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NORTH HERTFORDSHIRE DISTRICT COUNCIL

COUNCIL

THURSDAY, 19TH SEPTEMBER, 2024

SUPPLEMENTARY AGENDA

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

Agenda No Item

8. **ITEMS REFERRED FROM OTHER COMMITTEES (Pages 3 - 16)**

To consider any items referred from other Committees. Any items referred to this meeting will be published as a supplementary document.

There have been four items referred from other Committees:

- 8A. The Council Plan 2024-2028 from Cabinet 10 September 2024 – **to be considered with item 10.**
- 8B. Medium Term Financial Strategy from Cabinet 10 September 2024 – **to be considered with item 11.**
- 8C. Q1 Investment Strategy (Capital and Treasury) from Cabinet 10 September 2024 – **to be considered with item 13.**
- 8D. Updated Contract Procurement Rules 2024-25 from Finance, Audit and Risk Committee 4 September 2024 – **to be considered with item 14.**

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Item No	Referred from:	Cabinet
8A	Date:	10 September 2024
	Title of item:	Council Plan 2024-2028
To be considered alongside agenda item:		Agenda Item 10

The report considered by Cabinet at the meeting held on 10 September 2024 can be viewed here: [Agenda for Cabinet on Tuesday, 10th September, 2024, 7.30 pm | North Herts Council \(north-herts.gov.uk\)](#)

RECOMMENDED TO COUNCIL:

- (1) The approval of the Council Plan (Appendix A) with the four new Council Priorities as outlined below:
 - Thriving Communities
 - Accessible Services
 - Responsible Growth
 - Sustainability
- (2) That authority be delegated to the Managing Director and Leader of the Council to approve any minor amendments to wording required as a result of the design process.

REASON FOR RECOMMENDATION: The Council Plan is a key element of the corporate business planning process, as a high-level strategic document it sets out the Council's Priorities for the next four years. As an overarching policy framework document, it guides and influences the use of Council resources; providing a focus for activities, plans, and services that the Council provide. The introduction to the plan highlights the link between the Council Plan and the Medium-Term Financial Strategy and service delivery plans.

Audio recording – 20 minutes 01 seconds

The Chair invited Councillor Matt Barnes, as Chair of the Overview and Scrutiny Committee, to present the referral on this item. Councillor Barnes advised that there had been discussion about:

- This was a good Plan which covered many initiatives and services provided. However, it was felt it could be improved by including some of the challenges faced by the Council and developing more specific and measurable objectives.
- Ongoing monitoring of achievements against the Council Plan would be conducted by the Overview and Scrutiny Committee throughout the life of the Plan.

The Leader of the Council presented the report entitled 'The Council Plan 2024-2028' and advised that:

- The Council Plan should not be confused with the Council Delivery Plan which is a separate document which sat under the Council Plan. The Council Plan was an overarching plan and not as measurable as the Council Delivery Plan.
- The Council Plan sets out the vision and strategic priorities for the next four years. It highlighted some of the key projects that support these priorities.
- A workshop was held in June which gave administration members an opportunity to share aspirations for the next four years.
- Two subsequent workshops were held in July to narrow down priorities and select key projects to sit under each priority.
- This draft was a plain text version and once the content is approved the plan would be formatted and signed.
- The priorities of the Council Plan were, 'Thriving Communities', 'Accessible Services', 'Responsible Growth' and 'Sustainability'.

The following Members asked questions:

- Councillor Ian Albert
- Councillor Tamsin Thomas
- Councillor Daniel Allen

In response to questions, the Policy and Strategy Team Leader advised that following recommendations from the Overview and Scrutiny Committee recommendations:

- A diagram would be created during the design phase to lay out the relationship between the Council Plan, the Council Delivery Plan, the Medium-Term Financial Strategy and the Service Delivery Plans.
- Further context around 'net zero' within the Sustainability priority will be incorporated during the design phase.
- There would be an annual review of the Council Plan going forward.
- It was agreed that key performance indicators and adding specific time frames were covered in the Council Delivery Plan.
- A key challenge was mentioned in the introduction and more details of risks were covered in the risk register and the Medium-Term Financial Strategy.

The Chair thanked Councillors and the Officers involved for their hard work in producing this Council Plan.

Councillor Mick Debenham proposed and Councillor Tamsin Thomas seconded and, following a vote, it was:

RECOMMENDED TO COUNCIL:

- (1) The approval of the Council Plan (Appendix A) with the four new Council Priorities as outlined below:
 - Thriving Communities
 - Accessible Services
 - Responsible Growth
 - Sustainability

- (2) That authority be delegated to the Managing Director and Leader of the Council to approve any minor amendments to wording required as a result of the design process

REASON FOR RECOMMENDATION: The Council Plan is a key element of the corporate business planning process, as a high- level strategic document it sets out the Council's Priorities for the next four years. As an overarching policy framework document, it guides and influences the use of Council resources; providing a focus for activities, plans, and services that the Council provide. The introduction to the plan highlights the link between the Council Plan and the Medium-Term Financial Strategy and service delivery plans.

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Item No	Referred from:	Cabinet
8B	Date:	10 September 2024
	Title of item:	Medium Term Financial Strategy 2025-2030
To be considered alongside agenda item:		Agenda Item 11

The report considered by Cabinet at the meeting held on 10 September 2024 can be viewed here: [Agenda for Cabinet on Tuesday, 10th September, 2024, 7.30 pm | North Herts Council \(north-herts.gov.uk\)](#)

RECOMMENDED TO COUNCIL: The adoption of the Medium-Term Financial Strategy for 2025-2030, as attached at Appendix A.

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.

The Chair invited Councillor Sean Nolan, as Chair of the Finance, Audit and Risk Committee, to present the referral on this item. Councillor Nolan advised that there had been discussion around:

- Focusing on looking ahead and understanding the effects of dealing with the next five years.
- Looking at the need to reduce costs and whether any savings could be made by increasing income but recognising that with little non-discretionary spending this would be difficult.
- Whether savings could be made by the sharing of services with other local authorities as with the waste contract.
- Understanding that any income from treasury investments was not sustainable based on the projected drop-in interest rates.
- Looking at the future for the Council services with the £2.5 million of savings required.

In response to a question from Councillor Daniel Allen, Councillor Nolan advised that a longer-term financial strategy would normally be expected to cover a 10 year period, but due to the way that local authorities were funded, the focus was on the 5 year period.

Councillor Ian Albert, Executive Member for Finance and IT, presented the report entitled 'Medium Term Financial Strategy 2025-2030' and advised:

- This was an important document and was a partner to the Council Plan
- The Medium Term Financial Strategy (MTFS) sets out the forecast on expenditure, income and funding over a 5 -year period. There was currently too much uncertainty for a 10 year review.
- The pay claim for 2024/2025 had not yet been settled.
- Reserves could be used to balance the budget in the short term, but the Council must balance in the medium term and maintain a prudent level of reserves.

- This MTFs showed that the Council could use the higher treasury investment returns and retain business rates to help balance the budget in 2025/26.
- Savings required over the next few years was a difficult task and would need to include a review of capital projects and discretionary services.
- Staffing was recognised as the most valuable resource to enable the Council to deliver the services that residents need.
- More work needed to be done to try and share services with neighbouring authorities for the benefit of the residents.
- The MTFs highlighted the items that would be looked at going forward this year.

The following Members asked questions:

- Councillor Mick Debenham
- Councillor Amy Allen
- Councillor Daniel Allen

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

- It was critical that the Council investigated sharing of services with other local authorities and investigated generating income to make savings.
- It was important that the capital programme was managed properly with correct priorities.
- The current strategy was to review all the budget lines of expenditure to make sure that they are appropriate and represent the priorities set out in the Council Plan.
- Existing parish councils and any new town councils were able to set their own Council Tax precept and there was a variance in this amount between areas.
- Any pay settlement reached would have to be met in the budget.

In response to a question, the Service Director – Resources advised that £38k in the budget was linked to the Council Tax Reduction Scheme and this had been planned to reduce any reductions in the funding that the Council received.

In response to a question, the Managing Director advised that:

- The Council offered good staff benefits and were currently reviewing this to see if it needed to be updated.
- The Council was aware it could not match pay, especially for professional roles, compared to the private sector and neighbouring local authorities.
- The Council was tied into the annual pay bargaining and was currently carrying out a review of salary scales to try to understand where the gap was to the Local Authority average.

Councillor Ian Albert proposed and Councillor Dave Winstanley seconded and, following a vote, it was:

RECOMMENDED TO COUNCIL: The adoption of the Medium-Term Financial Strategy for 2025-2030, as attached at Appendix A.

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.

Item No	Referred from:	Cabinet
8C	Date:	10 September 2024
	Title of item:	First Quarter Investment Strategy (Capital and Treasury) Review 2024/25
To be considered alongside agenda item:		Agenda Item 13

The report considered by Cabinet at the meeting held on 10 September 2024 can be viewed here: [Agenda for Cabinet on Tuesday, 10th September, 2024, 7.30 pm | North Herts Council \(north-herts.gov.uk\)](#)

RECOMMENDED TO COUNCIL: That Council:

- (1) Approves a capital budget of £0.080M to fund the purchase and installation of a new chiller at the museum, paragraph 8.4 refers.
- (2) Approves a capital budget of £1.920M (£0.96M in 24/25 and £0.96M in 25/26) for round 3 of the Local Authority Housing Fund. This will be fully funded from Government grants and housing provider contributions, paragraph 8.5 refers.
- (3) Approves bringing forward £0.008M of the backup and business continuity hardware capital budget (from 2025/26 to 2024/25) and reducing the 2025/26 budget to £0.057M.
- (4) That Council approved bringing forward £0.672M of leisure funding to allow upgrades to the fitness facilities in Hitchin to take place in this financial year, instead of next financial year. This would be made up of the £0.300M budget for Member Change and Relaxation Area Refurbishment, and £0.372M of the 2025/26 allocation of the budget for providing capital funding to our leisure provider.

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 53 minutes 26 seconds

The Chair invited Councillor Sean Nolan, as Chair of the Finance, Audit and Risk Committee, to present the referral on this item. Councillor Nolan advised that there had been discussion about:

- Understanding the costs and looking at the longer-term effects associated with the borrowing that was needed to fund the Capital programme.
- Any spend changes, including the new chiller required at the museum and the new waste vehicles purchased for the waste contract.
- The Churchgate project, where costs were currently unknown as the project was in an early stage.

Councillor Ian Albert, Executive Member for Finance and IT, presented the report entitled 'First Quarter Investment Strategy (Capital and Treasury) Review 2024/25' and advised:

- It was important to understand that the Council was moving towards a need to borrow to fund the Capital programme.
- A Capital Budget Review was to be conducted to feed into the 2025/26 budget process.
- Everyone Active, the new leisure provider had requested that the works planned by them, and the Council at the Hitchin gym were brought forward to this year. This would be both beneficial in attracting new users and overall be less disruptive for the leisure centre.
- Therefore, an additional recommendation would be required to ask Council to approve to bring forward part of the capital budget to this financial year.

The following Members took part in a debate:

- Councillor Tamsin Thomas
- Councillor Mick Debenham
- Councillor Ian Albert

Points raised in a debate included:

- The chiller at the museum was a specialist piece of equipment and was getting more difficult to repair. A new chiller would help ensure the protection of important items which must be stored at a certain temperature to ensure that they did not degrade. This was imperative not only to preserve the heritage of North Hertfordshire, but also to protect items lent to the museum from other areas.
- It made good sense to combine the works required at the Hitchin leisure centre to reduce any loss to revenue.
- This Capital Budget Review would be carried out to ensure that the capital programme reflected priorities set out in the Council Plan.

The Service Director – Resources advised that it was in the interest of the Council to bring forward part of the capital budget to provide a good leisure facility for the District which would generate income for the Council.

Councillor Daniel Allen proposed and Councillor Mick Debenham seconded and, following a vote, it was:

RESOLVED: That Cabinet:

- (1) Noted the forecast expenditure of £30.415M in 2024/25 on the capital programme, paragraph 8.3 refers.
- (2) Noted the position of the availability of capital resources, as detailed in table 2 paragraph 8.10 and the requirement to keep the capital programme under review for affordability.
- (3) Noted the position of Treasury Management activity as at the end of June 2024.
- (4) Approved that the Council should proceed with the Local Authority Housing Fund round 3 and submit the Memorandum of Understanding so that the Council can receive the initial allocation of funds.

RECOMMENDED TO COUNCIL: That Council:

- (1) Approves a capital budget of £0.080M to fund the purchase and installation of a new chiller at the museum, paragraph 8.4 refers.
- (2) Approves a capital budget of £1.920M (£0.96M in 24/25 and £0.96M in 25/26) for round 3 of the Local Authority Housing Fund. This will be fully funded from Government grants and housing provider contributions, paragraph 8.5 refers.
- (3) Approves bringing forward £0.008M of the backup and business continuity hardware capital budget (from 2025/26 to 2024/25) and reducing the 2025/26 budget to £0.057M.
- (4) That Council approved bringing forward £0.672M of leisure funding to allow upgrades to the fitness facilities in Hitchin to take place in this financial year, instead of next financial year. This would be made up of the £0.300M budget for Member Change and Relaxation Area Refurbishment, and £0.372M of the 2025/26 allocation of the budget for providing capital funding to our leisure provider.

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.

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Item No	Referred from:	FINANCE, AUDIT AND RISK COMMITTEE
8D	Date:	4 SEPTEMBER 2024
	Title of item:	UPDATED CONTRACT PROCUREMENT RULES FOR 2024-25
To be considered alongside agenda item:		AGENDA ITEM 14

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 COUNCIL: The adoption of the Updated Contract Procurement Rules for 2024-25.

REASONS FOR RECOMMENDATION:

- (1) The Contract Procurement Rules (CPRs) are part of the Council Constitution (under Section 20) and must be regularly reviewed and updated as part of the Council's governance and procurement review processes. This contributes to the Council's system of effective internal control.
- (2) The new CPRs reflect a significant update in line with the requirements of the Procurement Act 2023, incorporating detailed procedural guidance, and enhanced compliance and transparency measures. These changes aim to improve the efficiency, accountability, and effectiveness of the Council's procurement activities.

Audio recording – 50 minutes 14 seconds

The Service Director – Resources presented the report entitled 'Updated Contract Procurement Rules for 2024-2025' and highlighted that:

- The Contract Procurement Rules (CPRs) had been rewritten in line with the new Procurement Act 2023.
- The CPRs would aid compliance of the Act and paragraph 8.1 of the report contained a summary of the changes.
- The changes to the CPRs were detailed in paragraphs 8.3 to 8.9 of the report with further details in the Appendix.
- There was a typographical error in paragraph 8.6 of the report, and it should read as section 22.2 and not section 2.2.
- There would be an increased use of pre-market engagement to gather information at an earlier stage of procurement.
- There would be a move away from Most Economically Advantageous Tender (MEAT) to Most Advantageous Tender (MAT) looking to reduce the reliance on price, whilst keeping other factor such as environmental and social values. This may not feature in all procurements.
- There would be more transparency in relation to notices that had to be issued, both at the start of procurement and during the procurement stages. This was a requirement of the Act and would create more work for Officers. Work would commence to improve processes to reduce this burden.

- Above Threshold amounts were those items above the value set out by the Procurement Act as mentioned in paragraph 8.6 of the report and would be relevant to large contracts such as waste and leisure.
- Procurements below the threshold could be more flexible but still have controls in place to ensure that value for money was delivered.
- The majority of procurements would be below threshold.
- It was noted that construction costs had been significantly affected by inflation and the proposal was to increase some of the limits in relation to works procurement.
- Key Performance Indicators (KPIs) for contract over £5 Million would be introduced and it would be a requirement to publish these details. The public would then be able to monitor and review a contractor as detailed in paragraph 8.9 of the report.
- The new legislation comes into force on 28 October 2024 and there would be a period of time when both rules applied. The Legal team were assisting Officers to ensure the correct version of the procurement rules were in use.

The following Members asked questions:

- Councillor Ruth Brown
- Councillor Paul Ward
- Councillor Stewart Willoughby
- Councillor Tina Bhartwas
- Councillor Sean Nolan
- Independent Member John Cannon

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

- The regulated thresholds were set Government, and they did change over time to reflect inflation.
- There were very few current contracts over £5M and the majority of these had been awarded recently under the old rules, e.g. waste and leisure agreements.
- There was the potential to contact suppliers with pre-market questions, this would then help shape the specification for the contract before formal tendering.
- Using the e-tendering system could help to identify companies in the market, relevant companies can sign up to the system gaining a wider contact pool.
- There was no financial impact on updating these rules, however there may be more work for Officers at the start of the process, but this would then lead to a smoother procurement process. The impact was not quantifiable.
- There would be the scope for penalty clauses (e.g. for poor performance) under the new rules, however this was not a change, and current contracts have such clauses.
- The procurement team had commenced their training with the Contract and Procurement Group, and this would be continued with other relevant Officers. There would be a guidance to support the rules.
- There was a contract register on the website and contractors could review and monitor when a contract was likely to be put out to tender.
- The Procurement Bill encouraged procurements to be split into smaller lots to support small businesses. Procurement rules would still be in place for lower valued contracts.
- The new financial system CiA would make it easier to track suppliers and monitor them at a global level.

Councillor Ruth Brown proposed and Councillor Dominic Griffiths seconded and, following a vote, it was:

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

RECOMMENDATION TO COUNCIL: The adoption of the updated Contract Procurement Rules for 2024-25.

REASONS FOR RECOMMENDATION:

- (1) The Contract Procurement Rules (CPRs) are part of the Council Constitution (under Section 20) and must be regularly reviewed and updated as part of the Council's governance and procurement review processes. This contributes to the Council's system of effective internal control.
- (2) The new CPRs reflect a significant update in line with the requirements of the Procurement Act 2023, incorporating detailed procedural guidance, and enhanced compliance and transparency measures. These changes aim to improve the efficiency, accountability, and effectiveness of the Council's procurement activities.

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