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NORTH HERTFORDSHIRE DISTRICT COUNCIL

CABINET

TUESDAY, 19TH SEPTEMBER, 2023

SUPPLEMENTARY AGENDA

Please find attached supplementary papers relating to the above meeting, as follows:

Agenda No Item

6. **ITEMS REFERRED FROM OTHER COMMITTEES (Pages 3 - 6)**

Any Items referred from other committees will be circulated as soon as they are available.

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Item No	Referred from:	Finance, Audit and Risk Committee
6B	Date:	13 September 2023
	Title of item:	First Quarter Investment Strategy (Capital and Treasury) Review 2023-24
To be considered alongside agenda item:		Agenda item 13

The report considered by Finance Audit and Risk Committee at the meeting held on 13 September 2023 can be viewed here: [Agenda for Finance, Audit and Risk Committee on Wednesday, 13th September, 2023, 7.30 pm | North Herts Council \(north-herts.gov.uk\)](#)

RECOMMENDATIONS TO CABINET:

- (1) That Cabinet notes the forecast expenditure of £10.438M in 2023/24 on the capital programme, paragraph 8.3 refers.
- (2) That Cabinet approves the adjustments to the capital programme for 2023/24 onwards, as a result of the revised timetable of schemes detailed in table 2 and 3, increasing the overall estimated spend in 2024/25 and beyond by £1.271M.
- (3) That Cabinet notes the position of the availability of capital resources, as detailed in table 4 paragraph 8.6 and the requirement to keep the capital programme under review for affordability.
- (4) That Cabinet is asked to note the position of Treasury Management activity as at the end of June 2023.

REASONS FOR RECOMMENDATIONS:

- (1) Cabinet is required to approve adjustments to the capital programme and ensure the capital programme is fully funded.
- (2) To ensure the Council's continued compliance with CIPFA's code of practice on Treasury Management and the Local Government Act 2003 and that the Council manages its exposure to interest and capital risk.

Audio recording 1 hour 10 minutes 8 seconds

The Service Director – Resources presented the report entitled 'First Quarter Investment Strategy (Capital and Treasury) Review 2023-24 and highlighted:

- That the first section of the report covered the Councils forecast Capital spend for 2023-24
- The second section of the report related to the Councils treasury position including cashflow, investments and loans.
- Table 2 of the report showed the scheme timetable revision, with projects that will either now start or continue into the financial year 2024-25.
- Table 3 of the report highlighted the Changes to Capital Schemes Commencing in 2023-24, with a large amount of Section 106 money to be allocated to social housing. The report

proposes that this money be ringfenced for housing on the Foundation House site in Letchworth Garden City.

- The Council had been successful in gaining funding for a Heat Decarbonisation Plan for Leisure centres, the funding would be used to make a bid for Public Sector Decarbonisation Funds.
- Should the bid be successful there would be a move away from gas boilers and an investment in heat decarbonisations projects, if unsuccessful the capital funding would still be used for Solar PV and Solar Thermal projects.
- Table 8.11 of the report showed the Council's investments by categories with a breakdown of investments at 8.12 of the report, which were all providing interest of more than 4%.
- That the Council had no current borrowing and longer term projections are that interest rates will settle at 2.5% or lower.
- The Council had complied to the Investment Strategy Policy.

In response to a question from Councillor Sean Nolan, the Service Director – Resources stated that the cost of the Public Sector Decarbonisation Fund bid had mainly been financed through a fund from the Greater South East Net Zero Fund, therefore the costs to the Council were less than £10K. The bid would identify projects that would help the Council to meet net zero, and therefore the project costs were worthwhile.

Councillor Mandi Tandi proposed, and Councillor Tasmin Thomas seconded, and following a vote it was:

RECOMMENDATIONS TO CABINET:

- (1) That Cabinet notes the forecast expenditure of £10.438M in 2023/24 on the capital programme, paragraph 8.3 refers.
- (2) That Cabinet approves the adjustments to the capital programme for 2023/24 onwards, as a result of the revised timetable of schemes detailed in table 2 and 3, increasing the overall estimated spend in 2024/25 and beyond by £1.271M.
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- (4) That Cabinet is asked to note the position of Treasury Management activity as at the end of June 2023.

REASONS FOR RECOMMENDATIONS:

- (1) Cabinet is required to approve adjustments to the capital programme and ensure the capital programme is fully funded.
- (2) To ensure the Council's continued compliance with CIPFA's code of practice on Treasury Management and the Local Government Act 2003 and that the Council manages its exposure to interest and capital risk.

Item No	Referred from:	Finance, Audit and Risk Committee
6C	Date:	13 September 2023
	Title of item:	First Quarter Revenue Budget Monitoring 2023-24
To be considered alongside agenda item:		Agenda item 14

The report considered by Finance Audit and Risk at the meeting held on 13 September 2023 can be viewed here: [Agenda for Finance, Audit and Risk Committee on Wednesday, 13th September, 2023, 7.30 pm | North Herts Council \(north-herts.gov.uk\)](#)

RECOMMENDATIONS TO CABINET:

- (1) That Cabinet note this report.
- (2) That Cabinet approves the changes to the 2023/24 General Fund budget, as identified in table 3 and paragraph 8.2, a £1.119million decrease in net expenditure.
- (3) That Cabinet notes the changes to the 2024/25 General Fund budget, as identified in table 3 and paragraph 8.2, a total £270k increase in net expenditure. These will be incorporated in the draft revenue budget for 2024/25.

REASONS FOR RECOMMENDATIONS: Members are able to monitor, make adjustments within the overall budgetary framework and request appropriate action of Services who do not meet the budget targets set as part of the Corporate Business Planning process.

Audio Recording 57 minute 51 seconds

The Service Director – Resources presented the report entitled ‘First Quarter Revenue Budget Monitoring 2023-24 and highlighted:

- A change had been made to the version of this report that would be presented to Cabinet due to a notification from Government of the potential to create a business rates pool for the financial year 2024-25.
- The Business Rate pool would allow a small group of authorities in Hertfordshire to join together which had historically worked in the Councils’ favour.
- A decision to join the pool was required by early October, and work was ongoing with the Service Director - Resources, a group of consultants, and the Executive Member for Finance and IT to determine if the risk was reasonable.
- Table 3 of the report detailed the various changes to Budget, the biggest change related to the Treasury Investment Income due to the Interest rate increase. Interest on the Council cashflow was not a long-term source of income.
- The Staff Pay Award was still pending, with a likely £258K overspend if the current employee offer was agreed, this would be backdated to 1 April 2023.
- Page 291 of the report highlighted the performance indicators of the key income sources, and their performance compared to the previous year.
- Table 6 of the report provided an update on the Covid 19 provision.
- The overall General Fund Impact had an underspend against budget which was forecasted as £2.649M for the end of the financial year.

The following Members asked questions:

- Councillor Tasmin Thomas
- Councillor Sean Nolan

In response to questions the Service Director – Resources stated:

- The working budget for the pay award was based on an overall 4% employee pay award, though, due to the structure of the offer, some staff would receive more than 4% and others less, depending on their pay grade.
- There had been external costs of £2K for the Baldock Fire Recovery, this did not cover Officers time. The item had been highlighted as risks and costs may increase.
- The full Leisure Management fee is now being paid and was back to the Pre Covid amount. The new Leisure Contract was still in the tendering process, and the income from these fees are currently unknown.

Councillor Tasmin Thomas proposed and Councillor Mandi Tandi seconded and, following a vote, it was:

RECOMMENDED TO CABINET:

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- (2) That Cabinet approves the changes to the 2023/24 General Fund budget, as identified in table 3 and paragraph 8.2, a £1.119million decrease in net expenditure.
- (3) That Cabinet notes the changes to the 2024/25 General Fund budget, as identified in table 3 and paragraph 8.2, a total £270k increase in net expenditure. These will be incorporated in the draft revenue budget for 2024/25.

REASONS FOR RECOMMENDATIONS: Members are able to monitor, make adjustments within the overall budgetary framework and request appropriate action of Services who do not meet the budget targets set as part of the Corporate Business Planning process.