:-					
Capital Receipts	3,426	405	-	-	3,831
Disabled Facilities Grant	1,481	691	691	691	3,554
Earmarked Reserves	5,808	1,606	559	-	7,973
Housing Enabling Fund	179	-	-	-	179
Innovation and Investment Fund	216	-	-	-	216
Revenue Contribution	258	59	59	58	434
Borrowing	6,048	-	-	-	6,048
Grants and Other Contributions	4,971	323	380	-	5,674
CIL / S106	5,875	403	10	-	6,288
	28,262	3,487	1,699	749	34,197

- 7.2 The council's Capital Programme is set in the context of the wider Capital Strategy, Treasury Management Strategy and Revenue Strategy, also presented for Council approval. It considers the availability of capital resources, the affordability of any capital investment, in terms of the revenue implications of borrowing i.e. interest and MRP. It also considers that the items for approval, and reflecting the needs and priorities of the Council.

8 Capital Strategy – the long term view

- 8.1 The programme as set out above, excludes the £50m that the Council has approved in principle to advance to **Hertsmere Development Limited**. This is not a commitment at this stage, as it will consider each bid for funding presented on its own merits. The maximum that the Council will advance in any one year will not exceed £10m.
- 8.2 The loan (capital expenditure in accordance with regulations), is to provide funding to the Company in the delivery of the first ten years of its Business Plan.
- 8.3 The advance, when made, will likely be financed from borrowing. The Council has access to cheaper borrowing than would be available to the Company, and under State Aid rules, are required to charge the Company a 'market rate', i.e. a rate commensurate with the rate available to the Company by financial institutions.
- 8.4 The treasury strategy has been amended to reflect the future borrowing requirement identified for Hertsmere Developments Limited.
- 8.5 Loan advances would score as capital expenditure under the regulations, and repayments as capital receipts.
- 8.6 The Council has undertaken a **condition survey** to identify potential future capital investment required on its assets, over a 30 year life cycle. The survey identifies a potential £1.8m of investment needed over the next ten years. With a further £1.1m required between Years 11 and 30.
- 8.7 The works identified, depending on the nature and assessed priority, would be agreed as part of the capital programme on an annual basis.

	Years 1 10	Years 11 20	Years 21 30
	£000	£000	£000
Capital Programme	34,197	-	-
Hertsmere Developments	50,000	-	-
Asset Management	1,800	800	300
Strategic Capital Requirement	85,997	800	300

9 Links with the Treasury Strategy

- 9.1 The actual borrowing undertaken by the Council will not necessarily reflect the Council's underlying need to borrow.
- 9.2 This is because Treasury Management decisions are made independently of the capital financing decision. Treasury Management decisions are based on the availability of cash to the Council; where the Council retains significant balances in reserves and unallocated capital receipts, the expenditure can be managed without incurring external interest costs. This is effectively 'internal borrowing'.
- 9.3 The Councils underlying need to borrow is defined by its Capital Financing Requirement. This includes all capital expenditure that does not have any identified resource, such as revenue, grants or community infrastructure levy to finance it.
- 9.4 The Council investment portfolio extends beyond the more traditional treasury investments.
- 9.5 The Council receives a return from Elstree Film Studios, its 100% owned subsidiary. This produces a current return of £1.65m to the Council, on an annual basis. The Council approved a £15.6m investment in Elstree Studios to develop the old Big Brother stage with Hertfordshire County Council providing £6m of funding via a Local Enterprise Partnership (LEP) agreement. The investment will provide regeneration in the local area and provide additional revenue income for the council.
- 9.6 The Council is also investing cash in the development of Hertsmere Developments Limited, another 100% owned subsidiary, aiming to secure a longer term return for the Council. HDL appointed a Development Director will be responsible for driving forward the approved business plan and commencing the company's first development project.
- 9.7 The Council also holds an investment property portfolio, valued at £8.5m on 31 March 2021. £7.9m of these are Commercial properties, £0.3m development land and £0.3m for the Council Depot.

Appendix 5

Setting the Capital Budget Report to Executive
dated 8th February 2023

HERTSMERE BOROUGH COUNCIL

Meeting name & Date	EXECUTIVE 8 February 2023
Agenda item	7.2
Report title	Setting the Capital Budget 2022/23 to 2025/26
Report reference no.	EX/23/12
Wards affected	All wards
Report author, job title & email	Matthew Bunyon, Head of Finance & Business Services matthew.bunyon@hertsmere.gov.uk Nicola Regis, Financial Services Manager nicola.regis@hertsmere.gov.uk
List of Appendices	Appendix A: Draft Capital Programme 2022/23 to 2025/26 Appendix B: Capital Projects Appraisal Process Appendix C: Capital Strategy 2023
Reason for urgency	Not applicable
Is it a Key Decision?	Yes
Call-in expires on	
Exempt from Call-in	Not applicable
Portfolio Holder	Councillor Abhishek Sachdev Portfolio Holder for Finance

PUBLIC REPORT - this report is available to the public.

1 RECOMMENDATION

- 1.1 That the Executive note the revised capital programme budget for 2022/23 to 2024/25 of £24,879k as set out in Section 7.
- 1.2 That the Executive considers the draft capital programme 2022/23 to 2025/26, amounting to £36,951k over the four year period and agrees:
 - i) the additions to the capital programme amounting to £12,072k as set out in Section 8 and detailed in Appendix B;
 - ii) the profiled budget over 2022/23 and the following three years as £17,831k in 2022/23, £11,122k in 2023/24, £7,249k in 2024/25 and £749k in 2025/26 (Section 9, Table 5).
- 1.3 That the Executive recommends the draft four-year capital programme 2022/23 to 2025/26 to the full Council for approval.
- 1.4 That the Executive consider the Capital Strategy 2023 (paragraph 5.2 and Appendix C) which has been updated to reflect the draft capital programme and recommends this strategy to the full Council for approval.

2 PURPOSE OF THIS REPORT

- 2.1 The purpose of this report is for the Executive to consider the four-year capital programme for the period 2022/23 to 2025/26 and also to consider the Capital Strategy 2023 and recommend them to the full Council for approval on 22 February 2023.

3 REASONS FOR RECOMMENDATION

- 3.1 The Council has a statutory obligation (as specified in the CIPFA Prudential Code) to make estimates of the total capital expenditure it plans to incur during the forthcoming year and the following two financial years to facilitate prudent, affordable and sustainable capital investment decisions.
- 3.2 The procedure agreed by full Council for setting the capital budget is that capital bids are firstly critically appraised by the Asset Management Panel in conjunction with officers prior to recommendation for inclusion in the capital programme.
- 3.3 The Council's constitution also requires that the Policy Review Committee and Members of the Council be consulted on the capital budget at least four weeks prior to the Executive recommending that Council adopts the budget.
- 3.4 In order to comply with these requirements, the adoption of the 2022/23 – 2025/26 Capital Budget will follow the timetable below:

Table 1 – Timetable for the Capital Budget 2021/22 to 2024/25

Asset Management Panel for consultation	13 December 2022
Draft budget to Executive to recommend consultation	11 January 2023
Draft budget to Policy Review Committee for consultation	24 January 2023
Final budget to Executive for recommendation to Council	8 February 2023
Approval by Full Council	22 February 2023

4 ALTERNATIVE OPTIONS

- 4.1 The Executive may decide to recommend that full Council adopt an alternative capital budget to that presented in Appendix A. The Executive may also recommend to full Council that any of the individual bids for funding presented are not approved. However, these options could adversely affect the Council's ability to provide its services and/or make efficiencies going forward.

5 BACKGROUND

- 5.1 The CIPFA Prudential Code provides the framework for the Council's capital investments. It requires the Council to make reasonable estimates of the total of capital expenditure that it plans to incur during the forthcoming financial year and at least the following two financial years. When setting its capital programme the Council must have regard to:

- The council's service objectives
- Stewardship of council's assets
- Value for money offered by the plans
- Prudence and sustainability
- Affordability of its plans
- The practicality of the capital expenditure plan

- 5.2 The Prudential Code requires the Council to produce an annual capital strategy to include a number of key areas including strategic considerations, corporate priorities, capital investment ambition, available resources, affordability, capacity to deliver, risk appetite and risk management. It should also deal with significant commercial (focused on income generation) investments in appropriate detail so that members can properly assess the particular risks in this area. Hertsmere's Capital Strategy 2023 is attached in Appendix C and has been updated to reflect the draft capital programme 2022/23 to 2025/26. A full review of the Capital Strategy will be undertaken in Spring 2023 as part of the overall review and refresh of Hertsmere's Financial Strategy.

- 5.3 The capital budget is funded by a combination of capital receipts, specific reserves, developer contributions in relation to S106 planning conditions, Community Infrastructure Levy (CIL), external grants and borrowing (internal). However this position can change depending on the progress of major schemes and availability of alternative funding sources. A final decision on funding will be taken at a later date and will be dependent upon several factors such as reserve levels, known commitments and borrowing rates.
- 5.4 The adoption of this four-year capital budget and the critical review of capital bids by the Asset Management Panel (AMP) will allow the Council to meet its requirements as listed in paragraph 5.1. Furthermore, timely decisions made by the full Council prior to the start of the new financial year 2023/24 will enable Officers to plan in advance for expenditure, enabling good cash flow management and effective monitoring of capital expenditure versus the approved budget.

6 CAPITAL STRATEGY GROUP (CSG)

- 6.1 To support the capital budget setting framework, in May 2017 officers formed a Capital Strategy Group (CSG) with the aim of guiding the strategic direction for the capital programme by ensuring that the programme and all new bids for funding aligns with the council's key priorities and objectives.
- 6.2 This officer group advises on and makes recommendations to members in respect of capital proposals and capital funding via the Asset Management Panel, Executive and full Council.
- 6.3 The group aims to:
- maintain an integrated overview of all capital investment across the council and of all capital funding resources and sources;
 - review, monitor and challenge performance and delivery of the Capital Programme;
 - check and challenge new capital investment proposals to ensure that they align with Hertsmere's priorities, that they are affordable and that there is an appropriate business case; and
 - ensure that capital investment decisions are not taken in isolation from consideration of any on-going revenue consequence.
- 6.4 The group now plays a key role in the annual capital budget process, challenging the existing capital programme and presenting new proposals for inclusion in the capital programme for Council approval via the AMP.
- 6.5 The CSG have reviewed the new capital bids and recommended their inclusion in the capital programme as discussed in Section 8.

7 REVISED CAPITAL PROGRAMME 2022/23 to 2024/25

- 7.1 The Council, at its meeting in February 2022, approved the capital programme for 2021/22 to 2024/25, a total programme over three years of £34,197k.
- 7.2 The final 2021/22 year-end expenditure position was determined in April 2022 and slippage of £12,083k identified. The slippage was approved to be carried forward into the 2022/23 capital budget by the Executive in July 2022 (EX/22/37).
- 7.3 Other capital budget adjustments can occur outside of the annual budget process, for example projects approved separately by the Executive or Council or capital projects arising from other funding sources such as S106 or grant funding not already included in the capital programme. The new capital schemes approved to the Capital Programme since February 2022 amounted to £6,861k as set out in table 2 below. The Executive are requested to note the revised Capital Programme 2022/23 to 2024/25.

Table 2 – Revised Capital Programme 2022/23 to 2024/25

	2022/23 £'000	2023/24 £'000	2024/25 £'000	TOTAL £'000
Approved Budget	3,487	1,699	749	5,935
Slippage from 2021/22 budget	12,083	-	-	12,083
New Schemes Approved				
Additional Funding for Moatfield Greenway EX/21/74	81	-	-	81
Telephone Payment System	36	-	-	36
Additional Funding for Replacement Meeting Rooms Civic Offices	180			180
Elstree Studios - Replacement Heating Stages 7,8&9	1,080			1,080
Civic Offices - Repurposing, Refurbishment & Re-planning	300	4,600		4,900
CCTV Cameras	24			24
St John's Church	180			180
Car Park Refurbishments	11			11
King George Recreation Ground Tennis Courts	219			219
CIL Projects - Borehamwood Football Club	150			150
Sub-total of New Schemes	2,261	4,600	-	6,861
Revised Capital Budget	17,831	6,299	749	24,879

8 NEW CAPITAL BIDS

Recommended by the Asset Management Panel (AMP)

- 8.1 As part of the agreed capital budget process, the AMP have critically appraised ten capital bids relating to the Council's Assets, that had been presented to the Panel following a review by officers through the Capital Strategy Group (CSG). The AMP are recommending the following bids for inclusion in the capital programme, supporting detail is attached at Appendix B:

Table 3 – New Capital Bids

Project	Estimated Capital Expenditure £000's	Capital Funding Source
<u>197 Darkes Lane Development</u> Conversion of council owned former care home to provide up to five new affordable housing units.	2,500	Capital Receipts
<u>Caishowe Road Development</u> The redevelopment of vacant council owned garage site and construction of much needed affordable housing.	1,400	S106
<u>Catterick Way Development</u> The redevelopment of disused garage site into affordable housing with some being accessible units on the ground floor.	3,500	Capital Receipts
<u>The Cannon Development</u> The redevelopment of council owned ex-public house site and construction of affordable housing.	3,000	Capital Receipts
<u>Engineering Services Vehicle Replacement</u> Replacement of three life expired vehicles.	150	Ear Marked Reserve
<u>Electric Vehicle Charging Points</u> Installation of up to 25 publically available electric vehicle charging points on Council assets.	250	S106
<u>Bushey Rose Garden</u> Resurfacing of Bushey Rose Garden resin bound gravel footpath leading to the lawn area from Herkomer Road entrance and surrounding the lawn are.	66	Ear Marked Reserve
<u>Replacement of Composers Park Play Area</u> Replacement of life expired play area to improve facilities and reduce risk to the Council by removing deteriorating equipment. Construction of additional section of footpath to improve access.	165	Capital Receipts £136K S106 £29k
<u>Construction of New Play Area at Maxwell Hillside Park</u> Construction of new toddler play area in Maxwell Hillside Park as there is limited play provision in the park and in Borehamwood as a whole.	94	S106

		al ng e
<u>Replacement of Play Area and Associated Path works at Windmill Recreation Ground</u>		
Replacement of life expired play area to improve facilities and reduce risk to the Council by removing deteriorating equipment. Construction of an additional section to the footpath to improve access.		Capital ceipts £52k £146k
TOTAL NEW CAPITAL BID PROPOSALS		

Disabled Facilities Grants (DFGs)

- 8.2 The current capital programme includes budget provision for DFGs of £750k per annum based on Hertsmere's revenue account funding of £100k and the annual government grant funding of £650k. However funding from prior years that has been committed but not yet spent is held in a reserve but should also be reflected in the capital programme based on the anticipated spend profile.
- 8.3 It is assumed the council would be receiving a similar amount of government grant funding in 2025/26 and have therefore included £749k as additional DFG budget. Any changes to approved DFG government funding will be reflected accordingly in the council's revised budget.

Total Additions to the Capital Programme

- 8.4 The total additions to the capital programme therefore amount to £12,072k as set out in table 4 below:

Table 4 - Total Additions to the Capital Programme

Schemes to be added	2023/24 £'000	2024/25 £'000	2025/26 £'000	TOTAL £'000
197 Darkes Lane Development	2,500	-	-	2,500
Caishowe Road Development	1,400	-	-	1,400
Catterick Way Development	-	3,500	-	3,500
The Cannon Development	-	3,000	-	3,000
Engineering Services Vehicle Replacement	150	-	-	150
Electric Vehicle Charging Points	250	-	-	250
Bushey Rose Garden	66	-	-	66
Replacement of Composers Park Play Area	165	-	-	165
Construction of New Play Area at Maxwell Hillside Park	94	-	-	94
Replacement of Play Area and Associated Path works at Windmill Recreation Ground	198	-	-	198
Sub-Total New Capital Bids	4,823	6,500	-	11,323
Disabled Facilities Grant (DFG)	-	-	749	749
Sub-Total DFG Capital Budget	-	-	749	749
Total Additions to the Capital Programme	4,823	6,500	749	12,072

9 CAPITAL PROGRAMME 2022/23 TO 2025/26

- 9.1 The draft capital programme, incorporating the proposed changes outlined in Section 7 and 8 for the four-year period 2022/23 to 2025/26 amounts to £36,951k as summarised in Table 5 below and detailed in Appendix A. The actual value of the programme will however be dependent on the confirmed final outturn for 2022/23, which will not be known until after the end of the 31 March 2023 financial year. This will be reported to the Executive in the final outturn report in July 2023.

Table 5 – Draft Capital Programme 2022/23 to 2025/26

	Draft Budget 2022/23 £'000	Draft Budget 2023/24 £'000	Draft Budget 2024/25 £'000	Draft Budget 2025/26 £'000	Draft Capital Programme £'000
Asset Management	11,950	8,660	6,500	-	27,110
Development Company	45	-	-	-	45
Planning & Economic Development	778	250	-	-	1,028
Partnerships & Community Engagement	24	-	-	-	24
Environmental Health	1,489	750	749	749	3,737
Street Scene	3,346	1,462	-	-	4,808
Finance & Business Services	199	-	-	-	199
TOTAL	17,831	11,122	7,249	749	36,951

10 FUNDING THE CAPITAL PROGRAMME

- 10.1 The detailed capital programme for 2022/23 to 2025/26 is set out in Appendix A. The four-year programme is funded by a combination of capital receipts, specific reserves, S106 developer contributions, Community Infrastructure Levy (CIL), other contributions and external grants.
- 10.2 For all projects included in the programme the profile of agreed expenditure has been reviewed and aligned based on current estimates. This has resulted in a £36,951k four-year capital programme.
- 10.3 Table 6 sets out the estimated capital resource requirements for the planned capital programme spend and the proposed funding sources. Final funding decisions are however taken as part of the year-end decisions process when the most appropriate funding resources are consider and applied.

Table 6 – Capital Funding 2022/23 to 2025/26

	Draft Budget 2022/23 £000	Draft Budget 2023/24 £000	Draft Budget 2024/25 £000	Draft Budget 2025/26 £001	Total Capital Funding 2022/23 to 2025/26 £000
Capital Receipts	3,633	2,688	6,500	-	12,821
Disabled Facilities Grant	1,405	691	691	691	3,478
Earmarked Reserves	2,672	5,375	-	-	8,047
Housing Enabling Fund	-	-	-	-	-
Innovation and Investment Fund	943	-	-	-	943
Revenue Contribution	619	59	58	58	794
Borrowing	2,385	-	-	-	2,385
Grants and Other Contributions	461	85	-	-	546
CIL/S106	5,713	2,224	-	-	7,937
	119	-	-	-	119
Investment Income Loss @1.01%	131	104	66	-	300

11 CONSULTATION

Asset Management Panel

- 11.1 At its meeting on 13 December 2022 the Asset Management Panel considered ten new capital bids (Section 8 above and Appendix B), and the draft four year capital budget (Section 9 above and Appendix A).
- 11.2 The risk factors relating to The Cannon Development were queried by the panel and officers have therefore reviewed these risk factors and the bid form has been updated in light of the panels comments (refer to appendix B).
- 11.3 The Panel were satisfied with the ten new capital bids (paragraph 8.1 and Appendix B).
- 11.4 The Panel agreed to recommend the four year capital budget for the period 2022/23 to 2025/26 to the Executive.

Policy Review Committee

- 11.5 At its meeting on 24 January 2023 the Policy Review Committee considered the draft capital programme 2022/23 to 2025/26 and 2023 Capital Strategy. The draft capital budget had been circulated to members of the Policy Review Committee and all members, all of whom were encouraged by the chair to contribute to the discussion.

11.6 The main points of the debate were in relation to:

11.7 **Energy efficiencies** – It was questioned whether capital investment were being reviewed to consider the latest energy efficiencies which was confirmed by officers.

11.8 **Borrowing** – It was questioned whether borrowing would be required next year and the officer advised that due to the Council's cash balances borrowing was not required next year and we would continue to use internal borrowing (cash resources).

11.9 **Slippage** – The level of slippage was questioned. The officer confirmed that slippage is where capital projects have been delayed and the budget had been brought forward to the next year.

11.10 **Parks** – A concern was raised about play areas in parks in relation to maintenance and fencing and whether there can be investment in this area. The service head responded and was aware of some of the issues some maintenance was planned

11.11 The committee agreed, following consultation, to recommend the draft 2022/23 to 2025/26 capital programme and 2023 Capital Strategy to Executive.

Executive

11.12 Comments of the Executive to be included following its meeting on 8 February 2023.

12 FINANCIAL AND BUDGET FRAMEWORK IMPLICATIONS

12.1 The financial and budget framework implications are noted throughout this report.

13 LEGAL POWERS RELIED ON AND ANY LEGAL IMPLICATIONS

13.1 The legal implications in relation to each new capital project are dealt with by the respective project owners in their detailed capital bids.

13.2 The legal framework for the Council's capital investments is underpinned by CIPFA's Prudential Code. The statutory basis for the prudential system is set out in Part I of the Local Government Act 2003. The Prudential Code requires the Council make reasonable estimates of the total of capital expenditure that it plans to incur during the forthcoming financial year and at least the following two financial years.

14 EFFICIENCY GAINS AND VALUE FOR MONEY

14.1 Each capital bid is individually assessed and recommended for inclusion in the programme where it supports the Council's priorities, which may include

delivering efficiency gains. Subject to approval, the majority of capital projects will require a procurement process through which value for money will be assessed.

15 RISK MANAGEMENT IMPLICATIONS

- 15.1 The risks arising from the capital programme is contained within the individual project bids. The Council conducts regular monitoring of strategic risks and takes appropriate measures accordingly.

16 PERSONNEL IMPLICATIONS

- 16.1 The Personnel implications in relation to each capital project are dealt with by the respective project owners in their detailed bids.

17 EQUALITIES IMPLICATIONS

- 17.1 The Equalities implications in relation to each capital project are dealt with by the respective project owners in their detailed bids.

18 CORPORATE PLAN and POLICY FRAMEWORK IMPLICATIONS

- 18.1 The Corporate Plan & Policy Framework Implications in relation to each bid were dealt with by the bid authors in their bid forms presented to the Asset Management Panel and the Executive.

19 ASSET MANAGEMENT IMPLICATIONS

- 19.1 The Asset Management implications are contained within the individual capital project bids presented to the Asset Management Panel.

20 HEALTH AND SAFETY IMPLICATIONS

- 20.1 The Health & Safety implications in relation to each capital project are dealt with by the respective project owners in their detailed bids.

21 BACKGROUND DOCUMENTS USED TO PREPARE THIS REPORT

Document Title:	Filed at:
2022/23 Budget Book	www.hertsmere.gov.uk/Your-Council/Other-council-departments/Finance-and-Business-Services/Financial-Documents.aspx
Financial Strategy 2018/19 – 2021/22	

**Prudential Code for Capital Finance
in Local Authorities**

* subscription required to view the document

<https://www.cipfa.org/policy-and-guidance/publications>

Appendix A

PROJECT REF	PROJECT DESCRIPTION	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	TOTAL 2022/23 to 2025/26 £'000	Funding Source
	CAPITAL PROJECTS - CAPITALISED EXPENDITURE BUDGETS						
	ASSET MANAGEMENT						
HV108	Refurbishment of lock-up garages	379	-	-	-	379	CRR
HV171	Works to Council Owned Shops	174	-	-	-	174	CRR
HV215	St Johns Church	2,967	10	-	-	2,977	CIL/S106
HV224	Crown Road	8	-	-	-	8	CRR
HV238	Civic Offices Car Park Decking	2,575	-	-	-	2,575	CRR
HV239	Window Replacement and Loft Insulation	33	-	-	-	33	CRR
HV240	Orchard Close	1,051	-	-	-	1,051	S106
HV243	Forklift Truck Replacement	15	-	-	-	15	EMR
HV255	Elstree Studios New Sound Stages and Workshop	2,385	-	-	-	2,385	EMR / BRW
HV265	Elstree Studios Ancillary Block Roof	38	-	-	-	38	EMR
HV266	Elstree Studios Replacement Stage Doors 7, 8 & 9	160	-	-	-	160	REV
HV267	Replacement Meeting Rooms Civic Offices	204	-	-	-	204	IIF/GRA
HV271	Civic Offices Secure Cycle Parking	9	-	-	-	9	EMR
HV281	Bournehall Avenue Roof & Walkway Repairs	100	-	-	-	100	CRR
HV284	Elstree Film Studios - Maxwell Building Façade	220	-	-	-	220	CRR
HV285	Elstree Film Studios - Replacement Heating Stages 7, 8 & 9	1,080	-	-	-	1,080	IIF/REV
HV280	Civic Offices - Repurposing, Refurbishment & Re-planning	300	4,600	-	-	4,900	IIF/EMR
NEW	Purchase of Engineering Services Vehicles	-	150	-	-	150	EMR
NEW	197 Darkes Lane Development	-	2,500	-	-	2,500	CRR
NEW	Caishowe Road Development	-	1,400	-	-	1,400	CIL/S106
NEW	Catterick Way Development	-	-	3,500	-	3,500	CRR
NEW	The Cannon Development	-	-	3,000	-	3,000	CRR
		11,698	8,660	6,500	-	26,858	
	STREET SCENE						
HV173	Car Park Refurbishments	11	-	-	-	11	EMR
HV211	Moatfield Greenway	113	-	-	-	113	CIL/S106
HV229	Meadow Parks Phase II	1,192	-	-	-	1,192	CIL/S106/ EMR
HV164	Purchase of Street Scene Vehicles	1,276	559	-	-	1,835	EMR
HV277	Allum Lane Cemetary Extension	210	380	-	-	590	CIL/S106
HV278	Furzefield Greenway	115	-	-	-	115	CIL/S106
HV273	Oakmere Lakeside Viewing Area and Retaining Wall	110	-	-	-	110	EMR
HV274	Oakmere Toddler Play Area	100	-	-	-	100	EMR
HV279	King George Recreation Ground Tennis Courts	219	-	-	-	219	CIL/S106
NEW	Bushey Rose Gardem	-	66	-	-	66	EMR
NEW	Composers Park Play Area	-	165	-	-	165	CIL/S106/ CRR
NEW	Maxwell Hillside Park New Play Area	-	94	-	-	94	CIL/S106
NEW	Windmill Recreation Ground Play Area & Path	-	198	-	-	198	CIL/S106/ CRR
		3,346	1,462	-	-	4,808	

Appendix A

PROJECT REF	PROJECT DESCRIPTION	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	TOTAL 2022/23 to 2025/26 £'000	Funding Source
	CAPITAL PROJECTS - CAPITALISED EXPENDITURE BUDGETS						
	FINANCE & BUSINESS SERVICES						
HV158	New Financial System	120	-	-	-	120	EMR/CRR
HV175	IT Desktop Devices	28	-	-	-	28	EMR
HV197	Mitel Telephone Support Contract	15	-	-	-	15	EMR
HV272	Telephone Payment System	36	-	-	-	36	IIF
		199	-	-	-	199	
	ENVIRONMENTAL HEALTH						
HV195	Purchase of New Vehicle	25	-	-	-	25	EMR
		25	-	-	-	25	
	PARTNERSHIPS & COMMUNITY ENGAGEMENT						
	CCTV Cameras	24	-	-	-	24	GRA
		24	-	-	-	24	
	SUB-TOTAL CAPITAL PROJECTS - CAPITALISED EXPENDITURE BUDGETS	15,292	10,122	6,500	-	31,914	
	CAPITAL PROJECTS - NON-CAPITALISED EXPENDITURE BUDGETS						
	ASSET MANAGEMENT						
HV170, HV214, HV242	Development Sites Feasibility Studies	81	-	-	-	81	IIF
HV212	Civic Offices Extension	76	-	-	-	76	IIF
HV231	Croxdale Road & Rossington Avenue Roof	95	-	-	-	95	CRR
		252	-	-	-	252	
	DEVELOPMENT COMPANY						
HV206	Working Capital Loan Herts Dev Ltd EX1670	45	-	-	-	45	IIF
		45	-	-	-	45	
	ENVIRONMENTAL HEALTH						
HV162	Disabled Facilities Grant (DFG)	1,464	750	749	749	3,712	DFE/REV
		1,464	750	749	749	3,712	
	PLANNING & ECONOMIC DEVELOPMENT						
	CIL Projects	503	-	-	-	503	CIL
HV256	Elstree Way Corridor Improvements	25	-	-	-	25	S106
HV276	Cycle Hire Scheme	250	-	-	-	250	S106
NEW	Electric Vehicle Charging Point	-	250	-	-	250	CIL/S106
		778	250	-	-	1,028	
	SUB-TOTAL CAPITAL PROJECTS - NON-CAPITALISED EXPENDITURE BUDGETS	2,539	1,000	749	749	5,037	
	TOTAL CAPITAL ESTIMATES	17,831	11,122	7,249	749	36,951	-

CAPITAL PROJECT APPRAISAL PROCESS

The Asset Management Panel (AMP) addresses capital strategy and asset management issues on a service wide basis. This forum is used to evaluate and monitor capital project investment bids prior to making recommendations to the Executive.

The capital project appraisal process for evaluating capital investment proposals is outlined below:

1. Capital Project Bid

Submission to the AMP for evaluation: After the evaluation of the capital bid as per the attached form, AMP will recommend to the Executive the project bid for approval. The Executive may refer this to full Council subject to total cost estimates and policy implications. The full Council following recommendations from the Executive will approve the annual capital budget.

2. Capital Project Ranking

H – High Priority	• Statutory Requirement • Housing Improvement / Repair
M – Medium Priority	Discretionary • High returns • Best fit with existing plans (i.e. corporate, community, asset management, service planning etc.)
L – Low Priority	• Discretionary service benefits
D – Desirable	• Improvement of internal facilities

3. Key priorities and targets

(Refer to the Capital Strategy for guidance on the Key priorities and targets of the Council.)

- The project should meet the aims and objectives of the Corporate and Service Plans.
- Priority of projects should be considered in conjunction with current capital commitments and future capital needs in the Capital Expenditure Programme.
- The project bid has to demonstrate that alternative funding and partnership opportunities have been fully explored.

- Any risks associated with the project are in line with the Council's overall risk strategy.
- The rate of return of the project is higher than that achieved on cash investments and/or service benefits should be demonstrated.

4. Capital Project Appraisal Review

Following the project bid submission and the recommendations of the AMP; a report should be written to the Executive for consideration. The report should include an analysis of the following:

- Financial outlay in terms of both capital and revenue - funding sources.
- Service Benefits.
- Impact on any relevant performance measures (performance indicators)
- Revenue implications of a recurring nature.
- Legal and policy implications.
- Evaluation of partnership and funding proposals.
- Impact of project on meeting stakeholders and/or community needs. Evidence of stakeholders consultation/evaluation?
- Demonstration of lessons learnt from previous projects, which could be applied to the future projects.

RISK ASSESSMENT GUIDELINES

The risks of any capital investment project should be evaluated to ensure that it is in line with the risk profile of the Capital Strategy and the Council as a whole. Therefore potential risks should include those, which may have an impact on the Council, the Finance Strategy, and the project itself.

Risks should be evaluated using the following methodology

Any risks identified shall be given a rating of High (H), Medium (M), or Low (L). Any risk rated M or higher will require close monitoring and appropriate mitigation strategies should be put in place.

Should a risk rated H be identified, then consideration should be given as to whether or not the project should be approved, or alternative options considered.

The ratings above should be evaluated in terms of the following:

Extent of Potential Adverse Impact

- **Financial**
 - Are estimates used subject to a significant degree of uncertainty?
 - Is there a possibility that any external funding required may not be available for the duration of the project?
 - Are there any adverse revenue implications for the project?
- **Political / Community**
 - Will a significant portion of the community oppose the project?
 - Will the project have a significant adverse effect on sections of the community? For example, local businesses, Special Needs groups or particular part of the borough.
- **Environmental**
 - Is there a risk of harm to the local environment and wildlife?
- **Project**
 - Is there a chance the project will not be completed on time?
 - Is there a risk of staff or resources not being available?
 - Does the management of the project have sufficient expertise?
- **Partnership**
 - Is there a risk of the partners not having sufficient security
 - Is the partner sufficiently committed to the project

Likelihood

What is the probability / likelihood of an adverse impact over short, medium and long-term timescale?

NEW CAPITAL PROJECT BIDS



Capital Project Bid Appraisal Form

Section 1	Project Description
Service	Asset Management
Name of Project	Housing development – 197 Darkes Lane, Potters Bar
Project Manager	Richard Stubbs
Description of Project	Conversion of council owned former care home to provide up to 5 new housing units
Section 2	Project Timeline
Target start date	It is anticipated schemes will, commence in May 2023
Target end date	It is anticipated the scheme would be completed by March 2024
Section 3	Objectives and Outcomes
Project Objectives	The conversion of a council owned former care home to provide much needed affordable housing units.
Project Rationale	The site identified below has been selected as a priority scheme for redevelopment during 2023/24. The site is an underperforming asset having been vacated by the previous commercial tenant and has been identified as a potential redevelopment extending and refurbishing the building to repurpose as residential dwellings. Initial discussions with the planning department have indicated a positive position and it is therefore currently being appraised for feasibility. The estimated scheme costs are based on recent construction tenders, however the market is currently volatile and time sensitive. The current indicative scheme details are provided below: <u>197 Darkes Lane Potter Bar</u> This property has previously been let by the Council on a long lease as a care home, the operator went into liquidation at lease expiry and the property has been returned to the Council. Consideration has been given to the future use of this property and is unlikely to meet the current requirements of a care home. The preferred option is to convert the existing building into 4 x 2/3 bed units with the possibility of an additional 3 bed unit in the rear garden for private or affordable rental. A 4 unit apartment scheme, converting the existing building together with a 3 bed unit in the garden at the rear, including fees and build is estimated to cost c£2,500,000. It is proposed this be funded from S106 and/or the sales receipts from HLL. The schemes will be discussed in detail with the s106 team when firmer designs and prices are known to determine the availability of s106 or otherwise considered for capital receipt funding.

Project Priority Ranking	High	
Key Project Outputs	Much need affordable housing.	
Project	Milestones	Dates
	Commence May 2023- completion March 2024	
State how the project meets the aims and objectives of the following:	<u>Corporate Plan</u> 5.5 Create affordable communities - We will strive to enable housing that is affordable, varied and flexible, where opportunities and accessible homes mean our children choose to stay here. <u>Community Strategy</u> Thriving Communities - Support and empower people to have a good start in life and age well - Ensure a healthy standard of living for all and prevent homelessness <u>Finance Strategy</u> - To optimise use of the Council's assets in land, property and liquid resources - To bring forward development and commercial opportunities that generates an ongoing income stream <u>Corporate Property Strategy</u> - To ensure efficient effective and sustainable use of land and buildings - To manage property as a strategic resource at both corporate and service levels.	

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This section sets out the whole life costs of the project i.e. capital and revenue costs

Section 4a CAPITAL COSTS	2023/24 £	2024/25 £	2025/26 £	2026/27 £	TOTAL £
Works	2.32m				2.32m
Fees	0.15m				0.15m
Internal fees	0.03m				0.03m
Equipment					
Other					
TOTAL CAPITAL COST					2.5m

Section 4b FUNDING SOURCE	Details:	TOTAL £
Capital Receipt		
Grants	Specify name	
S106	Name of scheme	

Appendix B

Other	Sales receipts from HLL	2.5m
Prudential Borrowing	If any prudential borrowing is required, please complete table 4c	
TOTAL		

Section 4c PRUDENTIAL BORROWING	2023/24 £	2024/25	2025/26 £	2026/27 £	TOTAL £
Item of Spend					
Works					
Major IT Systems					
Infrastructure e.g. roads					
Equipment					
Buildings					
TOTAL					
<i>Please insert 1.76% of the total amount above, in the corresponding line below</i>					
BORROWING COST					

Section 4d REVENUE IMPACT	2023/24 £	2024/25 £	2025/26 £	2026/27 £	TOTAL £
COSTS					
Operating Expenses					
Consultants/Salaries					
IT Licences					
Other					
Sub-total:					
SAVINGS					
Revenue Saving					
Additional Income		TBC			
Sub-total:					
TOTAL					

Section 5	VFM Assessment
What alternative means of funding/providing this output have been considered? e.g. leasing, partnership arrangements, match funding	Where possible s106 funding will be utilised to provide affordable/social housing. Should the intended stockholding joint venture, Hertsmere Living Ltd (HLL), purchase the properties on completion the capital receipt can then be re-invested in further schemes to provide affordable/social housing. Self-delivering these low volume schemes will enable the council to deliver the homes for which s106 funding is held. If no s106 funding is available a request for capital receipts funding will include for the sales income on completion of the scheme. Upon completion it is intended that the completed units be sold to HLL, who will hold this affordable housing stock with rights in perpetuity for Hertsmere residents. The sale will generate a capital receipt back to Hertsmere which can then be reinvested in further housing development and should the Council provide the loan funding to HLL for the purchase then there will also be a revenue income stream to Hertsmere.

Section 6	Risk Assessment
Provide a high level overview of key risks identified: • Community Risk • Environmental Risk • Financial Risk • Project Risk • Partner Risk • Other Risks Refer to risk assessment guidelines	
Risk	Mitigation
Community risks	The planning process will include consultation on the proposed plans and the final designs will address any matters raised. All schemes will be discussed in detail and approval sought from the Council's Asset Management Panel.
Environmental risks	Feasibility studies will include surveys and environmental reports to highlight any potential site or construction risks ahead of commitment to contract.
Financial risk	A full appraisal of each scheme and benefits will be completed ahead of any decision to develop. Having the JV, HLL, in place and agreement for sale ahead of construction will minimise the financial risk of development. Tenders will be sought in accordance with the Council's procurement rules.
Project risks	Construction design and project management services will be commissioned to ensure the projects are managed within the time, quality and budgets constraints.



Capital Project Bid Appraisal Form

Section 1	Project Description	
Service	Asset Management	
Name of Project	Housing development – Caishowe Road, Borehamwood	
Project Manager	Richard Stubbs	
Description of Project	Development of council owned garage site with new housing	
Section 2	Project Timeline	
Target start date	It is anticipated schemes will, commence in April 2023	
Target end date	It is anticipated all schemes would be completed by March 2024	
Section 3	Objectives and Outcomes	
Project Objectives	The redevelopment of vacant council owned garage site and construction of much needed affordable.	
Project Rationale	The site identified below has been selected as a priority scheme for redevelopment during 2023/24. The site is an underperforming asset and has been identified as a potential redevelopment site. Initial discussions with the planning department have indicated a positive position and it is therefore currently being appraised for feasibility. The estimated scheme costs are based on recent construction tenders, however the market is currently volatile and time sensitive. The current indicative scheme details are provided below: <u>Caishowe Road Borehamwood – vacant garage site</u> The site at Caishowe Road is a vacant site with the garages having been partially demolished. A scheme has been developed for the site and has now achieved planning approval for 4 x 4 bed affordable housing units. The units are identified in the Hertsmere Living Limited business plan for disposal to HLL on completion and the capital receipt would be used to fund additional units. The housing department confirm there is much need for 4 bed family units. A 4 unit scheme including fees and build is estimated to be c £1,400,000 including fees. It is proposed this be funded from sales receipts from HLL.	
Project Priority Ranking	High	
Key Project Outputs	Much need affordable housing.	
Project	Milestones	Dates
	Commence April 2023- completion March 2024	
State how the project meets the aims and objectives of the following:	<u>Corporate Plan</u> 5.5 Create affordable communities We will strive to enable housing that is affordable, varied and flexible, where opportunities and accessible homes mean our children choose to stay here.	

	<u>Community Strategy</u> Thriving Communities • Support and empower people to have a good start in life and age well • Ensure a healthy standard of living for all and prevent homelessness <u>Finance Strategy</u> • To optimise use of the Council's assets in land, property and liquid resources • To bring forward development and commercial opportunities that generates an ongoing income stream <u>Corporate Property Strategy</u> • To ensure efficient effective and sustainable use of land and buildings • To manage property as a strategic resource at both corporate and service levels.
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This section sets out the whole life costs of the project i.e. capital and revenue costs

Section 4a CAPITAL COSTS	2023/24 £	2024/25 £	2025/26 £	2026/27 £	TOTAL £
Works	1.382m				1.382m
Fees	0.15m				0.15m
Internal fees	0.03m				0.03m
Equipment					
Other					
TOTAL CAPITAL COST					1.4m

Section 4b FUNDING SOURCE	Details:	TOTAL £
Capital Receipt		
Grants	Specify name	
S106	Name of scheme	1.4m
Other		
Prudential Borrowing	If any prudential borrowing is required, please complete table 4c	
TOTAL		

Section 4c PRUDENTIAL BORROWING	2023/24 £	2024/25	2025/26 £	2026/27 £	TOTAL £
Item of Spend					
Works					

Appendix B

Major IT Systems					
Infrastructure e.g. roads					
Equipment					
Buildings					
TOTAL					
<i>Please insert 1.76% of the total amount above, in the corresponding line below</i>					
BORROWING COST					

Section 4d	2023/24	2024/25	2025/26	2026/27	TOTAL
REVENUE IMPACT	£	£	£	£	£
COSTS					
Operating Expenses					
Consultants/Salaries					
IT Licences					
Other					
Sub-total:					
SAVINGS					
Revenue Saving					
Additional Income		TBC			
Sub-total:					
TOTAL					

Section 5	VFM Assessment
What alternative means of funding/providing this output have been considered? e.g. leasing, partnership arrangements, match funding	Where possible s106 funding will be utilised to provide affordable/social housing. Should the intended stockholding joint venture, Hertsmere Living Ltd (HLL), purchase the properties on completion the capital receipt can then be re-invested in further schemes to provide affordable/social housing. Self-delivering these low volume schemes will enable the council to deliver the homes for which s106 funding is held. If no s106 funding is available a request for capital receipts funding will include for the sales income on completion of the scheme. Upon completion it is intended that the completed units be sold to HLL, who will hold this affordable housing stock with rights in perpetuity for Hertsmere residents. The sale will generate a capital receipt back to Hertsmere which can then be reinvested in further housing development and should the Council provide the loan funding to HLL for the purchase then there will also be a revenue income stream to Hertsmere.

Section 6	Risk Assessment
Provide a high level overview of key risks identified: • Community Risk • Environmental Risk • Financial Risk • Project Risk • Partner Risk • Other Risks Refer to risk assessment guidelines	

Risk	Mitigation
Community risks	The planning process will include consultation on the proposed plans and the final designs will address any matters raised. All schemes will be discussed in detail and approval sought from the Council's Asset Management Panel.
Environmental risks	Feasibility studies will include surveys and environmental reports to highlight any potential site or construction risks ahead of commitment to contract.
Financial risk	A full appraisal of each scheme and benefits will be completed ahead of any decision to develop. Having the JV, HLL, in place and agreement for sale ahead of construction will minimise the financial risk of development. Tenders will be sought in accordance with the Council's procurement rules.
Project risks	Construction design and project management services will be commissioned to ensure the projects are managed within the time, quality and budgets constraints.



Capital Project Bid Appraisal Form

	Asset Management	
	Housing development – Catterick Way, Borehamwood	
	Richard Stubbs	
	Development of council owned garage site with new housing	
	It is anticipated the scheme will commence in April 2024	
	It is anticipated the scheme would be completed by March 2025	
	The redevelopment of small council owned garage site and construction of much needed affordable.	
	The site identified below has been selected as a priority scheme for redevelopment during 2024/25. The site is an underperforming vacant asset and have been identified as potential redevelopment sites. Initial discussions with the planning department have indicated a positive position and it is therefore currently being appraised for feasibility. The estimated scheme costs are based on recent construction tenders, however the market is currently volatile and time sensitive. The current indicative scheme details are provided below: <u>Catterick Way , Borehamwood – Vacant Garage site</u> This is a disused Garage site consisting of 20 garages which were demolished at least 10 years ago. Architects have been commissioned to assess how many units the site could accommodate. The Housing department have confirmed the units meet priority housing needs. The scheme design is at an early stage, it is anticipated that the site could accommodate c10 x 3 bed apartments some of which will be accessible units on the ground floor with small gardens. All units will be for Affordable/Social housing. A 10 unit's scheme including fees and build is estimated to be c£3,500,000. It is proposed this be funded from S106 if available or capital receipts from sales to HLL.	
	High	
	Much need affordable housing.	
	Commence April 2024- completion March 2025	
	<u>Corporate Plan</u> 5.5 Create affordable communities • We will strive to enable housing that is affordable, varied and flexible, where opportunities and accessible homes mean our children choose to stay here.	

	<u>Community Strategy</u> Thriving Communities • Support and empower people to have a good start in life and age well • Ensure a healthy standard of living for all and prevent homelessness <u>Finance Strategy</u> • To optimise use of the Council's assets in land, property and liquid resources • To bring forward development and commercial opportunities that generates an ongoing income stream <u>Corporate Property Strategy</u> • To ensure efficient effective and sustainable use of land and buildings • To manage property as a strategic resource at both corporate and service levels.
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This section sets out the whole life costs of the project i.e. capital and revenue costs

Section 4a CAPITAL COSTS	2023/24 £	2024/25 £	2025/26 £	2026/27 £	TOTAL £
Works		3.32m			3.32m
Fees		0.15m			0.15m
Internal fees		0.03m			0.03m
Equipment					
Other					
TOTAL CAPITAL COST					3.5m

Section 4b FUNDING SOURCE	Details:	TOTAL £
Capital Receipt		
Grants	Specify name	
S106	Name of scheme	
Other	Sales receipts from HLL	3.5m
Prudential Borrowing	If any prudential borrowing is required, please complete table 4c	
TOTAL		

Section 4c PRUDENTIAL BORROWING	2023/24 £	2024/25	2025/26 £	2026/27 £	TOTAL £
Item of Spend					
Works					

Appendix B

Major IT Systems					
Infrastructure e.g. roads					
Equipment					
Buildings					
TOTAL					
<i>Please insert 1.76% of the total amount above, in the corresponding line below</i>					
BORROWING COST					

Section 4d	2023/24	2024/25	2025/26	2026/27	TOTAL
REVENUE IMPACT	£	£	£	£	£
COSTS					
Operating Expenses					
Consultants/Salaries					
IT Licences					
Other					
Sub-total:					
SAVINGS					
Revenue Saving					
Additional Income			TBC		
Sub-total:					
TOTAL					

Section 5	VFM Assessment
What alternative means of funding/providing this output have been considered? e.g. leasing, partnership arrangements, match funding	Where possible s106 funding will be utilised to provide affordable/social housing. Should the intended stockholding joint venture, Hertsmere Living Ltd (HLL), purchase the properties on completion the capital receipt can then be re-invested in further schemes to provide affordable/social housing. Self-delivering these low volume schemes will enable the council to deliver the homes for which s106 funding is held. If no s106 funding is available a request for capital receipts funding will include for the sales income on completion of the scheme. Upon completion it is intended that the completed units be sold to HLL, who will hold this affordable housing stock with rights in perpetuity for Hertsmere residents. The sale will generate a capital receipt back to Hertsmere which can then be reinvested in further housing development and should the Council provide the loan funding to HLL for the purchase then there will also be a revenue income stream to Hertsmere.

Section 6	Risk Assessment
Provide a high level overview of key risks identified: • Community Risk • Environmental Risk • Financial Risk • Project Risk • Partner Risk • Other Risks Refer to risk assessment guidelines	

Risk	Mitigation
Community risks	The planning process will include consultation on the proposed plans and the final designs will address any matters raised. All schemes will be discussed in detail and approval sought from the Council's Asset Management Panel.
Environmental risks	Feasibility studies will include surveys and environmental reports to highlight any potential site or construction risks ahead of commitment to contract.
Financial risk	A full appraisal of each scheme and benefits will be completed ahead of any decision to develop. Having the JV, HLL, in place and agreement for sale ahead of construction will minimise the financial risk of development. Tenders will be sought in accordance with the Council's procurement rules.
Project risks	Construction design and project management services will be commissioned to ensure the projects are managed within the time, quality and budgets constraints.



Capital Project Bid Appraisal Form

Section 1	Project Description	
Service	Asset Management	
Name of Project	Housing development – Ex-Cannon public house, Borehamwood	
Project Manager	Richard Stubbs	
Description of Project	Development of ex-public house with new housing	
Section 2	Project Timeline	
Target start date	It is anticipated the scheme will commence in Oct 2024	
Target end date	It is anticipated the scheme would be completed by Oct 2025	
Section 3	Objectives and Outcomes	
Project Objectives	The redevelopment of a council owned ex-public house and construction of much needed affordable housing.	
Project Rationale	The site identified below has been selected as a priority scheme for redevelopment during 2024/25. The site is an underperforming asset and was identified as a potential redevelopment site when the lease was purchased back from the pub when it closed. A meanwhile use was put in place for 5 years and is being extended by a further year while the scheme is drawn up. Initial discussions with the planning department have indicated a positive position and it is therefore currently being appraised for feasibility. The estimated scheme costs are based on recent construction tenders, however the market is currently volatile and time sensitive. The current indicative scheme details are provided below: <u>The Cannon, Thirsk Road Borehamwood</u> The Cannon is an ex-public house site which has been let out on a meanwhile lease for the last five years to a Dance School. The lease comes to an end next year. A number of options have been drawn up by a firm of Architects to maximise the use of the site for affordable/social housing. Discussions with the Housing needs team have concluded that the best mix for the site is 4 x 3 bed specifically accessible units for families on the housing list who are otherwise difficult to place on the Ground Floor and 6 x 3 bed general needs affordable/social housing units. A 10 unit's scheme including fees and Build is estimated to be c£3,500,000. It is proposed this be funded from capital receipts from sales to HLL.	
Project Priority Ranking	High	
Key Project Outputs	Much need specifically accessible affordable housing.	
Project	Milestones	Dates
	Commence September 2024- completion September 2025	

State how the project meets the aims and objectives of the following:	<u>Corporate Plan</u> 5.5 Create affordable communities • We will strive to enable housing that is affordable, varied and flexible, where opportunities and accessible homes mean our children choose to stay here. <u>Community Strategy</u> Thriving Communities • Support and empower people to have a good start in life and age well • Ensure a healthy standard of living for all and prevent homelessness <u>Finance Strategy</u> • To optimise use of the Council's assets in land, property and liquid resources • To bring forward development and commercial opportunities that generates an ongoing income stream <u>Corporate Property Strategy</u> • To ensure efficient effective and sustainable use of land and buildings • To manage property as a strategic resource at both corporate and service levels.
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This section sets out the whole life costs of the project i.e. capital and revenue costs

Section 4a CAPITAL COSTS	2023/24 £	2024/25 £	2025/26 £	2026/27 £	TOTAL £
Works		2.82m			2.82m
Fees		0.15m			0.15m
Internal fees		0.03m			0.03m
Equipment					
Other					
TOTAL CAPITAL COST					3m

Section 4b FUNDING SOURCE	Details:	TOTAL £
Capital Receipt		
Grants	Specify name	
S106	Name of scheme	
Other	Sales receipts from HLL	3m
Prudential Borrowing	If any prudential borrowing is required, please complete table 4c	
TOTAL		

Section 4c PRUDENTIAL BORROWING	2023/24 £	2024/25	2025/26 £	2026/27 £	TOTAL £
Item of Spend					
Works					
Major IT Systems					
Infrastructure e.g. roads					
Equipment					
Buildings					
TOTAL					
<i>Please insert 1.76% of the total amount above, in the corresponding line below</i>					
BORROWING COST					

Section 4d REVENUE IMPACT	2023/24 £	2024/25 £	2025/26 £	2026/27 £	TOTAL £
COSTS					
Operating Expenses					
Consultants/Salaries					
IT Licences					
Other					
Sub-total:					
SAVINGS					
Revenue Saving					
Additional Income			TBC		
Sub-total:					
TOTAL					

Section 5	VFM Assessment
What alternative means of funding/providing this output have been considered? e.g. leasing, partnership arrangements, match funding	Where possible s106 funding will be utilised to provide affordable/social housing. Should the intended stockholding joint venture, Hertsmere Living Ltd (HLL), purchase the properties on completion the capital receipt can then be re-invested in further schemes to provide affordable/social housing. Self-delivering these low volume schemes will enable the council to deliver the homes for which s106 funding is held. If no s106 funding is available a request for capital receipts funding will include for the sales income on completion of the scheme. Upon completion it is intended that the completed units be sold to HLL, who will hold this affordable housing stock with rights in perpetuity for Hertsmere residents. The sale will generate a capital receipt back to Hertsmere which can then be reinvested in further housing development and should the Council provide the loan funding to HLL for the purchase then there will also be a revenue income stream to Hertsmere.

Section 6	Risk Assessment
Provide a high level overview of key risks identified: • Community Risk • Environmental Risk • Financial Risk • Project Risk • Partner Risk • Other Risks Refer to risk assessment guidelines	
Risk	Mitigation
Community risks	The planning process will include consultation on the proposed plans and the final designs will address any matters raised. All schemes will be discussed in detail and approval sought from the Council's Asset Management Panel. The existing meanwhile use commercial lease has been extended and will expire in September 2023. The commercial tenant has let some space to a local charity that needs therefore to find alternative accommodation. Members have requested consideration of a community use facility on the site, however there is currently no proposal or funding for such a scheme. Consideration will be given to the potential alternative and assessed against the loss of additional housing. There is no obligation to find alternative accommodation, however details of any alternative accommodation will be passed to the tenant and other occupants to reduce the risk of not achieving vacant possession.
Environmental risks	Feasibility studies will include surveys and environmental reports to highlight any potential site or construction risks ahead of commitment to contract.
Financial risk	A full appraisal of each scheme and benefits will be completed ahead of any decision to develop. Having the JV, HLL, in place and agreement for sale ahead of construction will minimise the financial risk of development. Tenders will be sought in accordance with the Council's procurement rules.
Project risks	Construction design and project management services will be commissioned to ensure the projects are managed within the time, quality and budgets constraints.



Capital Project Bid Appraisal Form

Section 1	Project Description	
Service	Engineering Services	
Name of Project	Replacement of operational vehicles	
Project Manager	Julie Johnson	
Description of Project	Replacement of three life expired operational vehicles.	
Section 2	Project Timeline	
Target start date	Present	
Target end date	31 March 2024	
Section 3	Objectives and Outcomes	
Project Objectives		
Project Rationale	4. Replacement/Renewal Three current vehicles are approaching the end of their economically viable life. They will fall into the highest servicing/maintenance bracket next year as they will all be over 8yrs old. It is estimated there would be a maintenance saving of approx. 2k per vehicle replaced with a new model. New technology would result in more economical vehicle running costs and Co2 emissions. In addition, the vehicles are showing signs of general wear and tear, requiring an increase in ad hoc repair. Visually they are not an adequate representation of the council. Hybrid & fuel efficiency options are being explored however the cost estimate is for a direct replacement, should alternative fuel options be considered it should be noted that the power infrastructure would require upgrading with an increased supply into the site. There is sufficient funding available in the land drainage reserve to cover the costs of the new direct replacement vehicles.	
Project Priority Ranking	Medium	
Key Project Outputs		
Project	Milestones	Dates
	Vehicle delivery times will be determined when fixed quotes sought.	
State how the project meets the aims and objectives of the following:	<u>Corporate Plan</u> To continue with the delivery of improvements to the environment and wellbeing of the area. <u>Community Strategy</u> To continue delivery of maintenance/flood defence activities both within the borough and with neighbouring authorities. <u>Finance Strategy</u> Purchase of vehicles will follow the formal tender process in accordance with the procurement strategy and financial regulations. <u>Service Plan</u>	

	To enable the delivery of civil and drainage engineering services to fee paying internal and external clients, within and outside the borough boundaries. Delivery of Land Drainage Works, maintenance of strategic flood defence assets. Supporting residents, neighbouring boroughs and internal departments with the provision of a 24hr response to emergency events.
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This section sets out the whole life costs of the project i.e. capital and revenue costs

Section 4a CAPITAL COSTS	2023/24 £	2024/25 £	2025/26 £	2026/27 £	TOTAL £
Works					
Fees					
Equipment	150k				
Other					
TOTAL CAPITAL COST	150k				

Section 4b FUNDING SOURCE	Details:	TOTAL £
Capital Receipt		
Grants		
S106		
Other	Land drainage reserve	150k
Prudential Borrowing		
TOTAL		

Section 4c PRUDENTIAL BORROWING	2023/24 £	2024/25 £	2025/26 £	2026/27 £	TOTAL £
Item of Spend					
Works					
Major IT Systems					
Infrastructure e.g. roads					
Equipment					
Buildings					
TOTAL					
<i>Please insert 1.76% of the total amount above, in the corresponding line below</i>					
BORROWING COST					

Section 4d REVENUE IMPACT	2023/24 £	2024/25 £	2025/26 £	2026/27 £	TOTAL £
COSTS					
Operating Expenses					
Consultants/Salaries					
IT Licences					

Other					
Sub-total:					
SAVINGS					
Revenue Saving	6K				6k
Additional Income					
Sub-total:					
TOTAL	6K				

Section 5	VFM Assessment
What alternative means of funding/providing this output have been considered? e.g. leasing, partnership arrangements, match funding	Leasing of vehicles has been considered, however this is not considered to be cost effective and would have a negative impact on the revenue budget.

Section 6	Risk Assessment
Provide a high level overview of key risks identified:	
• Community Risk • Environmental Risk • Financial Risk • Project Risk • Partner Risk • Other Risks	
Refer to risk assessment guidelines	
Risk	Mitigation
Financial	Low
Environmental	Low
Community	Low
Project	N/A



Capital Project Bid Appraisal Form

Section 1	Project Description
Service	Parking, Planning
Name of Project	EV Charging Points
Project Manager	Ian Kershaw, Ross Whear
Description of Project	Installation of up to 25 publically available electric vehicle charging points on Council assets
Section 2	Project Timeline
Target start date	March 2023
Target end date	March 2024
Section 3	Objectives and Outcomes
Project Objectives	Increase and improve provision of electric vehicle charging infrastructure in the Borough
Project Rationale	To facilitate decarbonisation of transport, the government has committed to end the sale of new petrol and diesel vehicles by 2030 and for all new cars and vans to be fully zero emission at the tailpipe by 2035. Sale of plug in electric vehicles accounts for 13-30% of all new car registrations. The provision of charging infrastructure in Hertsmere is sparse (compared to other Herts. districts) and more charging points are needed in the Borough. • The Council currently provides 5 electric vehicle charging points in 3 car parks. Having insufficient infrastructure that does not match resident needs carries a reputational risk for the Council. • Council owned chargers have started generating a small revenue. Since beginning of 2022, there has been a significant increase in use of chargers. Charging infrastructure could potentially be an income stream for the Council. • At the time of declaring Climate Emergency, the Council committed to achieving net-zero carbon emissions no later than 2050. Installing charging infrastructure will enable the Council to reduce its transport related emissions. The Climate Emergency Member Panel are keen on making progress on this. • Buying and using an electric vehicle is a climate action that our residents can take. By ensuring there is adequate provision, we will be enabling their action. • Installing the charging points will promote zero carbon and sustainable development of the Council. • Use of electric vehicles is expected to result in improved air quality in Hertsmere due to reduced tailpipe emissions of NOx, SOx and particulate emissions. • The current Council and private provision of charging is concentrated in Bushey, Borehamwood, South Mimms

	(Motorway Services) and Potters Bar. Additional provision will help improve access to sustainable transport infrastructure to other parts of the Borough. The project will improve access to charging facilities for residents who don't have provision for off-street parking. While shifting from a fossil fuel car to an electric car is not ideal and not a complete solution for decarbonisation of transport, it should be viewed as one of the many but essential solutions to implement to achieve the goal.	
Project Priority Ranking	M	
Key Project Outputs	Number of charging events Electricity used for charging Revenue generated from charging	
Project	Milestones	Dates
	TBC – ideally to begin rollout of new charging points by mid-2023	Mid 2023
State how the project meets the aims and objectives of the following:	<u>Corporate Plan</u> Use of electric vehicles is an emerging mode of sustainable transport. By providing supporting infrastructure, the project will add to the transport options available to the public. It will enable our residents to take climate action. It will reduce the environmental impact of transport and improve the air quality in Hertsmere. Additional provision will help improve access to sustainable transport infrastructure to other parts of the Borough. <u>Community Strategy</u> Improved provision of EV infrastructure will facilitate Hertsmere vision to Plan for Growth vision by fulfilling a key infrastructure requirement. The infrastructure will ensure better access to facilities for residents in a changing world. It will enable residents to take climate action <u>Finance Strategy</u> Charging infrastructure could potentially be an income stream for the Council in the future. <u>Corporate Property Strategy</u> Allows the Council to further diversify its portfolio of assets, with income generation to support further investment. <u>Service Plan</u> P&ED Service Plan 2020-23 seeks implementation of the Climate Change and Sustainability Strategy through the Action Plan. Direct measures such as EV charging form part of this.	

This section sets out the whole life costs of the project i.e. capital and revenue costs

Section 4a CAPITAL COSTS	2023/24 £	2024/25 £	2025/26 £	2026/27 £	TOTAL £
Works	Circa £200,000				
Fees					
Equipment	Circa £50,000				
Other					
TOTAL CAPITAL COST	£250,000				£250,000

Section 4b FUNDING SOURCE	Details:	TOTAL £
Capital Receipt		
Grants	Specify name	
S106	Carbon off-set pot	£250,000
Other	Potential for CIL bid	
Prudential Borrowing	If any prudential borrowing is required, please complete table 4c	
TOTAL		£250,000

Section 4c PRUDENTIAL BORROWING	2023/24 £	2024/25	2025/26 £	2026/27 £	TOTAL £
Item of Spend					
Works	N/A				
Major IT Systems					
Infrastructure e.g. roads					
Equipment					
Buildings					
TOTAL					
Please insert 1.76% of the total amount above, in the corresponding line below					
BORROWING COST					

Section 4d REVENUE IMPACT	2023/24 £	2024/25 £	2025/26 £	2026/27 £	TOTAL £
COSTS					
Operating Expenses					
Consultants/Salaries					
IT Licences					
Other					
Sub-total:					
SAVINGS					
Revenue Saving		TBC			
Additional Income		TBC			
Sub-total:					

TOTAL					
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Section 5	VFM Assessment
What alternative means of funding/providing this output have been considered? e.g. leasing, partnership arrangements, match funding	Private operators: Local authority may choose to partner with a charge point operator to fully or partially fund the charge points and in turn benefit from a return on their investment. The contract terms, such as the level of profit share and contract length, would reflect the balance of risk and reward for the project. ORCS grant funding: Local authorities can apply to the UK Government's On-street Residential Charge point Scheme (ORCS) for funding to cover up to 75% of eligible capital costs of installations. Charge point operators/Council may contribute the remaining 25%. Where found commercially viable, chargepoint operators may offer a fully funded concession contract, covering all remaining capital and operating costs of the project and taking on the operating risks. The chargepoint operator will have ownership of the assets. Both these financial models are viable but without investing the initial capital (partially/fully), there is a chance that the Council will miss out revenue generating opportunity.

Section 6	Risk Assessment
Provide a high level overview of key risks identified: • Community Risk • Environmental Risk • Financial Risk • Project Risk • Partner Risk • Other Risks Refer to risk assessment guidelines	
Risk	Mitigation
Not enough take up of charging points resulting in investment not bringing the expected revenue	Introducing charging infrastructure in a phased manner and spread out in the Borough. Partnering with a charging provider, who would absorb some of the financial risk.
Chargers not meeting the needs of the residents in terms of location or speed of charging	Introducing charging infrastructure in a phased manner. Charging equipment to be spread out in the Borough and varying speeds.
Change in charging technology resulting in archaic infrastructure	Most of the cost of installing chargers comes from the ground and electrical works needed. Having a private operator as a partner could help in updating the charging technology.
Faulty charging points or vandalism resulting in loss of infrastructure and revenue	A term in the contract requiring 2/4 hour call out can be included in the contract with the private operator. This will ensure that the charging points are back online as soon as possible.



Capital Project Bid Appraisal Form

	Parks	
	Resurfacing of Bushey Rose Garden resin bound gravel footpath.	
	David Smith	
	Resurfacing of Bushey Rose Garden resin bound gravel footpath leading to the lawn area from Herkomer Road entrance and surrounding the lawn area.	
	Spring 2023	
	Summer 2023	
	Resurfacing of life expired footpath	
	The path has now deteriorated to a condition where it potentially could become a Health and Safety risk to park users without resurfacing works. This was considered at the re-opening of the Garden following restoration when a sinking fund was set up to fund such works.	
	High – Failure to act could leave the Council with potential liability in case of accidents.	
	Restoration of path to optimum condition including delivery of a sustainable solution to conflict with tree roots in one section of the path.	
	Approval of Scheme by CSG / AMP	December 22
	Finalise Specification / Go to tender	February 23
	Evaluation of Tenders	March 23
	Award Contract	April 23
	Start on site	June 23
	Completion and Handover	July 23
	Corporate Plan This work will contribute towards the 2020 vision priority of Supporting our Communities by Supporting our residents to be healthier and live longer, aiding Community Cohesion and enabling all the people of Hertsmere to lead fulfilling lives. Community Strategy This project fits well with the three key objectives of creating a safer community for all, creating a healthier community for all (in particular by enhancing our environments and increasing use of green space) and creating a thriving community for all. Service Plan This project fits with the objective of improving Hertsmere's Parks. Bushey Rose Garden Management Plan This project will contribute towards delivery of the two overarching aims for all Hertsmere's parks and open spaces which are:	

	- To encourage the public use and enjoyment of Hertsmere's parks and open spaces. - To ensure that parks and open spaces are healthy, safe and secure places for all sections of the community to use.
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This section sets out the whole life costs of the project i.e. capital and revenue costs

Section 4a CAPITAL COSTS	2023/24 £	2024/25 £	2025/26 £	2026/27 £	TOTAL £
Works	60,000				60,000
Fees					
Equipment					
Other*	6,000				6,000
TOTAL CAPITAL COST	66,000				66,000

*Contribution to wages

Section 4b FUNDING SOURCE	Details:	TOTAL £
Capital Receipt		
Grants		
S106		
Other	BRG Sinking Fund (Currently Stands at £85,000)	66,000
Prudential Borrowing		
TOTAL		66,000

Section 4c PRUDENTIAL BORROWING	2023/24 £	2024/25 £	2025/26 £	2026/27 £	TOTAL £
Item of Spend					
Works					
Major IT Systems					
Infrastructure e.g. roads					
Equipment					
Buildings					
TOTAL					
<i>Please insert 1.76% of the total amount above, in the corresponding line below</i>					
BORROWING COST					

Section 4d REVENUE IMPACT	2023/24 £	2024/25 £	2025/26 £	2026/27 £	TOTAL £
COSTS					
Operating Expenses	None				
Consultants/Salaries					
IT Licences					
Other					
Sub-total:					
SAVINGS					

Revenue Saving	Potential saving in future ad-hoc works				
Additional Income					
Sub-total:					
TOTAL	Not quantifiable				

Section 5	VFM Assessment
What alternative means of funding/providing this output have been considered? e.g. leasing, partnership arrangements, match funding	After the re-opening of the Garden following restoration a sinking fund was set up to fund such works, this seems to be the most appropriate way to fund repetitive, but infrequent medium to high cost works such as this.

Section 6	Risk Assessment
Provide a high level overview of key risks identified: • Community Risk • Environmental Risk • Financial Risk • Project Risk • Partner Risk • Other Risks Refer to risk assessment guidelines	
Risk	Mitigation
Financial	Some estimates have been received to inform the cost estimate, however, the specification needs to be refined to deal with the tree root issue. Other recent projects have shown significant cost increases and some allowance has been made for this.
Community	The works will enable continued good access for all parts of the community including users with a range of mobility issues or disabilities.
Environmental	The path has now deteriorated to a condition where it potentially could become a Health and Safety risk to park users without resurfacing works.



Capital Project Bid Appraisal Form

Section 1	Project Description	
Service	Parks	
Name of Project	Replacement of Composers Park Play Area	
Project Manager	David Smith	
Description of Project	Replacement of Life Expired Play Area	
Section 2	Project Timeline	
Target start date	Summer 2023	
Target end date	Autumn 2023	
Section 3	Objectives and Outcomes	
Project Objectives	Replacement of Life Expired Play Area to improve facilities and reduce risk to the Council by removing deteriorating equipment. Construction of additional section of footpath to improve access.	
Project Rationale	There is s106 money available £10,000 for play and £19,000 for sport which could be used for this project, this is from 4 different developments, one has gone beyond the return date another is due in December 2022.	
Project Priority Ranking	High – Failure to act could leave the Council with potential liability in case of accidents.	
Key Project Outputs	Replacement of Life Expired Play Area.	
Project	Milestones	Dates
	Approval of Scheme by CSG / AMP	December 22
	Finalise Specification / Go to tender	January 23
	Evaluation of Tenders	March 23
	User and Member Consultation	March 23
	Award Contract	April 23
	Start on site	May 23
	Completion and Handover	July / August 23
State how the project meets the aims and objectives of the following:	<u>Corporate Plan</u> This work will contribute towards the 2020 vision priority of Supporting our Communities by Supporting our residents to be healthier and live longer, aiding Community Cohesion and enabling all the people of Hertsmere to lead fulfilling lives. <u>Community Strategy</u> This project fits well with the three key objectives of creating a safer community for all, creating a healthier community for all (in particular by enhancing our environments and increasing use of green space) and creating a thriving community for all. <u>Service Plan</u> This project fits with the objective of improving Hertsmere's Parks.	

This section sets out the whole life costs of the project i.e. capital and revenue costs

Section 4a CAPITAL COSTS	2023/24 £	2024/25 £	2025/26 £	2026/27 £	TOTAL £
Works	150,000				150,000
Fees					
Equipment					
Other*	15,000				15,000
TOTAL CAPITAL COST	165,000				165,000

*Contribution to wages

Section 4b FUNDING SOURCE	Details:	TOTAL £
Capital Receipt		136,000
Grants		
S106		29,000
Other		
Prudential Borrowing		
TOTAL		165,000

Section 4c PRUDENTIAL BORROWING	2023/24 £	2024/25 £	2025/26 £	2026/27 £	TOTAL £
Item of Spend					
Works					
Major IT Systems					
Infrastructure e.g. roads					
Equipment					
Buildings					
TOTAL					
<i>Please insert 1.76% of the total amount above, in the corresponding line below</i>					
BORROWING COST					

Section 4d REVENUE IMPACT	2023/24 £	2024/25 £	2025/26 £	2026/27 £	TOTAL £
COSTS					
Operating Expenses	None				
Consultants/Salaries					
IT Licences					
Other					
Sub-total:					
SAVINGS					
Revenue Saving	Potential saving in future ad-hoc works				
Additional Income					
Sub-total:					
TOTAL	Not quantifiable				

Section 5	VFM Assessment
What alternative means of funding/providing this output have been considered? e.g. leasing, partnership arrangements, match funding	The relatively small amount of s106 funding for this project is insufficient to deliver any significant improvements, therefore additional funding is being sought.

Section 6	Risk Assessment
Provide a high level overview of key risks identified: • Community Risk • Environmental Risk • Financial Risk • Project Risk • Partner Risk • Other Risks Refer to risk assessment guidelines	
Risk	Mitigation
Financial	Play Projects are normally tendered by setting the budget and key requirements and evaluating the offers against those criteria, bids in excess of the budget would be non-compliant and therefore rejected. Ad-hoc costs should be minimal as new items will not suffer from wear and tear in initial years of use, but this is hard to exactly quantify. The other financial risk is that of any potential insurance claims due to the condition of the play area.
Community	The specification could include a number of items suitable for a range of disabled users.
Environmental	The most recent annual inspection assessed the area as a moderate risk, this has the potential to increase over time if the play area is not replaced.



Capital Project Bid Appraisal Form

Section 1	Project Description	
Service	Parks	
Name of Project	Construction of New Play Area at Maxwell Hillside Park.	
Project Manager	David Smith	
Description of Project	Construction of New Play Area at Maxwell Hillside Park.	
Section 2	Project Timeline	
Target start date	Summer 2023	
Target end date	Autumn 2023	
Section 3	Objectives and Outcomes	
Project Objectives	Construction of New Play Area	
Project Rationale	There is s106 money available for this park for “public open spaces”. Previous proposals for spending this money have been rejected due to the possibility of the park being repurposed e.g. as a site for a school. Decisions regarding these other uses have resulted in that these “threats” no longer existing and therefore it has been agreed that this funding should be used to provide a toddler play area in the park as there is limited play provision in the park and Borehamwood as a whole.	
Project Priority Ranking	Medium – The return date for this s106 contribution has passed, the money is allocated specifically to Maxwell Hillside Park.	
Key Project Outputs	Construction of New Play Area at Maxwell Hillside Park.	
Project	Milestones	Dates
	Approval of Scheme by CSG / AMP	December 22
	User and Member Consultation	February 23
	Finalise Specification / Go to tender	March 23
	Evaluation of Tenders	May 23
	User and Member Consultation	May 23
	Award Contract	June 23
	Start on site	August 23
	Completion and Handover	October 23
State how the project meets the aims and objectives of the following:	<u>Corporate Plan</u> This work will contribute towards the 2020 vision priority of Supporting our Communities by Supporting our residents to be healthier and live longer, aiding Community Cohesion and enabling all the people of Hertsmere to lead fulfilling lives. <u>Community Strategy</u> This project fits well with the three key objectives of creating a safer community for all, creating a healthier community for all (in particular by enhancing our environments and increasing use of green space) and creating a thriving community for all. <u>Service Plan</u> This project fits with the objective of improving Hertsmere’s Parks.	

This section sets out the whole life costs of the project i.e. capital and revenue costs

Section 4a CAPITAL COSTS	2023/24 £	2024/25 £	2025/26 £	2026/27 £	TOTAL £
Works	85,454				85,454
Fees					
Equipment					
Other*	8,545				8,545
TOTAL CAPITAL COST	93,999				93,999

*Contribution to wages

Section 4b FUNDING SOURCE	Details:	TOTAL £
Capital Receipt		
Grants		
S106	HW048F 09/0596 Oakland College (£96,875 was received, however, some has been spent on drainage works in 2013)	93,999
Other		
Prudential Borrowing		
TOTAL		93,999

Section 4c PRUDENTIAL BORROWING	2023/24 £	2024/25 £	2025/26 £	2026/27 £	TOTAL £
Item of Spend					
Works					
Major IT Systems					
Infrastructure e.g. roads					
Equipment					
Buildings					
TOTAL					
<i>Please insert 1.76% of the total amount above, in the corresponding line below</i>					
BORROWING COST					

Section 4d REVENUE IMPACT	2023/24 £	2024/25 £	2025/26 £	2026/27 £	TOTAL £
COSTS					
Operating Expenses	1,540	1,694	1,863	2,050	7,147
Consultants/Salaries					
IT Licences					
Other					
Sub-total:	1,540	1,694	1,863	2,050	7,147
SAVINGS					
Revenue Saving					
Additional Income					
Sub-total:					
TOTAL	1,540	1,694	1,863	2,050	7,147

Section 5	VFM Assessment
What alternative means of funding/providing this output have been considered? e.g. leasing, partnership arrangements, match funding	The funding for this project is s106 money which is specifically for this park and therefore seems to be the most appropriate to use.

Section 6	Risk Assessment
Provide a high level overview of key risks identified: • Community Risk • Environmental Risk • Financial Risk • Project Risk • Partner Risk • Other Risks Refer to risk assessment guidelines	
Risk	Mitigation
Financial	Play Projects are normally tendered by setting the budget and key requirements and evaluating the offers against those criteria, bids in excess of the budget would be non-compliant and therefore rejected. Ad-hoc costs should be minimal as new items will not suffer from wear and tear in initial years of use, but this is hard to exactly quantify.
Community	The specification could include a number of items suitable for a range of disabled users.
Reputational	When measured by National Standards there is insufficient play provision in Borehamwood and the Borough as a whole, this project will help to redress this.



Capital Project Bid Appraisal Form

Section 1	Project Description	
Service	Parks	
Name of Project	Replacement of Play Area and Associated Path works at Windmill Recreation Ground.	
Project Manager	David Smith	
Description of Project	Replacement of Play Area and Associated Path works at Windmill Recreation Ground.	
Section 2	Project Timeline	
Target start date	Summer 2023	
Target end date	Autumn 2023	
Section 3	Objectives and Outcomes	
Project Objectives	Replacement of Life Expired Play Area to improve facilities and reduce risk to the Council by removing deteriorating equipment. Construction of additional section of footpath to improve access.	
Project Rationale	There is £146,000 of s106 money available for this project from a variety of schemes, this is split £120,000 for play and £26,000 for the path works. Planning permission was granted in 2018, 17/1577 refers. The project has been delayed for a variety of reasons, one being a challenge from the developer of one of the contributing schemes, another the funding available falling short of what is required, this gap has been further widened by recent inflation.	
Project Priority Ranking	High – Failure to act could leave the Council with potential liability in case of accidents. The return date for all of open space related s106 contributions will have passed by the end of this year, the bulk of this money is allocated to specifically to Windmill Park.	
Key Project Outputs	Replacement of Life Expired Play Area and construction of additional section of footpath.	
Project	Milestones	Dates
	Approval of Scheme by CSG / AMP	December 22
	Finalise Specification / Go to tender	January 23
	Evaluation of Tenders	March 23
	User and Member Consultation	March 23
	Award Contract	April 23
	Start on site	May 23
	Completion and Handover	July / August 23
State how the project meets the aims and objectives of the following:	<u>Corporate Plan</u> This work will contribute towards the 2020 vision priority of Supporting our Communities by Supporting our residents to be healthier and live longer, aiding Community Cohesion and enabling all the people of Hertsmere to lead fulfilling lives. <u>Community Strategy</u> This project fits well with the three key objectives of creating a safer community for all, creating a healthier community for all (in particular by enhancing our environments and increasing use of green space) and creating a thriving community for all.	

	Service Plan This project fits with the objective of improving Hertsmere's Parks.
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This section sets out the whole life costs of the project i.e. capital and revenue costs

Section 4a CAPITAL COSTS	2023/24 £	2024/25 £	2025/26 £	2026/27 £	TOTAL £
Works	180,000				
Fees					
Equipment					
Other*	18,000				
TOTAL CAPITAL COST	198,000				

*Contribution to wages

Section 4b FUNDING SOURCE	Details:	TOTAL £
Capital Receipt		52,000
Grants		
S106	Collection of schemes relating to Windmill Park	146,000
Other		
Prudential Borrowing		
TOTAL		198,000

Section 4c PRUDENTIAL BORROWING	2023/24 £	2024/25 £	2025/26 £	2026/27 £	TOTAL £
Item of Spend					
Works					
Major IT Systems					
Infrastructure e.g. roads					
Equipment					
Buildings					
TOTAL					
<i>Please insert 1.76% of the total amount above, in the corresponding line below</i>					
BORROWING COST					

Section 4d REVENUE IMPACT	2023/24 £	2024/25 £	2025/26 £	2026/27 £	TOTAL £
COSTS					
Operating Expenses	None				
Consultants/Salaries					
IT Licences					
Other					
Sub-total:					
SAVINGS					
Revenue Saving	Potential saving in future ad-hoc works				

Additional Income					
Sub-total:					
TOTAL	Not quantifiable				

Section 5	VFM Assessment
What alternative means of funding/providing this output have been considered? e.g. leasing, partnership arrangements, match funding	The majority of the funding for this project is s106 money which is specifically for this park and therefore seems to be the most appropriate to use.

Section 6	Risk Assessment
Provide a high level overview of key risks identified: • Community Risk • Environmental Risk • Financial Risk • Project Risk • Partner Risk • Other Risks Refer to risk assessment guidelines	
Risk	Mitigation
Financial	Play Projects are normally tendered by setting the budget and key requirements and evaluating the offers against those criteria, bids in excess of the budget would be non-compliant and therefore rejected. Ad-hoc costs should be minimal as new items will not suffer from wear and tear in initial years of use, but this is hard to exactly quantify. The other financial risk is that of any potential insurance claims due to the condition of the play area.
Community	The specification could include a number of items suitable for a range of disabled users.
Environmental	The most recent annual inspection assessed the area as a moderate risk, this has the potential to increase over time if the play area is not replaced.

CAPITAL STRATEGY 2023

1. Overview

- 1.1 This Capital Strategy document sets out the strategic direction for the Council's capital programme and provides a background against which the Council will pursue opportunities in order to maximise capital investment. It also takes into account the requirements of the Capital Finance system and the Prudential Code. This strategy demonstrates corporate responsibility, Council objectives and spending priorities.
- 1.2 The Council has developed a Capital Strategy to ensure that there is a formal and transparent framework in place to manage the current property portfolio and future capital investment decisions. A key focus of the strategy is to ensure that capital resources are effectively utilised and prioritised to deliver the Council's strategic aims and objectives and represent tangible benefit to people and deliver improvements in essential services.
- 1.3 This strategy outlines the recent developments, the capital investment background, the capital programme, capital strategy framework, key priorities and targets, the management and monitoring framework and our investment priorities.
- 1.4 The developments impacting capital decision making are summarised below:
 - In 2016 the Council established Hertsmere Developments Limited as a general company limited by shares to take forward the development of land within the borough with a view to generating future income streams. The company has since developed a business plan approved by the Council in July 2018, this included a number of Council owned sites proposed for development that will need to be transferred to HDL. The Council also approved a loan facility of up to £50 million. In January 2021 the Council will be requested to approve the transfer of an additional site, Clarendon Park, which already has planning permission and is ready for development. HDL have also now appointed a Development Director who joined the company in January 2021 and will be responsible for driving forward this initial development and the company's Business Plan.
 - CIPFA issued its revised "*Prudential Code for Capital Finance*" in December 2021. Key developments included in this version include strengthened and clear provisions within the code for prudent investing, definitions and disclosures for service, treasury and commercial investments. This new Prudential Code contains a new objective for proportionate service and commercial investments. Further developments for capital strategies have been made following their introduction in 2017, such as setting the strategy in the context of the organisation's corporate objectives.
 - DCLG have introduced capital receipts flexibility to enable councils to use up funds from asset sales for transformation projects.
 - In 2012 DCLG issued updated guidance on the Minimum Revenue Provision (MRP) setting out the government's recommendations for the arrangements

that authorities should make in establishing an MRP policy (i.e. approval by full council) and how a prudent provision should be calculated.

- From 1 April 2010 Local Authorities, in line with Central Government Bodies and the National Health Service were required to adopt the IFRS based Code of Practice moving away from the previous UK GAAP (Generally Accepted Practice) reporting standards.

2. Capital Investment Background

2.1 The Capital Strategy has been formulated with reference to the historical capital decisions and the future aims and strategies of the Council. The key capital decisions made by the Council in the past are outlined below:

- Transfer of housing stock - In 1994, the Council made a decision based on consultation with community organisations to transfer its housing stock under twin Large Scale Voluntary Transfer (LSVT) disposals to two housing associations. The Council has maintained the right to receive receipts from the “right to buy” schemes on a diminishing scale until ceiling targets with each of the associations are achieved. The transfer generated nearly £50 million of capital receipts which helped the Council to invest in Leisure facilities amounting to £28 million, Community Assets £11 million and other land and buildings including Elstree Film Studios.
- Redemption of outstanding debt – The Council is a debt free (External debt) authority.

3. The Capital Programme

3.1 The Council has completed a significant programme of capital expenditure, which has seen replacement or renewal of some of the Council’s principal operational assets. This has taken place together with significant new investment in community assets held by others and on facilities that are of specific benefit to the residents of Hertsmere.

Significant recent completions include:

- Replacement meeting rooms at Civic Offices
- Refurbishments of garage estate
- Resurfacing of car parks
- Disability access works
- Replacement of street scene vehicles

4. The Capital Strategy Framework

4.1 The Council's Capital Strategy sets out the framework outlining the Council's approach to capital management and the evaluation and approval for new capital investment projects. The key corporate aims and strategies outlined in the Corporate Plan ("The Hertsmeire Vision 2022-27") and the Corporate Plan provide the basis for the formal framework for the Capital Strategy and the prioritisation of capital resources. The Asset Management Plan and Service Plans along with support from the Capital Strategy Group further underpin the corporate strategies and provide the operational approach to implementing the corporate strategies and aims. The Capital Budget Programme estimates for the period 2022/23 to 2025/26 are shown below in section 7.

4.2 Objectives:

- To assist in the corporate aim of optimising the use of land, property, staff and finances.
- To create opportunities through effective asset management in order to provide an optimum financial return and/or community benefits.
- To optimise usage of scarce capital resources in order to strike a proper balance between resources and the local strategic partnership needs.
- To review:
 - Possibility of Government funding (whether ring fenced or not)
 - Type of capital programme – asset maintenance or new build.
 - Use of local resources (S106 & CIL, Usable Capital Receipts, external contributions and revenue to capital)
 - Revenue implications of capital spend (In Prudential Code)

4.3 The key components of the framework are outlined below:

- **Debt Structure:** The Council will maintain an external debt free status except when an opportunity arises to obtain a significant return on capital investment.
- **Major Repairs and Renewals:** The renewal and structural repairs of assets will be funded from a provision in the revenue budget.
- **Return on Investments:** The Council is committed to investments, which optimise service benefits and/or financial return. The opportunity cost of owning capital will be considered in each capital investment appraisal. The Asset Management Plan includes a process to manage and review the current property register in order to identify any under-performing assets and produce an action plan to enhance the asset performance.
- **Capital Investment Appraisal:** A capital investment appraisal process is in place to ensure that all future projects are subject to a thorough risk assessment, option appraisal, have an appropriate business case and are prioritised in accordance with the Council's corporate priorities.
- **Capital Receipts:** Any proceeds from the sale of surplus revenue account

properties are pooled and used to finance future capital investment programmes. These assets will comprise of revenue returning assets and assets that achieve the Council's aims and objectives.

- **Revenue Implications of Capital Investment:** Priority is given to projects that have no adverse revenue budget implications for the Council, and have long term cost savings and/or income generating opportunities, with the exception of projects of a statutory nature or a high community need.
- **Management and Monitoring:** All projects will be managed and monitored on an ongoing basis and reported to the Financial Monitoring Panel and the Capital Strategy Group on a quarterly basis to ensure that they continue to meet approved budgets and specification. The results of the monitoring may result in re-prioritisation of Council's capital programme. The Capital Strategy will be reviewed annually.
- **Performance Monitoring and Measurement:** Each Service Head will be responsible for monitoring, measuring and reporting the performance of service delivery to key stakeholders. Each service has adopted statutory performance indicators, local and national benchmarking comparisons from membership with other Local Authorities, benchmarking clubs and CIPFA. In respect of property, the performance indicators used by the Council are outlined in the Asset Management Plan. The monitoring process also takes into account the post-implementation reviews of projects with a view to establish whether the original aims and objectives have been met. Any lessons learned will be fed back into the system and used for the appraisal of future capital programmes.
- **Options for Partnering and Funding:** A key requirement of the capital investment appraisal is to explore options for partnering and funding and S106 funding and CIL as means of alternate capital funding.
- **Procurement Strategy:** The Corporate Procurement Strategy sets a clear framework for purchases throughout the Authority, which reflects the Council's Corporate Plan and stands alongside the Council's Contract Standing Orders and Constitution.
- **Additional Capital Resources:** Decisions to bid for additional resources (i.e. lottery bids, regeneration funding, Local Enterprise Partnership) will only be made if it is in line with the existing Capital Strategy and a review of service needs, capital resources and ongoing capital commitments.
- **Consultation:** The Council has engaged in two-way consultation and communication with all its stakeholders to inform them about future strategies and plans. This process of consultation will underpin the Council's formulation of future strategies and plans
- **Key Priorities:** The projects in the capital expenditure programme are linked to the strategic aims of the Council, as per the Corporate Plan and the Corporate Action Plan. The Capital Strategy has grouped the key priorities and targets of the capital investment programme under the three key goals outlined in the Corporate Plan and as explained below.

5. Aims, Key Priorities & Targets of the Capital Programme

- 5.1 When setting its capital programme the council must have regard to the overall service objectives and be consistent with the strategic plan.

<u>BEING AN ENTERPRISING COUNCIL</u> ❑ Maintain financial resilience and work towards self sufficiency ❑ Explore innovative ways to deliver services, particularly through collaborative working ❑ Optimise use of our assets; Land, Staff and Financial	<u>Priorities and targets:</u> ❑ Optimise return from Council's assets by seeking opportunities to re-utilise/dispose of underutilised sites or to develop land with a view to sell or use for housing needs within the Borough.
<u>PLANNING FOR THE FUTURE</u> ❑ Ensure future growth meets the needs of the borough and its residents ❑ Support a thriving local economy ❑ Help increase the supply of affordable housing to meet local need ❑ Seek to protect and enhance the natural environment	<u>Priorities and targets:</u> ❑ Installation of electric charging points across the borough which aims to reduce emissions in Hertsmere and improve air quality. ❑ Construction of new homes for rent, on the open market and for Temporary Accommodation
<u>SUPPORTING OUR COMMUNITIES</u> ❑ Support our residents to be healthier and live longer ❑ Work in partnership to build a safe, strong and cohesive community ❑ Provide opportunities to enable all the people of Hertsmere to lead fulfilling lives	<u>Priorities and targets:</u> ❑ Improve the range of recreational facilities and activities for our residents by investing in parks and open spaces. ❑ Enhancement of pitch and pavilions for outdoor sports provision. ❑ Undertake key environmental improvements to parks and open spaces.

6. Governance Framework

- 6.1 In May 2017 the Council formed the Capital Strategy Group with the aim of;
- Setting the strategic direction for the Council's capital programme.
 - Ensuring that the capital programme aligns with the Council's key priorities and objectives,
 - Promoting the most efficient use of the Council's capital resources
 - Managing the effective delivery of the approved capital programme.
- 6.2 The Capital Strategy Group will support the delivery of the Capital Strategy by:
- Ensuring the most efficient and effective use of Hertsmere's capital resources and assets;
 - Strategically planning for capital investment in existing and new assets;
 - Identifying forward infrastructure needs and linking the Capital Strategy with the Local Development Plan; and
 - Innovation in investment opportunities and the use of capital resources.

Terms of Reference

1. The group will be an officer group
2. The group will advise on and make recommendations to members in respect of capital proposals and capital funding via the Asset Management Panel and CIL Board and in respect of the Budget Process via the Budget Panel, the Executive and full Council
3. It will maintain an integrated overview of all capital investment across the council and of all capital funding resources and sources
4. It will review, monitor and challenge performance and delivery of the Capital Programme
5. It will check and challenge new capital investment proposals to ensure that they align with Hertsmere's priorities, that they are affordable and that there is an appropriate business case
6. It will ensure that capital investment decisions are not taken in isolation from consideration of any on-going revenue consequence.
7. The group will play a key role in the annual budget process, challenging the existing capital programme and presenting new proposals for inclusion in the capital programme for Council approval

Membership

- 6.3 The group will consist of senior managers with all services being represented on the group. Where members of the group are unable to attend specific meetings then they should send a substitute.

Service	Membership
Chief Officers	Executive Director
Finance & Business Services	Head of Finance & Business Services (Chair & Chief Finance Officer) Financial Services Manager Financial Accountant (Minutes & Agenda)
Asset Management	Head of Asset Management and Engineering Services
Environmental Health	Chief Environmental Health Officer
Human Resources & Customer Services	Head of Human Resources and Customer Services Customer Services Operations Manager
Legal & Democratic Services	Head of Legal & Democratic Services
Partnerships & Community Engagement	Head of Partnerships, Community Engagement and Housing
Planning & Economic Development	Head of Planning & Economic Development
Street Scene	Head of Street Scene

7. Capital Programme 2022/23 – 2025/26

- 7.1 The Council also considers the overall priorities for the current financial year and next three years during the budget preparation process as required by The Prudential Code. These are then put into the context of revenue and capital budgets at service level linking these overall priorities with service objectives and performance targets.

Capital Programme 2022/23 to 2024/25	Revised Budget 2022/23 £'000	Budget 2023/24 £'000	Budget 2024/25 £'000	Budget 2025/26 £'000	TOTAL £'000
Asset Management	11,950	8,660	6,500	-	27,110
Development Company	45	-	-	-	45
Planning & Economic Development	778	250	-	-	1,028
Environmental Health	1,489	750	749	749	3,737
Partnerships & Community Engagement	24	-	-	-	24
Street Scene	3,346	1,462	-	-	4,808
Finance & Business Services	199	-	-	-	199
Human Resources & Customer Services	-	-	-	-	-
	17,831	11,122	7,249	749	36,951
Financed by:-					
Capital Receipts	3,633	2,688	6,500	-	12,821
Disabled Facilities Grant	1,405	691	691	691	3,478
Earmarked Reserves	2,672	5,375	-	-	8,047
Housing Enabling Fund	-	-	-	-	-
Innovation and Investment Fund	943	-	-	-	943
Revenue Contribution	619	59	58	58	794
Borrowing	2,385	-	-	-	2,385
Grants and Other Contributions	461	85	-	-	546
CIL / S106	5,713	2,224	-	-	7,937
	17,831	11,122	7,249	749	36,951

- 7.2 The council's Capital Programme is set in the context of the wider Capital Strategy, Treasury Management Strategy and Revenue Strategy, also presented for Council approval. It considers the availability of capital resources, the affordability of any capital investment, in terms of the revenue implications of borrowing i.e. interest and MRP. It also considers that the items for approval, and reflecting the needs and priorities of the Council.

8 Capital Strategy – the long term view

- 8.1 The programme as set out above, excludes the £50m that the Council has approved in principle to advance to **Hertsmere Development Limited**. This is not a commitment at this stage, as it will consider each bid for funding presented on its own merits. The maximum that the Council will advance in any one year will not exceed £10m.
- 8.2 The loan (capital expenditure in accordance with regulations), is to provide funding to the Company in the delivery of the first ten years of its Business Plan.
- 8.3 The advance, when made, will likely be financed from borrowing. The Council has access to cheaper borrowing than would be available to the Company, and under State Aid rules, are required to charge the Company a 'market rate', i.e. a rate commensurate with the rate available to the Company by financial institutions.
- 8.4 The treasury strategy has been amended to reflect the future borrowing requirement identified for Hertsmere Developments Limited.
- 8.5 Loan advances would score as capital expenditure under the regulations, and repayments as capital receipts.
- 8.6 The Council has undertaken a **condition survey** to identify potential future capital investment required on its assets, over a 30 year life cycle. The survey identifies a potential £1.8m of investment needed over the next ten years. With a further £1.1m required between Years 11 and 30.
- 8.7 The works identified, depending on the nature and assessed priority, would be agreed as part of the capital programme on an annual basis.

	Years 1-10	Years 11-20	Years 21-30
	£000	£000	£000
Capital Programme	36,951	-	-
Hertsmere Developments	50,000	-	-
Asset Management	1,800	800	300
Strategic Capital Requirement	88,751	800	300

9 Links with the Treasury Strategy

- 9.1 The actual borrowing undertaken by the Council will not necessarily reflect the Council's underlying need to borrow.
- 9.2 This is because Treasury Management decisions are made independently of the capital financing decision. Treasury Management decisions are based on the availability of cash to the Council; where the Council retains significant balances in reserves and unallocated capital receipts, the expenditure can be managed without incurring external interest costs. This is effectively 'internal borrowing'.
- 9.3 The Councils underlying need to borrow is defined by its Capital Financing Requirement. This includes all capital expenditure that does not have any identified resource, such as revenue, grants or community infrastructure levy to finance it.
- 9.4 The Council investment portfolio extends beyond the more traditional treasury investments.
- 9.5 The Council receives a return from Elstree Film Studios, its 100% owned subsidiary. This produces a current return of £1.7m to the Council, on an annual basis. The Council approved a £15.6m investment in Elstree Studios to develop the old Big Brother stage with Hertfordshire County Council providing £6m of funding via a Local Enterprise Partnership (LEP) agreement. The investment will provide regeneration in the local area and provide additional revenue income for the council.
- 9.6 The Council is also investing cash in the development of Hertsmere Developments Limited, another 100% owned subsidiary, aiming to secure a longer term return for the Council. HDL appointed a Development Director who will be responsible for driving forward the approved business plan and commencing the company's first development project.
- 9.7 The Council also holds an investment property portfolio, valued at £9.7m on 31 March 2022. £8.5m of these are Commercial properties, £0.4m development land and £0.8m for the Council Depot.

Appendix 6

Revenue and Capital Outturn 2021/22 Report to Executive
dated 6th July 2022

HERTSMERE BOROUGH COUNCIL

Meeting name and date	EXECUTIVE 6 July 2022
Agenda item	8.2
Report title	Revenue and Capital Outturn 2021/22
Report reference no.	EX/22/37
Wards affected	All wards
Report author, job title & email	Matthew Bunyon, Head of Finance & Business Services matthew.bunyon@hertsmere.gov.uk Philip Lui, Financial Services Manager philip.lui@hertsmere.gov.uk
List of Appendices	Appendix 1 – 2021/22 Financial Monitoring position to 31 March 2022 (Revenue General Fund Summary)
Reason for urgency	Not applicable
Is it a Key Decision?	No
Call-in expires on	
Exempt from Call-in	Not applicable
Portfolio Holder	Councillor Abhishek Sachdev - Portfolio Holder for Finance

PUBLIC REPORT - this report is available to the public.

1. RECOMMENDATIONS

1.1 That the Executive:

- i) notes the Revenue outturn position for 2021/22 shows a balanced budget position set against a revised budget of £11,846k (section 5 and Appendix 1);
- ii) notes that there has been significant financial impact to the 2021/22 management accounts due to coronavirus and that the resulting additional costs and loss of income that occurred during 2021/22 have been met from central government funding made available to support local authorities and the Covid-19 reserve (paragraph 5.3 and 5.4);
- iii) notes the financial impact of coronavirus was reviewed and reported to the Financial Monitoring Panel every month in 2021/22. The financial impact to Hertsmere was also reported to DLUHC via the monthly Government returns with the final return made to 31 March 2022 (paragraph 5.14 and 5.15);
- iv) notes the capital outturn position for 2021/22, which shows a total investment of £15,933k against a revised budget of £28,363k (Section 6);
- v) notes the sources of capital funding for 2021/22 (paragraph 6.3); and
- vi) notes, that subject to v) above, the revised three-year capital programme for the period 2022/23 to 2024/25 amounts to £18,018k (paragraph 6.5).

2. PURPOSE OF THIS REPORT

- 2.1 The purpose of this report is to inform the Executive of the Revenue and Capital outturn position for the 2021/22 financial year.
- 2.2 The detailed year end monitoring position was considered by the Operations Review Committee on 15 June 2022 (O/22/07). This report summarises the revenue outturn position by service as reported in O/22/07.
- 2.3 This report also summarises the capital outturn and financing position. In addition, the capital budget slippage to 2022/23 is reported to Executive for noting.

3. REASONS FOR RECOMMENDATION

- 3.1 This report brings together the 2021/22 Outturn Report previously considered by the Operations Review Committee.
- 3.2 This report enables the Executive to review and note the Council's financial position for 2021/22 as at 31 March 2022.

4. ALTERNATIVE OPTIONS

- 4.1 There are no Executive approvals requested in this report.

5. REVENUE OUTTURN

- 5.1 In February 2021 the Council approved a General Fund Revenue Budget for the 2021/22 financial year of £11,846k. Performance against that budget has been monitored throughout the year by the Financial Monitoring Panel which is the panel of the Operations Review Committee and quarterly updates have been presented

to the Operations Review Committee. The year-end outturn position for 2021/22 shows a balanced budget position, a summary of which is attached as Appendix 1. A detailed 2021/22 year-end revenue monitoring position was reported to the Operations Review Committee on 15 June 2022 (O/22/07).

- 5.2 Appendix 1 shows a summary of the revenue outturn position by service heading which includes a net deficit on operational service expenditure of £941k, in addition to which there was a net deficit of £436k against corporate budgets, due mainly to additional expenses as a direct result of the council's response to the coronavirus pandemic, resulting in the net operational deficit on total costs of £1,377k.

Covid-19 – Government Funding and Covid-19 Reserve

- 5.3 In recognition of the Covid-19 related financial pressures faced by local authorities, the Government announced a series of funding measures including emergency funding, new burdens funding, specific grants, Contain Outbreak Management Fund (COMF) from Hertfordshire County Council and irrecoverable income compensation. In total Hertsmere received Government funding of £1,254k which partly met the operational deficit. The overall Government Covid-19 funding is summarised in table 1 below:

Table 1 – Government Covid-19 Funding Summary	£000's	£000's
Emergency Funding	503	
New Burdens	310	
Test and Trace Support Payments	19	
Contain Outbreak Management Fund	138	
Irrecoverable Income	284	
Total Government Funding		1,254

- 5.4 The Covid-19 Reserve was set up in 2020/21 to carry forward the remaining 2020/21 Government Funding of £299k and topped up with £290k from the 2020/21 Contingency Budget has a balance of £589k. In 2021/22, £123k will be drawn down from the Covid-19 Reserve to balance the 2021/22 revenue budget. The carry forward balance of the Covid-19 Reserve for use in future years will be £466k.

REVENUE - Variances

- 5.5 Appendix 1 shows a summary of the 2021/22 Revenue budget and actual spend and variance against budget by service area. There are various variances against budget, which have resulted in an overall balance budget position, the most significant variances (+/- £100k) by service are described below:
- 5.6 **Planning £179k adverse:** due to £45k overspend in employee costs from additional agency staff employed to cover vacancies, sickness, maternity cover and resources required with major application. The Council had increased legal fees and costs of £30k and £34k of specialist planning advice. Planning application income had a year-end deficit of £24k which was partly impacted by the decision on the Local Plan.
- 5.7 **Street Scene £743k adverse:** The service's adverse variance was mostly due to losses on income totalling £752k which was made up of £266k loss of the AFM waste recycling credit contract (the Council was able to claim £67k of the losses from the government irrecoverable income compensation) and £461k deficit on

parking income. The 2022/23 budget for both the AFM waste recycling contract and parking income have been adjusted to reflect the changes.

- 5.8 **Asset Management £400k adverse:** The adverse position was mainly due a £127k deficit on employee expenses as a result of agency staff covering a long term sickness absence, vacancy and assisting with project development. In addition, the income budget was £236k in deficit due to a reduction in demand for temporary accommodation for the tenant eviction moratorium (£257k), the waiver of the first quarter of the InspireAll management fee (£75k) – the Council were able to claim 75% of the losses in relation to the InspireAll management fee, and the income losses were offset by a favourable £100k income from the additional rent from EFS.
- 5.9 **Legal & Democratic Services £161k favourable:** The favourable variance was mostly due to £76k of staff vacancy savings and £81k underspends in supplies and services from the cancelled Civic Dinner (£23k) and £41k from Civic Expenses, Committee Expenses and Members Costs.
- 5.10 **General Expenses, Exceptional items £304k adverse:** This adverse variance was due to £304k of unbudgeted Covid-19 specific costs incurred by the council to ensure services could continue to be provided during the pandemic. This included additional cleaning materials and regimes, protective equipment and clothing, additional resources and IT equipment and support. The cost pressures were funded from the government Covid-19 grant funding and Covid-19 reserve.
- 5.11 **Investment Interest, £105k adverse:** The adverse variance was due to the renegotiated loan agreement with InspireAll to support its recovery in the short term by setting an interest free period for the loan in 2021/22 and 2022/23. The interest forgone resulted in a £218k adverse variance in 2021/22. The losses will be recovered through an increased loan period and increased interest rate of 5% chargeable from April 2023.

Covid-19 – Ongoing Impact in 2021/22

- 5.12 There has been a significant financial impact to the 2021/22 management accounts due to the coronavirus pandemic, which has been reflected in the variances discussed above. The £589k surplus in 2020/21 was transferred to a Covid-19 reserve and in 2021/22 £113k was drawn down from the reserve to balance the budget.
- 5.13 The 2021/22 budget set for parking and waste income, the leisure management contract and investment interest were still impacted by Covid-19 restrictions and reductions in demand. The council claimed 75% of these income losses from central government between the period 1 April to 30 June 2021. However, it is anticipated that the recovery of these budgets could take several years to return back to pre-pandemic levels which has been factored into the 2022/23 revenue budget and Medium Term Financial Strategy.
- 5.14 The ongoing financial impact of coronavirus on the 2021/22 budget was reviewed and reported to the Financial Monitoring Panel monthly and Operations Review Committee quarterly.
- 5.15 The Covid-19 financial impact to Hertsmere across financial years is also reported to DLUHC via their monthly income and expenditure pressures return in 2021/22. The final monthly return was made to 31 March 2022.

6. CAPITAL OUTTURN

Capital Investment in 2021/22

- 6.1 Following year-end adjustments, the council spent £15,933k during 2021/22 on projects in the capital programme against a revised budget of £28,363k as summarised in table 2 below:

Asset Management	19,065	23,327	13,749	9,629	-	(52)	
Development Company	-	353	308	45	-	-	
Planning & Economic Development	471	386	8	378	-	-	
Environmental Health	750	1,540	826	714	-	-	
Housing & Partnerships	-	43	43	-	-	-	
Street Scene	1,425	2,605	983	1,224	399	-	
Finance & Business Services	-	109	16	93	-	-	
HR & Customer Services	-	-	-	-	-	-	

- 6.2 The resulting year-end underspend of £12,430k includes funding of £12,083k relating to ongoing projects that have subsequently been re-profiled into future years in the Capital Programme and over and under spends amounting to a net underspend of £347k.

- 6.3 Of the variances summarised in paragraph 6.2, the main projects to note are:

- St John's Church – Discharge of planning conditions and price inflation led to a delay resulting in £2,680k slippage to next year.
- Civic Offices Car Park Decking - £2,575k slippage as the project is currently on hold.
- Elstree Studios New Sound Stages & Workshop - £2,386k slippage to next year due to delay in commencement and minor delays on-site.
- Meadow Park Phase II – Slippage of £1,192k with the project to commence in 2022/23.
- Orchard Close - £1,007k slippage to next year with completion expected October 2022.

- Disabled Facilities Grants - £714k slippage due to reduction in new referrals and delays in approved works because of lockdown measures and shielding required from residents.

Capital Funding

- 6.4 Capital expenditure can be funded from either capital or revenue resources, the funding sources for spend during 2021/22 were as follows:

FUNDING SOURCES	£'000
Usable Capital Receipts	520
Disabled Facilities Grant	826
Earmarked Reserves	905
Housing Enabling Fund	83
Innovation and Investment Fund	49
Revenue Contribution	40
Internal Borrowing	7,523
Grants	4,830
CIL / S106	1,157
Total Capital Funding	15,933

Revised Capital Programme

- 6.5 At its meeting in February 2022, the full Council approved the capital programme 2022/23 to 2024/25 of £5,935k (C/22/09).
- 6.6 After allowing for actual spend during 2021/22 of £15,933k, slippage of £12,083k, a net underspend of £347k (see table 2 paragraph 8.1), this resulted in a revised three-year Capital Programme for 2022/23 to 2024/25 of £18,018k which is summarised in table 4 below:

	2022/23 Approved Budget £'000	Slippage to/from 2021/22 £'000	2022/23 Revised Budget £'000	2023/24 Approved Budget £'000	2024/25 Approved Budget £'000	Total Capital Budget £'000
Asset Management	581	9,629	10,210	10	-	
Development Company	-	45	45	-	-	
Planning & Economic Development	250	378	628	-	-	
Environmental Health	775	714	1,489	750	749	
Housing & Partnerships	-	-	-	-	-	
Street Scene	1,811	1,224	3,035	939	-	
Finance & Business Services	70	93	163	-	-	
Human Resources & Customer Services	-	-	-	-	-	

7. LEGAL POWERS RELIED ON AND ANY LEGAL IMPLICATIONS

7.1 None for the purposes of this report.

8. EFFICIENCY GAINS AND VALUE FOR MONEY

8.1 None for the purposes of this report.

9. RISK MANAGEMENT IMPLICATIONS

9.1 None for the purposes of this report.

10. PERSONNEL IMPLICATIONS

10.1 None for the purposes of this report.

11. EQUALITIES IMPLICATIONS

11.1 None for the purposes of this report.

12. CORPORATE PLAN and POLICY FRAMEWORK IMPLICATIONS

12.1 None for the purposes of this report.

13. ASSET MANAGEMENT IMPLICATIONS

13.1 None for the purposes of this report.

14. HEALTH AND SAFETY IMPLICATIONS

14.1 None for the purposes of this report.

15. BACKGROUND DOCUMENTS USED TO PREPARE THIS REPORT

Document Title:	Filed at:
Financial Monitor Report to Operations Review Committee.	Finance Department

bartonwillmore.co.uk

TOWN PLANNING
MASTERPLANNING & URBAN DESIGN
ARCHITECTURE
LANDSCAPE PLANNING & DESIGN
SUSTAINABLE VALUE
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