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NORTH HERTFORDSHIRE DISTRICT COUNCIL

CABINET

TUESDAY, 17TH DECEMBER, 2019

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 - 8)**

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

Please find attached the following referrals:

- 6b - Referral from Finance, Audit and Risk Committee - Draft Budget 2020/21;
- 6c - Referral from Finance, Audit and Risk Committee - Second Quarter Revenue Monitoring 2019/20;
- 6d - Referral from Finance, Audit and Risk Committee - Investment Strategy (Capital and Treasury) Mid-Year Review 2019/20.

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**CABINET
17 DECEMBER 2019**

PART 1 – PUBLIC DOCUMENT

ITEM 6b

**TITLE OF REPORT: ITEM REFERRED FROM FINANCE, AUDIT AND RISK COMMITTEE:
5 DECEMBER 2019 – DRAFT BUDGET 2020/21**

Extract from Draft Minutes – Please note that the Finance, Audit and Risk Committee supported the recommendations in the report and made no additional recommendations

49. DRAFT BUDGET 2020/21

The Service Director – Resources presented the report entitled Draft Budget 2020/21 and drew Members' attention to the following:

- The General and specific funding at Paragraphs 8.1 to 8.3 of the report;
- The current assumptions at Paragraphs 8.1 and 8.2;
- The forecasts for funding for 2020/21 onwards at Paragraph 8.3 including Table 1 – Estimated general funding;
- Significant uncertainties were not restricted to just 2021/22, but are ongoing
- The MTFs had highlighted a need to make £900k net savings over a four year period;
- There are a series of investments as well as savings which resulted in a net increase in spend;
- Paragraph 8.16 advised that the Capital Programme, with the exception of property investment acquisitions, could be afforded without the need to borrow, however the timing of capital receipts was critical and may require short term borrowing.
- As a result it is forecast that savings of £1.1m per year will need to be delivered by 2023/24. Paragraph 8.25 details the actions that would be required to address this.
- Pension Valuation reports for three years had been received since production of the report. The percentage contribution had not changed however the lump sum contribution was £1 million, which would increase by inflation over the next three years. This would increase the funding gap by a further £84,000.

The following Members asked questions and took part in the debate:

- Councillor Michael Weeks.

RESOLVED:

- (1) That the report entitled Draft Budget 2020/21 be noted.

RECOMMENDED TO CABINET:

- (1) That the funding forecasts for 2020/21 onwards, and that (especially significant for 2021/22) these will be subject to change be noted;
- (2) That the comments made at the budget workshops, and comment on the inclusion of the revenue savings and investments in the draft budget be noted;
- (3) That comments made at the budget workshops, and comment on the inclusion of the capital investments in the draft budget be noted;
- (4) That the risk in relation to the timing of capital receipts and that this might result in a need to borrow for capital purposes, which would result in additional revenue costs to those already reflected be noted;
- (5) That Council Tax increases for 2020/21 will be in line with the Medium Term Financial Strategy be confirmed; and
- (6) That the funding surplus in 2020/21 be transferred to a funding equalisation reserve be approved.

REASONS FOR RECOMMENDATIONS:

- (1) To ensure that all relevant factors are taken in to consideration when arriving at a proposed budget for 2020/21, to be considered by Full Council on 6 February 2020;
- (2) To ensure that the medium term impacts of decisions are considered, and how a balanced budget will be set for future years.

(To be taken with Item 9)

**CABINET
17 DECEMBER 2019**

PART 1 – PUBLIC DOCUMENT

ITEM 6c

TITLE OF REPORT: ITEM REFERRED FROM FINANCE, AUDIT AND RISK COMMITTEE: 5 DECEMBER 2019 – SECOND QUARTER REVENUE MONITORING 2019/20

Extract from Draft Minutes – Please note that the Finance, Audit and Risk Committee supported the recommendations in the report and made no additional recommendations

50. SECOND QUARTER REVENUE MONITORING 2019/20

The Accountancy Manager presented the report entitled Second Quarter Revenue Monitoring 2019/20 and drew attention to the following:

- The 2019/20 General Fund budget, as identified in table 3 and paragraph 8.2, a £360k decrease in net expenditure;
- Items within Table 3 – Summary of Significant Variances at paragraph 8.1;
- Paragraph 8.3 which detailed that Coinco International Plc (CCI), had entered into administration while owing North Hertfordshire District Council £130k. Cabinet was being asked to approve this write off.
- Paragraph 8.4 detailed that it was expected that efficiencies totalling £610k, that had been agreed by Council in February 2019, would be delivered;
- Paragraph 8.5 detailed that £74k of the budget carried forward from 2018/19 was not expected to be spent in the current financial year. This related to parking lines and signs maintenance and Herts Warmer Homes Project;
- Table 4 listed the Corporate Financial Health Indicators the Planning Application Fees were now at Amber status;
- Items within Table 5 – General Fund impact at paragraph 8.13.

RECOMMENDED TO CABINET:

- (1) That the report be noted;
- (2) That the changes to the 2019/20 General Fund budget, as identified in table 3 and paragraph 8.2, a £360k decrease in net expenditure, be approved;
- (3) That the changes to the 2020/21 General Fund budget, as identified in table 3 and paragraph 8.2, a £188k increase in net expenditure, be noted; and
- (4) That the write-off of the debtor invoice of £130,566.75 raised to CoinCo International PLC in January 2015, as explained in paragraph 8.3, be approved.

REASON 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.

(To be taken with Item 10)

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PART 1 – PUBLIC DOCUMENT

ITEM 6a

**TITLE OF REPORT: ITEM REFERRED FROM FINANCE, AUDIT AND RISK COMMITTEE:
5 DECEMBER 2019 – INVESTMENT STRATEGY (CAPITAL AND TREASURY) MID-
YEAR REVIEW 2019/20**

Extract from Draft Minutes – Please note that the Finance, Audit and Risk Committee supported the recommendations in the report and made no additional recommendations

**51. INVESTMENT STRATEGY (CAPITAL AND TREASURY) MID-YEAR REVIEW
2019/20**

The Accountancy Manager presented the report entitled Investment Strategy (Capital and Treasury) Mid-Year Review 2019/20 and drew Members' attention to the following:

- It was planned that less Capital be spent, mainly due to the re-profiling of schemes. The schemes being re-profiled were listed in Table 2 at Paragraph 8.4 of the report;
- Items within Table 3 at Paragraph 8.6 which detailed the cost of schemes;
- Paragraphs 8.9 to 8.12 gave details of the Treasury Management 2019/20 position;
- It was forecast that the Council would generate £0.372 million of interest over the whole of 2019/20, which equated to an average interest rate of 1.13 percent.

RECOMMENDED TO CABINET:

- (1) The forecast expenditure of £5.886million in 2019/20 on the capital programme be noted;
- (2) The adjustments to the capital programme for 2019/20 onwards as a result of the revised timetable of schemes detailed in table 2, increasing the estimated spend in 2020/21 and beyond by £1.369million, be approved;
- (3) The position of the availability of capital resources, as detailed in table 3 paragraph 8.6 and the requirement to keep the capital programme under review for affordability be noted by Cabinet; and
- (4) The position of Treasury Management activity as at the end of September 2019 be noted.

REASON 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.

(To be taken with Item 11)