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## NORTH HERTFORDSHIRE DISTRICT COUNCIL

### CABINET

**TUESDAY, 10TH SEPTEMBER, 2024**

### **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)**

This is the correct version of the referral from Finance, Audit and Risk Committee:

- 6f)          **Medium Term Financial Strategy 2025-30 – 4 September 2024 - to be considered with Agenda Item 15.**

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<b>Item No</b>	<b>Referred from:</b>	<b>FINANCE, AUDIT AND RISK COMMITTEE</b>
<b>6F</b>	<b>Date:</b>	<b>4 SEPTEMBER 2024</b>
	<b>Title of item:</b>	<b>MEDIUM TERM FINANCIAL STRATEGY 2025-30</b>
<b>To be considered alongside agenda item:</b>		<b>AGENDA ITEM 15</b>

*The report considered by Finance, Audit and Risk Committee at the meeting held on 4 September 2024 can be viewed here [Agenda for Finance, Audit and Risk Committee on Wednesday, 4th September, 2024, 7.30 pm | North Herts Council \(north-herts.gov.uk\)](#)*

**RECOMMENDATION TO CABINET:** The adoption of the Medium Term Financial Strategy 2025-30

**REASON FOR RECOMMENDATION:** Adoption of a MTFS and communication of its contents will assist in the process of forward planning the use of Council resources and in budget setting for 2025/2026 to 2029/2030, culminating in the setting of the Council Tax precept for 2025/26 in February 2025. Alongside the Council Plan, this will support the Council in setting a budget that is affordable and aligned to Council priorities.

*Audio recording – 1 hour, 11 minutes 16 seconds*

The Service Director – Resources presented the report entitled ‘Medium Term Financial Strategy 2025-30’ and highlighted that:

- The Strategy was detailed in Appendix A of the and set out the 5 year financial vision for funding, income and spending. The Strategy sat alongside the Council Plan 2024-2028 which was presented to the Overview and Scrutiny Committee, both items were recommended to Cabinet and Council. Joining the two reports together will enable the Council to prioritise its spending.
- Ideally this would have been a 10 year strategy however, there were uncertainties regarding future funding and assumptions had to be made. The strategy therefore focuses on the next 5 years.
- The current government had made some commitments to the direction that future funding may take.
- The future of inflation was unknown, and the report made assumptions on this matter. There was however some certainty on the inflation of current contracts.
- There was still an outstanding pay claim for 2024-25 causing uncertainty for this financial year and therefore assumptions had been made for future years.
- Comparison work was ongoing regarding salaries and the struggle to recruit to key roles.
- Increased staffing costs could make the budget gap worse, and a careful balance was required between people and money.
- The strategy set out the current assumptions on fees and charges for garden waste and parking from April 2025 but that there would need to be separate decisions on the detail of any changes. Any changes would have a financial impact on the budget.
- The costs for the Council Tax Reduction Scheme had been higher than anticipated and had coincided with a rise in the cost of living. The scheme would therefore be closely monitored and reviewed.

- Benefits were still being seen from the current interest rates and the fact that capital spending was slower than anticipated meaning cash balances were higher, however this was a short term benefit.
- At some point in the future significant savings would be required.
- A budget consultation with residents was planned for summer 2025.
- With the new government it was hoped that there would be some funding certainties in the near future, instead of estimates.
- There were still uncertainties in relation to the waste contract and the waste legislation changes especially with the deliverability of funding for these changes.
- The projects currently on the Council Delivery Plan were highlighted in the table on page 137 of the report.
- The current spend for 2024-25 was forecasted at £20.1M with funding of £18.2M, specific and general fund reserves would be used for the funding gap in the short term. Even if funding was to increase by inflation there would still be a funding gap.

The following Members asked questions:

- Councillor Paul Ward
- Councillor Ruth Brown
- Councillor Dominic Griffiths

In response to questions, the Executive Member for Finance and IT advised that:

- There would be some challenging decisions ahead to meet the priorities set out in the Council Plan.
- The spend on discretionary services whilst not huge would be reviewed.
- The cost for staffing was large but was also the most valued resource.
- The benefits from the housing stock sale were now diminished.
- New capital projects would need to meet the priorities set in the Council Plan as these would have a revenue impact.
- The work on parking charges that the previous portfolio holder for Planning and Transport commenced would be completed and residents would then be consulted.
- Sharing of services with other Local Authorities would be investigated.
- Investigations were ongoing regarding sharing Museum storage space with other Local Authorities, and other work sharing areas would be considered.

In response to questions, the Service Director – Resources advised that:

- The figures presented were net spend, and therefore the savings target could be met from reduced spend and increased.
- Modelling of 2% had been used to set the parking charges.
- There may be some parking structural changes, charging for evenings, Sundays and bank holidays were being considered and may have an impact as soon as the 2025-26 budget.
- Parking fees used to rise by 2% plus consumer price inflation (CPI), however since inflation increased this has been held back.

Councillor Tina Bhartwas proposed and Councillor Stewart Willoughby seconded and, following a vote, it was:

**RESOLVED:** That the Finance, Audit and Risk Committee noted the report.

**RECOMMENDATION TO CABINET:** The adoption of the Medium Term Financial Strategy 2025-30.

**REASON FOR RECOMMENDATION:** Adoption of a MTFS and communication of its contents will assist in the process of forward planning the use of Council resources and in budget setting for 2025/2026 to 2029/2030, culminating in the setting of the Council Tax precept for 2025/26 in February 2025. Alongside the Council Plan, this will support the Council in setting a budget that is affordable and aligned to Council priorities.

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