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CABINET

Wednesday, 23rd July, 2014

7.00 pm

Town Hall Watford

Publication date: 14 July 2014

CONTACT
If you require further information or you would like a copy of this agenda in another format, e.g. large print, please contact Caroline Harris Democratic Services Manager on 01923 278372 or by email – legalanddemocratic@watford.gov.uk .

Welcome to this meeting. We hope you find these notes useful.

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RECORDING OF MEETINGS

An audio recording may be taken at this meeting for administrative purposes only.

CABINET MEMBERSHIP

Mayor	D Thornhill	(Chair)
Councillor	D Scudder	(Deputy Mayor)
Councillors	K Crout, S Johnson, I Sharpe and M Watkin	

AGENDA

PART A - OPEN TO THE PUBLIC

1. APOLOGIES FOR ABSENCE

2. DISCLOSURE OF INTEREST (IF ANY)

3. MINUTES OF PREVIOUS MEETING

To sign the minutes of the meeting held on 10th March 2014

4. CONDUCT OF MEETING

The Cabinet may wish to consider whether there are any items on which there is general agreement which could be considered now, to enable discussion to focus on those items where the Cabinet sees a need for further debate.

5. AUTHORITY FOR COUNCIL TO ENTER INTO S. 106 AGREEMENT IN RESPECT OF THE HEALTH CAMPUS PLANNING APPLICATIONS (Pages 1 - 4)

Report of Head of Regeneration and Development

6. GRAND UNION CANAL TOW PATH REFURBISHMENT PHASE 3, CONTRACT RULES EXEMPTION (Pages 5 - 14)

Report of Head of Regeneration and Development

7. THE CHARTER PLACE REDEVELOPMENT BY INTU (Pages 15 - 20)

Report of Head of Democracy and Governance

8. ASBESTOS REMOVAL WORKS UNDER HSE CONTROL OF ASBESTOS REGULATIONS 2012 (Pages 21 - 26)

Report of Section Head Of Resilience & Facilities Management

9. TO NOTE THE PROGRESS ON THE ALLOTMENTS INVESTMENT PROGRAMME AND FARM TERRACE UPDATE (Pages 27 - 34)

Report of Environmental Services Client Manager (Parks and Streets)

10. ST ALBANS ROAD PARKING STUDY: DECISIONS ARE SOUGHT FROM CABINET ON WHAT ACTIONS IF ARE TO BE TAKEN WITH REGARD TO PARKING CONTROLS IN THE STUDY AREA IN THE LIGHT OF THE RESULTS OF THE STAGE 2 CONSULTATION. (Pages 35 - 76)

Report of Head of Regeneration and Development

11. BUILDING CONTROL (Pages 77 - 88)

Report of Head of Regeneration and Development

12. APPROVAL OF THE RESIDENTIAL DESIGN GUIDE (Pages 89 - 96)

Report of Head of Regeneration and Development

13. BIG EVENTS PROGRAMME (Pages 97 - 110)

Report of Culture and Play Section Head

14. TO CONSIDER THE 2013/14 FINANCIAL OUTTURN FOR THE AUTHORITY (Pages 111 - 128)

Report of Director of Finance

15. INCREASE IN BUDGET TO FUND ICT ROADMAP EXPENDITURE (Pages 129 - 140)

Report of Director of Finance and ICT Client Section Head

16. MUNICIPAL BONDS AGENCY (Pages 141 - 156)

Report of the Director of Finance

17. EXCLUSION OF PRESS & PUBLIC

THE CHAIR TO MOVE: that, under Section 100A (4) of the Local Government Act 1972, the public and press be excluded from the meeting for the following item of business as it is likely, in view of the nature of the business to be transacted or the nature of the proceedings, that if members of the public were present during consideration of the item there would be disclosure to them of exempt information as defined in Section 100(1) of the Act for the reasons stated below in terms of Schedule 12A.

NOTE: if approved, the Chair will ask members of the press and public to leave the meeting at this point.

18. AWARD OF CONTRACT FOR PROVISION OF A HOMELESSNESS REVIEW SERVICE

Report of Housing Section Head

Paragraph 3 schedule 12A

Report to: Cabinet

Date of meeting: 7 July 2014

Report of: Jane Custance, Head of Regeneration & Development

Title: Watford Health Campus S106 Approval

1.0 SUMMARY

1.1 Planning obligations are made under section 106 of the 1990 Town and Country Planning Act as amended. They are generally entered into by agreement between local planning authorities and landowners in relation to specific applications for planning permission, although a landowner may also offer a unilateral, "one-sided", s106 obligation to the local planning authority .

Planning obligations are linked to a planning application decision, made either by the local planning authority or by the Planning Inspectorate in the case of an appeal against a refusal of planning permission. The planning obligation relates to the land to which the planning application relates, rather than the person or organisation that intends to actually undertake the development. It is therefore recorded as a land charge, and the obligations under it run with the land ownership until they are fully complied with, often indefinitely.

Planning Obligations are used for three purposes to:

- **prescribe** the nature of development to comply with policy (for example, requiring a given portion of housing to be affordable),
- **compensate** for loss or damage created by a development (for example, loss of open space), or
- **mitigate** a development's impact (for example, through contributions to mitigate against harm to the Special Protection Area).

1.2 The Watford Health Campus Partnership LLP (LABV) has submitted two planning applications for the Watford Health Campus site, It is going to be a requirement of the Council as local planning authority that a S106 obligation will be needed to be entered into to comply with the council's planning policies to secure financial contributions towards local infrastructure, education and community facilities, affordable housing and other site specific mitigation. The Council is a significant landowner within the application site and will therefore be required to enter into the S106 Planning obligation as landowner.

1.3 As the Council is both Landowner and Local Planning Authority, it legally cannot enter into a S106 Agreement with itself. However the Council does do have an agreement with Hertfordshire County Council who are also the Local Planning Authority, that in such circumstances they enter the agreement as LPA where we are landowner and vice versa where they are.
As the planning applications also cover land within the ownership of WHHT they too will need to agree to be a party to the s106.

1.4 As the Council will be required to enter into the S106 Agreement as Landowner, Cabinet approval is required.

2.0 RECOMMENDATIONS

2.1 That Cabinet approve the Council enter into a S106 Agreement in relation to the planning applications (*insert application numbers)* for the Health Campus.

2.2 That Cabinet delegates to the Portfolio Holder for Property authority to agree to enter into any subsequent planning obligations under S106 of the Town and Country Planning Act 1990 as amended, necessary in relation to any future planning applications for the Health Campus site, where the Council is landowner.

Contact Officer:
For further information on this report please contact: Neil Farnsworth, Watford Health Campus Project Officer, Regeneration and Development
Telephone extension 8246 email: neil.farnsworth@watford.gov.uk

Report approved by: Jane Custance, Head of Regeneration & Development

3.0 DETAILED PROPOSAL

3.1 Planning obligations are made under section 106 of the 1990 Town and Country Planning Act as amended. They are generally entered into by agreement between local planning authorities and landowners, although a landowner may also offer a unilateral, "one-sided", s106 obligation.

Planning obligations are linked to a planning application decision, made either by the local planning authority or by the Planning Inspectorate in the case of an appeal against a refusal of planning permission. The planning obligation relates to the land to which the planning application relates, rather than the person or organisation that develops the land. It is therefore recorded as a land charge, and the obligations under it run with the land ownership until they are fully complied with, often indefinitely.

Planning Obligations are used for three purposes to:

- **prescribe** the nature of development to comply with policy (for example, requiring a given portion of housing to be affordable),
- **compensate** for loss or damage created by a development (for example, loss of open space), or
- **mitigate** a development's impact (for example, through contributions to mitigate against harm to the Special Protection Area).

3.2 The common uses of planning obligations are to secure affordable housing, and to specify the type and timing of this housing; and to secure financial contributions to provide infrastructure or affordable housing. However, these are not the only uses for a s106 Obligation. A S106 Obligation can:

1. restrict the development or use of the land in any specified way;
2. require specified operations or activities to be carried out in, on, under or over the land;
3. required the land to be used in any specified way; or
4. require a sum or sums to be paid to the local planning authority on a specified date or dates periodically.

3.3 The legal tests for when you can use a S106 planning obligation are set out in regulation 122 and 123 of the Community Infrastructure Levy Regulations 2010 as amended. The tests are:

1. necessary to make the development acceptable in planning terms;
2. directly related to the development; and
3. fairly and reasonably related in scale and kind to the development.

3.4 If the S106 is not complied with, it is enforceable against the person that entered into the obligation and any subsequent owner. The S106 can be enforced by injunction. In the case of a breach of the obligation, the authority can take direct action and recover expenses.

3.5 The planning obligation is a deed, which states that it is an obligation for planning purposes, identifies the relevant land, the person entering the obligation and their interest and the relevant local planning authority that would enforce the obligation. The obligation can be a unilateral obligation or a multi party agreement.

3.6 The obligation is registrable as a land charge.

3.7 The planning applications for the Watford Health Campus have been submitted by the Watford Health Campus Partnership LLP which is the Local Asset Backed Vehicle (LABV) comprising Watford Borough Council and Kier Project Investment Ltd.

3.8 The Council is a significant landowner within the applications sites and is therefore required to enter into a S106 Planning obligation to secure financial contributions towards local infrastructure, education and community facilities, affordable housing and other site specific mitigation, in accordance with the council's policies as local planning authority.

3.9 As the Council is both Landowner and Local Planning Authority, it cannot enter into a S106 Agreement with itself as the Local Planning Authority.

3.10 The Council do have an agreement in place with Hertfordshire County Council who are also legally recognised as being the Local Planning Authority that will enter into the S106 as local planning authority where Watford Borough Council are the landowner.

3.11 As the Council will be required to enter into the S106 Agreement as Landowner, Cabinet approval is required.

3.12 It is recommended that Cabinet agrees to the Council entering into a S106 Agreement in relation to these planning applications as landowner.

3.13 It is likely that there will be further planning applications coming forward as the Health Campus development progresses and it is also recommended that the Portfolio Holder for Property be given delegated authority to agree any subsequent requirement for the Council as landowner to enter in any future S106 obligations.

4.0 Next Steps

4.1 Subject to decisions made by Cabinet in relation to the above recommendation, further work will progress on negotiating the terms to be included within the S106 Agreements accompanying the two planning applications for the Watford Health Campus. The planning applications will presented to the Council's Development Control Committee in due course.

5.0 IMPLICATIONS

5.1 Financial

5.1.1 The Director of Finance comments that there are no financial implications as a result of this report.

5.2 **Legal Issues** (Monitoring Officer)

5.2.1 The Head of Democracy and Governance comments that the legal implications are set out in

the body of the report. Under the Development Agreement for the LABV it will only draw down land from the Council when certain preconditions in relation to a particular development zone are met, and this includes the granting of a satisfactory planning permission, hence the need for the Council as landowner to enter into any required S106 obligations. Once the land is drawn down and passes into the LABV's ownership it becomes responsible for complying with any outstanding obligations.

5.3 **Equalities**

5.3.1 There are no equalities implications arising from this report.

5.4 **Potential Risks**

5.4.1 Health Campus Project has its own risk register and risks associated with it are also captured in both the Corporate and Service Risk Registers.

There is the risk that if Cabinet were not to agree with the recommendation of this report, the failure to undertake a S106 Agreement could result in the refusal of planning permission

5.5 **Staffing**

5.5.1 There are no staffing implications from this report.

5.6 **Accommodation**

5.6.1 There are no accommodation implications from this report.

5.7 **Community Safety**

5.7.1 There are no community safety implications from this report.

5.8 **Sustainability**

5.8.1 There are no sustainability implications from this report.

Appendices

None

Background Papers

None

File Reference

None

Report to: Cabinet

Date of meeting: 23 July 2014

Report of: Jane Custance, Head of Regeneration & Development

Title: Grand Union Canal tow path refurbishment – exemption to contract procedures in relation to phase 3 of the Works

1.0 SUMMARY

1.1 In 2013 the Council entered in to a partnership project with Hertfordshire County Council (HCC), Three Rivers District Council (TRDC) and the Canal and River Trust (CRT) for the refurbishment of the Grand Union Canal Tow Path, Phases 1 and 2. Watford Borough Council was lead Authority for the project and undertook the procurement and supervisory roles.

1.2 A full procurement exercise was undertaken. The contract was won by Balfour Beatty following a competitive tendering exercise and was awarded in April 2013. Works were carried out over the Summer and were completed in September 2013. Total cost for Phases 1 & 2 was £358k.

1.3 A further phase, split in to 3 sections has been identified by the Partners however delays in securing the necessary funding from the Partners has left insufficient time for a full competitive tendering exercise to be completed to enable the work to be carried out during the Summer months. The CRT require works of this nature to be completed between April and September when ground conditions allow and the risk to the stability of the canal bank arising from wet conditions is at its lowest.

1.4 The Council's Contract Procedure Rules allow for exemptions to the Procurement Procedures in defined circumstances. In view of the above an application for exemption was made to the Managing Director and approved on 15 May 2014 seeking approval to award the Phase 3 works to Balfour Beatty based on their tendered rates from Phases 1 and 2 with suitable adjustments for RPI and efficiency savings. In line with the Procedures, the approval is being reported to Cabinet.

2.0 RECOMMENDATIONS

2.1 That Cabinet notes the Approved Exemption to the Council's Procurement Procedures in relation to Phase 3 of the Grand Union Canal Tow Path refurbishment works.

Contact Officer:
For further information on this report please contact: Andy Smith, Transport & Infrastructure Section Head, Regeneration and Development
Telephone extension 8115 email: andy.smith@watford.gov.uk

Report approved by: Jane Custance, Head of Regeneration & Development

3.0 **DETAILED PROPOSAL**

3.1 Details of the Exemption, including the estimated cost of the works can be found at Appendix A to this report along with an extract of the Council's Contract Procedure Rules as they relate to Exemptions.

4.0 IMPLICATIONS

4.1 **Financial**

4.1.1 The cost of implementing the Phase 3 works is estimated at £345k of which the Borough Council's contribution amounts to £5k from the sustainable projects fund (BA 001 D0902). The Borough Council is also contributing contract supervisory staff. The remaining budget is being provided by the other Partners.

4.1.2 The Shared Director of Finance comments that the Council's revenue contribution of £5,000 can be contained within existing budgetary provision.

4.2 **Legal Issues** (Monitoring Officer)
The Head of Democracy & Governance comments that It is a requirement of the Contract Procedure Rules that any exemptions have to be reported to Cabinet.

4.3 **Equalities**

4.3.1 Watford Borough Council is committed to equality and diversity as an employer, service provider and as a strategic partner. In order to fulfil this commitment and its duties under the Equality Act 2010 it is important to demonstrate how policies, practices and decisions impact on people with different protected characteristics. It is also important to demonstrate that the Council is not discriminating unlawfully when carrying out any of its functions

4.3.2 Not applicable in relation to this item.

4.4 **Potential Risks**

Potential Risk	**Likelihood**	**Impact**	**Overall score**
Potential tenderers challenge the Councils decision not to procure the works using competitive tendering procedure.	1	4	4
Partners withdraw funding because the works have not been let competitively.	1	4	4
Those risks scoring 9 or above are considered significant and will need specific attention in project management. They will also be added to the service's Risk Register.			

4.5 **Staffing**
4.5.1 There are no staffing implications from this report.

4.6 **Accommodation**

4.6.1 There are no accommodation implications from this report.

4.7 **Community Safety**

4.7.1 There are no community safety implications from this report.

4.8 **Sustainability**

4.8.1 There are no sustainability implications from this report.

Appendices

Appendix A Exemption Record Application incorporating an extract from Watford Borough Council's Contract Procedure in relation to Exemptions and signed approval form dated 15 May 2014.

Background Papers

No background papers were used in the preparation of this report.

File Reference

None

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Watford Borough Council
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Manny Lewis
Managing Director
Watford Borough Council
Town Hall
Watford
WD17 3EX

Enquiries to:
Phone no: 01923 278115
Our reference:
Your reference:
Date: 15 May 2014

Exemption Request for phase 3a, 3b and 3c of the Grand Union Canal Towpath Refurbishment Partnership Project.

Dear Manny

In February 2013 Watford Council entered in to a partnership project with Hertfordshire County Council (HCC), Three Rivers District Council (TRDC) and The Canal & Rivers Trust (CRT) for the refurbishment of the Grand Union Canal Towpath. The innovative project was to fully refurbish the existing Canal Towpath and provide a quality surface for pedestrians, cyclists and those with limited mobility to use.

A full procurement exercise was undertaken. Balfour Beatty won the contract following a competitive tendering exercise and were awarded the contract in April 2013. Initially, the contract was for the delivery of Phase 1; a distance of 1400 metres from Iron Bridge 77, Cassiobury Park through to Grove Mill Lane.

The contract made provision for a further phase of works to be included within the tender submission. In July, a second phase from Grove Mill Lane through to Bridge Road in Langleybury, a further distance of 2400 metres was awarded to Balfour Beatty. The works were completed in mid-September 2013.

Phase 1 Costs - £139,497.50 .
Phase 2 Costs - £218,433.44

Total Costs = £357,930.94

Following the success of phase 1 and 2 the Partners (WBC, HCC,TRDC and C&RT) have now been presented with a funding opportunity for 2014-15. The Partners have identified as their priority the extension of the tow path refurbishment northwards to link up with Home Park Industrial Estate, Kings Langley and southwards through Croxley Green to connect to the Ebury

Way cycle route. A combined distance of 4255 metres. Confirmation of the majority of the funding for the additional work has only recently been received. On the advice of the CRT, major works on the canal tow path of this type must only be carried out during the summer months (April to September) when ground conditions allow and the risk to the stability of the canal bank and potential bank collapse arising from wet conditions is at its lowest. The late confirmation of funding has produced a situation where completion of a full tendering exercise along with a suitable mobilisation period would not leave a realistic time window for the work to be complete within the operation window identified by the CRT.

An exemption request is now being sought to extend the existing contract and awarded the further phases of works to Balfour Beatty on the basis of exceptional circumstances. The reasons for the request are listed below:

1. The late confirmation of funding for further works on the tow path in 2014/15 and the identified window for delivery of the works leaves insufficient time for the funding opportunity to be exploited during 2014/15 if a full tendering exercise is undertaken
2. The phase 1 and phase 2 works delivered in 2013/14 were let using a competitive tendering exercise in accordance with the Council's Procurement Procedures
3. The contractor for phases 1 and 2 has indicated that it will deliver an efficiency saving on the tendered rates for the 2013/14 if the works for 2014/15 are placed with them (see below)
4. The partners have been happy with the method of works undertaken by Balfour Beatty in the previous phases. Continuing with Balfour Beatty would minimise mobilisation time and would enable the Partners to retain the benefits of using an established contractor who has already established efficient operating practices;
5. Extending the refurbishment in 2014/15 will maximise the benefit of providing connectivity to companies in Kings Langley such as Imagination Technology and Renewable Energy Systems (RES) and will form a direct link to Rickmansworth to the south via the existing Ebury Way cycle route at the earliest opportunity;
6. Meets objectives set out in Watford Green Travel Plan for encouraging sustainable journeys;
7. Further establishes the benefits of Partnership working and match funding opportunities;
8. The combined costs of any further phases would be below the EU threshold.
9. The works are specialist work serviced by barge from the Canal

The estimated costs of the further phases of works is £345,000 made up of the following contributions:

- HCC are looking to contribute £220k,
- TRDC £50k,
- C&RT £40k and
- WBC £15k + £20k of remaining Partnership funds left over following the two previous phases of works.

Of the £15k WBC are contributing, £10k has been made available following a successful bid in April 2014 for funds to The Watford and Three Rivers Health and Wellbeing Partnership Executive Group.

Balfour Beatty have agreed to use the contract rates as per the schedules set out in April 2013. An RPI uplift on the rates of 2.54% would be payable for the additional phases. Following negotiations an efficiency saving of 0.31% has provisionally been agreed with BB subject to works award, reducing the uplift to 2.23%. Provisional discussions have taken place with BB and the contractor has provisionally set a start date of the 16th June with completion within 16 weeks (end of September 2014).

The Contract Procedure Rules state that a contract may be extended by up to 50% by value. In this case the exemption request is to waive this rule and allow a greater extension. The figures in the report note a value for phases 1 and 2 of £357,931. The estimated costs for phase 3 is £345,000 so a 100% extension which exceeds the limit in the CPRs, hence the request for a waiver. For the reasons given including the funding opportunity it seems reasonable to ask for an exemption to be considered.

In view of the funding opportunity presented, the timings for undertaking works of this nature and relatively low contribution of actual funding Watford would need to contribute to the scheme, an exemption to the Councils Contract Procedure rules to award Balfour Beatty the additional phases of works is now sought on the basis of exceptional circumstances as described above.

Yours sincerely

Andy Smith
Transport and Infrastructure Section Head

Central Register of Exemptions

The Audit Plan 2013/14 – "Procurement and Contract Management Baseline Assessment" Recommended: "We recommend that consideration should be given to maintaining a central record of waivers and exemptions that have been approved."

The Council's Contract Procedure Rules state:

Exemptions:

- Acquisition or disposal of Land:

These Rules do not apply to the acquisition or disposal of Land except where a lease or licence is granted as a part of a principal contract for other Works, Supplies or Services.

- Unforeseeable emergency:

Where exemption from these Rules is unavoidable due to an unforeseeable emergency involving immediate risk to persons or property or likely to give rise to major or serious disruption to the Council's services, a Head of Service and the Managing Director may jointly approve an exemption. They must inform the relevant Portfolio Holder and make a report to the next Cabinet meeting on the action taken. Urgency caused by undue delay will not be a valid reason for an exemption.

- Exceptional Circumstances:

An exceptional exemption may be considered by the Managing Director in limited and unusual circumstances. This may, for example, apply where a key supplier has gone into Administration or Receivership. It applies where the event will involve significant risk to a key contract and is likely to give rise to a significant disruption to a Council service. In such an event a Head of Service and the Managing Director may jointly approve an exceptional exemption. This may, for example, be a single tender action or the use of a substitute contractor from the original tender responses to complete a contract or part of a contract. They must inform the relevant Portfolio Holder and make a report to the next Cabinet meeting on the action taken.

- Limited market:

A partial exemption may apply where a supply or service is only obtainable from a single or a very limited number of contractors. In such a case, evidence of the limited market must be provided, such as by public advertisement or detailed market research. A Head of Service and the Managing Director may jointly approve a partial exemption. They must inform the relevant Portfolio Holder and make a report to the next Cabinet meeting on the action taken.

- Prior approval:

Other than as specified above no exemption from these Rules shall be made unless prior approval has been granted at a Cabinet meeting.

Record of Exemptions – Heads of Service must ensure that full details of approved waivers and exemptions are recorded in a central register held by the Corporate Procurement Manager on behalf of the MD.

A record form must be completed and signed for each approved Exemption.

v1.0 Nov 2013

Approved Exemption Record Form

	Details
Exemption category • Unforeseeable emergency • Exceptional Circumstances • Limited market • Prior approval	Please find attached the covering letter which details the Exceptional Circumstances.
Details / Circumstances / Explanation of why an exemption was required:	PLEASE SEE COVERING LETTER
Approved by (Name and date): • MD • HoS	Manny Lewis Jane Custance 15/5/14
Portfolio Holder informed (Name and Date):	IAIN SHARPE 28-5-2014 29.05.14
Date reported to Cabinet:	7TH JULY 2014
Contract Title:	GRAND UNION CANAL PHASE 3
Vendor / Contractor:	BALFOUR BEATTY
Date Contract let:	APRIL 2013
Term of Contract:	TENDER CONTRACT
End date:	MARCH 2015
Total Value of Contract:	£702,930.94
WBC Contract Manager (Name and contact details):	ANDY SMITH 01923 278115
Comments / Other Information:	NONE
Date entered onto Exemptions Register:	29/05/14
Signed by Head of Service:	

Copies to:

Contract File
Head of Service
Corporate Procurement Manager
Central Register of Exemptions

PART A

Report to: Cabinet

Date of meeting: 7 July 2014

Report of: Head of Democracy and Governance

Title: The Charter Place Redevelopment by Intu

1.0 SUMMARY

1.1 Cabinet agreed at its meeting of the 10 March 2014 to approve a Compulsory Purchase order to acquire land in order to implement the Charter Place redevelopment. It also agreed to appropriate a number of identified plots of land using the Councils powers under Section 122(1) of the Local Government Act 1972 and Section 237 of the Town and Country Planning Act 1990 as amended.

1.2 Subsequent to the Cabinet meeting and prior to the formal making of the Compulsory Purchase Order a final check of the plots revealed that there were three plots of land which were omitted from the appropriation schedule. This report seeks authority from Cabinet for these additional three plots to be appropriated.

2.0 RECOMMENDATIONS

2.1 To authorise the appropriation of the land included in Plots listed below and shown on the CPO Map under the provisions of Section 122 (1) of the Local Government Act 1972 for planning purposes to enable the Council to override third party rights and easements pursuant to Section 237 of the Town and Country Planning Act 1990 as amended.

Level	Plots
Ground Floor	G/20, G/36, G/38

Contact Officer:

For further information on this report please contact: Carol Chen
telephone extension: 8350 email: carol.chen@watford.gov.uk

Report approved by: Managing Director

3.0 **DETAILED PROPOSAL**

3.1 Cabinet had a detailed report on 10 March 2014 seeking approval to use Compulsory Purchase powers to be able to implement the Charter Place redevelopment. In addition to seeking to compulsory purchase, the report also sought the appropriation of a number of plots of land which are in the freehold ownership of the Council.

3.2 The Cabinet authorised the compulsory acquisition and agreed to the appropriation of its own land for planning purposes under Section 122(1) of the Local Government Act 1972 and Section 237 of the Town and Country Planning Act 1990 as amended.

3.3 On undertaking final checks prior to the formal making of the Compulsory Purchase Order it was discovered that there were three plots of land on the Ground Floor G/20, G/36 and G/38 shown on the attached plan that had been omitted from the schedule of plots of land that were recommended for appropriation and these plots should have been included.

3.4 The reasons for the appropriation of these plots is the same as that set out in 10 March Cabinet report, and Cabinet is therefore asked to also appropriate these additional plots of land.

4.0 **IMPLICATIONS**

4.1 **Financial**

4.1.1 The Shared Director of Finance comments that the financial implications are as set out in the 10 March Cabinet Report

4.2 **Legal Issues** (Monitoring Officer)

4.2.1 The Head of Democracy and Governance comments that the legal implications are as set out in the 10 March Cabinet Report

4.3 **Equalities**

4.3.1 The implications are as set out in 10 March Cabinet Report

4.4 **Potential Risks**

The implications are as set out in 10 March Cabinet Report.

4.5 **Staffing**

4.5.1 No implications

4.6 **Accommodation**

4.6.1 No implications

4.7 **Community Safety**

4.7.1 No implications

4.8 **Sustainability**

4.8.1 The implications are as set out in 10 March Cabinet Report

Appendices

Plan of Ground Floor Showing plots to be appropriated

Background Papers

Cabinet Report and Minutes 10 March 2014

File Reference

None

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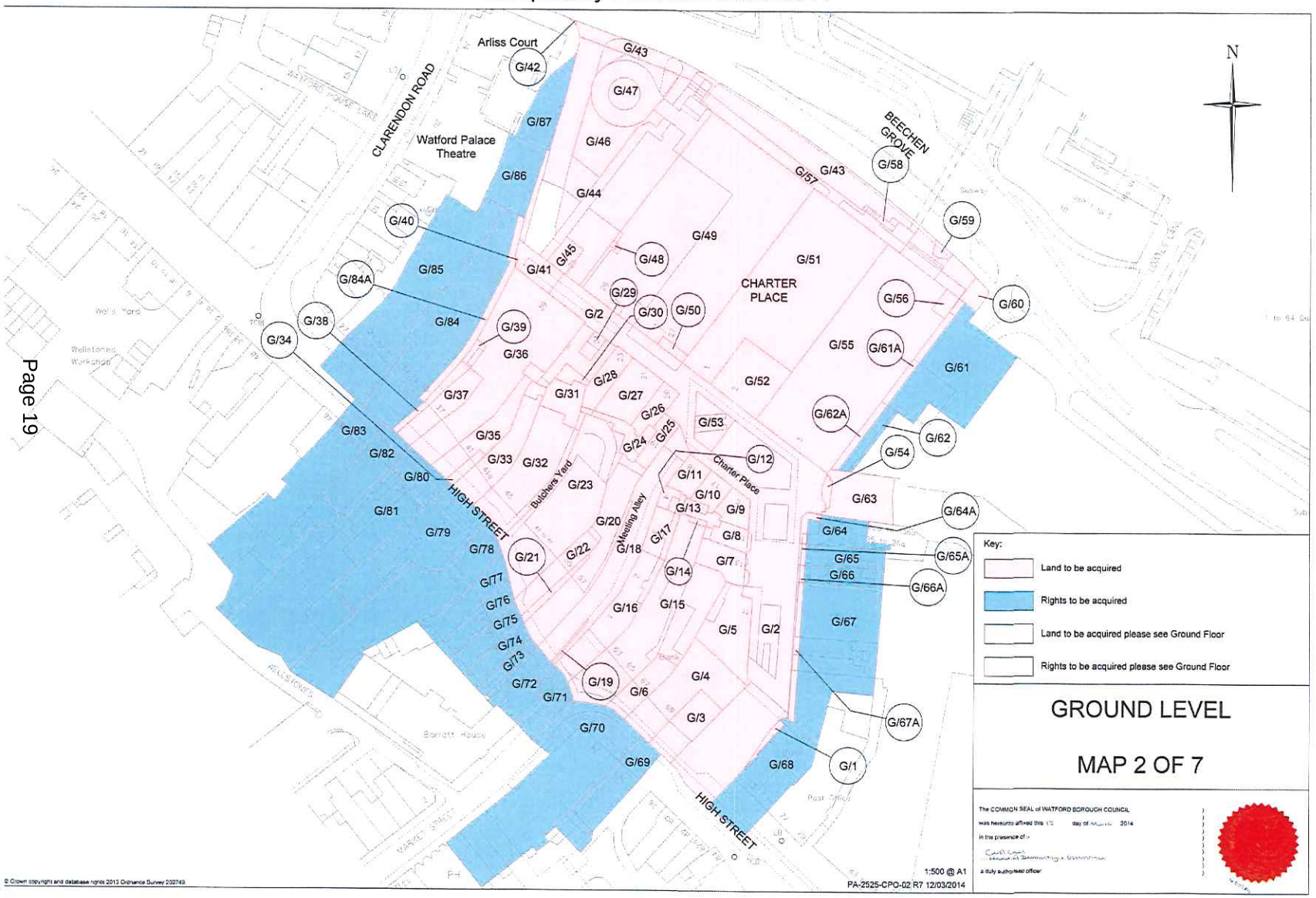
Map referred to in The Watford Borough Council (Land at Charter Place and High Street, Watford) Compulsory Purchase Order 2014



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Report to: Cabinet

Date of meeting: 23rd July 2014

Report of: Ian Browne:- Section Head Of Resilience & Facilities Management, Democracy & Governance

Title: Asbestos Removal Works Under:-

HSE Control Of Asbestos Regulations 2012

1.0 **SUMMARY**

1.1 This report asks Cabinet to note that an exemption to the Contract Procedure Rules has been agreed by the Managing Director and the Head of Democracy and Governance in relation to the procurement of a contractor to undertake asbestos removal work at the Town Hall and Wiggenhall Depot.

1.2 There are several areas of the Town Hall containing loose or degraded asbestos materials requiring immediate removal. These areas are as follows.
The roof space, The Basement Plant Rooms and the Utilities Riser Ducts.
It should be noted that whilst none of these areas are in daily use by the staff or visitors to the Council these are areas where frequent inspections are made by Facilities Management and their appointed contractors in order to maintain the property. Until such times as the removal programme has been completed the areas have been placed under strict access control measures.

1.5 There are also areas of contamination requiring removal at Wiggenhall Depot. Again the areas have been placed out of general access until such times as the area is cleared. The council has a duty to remove this contamination as the results of the survey were known prior to handover of the site to Veolia Environmental Services.

1.6 The above works will be carried out in strict accordance with regulatory requirements and a programme has been devised with a specialist contractor that will manage the removal in order of priority.
The Town Hall works being scheduled to commence on 21st July 2014 to 9th September 2014
Works required to Wiggenhall depot will be agreed with the site operator in order to minimise any service disruption.

1.7 The total cost of these works is valued at £80k, the budget for these works has been identified and allocated through existing budgets

1.8 Quotations for these works were sourced from specialist providers in order to comply with Council procurement processes. Of the Companies approached only one returned a priced document.

1.9 Due to the nature and urgency of the works an application was made to the Managing Director and the Head of Democracy & Governance for a procurement exemption to avoid the need to seek a re-procurement due to only receiving back one tender. Under the contract procedure rules if an exemption is given it needs to be reported to the next Cabinet meeting.

1.10 It was deemed that seeking additional quotations through a second procurement process would only serve to delay matters further. The benefits of a possible financial saving being minimal due to the specialist nature of the works therefore do not outweigh the risks of non compliance with statutory legislation.

2.0 RECOMMENDATIONS

2.1 That Cabinet note that an exemption to the Contract Procedure Rules has been given.

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For further information on this report please contact: **Ian Browne, Section Head Of Facilities Management**
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email: ian.browne@watford.gov.uk

Report approved by: ***Carol Chen, Head of Democracy & Governance***

3.0 **DETAILED PROPOSAL**

3.1 It has become apparent that many years ago there were alteration works carried out to the Town Hall and other properties that involved the removal and replacement of plant and equipment. Associated with these works was the removal of various materials that were manufactured using asbestos. The removal works carried out at that time do not appear to have been conducted with the necessary precautions required for asbestos related materials. This has resulted in the areas identified below having been left in an unsafe condition for operational staff. This report details the required procurement of a specialist contractor for the safe removal of said materials within The Town Hall and Wiggenhall Depot. The materials have found to contain Amosite, Chrysotile and Crocidolite Asbestos.
These works are therefore required to be completed with utmost urgency due to the nature of the contaminants and the health risks associated with persons being exposed to such materials.

3.2 The services provided will deliver the assets into a safe and manageable condition for the personnel charged with maintaining the buildings concerned.
The following works are proposed.

Town Hall Asbestos Contaminated Areas

Roof Space.

Environmental Clean Of Roof Space under fully controlled conditions
Removal of redundant pipework and insulation under fully controlled conditions
Removal of timbers and brickwork under fully controlled conditions.

Plant Room.

Environmental Clean of entrance lobby under fully controlled conditions

Switch Room, Pump Room, Battery Room, Plenum Room, Boiler Room

Removal of asbestos and environmental clean under local & fully controlled conditions.

Riser Cupboards.

Environmental Clean under fully controlled conditions.

Wiggenhall Depot Asbestos Contaminated Areas.

Old Boiler House

Environmental Clean Under fully controlled conditions

Underground Duct.

Encapsulate duct with solid mechanical seal.

Post Completion

Analytical services by independent assay to all of the above.

3.3 The programme of works has been advised as follows.

Town Hall.

Decontamination of the Roof Space 21st July to 8th August 2014

Decontamination of Plant Room & Associated Areas 11th August to 3rd September 2014

Decontamination of Riser Cupboards 4th September to 9th September 2014

Wiggenhall Depot.

Dates have yet to be agreed with the site operator.

3.4 Compliance with Legislation.

All the works required will be carried out in accordance with the Health And Safety Executive Control Of Asbestos Regulations 2012

4.0 **IMPLICATIONS**

Possible implications are listed below.

4.1 **Financial**

4.1.1 The Shared Director of Finance comments that the costs can be contained within the existing approved budgets.

4.2 **Legal Issues** (Monitoring Officer)

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4.2.1 The Head of Democracy and Governance comments that the requirements of the Contract Procedure rules are that if an exemption is granted by the Managing Director and Head of Services it has to be reported to the next available Cabinet meeting.
In view of the nature of the works it was considered appropriate to give an exemption in the circumstances

4.3 **Equalities**

There are no known equalities issues related to this particular matter.

4.4 **Potential Risks**
The buildings concerned are high occupancy high use facilities. There are numerous items of specialist plant and equipment located in the areas of concern which at present have been placed out of bounds for safety reasons unless strict access controls are met. This has a major compounding impact on the ability of the

responsible persons to maintain the building in accordance with other legislation. There is potential for buildings having to be closed as a result of non compliance.

Potential Risk	**Likelihood**	**Impact**	**Overall score**
Contractor Not Appointed	*1*	*4*	*4*
Statutory Building Compliance Checks Not done	*4*	*4*	*16*
Costs increased	*3*	*4*	*12*
Repairs Service Not delivered	*1*	*4*	*4*
Buildings have to be closed.	*2*	*4*	*8*
Those risks scoring 9 or above are considered significant and will need specific attention in project management. They will also be added to the service's Risk Register.			

4.5 **Accommodation**

4.5.1 There will be a requirement to facilitate the works through provision of specialist equipment. It is proposed that the contractors decontamination unit for their personnel be located in the Small Town Hall Car Park adjacent to the Council Chamber. This offers the path of least travel as required. There is also provision of power & water in this location which is essential for the decontamination unit to operate.

4.5.2 During the works there will be a number of self contained air locks to separate the contractors from the occupants. This will require segregation of some areas of the buildings but it is not envisaged that any council staff will require relocation.

4.7 **Community Safety**

4.7.1 There are no identified community safety issues relating to this contract.

Background Papers None

File Reference None

Report to: Cabinet

Date of meeting: 23 July 2014

Report of: Environmental Services Client Manager (Parks and Streets)

Title: Report on the progress of:-

(i) Farm Terrace relocation issues, including compensation;

(ii) The Allotment Investment Programme; and

(iii) Paddock Road Development Proposals;

(iii) Callowland Self Management proposals.

1.0 **SUMMARY**

1.1 This report presents an update on a range of allotment issues:-

- Progress made in relocating existing Farm Terrace allotment holders;
- A proposed compensation package for displaced allotment holders at Farm Terrace;
- Progress made in the development of a replacement site at Paddock Road;
- Approval to serve notice on Farm Terrace tenants;
- Progress made in relation to the allotments investment programme;
- Progress in relation to self management ballot at Callowland Allotments;

2.0 **RECOMMENDATIONS**

2.1 To agree the compensation package as outlined below in paras 3.2 and 3.3 below

2.2 To agree to serve 12 months notice on existing Farm Terrace tenants in line with the 1922 Allotments Act with a view to closing Farm Terrace in September 2015.

2.3 To note the progress in relation to Paddock Road development;

2.4 To note the progress in relation to the allotment investment programme and self management progress at Callowland allotments

Contact Officer:

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Report approved by: Lesley Palumbo – Head of Corporate Strategy and Client Services and Manny Lewis – Managing Director

3.0 DETAILED PROPOSAL

3.1 This report is broken down into a number of sections and deals with each item separately as highlighted in the summary (1.1). As part of the proposals to facilitate these areas of work, the Council undertook the procurement of a landscape consultant with dedicated Project Manager support. In June 2013, Southern Green Ltd Landscape Architects were appointed to manage the following:-

a) Allotment Capital Improvement Project - with associated budget of £810,000
b) Development of new allotment site at Lower Paddock Road; and
c) Relocation of remaining Farm Terrace allotments to the Lower Paddock Road site.

Since June 2013, works have been progressing with the consultancy team, the Parks and Open Spaces Client team at Watford BC as well as the allotments management team now working with Veolia Environmental Services.

3.2 Farm Terrace allotments – reprovision and relocation of existing allotment holders

3.2.1 In December 2013, the Secretary of State for the Department of Communities and Local Government approved the appropriation of the Farm Terrace allotments into the Watford Health Campus scheme. This decision is subject to a Judicial Review (JR) on 25 July 2014. The Council has committed to both the like for like reprovision of the allotment land at Farm Terrace and the relocation of all existing plot holders to sites elsewhere in the town. Subject to the outcome of the JR, this commitment remains.

3.2.2 In line with allotment legislation, a replacement site was selected at Lower Paddock Road, adjacent to the existing active allotment site. The replacement area is currently grazing land but was formerly allotment land. At the same time, the Council also gave a commitment to invest £810,000 into upgrading all other sites elsewhere in Watford in line with its recently adopted Allotments Strategy.

3.2.3 **Progress made in relocating existing tenants from Farm Terrace**
The impact of the Secretary of State's decision on the appropriation of Farm Terrace allotments into the Watford Health Campus meant, at the time of the decision, the displacement of 65 allotment tenants and the loss of 128 plots of variable size. Many plot holders have held more than one plot for several years. Part of the consultants' brief related to the project management of the relocation of these 65 allotment tenants to a new prepared site or alternative locations on other Watford sites. This included:-

- Assessing tenants own individual needs;

- Detailed engagement with tenants as a group or as individuals;
- Developing a process to allow seamless relocation to the new site / existing sites;
- Managing a compensation package proposed by the Council (this is outlined in more detail in 3.2.4 below;
- Managing a group of individuals who are currently impacted by a major development and the "upset" that this involves; and
- Developing a communications strategy for allotment holders and stakeholders.

Some of the allotment sites in closest proximity to Farm Terrace (Brightwell and Holywell) have vacancies and no waiting lists, so there is an opportunity for tenants to relocate directly to these sites. As part of the ongoing process, some allotment holders chose to move very early in the engagement process and this still continues. 63 plots still remain tenanted at Farm Terrace with 47 plot holders. (figures current 7 July 2014).

3.2.4 **Proposed compensation package for displaced allotment holders at Farm Terrace**

Under the Section 2 of the Allotments Act 1922 and Section 3 of the Allotments Act 1950, an allotment holder whose tenancy is terminated is entitled to compensation for:-

- Crops under cultivation (Section 2 of the 1922 Act);
- Manure applied to the land (Section 2 of the 1922 Act);
- A sum equal to one year's rent of the land at the rate at which rent was payable immediately before the termination of the tenancy (Section 3 Allotments Act 1950) i.e disturbance;

Allotment holders are also entitled to remove their crops.

The value of compensation for crops is based on their value to an incoming tenant but compensation can also be decided by negotiation and agreement between the parties.

In this instance, there are no incoming tenants and the Council needs to develop a package of compensation for displaced tenants, whether they move early, have already moved, or will move at the end of this growing season.

The Council, as part of the engagement process has, so far, offered the following to tenants which has been taken up by a number of them:-

- Relocation of existing plants (where possible);
- Relocation of structures to a new plot (sheds, greenhouses, paths, water butts, frames, trellis etc) and where not possible, new provision provided;
- Clearance of new site and cultivated to an agreed standard to enable easy transition;

- Free rent on their new plot if they move early whilst still cultivating Farm Terrace plot this season; and
- Compensation

The compensation level proposed is at three levels:

- Category 1 - £750 for a tenant relocating (or previously relocated) voluntarily ;
- Category 2 - £1,000 for a tenant giving up completely and by agreement before notice is served; and
- Category 3 - statutory minimum for those served with notice for termination of tenancy in September 2014 (see below for details of termination timescales)

An interim payment of £500 has been made to tenants who have moved voluntarily pending Cabinet agreement to the above recommended policy.

In some cases, plots are held by individuals from the same household. It is intended to offer compensation per household only.

Indicative costs of compensation: £33k.

By being clear early on the numbers of allotment holders that wish to relinquish their plot or relocate, this enables the scale of new plot provision at other Watford sites and at Lower Paddock road to be managed under one contract, with economies of scale and more cost efficiency.

The JR outcome is likely to be known before tenants have to decide by the end of September. Should the outcome of the JR not be known prior to the time for serving notice on remaining plot holders the Council would also withdraw any notice given in the event of an unfavourable JR outcome.

Tenants relinquishing their plot voluntarily would not be reconsidered by the Council for an allotment again for a period of 3 years.

Compensation timescales
It is proposed that the Council should make all compensation payments in this way:

- any tenant that moves voluntarily, will be paid when they move;
- any tenant that signs a legally binding agreement by 30 September 2014 to voluntarily relinquish their tenancy by September 2015 will receive 50% of their compensation on signing and the balance at September 2015. This enables the Council to plan more effectively and earlier on destination sites; and
- any tenant waiting to the end of the process and leaving under compulsory notice in September 2015 would receive their compensation once the process is concluded.

3.2.5 **Serving notice on Farm Terrace tenants**

Under the Allotment Act 1922 Section 1(1)(a) a Council can serve notice on an allotment holder giving 12 months notice to terminate their occupation of the allotment. The notice must be served in any year before 6 April or after 29 September so as not to disrupt the growing season.
Where a council gives 12 months notice it is under no legal obligation to pay any compensation to the displaced allotment holder.

The other alternative as the council has appropriated the allotment for purposes other than allotments, is to terminate their tenancies by giving 3 months written notice. This is under Section 1 (1) (d) of the same 1922 Act.

Officers would recommend in this case giving 12 months notice on 1 October 2014 to determine 30 September 2015. The Health Campus is unlikely to need the allotment site prior to this date and this will provide sufficient time for the re-provision of replacement allotments.

3.2.6 **Engaging with affected allotment holders**

Farm Terrace allotment holders will be advised of the options open to them in the approved compensation package and the associated timetable.

3.3 **Progress made in the development of an alternative site at Lower Paddock Road**

As part of the application to the Secretary of State, the Council committed to providing an alternative site replacing the Farm Terrace “like for like”. Lower Paddock Road was ultimately seen as the preferred option as it would create enough plots to replace the 128 at Farm Terrace, bringing back into use the redundant allotments to the south east and west of the existing plots.

Southern Green Ltd was, therefore, asked to initially progress the design of the new site on receipt of the initial Secretary of State approval. However re-consideration of the earlier application by the Secretary of State and the subsequent JR has meant .that designs have not progressed, at this stage, for the proposed extension at Lower Paddock Road. However, once the JR decision is received, designs can be progressed relatively quickly, with the development of the smaller field starting from autumn 2014 and plots available from September 2015.

3.4 **Progress made in relation to the Allotments Investment Programme**

The new Allotment Strategy and Action Plan clearly outline what the council plans to achieve in relation to allotment provision over the next 5 years. Clearly this requires funding and investment. Some S.106 funding has now been allocated in the capital programme to facilitate the investment programme which was based on a thorough investigation of the quality of our allotment sites and specific needs ranging from new fencing, toilets, to new notice boards and signage.

An assessment of each site was carried out by Council officers to ascertain each site’s needs. The capital works identified range from site to site and

appointed consultants (Southern Green Ltd Landscape Architects) were tasked to work with site supervisors and officers at each site, develop detailed designs and procure and manage the delivery of each on-site improvement .

The following sites identified within the programme are:-

- Paddock Road;
- Oxhey Grange;
- Brightwell;
- Holywell;
- Chester Road;
- Timberlake;
- Tavistock Road;
- Callowland;
- Briar Road; and
- Garston Manor.

Engagement with allotment holders was conducted in autumn 2013, which modified and revised the designs. Detailed tender drawings and documents were produced to allow for a competitive tender process, resulting with Ground Control Ltd. Works being appointed to start work on 21st July with completion by the end of November 2014. There will be a dedicated "contact number" for all plot holders to contact in case of queries during the investment programme with a commitment to respond to all issues within 48 hours. This was built into the specification.

Tenants have already been advised to remove items and structures 1m back from existing boundaries before works commence. A further letter to all tenants has been written notifying them of the programme.

3.5 **Progress in relation to self management ballot at Callowland Allotments**

The Council has been working with the tenants at Callowland Allotments for the last 12 months in relation to their initial enquiries to consider "self management" options for this significant site. Community First Partnership were engaged to work with tenants and take them through the full process, which included consultation, detailed discussions on the advantages and disadvantages of self management, through to a fair and transparent voting process. A ballot was taken in July 2013 and the results were as follows:-

For Self Management – 65
Against Self Management – 29
Spoilt papers – 0
Late votes – 13

The overwhelming majority of Callowland allotment holders, therefore, voted for self management. This is an important milestone for this allotment community and it is also a key outcome in the action plan within the

Allotments Strategy. The results and the implications have been made known to all Callowland allotment holders. Community First Partnership is now currently engaging with allotment holders to assist them to form a constituted Management Committee. This will allow the Council to draft the terms of a long-term lease with a constituted group to ensure a smooth transfer over to self-management.

4.0 IMPLICATIONS

4.1 Financial

4.1.1 Provision has been made in the capital programme for the allotment investment programme and the relocation of Farm Terrace. Revenue costs will be managed within existing budgets.

4.2 **Legal Issues** (Monitoring Officer)

4.2.1 The Head of Democracy and Governance comments that the legal implications are contained in the body of the report. The proposed levels of compensation are higher than the statutory requirements in the Allotment Acts and if the Council decided to give all tenants twelve months notice it would be under no legal obligation to provide any compensation.
Using s1(1)(a) also means the council is not reliant on the allotments having to be deregulated to serve notice.

4.3 Equalities

4.3.1 In relation to the relocation of Farm Terrace allotment tenants, considered consultation is taking place that is looking at individual needs and requirements in relation to age, disabilities, distance to travel and priority is being given to those with such needs in relation to finding a plot near to Farm Terrace such as Brightwell and Holywell. A full Equality Impact Analysis has been developed in relation to the relocation of Farm Terrace allotment holders.

4.4 Potential Risks

Potential Risk	Likelihood	Impact	Overall score
Delays in preparation of Paddock Road site	2	3	6
Some Farm Terrace tenants refuse to move	2	3	6
Callowland Tenants disagree on lease terms	2	2	4
Delays in issuing notice to quit to Farm Terrace tenants	2	3	6
Those risks scoring 9 or above are considered significant and will need specific attention in project management. They will also be added to the service's Risk Register.			

4.5 **Staffing**
4.5.1 Not applicable

4.6 **Accommodation**
4.6.1 Not applicable

4.7 **Community Safety**
4.7.1 Not applicable

4.8 **Sustainability**
4.8.1 Not applicable

Appendices

None

Background Papers

Equality Impact Analysis: Watford Health Campus – Farm Terrace allotment relocation

File Reference

None

Report to: Cabinet

Date of meeting: 23 July 2014

Report of: Jane Custance, Head of Regeneration & Development

Title: St Albans Road Parking Study

1.0 SUMMARY

1.1 In 2007 the Council carried out a parking study in the area surrounding St Albans Road bounded by the West Coast Main Line and the Abbey railway line to determine the views of residents on the parking issues in their area and to ascertain if there was support from residents for area wide parking controls and the introduction of a Controlled Parking Zone (CPZ) as a means of introducing a residents' permit parking scheme.

1.2 No clear support for a CPZ was expressed in 2007 and as a consequence proposals were not developed beyond the initial consultation stage and works were limited to the revision of parking controls on St Albans Road itself in association with physical enhancement works.

1.3 More recently the Ward Councillors from Callowland made representations to the Portfolio Holder based on approaches made to them from residents in the Ward requesting that a further consultation be undertaken regarding the possibility of a residents' permit parking scheme.

1.4 As a result a parking study for the Callowland area along with a small section of Leggatts Ward to the west of Leavesden Road was commissioned to investigate the parking issues in the study area and to determine the views of residents and businesses in relation to the principle of introducing area wide parking controls.

1.5 This study was carried out in parallel with the CPZ Review which reported to Cabinet in December 2013. The CPZ Review sought views from residents living within the existing CPZs in the town regarding the operation of the zones. Overall the satisfaction level with the operational aspects of the existing CPZs was extremely high (in excess of 90%). The key operating characteristics of the existing CPZs were validated through the CPZ Review confirming that they offer a robust framework for addressing commuter parking and it was this framework which formed the basis of the consultation scheme that was consulted on though stage 2 of the St Albans Road Parking Study. One outcome of the CPZ Review was that the Council explore further the opportunities for introducing a commercially sustainable car club. This work is currently being commissioned. If successful, provision of a club may enable residents and visitors to the Borough to forgo ownership and/ or use of their own vehicle releasing parking capacity for others to use or to reduce congestion generally. In a highly congested area such as Callowland this initiative may have significant relevance.

1.6 Stage 1 of the St Albans Road study sought through an informal public consultation and detailed parking survey to identify any parking issues and views on high level parking management solutions should they be required and supported by the

community.

1.7 Stage 1 concluded that residents' parking was problematic with the majority of residents in favour of progressing a parking study in the area.

1.8 In discussion with the Ward Members for Callowland and Leggatts and the Portfolio Holder it was agreed to commission stage 2 of the study. This consisted of the development of a Residents' Parking Scheme design layout for the whole of the study area and a public consultation of the proposals which completed in January 2014.

1.9 The objective of the second stage of the study was to engage with residents and businesses and get their opinions on the initial design in order to:

- Understand if there was in principle support from residents and businesses for the implementation of such a scheme
- Understand if residents were in favour of the initial design of the scheme
- Identify suggestions regarding possible amendments to the scheme
- To better understand local parking issues and what could be done to alleviate problems.

1.10 This report presents the results of the stage 2 consultation along with recommendations for further work.

2.0 RECOMMENDATIONS

2.1 That in light of the responses to the stage 2 Public Consultation, proposals for a Residents Permit Parking Scheme in the St Albans Road Residents Parking Scheme study area be abandoned.

2.2 That in view of the lack of community support demonstrated through the stage 2 consultation of the St Albans Road Parking Study, proposals for area wide parking controls are not considered in the Callowland area for a minimum of 5 years.

2.3 That a review of existing waiting restrictions within the study area be undertaken in consultation with affected residents and businesses to determine where amendment to current controls can be made subject to visibility and traffic flow considerations to allow an increase in on-street parking capacity.

2.4 That specific instances of obstructive parking raised by consultees be investigated to determine if additional parking controls to secure access to premises are necessary.

2.5 That existing limited waiting parking provision and loading bays in the study area be reviewed in consultation with local businesses to identify opportunities to amend the controls to better meet the needs of local businesses.

2.6 That the current parking controls on Leavesden Road between its junctions with Copsewood Road and Lowestoft Road be reviewed to identify whether they can be amended to provide additional parking opportunities for local residents during the working day.

2.7 That Hertfordshire County Council be requested to consider the benefits of introducing one way streets within the study area to reduce traffic conflicts.

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Report approved by: Jane Custance, Head of Regeneration & Development

3.0 DETAILED PROPOSAL

3.1 The St Albans Road parking study commissioned at the request of the Ward Members sought to identify parking issues and develop parking management options acceptable to the residents and businesses of the area that could assist in addressing those issues.

3.2 Because of the size of the project, the Council engaged one of its Framework Consultants, Mott MacDonald, to carry out the consultation.

3.3 Stage 1 of the study involving the distribution of over 3,100 consultation packs produced a response rate of 27% which is considered to be good for this type of exercise. 86% of those that responded indicated that they regularly experienced parking problems and 70% supported the progressing of the parking study further.

3.4 Of those respondents who experienced parking problems, 26% stated that the difficulties were most severe in the evening. A smaller proportion (19%) felt the issue was most prevalent overnight. These results support the assertion that commuter parking conflicts with residential parking. Commuters are still taking up on-street space as residents return home in their vehicles in the evening at the end of the working day. This problem could be alleviated by a CPZ or yellow line restrictions. Developing a management scheme to address parking congestion overnight is more problematic as the overwhelming majority of vehicles affected will be owned by residents. A 24/7 CPZ could be introduced to effectively manage vehicle ownership. However, this is unlikely to be palatable as the “solution” would most likely be worse than the problem as far as residents are concerned and the costs of administering such a CPZ would be prohibitive.

3.5 The results of the stage 1 report were considered by the Portfolio Holder in discussion with the Ward Councillors from Callowland and Leggatts Ward and it was agreed that in light of the views expressed, the study should continue to stage 2, where more detailed proposals could be developed to further explore the views of residents and businesses in the consultation area.

3.6 Consultation on a Residents Parking Scheme design layout was initiated at the end of 2013 with details of the consultation documentation being developed in consultation with Ward Members from Callowland and Leggatts and the Portfolio Holder. The consultation ran across the Christmas 2013 period, concluding at the end of January 2014. The consultation pack consisted of details of the design layout along with supporting information on how it might work and a questionnaire. Responses could be made in paper form using a supplied FREEPOST envelope or electronically using Survey Monkey software. The consultation documentation was also viewable on the

Council's website which also provided a link to the electronic response channel for those who wished to use it. A copy of the consultation material including the plan showing the design layout can be seen at Appendix A.

3.7 In addition to the distributed information, 2 public exhibitions were held in the consultation area. Towards the end of the consultation period a public meeting was also held at the request of spokespeople representing residents and businesses opposed to the scheme. This was attended by approximately 200 people and the Council was represented by the Portfolio Holder with Officer support along with a number of the Ward Councillors. The meeting was chaired by Richard Harrington MP.

3.8 A total of 1,344 responses were received split between businesses and residents giving an overall response rate of 42%, an excellent figure for this type of survey and significantly greater than the 27% rate recorded for stage 1. In addition 2 petitions were received from residents groups opposed to the Residents Parking Scheme.

3.9 Considerable interest was shown in the consultation and as a consequence the consultation period was extended by 3 weeks to maximise opportunity for those who wished to express a view to do so. In addition the Elected Mayor wrote to all businesses on the consultation address database urging them to respond so that the views of the business community could be fully understood.

3.10 Analysis of the returned information was carried out by Mott Macdonald and a summary along with their recommendations was presented in report form to the Council by Mott Macdonald. Details of the consultation processes, the analysis and outcomes are presented in the Stage 2 Public Consultation Analysis Report which can be found at Appendix A to this report. It is not intended to repeat the detail contained in the Mott Macdonald report in this covering Cabinet Report however specific comment will be made on key issues.

3.11 In overall terms the consultation scheme was supported by 26% of respondents although results on a street by street basis varied significantly from this average figure.

3.12 In brief summary of the 39 roads consulted, only 4 had a majority of those who responded that were in favour of the introduction of a Residents' Parking Scheme. A further 7 roads responded with between 40 and 50% in favour. The remaining 28 roads rejected the proposal by a more substantial majority.

3.13 In general, support for the scheme was at it's strongest in the south of the survey area with the level of support being generally less running north from that point.

3.14 85 of the 285 businesses circulated in the consultation area responded equating to a response rate of 30%. In addition 10 businesses from outside the consultation area also responded with their views. 93% of the businesses from within the consultation area opposed the scheme.

3.15 Analysis of the detailed comments from residents and businesses included on the consultation returns are contained within section 4.3 of the Mott MacDonald report. In brief summary however the main issues/ concerns raised were as follows:-

- The proposals will have a negative impact on local businesses including customer and employee parking and loading/ unloading.
- Issues regarding visitor permits and parking provision for community facilities

- Lack of guarantee of a parking space
- Concerns from households with more than 2 vehicles
- Removal of yellow lines/ loading bans wanted/ needed
- Enforcement of current restrictions required

3.16 The Council's long standing approach to the introduction of Residents' Parking Schemes is that it is only done if there is demonstrable support from the community for the scheme. The results from the stage 2 consultation clearly show that this support is not there with only 27% of total respondents responding in favour.

3.17 More detailed analysis of the responses shows that a small number of streets towards the south of the consultation area do support the scheme however. Specifically Copsewood Road/ Milton Street, Nevill Grove and Victoria Street support the scheme with support ranging between 64% and 81% of those that responded. A plan showing the location of the roads both for and against the scheme can be found on page 10 of Mott MacDonald's report at Appendix A.

4.0 Mott MacDonald's Recommendations

4.1 In their report Mott MacDonald has presented a number of recommendations.

4.2 The close geographic proximity of the roads supporting the consultation scheme (with the possible exception of Victoria Road) does offer the opportunity for the Council to consider the introduction of a Residents' Parking Scheme for these roads and Mott MacDonald recommend that the Council pursue this course of action whilst terminating proposals in the remainder of the study area. Mott MacDonald do highlight in their recommendations contained in section 5.2 of their report however, that;
' …the congested nature of the study area, the physical constraints applied to it by the West Coast main Line, the Abbey Railway Line and the existence of CPZs in adjacent areas is likely to displace non-resident vehicles in to adjacent streets….. In light of [this] the Council will need to decide whether to take forward proposals in the small number of streets supporting such a scheme.'

4.3 The view of Officers is that displacement will be inevitable from a scheme encompassing only 3 or 4 streets as there are significant numbers of streets against the proposal within the study area which are equally close to Watford Junction and the Town Centre that non-resident cars could divert to. This would have the effect of increasing parking pressures in these streets which in the medium to long term could see incremental expansion of the Residents' Parking Scheme to other parts of the study area against the expressed wishes of the residents of those streets.

4.4 **In view of the above, Officers recommend that proposals for a Residents' Parking Scheme are not taken forward for any of the roads in the study area. In view of the negative response to a resident's parking scheme across the majority of the study area and the significant cost involved in developing and consulting on schemes of this nature, Members are also invited to support a further recommendation that proposals of this nature are not considered in the Callowland area for a minimum of 5 years.**

4.5 There is clear concern in the consultation area regarding the availability of parking from both a resident and business perspective. Mott MacDonald make a series of recommendations proposing a review of existing parking controls in the study area. In summary these reviews would cover the following:-

- **Existing waiting restrictions to ensure that they are all necessary.** Officers support this recommendation and propose that the focus of this review is primarily to identify opportunities to increase the level of parking available by the removal or relaxation of yellow line controls where visibility and traffic flow considerations allow. There may be limited instances where additional controls may be considered appropriate however and these would be included as part of this review.
- **Existing limited waiting restrictions**. These controls, which limit the length of stay for parked vehicles, are predominantly located on or close to St Albans Road and provide parking opportunity for customers and visitors to local businesses to park close to their destination. Officers support this recommendation and further recommend that the review be expanded to include a review of existing loading bays and bus bays and that it be carried out in conjunction with local businesses to ensure that their views are taken fully in to account in the development of any proposals for change.
- **Existing single yellow lines in Leavesden Road.** The possibility of introducing additional parking space on Leavesden Road between it's junctions with Copsewood Road and Lowestoft Road has been specifically identified. Ideally, the relaxation of parking controls on this section of road where day time parking is currently prohibited would incorporate measures to prevent all-day commuter parking taking place but without the need for permits. This would need to be explored with residents, the Police and the Highway Authority but could potentially provide some day time parking relief for those roads which expressed support for the consultation scheme because of the level of parking conflict they experience with non-resident parking during the day. Consequently this recommendation is supported by Officers.
- **Parking facilities for visitors to Community Facilities.** Mott MacDonald also recommend that a review of parking provision for community facilities be undertaken. Allocation of dedicated space for such facilities could only be achieved by a reduction in provision for businesses or residents. As parking demand from residents and businesses is high and a significant level of concern was expressed in the consultation at any loss of parking opportunity, Officers feel that reallocation of space to community facilities is unlikely to be acceptable to residents. Consequently, Officers do not support this recommendation and it does not form part of the recommendations of this report.

4.6 Mott MacDonald has also identified issues of traffic conflict across the study area caused by vehicles travelling in opposite directions on narrow heavily parked streets meeting head on. The principle of creating passing places by the introduction of short lengths of yellow line as was shown in the consultation scheme was not popular because of the loss of on-street parking opportunity however the problem remains, particularly in the vicinity of business premises (for example the Shakespeare Industrial Estate). Mott MacDonald recommend that this issue be forwarded to the Highway Authority, Hertfordshire County Council (HCC) for consideration as it falls outside the general scope of the highways powers delegated down to Watford Council by HCC. Officers support this view and recommend that HCC be approached with a request to investigate the feasibility of introducing one-way streets on roads within the study area where traffic conflicts occur.

5.0 Next Steps

5.1 Subject to decisions made by Cabinet in relation to the recommendations attached to this report a brief will be prepared to take the project forward in to it's implementation stage.

5.2 This work can be split in to a number of headline tasks as follows:-
Headline 1 – notifying residents and businesses of the stage 2 outcome
It is recommended that this be accomplished by way of letter drop to all properties in the study area, signed by the Portfolio Holder outlining the key decisions reached by Cabinet following consideration of this report. **Timescale; July/ August 2014**

Headline 2 – notify HCC of the Council's request for the feasibility of one-way streets to be investigated by them as a means of reducing vehicle conflicts within the study area. Timescale; July/ August 2014.

Headline 3 – Commission the review of existing parking controls within the study area as detailed in recommendations 2.3, 2.4, 2.5 & 2.6. This task will involve consideration of existing controls and the development of options for amendments to both their extent and duration. The focus of this will be predominantly on St Albans Road and Leavesden Road however all existing controls will be critically examined and their need reviewed. This area of work will involve consultation with interested parties including elected Members, HCC, the Police, bus companies, local businesses and affected residents. **Timescale; Survey/ option development and consultation July – December 2014.**

Headline 4 – Option implementation. Subject to changes to current controls being identified it will be necessary to take the changes through the statutory processes with a view to implementing them subject to any statutory objections being satisfactorily addressed. **Timescale; January – April 2015**

5.4 Consultation with formal bodies such as the Police, HCC, bus companies etc would be by meeting and exchange of correspondence. With regard to businesses it is proposed to make contact with those businesses which were prominent during the stage 2 study and to build on their interest by seeking to establish a focus group to represent business views. As any emerging proposals are likely to be small scale in nature, consultation with residents would generally be limited to those properties within the vicinity of specific proposals and would be by way of letter drop and questionnaire.

6.0 IMPLICATIONS

6.1 Financial

6.1.1 The cost of implementing recommendations 2.1 to 2.6 are estimated at approximately £25,000, the exact figure being dependent on the outcome of the consultation process and waiting restriction review highlighted in the report. This cost would be met from the Parking Service Project Code (HDR 000 D1142). No on-going revenue costs are anticipated to arise from the implementation of the recommendations.

6.1.1 The Director of Finance comments that there is sufficient budgetary provision to fund this project.

6.2.1 **Legal Issues** (Monitoring Officer)
The Watford Borough Council, pursuant to arrangements made under Section 19 of the Local Government Act 2000 and the Local Government (Arrangements for Discharge of Functions) (England) Regulations 2000 with the Hertfordshire County Council, and in exercise of the powers conferred on that County Council under Sections 1, 2(1), 2(2), 4(2) and 32,35, 45,46,46a,49,51,53,55,61,99,100-102 to the Road Traffic Regulation Act 1984 ("the Act of 1984") and of all other enabling powers, and after consulting with the Chief Officer of Police in accordance with Part III of Schedule 9 to the Act of 1984, may make traffic regulation orders and implement proposals to manage parking on public highways and other roads. For some of the recommendations above it will be necessary to implement them via a traffic regulation order which, if objections are received, could lead to a public inquiry.

6.3 **Equalities**

6.3.1 **Equalities**

Watford Borough Council is committed to equality and diversity as an employer, service provider and as a strategic partner. In order to fulfil this commitment and its duties under the Equality Act 2010 it is important to demonstrate how policies, practices and decisions impact on people with different protected characteristics. It is also important to demonstrate that the Council is not discriminating unlawfully when carrying out any of its functions

6.3.2 A generic Equalities Impact Assessment has been carried out for parking schemes which has been considered and approved by the Equalities Working Group. It is available to view on the Council's website.

6.4 **Potential Risks**

Potential Risk	**Likelihood**	**Impact**	**Overall score**
Concern from residents of those street in favour of the scheme that no action is proposed may impact negatively on the reputation of the Council.	2	4	8
Emerging proposals from the recommended parking control reviews have significant revenue implications.	1	3	3
Those risks scoring 9 or above are considered significant and will need specific attention in project management. They will also be added to the service's Risk Register.			

6.5 **Staffing**
6.5.1 There are no staffing implications from this report.

6.6 **Accommodation**
6.6.1 There are no accommodation implications from this report.

6.7 **Community Safety**
6.7.1 There are no community safety implications from this report.

6.8 **Sustainability**
6.8.1 There are no sustainability implications from this report.

Appendices

Appendix A St Albans Road Residents' Parking Scheme Stage 2 Consultation Analysis March 2014 Mott MacDonald

Background Papers

The following background papers were used in the preparation of this report. If you wish to inspect or take copies of the background papers, please contact the officer named on the front page of the report.

St Albans Road Area Parking Study; Parking Survey and Initial Consultation Discussion July 2013 Mott MacDonald

File Reference

None

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St Albans Road Residents' Parking Scheme

Stage 2 Public Consultation Analysis

March 2014

Watford Borough Council

WATFORD BOROUGH COUNCIL

Mott MacDonald

St Albans Road Residents' Parking Scheme

Stage 2 Public Consultation Analysis

March 2014

Watford Borough Council

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Issue and revision record

Revision	Date	Originator	Checker	Approver	Description
A	06/03/2014	E Frith	M Ring	R Hearle	1st Issue for Comment
B	10/04/2014	M Ring	M Ring	R Hearle	Incorporating client comments

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Content

1. Introduction

1.1 Introduction

Mott Macdonald was commissioned by Watford Borough Council to undertake the second stage of a parking study in the St Albans Road area of Watford.

Following reports from residents to council Members and officers regarding parking issues, an initial parking study was undertaken in July 2013 to explore residential parking issues in the St Albans Road area of Watford. Stage one concluded that residents' parking was problematic with the majority of residents in favour of progressing a parking study in the area.

Stage Two of the study has included the development of a Residents' Parking Scheme (RPS) design layout for the St Albans Road area, and a public consultation of the proposals that was completed in January 2014.

The objective of the second stage of the study was to engage with local residents and get their opinions on the initial design for the Callowland RPS, in order to:

- Understand in principle if residents are in favour of the implementation of the scheme.
- Understand if residents are in favour of the initial design of the scheme.
- Understand local resident's suggestions regarding possible amendments to the scheme design.
- To better understand local residents' parking issues and what could be done to further alleviate problems.

This consultation analysis report presents the results for the public consultation undertaken on the initial design of the RPS for the Callowland area, including:

a. Reporting of support for and against the implementation of the proposed RPS.
b. Reporting and discussion of resident's comments on the proposed RPS scheme, including suggested amendments to the scheme, or suggested alternatives.

The structure of the report is as follows:

- Section one provides a general introduction to the report
- Section two provides a background to the study.
- Section three outlines the methodologies of the public consultation undertaken.

- Section four presents and discusses the results from the public consultation.
- Section five presents the conclusions of the public consultation and proposes a series of recommendations.

2. Background to Study

2.1 The St Albans Road Study Area

The St Albans Road area of Watford is located to the north of the town centre and is close to the transport hub of Watford Junction station. The area is formed of approximately 3,150 households and has a population of approximately 6,700.

Watford Junction station is served by main line and London Overground services. Journey time into central London is from 15 minutes depending on the service used[1].

The study area is formed of tightly packed terraced streets with little or no off-street parking. St Albans Road is a predominantly commercial property street and forms the major route through the area and into Watford town centre.

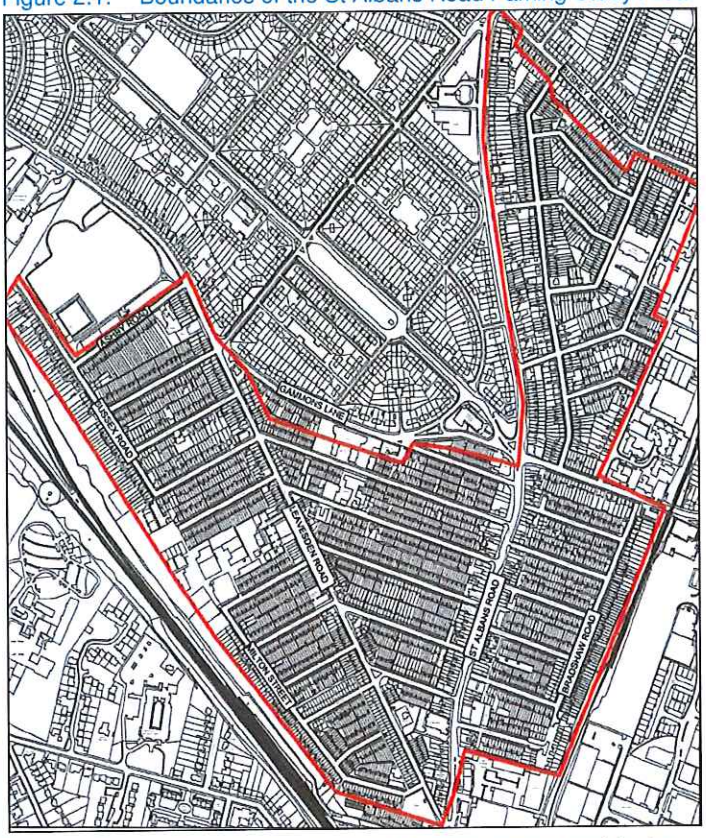
Since 1997, Watford Borough Council has incrementally introduced Resident Parking Scheme (RPSs) to give priority for on-street parking to residents in areas which historically experienced high levels of commuter parking demand.

In 2007 the council consulted on parking in the St Albans Road area but there was no consensus for change amongst the returns and the council therefore decided not to progress a parking study.

Figure 2.1 overleaf shows a map of study area.

[1] Source: National Rail Enquiries

Figure 2.1: Boundaries of the St Albans Road Parking Study Area.



Source: Watford Borough Council, 2012 (© Crown Copyright and database rights 2011 Ordnance Survey 100018689).

3. Methodology of Public Consultation

3.1 Public Consultation Methodology

Initial designs for a RPS in the St Albans Road area were prepared by Mott MacDonald. Parking restrictions focused on providing residents parking as favoured by the majority of streets during the Stage One consultation. The details of the RPS including parking restrictions and permit rules have been defined by the council, and are In keeping with similar schemes across the borough of Watford.

In November 2013 consultation packs on the proposed parking scheme were distributed to approximately 3,169 properties within the study area by Royal Mail. The consultation pack included a leaflet detailing the proposed scheme, including a map of the proposed RPS, a questionnaire and a free post-return envelope. Recipients were also provided with a website address to complete the questions online if preferred. Example documents are provided in Appendix A. The stated consultation period was five weeks, ending on January 10th 2014; however this was extended until the end of January 2014 to ensure a maximum response rate.

During the consultation period the following events and services were also in place to provide residents with a means to find out more about the scheme and to ask any questions:

- Two exhibitions were held in the proposed RPS area staffed by Council Members, Council Officers and Mott MacDonald staff.
- Display boards of the scheme in Watford Town Hall.
- Email address and technical support telephone number was provided where any queries could be submitted.

The questionnaire contained four short sections to complete. Section 1 required the respondent to state whether they support the proposed parking changes. Section 2 collected additional information about the respondents parking needs, including number of cars per household and if they owned or managed a business. Section 3 provided an opportunity for residents to add any additional comments on the proposed parking scheme. Finally Section 4 collected respondents address information. Respondents had the option of completing either the postal or online questionnaire, both surveys were identical.

4. Discussion of Results

4.1 Response Rates

In total 1,344 responses were received from the public consultation exercise split between residents and businesses from both inside and outside the consultation area, as shown in Table 4.1.

The response rate for this consultation is 42% which is considered to be very good for a consultation of this type. During the 2013 local elections the response for the two wards within the St Albans Road RPS indicated an average response rate of 29%.

The response rate to this consultation is an increase on the informal Stage One consultation which received a 27% response rate.

Table 4.1: Number of Consultation Responses[2]

Status	From within the proposed RPS area	From Outside of the proposed RPS area
Resident	1,141	20
Business	85	10
Both	42	0
Other*	0	0
Unknown	13	33
Total	1,281	63

The council was keen to ensure that the consultation obtained sufficient responses from local businesses as well as residents, and therefore the Elected Mayor sent a letter to all local businesses in the area encouraging them to submit their views (See appendix A), and extended the consultation period to ensure they had ample time to comment on the proposals.

As shown in Table 4.1 85 businesses in the proposed RPS have individually responded as well as a number of residents who also own businesses in the area; a strong response rate.

[2] Note all official responses received through the online or postal consultation form are included. Multiple responses from the same address have been included to ensure all individuals views have been taken into account.

4.2 Response Results by Street

Table 4.2 shows the response rates by street including the percentage of responses in favour of the proposed RPS.

Table 4.2: Street by Street Consultation Results

	No. of Properties	No. of Properties that responded	Response Rate	% in Favour of Proposals
Acme Road	86	31	36%	29%
Ashby Road	50	24	48%	15%
Balmoral Road	38	16	42%	11%
Bradshaw Road	81	31	38%	19%
Brighton Road	81	48	59%	4%
Brixton Road	50	30	60%	47%
Bruce Grove	62	26	42%	27%
Buckingham Road	24	11	46%	8%
Bushey Mill Lane	24	6	25%	29%
Callowland Place	31	1	3%	0%
Cecil Street	141	39	28%	33%
Copsewood Road	89	41	46%	81%
Cromer Road	66	30	45%	13%
Diamond Road	64	44	69%	20%
Gammons Lane	26	12	46%	0%
Garfield Street	65	32	49%	45%
Hatfield Road	50	15	30%	47%
Jubilee Road	66	36	55%	8%
Judge Street	138	56	41%	11%
Leavesden Road	264	74	28%	27%
Lowestoft Road	47	11	23%	36%
Milton Street	35	14	40%	64%
Neston Road	50	30	60%	6%
Nevill Grove	26	12	46%	67%
Osborne Road	34	14	41%	40%
Parker Street	51	19	37%	42%
Parkgate Road	69	42	61%	15%
Regent Street	115	45	39%	39%
Ridge Street	57	18	32%	11%
Salisbury Road	49	18	37%	39%
Sandringham Road	186	96	52%	16%
Shakespeare Street	74	34	46%	28%
Southwold Road	122	25	20%	27%

	No. of Properties	No. of Properties that responded	Response Rate	% in Favour of Proposals
St Albans Road	441	108	24%	17%
Stanmore Road	43	16	37%	47%
Sussex Road	71	35	49%	5%
Victoria Road	71	31	44%	81%
Windsor Road	43	19	44%	42%
Yarmouth Road	64	15	23%	25%
Total	**3144**	**1205**	**38%**	**26%**

Source: Mott MacDonald

Table 4.3 shows the responses by street ranked by levels of support for the proposals.

Table 4.3: Street by Street Consultation Results

	No. of Properties	No. of Properties that responded	Response Rate	% in Favour of Proposals
Copsewood Road	89	41	46%	81%
Victoria Road	71	31	44%	81%
Nevill Grove	26	12	46%	67%
Milton Street	35	14	40%	64%
Brixton Road	50	30	60%	47%
Hatfield Road	50	15	30%	47%
Stanmore Road	43	16	37%	47%
Garfield Street	65	32	49%	45%
Parker Street	51	19	37%	42%
Windsor Road	43	19	44%	42%
Osborne Road	34	14	41%	40%
Regent Street	115	45	39%	39%
Salisbury Road	49	18	37%	39%
Lowestoft Road	47	11	23%	36%
Cecil Street	141	39	28%	33%
Acme Road	86	31	36%	29%
Bushey Mill Lane	24	6	25%	29%
Shakespeare Street	74	34	46%	28%
Bruce Grove	62	26	42%	27%
Leavesden Road	264	74	28%	27%
Southwold Road	122	25	20%	27%
Yarmouth Road	64	15	23%	25%
Diamond Road	64	44	69%	20%
Bradshaw Road	81	31	38%	19%

	No. of Properties	No. of Properties that responded	Response Rate	% in Favour of Proposals
St Albans Road	441	108	24%	17%
Sandringham Road	186	96	52%	16%
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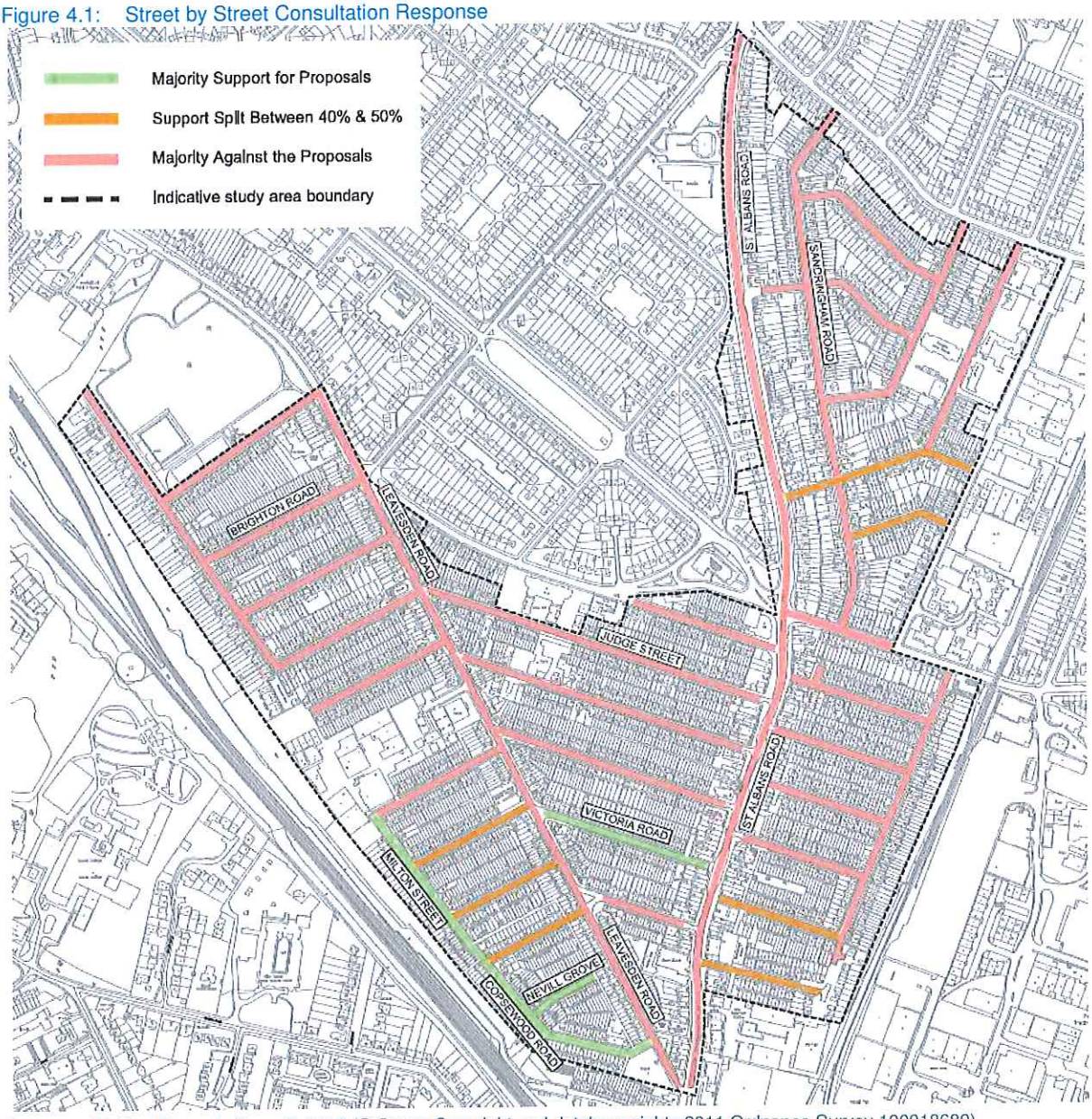
Parkgate Road	69	42	61%	15%
Cromer Road	66	30	45%	13%
Balmoral Road	38	16	42%	11%
Judge Street	138	56	41%	11%
Ridge Street	57	18	32%	11%
Buckingham Road	24	11	46%	8%
Jubilee Road	66	36	55%	8%
Neston Road	50	30	60%	6%
Sussex Road	71	35	49%	5%
Brighton Road	81	48	59%	4%
Callowland Place	31	1	3%	0%
Gammons Lane	26	12	46%	0%
Total	**3144**	**1205**	**38%**	**26%**

Source: Mott MacDonald

Figure 4.1 overleaf shows the street by street response to the proposals, highlighting the geographical pattern of public responses regarding the scheme.

Figure 4.1: Street by Street Consultation Response



Source: Watford Borough Council, 2012 (© Crown Copyright and database rights 2011 Ordnance Survey 100018689).

Four roads in the southern end of the proposed RPS have expressed strong support for a residential parking scheme; in particular Copsewood and Victoria Road have over 80% of respondents in favour of the proposal, while Milton Street and Nevill Grove have over 60% in favour. All these streets have a strong response rate of over 40%.

Geographically the streets in the Southern extent of the proposed scheme closest to Watford Junction station are more likely to be affected by rail commuters using their streets as free all day parking for the station.

As shown in Figure 4.1 some roads near the southern extent of the scheme have responded between 40-50% in favour of the scheme, suggesting daytime parking is an issue for some residents but accepted by others. Most likely this demand is also a result of commuter parking for Watford Junction station.

North of Garfield Street, Victoria Road and Hatfield Road support for the proposals declines to levels of around 30% and north of Cecil Street there is minimal support for the residential parking scheme with less than 20% of respondents in favour of the proposals. The only exceptions to this are Windsor Road and Osborne Road where support for the scheme is over 40%.

There appears to be a clear geographical pattern to the support for the parking scheme, with support increasing nearer to Watford Junction station.

In addition to formal consultation responses the council also received petitions against the scheme from Sussex Road (including signatures from Diamond Road, Jubilee Road, Brighton Road, Ashby Road, Leavesden Road, Shakespeare Street and Gammon Lane) signed by 170 residents, and a petition from Shakespeare Road signed by 31 residents.

4.2.1 Business Results

Of the 85 business that responded from within the proposed RPS 93% are against the introduction of the scheme. The majority of these are situated on St Albans Road with around 25% also spread across various locations in the St Albans Road area.

Similarly businesses from outside the area, including those on Sandown Road responded against the scheme.

4.3 Detailed Comments Analysis

Throughout the consultation period all comments received have been recorded and summarised.

This includes comments from the questionnaires, via email and those made in person by those who attended the public exhibitions

Many of those in favour of the scheme highlighted parking problems they have in their roads. 80% of those in favour made reference to regularly experiencing difficulties with parking, with 37% indicating this was related to commuter and other non-resident parking. 10% of those in favour did highlight that there are issues with parking at night, something the proposed scheme will not resolve. A number of suggestions to extend the proposed hours to include overnight parking were made.

However, the problem of overnight parking in the area is widely acknowledged to be the result of the number of vehicles seeking a parking space overnight exceeding the maximum number of spaces available in the area.

Of those against the scheme over 50% objected to the parking charges and perceived the proposals as a money making scheme for the council. In response to this the council has advised that money generated from the scheme is ring fenced to cover the costs of parking management and operation in the town. In addition they have advised the parking reserve has been declining in recent years, and as such the perception that the scheme is "a money making" exercise does not reflect reality.

46% of those against the scheme also commented that parking is only an issue in the evening and 13% specifically stated that commuter parking was not an issue affecting them. As such it is perceived that the scheme will simply mean residents paying for permits that deliver no benefit to them. 22% have also expressed concerns that the scheme will in fact make the situation worse by reducing the number of spaces.

Other frequent comments included the following detailed below. The percentage refers to the number of respondents that made reference to the listed comment.

4.3.1 Proposals will have a negative impact on local businesses and issues regarding customer/employee parking including unloading and loading (17%)

Both businesses and residents raised concerns regarding the impact of the proposed scheme on local businesses. St Albans Road currently has some short stay P&D parking and customers can use nearby residential streets for free. With the introduction of Pay and Display and

permit holder only parking there is concern this will deter passing trade. Many businesses also expressed concern regarding the lack of staff parking available in the proposals. Some businesses are concerned that the limit of two business permits and the constraints on eligibility will not meet the requirements of their business or their staff. Smaller businesses in particular highlighted the cost of the business permits as an issue.

4.3.2 Issues surrounding visitor permits (15%)

A range of individual circumstances were raised relating to the need for non- residents, including childcare, workmen, healthcare assistance and family, to park in the proposed RPS. Concerns were made that the scheme does not provide any provision in these circumstances.

A number of comments have also been received regarding consideration of other users of the areas facilities, including those accessing the Callowland recreation ground, churches and community centres. The scheme does not provide any parking for non-residents in these areas.

4.3.3 Proposals do not guarantee space / introduce a scheme that guarantees space (11%)

Residents commented that the scheme still does not guarantee residents a space, particularly at night when there are simply more cars then parking spaces available. As such some commented that they did not want to pay for a permit that did not guarantee a space.

4.3.4 Problem with multiple car households (8%)

The proposed RPS area is predominantly made up of narrow Victorian style streets and as such there is not sufficient kerb length for multiple car households to park all their cars on-street. Several responses identified multiple car households as a key cause of the parking issues in the area.

One important aspect of RPS control is to limit properties to two permits only. The aim of this is to encourage households to review the number of cars they own and as a result reduce levels of car ownership in the area. This policy is in line with all other RPS's in the town.

4.3.5 Remove yellow lines / loading restrictions in certain areas (6%)

The inclusion of yellow lines at junctions and along a number of the streets has been included in the proposals to improve junction safety and provide passing points in these narrow streets.

However this has in many places lead to a reduction in the number of available spaces and as such has been raised as a concern by a number of residents.

Residents have provided comments regarding specific stretches of the road which they would like the proposed restrictions removed. Streets which have been more regularly commented on include Sandringham Road, Cromer Road, Leavesden Road, Jubilee Road and Sussex Road. At the exhibition it was also raised that the one way streets do not require yellow lines and where these are proposed they should be removed.

4.3.6 Parking restrictions need to be enforced / inappropriate or unsafe parking needs to be penalised (6%)

Residents raised the issue of enforcement and that inappropriate or unsafe parking should be penalised.

If the scheme were to be introduced enforcement would form part of the proposed management of the scheme in line with other RPS's in the town, however full details of the proposed management regime of this scheme have not yet been confirmed.

4.3.7 Other General Comments recorded:

- Too many houses and flats in area; make sure future housing developments have sufficient parking when accepting planning permission (4%)
- Property prices will be negatively affected (3%)
- Restrictions on commercial vehicles and vans parking / travelling along these streets should be introduced (3%)
- Provide marked parking bays / provide bays for each household / marked bays would encourage better parking / currently people leaving too much space between cars (3%)
- Put shorter daytime restrictions (e.g. one-two hours) to alleviate problem of commuters (3%)

  Multiple car households - require more permits than 2 permits per household (3%)

4.4 Other Suggestions

Throughout the consultation period respondents have provided a range of suggestions for other initiatives and interventions which they believe would help parking issues in the area, these are captured in Table 4.4.

Table 4.4: Alternative initiatives and interventions suggested during the public consultation

Suggestions from Residents
The Longspring and Harebreaks car parks used to be full until charges were introduced in them – remove the charges.
Parking should be introduced on the west side of the one-way section of Leavesden Road, north of the junction with Copsewood Road.
The size of the bus stops on St Albans Road should be reviewed – they appear to be too big for the number of services using them and could be reduced in size to allow additional parking space to be introduced.
Can an arrangement be put in place for parking at TK Max / Homebase car parks?
Increase capacity of Watford Junction railway station car park instead / reduce the cost of parking there .
Keep the remaining parking set-up in place with one addition – Issue resident's permits that allow residents to park on single yellow lines only during the current restrictions (08:00 – 18:30 Monday – Saturday).
Painting numbered bays along the street so each house has an allocated bay. There are then various areas in the surrounding streets that have no houses directly on them or are the ends of terraces and these can be the overspill areas for households that choose to have more than one car.
Introduce bollards on street corners to prevent unsafe parking.
Build underground car parks.
The council should offer dropped kerbs to residents to allow them to park off-street.
Investment in public transport / pedal cycle facilities required instead. Also encourage car-sharing schemes.
Introduce one-way schemes for roads in the area.
Spend money on street lighting in the area instead.

5. Conclusions and Recommendations

This section of the report outlines the conclusions and recommendations based on the analysis of the public consultation responses.

5.1 Public Consultation Results

The results of the public consultation show that four roads in the proposed St Albans Road RPS are in favour of implementing the scheme. Table 4.2 shows these streets and their level of support:

- Copsewood Road – 81%
- Nevill Grove – 67%
- Milton Street – 64%
- Victoria Road – 81%

Seven streets have split opinion where support for progressing proposals is between 40% and 50%. Table 4.2 shows these streets and their level of support:

- Brixton Road – 47%
- Garfield Street – 45%
- Hatfield Road – 47%
- Osborne Road – 40%
- Parker Street – 42%
- Stanmore Road – 47%
- Windsor Road – 42%

The remainder of the roads within study area are majority against the scheme.

Businesses, the majority of whom are situated on St Albans Road, have expressed concerns regarding the impact of the scheme and have voted against the implementation of the RPS. 85 businesses responded to the consultation of which 93% are against the proposals.

5.2 Recommendations

The recommendations in this report are those of Mott MacDonald only and are based on their interpretation of the consultation data, as well as experience from other projects we have worked on nationwide. They are designed to assist Watford Borough Council in its decision making but not to influence it. It is appreciated that the final decision on whether to proceed with any of these recommendations rests with the relevant Council Cabinet.

It is recommended that the council progress the following:

1. Consider **introducing residents' parking in the southern end of the consultation area,** particularly Copsewood Road, Nevill Grove, Milton Street and Victoria Road. Introduction of such a scheme in this part of the study area would provide relief from non-resident parking during the operating hours of the scheme. However, the congested nature of the study area, the physical constraints applied to it by the West Coast Main Line, the Abbey Railway Line and the existence of CPZs in adjacent areas is likely to displace non-resident vehicles into adjacent streets. This would increase parking demand and parking conflict in those areas. In light of the implications of such displacement and the level of opinion against the proposals in the majority of the consultation area, the Council will need to decide whether to take forward proposals in the small number of streets supporting such a scheme.
2. **Terminate proposals to introduce proposals in the remainder of the study area**, particularly the northern extents of the proposed study area where, north of Balmoral Road and Acme Road, support for scheme is generally below 20%.
3. **Undertake a waiting restrictions review to ensure all existing restrictions are necessary**. Where appropriate these can be removed to ensure the maximum numbers of parking spaces are provided. In addition where restrictions are not present they should be proposed to ensure a safe highway layout.
4. **Review the single yellow lines on Leavesden Road** and introduce parking spaces where appropriate.
5. **Undertake a limited waiting parking review to ensure suitable parking is available for businesses in the area**. This should also include a detailed review of St Albans Road to ensure it is operating at maximum efficiency and all restrictions are suitable to meet current business needs.
6. **Undertake a review of parking facilities for visitors** to community facilities such as churches, community centres and doctors/dentist surgeries to ensure sufficient parking is provided for their users, should this be appropriate such as where limited off-street parking is available. This should be combined with recommendation three, four and five to ensure adequate parking is provided for businesses in the area.
7. The Borough Council requests that the Highway Authority, Hertfordshire County Council **investigate opportunities for the introduction of one-way streets** to maximise available parking from the removal of existing waiting restrictions. Consideration however must be taken to maintain safe highway operation.

Appendices

Appendix A. Public Consultation Material

Make sure your voice is heard!

These proposals may affect you so please take the time to read this information. You are also invited to see the proposals on display (dates and venue overleaf).

The enclosed questionnaire can either be completed online via the following link: **www.watford.gov.uk/askparking** or returned using the enclosed freepost envelope, no later than **January 10th 2014**, so that your views can be considered.

What is a residents' parking scheme?

In early 2013 we asked your views about your parking experiences in your area. We also asked if you would be happy for the council to consider the introduction of a parking management scheme in your area.

You should already have received a letter explaining the results of this consultation and the next steps the council are taking to progress the study.

A residents' parking scheme was the most popular solution picked by residents to meet their parking needs and to help manage the conflicting parking demands in the area. A design showing what such a scheme might look like has now been produced and we want to know your views on this proposal.

What hours would the scheme operate?

It is proposed that the residents' parking scheme will operate from **8am to 6.30pm, Monday to Saturday, including bank holidays.** This is consistent with other schemes throughout Watford.

Outside of these hours all parking bays, including exclusive Pay and Display bays, will become free to use.

The residents' parking scheme contains the following:

- Residents' bays for the exclusive use by residents of the area and visitors displaying a visitors voucher during the operating hours of the scheme.
- Pay and Display bays limited to a maximum stay of 30 minutes, 1 hour or 2 hours.
- Special bays such as for loading near shops and for blue badge holders.
- Double yellow lines where no parking is allowed at any time.
- Single yellow lines which allow parking in the evenings and overnight.

There is a charge for all permits and these are as follows:

Permits	
Residents' first permit	£22
Residents' second permit	£52
Motorcyclist	£22
Blue badge holders	Free of charge
Business permit	£300

Visitor vouchers (up to 400 hours per year)	
40 x 1 hour vouchers	£4.50
20 x 4 hour vouchers	£9
15 x 1 day vouchers	£4.50
2 x 1 week vouchers	£4.50

Frequently Asked Questions

How would the residents' parking scheme operate?

Waiting restrictions will cover places where it would be dangerous to park or where it is required to allow free passage of vehicles. Parking bays in residential streets will be **protected for only permit holders to use during the operating hours of the scheme.** Short stay Pay and Display will be provided in the area to allow short term visitor or shopper parking.

Who will qualify for permits?

Residents living within the proposed scheme will be allowed **one permit per person, up to a maximum of two per council tax address.** Private landlords do not qualify for a permit unless they are also permanent residents in the proposed scheme. All new developments and conversions completed after the residents' parking scheme has been introduced will be excluded from a permit entitlement. All properties shown within the scheme boundary of the plan on the reverse of this leaflet will be entitled to a permit.

Where can residents' visitors park?

All residents within the proposed scheme boundary, whether they own a car or not, will be entitled to purchase books of visitors permits. These can be used to park anywhere that a resident permit holder is able to park. Visitors vouchers are in scratch card format **and a maximum of 400 hours of 1 hour and 4 hour vouchers per year can be purchased.** Vouchers can be used consecutively longer than 4 hours if required. In addition **a maximum of 15 one day vouchers** may be purchased **and a maximum of 2 one week visitor permits may be purchased per year.**

Where can blue badge holders (disabled) park?

Registered blue badge holders will receive their first permit free. Their second will be charged at the normal fee. Visitors displaying a blue badge will need to display a visitor permit when using a permit holder only parking bay.

Where can motorcycles park?

Motorcycles will require a permit but can park in any permit holder only bays.

Why would the scheme only operate until 6.30pm every day?

This is consistent with most other schemes across Watford. Schemes of this type are not able to address problems caused by too many resident cars in a street, so generally only operate during the day when non-residents' cars cause parking problems.

Would the council make a profit from operating the residents' parking scheme?

The charges and fines cover the costs of enforcement, management, administration and maintenance of the parking scheme. By law, any money left over can only be spent on transport and facilities in Watford.

Will the scheme help to improve road safety?

The pressure on parking space caused by non-residents looking to park will be reduced if a scheme is introduced. This should reduce the level of illegal parking taking place, particularly close to junctions, reducing obstruction to visibility and general obstruction to traffic flow. It will also make it easier for resident permit holders and Pay and Display users to find a legal parking space.

Why is the council consulting on such a large area?

The boundary has been set to ensure that all residents that might be affected by a residents' parking scheme are given the opportunity to comment. The boundary for any parking scheme must be both economically and geographically viable but will be influenced by the answers we receive from this consultation. The results from this parking consultation will help give the council a clearer picture of what local residents would like in their area, whether there is still support for a scheme of this type and if there is, how far the scheme boundary should extend.

Could the final scheme area be reduced in size?

Yes. If residents in only part of the consultation area want to be included in a residents' parking scheme then a smaller area than that shown on the plan could be introduced. When thinking about your response it is worth considering that non-resident's vehicles excluded from an area by the introduction of such a scheme often relocate to the nearest area without a residents' parking scheme, causing increased parking problems in those streets.

Advantages and disadvantages of the residents' parking scheme

The parking proposals have been developed in response to concerns raised by residents in the area about parking pressures arising from non-resident parking. They reflect the initial preference expressed by those who responded to the questionnaire circulated earlier this year. The council believes such a scheme will be of benefit to residents but there are also some disadvantages. Keeping the current situation for parking in the area also has advantages and disadvantages.

Some of those advantages and disadvantages are set out below to help you decide what you think about the scheme.

Advantages with the proposed parking scheme

- Local residents will be able to buy permits and will find it easier to park closer to their property, or the place they are visiting than at present.
- There will be no free parking for non-residents who occupy valuable parking spaces.
- Enforcement will be easier as all vehicles must display a Permit or a Pay and Display ticket.
- The money raised from Permits, Pay and Display tickets and fines will be used to pay for administration and enforcement of the scheme.
- Yellow line restrictions will only be applied where absolutely necessary and all existing yellow lines will be reviewed.
- It will encourage a turnover of vehicles and better use of available spaces.
- Pavement parking would be effectively tackled.
- Without a scheme and with continued growth in car use, the parking problems experienced in this area are expected to get worse.

Disadvantages with the proposed parking scheme

- The total amount of space used for parking will be reduced.
- Everyone will have to pay a fee of some sort to park on-street during the day.
- There will be no free parking for commuters during the day.
- Parking for non-permit holders will be time limited Pay and Display.
- The new scheme might mean more cars parking in the areas just outside the Residential Parking Zone.
- The scheme will only apply during the working day to deal with problems caused from non-resident parking. The scheme is not able to deal with parking problems caused when the number of residents' cars exceeds the road capacity, usually overnight and at the weekends.

Advantages without the proposed parking scheme

- Everyone can park on-street for free if they can find a space.
- Anyone can park virtually anywhere at any time unless there are existing restrictions, for example yellow lines, loading bays etc.

Disadvantages without the proposed parking scheme

- Commuters will continue to use these areas, causing difficulty for residents in finding a parking space near their homes during the day.
- Shoppers and visitors will continue to have difficulty finding a legal parking space encouraging obstructive and dangerous double parking.
- With continued growth in car use, the parking problems experienced by people living, working and visiting these areas are expected to get worse.
- Illegal and inconsiderate parking will continue to reduce safety and highway accessibility.

Exhibition

If you wish to view larger scale versions of the plans overleaf these are on display during normal office hours at Watford Town Hall.

A staffed exhibition will be held at the following locations on the following dates:

Christ Church St Albans Road, WD24 5BD	Saturday, December 7th 2013 | 11am – 2pm
Parkgate Youth and Community Centre Southwold Road, WD24 7DP	Thursday, December 12th 2013 | 2pm – 8pm

The exhibition will be staffed by officers of Watford Borough Council and Mott MacDonald, who is working with the council on the parking study and design of any residents' parking scheme.

If you are unable to attend the exhibition and require further information prior to completing the questionnaire please contact:

Mott MacDonald

by email at: **stalbansroadrps@mottmac.com**

or by telephone on: **020 8774 2869**.

PLEASE ENSURE YOU COMPLETE AND RETURN YOUR QUESTIONNAIRE BY January 10th 2014

What happens next?

All comments received during the consultation will be carefully considered. The results will be reported to Councillors who will decide if there is sufficient support for the proposals to proceed to the next stage of scheme development.

If the residents' parking scheme proposals are taken forward, the final stage of the process will involve preparation of the Traffic Orders and advertising of legal notices. This gives individuals an opportunity to make formal objections against the proposals, which the council must consider and respond to.

The exhibition plans and supporting material will be available to view at Watford Borough Council, Customer Service Centre at the Town Hall from Monday 15 December 2013 during normal office hours up to the end of the consultation period.

AUDENTIOR
WATFORD
BOROUGH COUNCIL

St Albans Road Area Parking Study
Development of Residential Parking Scheme Proposals

This survey enables you to tell us what you think about the residents' parking scheme proposed in the St Albans Road Area. Please refer to the information provided in the enclosed leaflet to help answer the following questions.

To make sure your views are considered, please take the time to complete this questionnaire by **Friday 10 January 2014** and return it using the freepost envelope provided (no stamp required). Alternatively, please go to www.watford.gov.uk/askparking to complete the questionnaire online.

If you have any technical queries about the proposals or queries about the survey, please contact transport@mottmac.com

Section 1 - Parking Consultation

1. Do you support the proposed changes to on-street parking in your area? (tick one box only)

☐ *Yes*
☐ *No*

2. Please explain your reasons to your response to Question 1 in the comments box below.

3. Please tick one of the following statements that apply to you:

☐ *I am a resident in the area*	Go to 4.a
☐ *I own or manage a business in the area*	Go to 5.a
☐ *I am both a resident and manage a business in the area*	Go to 4.a
☐ *Other (please specify below)*	Go to 6.

If other, please provide more details using the space below

Section 2 - Additional Information

If you are a resident of the area, please answer Question 4 only. If you own or manage a business in the area, please go to Question 5. If you are both resident and business owner/manager, please complete both Questions 4 and 5.

4.a How many cars does your household use?

☐ *0*
☐ *1*
☐ *2*
☐ *3*
☐ *4 or more*

4.b Do you have access to off-street car parking?

☐ *Yes*
☐ *No*

5.a **What type of business do you own or manage in the area? Please tick all that apply.**

- ☐ *Retail outlet*
- ☐ *Office-based*
- ☐ *Other (please specify below)*

If other, please provide more details using the space below

5.b **How many vehicles are directly associated with your business?**

- ☐ *0*
- ☐ *1*
- ☐ *2*
- ☐ *3*
- ☐ *4 or more*

Section 3 - Your Comments

6. **Watford Borough Council are interested to understand any further comments you have about the proposal. Please use the space below to write any other comments you have about the proposed scheme.**

Section 4 - Your Address

Please provide your address details below. Note your address is required to prevent multiple submissions of forms by single persons and to help us understand your responses. All information received will be treated in the strictest confidence. This information will not be used for any other purpose.

7. **Please provide your property number.**

8. **Please provide your street name.**

9. **Please provide your postcode.**

Thank you for taking the time to respond to the survey. Please return the completed survey using the Freepost envelope provided.

Key to Symbols

- Permit holders only, Monday - Saturday, 8am - 6.30pm
- Pay and Display: Monday - Saturday, 8am - 6.30pm, max. stay 30 min, No return within 1hr
- Pay and Display: Monday - Saturday, 8am - 6.30pm, max. stay 1 hr, No return within 2hrs
- Pay and Display: Monday - Saturday, 8am - 6.30pm, max. stay 1 hr, No return within 1hr
- Pay & Display: Monday - Saturday, 8am - 6.30pm, max. stay 2 hr, No return within 1hr
- Loading Only 7am - 7pm
- Disabled bay
- School Keep Clear, Monday - Friday, 8am -5pm
- No waiting at any time
- No waiting Monday - Saturday, 8am - 6.30pm
- No waiting at any time and no loading between 7am - 10am & 4pm - 7pm
- No waiting and no loading at any time
- Bus stop clearway, no stopping between 7am - 7pm except buses
- Crossover
- Extent of pedestrian crossing (zig-zags)

Report to: Cabinet

Date of meeting: 23 July 2014

Report of: Jane Custance, Head of Regeneration & Development

Title: The Future of Building Control

1.0 SUMMARY

1.1 A report on the future of the Building Control Service was taken to Cabinet in July 2013. Cabinet agreed to set up a Joint Venture Company with the Norse Group to deliver the Building Control function. However, following negotiations, it became clear that the Council's objectives could not be achieved with the Norse Group.

1.2 As an alternative strategy, Local Authority Building Control were commissioned to undertake a review of the options for the service and came up with a series of recommendations to improve the efficiency of the service as a first step. A project group has been established to implement these recommendations and consider the longer term future for the service. The key objectives are:

- Reducing costs and increasing efficiency
- Improving the resilience of the service; and
- Increasing market share through improved service delivery, marketing and promotion.

Cabinet is asked to endorse this approach.

1.3 Cabinet is also asked to endorse LABC's recommendation that where possible the in-house Building Control Service is used for Council projects and schemes.

2.0 RECOMMENDATIONS

2.1 That Cabinet notes that a delivery partnership with the Norse Group is not to be proceeded with.

2.2 That Cabinet agrees that the Building Control Function should continue to be delivered as an in-house service at this time and that LABC's recommendations are implemented, where possible, and that a further review of the service is carried out thereafter.

2.3 That Cabinet endorse LABC's recommendation that where possible the in-house Building Control Service is used for Council projects and schemes.

Contact Officer:
For further information on this report please contact:

David Noble, Development Management Section Head, Regeneration and Development
Telephone extension 8283 email: david.noble@watford.gov.uk

Report approved by: Jane Custance, Head of Regeneration & Development

3.0 DETAILED PROPOSAL

3.1 A report on the future of the Building Control Service was taken to Cabinet in July 2013. At that time the Council was working with the Norse Group to outsource the service, via the establishment of a Joint Venture. The following recommendations were agreed:

- That, negotiations with the Norse Group are progressed with a view to them taking over the service from April 2014 through a Joint Venture Company (JVC).
- Should these negotiations prove successful, the decision to formally set up a joint venture company with Norse Group and the arrangements necessary to implement the decision is delegated to the Portfolio Holder for Planning.
- That Cabinet should approve a working collaboration between DBC and WBC for Building Control services in the lead up to concluding negotiations with Norse and establishing the JVC.

3.2 Following Cabinet dialogue was established with Dacorum Borough Council and both Councils worked with Norse to try and develop a Business Case. Unfortunately, Dacorum subsequently withdrew from negotiations following a change in their strategy.

3.3 This council continued to work with Norse as a sole partner, but this changed the Business Case and associated costs for providing a service for non-fee earning work. Issues also emerged regarding the ability to comply with the Building (Local Authority Charges) Regulations 2010 under the Norse Group model. In April it was finally determined that a Business Case for establishing a Joint Venture could not be established. The financial benefits to the Council would be limited and there were issues on the pension cost responsibilities, KPIs and the business model.

3.4 As part of the process of evaluating the Norse Offer, Local Authority Building Control (LABC) were asked to carry out a review of the service and to comment on the best options for running the service in the future. As a result of the review, LABC came up with a number of recommendations for improving the efficiency of the service and

increasing market share. A summary of the recommendations is set out at Appendix 1.

3.5 In terms of future service delivery, LABC considered three options:

- Retain in-house service;
- Norse; and
- Herts 7.

Herts 7 is a consortium of 7 of the Hertfordshire Districts who are trying to come together to form a company to deliver an outsourced Building Control service.

3.6 As referred to above, Norse has been discounted as an option. As far as Herts 7 is concerned it is unclear what the timescales for this project are. Officers have therefore taken the view that improvements to the in-house service should be carried out first in accordance with LABC recommendations and to that end a project group has been established to review the service with the objectives of:

- Reducing costs and increasing efficiency
- Improving the resilience of the service; and
- Increasing market share through improved service delivery, marketing and promotion.

Although customer feedback for the Service is very good, implementing the improvement plan would better position the Building Control Service as competition for services increases and leave open the option for a different way of delivering the service in the future. A Project Initiation Document, Project Plan and Business Case are currently under preparation. Cabinet are asked to endorse this approach.

3.7 Cabinet are also asked to endorse LABC's recommendation that where possible the in-house Building Control Service is used for Council projects and schemes.

4.0 IMPLICATIONS

4.1 Financial

4.1.1 The Financial implications of the Building Control Review will form part of the Business Case.

4.1.2 The Director of Finance comments that the financial implications will become clear once the business case has been completed.

4.2 **Legal Issues** (Monitoring Officer)
The Head of Democracy & Governance comments that there are no legal implications in this report.

4.3 Equalities

4.3.1 **Equalities**

Watford Borough Council is committed to equality and diversity as an employer, service provider and as a strategic partner. In order to fulfil this commitment and its duties under the Equality Act 2010 it is important to demonstrate how policies, practices and decisions impact on people with different protected characteristics. It is also important to demonstrate that the Council is not discriminating unlawfully when carrying out any of its functions

4.3.2 Not applicable in relation to this item.

4.4 **Potential Risks**

Potential Risk	**Likelihood**	**Impact**	**Overall score**
That the Project fails to deliver the objectives referred to in paragraph 3.6 above	1	4	4
Those risks scoring 9 or above are considered significant and will need specific attention in project management. They will also be added to the service's Risk Register.			

4.5 **Staffing**

4.5.1 There are no staffing implications from this report.

4.6 **Accommodation**

4.6.1 There are no accommodation implications from this report.

4.7 **Community Safety**

4.7.1 There are no community safety implications from this report.

4.8 **Sustainability**

4.8.1 There are no sustainability implications from this report.

Appendices

Appendix A Watford Borough Council Building Control Service Review Recommendations

Background Papers

No background papers were used in the preparation of this report.

File Reference

None

Watford Borough Council

Building Control Service Review

Summary of Recommendations

Key recommendations

Operational efficiency

- A strategic decision needs to be taken on the future delivery of the Building Control service. This will have a bearing on which of the following recommendations are acted on and which organisation makes the changes or investment
- Upgrade the current Idox system to:
  - Facilitate improved management reporting and performance monitoring
  - Electronic working
  - Accept electronic applications from the Authority's website
  - Improve efficiencies in document production
- Investigate options to work electronically, reducing duplications
- Adopt a more rigorous management approach to team discipline and consistency
- Adopt the numerous identified process improvement recommendations contained within the report
- Establish a telephone application and payment system
- Increase the scale of fees in line with neighbouring Authorities

Business Performance

- ❑ Review a number of central recharge allocation figures, to establish if they accurately reflect the usage of the service by the Building Control department
- ❑ Publish a new Building Control website, with appropriate branding to the new service establishment
- ❑ Review standard letters with appropriate branding focusing on the needs and motivations of different user groups
- ❑ Establish a database of repeat professional clients and potential clients
- ❑ Investigate Initial Notices submitted to Watford to populate above
- ❑ Establish a programme of customer communication and events
- ❑ Develop better working relationship with other departments within the Authority to exploit potential business opportunities
- ❑ Consider providing complimentary services
- ❑ Host a free of charge LABC Marketing & Business Development workshop

The Team

Recommendations

- Set clear management structure with associated roles, responsibilities, authority and targets
- Consistency and discipline need to be mandated to ensure the smooth running of the service and protect the Council from possible criticism or litigation.
- Management need to address the isolated performance & discipline issues.
- Consider the skills and qualification mix of the team

Improving operational efficiencies

Performance levels

Conclusion

- There is very little accurate performance data available to either monitor or develop work activities. In particular very little meaningful use is made of the computerised back office system.
- It is considered there is capacity for some of the team to undertake more inspections and that greater use is made of the LABC risk assessment tool to assist in determining proper inspection regimes. This should be undertaken for all applications with particular focus on smaller projects to ensure they receive appropriate levels of inspection that reflects the type of work being dealt with. This would then ensure the authority meets its legal and statutory duties under the recently introduced Building Regulations on risk assessed inspections.
- Team members are carrying out significantly less inspections a day than could be expected. A more realistic expectation would be 8-10 rather than the 5-7 the consultants have determined are currently undertaken. In addition there is no management performance reporting system in place to monitor this.
- The LABC Inspection Service Plan guidance document can be used to assess typical numbers of inspections needed to ensure best use is made of available resources.
- To undertake a meaningful analysis of tasks carried out by the team it is crucial that comprehensive and detailed time recording sheets are used. They must provide an accurate apportionment split of time between building regulation charge earning work and other work. The system should also be capable breaking down time into measurable parts for the various categories of work in both groups. This will then enable accurate assessments of actual work and hence costs versus fee income for each type of work to be carried out.
- The administration resource is slightly lower than regional average and there would appear to be some serious anomalies in the productivity and accuracy of work actually carried out within the team. We understand the current manager spends some of his time supporting the senior administrator.
- A disproportionate amount of time is spent administering the search requests which can’t be justified against industry norms / comparison with other staff.

<u>Systems and processes</u>

Actions

- Develop a suite of computerised monitoring reports that track the process and pre-approval stages for each application.

- Train all team members to check applications electronically and provide adequate sized PC screens for this purpose. The current process is time consuming, expensive and wasteful.
- Delegate administrative officer to undertake validation process. This will then remove the need for the file to be left with the manager or principal for double checking every application.
- It is suggested surveyors should receive update training on basic structural engineering principles to give them greater confidence in determining what projects need checking by a specialist engineer. Wider use should also be made of the current computerised checking programme thus mitigating the need to employ the consultant surveyor for a full day each week.
- Put in place a control mechanism for plan checking by surveyors that is linked to skills and expertise.
- Ensure all surveyors type their own amendment letters; this will 'free up' the admin team to deal with other tasks. Ensure all letters are produced from templates within Idox to prevent the need to link all letters to case files.
- Establish a comprehensive coding system for standard building regulation amendment clauses and link this to Idox to enable efficient production of customer correspondence. This will save officer time in the typing of letters and also have the additional benefit of providing a more consistent customer experience.
- Consider designing a management reporting process that identifies the different types of applications received and sets targets for responses dependant on the importance of that group to the service.
- Develop a suite of standard decision clauses for use by all surveyors that can be embedded into Idox to enable a more efficient process to be adopted.
- Building Control Manager to periodically carry out a quality control check rather than looking at all applications and the signature of the approving officer to be embedded in the appropriate correspondence templates.
- Address issues of poor reproduction of decision documents.
- Develop management reports and an office protocol to ensure inspections have been carried out and inspection records entered into the Idox system in a timely fashion.
- Investigate feasibility of electronic dictation systems that can enable direct input of site inspection records into Idox system.
- Investigate development of a code system for the majority of inspection scenarios found.

- A report needs generating that cross matches inspection requests to inspections recorded, or not, in the Idox system. This report can also serve the same purpose as the one mentioned above for ensuring inspection requests are actually carried out.
- To streamline the completion stage the manger should look at all case files immediately after the surveyor has completed the project. An entry onto the validation sheet can certify this has been done. The file is then given to admin for production of documents and posting. The manager's signature can be embedded onto the appropriate correspondence.
- Instigate training and processes that enable building control support staff to create enquiries to applications in telephone enquiry calls.

Recommendations

- Consider addressing all the actions listed above.
- Update Idox system to allow better functionality of the system and accurate management reporting information.
- One or two individuals in the team to undergo in-depth training to act as a training and knowledge resource for the Idox system.
- Establish a telephone application and payment system, to convert enquiries into formal applications/orders secured by the Local Authority.
- Management to address issues of under performance.

Budgets, finance and charges

Recommendations

- Review IT, HR and Customer Services central recharges, to ascertain if they accurately reflect the usage of the service by the Building Control department.
- Revise charging scheme in line with the Charges Regulations 2010 and neighbouring Authorities' charges.
- Conduct further investigation to analyse major line items on the budget, to see where savings can be made.

Marketing and business development

Recommendations

- Senior management to issue guidance that in-house Building Control services should be used wherever possible.
- Arrange a FOC LABC Marketing & Business Development workshop to help review and update marketing and business development activity.
- Analyse Initial Notices to ascertain which project / potential customers are not using Watford's Building Control service.
- Update the Authority's website, letter head and customer literature to reflect the current service establishment.
- Publish a direct dial number for the Building Control department on the Authorities website and literature.
- Include a tag line on the bottom of all planning emails, along the lines of "Your project is likely to require Building Regulation approval. Our experienced Building Control team will be happy to help with any queries. Please contact …".
- Review standard letters, forms and notifications to make them more customer focused and differentiate between user groups.
- Establish a database of repeat professional clients to enable a regular pattern of communications and promotions, especially those not currently using the Local Authority Service.
- Establish a programme of customer events, including:-
    - Agents forums
    - Technical updates
    - Builders breakfasts (potentially allied with a local builders merchant)
- Enter projects into the LABC Building Excellence Awards to increase awareness of the Local Authority Building Control Service and help promote design and build quality.
- Arrange a meeting with the local shopping centre management team and LABC representative.
- Include direct dial and mobile numbers on surveying team's business cards, or encourage surveyors to give out mobile numbers to key clients.
- Consider the removal of fee schedules for all but the smallest works from the website if it is considered the competition are using this information to win work.

- Consider developing free hard copy guidance documents from LABC's publishing partner Ten Alps.
- Work with Watford Council's internal communications team to promote the service via PR and placing stories in local media.

Commercial opportunities

Recommendations

- Establish closer working relations with internal client departments to identify and exploit potential opportunities.
- Establish a Council's preference to use its own internal BC service on its own projects.
- Engage with major local and regional clients to offer a Fire Risk Assessment service.

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Report to: Cabinet

Date of meeting: 7 July 2014

Report of: Jane Custance, Head of Regeneration & Development

Title: Adoption of the Watford residential design guide

1.0 SUMMARY

1.1 The Planning Policy Team has produced a revised Residential Design Guide for the Borough of Watford. This document provides information on acceptable standards of design for altering existing residential properties or designing new ones. The document forms part of a suite of documents on design, alongside the existing Shopfront Design Guide and Streetscape Design Guide.

1.2 The document provides detail on how residential development should be designed, from house extensions to entire new neighbourhoods. There is a mixture of diagrams, pictures and text to demonstrate acceptable approaches to design, while the document includes updated space standards for internal spaces (rooms) and private amenity spaces (gardens). The draft document went out for a public consultation between 4th November and 16th December 2013 and the responses received helped to shape the final version.

2.0 RECOMMENDATIONS

2.1 To adopt the Watford Residential Design Guide.

2.2 To delete the Residential Design Guides: Volume 1: Building New Homes & Volume 2: Extending Your Home (2008) and Supplementary Planning Guidance 6: Internal Space Standards (2004), which are replaced by the aforementioned document.

Contact Officer:
For further information on this report please contact: Justin Webber
Senior Planner (Urban Design & Conservation)
telephone extension: 8398 email: justin.webber@watford.gov.uk

Report approved by: Jane Custance, Head of Regeneration and Development

3.0 DETAILED PROPOSAL

3.1 Watford Borough Council adopted its first supplementary guidance on residential development in 2001, while a pair of more detailed Residential Design Guides were adopted in 2008. These existing documents do not reflect the development of other planning documents, such as the Watford Character of Area Study (2011) and staff in Development Management have indicated that these guides are no longer adequate.

3.2 Looking at best practise from other local authorities, the new Residential Design Guide provides details on the design considerations relating to residential development. The document features a mixture of text, diagrams and photographs to convey the guidance, with some more generic detail in the opening pages. The Design Guide references other relevant Council documents, such as the Shopfront Design Guide, and will support policy in the Core Strategy and emerging Development Management DPD.

3.3 The approach taken for the document is to be as comprehensive as possible whilst remaining brief enough to ensure that it is accessible. The three existing documents that are to be replaced (Residential Design Guides Volumes 1 & 2; Supplementary Planning Guidance 6) total 177 pages, while the streamlined replacement is 54 pages. The smaller size should encourage developers to read it and is sufficiently small to ensure that it is easily downloadable from the Council website. A detailed bibliography provides links to more detailed guidance that is already available, such as the Hertfordshire Building Futures.

3.4 Internal space standards are currently in Supplementary Planning Guidance 6, rather than the existing Residential Design Guides. A summary of the rationale for the new standards is included in a separate paper (Appendix A).

3.5 The draft document has been subject to internal consultation with staff from Watford Borough Council and a series of changes have been made in response to their comments. Public consultation took place between 4th November and 16th December 2013. The Council directly contacted 571 people or groups; all of whom were given a letter/email explaining the consultation process. This included the Council's consultation list for planning consultations, elected members and local architects/planning agents. In addition, the consultation was featured in 'About Watford' magazine, promoted in the Town Hall and on the Council's website and was included in the consultation events in the Intu Shopping Centre. We received eight responses and have made changes to the document in light of their comments.

3.6 DESIGNATION PROCESS

3.7 It is proposed that this document should have the status of a supplementary planning document, as it provides detail to support policy in higher level Development Plan Documents (District Plan and Core Strategy). Local Planning Authorities have the power to develop supplementary planning documents and the Watford Residential Design Guide has been subject to both internal and public consultation.

3.8 It is considered that the Watford Borough Council Cabinet is the most appropriate level of public governance for formally assessing whether the new document is suitable for

adoption.

4.0 IMPLICATIONS

4.1 Financial

4.1.1 The Shared Director of Finance comments that there are no financial implications contained in this report.

4.2.1 The Head of Democracy and Governance comments that by adopting the guide as a supplementary planning document it will be given due weight when considering applications for planning permission.

4.3 Equalities

4.3.1 Equalities

Watford Borough Council is committed to equality and diversity as an employer, service provider and as a strategic partner. In order to fulfil this commitment and its duties under the Equality Act 2010 it is important to demonstrate how policies, practices and decisions impact on people with different protected characteristics. It is also important to demonstrate that the Council is not discriminating unlawfully when carrying out any of its functions

4.3.2 There are no equalities issues arising directly out of this report.

4.4 Potential Risks

None identified. This is a guidance document which will be used as a reference base for other policy documents, such as the Core Strategy.

4.5 Staffing

4.5.1 There are no staffing issues arising directly out of this report. The document will be available on the Watford Borough Council website, while reference copies will be available in the CSC and the two local libraries. These resources should help reduce the amount of time Council staff spend negotiating with developers.

4.6 Accommodation

4.6.1 There are no accommodation issues arising directly out of this report.

4.7 Community Safety

4.7.1 There are no community safety issues arising directly out of this report.

4.8 Sustainability

4.8.1 The application of the Residential Design Guide in the determination of planning applications should help facilitate sustainable design in new developments. The creation of a high quality and inclusive built environment is a sustainable factor on its own, supporting social, environmental and economic factors in the community, such as health, social inclusion, safety, community identity and cultural heritage.

Appendices

Appendix A Internal Space Standards.

Background Papers

The following background papers were used in the preparation of this report. If you wish to inspect or take copies of the background papers, please contact the officer named on the front page of the report.

- Residential Design Guide;
- Residential Design Guide (Consultation Draft) Representations received 4th November – 16th December 2013

File Reference

None

Appendix A: Assessment of Residential Space Standards

Purpose
This report provides background evidence in support of the Council's proposals to amend the internal space standards as set out in the revised Watford Residential Design Guide. The revised standards replace those in: Supplementary Planning Guidance 6: Internal Space Standards (2004).

Why alter the existing standards?
The existing standards are no longer considered fit for purpose and are not comparative to standards set by other local authorities and regional agencies. Furthermore they do not reflect the Council's aspirations for larger family homes and national aspirations for more flexible residential properties.

A comparative analysis of existing standards
The Council initially undertook a comparative analysis of existing standards, judging them against other local authority figures including those in London and Hertfordshire and other assessments already undertaken nationally. A specific assessment of dwelling size standards in major schemes granted consent in the Borough in the previous year was also undertaken. Table 1 provides a brief snapshot of the comparative analysis results.

A review of dwelling size standards
The Council's current SPG standards for dwelling sizes are set out below:

Box 1: Existing internal space standards

Bed-sits and studio flats – **32.5 sqm**
1 or 2 person flats and houses – **34.5sqm**
3 person flats and houses – **38sqm**
4 person flats and houses – **44sqm**
5 person flats and houses – **52sqm**
6 person flats and houses – **58sqm**

The comparative analysis of dwellings showed a variety of ways of defining a dwelling type and its standard size. However, standards were predominantly based upon gross internal floor areas and on the basis of number of bedrooms and persons per dwelling (e.g. a 2-bed or 3-person flat). Furthermore, some local authorities/agencies did not provide standards for certain household configurations, particularly 3 person flats and 5 and 6 person houses.

Regardless of this complexity the research shows that the Council's existing standards are considerably below the majority of others, including London and those in more rural areas. In comparative terms, the difference between studio flats was minor compared to the differences between larger family homes with multiple bedrooms, but all types were lower. As a result of this review, all dwelling typologies have increased in size. It is recommended that the standards should continue to be assessed on persons per dwelling. This is due to the fact that the number of

bedrooms in a property does not accurately reflect the potential number of people living there and therefore the amount of other habitable and non-habitable areas.

Research looking at the internal space sizes provided in major applications in the previous 12 months shows that developers are generally designing residential units above the existing minimum standards already.

The Council has decided to use a simplified version of the space standards featured in the London Housing Design Guide (2010) and utilised by two other Local Authorities in Hertfordshire (Hertsmere and Broxbourne). There is a strong evidence base that led to the adoption of the aforementioned standards and it is sensible for Watford to follow best practise in the sub-region. Using similar standards also helps provide consistency for developers working in different boroughs. The Watford standards are however simpler than the aforementioned standards from elsewhere as there is no additional requirement for buildings with two or three storeys and the standards are blanket ones covering all properties regardless of building height.

The internal space standards are minimum requirements, which helps to keep them simple. While a one bed flat has the same minimum general internal space standard irrespective of the number of bed spaces, additional detail covers for examples where there are additional bed spaces (i.e. a two person flat instead of a one person flat). This includes additional requirements relating to the minimum size of a double bedroom and standards for built-in general internal storage space.

Box 2: Proposed internal space standards

Bed-sits & studio flats – **37sqm**
1 person flats/houses – **37sqm**
2 person flats/houses – **38.5sqm**
3 person flats/houses – **61sqm**
4 person flats/houses – **61sqm**
5 person flats/houses – **74sqm**
6 person flats/houses – **74sqm**

Private Garden Space Standards

The revised Residential Design Guide utilises the existing basic standards for private amenity space that are included in the existing Residential Design Guide (2008). However, as the existing standards only provide a single standard for private garden space (50sqm) and communal garden space (25sqm), the revised document includes incremental increases for larger private/communal garden space (e.g. for houses with more than one bedroom). The incremental increases have been set at 15sqm, which is a simplified version of the previously adopted garden space standards in Supplementary Planning Guidance 5: Private Gardens (2001).

Table 1: Comparative analysis of dwelling size standards

Local Authority/Agency	Dwelling type						
	Studio	1 or 2 person flat	3 person flat	1 or 2 person house	3 person house	4 person house	5 or 6 person house
Scott Wilson CABE report (Mean ave of 250 units)	32 sqm	47 sqm for 1 61 sqm for 2	87 sqm	64 sqm for 1 71 sqm for 2	95 sqm	120 sqm	163 sqm for 5
Lambeth Council	37 sqm	45 sqm	60 sqm	45 sqm	60 sqm	70 sqm	85 sqm
Broxbourne Council	37 sqm	50 sqm	60 sqm	60 sqm	75 sqm	85 sqm	100 sqm
Hertsmere Council	37 sqm	50 sqm	61-74 sqm	83 sqm	87-96 sqm	87-100 sqm	96-107 sqm
London (Housing Design) Guide	37 sqm	50 sqm	61-74 sqm	83 sqm	87-96 sqm	87-100 sqm	96-107 sqm
Mid Sussex Council	32.5 sqm	51-66 sqm		77 sqm	93 sqm	111 sqm	
Worthing Council	32 sqm	51-66 sqm		77 sqm	93 sqm	106 sqm	
Homes & Communities Agency	45-50 sqm	45-50 sqm	57-67 sqm	45-50 sqm	57-67 sqm	67-75 sqm	75-85 sqm
Harlow Council		48 sqm	61 sqm		71 sqm	80 sqm	96-114 sqm
Ashford Council		50 sqm	61 sqm		71 sqm	83 sqm	96-114 sqm
Sandwell Council	40 sqm	50 sqm	65 sqm	65 sqm	65-80 sqm	80-100 sqm	100 sqm
Average dwelling size granted consent in 2013		49 sqm	62 sqm	66 sqm	89 sqm	98 sqm	131 sqm
Existing SPG	32.5 sqm	29.5 sqm	38 sqm	29.5 sqm	38 sqm	44 sqm	52-66.5 sqm (5-7 persons)
Mean average including existing SPG	***36 sqm***	***47 sqm***	***61 sqm***	***63 sqm***	***74 sqm***	***85 sqm***	***96 sqm***
Median average including existing SPG	***37 sqm***	***50 sqm***	***61 sqm***	***64.5 sqm***	***73 sqm***	***84 sqm***	***96 sqm***
Proposed revised Watford Borough Council	37 sqm	37-50 sqm	61 sqm	37-50 sqm	61 sqm	70-74 sqm	86-99 sqm

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Report to: Cabinet

Date of meeting: 23 July 2014

Report of: Section Head – Culture and Play

Title: Big Events Programme

1.0 SUMMARY

1.1 This report illustrates the background and context of the BIG Events programme. It is the biggest cultural events programme ever staged in Watford and is designed so that there is something for everyone to enjoy.

1.2 The newly formed event spaces at the top of the town will be transformed with new activities increasing the numbers of people visiting this area of the town and regeneration of the Parade area as businesses benefit from increased trading opportunities.

1.3 As agreed during the budget setting for 2014/15 the events programme is currently subsidised from council reserves for a period of three years and this report outlines what is required to support the programme once this initial funding expires.

1.4 Finally, throughout the report the importance of culture and the role it can play is evident in helping to transform, inspire and provide a sense of pride and well being in our town

2.0 RECOMMENDATIONS

2.1 To note the events programme objectives (Appendix 1)

2.2 To endorse and support the continued development of the Big Events programme (Appendix 2) and the use of the new events spaces as opportunities for cultural activities.

2.3 To note the selection of Stage Electrics to provide the ice rink as an exemption under the Council's Procurement Code.

Contact Officer:
For further information on this report please contact: Gary Oliver – Section Head Culture and Play Telephone extension: 8251 email: gary.oliver@watford.gov.uk

Report approved by: Alan Gough, Head of Customer and Community Services and Manny Lewis Managing Director

3.0 DETAILED PROPOSAL

Background

3.1 The magnitude of Watford's economic regeneration programme is likely to be the envy of many towns across the UK. In recent times our two leisure centres; theatre and entertainment venues have been subject to significant capital investment resulting in brand new facilities or major refurbishment. The parks investment programme has seen a steady programme of extensive improvements and the award of the Heritage Lottery Fund recently will transform the facilities in Cassiobury Park.

3.2 The agreement to proceed with the Croxley Rail Link will vastly improve the transport infrastructure enabling greater access in and out of London.

3.3 The proposed redevelopment of Charter Place and the public realm improvements to the top of the town have and will continue to transform the look and feel of the High Street.

3.4 In general, high streets are very important as identified in the Portas Review 2011 which was an independent study into the future of the high streets across Britain. In summary, the review sets out what has led to the decline of high streets. It sets out a vision as to what may need to happen to create new sustainable high streets of the future buzzing with innovation and creativity. It further adds that high streets can be dynamic, lively exciting social places to be and this links into the objectives of the BIG Events programme.

3.5 The Portas Review further states that once we invest in and create social capital in the heart of our communities, the economic capital will follow. One of its recommendations is to put in place a "Town Team": a visionary, strategic and strong operational management team for high streets.

3.6 So with this in mind, and key to the resurgence of the town centre and unlocking the economic capital, the council set up a town centre co-ordinating group and Cultural Leaders Group. The aim was to help drive forward the town centre strategy to create a balanced, vibrant town centre, encouraging more visitors to stay longer in a safe well maintained environment where businesses are thriving

3.7 Following this a Town Centre Partnership has also been formed and a Town Centre Manager appointed to support the ongoing development of this partnership. All of this underpins one of the key aims of the adopted Local Plan Core Strategy, which is to ensure that Watford has a vibrant and vital town centre and maintains its position within the retail hierarchy.

Watford Cultural Leaders

3.8 The work of the Watford Cultural Leaders is critical in creating and promoting the vibrancy in our town centre as identified in the town centre strategy. This work involves the commissioning and arranging of exciting cultural performances and events which will in turn attract increased footfall into the town centre. This will enable and present further business trading opportunities and a platform for businesses to thrive in the future.

3.9 In November 2013, the Watford Cultural Leaders Group was tasked with developing an events programme for the newly created events space in the town centre. This programme is to be supported by council reserves over a period of 3 years, the available funds reducing each year of the programme. In year 1 the programme is supported by £180,000, year 2 £120,000 and year 3 £60,000 of council reserves.

3.10 We are fortunate to have such a strong cultural platform in Watford and as a testimony to this the Cultural Leaders Group developed the BIG Events programme and this was endorsed and launched to stakeholders in March 2014. The first events commenced in and around the events space on the Parade in June 2014 and were officially opened by Elected Mayor Dorothy Thornhill MBE and Mary Portas who said, 'I am delighted to be opening Watford's Big Events. Our high streets are our heartbeats; they form part of the most important social fabric of our community and the way we live.'

BIG Events

3.11 Watford Palace Theatre has been commissioned to manage and deliver the programme of BIG Events with the Section Head for Culture and Play overseeing the programme with a virtual events team consisting of external partners and a wide range of council officers. Overall, there are twelve BIG Events which are mostly free to the public, the ice rink being the only chargeable event, as is usual practice and will generate income to help offset the costs.

3.12 A separate report to the Elected Mayor approved the underwriting of the costs (£70k) required to procure the ice rink given the timeframes, market situation and specific requirements in order to make the firm arrangements in time. This was done by delegated executive decision dated 4 June 2014 and is listed in the background documents to this report. The ice rink is proposed to run for a period of 6 weeks from December 2014 through to January 2015 and is planned as part of the first year of the events programme. The Palace Theatre has conducted a value for money exercise reviewing three quotes and have selected Stage Electrics, a market leader in the field, to supply the rink. The details of the VFM review by the Palace Theatre were documented in the report to the Mayor and the Cabinet, in accordance with the Council's procurement rules, is asked to note the exemption from full procurement in this case.

3.13 The BIG Events programme is in essence a series of 12 spectacular events showcasing a range of cultural genres, arts, dance, music, sport. Visually stunning programmes which are designed to bring the newly transformed town centre and infrastructure to life.

3.14 Venues and spaces come to life and artists weave their magic along the High Street thrilling crowds along the Parade and providing a talking point in the heartbeat of our town.

3.15 The future delivery of the event objectives clearly has a significant impact in the town centre but most importantly will inspire people, provide opportunities for minds and hearts to grow, increase employment opportunities, footfall and dwell times all adding to the unlocking of economic capital.

3.16 The programme is designed around a kaleidoscope of all art forms, a mix of sound, light, movement, colour, comedy and drama which is designed to create those memories that families will talk about in years to come; such is the power of culture.

3.17 The BIG Events programme is designed for all to come and enjoy, to be free and accessible and will create inspiring visual, very individual displays, and an intimate display of street theatre. This pulse of activity happening every month will create a stimulating tide of activities all year round.

Summary work to date

3.18 The work to date of the Cultural Leaders Events Programme Group has been intense and working within some very tight timescales the team has developed a marketing plan which has used a wide ranging use of media channels. A BIG Events website has been developed (http://www.watfordbigevents.co.uk/), with regional and London advertising in bus stops, train stations. The About Watford wrap went out to all residents. A bright and colourful range of professionally produced posters and flyers has been produced, regional and local magazines and newspapers have been targeted. Use of Social Media such as face book, and twitter has ensured a constant stream of positive and targeted advertising.

3.19 Finally on Friday the 20th June the Big Events programme was officially opened by Watford's Elected Mayor, Dorothy Thornhill MBE and TV's Mary Portas who wrote the Portas Review, challenging the government back in 2011 to think about our high streets in the future. It was a real success, well attended and had some really positive feedback.

3.20 In addition, the Cultural Leaders Group have worked with a wide variety of partners and partnerships. Over 40 organisations are involved in the Big Events production including some of our local arts and sports organisations and clubs. Veolia, SLM and Watford Colosseum some of our major contractual partners have and continue to contribute in supporting the programme.

3.21 Key to the success of the overall events programme in town centre is the relationship and support we have with the businesses and retail outlets in the town centre. The newly formed Town Centre Partnership has been engaged with the vision and concept

of the events programme and has given its full support. The Town Centre Manager is a key influence in developing this relationship further and continuing to be an advocate of the events programme. Some of the work will involve encouraging businesses to provide concessions, to actively get engaged in promoting, following a theme and generally providing a menu of ideas and activities that can support the programme.

3.22 Each event is taken to the Safety Advisory Group (SAG) meeting once per month. The SAG is a group of officers representing the Police, Fire, Ambulance, WBC Environmental Health and Licensing, Emergency Planning, Herts. County Council Highways. Event safety plans are considered and advice is offered to the events organisers to ensure the events are planned and carried out minimizing risks to people attending and implementing the event plan. There has been a positive contribution from our partners and we are continuing to work very closely with them. Some examples include working with the Police and licensed premises on an alcohol management policy during events days.

3.23 Now that the Parade works are finished our licensed premises and businesses are beginning to see the great opportunity for increasing trade. There are currently 25 pavement licences which allow traders to sell alcohol and food within those areas. The pavement Licence create the continental and relaxed look and feel of the town centre which is vital in changing perceptions and attracting increased footfall at the top of the town

Works progressing

3.24 It is widely recognised and documented that cultural events and activities can help in unlocking some economic capital. The more activities planned the more it will draw people into an area where they can also spend on secondary activities or use the services on offer. A survey that is available on line and is handed out at each event to help measure the economic impact and marketing effectiveness of the events. This information will be reported back to a variety of audiences including the Cultural Leaders Group and the Town Centre Partnership.

3.25 Supporting the overall town offer is the Watford For You partnership and brand and we will be working to help further develop business opportunities through advertising the businesses special offers, vouchers and menu of ideas as the partnership matures and they become integrated into the overall programme.

3.26 Furthermore, a project to introduce footfall counters has been secured and these will be placed at strategic sites around the town centre to capture essential information, not just for the events programme, but for monitoring footfall and dwell times in our town centre. We are also currently exploring the possibilities of town centre WiFi which again will bring much needed improvements and enhanced services for people visiting our town.

3.27 The new market is scheduled to open in the Autumn and already we have begun to foster the concept of them becoming more involved in the events programme. They have positively accepted that they will be participating and a major partner on the Valentine Food fair. This relationship will further develop as we move into more specialist street markets and providing opportunities for our local market to benefit

from the overall programme.

3.28 This year's focus has been very much around making sure we opened the Parade space and delivered a Big Events programme to showcase the ambition and potential for the spaces created. Work is underway for a detailed town wide events policy and procedures which help to support the overall marketing of the product we have now. The concept of being able to fully host and attract national event organisers and sponsors as well as developing our local 'home grown' community brand such as Watford Live so our programme is enriched and develops into a year long programme of activities is an exciting one.

3.29 **Longer term**

3.30 The current level of funding given to the programme decreases each year. The ambition and desire is to maintain the existing level of the programme and in the future grow but to look at ways of leveraging in income to help support this. This could be in the form of external funding if applicable, sponsorship or financial support from the local traders and businesses along the Parade.

3.31 The Town Centre Partnership may have a vital role going forward as the concept of a Business Improvement District takes shape. The possibility of them working alongside the cultural leaders to help develop and shape a programme to suit their needs is a strong one.

3.32 Watford has a solid base from which to go forward. There are significant opportunities here. The range of cultural assets across Watford would be the envy of a much bigger town or Borough. We have a wide ranging and strong 'arts community' with up to 100 local organisations and small groups who collectively make a difference in the town and going forward provide us with a strong opportunity to showcase local 'home grown' talent. All the elements exist to make it a great place for culture such as location, transport links, cultural attractions, excellent educational offer, strong communities, good and developing shopping offer, vibrant sports clubs and buzzing night time economy.

3.33 The BIG Events programme draws on that cocktail and culture starts to become the 'glue' that helps to harness communities, developers, business, so that the connections are made and maximised.

3.34 The link with Business and planners is essential as across the town there are significant developments whereby at the outset events and cultural activities play their part e.g. helping to launch the new market, creating a look and feel in the town that people are proud of, artwork which celebrates the vision of Watford in the future. In addition a review of empty shops at the top of the Town is taking place to develop a positive strategy to engage landlords to bring them into use. A further report on this initiative will follow.

3.35 Events and activities in the town centre can provide a framework for transforming the appeal, attraction, movement, place of our night time economy. Giving people a wider choice and changing the perception of what is the cultural offer. In fact the whole infrastructure from the Watford Museum to the West Herts. College can be brought to life through a cultural activities events offer that catapults us forward over time.

Opening up this cultural infrastructure offering the opportunity for diverse live street theatre in places which are accessible provides different communities a sense of ownership and pride.

3.36 This balance of social and economic capital interweave and embrace each other in creating a town that thrives and builds a reputation and identity of increasing cultural significance.

4.0 IMPLICATIONS

4.1 Financial

4.1.1 The programme currently has funding contained within the existing approved budget. Any increases in the Big Events programme beyond this will require approval as part of the annual budget approval process.

4.2 **Legal Issues** (Monitoring Officer)

4.2.1 There are no legal implications in this report

4.3 Equalities

4.3.1 Under the Equality Act 2010, public bodies are expected to foster good relations between people who share a relevant protected characteristic and people who do not. The diversity of the programming in the Big Events and the role the initiative plays in bringing the community together means that it does support the fostering of good relations across the Watford community.

4.4 Potential Risks

E.g.

Potential Risk	Likelihood	Impact	Overall score
Lack of ongoing funding	*2*	*4*	*8*
Businesses not engaging in the programme	*2*	*4*	*8*
Poor Marketing Communications campaign	*1*	*4*	*4*
Attendance figures are low	*1*	*2*	*3*
Complaints from town centre residents regarding noise and disturbance	*2*	*2*	*4*
Those risks scoring 9 or above are considered significant and will need specific attention in project management. They will also be added to the service's Risk Register.			

4.5 **Staffing**

4.5.1 Currently there are no staffing implications contained in this report however as the programme potentially gains more of a significance, scope and size this will need to be reviewed.

4.6 **Accommodation**

4.6.1 None identified in this report.

4.7 **Community Safety**

4.7.1 Each event has an event safety plan that is taken to the Safety Advisory Group for support and advice on maintaining a safe event. Events are designed to be enjoyed by all and are family orientated, it is not intended that there are any concerns over community safety as a result of running events and we continue to work closely with our Police colleagues to ensure the risk to any public disorder is minimised.

4.8 **Sustainability**

4.8.1 The long term financial sustainability of events will rely on a trio of factors including external funding, sponsorship and advertising, business and retail contributions.

Appendix 1 - Watford Town Centre Events Programme Objectives
Appendix 2 – Big Events leaflet

Background Papers

Ice Rink Report – June 4 2014 – Mayor's Executive Decision

File Reference

None

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Appendix 1
Cabinet 23 July 2014

WATFORD TOWN CENTRE EVENTS PROGRAMME 2014/15 OBJECTIVES

* To launch and draw attention to Watford Town Centre's new public spaces and provide inspiration as to how these spaces might be used by a range of parties in the future

* To ensure that all events are inclusive, accessible, public facing and designed to aid in developing social cohesion

* To use events planned to contribute to Watford's place making agenda, helping to "rebrand" and assist in further changing perceptions of the town

* To deliver events across a wide range of balanced cultural^ provision

* To include events designed to respond to landmark local, national and international events

* To use the events programme to help reach members of the public who wouldn't otherwise access or engage with the arts or other cultural activity

* To use events to help promote Watford's existing cultural infrastructure of venues and organisations

* To provide an outlet for the expression of local creativity and talent

* To further encourage and enhance healthy partnership working across all strands of the town's cultural infrastructure

* To develop events that have the opportunity to become sustainable (or more sustainable) in terms of public funding resources required in future years

* To focus on events which are non profit making, and to consider carefully the values and core purpose of any commercial activity included

* To further develop and test open, transparent and accessible processes for third parties wishing to utilise town centre public spaces

* To ensure that all events forming part of the published programme adhere to minimum standards in terms of quality assurance

* To support the Town centre economy, increasing public footfall and dwell times

^ culture in bullet 4 is used in its widest sense encompassing Food Festivals, Religious Festivals, Sport etc

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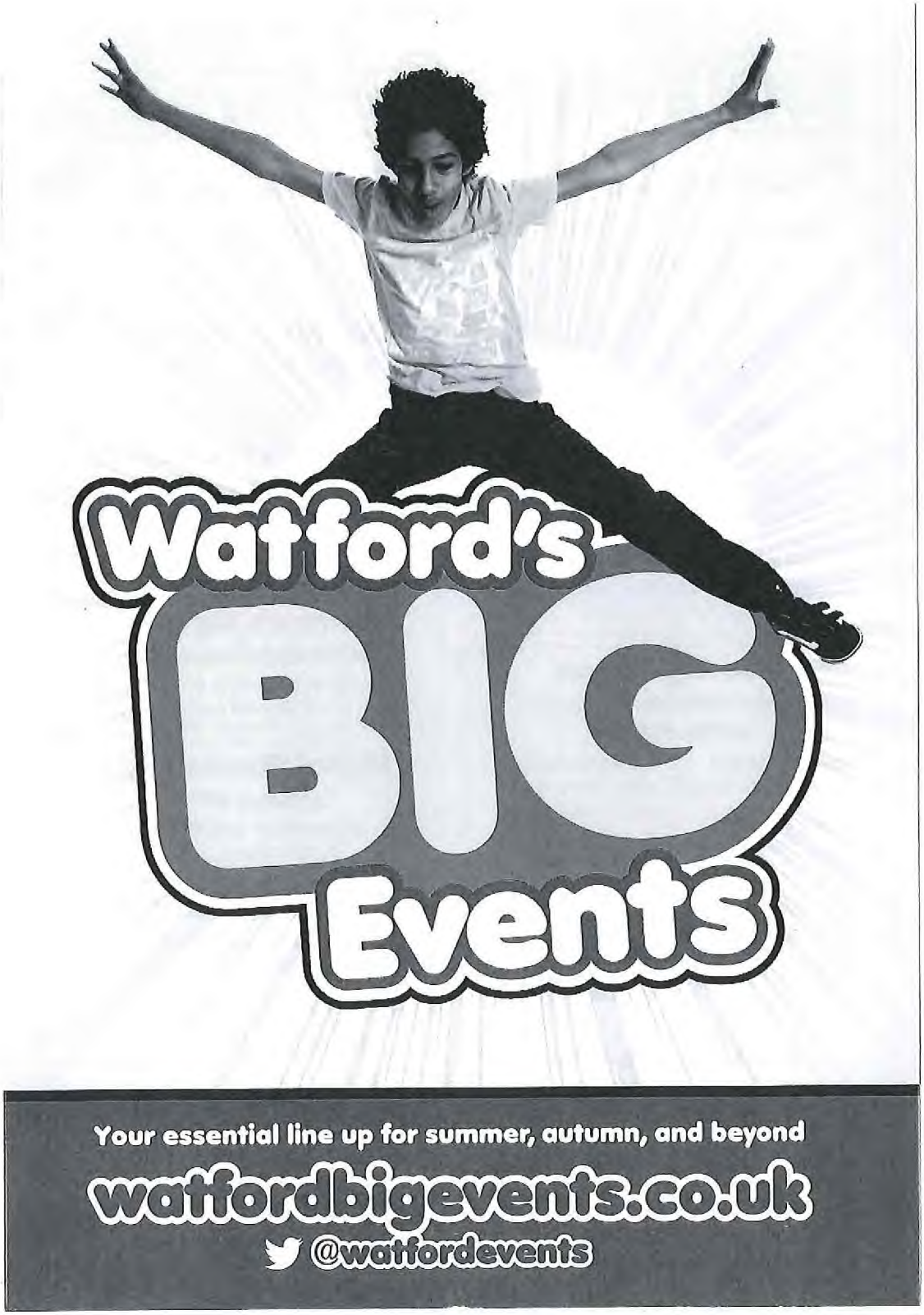
Cabinet 23 July 2014

Appendix 2



BIG Events features...

The Big Dance: Once Upon a Time in Watford

FREE

Saturday 12 July
1pm and 3pm

Entertaining retelling of two traditional fairytales, featuring 80 community dancers.

The Big Family Sports Day

FREE

Saturday 19 July
11am to 5pm

Try a range of sports! Race on a 100-metre running track in The Parade, wow the crowd on an inflatable football pitch, hone your rugby skills, and scale a climbing wall! Fun for all the family.

The Big Screen

FREE

Classic movies outdoors in The Parade.

Wednesday 30 July
8pm - Sherlock Holmes

Thursday 31 July
8pm - The Italian Job

Friday 1 August
6pm - Grease
8pm - Some Like it Hot

Saturday 2 August
4pm - Wall – E

Saturday 2 August
6pm - Rise of the Planet of the Apes

Saturday 2 August
8pm - Mamma Mia!

Sunday 3 August
4pm - The Lego Movie

Sunday 3 August
6pm - Harry Potter and the Goblet of Fire

Party by The Pond

FREE

Saturday 13 September
3.30pm – 9.45pm

Live music featuring cover bands and a live DJ set on The Parade. Throw some shapes!

The Big Catwalk

FREE

Saturday 27 September

Great looks on The Parade!
Fabulous fashion show to make us feel glam.

Watford's Big Draw

FREE

Saturday 4 October

Drawing on a big scale for all the family.

Diwali on the Parade

FREE

Sunday 16 November

Celebrate Diwali on The Parade.
The festival of light, staged outside in The Parade for the first time.

Watford's Big Skate

November/December

Six weeks of ice skating on The Parade!
With real ice! Ice-cool fun for everyone.

Digital Illuminations

FREE

January 2015

Art installation featuring light, shadow and animation.

Valentine Food Fair

13 & 14 February 2015

Love is in the fair in The Parade: great food, great times.

Watford's Sound

FREE

14 March 2015

The Parade comes alive with music and sound.

All events take place in The Parade, Watford

These events are brought to you by Watford Borough Council in association with Watford Palace Theatre, dancedigital, Watford Film Society, Everyone Active and Watford Football Club.

Agenda Item:

Report to: **Cabinet**

Date of meeting: **23rd July 2014**

Report of: **Director of Finance**

Title: **Summary of the Financial Outturn 2013/14**

1.0 SUMMARY

1.1 This report informs Cabinet of the revenue and capital outturns for 2013/14.

2.0 RECOMMENDATIONS

2.1 To consider the revenue outturn as summarised at Appendix 1A, and supplementary notes at Appendices 1B to 1F and to note the year end position, which includes the carry forwards as shown in paragraph 2.2 below.

2.2 To approve the unspent service budgets from 2013/14 to be carried forward into 2014/15 totalling £338, 950 as detailed at Appendix 1E.

2.3 To consider the Reserves statement at Appendix 1F and note that the overall level of reserves has increased by £7.263m. However it is anticipated that the majority of this will be used to fund expenditure in 2014/15. This includes approx. £4.000m in relation to business rates and New Homes Bonus funding to support capital expenditure in future years.

2.4 To consider the capital outturn as summarised in Appendix 2. This shows the original budget of £21.586m (which includes £8.087m rephased from 2012/13) and the outturn of £12.552m. The majority of the variance has occurred from the rephasing of large scale projects to 2014/15.

Contact Officer:
For further information on this report please contact Joanne Wagstaffe, Director of Finance, telephone extension 8189, email joanne.wagstaffe@watford.gov.uk

3.0 INTRODUCTION

3.1 A key feature of reporting the outturn for the financial year is to compare it against the original budget which provides an indication of the accuracy and robustness of financial control within the Council.

3.2 This report provides an analysis of the revenue and capital outturns for 2013/14. Further detail can be found in the draft Statement of Accounts that will be reported to the Audit Committee on 29th September 2014.

4.0 REVENUE OUTTURN 2013/14

4.1 **Appendix 1A** shows the net expenditure by service area which compares the original 2013/14 budget (as approved by Council on 30th January 2013) to the outturn. The net effect is an underspend on the cost of services of £1.972m. This is made up of underspends, service changes and additional income in some areas that are higher than the budgeted figure.

4.2 **Appendix 1B** details the variances when comparing original budget to the outturn.

The significant variances which have been included in Budget Panel updates during the yea are:

£342,000 previously identified additional expenditure on the ICT Shared Service
£260,000 savings from the outsourcing of the Veolia Contract
£209,000 savings from the Charter Place transfer
£563,000 underspend on the repairs and maintenance of operational buildings
£218,000 increase in rental income from the property portfolio
£380,000 previously identified overspend on Revenues & Benefits
£475,000 underspend on provisions & contingencies i.e. pay & price inflation, superannuation and bad debt provision.
£251,000 Additional Business Rates grant

4.3 **Appendix 1C** shows the difference in funding when comparing original budget to the outturn. This totals £7.495m and is attributable to additional grants for Weekly Collection Support Grant (£2.001m), New Homes Bonus (£1.021m) and Business Rates funding (£4.224m) which the Council will be required to release during 2014-15 due to the way in which business rates are accounted for. The Weekly collection grant was largely spent during the year, the increase in NHB is to be used to fund capital expenditure but was not required during 2013/14 following reviews.

4.4 **Appendix 1D** compares the outturn for employee costs to the original budget and shows a favourable variance of £4.065m. The main reason for the variance is due to the outsourcing of Waste, Parks and Street Cleansing to Veolia and the transfer of Charter Place security staff to Intu. This variance was reported to Budget Panel during the year and included in the year end forecast.

4.5 **Appendix 1E** details those unspent balances that Leadership Team recommend should be carried forward to 2014/15.

4.6 **Appendix 1F** details the end of year position regarding the Council's holding of reserves. This shows an increase in reserves of £7.263m during 2013/14. The majority of this is due to additional business rates of £4.661m and is expected to be spent in 2014/15 and future years.

5.0 CAPITAL OUTTURN 2013/14

5.1 A summary analysis of the council's capital programme has been attached at **Appendix 2.** The overall position shows a net decrease in capital spend of £9.034m The majority of the variance has occurred from the rephasing of the following projects to 2014/15:-

- Watford Health Campus £1.604m
- Cultural Quarter Phase 1 £1.445m
- New Market £2.362m
- Allotment Upgrades £0.975m
- Play Areas £1.146m
- Farm Terrace Allotments £0.298m
- Hurling Club Relocation £0.908m
- Building Investment Programme £0.300m

5.2 During the year there was a review of capital projects which included a realignment of budgets; this was reported to Budget Panel during the year.

5.3 Investment within Watford is seen as a key priority and has been financed from capital receipts and government grant. Capital expenditure totalling £23.598m is planned for the period 2014/17 (2014/15 £15.020m) and built into the medium term financial strategy.

6.0 CONCLUSION

6.1 The general fund underspend totals £1.972m. Some of this underspend relates to final decisions being made after setting the original budget. These include the Veolia outsourcing, the transfer of staff and facilities of Charter Place and final pay and price inflation. There was also a grant received in late March for Small Business Rate relief that was not included in the budget due to the timing of the announcement and the implementation of local business rates. Due to increased activity in the property market there was additional rental income and planning fees.
From 2014/15, Finance are proposing to implement a new budget monitoring process that will be designed for budget holders to monitor and scrutinise their budgets more closely and report variances as they arise. Additionally, at the budget setting stage, Finance will work closely with budget holders to identify potential on going savings in the base budget.

6.2 Earmarked reserves have increased by £7.263m (although it was originally anticipated that this would decrease by £0.584m). Much of this increase relates to business rate funding and the Government having to pay a grant to the Council for their business rates being lower than the 'Safety Net' level for 2013-14. This grant will be required during 2014/15 to balance the Collection Fund.

6.3 With regard to the capital outturn, although the 2013/14 showed an underspend of £9.033m this was mainly due to the rephasing of projects, which most are scheduled to be completed in 2014/15. The Council continues to have an ambitious programme which includes ensuring its infrastructure/assets are well maintained as well as seeking to move forward through investment in key projects where the aim is to secure the future prosperity of the Watford area.

7.0 FINANCIAL IMPLICATIONS

7.1 These have been included within the report.

8.0 LEGAL IMPLICATIONS

8.1 There are no legal implications in the report.

9.0 POTENTIAL RISKS

Potential Risk	Likelihood	Impact	Overall Score
That the External Auditor finds material errors within the Final Accounts process	2	4	8

10.0 EQUALITIES

10.1 Watford Borough Council is committed to equality and diversity as an employer, service provider and as a strategic partner. In order to fulfil this commitment and its duties under the Equality Act 2010 it is important to demonstrate how policies, practices and decisions impact on people with different protected characteristics. It is also important to demonstrate that the Council is not discriminating unlawfully when carrying out any of its functions.

10.2 The reporting of the Final Outturn for 2013/14 does not have any direct equality implications In effect it is reporting upon the financial consequences of policies already established by the Council and is not seeking to change those policies in any way.

Appendices:
Appendix 1A Revenue Account General Fund Summary 2013/14
Appendix 1B Major Variances 2013/14
Appendix 1C Funding Variances 2013/14
Appendix 1D Employees Costs - Variances 2013/14
Appendix 1E Carry Forward requests into 2014/15
Appendix 1F Summary of Reserves 2013/14
Appendix 2 Capital Outturn 2013/14

Appendix 1A

2013/14 Revenue Account General Fund Summary

Service Area	Original £000	Outturn £000	Outturn Less Original £000
Community and Customer Services	3,562	3,377	(185)
Corporate Strategy and Client Services	8,521	8,844	323
Democracy and Governance	3,771	3,012	(759)
Human Resources	745	631	(114)
Managing Director	285	234	(51)
Regeneration and Development	(4,437)	(4,915)	(478)
Strategic Finance	2,574	1,866	(708)
Net General Fund	15,021	13,049	(1,972)

Note : The above table includes only direct costs and incomes. Technical accounting adjustments for internal recharges including support services and capital have been excluded as these have no affect on the Council's net General Fund position.

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Appendix 1B

2013/14 Major Variances - Original Budget v Revenue Outturn

Service Area	Cost Centre	Variance (£000's)	Variance (£000's)	Comments
	Play Management-Employees	-56		Underspend on salaries
	Customer Service Centre	-73		Underspend on salaries
	WBC Properties (hostels)	-87		Savings on management fees & electricity costs
	Housing Standards	41		Agency staff required to fulfil service need
	Watford Museum	-23		Underspend on salaries & utility costs
Community & Customer Services - Sub Total			**-199**	
	Veolia Outsourcing	-260		Savings realised from outsourcing Parks, Waste & Street Cleansing
	Communications	73		Maternity leave & structural changes. Service review to be carried out in 2014/15
	ICT Shared Service	342		Year I Capita contract costs funded by reserve. Future savings expected to offset
	Partnership Working & Watford for You	51		Overspend funded by use of reserves (PRG & LABGI)
	Uni-Form	40		Additional client spend on Uni-Form business system
	Waste Services	46		Additional agency staff required to provide service prior to outsourcing
Corp Strategy & Client Services - Sub Total			**293**	
	Elections	-64		Underspend of £41k carried over into 2014/15 as a budget carry forward request
	Non Operational Building Maint-B0000	-443		General maintenance underspend across various sites including facilities now operated by external providers
	Buildings And Projects (A0000-E0000)	-120		Savings attributable to transfer to Intu Watford
	Town Hall Off & Council Suite	-103		Lower utility costs notably electricity and gas
Democracy & Governance - Sub Total			**-730**	
	Corporate Employee Exp-Client	-71		Favourable variance largely due to savings on corporate training
	HR Shared Services	-32		Budget carry forward request to fund 2 HR apprenticeships in 2014/15
Human Resources - Sub Total			**-103**	
	Corporate Strategy Team	-45		Underspend on salaries and contingency budgets
Managing Director - Sub Total			**-45**	
	Charter Place Market	-209		Underspend on salaries & cleaning costs plus additional income stream via arrangement with Intu Watford
	Harlequin Shopping Centre	182		Vacant properties and downturn in rental income @ Intu Watford
	Development Control planning income	-173		Large increase in planning and pre-application fees
	Land Charges-I0000 income	-60		Search fee income higher than expected
	Building Control- Income	-78		Increases in inspection and building regs application fees
	Implementation Team	91		Structural changes including £30k funding from CPZ reserve
	Misc Properties	-218		Income higher than originally budgeted
Regeneration & Development - Sub Total			**-465**	
	HB client-shared service charge	151		Shared services client recharge higher than budget due to recruitment of agency staff
	CTax client-shared service charge	229		Shared services client recharge higher than budget due to recruitment of agency staff
	Taxation & Non Specific Grant	-251		Small business rate relief not budgeted
	Budget Strategy	-475		Underspend on provisions and vacant posts as well as a one off receipt from consumable sales to Veolia
	Finance Misc Expenditure	-103		Lower external audit fees
	Finance Services	-43		Employee costs lower than budgeted
	Accountancy Services	-37		Additional savings materialising within finance shared services
	Adjustments Under Statute	-71		Minimum revenue provision lower than budgeted
	Other Operating Income / Exp	-60		Favourable variance largely due to contribution from West Herts Crematorium
Strategic Finance - Sub Total			**-660**	
	Other Variances	-62		
All Services - Sub Total			**-62**	
TOTAL		-1,972	**-1,972**	

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2013/14 General Fund Funding - Variances

Funding From	Original £000	Outturn £000	Outturn Less Original £000	Comment
Council Tax	(7,350)	(7,350)	0	
Council Tax Support Grant	(958)	(958)	0	
Council Tax Transition Grant	(26)	(26)	0	
Council Tax Freeze Grant	(289)	(287)	2	
Revenue Support Grant	(2,862)	(2,862)	0	
Business Rate Relief	0	(251)	(251)	Additional Grant received in March 2014. This was received as part of the change in business rate retention.
NNDR	(1,904)	(6,128)	(4,224)	As part of the new business rate regime the Council has received additional funding from the Government. It will be used to support revenue expenditure in 2014/15 in additional the Council is making a provision to protect itself from future business rate reductions.
Weekly Collection Support Grant	0	(2,001)	(2,001)	Additional grant received as a result of a successful bid to the DCLG. The sum of £1.445m has been used to fund capital expenditure for the purchase of vehicles & wheeled bins. £0.398m was used to support revenue expenditure.
New Homes Bonus	(1,048)	(2,069)	(1,021)	It was anticipated that the new homes bonus funding would support the capital programme during 2013/14. Due to the rephasing it is expected that this will be incurred in future years.
Total Taxation and Non-Specific Grants	(14,437)	(21,932)	(7,495)	

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Appendix 1D

2013/14 Employees Costs - Variances

Service Area	Original Budget £000's	Outturn £000's	Outturn Less Original £000's	Comments
Corporate Strategy & Client Service	6,362	2,511	(3,851)	Variance due to TUPE transfer of Waste, Street & Parks staff to Veolia as at 1st July 2013. Reported to Budget Panel in the year.
Community & Customer Service	3,609	3,665	56	
Democracy & Governance	1,852	1,883	31	
Regeneration & Development	3,007	2,550	(457)	Variance largely attributable to TUPE transfer of Charter Place security staff to Intu Watford
Managing Director	241	215	(26)	
Human Resources	720	581	(139)	Salary savings achieved and reported via the Shared Services Joint Committeee
Strategic Finance	2,205	2,526	321	Additional agency staff costs required in Revs & Bens to deal with case loads
Total	**17,996**	**13,931**	**(4,065)**	

Note - Variances above relating to shared services are split by the metrics agreed between both Watford and Three Rivers District Council.

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Service Budget Carry Forward Requests form 2013/14 to 2014/15

BUDGET CARRY FORWARD REQUEST (RESERVE CODE - VLU000)

Ref No	Service	Budget Code From	Current Budget (A)	Actual (B)	Budget Remaining (A)-(B)	Carry Forward Request (£)	Budget Code To	Reason for Carry Forward Request
1	Community & Customer Services	AKA000-D0103	£3,550	£2,026.68	£1,523.32	£1,750	AKA000-D0103	Procurement of a new folder and enveloper following implementation of new managed print services in 2013/14
2	Community & Customer Services	AKA000-D0101	£750	£0.00	£750.00	£500	AKA000-D0101	Procurement of a new folder and enveloper following implementation of new managed print services in 2013/14
3	Community & Customer Services	ADW000-D0901	£27,500	(£1,856.40)	£29,356.40	£10,000	ADW000-D0901	Purchase Aerial photography from Arup and System Upgrade - projects could not be completed in 2013/14
4	Community & Customer Services	EDD000-D0901	£5,000	£250.00	£4,750.00	£3,500	EDD000-D0901	Air quality monitoring contract normally paid a year in advance but retendering contract for start in April 2014 so payment will not be due until 2014/15
5	Community & Customer Services	EBA000-A0101 EBL000-A0101	£725,250 £195,730	£638,543.12 £163,099.95	£86,706.88 £32,630.05	£15,000 £5,000	EBA000-A0101 EBL000-A0101	Understaffing in 2013/14 has led to the need to employ temporary resources to deliver transformation and service delivery plans. Continuing understaffing E.G. vacant manager post that the EH&L Section Head is covering short term, this funding will be used to recruit project support
6	Regeneration & Development	FPA000-D1107	£340	(£1,101.31)	£1,441.31	£23,000	FPA000-D1107	New Market opening in 2014/15 requiring additional advertising spend
7	Regeneration & Development	FKC000-D0501	£13,000	£14,926.03	(£1,926.03)	£85,000	FKC000-D0501	Lambert Smith Hampton employed to review various parts of the Council's property portfolio
8	Corporate Strategy & Client Services	ADP000-D0902 WJ0023	£16,070	£2,101.36	£13,968.64	£12,000	ADP000-D0902 WJ0023	Carry forward request to support the One Watford Local Strategic Partnership
9	Corporate Strategy & Client Services	JCE000-D1138	£6,000	£0.00	£6,000.00	£4,000	JCE000-D1138	Carry over contingency to cover associated costs for bring operational management back to the Council including re-tendering
10	Corporate Strategy & Client Services	ADH000-D0625	£8,500	£2,832.04	£5,667.96	£5,670	ADH000-D0625	Budget required to support further development due to outcome of the Communications review
11	Corporate Strategy & Client Services	AWA900-E0101	£846,600	£1,174,188.07	(£327,588.07)	£3,840	AWA900-E0101	WBC's share of ICT Shared Service costs relating to recruitment of temporary staff whilst recruitment is in hand
12	Corporate Strategy & Client Services	ADP002-D0902	£15,110	£3,000.00	£12,110.00	£12,110	ADP002-D0902	Carry over partnership funding relating to Watford Health Inequality
13	Corporate Strategy & Client Services	BLL001-D0902	£22,770	£0.00	£22,770.00	£22,770	BLL001-D0902	Carry over partnership funding relating to Watford Learning Partnership
14	Community & Customer Services	DCP000-D0401	£2,000	£1,671.63	£328.37	£1,000	DCP000-D0401	Carry forward to support the impact expected from the new Big Events Programme
15	Community & Customer Services	DCP000-D0624	£2,000	£0.00	£2,000.00	£2,000	DCP000-D0624	Carry forward to support the impact expected from the new Big Events Programme
16	Community & Customer Services	DCP000-D0802	£1,000	£0.00	£1,000.00	£1,000	DCP000-D0802	Carry forward to support the impact expected from the new Big Events Programme
17	Community & Customer Services	ABE000-D0902 WJ0024	£30,590	£12,380.41	£18,209.59	£14,000	ABE000-D0902 WJ0024	Budget connected to the ongoing Domestic Homicide Review
18	Community & Customer Services	JWP000-B0101 WJ0084	£61,000	£28,271.15	£32,728.85	£35,000	JWP000-B0101 WJ0084	Budget pressure expected on WCHT managed properties contract
19	Democracy & Governance	AHX000-D1107	£1,000	£400.00	£600.00	£440	AHX000-D1107	Recruitment costs connected to Electoral Assistant post
20	Democracy & Governance	AGB000-VARIOUS	£83,550	£42,468.11	£41,081.89	£41,370	AGB000-D1101	Expected budget pressure in part due to IER registration
21	Human Resources	AMC000-A0204 VARIOUS	£195,270	£113,063.80	£82,206.20	£40,000	ALA000-A0101	Employment of 2 Apprentices in HR
TOTAL						**£338,950**		

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Summary of Reserves

Reserve	Balance at 31 Mar 13 £000	Transfers to Reserve £000	Transfers from Reserve £000	Balance at 31 Mar 14 £000	Comments
Area Based Grant Reserve	85	0	0	85	
Budget Carry Forward Reserve	234	340	(235)	339	
Capital Fund Reserve	1,813	0	(171)	1,642	To be used for capital projects
Car Parking Zones Reserve	597	33	0	630	Used to fund the operational costs of the CPZ
Charter Place Tenants Reserve	380	0	(220)	160	
Climate Change Reserve	37	20	0	57	
Development Sites Decontamination Reserve	1,310	0	(35)	1,275	To be used for capital projects
Economic Impact Reserve	1,823	104	0	1,927	This offsets unexpected over/underspends during the course of the year
High Street Innovation	100	0	(10)	90	
Homelessness Prevention Reserve	113	0	0	113	
Housing Benefit Subsidy Reserve	996	0	0	996	
Housing Planning Delivery Grant Reserve	301	0	(35)	266	
Invest to Save Reserve	1,255	0	(416)	839	Used in 2013/14 for the Outsourcing of the Veolia and ICT (Capita) contracts
LA Business Growth Incentive Reserve (LABGI)	613	0	(43)	570	To be used in 2014/15 for 'Imagine Watford'
Le Marie Centre Repairs Reserve	12	0	0	12	
Leisure Structured Maintenance Reserve	423	0	0	423	
Local Development Framework Reserve	233	0	0	233	
Multi-Storey Car Park Repair Reserve	181	0	0	181	
New Homes Bonus Reserve	542	2,069	0	2,611	To be used to fund the capital programme
NNDR Collection Fund Reserve	0	4,661	0	4,661	As part of the new business rate regime the Council has received additional funding from the Government. It will be used to support revenue expenditure in 2014/15 in additional the Council is making a provision to protect itself from future business rate reductions.
Parks, Waste & Street Strategy Reserve	0	60	0	60	
Pension Funding Reserve	1,375	874	0	2,249	To be used to offset future liabilities on the Pension Fund based on periodic actuarial forecasts
Performance Reward Grant Reserve (Capital)	191	0	0	191	
Performance Reward Grant Reserve (Revenue)	60	0	(28)	32	
Recycling Reserve	13	0	(13)	0	
Rent Deposit Guarantee Scheme Reserve	100	0	0	100	
Vehicle Replacement Reserve	575	150	0	725	To fund the replacement of vehicles as they become due.
Weekly Collection Support Grant Reserve	0	2,001	(1,843)	158	
Total Reserves	**13,362**	**10,312**	**(3,049)**	**20,625**	
Net Change			**7,263**		

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CAPITAL OUTTURN

Appendix 2

CAPITAL SCHEME DESCRIPTION	ORIGINAL BUDGET 2013/14	OUTTURN 2013/14	VARIANCE	EXPLANATION OF VARIANCE					COMMENTS
				VIREMENTS	IN YEAR BUDGET INCREASE	IN YEAR BUDGET DECREASE	REPHASED TO 2014/15	(UNDERSPEND) / OVERSPEND	
Cardiff Road Health Campus	1,727,180	123,210	(1,603,970)			(180)	(1,603,790)		Budget rephased to 2014/15 due to delays in the Planning Application and the Compulsory Purchase Order's (CPO's). The Council is currently negotiating with the preferred contractor and contracts should be signed in September 2014.
Colosseum Refurbishment	-	22,665	22,665					22,665	Additional unexpected invoices in 2013/14 from HQ Theatres
Contribution to Croxley Rail Link	2,532,014	2,000,000	(532,014)			(532,014)			Reduction in budget in year as there was a £594k budget within S106 schemes and therefore only £2m required from Usable Capital Receipts.
Cultural Quarter Phase 1	3,515,395	2,070,229	(1,445,166)				(1,445,166)		Budget rephased to 2014/15 and scheme completed in June 2014
New Market	1,387,420	170,831	(1,216,589)		1,150,000		(2,362,364)	(4,225)	Increase in budget as previously reported to Members and budget rephased to 2014/15. Design work and negotiations with the existing tenant has taken longer than expected.
Carbon Management / Climate Change	77,000	46	(76,954)			(50,000)	(26,954)		Reduction in budget as previously reported to Members and budget rephased to 2014/15
Decent Homes Assistance	200,000	90,985	(109,015)	(90,000)			(19,015)		Budget rephased to 2014/15 and Virement to Other Minor Variances
30,000 Wheelie Bins	600,000	548,628	(51,372)			(51,372)			Decrease in budget as previously reported to Members
1,100 Eurobins	320,000	182,167	(137,833)			(137,833)			
JCB Excavator	-	57,520	57,520		57,520				Increase in budget as previously reported to Members
Parks Equipment	-	148,024	148,024		148,024				
Johnson Sweepers	-	204,969	204,969		205,629	(660)			
Cages	-	174,341	174,341		174,341				
Empty Properties	-	20,000	20,000		20,000				Balance of CPO payment
Allotments Upgrades	410,000	35,280	(374,720)		600,000		(974,720)		Increase in budget as previously reported to Members and budget rephased to 2014/15
Cassiobury Park HLF Project	602,838	479,015	(123,823)				(183,950)	60,127	Budget rephased to 2014/15 and overspend which will be clawed back from the 2014/15 budget
Farm Terrace Allotments relocation	400,000	102,165	(297,835)				(297,835)		Budget rephased to 2014/15
Hurling Club Relocation	550,000	41,854	(508,146)		400,000		(908,146)		Increase in budget as previously reported to Members and budget rephased
Affordable Housing	550,464	1,718	(548,746)			(524,418)	(24,328)		Reduction in budget as previously reported to Members as housing strategy needs to be reassessed and budget rephased to 2014/15
Bringing Standalone Properties to Decent Homes Standard	74,605	15,609	(58,996)			(47,074)	(11,922)		
Disabled Facility Grants	826,119	350,448	(475,671)			(276,119)	(199,552)		Reduction in budget as previously reported to Members and budget rephased to 2014/15. There are some commitments carried forward in to 2014/15.
Upgrading / Resurfacing of Car Parks	75,589	16,478	(59,111)				(59,111)		Budget rephased to 2014/15 due to delays in scheme
Ascot Road Regearing Valuation Support	-	61,703	61,703	50,000	20,000			(8,297)	Increase in budget as previously reported to Members, virement from Feasibility and Disposal Upfront costs

CAPITAL SCHEME DESCRIPTION	ORIGINAL BUDGET 2013/14	OUTTURN 2013/14	VARIANCE	EXPLANATION OF VARIANCE					COMMENTS
				VIREMENTS	IN YEAR BUDGET INCREASE	IN YEAR BUDGET DECREASE	REPHASED TO 2014/15	(UNDERSPEND) / OVERSPEND	
Building Investment Programme	743,969	215,631	(528,338)			(228,000)	(300,338)		Reduction in budget as previously reported to Members and budget rephased. The rephasing was due to corporate priorities changing.
Veolia Capital Improvements	-	67,500	67,500		67,500				Increase in budget as previously reported to Members and included within contract with Veolia
Feasibility and Disposal Upfront costs	300,000	-	(300,000)	(50,000)		(250,000)			Reduction in budget as previously reported to Members and virement to Ascot Road Regearing Valuation Support
Watford Business Park Redevelopment	-	68,283	68,283		200,000		(125,000)	(6,717)	Increase in budget as previously reported to Members and budget rephased to 2014/15
Town Centre CCTV Relocation	485,131	286,912	(198,219)					(198,219)	Underspend
Environmental Health System	147,939	3,800	(144,139)				(144,139)		Budget rephased to 2014/15
ICT-Hardware Replacement Prog	70,000	8,384	(61,616)					(61,616)	Underspend, to be rephased to 2014/15
ICT-Project Management Provision	120,000	63,618	(56,382)					(56,382)	
ShS-Transition Costs	270,000	413,708	143,708		213,708	(70,000)			Reduction in budget as previously reported to Members and overspend in WBC but compensated by contribution from TRDC of £165,483 for their 40% share of the spend.
Berry Avenue Play Area	60,000	-	(60,000)				(60,000)		Budget rephased to 2014/15
Colne River Project	454,644	293,268	(161,376)		53,527		(214,903)		Budget rephased to 2014/15 and increase in budget as previously reported to Members
Cow Lane Improvements	23,000	-	(23,000)					(23,000)	Underspend
East Drive Play Area	120,000	-	(120,000)				(120,000)		Budgets rephased to 2014/15
Himalayan Way Play Area	98,942	-	(98,942)				(98,942)		
Multi-use Games at Meriden	120,000	-	(120,000)				(120,000)		
Ridgehurst Avenue Play Area	50,000	-	(50,000)				(50,000)		
Riverside Recreation Ground	323,499	13,190	(310,309)			(9)	(310,300)		
Southwold Road Play Area	50,000	-	(50,000)				(50,000)		
Waterfields Rec Play Area	73,460	1,288	(72,172)		50,000		(122,172)		Increase in budget as previously reported to Members and budget rephased
Watford Museum	12,500	5,185	(7,315)					(7,315)	Underspend
Other Minor Variances	4,214,353	4,193,582	(20,771)	90,000	-	(10,556)	(331,105)	230,890	Budgets rephased to 2014/15, Virements from Decent Homes Assistance and Budgets increased as previously reported to
TOTAL	**21,586,061**	**12,552,234**	**(9,033,827)**	**0.00**	**3,360,249**	**(2,178,235)**	**(10,163,752)**	**(52,089)**	

*PART A

Report to: Cabinet

Date of meeting: 23 July 2014

Report of: Emma Tiernan / Joanne Wagstaffe

Title: ICT Roadmap

1.0 SUMMARY

1.1 Additional Capital funds are required in order to meet the ICT improvements required. This document provides a proposal to initiate a programme of ICT improvements.

A detailed version of this roadmap proposal has been approved at Joint Leadership team, on the 3 Feb 2014

2.0 RECOMMENDATIONS

2.1 Cabinet agrees to the additional capital budget required to complete the ICT improvements outlined in this report and recommends that Council approves the necessary increase to the capital programme.

Contact Officer:
For further information on this report please contact: Emma Tiernan, ICT Client Section Head.
telephone extension: 727457 email: emma.tiernan@watford.gov.uk

Report approved by: Joanne Wagstaffe, Director of Finance

3.0 **DETAILED PROPOSAL**

3.1 In May 2011, following a request from the Joint Leadership board, the Councils procured services to conduct an independent review of the internal shared ICT service. Recommendations within the Actica Infrastructure review contained critical work required in order to stabilise network infrastructure at both WBC & TRDC.

3.2 It was agreed by the ICT Steering Group and Joint Leadership team to focus on some of the essential infrastructure improvements e.g. replacing aged, business-critical servers, until the future of the delivery of the shared ICT service had been decided. This work commenced in Sept 2011 and finished in May 2012. In parallel to the Infrastructure Improvement programme, the Councils investigated options to outsource the internal ICT service.

3.3 The Councils subsequently outsourced the ICT service to Capita SIS in May 2013.

As part of the transition to a managed service provider the following process occurred:

- 2 stages of Capita due diligence
- Pre-contract due diligence, conducted once the appointment of preferred bidder was awarded and was reported at the 3 December 2012 ITSG
- Transition due diligence, which was a more detailed look at the Councils' ICT estates and was reported to the s.151 Officers and Head of ICT during 2013 and prior to transition.

The Councils conducted their own due diligence process, with the support of the WBC procurement manager as well as the support of Actica Consulting, who independently reviewed the due diligence stage of the tender.

3.4 Due diligence at the pre-award contract stage found the following:

- No up to date asset register
- Ageing assets (server, desktop estate, as well as network equipment and their related software)
- Some Single Points of Failure (primarily network related)
- Anti-virus and patching of servers – not up to date
- GCSX (now PSN – Public Services Network) accreditation – not achieved 2012/13
- PCI (Payment Card Industry) compliance – no self assessment performed in 2012/13
- Domain Topology - the arrangement of the various elements of a computer network. This relates to outstanding works from the implementation of shared services e.g. old WBC and TRDC parts of the network are still in situ.
- Administration Model – Absence of a "design" and common method of creating users, profiles etc
- No licence management across either Council – this relates to the management of software licenses

3.5 Due diligence at the transition stage expanded on the issues raised at the pre-award stage, but found further problems:

- A large number of Information Security related issues e.g. absence of up to

date security policies, no standard encryption tools in place.

- Aged database platform estate – Database platforms are the bits of software that sit underneath the business applications themselves. (At a high level imagine layers – Windows 2003 server, with an Ingres Database Platform, with the Revs and Bens Academy Database & Application on top of that.) A more commonly known database platform is Microsoft SQL. The W3R estate has a number of database platforms in place, Ingres, SQL and Oracle.
- Aged Business Applications and inconsistent documentation
- Poor physical network design – this relates to how the networks across W3R and all the sites that hang off the network talk to each other and physically sit together.
- Backups – Are running, but without formal controls and sufficient monitoring.
- Network bandwidth – this relates to the size of the pipes that transmit the data across the sites – between WBC and TRDC

3.6 Since outsourcing the service to Capita SIS, a number of the due diligence problems have been addressed either through specific and chargeable projects using existing budgets, or through the managed service contract:

- PSN accreditation achieved late 2013. Due to the large scope of this project, this did not just mean the Councils achieved that accreditation, but other risks and issues were also addressed within it:
    - All IT health check actions were addressed e.g. servers patched, therefore addressing security weaknesses on the server estates, software removed, updated etc. This therefore addressed a number of outstanding audit recommendations and requirements.
    - Additional layers of security added with the use of firewalls
    - Further security added to the remote working solutions
    - Solutions procured for use of portable devices
    - Updated security policies
- As a result of having to force network design changes to meet PSN requirements, this also compounded other network inadequacies. The Internal ICT service did not complete shared services IT projects and this has resulted in a “messiness” across the network, old routing tables in place, resulting in an unstable and inconsistent user experience. We therefore initiated a further project to clean that up.
- Asset audit was conducted as part of the transition to Capita
- PCI compliance. Aspects of this compliance regime have been met.
- The link between WBC and TRDC was upgraded to an appropriate size pipe.

3.7 Despite some areas of improvement over the past few months, there is still a recognition that the issues identified within due diligence pose a risk to the Council and that users are experiencing impaired performance in a variety of ways.

Therefore the following project areas have been defined as an overall programme of ICT technical improvements from Capita SIS.

It should be noted that an independent Enterprise Architect (Senior Technical role),

was supplied by Capita to review the due diligence findings, and to assess and make recommendations as to an appropriate way forward. In addition to this, his findings also provided an indication of the approach to the programme given the dependencies across each project area.

3.8 The programme of work for ICT to achieve a stable foundation, spans 20014/15 and can be described at a high level as follows. Please note, some projects are WBC specific, but primarily they are shared technically and therefore the costs are split with TRDC – 60/40:

Phase 1 – Preparation: (shared):

- Development of a Business IT strategy
- Active Directory Restructuring – Outstanding works
- Software Library and CMDB
- Licence Management
- Preparatory work for PSN (included within this is preparatory work for desktop refresh)

Subsequent Phases (shared):
Compliance Projects:

- PSN – Accreditation for 2014
    - Public Use Machines – Area within the Customer Service Centre
    - Mobile User Management (e.g. mobile phones)
- PCI Compliance

Aged Estate (shared):

- Desktop refresh
- Active Directory Migration (This is the database that manages users and groups)
- Database Migration
- Aged Server Refresh

Aged Estate (TRDC only)

- Exchange Upgrade – from 2003 (email)

Stability and Performance (shared):

- Network recommendations
- Phases 2 and 3 of domain topology
- Packaging applications

Stability and Performance (WBC Only):

- Thin Client Refresh
- Exchange Upgrade – from 2007 (email)

See Appendix 1 for details on each project.

3.9 There are a number of complex dependencies and external factors driving a large portion of this roadmap. Therefore in terms of phases and timing, the achievement of PSN accreditation is dependent on:

- Aged Estate:

- Desktop refresh – Moving from Win XP and Office 2003 to Win 7 and Office 2010
- Active Directory Migration – From 2003 to 2008/2012
- Database Migration – Various requirements here
- Server Refresh – Server 2003 to Server 2008 or 2012

3.10 All aspects of 3.9 link directly to each other. As an example please consider the following:

- Business application vendors have product roadmaps that we are contractually obliged to adhere to, as well as wanting to make use of new functionality. Normally the vendor will support the product provided within 2 versions of the latest release
- Those vendors test their "newer" products against later versions of Microsoft operating systems – both desktop and server, which therefore pushes us to migrate to later versions of Microsoft products
- Microsoft also have a de-support roadmap. This means they stop writing security updates and patches, therefore making systems and our network vulnerable
- Hardware relates to all of this, server and desktop estates need to be specified to the right level in order to allow those applications etc. to run and perform to the required standard
- PSN underpins this the requirement of us to be a trusted partner on the PSN network and therefore requires us means moving the entire estate to "supported" versions of Microsoft products

3.11 There are numerous benefits thereby improving service to users on a day to day basis:

- Business applications at a supported level – vendors not supporting the Councils on a "best endeavours" basis
- Desktop performance
- Reduced application downtime for key corporate applications e.g. Outlook for TRDC
- Standard desktop build – resulting in quicker deployment of new PCs etc

3.12 In order to ensure that the IT estate does not experience these issues in the future there are specific outcomes and deliverable built into the projects and the overall programme:

- Business Strategy development will give the authority a view and direction of a future applications roadmap. Therefore considering where additional investment may be required, and more importantly where savings and efficiencies can be generated. In addition to this, the development of this strategy will help to provide direction for other business-related projects across both Councils, e.g. Channel shift, Website review, Uniform Strategy.
- Technical strategy, will be developed so that there is a specific and scheduled rolling replacement programme of change, factoring in external dependencies such as Microsoft de-support, PSN.

3.13 Timing is an issue already, specifically for achieving PSN compliance for 2014. Our compliance timeframe is by the end of November 2014.

Other related risks:

- Throughout the due diligence reports, Capita has stated that service level waivers may need to be applied if sufficient action has not been applied to remedy some of these issues. We would have to further negotiate this with Capita SIS if the Councils choose not to invest
- Users continue to experience a lower than expected performance and this relates to understanding “What are users’ expectations?” “What are the expectations corporately?” “How do we measure these and gain a baseline to progress from?”
- PSN – the overall scope for 2014 has not been issued by the PSN authority. Primarily the risk here is in relation to unmanaged end use devices and potential costs in this area.
- Licence Management. The current licence estate position is not known. The Councils could be over- or under-subscribed. This is a particular risk for the Microsoft estate and could result in an additional required spend. However it could also mean that we can reduce business application licence costs and make some savings.

3.14 The governance of this programme is as follows:

- The programme of work is broken down into “phases” of work.
- Capita SIS would supply a detailed proposal for each phase, including key deliverables and user related improvements where appropriate.
- The overall budget is set for the programme and the Client Manager, with approval through ITSG “calls off” from that budget as phases are completed and signed off. This enables the Client function to appropriately challenge the Capita costs, deliverables and outcomes.
- Payment milestones will be used throughout each phase of the programme, and will be linked to key outcomes of each phase. These will all be agreed by ITSG.

3.15 The following structure will govern the roadmap:

- Programme Board consisting of representatives from each Council and Capita, who are responsible for day to day programme delivery. This group reports upwards to ITSG.
- ITSG act as the Senior Responsible Owner. This means that ITSG are reported to regarding this project and more specifically have the following roles:
    - Sign off the Communications Plan for the programme
    - Approve individual phases of work, based on cost, quality outcomes and a business case
    - Review, approve and sign off each completed phase, giving validation and/or recommendations for improvement before the programme

continues to the next stage

  - Give recommendations and approval to risks raised on a case by case basis as reported.

- Written and/or verbal updates will be given as required to the scrutiny committee overseeing the shared ICT service, as per the lead authority model arrangements.
- Lead members of the ITSG will be responsible for reporting "out" to senior management teams at each authority.
- Joanne Wagstaffe, Shared Director of Finance performs the role of Programme Executive.

4.0 IMPLICATIONS

Implications are listed below.

4.1 Financial

4.1.1 The estimated additional capital funds required for WBC to contribute are:

- £906,917.
- These funds include hardware, software and technical expertise in order to delivery the programme outlined above.
- This fund a contribution to an additional project support role of £37,500 but excludes any contingency costs.
- The remainder of the programme is funded via the use of unspent capital funds from 13/14, existing capital funds from 14/15, as well as a 40% contribution to shared projects from Three Rivers District Council.
- Appendix 2 has a breakdown of detailed project costs

4.1.2 The Shared Director of Finance comments that the additional costs can be funded from the usable capital receipts reserve.

4.2 **Legal Issues** (Monitoring Officer)

4.2.1 The Head of Democracy and Governance comments that as this is a new commitment it will require the approval of Council. Failure to upgrade our systems could well lead to security breaches and risks the integrity of data held by the Council and could potentially lead to breaches of the Data Protection Act 1998. Failure to achieve PSN compliance would lead to non delivery of essential services such as Revenues and Benefits and non compliance with our Individual Electoral Registration obligations.

4.3 Equalities

4.3.1 NA

4.4 **Potential Risks**

Potential Risk	Likelihood	Impact	Overall score
Service failures will continue	4	3	12
Failure to comply with PSN regulation: (Will occur if Windows XP desktop remains, Office 2003 remains, Windows Server 2003 remains)	4	3	12
Information security vulnerability – no patching of aged Desktop and server estate, thereby increasing our risk to Internet and virus related threats. (Will occur if Windows XP desktop remains, Office 2003 remains, Windows Server 2003 remains)	4	3	12

4.5 **Staffing**

4.5.1 1 additional and temporary staff member has been recruited for the period of the programme – to June 2015. This fund has been included within the costs section. This post is the Programme Support Officer.

4.6 **Accommodation**

4.6.1 Accommodation has been agreed at both WBC and TRDC in order to create a build space for the desktop refresh, stock control area and model office. The model office will be created for users to complete testing for the desktop refresh piece.

4.7 **Community Safety**

4.7.1 NA

4.8 **Sustainability**

4.8.1 NA

Appendices

Appendix 1 – Additional Project Details.
Appendix 2 – Detailed project costs for WBC

Background Papers

The following background papers were used in the preparation of this report. If you wish to inspect or take copies of the background papers, please contact the officer named on the front page of the report.

- Actica Infrastructure Review Document – 2011.
- Infrastructure Improvement Programme – Phase 2 Project Completion Report – May 2012.
- Actica – Final Report – Due Diligence Review – Conclusions – Dec 2012.

File Reference

- None

Appendix 1 – Additional Support Project Information

Preparation:

- Development of a Business IT Strategy. The Councils do not have an IT strategy that is informed by business need. This would drive future technological improvements, and ensure that the infrastructure platforms are fit for purpose, appropriate and meet the business requirements.
- Active Directory Restructuring – this work has already commenced in a phased approach and relates to sorting out network related "messiness". Users are inconvenienced by this such as through general inconsistent experiences across business applications, but there are many more.
- Software library and Licence Management – The Councils have no current and detailed knowledge of our licence estate and this is a risk, in terms of compliance with licence terms.

Compliance:

- PSN (Public Services Network). This is an annual requirement, which looks for LAs to meet an industry standard for Information Security. Failure to gain this accreditation impacts the authorities, as Revs & Bens and Elections services are unable to directly access data from other public sector bodies such as the DWP. PSN is a large scope project area, and the security requirements require the Councils to ensure areas of the network, publically accessible and in use e.g. CSC, training rooms, are secured to the required PSN standard. In addition to this, a large area of work relates to unmanaged end user devices e.g. mobile phones and home PCs, and this additional project will consider a solution for mobile phone management, again to adhere to compliance and best practice
- PCI Compliance. This is an annual self-assessment requirement and relates to the authorities' requirement to make financial transactions with members of the public.

Aged Estate:

- This is a variety of projects relating to aged hardware e.g. servers, desktops and network equipment and out of support software e.g. Microsoft Operating systems, Office products etc
- Desktops vary in age, and the current issues experienced, other than performance, is the inability to source spare parts. This therefore adds to delays to the delivery of fixes for users

Stability and Performance:

- A number of network recommendations have been made, including addressing risks around single points of failure across our network estates. These works, at a high level would reduce the impact, if hardware failures are experienced. However the risk should be assessed by the Councils on a case by case basis, to ensure that the solution is appropriate.
- The network recommendation findings are supported by previous internal audit recommendations. As an example the poor physical network design, was picked up by audit and has resulted in a recommendation to separate the network out according to a best practice standard. The user impact of this is potential instability seen across a variety of areas. All equipment on the network is given a unique identifier and this ID is used when equipment talks to each other. There have been instances of duplicate IDs being issued, causing conflicts and performance impairment across the network.
- Packaging Applications, means that Capita SIS can deploy PCs and application installations in a fraction of the time this currently takes. In addition

to this, the application roadmap can be developed and allows the Councils to proactively manage and control the licensing of all the products on the W3R estate

Other:

- As part of shared services, an original requirement was the ability to share free and busy information (calendars) between WBC and TRDC staff. This has never been achieved and could be through the upgrade and sharing of the Councils' email platforms.

Project Area	Estimated Cost	Authority	Totals
Phase 1			
Business Strategy	£0.00	Shared	
Active Directory Restructuring	£11,390.00	Shared	
Software Library and CMDB	£0.00	Shared	
License Management	£3,960.00	Shared	
Subsequent Phases			
Technical Governance	£55,506.00	Shared	
Ongoing Asset Admin	£33,000.00	Shared	
Desktop Refresh	£599,131.70	Shared	
Active Directory Migration	£98,416.00	Shared	
Server Refresh	£174,000.00	Shared	
Mobile User Management	£45,200.00	Shared	
Kiosk Public Access Computers	£17,790.00	Shared	
Network	£84,300.00	Shared	
PSN 2014 submission	£88,480.00	Shared	
PCI DSS Requirements definition	£8,400.00	Shared	
Server Monitoring	£0.00	Shared	
Data Centre Migration	£0.00	Shared	
Backup and Restore	£0.00	Shared	
Database migration	£29,640.00	Shared	
Application Packaging	£158,957.00	Shared	
			£1,408,170.70
	WBC 60% cont		**£844,902.42**
WBC Only			
Additional licenses required - E.g. MS Office	79,500	WBC	
Exchange Upgrade - 2007	£71,360.00	WBC	
Thin Client Refresh	£88,155.00	WBC	
			£1,083,917.42

Note: These are costs shared between WBC and TRDC. WBC contribution is 60%.

Existing capital budgets available (inc re-phased from 13/14)	-177,000
	£906,917.42

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*PART A

Report to: Cabinet

Date of meeting: 23 July 2014

Report of: Joanne Wagstaffe

Title: Municipal Bonds Agency

1.0 SUMMARY

1.1 The Local Government Association (LGA) is developing a proposal to establish a Municipal Bonds Agency (the Agency). The benefits of doing this will be that local authorities should have access to cheaper rates of borrowing than they may otherwise be the case.

1.2 The LGA are looking for authorities who may wish to investing in the Agency. This report sets out a proposal for Watford Borough Council in response to the LGA Agency business case.

2.0 RECOMMENDATIONS

2.1 Cabinet agrees to support the Local Government Association in developing a Municipal Bonds Agency.

2.2 Cabinet agrees to invest £20,000 into the Agency subject to approval of the final terms and conditions.

Contact Officer:
For further information on this report please contact: Joanne Wagstaffe, Director of Finance.
telephone extension: 727200 email: Joanne.wagstaffe@watford.gov.uk

Report approved by: Joanne Wagstaffe, Director of Finance

3.0 **DETAILED PROPOSAL**

3.1 The LGA has been developing a proposal to establish a Municipal Bonds Agency. This is in response to it's view that the Public Works Loan Board (PWLB) borrowing rates have become expensive and relatively inflexible as a source of funding for local authorities. A list of Q&A provided by the LGA on the Agency can be found at Appendix 1.

3.2 The PWLB is currently the source of the majority of local authority borrowing. The Agency is designed to offer councils access to a cheaper rate of borrowing than those currently available from the PWLB.

3.3 The agency would borrow in bulk from the bond market and lend in smaller amounts to authorities of all sizes. This should enable authorities to access more competitive rates than they would otherwise be able to. The Agency may also arrange for lending or borrowing directly from local authorities. In addition it may also source funding from other third parties, such as banks, pension funds or insurance companies.

3.4 The LGA is looking to local authorities for investment to set up the Agency, which in turn will help other local authorities with their financial situation if they are in a borrowing position, through being able to offer cheaper borrowing rates.

3.6 There are a number of risks attached to setting up the Agency. The risks to the Agency are contained in the Revised Business Case Summary (Appendix 2) and in summary are:

- inability to raise the operating capital;
- demand for borrowing;
- market pricing;
- PWLB rates;
- Attracting the right people.

3.7 There are also risks to the Council in that it may not recover its initial investment in the Agency. Full risks will be known once the full details of the Agency are released. A review of the Revised Business Case has been undertaken by the Council's Treasury Management Advisers and this can be seen at Appendix 3.

3.8 The Agency is currently considering a joint and several guarantee from the borrowers. The joint and several guarantee would enable any amount which is in default to be distributed amongst those providing the guarantee. The guarantee will be provided by the local authorities borrowing from the Agency.

3.9 A joint and several guarantee would enable the Agency to borrow from the capital markets at a lower rate than it could otherwise. It will also enable the shares to be listed on the London Stock Exchange. This may result in a saving in borrowing costs of £7.2M over the life of a 30 year £100M loan. There are clearly risks attached to a joint and several guarantee but these may be mitigated by:

- Security over borrowing and the High Court process

- Proportionality/right of recourse
- The risk capital
- Statutory and budgetary controls in Councils
- The prudential code and the Minimum Revenue Provision
- The statutory responsibilities of Finance Directors (section 151 officers).
- Government Reserve Powers

3.10 Risk capital will be the required to provide protection against borrower default. This will be raised from the borrowers through holding back 3-5%. This will provide risk capital of 3-5% of the total loans provided. In reality this will mean that borrowers will have to borrow more than they require in order to provide the required risk capital.

3.11 The structure of the Agency has not been finalised but is expected to be a private sector company which will be owned by local government. It will have a Board of Directors which will have appropriate finance and capital markets experience. The Board will also include three members elected by the shareholders. It will have shares which will be transferable and therefore can be sold to other local authorities or other eligible public bodies.

3.12 Once the Agency has become established and a profit is being generated then dividends will be paid to shareholders. This will allow investors to start recouping their investments. Initial investors are expected to have more favourable terms than those which join at a later date.

3.13 Guidance from the LGA suggests that smaller authorities may wish to consider investing 10,000 - £50,000 in the Agency. It is therefore proposed that Watford Borough Council supports the Agency with a £20,000 investment.

3.14 The LGA is asking interested parties to issue a letter of intent, in advance of formal committee agreement, so as to gauge interest in the Agency. They would like this letter to be received by 12:00 noon on the 17th July 2014.

4.0 IMPLICATIONS

Implications are listed below.

4.1 Financial

4.1.1 It is proposed that a financial investment of £20,000 is made into the Agency subject to approval of the final terms. The investment prospectus has not yet been issued, but the investment is likely to be in the form of ordinary shares. The investment is likely to be in two stages, with the second stage dependent on further review of the project. The initial phase or mobilisation phased is estimated to require £400,000 and this will therefore limit the potential loss that any investors will incur.

4.1.2 The Council does not currently anticipate having to move into a borrowing position, over the life of the Medium Term financial Strategy, however, if this changes then one of the anticipated benefits of the Agency is lower borrowing rates which would be beneficial to the Council in the long term.

4.1.3 It should be noted that this is a start-up proposal and there is a real risk that some or all the equity investment might be lost if the Agency fails to succeed.

4.1.4 The Shared Director of Finance comments that the investment can be funded from the Economic Impact Reserve.

4.2 **Legal Issues** (Monitoring Officer)

4.2.1 The Head of Democracy and Governance comments that the Council has a general power of competence under the Localism Act 2011 that provides sufficient vires to enable it to take part in a company such as this. The documentation from the LGA refers to having had counsels opinion on the proposal but this has not been shared . The LGA have already set up a limited company and should cabinet choose to invest then the council would become a shareholder. The risks have been set out in the report. It is also not clear what level of further investment would be sought from initial shareholders in stage 2.

4.3 **Equalities**

4.3.1 NA

4.4 **Potential Risks**
4.4.1 These are contained in the report.

4.5 **Staffing**
4.5.1 NA

4.6 **Accommodation**
4.6.1 NA

4.7 **Community Safety**
4.7.1 NA

4.8 **Sustainability**
4.8.1 NA

Appendices

Appendix 1 – Municipal Bonds Agency Q&A from the LGA
Appendix 2 – Revised Business Case Summary from the LGA
Appendix 3 – Review of the Municipal Bonds Agency – Revised Business Case Summary from Capita

Background Papers

Establishment of a Local Government Collective Agency for the issue of Local Authority Bonds. A report to the Executive Board of the LGA March 2014.
http://www.local.gov.uk/documents/10180/11531/MBA+Report+Final.pdf/037bbcf0-e7f5-4f06-946e-98e7e824ce49

Municipal Bonds Agency Q & A

What will the Agency be?

It will be an independent company owned by local government with the sole aim of reducing financing costs for councils through arranging lending at competitive interest rates. It is envisaged that the company will fund lending through any or all of the following:

- *Raising money on the capital markets through issuing bonds*
- *Arranging lending or borrowing directly from local authorities*
- *Sourcing funding from other third party sources, such as banks, pension funds or insurance companies.*

What is the purpose of the Agency?

It will offer councils a viable alternative source of capital funding at a lower cost than existing sources and introduce sector owned diversity into the local government lending market. It will allow local authorities greater control over their funding costs in the future, by being able to demonstrate the value of peer pressure and capital market disciplines

Who would own it?

It will be owned solely by the local authorities or their pension funds that invest in its establishment. They will become shareholders in the Agency and therefore have a say in the way it is run. In due course, we would expect to be able to accommodate all local authorities, who wish to become shareholders.

Who would run it?

The Agency expects to have a wide local authority shareholder base. It will be a limited company, with its own Board of Directors comprising local authority finance experts, financial services experts from risk management and debt capital markets backgrounds and representatives elected by shareholders, all of who will go through a rigorous selection process.

How will councils recoup their investments?

It is envisaged that once the Agency is generating sufficient profit, it would be able to start paying a dividend to investors, while delivering economic benefits to borrowers. Its aim, as reflected in its incorporation documents, will be to deliver an overall benefit to the local government sector as a whole, and any future dividend policy set by its board would be subject to that. Its shares will be transferrable and therefore a council could sell its shares to other local authorities or eligible public bodies.

Does it have Ministerial support?

The Government's view is that it is within the powers of local authorities to establish a municipal bond agency. Ministers have said, "It remains for the local authority sector to determine collectively whether a local authority bond agency could be delivered on

a sustainable and affordable footing. It is consistent with the localism agenda that the autonomous local government sector considers whether it is able to deliver and sustain alternative financing models."

What happens if the Public Works Loans Board changes its interest rates?

The effect of PWLB rate change on the Bonds Agency's business would depend on its amount and how permanent the change was. The business case assesses the risk from future PWLB competition. Nevertheless the Treasury has said publicly that reducing PWLB margins is not being considered.

How long will it take to establish the Agency?

The business case assumes that the Agency would be ready to issue its first bonds in March/April 2015 to meet the normal peaks in council demand for borrowing.

Is additional legislation required to enable the Agency to be established?

No. Councils have the necessary powers.

What impact will this proposal have on the Government's control of overall government borrowing?

Nothing in this proposal seeks to change existing arrangements. The proposals do not facilitate additional borrowing over what is already permitted within the capital regulatory system. The existing arrangements with the Government retaining ultimate regulatory control are to be maintained and borrowing authorities will be required to operate within the current prudential code. What it will do is, for any given level of borrowing, reduce the interest bill local taxpayers have to fund.

Is it legal for councils to guarantee each other's debts?

Our very clear legal advice is that the General Power of Competence (GPC) introduced in the Localism Act 2011 gives English councils the power to do this. Because the GPC does not cover other public bodies such as Police, Fire and National Park Authorities, it is less clear whether they could do the same without a change in the legislation, which applies to them.

Should councils be concerned about providing a joint and several guarantee?

The Agency will have in place a credit process, underpinned by ongoing monitoring; risk and liquidity capital; and a right of recourse, which will ensure, in the event of the guarantee being called, that it will be applied proportionally. Even were the guarantee to be called, creditors would be confident of receiving their money back in time. The protections available would be stronger than currently apply in the case of inter-council lending. Nevertheless, no local authority has ever defaulted and for the joint and several guarantee to be called an unprecedented situation would have arisen.

What controls are in place to prevent a default and what measures are available to a council to recover sums owing to it?

There are a range of controls designed to prevent a Local Authority from defaulting on its obligations. In addition, there are legislative measures that are likely to ensure that even if a Local Authority does default, its creditors are able to recover sums owing to them. These controls and measures include:

- *Councils are statutorily prevented from borrowing to avoid raising taxes and cutting spending, thereby reducing the risk of a council entering financial distress.*
- *The prudential code forces councils to consider whether borrowing is affordable and financially sustainable.*
- *The responsibility of Section 151 officers under Section 114 of the Local Government Finance Act 1988 to ensure that councils can meet their obligations as they fall due, and to formally report if the council's expenditure will exceed its resources.*
- *Continuing access to the PWLB for liquidity support.*
- *Government reserve powers to intervene. To date, the Government has not allowed any Local Authority to default on its obligations.*
- *If a Local Authority defaults on a debt greater than £10,000 for a period of two months, under Section 13(5) of the Local Government Act 2003 a creditor may apply to the High Court for an administrator to be appointed. This process should ensure that any Local Authority that is called upon under the guarantee can recover the debt via the courts if need be. The powers of the administrator will be determined by the High Court, but can include:*
    - *Collecting, receiving or recovering the revenues of the local authority*
    - *Issuing levies or precepts; or*
    - *Setting, collecting or recovering Council Tax.*

What is the reaction of local authorities to the establishment of an agency?

A significant number of local authorities have been very supportive of the initiative to date, devoting time and resources to help ensure that the business case is fully robust. As part of the business case review, we carried out a survey of English councils and, in addition, presented at a number of local authority conferences. Since publishing the revised business case we have spoken directly to over 90 councils. These recent conversations, the survey, and conference feedback, have confirmed to us that there is significant demand for an alternative, local authority controlled, source of capital finance

How much will it cost?

We are looking to raise £8 to £10 million capital, which includes a buffer to ensure that the agency is well capitalised. Our project plans envisage that this will be used within a staged process, with a number of checkpoints overseen by a rigorous governance process. We have established the Local Capital Finance Company Ltd and have now presented a firm investment proposition to all councils and related bodies, such as local authority pension funds, in an Information Memorandum.

Haven't local authorities stopped borrowing money and therefore will there be a sufficient volume to support the agency's business plan?

It is correct that volumes of local authority borrowing have reduced recently. There are a number of reasons for this: low interest rates have resulted in councils doing more short term borrowing from each other; many councils have a legacy of long dated debt overhang and LOBO structures; and councils have reduced capital spending, partly driven by reduced headroom on their revenue accounts and recent austerity measures. However, discussions with councils reveal significant future demand for borrowing, which will be required for: local enterprise partnerships, city deals, town centre rejuvenation projects, roads, housing, schools and simply to maintain the nation's capital stock. The maintenance backlog on local roads alone now stands at £12 billion.

Will the Agency require councils to undergo a credit process?

Yes. Providers of finance, be they bond market investors, banks or non-bank providers of credit will expect a credit process to have been undertaken. The credit process will underpin the agency's credit rating, thus enabling it to achieve the keenest rates of interest. The credit process will be tailored to councils and the Agency and will not be excessively onerous.

Will borrowers have to pay interest rates higher than PWLB interest rates?

We cannot foresee circumstances when this would occur. Section 8 (page 53) of the business case sets out the pricing strategy, which is driven by the need for the Agency to deliver savings to its local authority borrowers. It can be found at this link:

Local Government Association

Municipal Bonds Agency

Revised Business Case Summary

20 March 2014

Public interest case

1. Councils source 75 per cent of their borrowing from the Public Works Loans Board (PWLB). That leaves councils vulnerable to interest rates set to deliver the government's public borrowing plans. The Municipal Bonds Agency would give councils greater control of interest rates and introduce competition and diversity to the marketplace. The Agency could also offer lower penalties for early repayment of loans.

2. Nordic experience has shown that an agency's credit processes, with the incentive of lower borrowing costs and the oversight of peers, has strengthened the overall credit worthiness of local authorities.

3. The experience of the Nordic Agencies has also shown that the Agency could pass onto councils the benefit of its research into public sector financing. From this expertise it would be possible to develop advisory and tailored lending services and potentially facilitate intra authority lending.

Local Authority and investor demand

4. Councils will have new borrowing requirements for their capital programmes. Our survey identified a borrowing requirement of £5 billion over the next three years from just 46 councils, with 43 expressing an interest in using the Agency. The outstanding stock of PWLB debt matures at £1.7 billion a year. Much of that will require refinancing. Borrowing from banks is forecast to become increasingly expensive. It is estimated that annual local authority borrowing over the next three years will be between £3billion and £5 billion.

5. Banks have indicated a likely significant investor demand for the Agency's bonds. At the same price as Transport for London (TfL)'s double-A rated bonds, council borrowers would save around five basis points (bps) against the PWLB certainty rate (80bps). To achieve better bond pricing, the Agency would need an AAA/sovereign like rating. That could be achievable by holding risk capital between three and five per cent; holding adequate liquidity; providing a joint and several guarantee from borrowers; and ensuring a diverse portfolio of borrowers. An AAA/sovereign like rating combined with a joint and several guarantee should deliver significant savings to borrowers.

6. Because the Agency will be new to the market, it is likely to need to pay a new issue premium in the first one to two years. This will affect the level of savings available to early borrowers. The savings in the previous paragraph will also depend on being able to issue bonds in benchmark sizes of between £250 million to £300 million; otherwise investors will demand a premium for illiquidity.

Joint and several guarantee

7. A joint and several guarantee creates the prospect of much cheaper borrowing. It will also enable the bonds to be listed on the London Stock Exchange. Overall a joint and several guarantee could expect to reduce the Agency's borrowing costs by 20 to 25 bps, saving £6.2 million to £7.5 million over the life of a 30 year £100million loan. The risks of offering a joint and several guarantee are mitigated by:
8.
    - Security over borrowing and the High court process
    - Proportionality/right of recourse
    - The risk capital and liquidity of the Agency
    - The Agency's credit processes
    - Statutory and budgetary controls in councils

- The prudential code and minimum revenue provision
- The statutory responsibilities of Finance Directors (section 151 officers)
- Access to the PWLB
- Government reserve powers.

Operating model and capital structure

9. The Agency should issue two bonds in its first year with approximately 30 to 40 borrowers. For the initial issues, council borrowing will need to match the bonds' maturity profiles. Agency staffing will start small and grow as the volume of transactions does. Most functions will be outsourced. The Agency is expected to break even by year three after around £2 billion of bond issuance. It is estimated £8 million to £10 million of operating capital will be needed to cover launch and early operating costs and provide a buffer against risks.

10. The Agency's operating capital should be raised from councils or related bodies as common equity. An equity structure would allow the trading of shares and give the Agency a decision making framework over profit retention and dividends. The shareholding structure would have limits on individual level of control and give a fair return to initial shareholders for risk taking. Voting and economic rights should be de-coupled.

11. Risk Capital will be required to support the first loss protection in the event of a borrower default and should be equivalent to three to five per cent of the loans made to councils. It will be raised through a proportion of a loan taken out by a borrower being retained by the Agency.

Timeline

12. The Agency should aim to issue its first bond to match the March/April 2015 peak in council borrowing. A mobilisation phase should start once the decision to proceed is made and last six months. The mobilisation phase will cost approximately £0.8 million and would establish the corporate structure; hire of key personnel; establish the Board; identify the initial list of borrowers and investors in the Agency; design key policies and processes.

Governance

13. Control should rest with the LGA as the project sponsors in mobilisation phase. A project board should oversee execution, with CFO and political groups retaining an advisory role. Once appointed the Board of Directors (BoD) may operate in a shadow capacity until launch. The project board in consultation with the BoD will determine the point at which the project moves into launch.

14. At launch, the BoD will formally take control of the Agency. The BoD will consist of: three members elected by shareholders, one of whom will be the Chair; a debt capital markets expert; a risk management expert; two council finance directors or equivalent. The CEO may be a Director. The initial board will be appointed by the LGA in conjunction with the project board and in consultation with the shareholders.

Risk

15. There are five key risks at this stage the most significant being that it may not be possible to raise the operating capital from councils or related bodies, despite it being an attractive investment. Other risks relate to council demand; market pricing; PWLB lowering its interest rates; and attracting the right calibre of personnel.

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CAPITA

Asset Services

Treasury solutions

Review of Municipal Bonds Agency – Revised Business Case Summary

11 April 2014

Review of Municipal Bonds Agency – Revised Business Case Summary

1. Background

In recent days, many clients will have been contacted by the Municipal Bonds Agency with a view to determining whether their authority may wish to express an interest in participating in a new cash lending facility. This facility will compete directly with other sources of funding, including that offered by the Public Works Loan Board. Expressions of interest have been sought in respect of either borrowing from this facility at a later date, or providing initial capital for the venture.

Capita Asset Services welcomes this potential new lending facility, but we are also aware that there are several additional areas which need to be addressed as part a comprehensive due diligence process before we can provide a definitive view.

2. Revised Business Case Summary

On 20th March, the Municipal Bonds Agency circulated a Revised Business Case Summary. We have reviewed the content of this document and have the following comments to make which we hope are both helpful to potential participants and the Bonds Agency itself.

Public interest case

Para 1 – Although the Municipal Bonds Agency would be potentially injecting new competition into the loans market, interest rates are set by the market participants (including banks, fund managers, pension fund managers etc) and the Agency may, therefore, have less control or influence over offered rates than it anticipates.

Local Authority and investor demand

Para 4 – There is an assumption that significant refinancing of existing loans portfolios will occur over the next three years, but depending on the speed of the recovery of the UK economy, there may actually be a propensity for authorities to further internally borrow if both resources permit and the cost of carry remains high (the differential between borrowing and investment rates). This of itself is a risk to the Agency's proposed business plan. In addition, as discussed at the recent round of Capita Asset Services seminars, there are a reasonable amount of authorities with a declining Capital Financing Requirement profile, which argues against any long-term funding being taken on board in the near-term.

Para 5 – An initial saving of 0.05% in interest payments is referred to, compared to the PWLB Certainty Rate, but this assumption is based on the success of the AA rated Transport for London issue. This organisation is one of the largest and best known participants in the public sector bond market. The Agency states that it will seek to gain a AAA rating but one of the criterion proposed by the Agency for moving towards this objective is the holding of 3%-5% risk capital. The question is, who is going to provide that capital and what interest would they anticipate receiving for their support and how are those costs to be recovered? It may also be difficult to get a AAA rating as the UK Government has been cut to AA+. It has been suggested that the capital will come from the lenders: for example, for £100m a council would borrow £105m, leaving £5m with the Agency. However, this would appear to have the

effect of pushing the loan rate up as, for instance, a 4% coupon would in reality be 4.20% with this additional funding approach.

Para 6 – There is a reference to a "new issue premium" in the first year or two. Which "early joiner" authorities would voluntarily pay a higher interest rate on new borrowing than is offered by the PWLB. Could this lead to value-for-money audit issues?

Joint and several guarantee

Para 7 – There is reference to a "joint and several guarantee". We would be interested to know whether there is Counsel's opinion supporting this proposal from a legal standpoint and also whether the market view of this proposal would really support the supposition that another 0.25% reduction in interest rates would follow.

Para 8 – There is a reference to the Agency's credit processes adding weight to the joint and several liability guarantee. What are the processes that are referred to?

Operating model and capital structure

Para 9 – The crucial point here is how flexible can the Agency be in respect of the bond maturity profiles and how will it ensure that its bonds are what its potential customers want in respect of size, duration and interest rate given the volatility of the markets intra-year? Will 30 or 40 borrowers all want the same monies for the same periods?

Para 10 – There is a lack of detail as to how the statement "the shareholding structure would have limits on individual level of control and give a fair return to initial shareholders for risk taking" would operate in practice.

Para 11 – The proposal for a proportion of any loan being taken out by an authority being retained by the Agency suggests close scrutiny needs to be paid to the net interest savings calculations quoted by the Agency.

Timeline

Para 12 – The assertion that authorities base their borrowing on a March/April peak, and that any bond issue would reflect this profile, is somewhat outdated given authorities now have to contend with a low interest rate environment where the "normal" Bank Rate may not. be much greater than 3% in the coming years. This backdrop could potentially undermine the attractiveness of longer dated bond durations.

Risk

Para 15 – Is it an attractive investment? In CAS's view, now is not the right time in the interest rate cycle to be lending long-term. This is based on various interest rate forecasts that long-term rates will increase over the medium to longer term. Also, following on from para 5, rates could and often do move by more than 0.05% in any one day, so the "savings" differential could be wiped out quite quickly, even before the overall costs of the bond are taken into consideration.

In addition, will the UK Government be happy that a competitor to the PWLB has emerged – one only has to look at the HRA self-financing reform process as an example of how the Treasury has the immediate ability to price PWLB loans to be lower than those offered by the

market. A comparison to the Nordic approach, whilst interesting, does not help in clarifying the UK Government's competitive intentions in this respect.

We hope that you find the above a useful starting point for your own internal review processes, and please feel free to speak to your Client Relationship Manager if you wish to discuss any of the aforementioned points in more detail. We do believe that it is a good development, however there are a number of issues which need to be resolved.

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