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NORTH HERTFORDSHIRE DISTRICT COUNCIL

CABINET

TUESDAY, 14TH JANUARY, 2025

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 - 28)**

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

- 6A) Overview and Scrutiny Committee – Leisure and Active Communities Agency Model – Part 2 – **to be considered with Item 8.**
- 6B) Overview and Scrutiny Committee – Leisure and Active Communities Agency Model – Part 1– **to be considered with Item 9.**
- 6C) Overview and Scrutiny Committee – Council Delivery Plan 2024/25 (Quarter 2 Update) – **to be considered with Item 19.**
- 6D) Overview and Scrutiny Committee – Garden Waste Charge 2025/26 – **to be considered with Item 20.**
- 6E) Finance, Audit and Risk Committee – Report on Risk Management Governance (Mid Year Update) – **to be considered with Item 15.**
- 6F) Finance, Audit and Risk Committee – Second Quarter Revenue Budget Monitoring 2024/25 – **to be considered with Item 16.**
- 6G) Finance, Audit and Risk Committee – Second Quarter Investment Strategy (Capital and Treasury) Review 2024/25 – **to be considered with Item 17.**
- 6H) Finance, Audit and Risk Committee – Revenue and Capital Budgets for 2025/26 Onwards – **to be considered with item 18.**

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By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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Item No	Referred from:	Overview and Scrutiny Committee
6B	Date:	7 January 2025
	Title of item:	Leisure and Active Communities Agency Model – Part 1
To be considered alongside agenda item:		Agenda Item 9

The report considered by Overview and Scrutiny Committee at the meeting held on 7 January 2025 can be viewed here: [Agenda for Overview and Scrutiny Committee on Tuesday, 7th January, 2025, 7.30 pm | North Herts Council](#)

RECOMMENDED TO CABINET: That Overview and Scrutiny recommend to Cabinet that:

- (1) Cabinet agrees in principle to entering into an Agency Agreement with SLM (Everyone Active) for the operation of our leisure facilities, subject to the Council obtaining favourable VAT Tax advice, and varying the Contract in accordance with the external Part 2 Appendix C legal advice and Part 2 legal implications.
- (2) That the final decision on entering into the Agency Agreement be delegated to the Service Director – Place, in consultation with the Executive Member for Leisure, Environment and Green Spaces and Service Directors – Resources and Legal & Community.

REASON FOR RECOMMENDATION: To ensure the maximum financial sustainability of our leisure services, in line with our council priorities.

Audio recording – 50 minutes 09 seconds

Councillor Mick Debenham, as Executive Member for Environment, Leisure and Green Spaces, presented the report entitled ‘Leisure and Active Communities Agency Model – Part 1’ and advised that:

- In March 2023, HMRC announced changes to the VAT applicable to leisure services which meant that these could now be treated as non-business.
- Therefore, leisure services sold, for example a gym membership, would no longer need to charge VAT.
- Several leisure providers were now looking at how arrangements could be improved for both operators and authorities.
- A proposal had been received from SLM by the Council following this announcement and this had been discussed in detail in Part 2.

In response to a question from Councillor Ralph Muncer, the Service Director – Place advised that the new proposed scheme would commence from 1 April 2025, subject to legal agreements.

The following Members took part in the debate:

- Councillor Jon Clayden
- Councillor Ralph Muncer

Points raised during the debate included:

- There were clear opportunities presented, and the reasons provided were clear, however there was concern that there were risks involved and would not be able to support this.
- All decisions of the Council have risk, and these must be balanced against the potential benefits.
- If the risks could be managed effectively within contract negotiations, the proposal would lead to a substantial amount of money being available to the Council to invest in services in the district.

Councillor Matt Barnes, as Chair, proposed and Councillor Tina Bhartwas seconded and, following a vote, it was:

RECOMMENDED TO CABINET: That Overview and Scrutiny recommend to Cabinet that:

- (1) Cabinet agrees in principle to entering into an Agency Agreement with SLM (Everyone Active) for the operation of our leisure facilities, subject to the Council obtaining favourable VAT Tax advice, and varying the Contract in accordance with the external Part 2 Appendix C legal advice and Part 2 legal implications.
- (2) That the final decision on entering into the Agency Agreement be delegated to the Service Director – Place, in consultation with the Executive Member for Leisure, Environment and Green Spaces and Service Directors – Resources and Legal & Community.

REASON FOR RECOMMENDATION: To ensure the maximum financial sustainability of our leisure services, in line with our council priorities.

Item No	Referred from:	Overview and Scrutiny Committee
6C	Date:	7 January 2025
	Title of item:	Council Delivery Plan 2024-25 (Quarter 2 Update)
To be considered alongside agenda item:		Agenda Item 19

The report considered by Overview and Scrutiny Committee at the meeting held on 7 January 2025 can be viewed here: [Agenda for Overview and Scrutiny Committee on Tuesday, 7th January, 2025, 7.30 pm | North Herts Council](#)

RECOMMENDED TO CABINET: That Overview and Scrutiny Committee commented on the Council Delivery Plan Quarter 2 monitoring report, including the recommendations made to Cabinet:

- (1) That Cabinet notes the progress against Council projects as set out in the Council Delivery Plan and approves the changes to the milestones (Appendix A).
- (2) That Cabinet notes the performance against the performance indicators and confirms the actions detailed in paragraph 8.4.

REASON FOR RECOMMENDATION: The Council Delivery Plan (CDP) monitoring reports provide Overview and Scrutiny Committee, and Cabinet, with an opportunity to monitor progress against the key Council projects, and understand any new issues, risks, or opportunities.

Audio recording – 2 hours 9 minutes 54 seconds

Councillor Ian Albert, as Executive Member for Finance and IT, introduced the report entitled ‘Council Delivery Plan 2024-25 (Quarter 2 Update)’ and advised that:

- The Council Delivery Plan had been developed with important input from this Committee and tried to simplify and target information to focus on the key issues.
- Colleagues outside of this Committee should be encouraged to review this report as it provided a snapshot of the key areas being progressed with Council projects and the milestones around these.

The Service Director – Resources presented the report entitled ‘Council Delivery Plan 2024-25 (Quarter 2 Update)’ and advised that:

- There was 1 red indicator in this quarter and a further two marginal amber indicators, which were outlined at paragraph 8.4 of the report.
- Previously the report had contained a summary listing all projects reported with their current status, but had been taken out in quarter 1, as all projects were green, and had been omitted from this report by mistake.
- There were currently 6 green projects and 5 amber projects and the appendix contained detail of these, with amber projects first, followed by green projects.

The Service Director – Place provided an update on the Urgent Item relating to the Leisure Centre Decarbonisation Project, as outlined in Agenda Item 6, and advised that:

- The Cabinet paper on this had been circulated to Members of this Committee earlier today.
- During the design stage, whilst looking at heat pump options, there were identified issues regarding the projected running costs of these, which had increased.
- The grant front loading in 2024/25 and in order to claim the funding, evidence must be provided that the spend was incurred in the correct financial year and that the asset was owned by the Council.
- The Council was advised that bespoke designed heat pumps could not be provided in time for the grant funding requirements. Therefore, an off-the-shelf option was required.
- Tables 1 and 2 of the report provided the best and worst case scenarios for increases in costs. However, it should be noted these figures do not take into account additional improvements to centres being made, and further detail on these figures was expected from the contractor.
- Table 3 of the report provided the same scale of potential increases but for the larger heat pumps.
- There were four options being presented in the Cabinet report, and subject to agreement from Salix that the Council could pay upfront for the bespoke heat pumps and provide this as evidence of spend in the correct year, Option 4 would be recommended as the preferred option.
- One option proposed was to only continue with the work at Royston leisure centre, as there was still a small saving possible there, and some grant funding would still be available.
- Further detail to the report would be added as a supplement to Cabinet, once available.

The following Members asked questions:

- Councillor Jon Clayden
- Councillor Louise Peace
- Councillor Ralph Muncer
- Councillor Matt Barnes

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

- It was not possible to extend the grant timeframes, and the funding could not be carried over into the next financial year. This has been confirmed by Salix.
- A range had been estimated of between £150k and £320k increase per annum for the small heat pumps.
- An estimated increase of £70k had been provided for the large heat pumps and she would check with the contractor whether there was a potential range for this increase.
- The previous gas combined heat and power (CHP) contract for North Herts Leisure Centre and Hitchin Swim Centre had not yet been terminated, as Officers were awaiting a final timeline for the programme before confirming this with Centrica.
- If Cabinet chose option 2 or 3, the current gas boilers in the centres would need to be replaced very soon as they are end of life. However, if the Council were to install new gas boilers in these sites, then the Council would not be eligible for future rounds of funding.
- As part of the new leisure and active communities contract, condition surveys had been carried out on the buildings and no major issues were identified.
- Rationalisation of the three existing centres into a new, energy efficient centre had not been considered.
- The Royston centre currently has no gas CHP boilers, whereas the other two centres did have these. The CHP generates electricity, which helps to reduce bills, therefore when replacing them with an air source heat pump, it would mean replacing both the gas and electricity the CHPs generate, meaning an increase in electricity bills.

- The termination fee for ending gas CHP agreements would be reduced the longer the agreement continued.
- A workshop had been held with Everyone Active prior to Christmas to look at how works could be completed to minimise disruption to customers. They had considered options to mitigate against closures and consider how services could still be provided, even if parts of the centres needed to be closed.
- There would be a comprehensive communication plan developed once required closures had been confirmed and Members would be informed.
- Salix were keen to work with the Council to ensure the funding could be provided and confirmed the removal of two centres from the project would be fairly straightforward.
- There were currently enough of the smaller heat pumps in stock for all three of the leisure centres.

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

- There would be lots of investments in the leisure centres with these changes, including replacement of windows and walls for the work to be conducted, and no plans were being made for closure of the centres themselves.
- It was likely that a corporate risk relating to proposed changes to local government would be added in the next quarterly report.
- There were currently no plans on the resourcing of proposed local government changes. There were discussions between Chief Executives at district level, however no formal responsibility for this project had been agreed.

Councillor Daniel Allen, as Leader of the Council, advised that nothing further had been confirmed regarding local government reorganisation proposals from central government, but he would keep the Committee updated on any progress.

Councillor Matt Barnes, as Chair, proposed and Councillor Tina Bhartwas seconded and, following a vote, it was:

RESOLVED: That Overview and Scrutiny Committee determined any project that they want to receive more detail on as part of the next monitoring report.

RECOMMENDED TO CABINET: That Overview and Scrutiny Committee commented on the Council Delivery Plan Quarter 2 monitoring report, including the recommendations made to Cabinet:

- (1) That Cabinet notes the progress against Council projects as set out in the Council Delivery Plan and approves the changes to the milestones (Appendix A).
- (2) That Cabinet notes the performance against the performance indicators and confirms the actions detailed in paragraph 8.4.

REASON FOR RECOMMENDATION: The Council Delivery Plan (CDP) monitoring reports provide Overview and Scrutiny Committee, and Cabinet, with an opportunity to monitor progress against the key Council projects, and understand any new issues, risks, or opportunities.

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Item No	Referred from:	Overview and Scrutiny Committee
6D	Date:	7 January 2025
	Title of item:	Garden Waste Charge 2025-26
To be considered alongside agenda item:		Agenda Item 20

The report considered by Overview and Scrutiny Committee at the meeting held on 7 January 2025 can be viewed here: [Agenda for Overview and Scrutiny Committee on Tuesday, 7th January, 2025, 7.30 pm | North Herts Council](#)

RECOMMENDED TO CABINET: That Cabinet approve the garden waste subscription charge for the period 1 April 2025 – 31 March 2026, at £55.

REASON FOR RECOMMENDATION: To ensure the Council's garden waste service is financially sustainable, in line with the priorities of the Council and of the Shared waste service.

Audio recording – 2 hours 36 minutes 40 seconds

Councillor Amy Allen, as Executive Member for Recycling and Waste Management, presented the report entitled 'Garden Waste Charge 2025-26' and advised that:

- The new garden waste charge would be effective from 1 April 2025.
- The recommendation to Cabinet was to increase the charge to £55 per year. The 50% discount for households eligible for Council Tax reduction would continue.
- It was not a legal requirement to collect garden waste and not all households required this service. Therefore, only households who choose to use the service would pay the fee.
- The charge would be effective from April, rather than October, as the previous charge had been for 18 months. This would align the service better with gardening seasons and would be in line with the process in East Herts.
- Under the new waste contract, the overall cost of garden waste collection would rise by 42% and a further inflationary increase would apply in May 2025.
- The current charge in North Herts was one of the lowest in the county.

The following Members asked questions:

- Councillor Ralph Muncer
- Councillor Louise Peace
- Councillor Claire Winchester
- Councillor Matt Barnes

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

- They had not explored the option of applying a reduction to residents with multiple garden waste bins.
- The 42% rise related to the cost of garden waste collection in the contract. The charge to residents was not rising by this percentage.
- Future changes to the price charged were within the remit of Cabinet, but current forecasts included the £55 per year rate for future years.

- Only one collection of the garden waste should have been missed over the Christmas period and individual issues with this would be discussed with the relevant Members.
- She could not currently confirm any increases by neighbouring Councils, as these had not yet been published. However, it was expected that they would be increasing charges and they may be available ahead of the Cabinet decision.

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

- The 2% drop off included in the report was an estimate to reflect the potential for people to leave the service. Based on previous increases to the charge, there had not been a drop in numbers, however there may be a tipping point in charging and there was potential for more than 2% to leave.
- No commercial alternatives were known of in the area.
- The 42% rise was specific to the unit rate for the garden waste collection in the contract and other costs had been factored into that rise.

Councillor Ian Albert advised that he had spoken to the Service Manager – Waste, who had advised there was a small error in the communication around collections over the Christmas period and a garden waste collection would take place on Saturday 11 January. The Council would be providing communication of this to residents.

As part of the debate, Councillor Ralph Muncer noted that he was not supportive of the new waste contract in general and, as a representative of multiple rural communities, his residents generally had multiple garden waste bins, and they would be impacted twice.

Councillor Matt Barnes, as Chair, proposed and Councillor Donna Wright seconded and, following a vote, it was:

RECOMMENDED TO CABINET: That Cabinet approve the garden waste subscription charge for the period 1 April 2025 – 31 March 2026, at £55.

REASON FOR RECOMMENDATION: To ensure the Council's garden waste service is financially sustainable, in line with the priorities of the Council and of the Shared waste service.

Item No	Referred from:	Finance, Audit and Risk Committee
6E	Date:	8 January 2025
	Title of item:	Report on Risk Management Governance (Mid-Year Update)
To be considered alongside agenda item:		Agenda Item 15

The report considered by Finance, Audit and Risk Committee at the meeting held on 8 January 2025 can be viewed here: [Agenda for Finance, Audit and Risk Committee on Wednesday, 8th January, 2025, 7.30 pm | North Herts Council](#)

RECOMMENDED TO CABINET: That Finance, Audit and Risk Committee commented on the changes to the Risk Management Framework and recommended to Cabinet that they approve the changes.

REASONS FOR REFERRAL:

- (1) The responsibility for ensuring the management of risks is that of Cabinet.
- (2) This Committee has responsibility to monitor the effective development and operation of Risk Management.

Audio recording – 1 hour 06 minutes 33 seconds

The Service Director – Resources presented the report entitled ‘Report on Risk Management Governance (Mid-Year Update)’ and advised that:

- This report was provided twice a year to ensure that the Committee had oversight of risk management with the Council.
- Risk monitoring of projects had been moved to the Overview and Scrutiny Committee previously and this Committee was asked to look at how risk management was operating.
- In line with the Audit Report recommendations, the Executive Summary provided the specific areas where risk had moved and the key highlights.
- This report provided some commentary on the highest risk areas, with detail of work completed and ongoing work. Future reports would track where ongoing work has been completed and the impact this has had on the overall risk score.
- Some risks, despite ongoing work, would get stuck at a rating due to external factors. The report provides additional detail on the background which would demonstrate that actions are being taken, despite this not impacting the overall risk score.
- Until a project was complete the risk generally remained high but would usually drop off once complete.
- The Council had three, overarching risks which have causes that fall outside of the control of the Council and would remain high, and these areas were cyber-attacks, finances and resourcing.

The following Members asked questions:

- Councillor Ralph Muncer
- Independent Member John Cannon
- Councillor Sean Nolan

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

- All information included in the report came from the risk register. This provided a summary of the risks, provide assurance that risk reviews were taking place and that both new and archived risks were being managed.
- The Council could improve on identifying and recoding emerging risks, where they tended to be added on a reactionary basis, and these could be added earlier on.
- Emergency planning sat slightly outside of risk, as there was always a risk of an emergency, such as flooding, but it was not possible to predict or plan where and what this may be. However, there was ongoing planning to ensure the Council is prepared for any emergency situation.
- This report focussed only on corporate risks, and the terminology in the report should reflect that. All risks, including non-corporate risks, were included on Ideagen which was available to Members.
- Risk e-learning was available to all Officers, which a specific focus on Service Managers who are more likely to deal with projects with higher risk. Sessions were provided to the Senior Management Group on a semi-regular basis.
- The Council had a good Risk Officer in place who could provide support and training to Officers across the authority.

As part of the debate, Councillor Ruth Brown welcomed that risk e-learning was mandatory for managers and the training provided to Members ahead of this meeting was helpful. The report and matrices provided were clear and useful.

Councillor Dominic Griffiths proposed and Councillor Vijaiya Poopalasingham seconded and, following a vote, it was:

RESOLVED: That Finance, Audit and Risk Committee noted and provided recommendations to Cabinet on this mid-year Risk Management governance update.

RECOMMENDED TO CABINET: That Finance, Audit and Risk Committee commented on the changes to the Risk Management Framework and recommended to Cabinet that they approve the changes.

REASONS FOR REFERRAL:

- (1) The responsibility for ensuring the management of risks is that of Cabinet.
- (2) This Committee has responsibility to monitor the effective development and operation of Risk Management.

N.B. Following the conclusion of this item, there was a short break in proceedings and the Committee reconvened at 20.57.

Item No	Referred from:	Finance, Audit and Risk Committee
6F	Date:	8 January 2025
	Title of item:	Second Quarter Revenue Budget Monitoring 2024-25
To be considered alongside agenda item:		Agenda Item 16

The report considered by Finance, Audit and Risk Committee at the meeting held on 8 January 2025 can be viewed here: [Agenda for Finance, Audit and Risk Committee on Wednesday, 8th January, 2025, 7.30 pm | North Herts Council](#)

RECOMMENDED TO CABINET: The Finance, Audit and Risk Committee commented on the recommendations to Cabinet, which are:

- (1) That Cabinet note this report.
- (2) That Cabinet approves the changes to the 2024/25 General Fund budget, as identified in table 3 and paragraph 8.2, a £550k decrease in net expenditure.
- (3) That Cabinet notes the changes to the 2025/26 General Fund budget, as identified in table 3 and paragraph 8.2, a total £306k increase in net expenditure. These will be incorporated in the draft revenue budget for 2025/26.
- (4) That Cabinet approve the debt write-offs detailed in paragraphs 8.16 and 8.17.

REASON FOR REFERRAL: 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 – 1 hour 27 minutes 12 seconds

The Service Director – Resources presented the report entitled ‘Second Quarter Revenue Budget Monitoring 2024/25’ and highlighted that:

- The report provided a background on the budget throughout the year.
- Variances for the year and the implications of these were outlined at 8.1 of the report and explanations had been provided where over £25k.
- Overall, the report highlighted that there was a net reduction in spend of £550k, however £317k of carry forwards were requested.
- The report provided detail on the process of monitoring the savings which were due to be delivered and outlined how well these were being achieved.
- Financial health indicators in relation to income were provided at 8.6 and 8.7 of the report.
- Minimum reserve levels depend on the risk assessments completed and the accuracy of these. If the number was negative, then the assessment had not been completed well enough, but if it remained positive then a prudent assessment had been made.
- The debt write-offs and reasons for these were included at 8.16 and 8.17 of the report.

In response to questions from Councillor Ruth Brown, the Service Director – Resources advised that:

- It would be difficult to advise on acceptable limits on underspend, the most important part was the explanations provided and ensuring that the reasons given for underspend were understood.
- Any issues with carry forwards related to grant funds would be flagged by Officers to ensure that it was highlighted where this could not be taken forward and needed to be spent.

As part of the debate, Councillor Sean Nolan noted that a number of the carried over funds and reduction in spend related to staffing issues, which had been identified as a risk. Whilst on paper a reduction in spend is good, it was not good for provision of services in the long term.

Councillor Ruth Brown noted that it was disappointing when projects were delayed but it could not be helped as issues were generally down to resourcing.

Councillor Vijaiya Poopalasingham proposed and Councillor Ruth Brown seconded and, following a vote, it was:

RECOMMENDED TO CABINET: The Finance, Audit and Risk Committee commented on the recommendations to Cabinet, which are:

- (1) That Cabinet note this report.
- (2) That Cabinet approves the changes to the 2024/25 General Fund budget, as identified in table 3 and paragraph 8.2, a £550k decrease in net expenditure.
- (3) That Cabinet notes the changes to the 2025/26 General Fund budget, as identified in table 3 and paragraph 8.2, a total £306k increase in net expenditure. These will be incorporated in the draft revenue budget for 2025/26.
- (4) That Cabinet approve the debt write-offs detailed in paragraphs 8.16 and 8.17.

REASON FOR REFERRAL: 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.

Item No	Referred from:	Finance, Audit and Risk Committee
6G	Date:	8 January 2025
	Title of item:	Second Quarter Investment Strategy (Capital and Treasury) Review 2024-25
To be considered alongside agenda item:		Agenda Item 17

The report considered by Finance, Audit and Risk Committee at the meeting held on 8 January 2025 can be viewed here: [Agenda for Finance, Audit and Risk Committee on Wednesday, 8th January, 2025, 7.30 pm | North Herts Council](#)

RECOMMENDED TO CABINET: The Finance, Audit and Risk Committee provided comments on the recommendations to Cabinet, which are:

- (1) That Cabinet notes the forecast expenditure of £15.699M in 2024/25 on the capital programme, paragraph 8.3 refers.
- (2) 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.
- (3) That Cabinet recommends to Council that it notes the position of Treasury Management activity as at the end of September 2024.
- (4) That Cabinet recommends to Council that it approves capital budgets in 2025/26 for a new flume (£300k) and a refurbishment of the pool changing rooms (£250k) at North Herts Leisure Centre.

REASONS FOR REFERRAL:

- (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.
- (3) The proposal to approve the 2025/26 capital budgets at North Herts Leisure Centre in January (rather than in the usual budget report at the end of February) means that the works can take place at the same time as the decarbonisation works, and therefore not require two periods where the pool cannot be used. It also provides a more obvious benefit to users of the facility.

Audio recording – 1 hour 37 minutes 08 seconds

The Service Director – Resources presented the report entitled 'Second Quarter Investment Strategy (Capital and Treasury) Review 2024/25' and highlighted that:

- Details on capital slippage had been provided in this quarter two report, rather than later into the year as previously, which had meant the figures were bigger than usual.

- It was hoped this would be a realistic end-of-year figure. Whilst slippage was still likely to increase, this should be more accurate than previous Q2 figures.
- An explanation of why a difference exists had been provided and resourcing was an issue in some areas.
- There was potential that the museum storage may progress quicker, if an option other than developing the existing site was chosen, which would lead to less slippage into next year.
- There had been a £14M reduction in 2024/25, but this was to be moved into future years.
- It was still currently forecast that the Council would need to borrow a little this year to fund the capital programme. However, this may be possible to fund from capital reserves with a little more slippage.
- Some areas were bringing spend forward and these were outlined at 8.9 of the report.
- There was potential that the budget may need to increase slightly, but this would be presented to and considered by Cabinet.
- Money invested by the Council was mostly with other authorities, as detailed at 8.12, where interest rates were generally higher. However, all interest rates were higher than had become the normal, around 5%, and all rates on investments were set out at 8.13.

The following Members asked questions:

- Councillor Ralph Muncer
- Councillor Sean Nolan
- Independent Member John Cannon
- Councillor Tina Bhartwas

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

- He would push consultants and contractors to have the financial forecasts relating to the Leisure Centre Decarbonisation project by budget setting in February.
- There was only one example of where an external party was involved in a delay.
- A detailed report on the Museum Storage Options had been provided to Cabinet, following consideration by Overview and Scrutiny Committee. The options ranged from do nothing, through to redevelopment of the existing site or moving to an off-site option, with different options on funding provided for these.
- Cabinet wanted to do something to provide a permanent storage solution.
- There were too many items to have on permanent display, with the items with the broadest interest kept in the museum itself and the storage would be for other items that still had historical significance for the district but with less general public interest.
- The final report on the Museum Storage would be presented to Overview and Scrutiny Committee for consideration, ahead of the final decision by Cabinet. Depending on the option selected and the value of funding required, it may need referral onto Council.
- The number of quotes required under the procurement processes at the Council was determined by the value of what was being procured. If costs came in higher than expected, then further quotes may be required, which can lead to delays. But it was an important process that higher costs were challenged and that Officers were sure it was a required expenditure.

In response to questions, the Chair advised that there were elements within the museum storage which were held on behalf of other organisations and the facility was required to protect these, as well as ensure the museum retained its accreditation.

Councillor Vijaiya Poopalasingham proposed and Councillor Dominic Griffiths seconded the motion.

Councillor Ralph Muncer proposed an amendment to recommendation 2.4 to include 'subject to the revised assessments following the decision by Cabinet regarding the Public Sector Decarbonisation Scheme on 14 January 2025'. This was seconded by Councillor Ruth Brown.

There was debate amongst Members to understand the meaning of the amendment and this was clarified by Councillors Muncer and Brown.

Councillor Ian Albert, as Executive Member for Finance and IT, noted that this was a prudent amendment as conversations so far had not considered what would happen with the brought forward work, should the Public Sector Decarbonisation Scheme not progress, as these were linked to be conducted at the same time.

Having been proposed and seconded, following a vote, the amendment was **AGREED**.

Having been proposed and seconded and, following a vote, the substantive motion was:

RECOMMENDED TO CABINET: The Finance, Audit and Risk Committee provided comments on the recommendations to Cabinet, which are:

- (1) That Cabinet notes the forecast expenditure of £15.699M in 2024/25 on the capital programme, paragraph 8.3 refers.
- (2) 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.
- (3) That Cabinet recommends to Council that it notes the position of Treasury Management activity as at the end of September 2024.
- (4) That Cabinet recommends to Council that it approves capital budgets in 2025/26 for a new flume (£300k) and a refurbishment of the pool changing rooms (£250k) at North Herts Leisure Centre, subject to the revised assessments following the decision by Cabinet regarding Public Sector Decarbonisation Scheme on 14 January 2025.

REASONS FOR REFERRAL:

- (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.
- (3) The proposal to approve the 2025/26 capital budgets at North Herts Leisure Centre in January (rather than in the usual budget report at the end of February) means that the works can take place at the same time as the decarbonisation works, and therefore not require two periods where the pool cannot be used. It also provides a more obvious benefit to users of the facility.

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Item No	Referred from:	Finance, Audit and Risk Committee
6H	Date:	8 January 2025
	Title of item:	Revenue and Capital Budgets for 2025-26 Onwards
To be considered alongside agenda item:		Agenda Item 18

The report considered by Finance, Audit and Risk Committee at the meeting held on 8 January 2025 can be viewed here: [Agenda for Finance, Audit and Risk Committee on Wednesday, 8th January, 2025, 7.30 pm | North Herts Council](#)

RECOMMENDED TO CABINET: The Finance, Audit and Risk Committee commented on the recommendations to Cabinet, which are:

- (1) That Cabinet notes the Council's expected funding for 2025/26.
- (2) That Cabinet confirms (in line with the Medium-Term Financial Strategy) that budget forecasts should be based on increasing Council Tax by 2.99% (the maximum amount allowable without a local referendum). Noting that Government have assumed Council Tax will increase by the maximum allowed in calculating Core Spending Power.
- (3) That Cabinet notes that the Council may see real-term reductions in its funding in future years.
- (4) That, in the context of the above, Cabinet agree which proposals (revenue and capital) should be taken forward as part of the budget-setting process for 2025/26.

REASON FOR REFERRAL: To ensure that all relevant factors are considered in arriving at a proposed budget, Investment Strategy and Council Tax level for 2025/26, to be considered by Full Council on 27 February 2025.

Audio recording – 28 minutes 24 seconds

The Service Director – Resources presented the report entitled 'Revenue and Capital Budgets for 2025/26 Onwards' and highlighted that:

- The recommendations outlined that this Committee was to comment on the recommendations to Cabinet, having considered the robustness of the process rather than the policy decision.
- The standard approach to budget setting began with Officers and Executive Members looking at proposals around additional spend, additional income streams, potential savings and others.
- These are then presented at the two budget workshops with the administration and opposition parties, which then fed into the Cabinet report. There is then a further report which is referred onto Council in February.
- Since the workshops took place, further information relating to local government funding had been received, which would not increase the core spending power of the Council, as had been estimated. However, there was additional funding from EPR for 2025/26 only.
- There were no long term funding details provided and therefore the funding settlement was still for one year.

- Cabinet are requested to consider the schemes they wish to proceed with next year, noting that in cost terms the proposals would be more expensive than outlined in the Medium Term Financial Strategy and they needed to consider achieving an overall balanced budget.

The following Members asked questions:

- Councillor Ruth Brown
- Councillor Dominic Griffiths
- Councillor Ralph Muncer
- Independent Member John Cannon

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

- The commitment from government had always been that authorities would receive new burden funding for ongoing costs of food waste collection, as it would be a statutory requirement.
- It was not always a contractual requirement, with contracted out services, to cover National Insurance rises and the Council was still negotiating this with contractors.
- In terms of the funding the Council may receive to cover increased National Insurance contributions, this would be part of the final settlement. However, concerns had been raised that the pot was too small, and the wrong methodology had been used and would favour some Councils over others.
- The Council would lose some funding with the Business Rates reset. The Council had previously been in a pool for Business Rates, which had resulted in gains of nearly £1m which was put into reserves to support budgets going forward. The Council would not be in a pool next year, so the benefit would be lower.
- This budget would use around £2-2.5million of reserves, from both Business Rates reserves and General Fund reserves, but mostly from the Business Rates reserves. This was around 10% of the overall budget in percentage terms.
- Good budget management over many years meant this Council had a higher level of General Fund reserves compared to some other authorities.
- It was a decision for Council as to whether it uses reserves to balance the budget for a longer period or achieve an in-year balanced budget more quickly.
- If the budget cannot be balanced, then Officers would warn Members of potential issues. The Council currently had reserves, but this needed to be managed by Members.
- There was a need to make changes, and big savings would be required in future budgets. The earlier these savings are made, the more reserves would be retained, which could allow for spend on one-off projects.
- Everything known about the changes to the Public Sector Decarbonisation Scheme project would be included in the budget reports. One option presented to Cabinet would increase spending on this project, if this option was taken it would be referred onto Council immediately for final consideration.
- The list of proposals was for Cabinet to consider and decide which would be in line with their priorities.
- Executive Members speak with Service Directors to understand what is needed in their area and this was fed into the budget workshops process, which allowed Members to challenge and provide feedback on proposals, but it was not formally prioritised.
- It would be possible to provide some commentary around the statutory and non-statutory proposals.
- Prioritisation of proposals by Service Directors would be arbitrary, as there would be no one set of criteria for prioritisation and there would be no comparison of prioritisation between directorates, but some further commentary could be provided.

- He considered proposals in both immediate and 5-year terms and had more concerns for proposals which had a implication in the later years compared to higher implications which only occurred in first two years, as there would be an ongoing impact of those with long term implications.

In response to questions, Councillor Ian Albert, as Executive Member for Finance and IT, advised that:

- The current position on reserves was set out at 8.7 of the report, which were currently healthy, but there would be difficult choices over the period of the Medium Term Financial Strategy (MTFS). This would require cross-party working and engagement with residents.
- The previous government had considered that too much was held in reserves by authorities.
- One risk that cannot be fully reflected were the proposals around devolution. It was possible that this Council may not exist by the end of the MTFS period.
- It was disappointing that opposition groups did not provide feedback after their budget workshop, but he would welcome feedback at a later stage.
- Cabinet would need to consider proposals in terms of what was statutory, or more necessary, for the Council to provide.

Councillors Ruth Brown and Ralph Muncer, as leaders of the Liberal Democrat group and Conservative group respectively, advised that their groups would provide a response once plans had been proposed by the administration.

Councillor Vijaiya Poopalasingham proposed and Councillor Ruth Brown seconded and, following a vote, it was:

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