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NORTH HERTFORDSHIRE DISTRICT COUNCIL

CABINET

TUESDAY, 21ST JULY, 2020

SUPPLEMENTARY AGENDA

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

Agenda No	Item
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5.	<u>ITEMS REFERRED FROM OTHER COMMITTEES</u> (Pages 3 - 10)
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Any Items referred from other committees will be circulated as soon as they are available.

Please find attached Items Referred from Finance, Audit and Risk Committee.

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Agenda Item 5

Referrals from Other Committees

- 5a Item referred from Finance, Audit and Risk Committee: 20 July – Risk Management Update
- 5b Item referred from Finance, Audit and Risk Committee: 20 July 2020 – Financial Implications of Covid-19

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**5b ITEM REFERRED FROM FINANCE, AUDIT AND RISK COMMITTEE: 20 JULY 2020
- RISK MANAGEMENT UPDATE**

RECOMMENDED TO CABINET:

- (1) That the Annual Report on Risk Management be noted and then referred to Full Council.

REASONS FOR DECISIONS:

- (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.

LINK TO REPORT CONSIDERED BY FINANCE, AUDIT AND RISK COMMITTEE:

<https://democracy.north-herts.gov.uk/documents/s11351/Risk%20Management%20Update.pdf>

The Service Director – Resources presented the report entitled Risk Management Update and drew Members’ attention to the following:

- Paragraph 8.2 on page 76 within the report and advised that at the Risk Management Group on 18 May, the Novel Coronavirus (Covid-19) Risk was reviewed. However, there had been some changes since that meeting and an update would be provided at the next meeting which looked at managing the risk of lifting lockdown restrictions, creating a recovery project board and the implications of a local lockdown;
- Paragraph 8.3 on page 76 within the report and advised that the Cyber Risk would be kept at Score 8 on the Draft Risk and Opportunities Matrix;
- A new Service risk had been set up for delivering the NHDC Climate Change Strategy with a risk score of 3, as detailed at paragraph 8.4 on page 76 within the report;
- The Annual Report on Risk Management was reviewed and agreed by the Risk Management Group, as further explained at paragraph 8.5 on page 76 within the report.

The following Members asked questions of the Service Director – Resources:

- Councillor Sam Collins;
- Councillor Sam North;
- Councillor Michael Weeks; and
- Councillor Kate Aspinwall.

In response to questions raised, the Service Director advised as follows:

- A general economic crash was captured in the Covid-19 Financial Impacts Report. However, it may need to have its own risk. This Risk would be monitored;
- The Novel Coronavirus Risk Owner came under the Directorate Place as Emergency Planning was the responsibility of the Service Director – Place. However, all Senior Officers were involved with the planning of the Covid-19 Risk;
- There was a need for all Service Areas to relook at Business Continuity especially if a new risk developed on top of the Coronavirus Risk;

- The responsibility for Organic Waste laid with the County Council and was part of a long-term contract. The County Council would look at separating the waste once the contract came to end. However, at present, food and garden waste (termed Organic Waste) went to the same place; and
- Climate Change was not detailed on the matrix as it was classified as a Service Risk and not a Corporate Risk.

In response to the Member's question relating to the risk of an economic crash following the Coronavirus pandemic, Councillor Ian Albert, Executive Member for Finance and IT, advised that there was a Risk Management Group due to be held in August where the risk of an economic crash and the implication on the Council would be discussed and monitored thereafter.

In response to the Member's question relating to the re-classification of 'Food and Garden Waste' to 'Organic Waste', the Chair directed the Member to the explanation provided at paragraph 4.6 – Re-Classified to Service Risks on page 93 within the report.

Councillor Aspinwall requested a Written Question be asked of the Executive Member for Recycling and Waste Management, as follows:

- (1) Why the Delivery of the Waste Collection and Street Cleaning Services Contract remained as a Risk Score 8 on the Draft Risk and Opportunities Matrix?
- (2) Why the Food and Garden Waste had been re-classified as Organic Waste?

Councillor Sam North stated that despite Climate Change not being classified as a Corporate Risk, it did not detract from the fact that the Council were taking Climate Change seriously and were responding to Climate Change via the Cabinet Panel on the Environment which helped to inform Council policy.

RESOLVED:

- (1) That the Corporate Risks for the quarter, namely the review of the Novel Coronavirus (COVID-19) risk with an unchanged score of 9 and the review of the Cyber Risks and Data Protection Risk with an unchanged score of 8, be noted;
- (2) That the Annual Report on Risk Management be noted.
- (3) That the Executive Member for Recycling and Waste Management be requested to provide a written response to the following questions to the next meeting of the Finance, Audit and Risk Committee on 7 September 2020:

Why the Delivery of the Waste Collection and Street Cleaning Services Contract remained as a Risk Score 8 on the Draft Risk and Opportunities Matrix?

Why the Food and Garden Waste had been re-classified as Organic Waste?

RECOMMENDED TO CABINET:

- (1) That the Annual Report on Risk Management be noted and then referred to Full Council.

REASONS FOR DECISIONS:

- (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.

**5b ITEM REFERRED FROM FINANCE, AUDIT AND RISK COMMITTEE: 20 JULY 2020
- FINANCIAL IMPACTS OF COVID-19**

To be considered with Item 12 on the agenda

RECOMMENDED TO CABINET:

- (1) That the forecast financial impact of Covid-19, but that this could be subject to significant change. The Budgets will be formally adjusted as part of the Quarter 1 revenue budget monitor, be noted;
- (2) The delay of the capital spend of £2,809k to 2021/22 onwards, as detailed in Table 6, be approved;
- (3) That a letter be sent to the relevant Government Minister and/or Prime Minister asking that the £200k forecasted spend on housing the Homeless for the entirety of the coronavirus pandemic be covered by the Government.

That Cabinet recommend to Council:

- (1) The forecast impact of Covid-19 in comparison to available reserves and confirms that these reserves will be used to fund the impact. This means that an emergency budget is not required, be noted;
- (2) The £350k is added to the Capital Programme for the resurfacing of the top deck of the Lairage Car Park, Hitchin, be approved;
- (3) An addition to the Investment Strategy that would allow the Council to provide a loan to Hertfordshire Building Control of £65k, if it is required, be approved.

REASON FOR DECISIONS:

To ensure that the financial impacts of Covid-19 are recognised and make the necessary changes to allow the Council to manage its budgets.

Members considered the Part 1 Report after the Part 2 Report

As Executive Member for Finance and IT, Councillor Ian Albert introduced the report entitled Financial Impacts of Covid-19 and advised Members of the Committee that the report was to provide assurance to the Committee, Cabinet and Council on the current Covid-19 financial situation. He informed Members that the Service Director – Resources' report was based on the reports that had been sent regularly to the Ministry of Housing, Communities and Local Government.

Councillor Ian Albert stressed that Council services had continued to operate under the circumstances despite being faced with shortfalls.

After hearing the Part 2 Report, the Service Director – Resources presented the report entitled Financial Impacts of Covid-19 and drew Members' attention to the following:

- Paragraphs 8.13-8.14 on page 107 within the report and the contents in Table 2;
- It was only possible to estimate the extent to which the income guarantee would cover losses. The Council had to fund the first tranche of losses up to 5%;

- The contents in Table 7 as detailed at paragraph 8.35 on page 113 within the report; and
- The Investment Strategy detailed how the Council would invest its cash, which included loans for service purposes, as detailed at paragraph 8.39 on page 114 within the report.

The following Members asked questions:

- Councillor Sam Collins;
- Councillor Sam North;
- Councillor Kate Aspinwall;
- Councillor Adem Ruggiero-Cakir; and
- Councillor Morgan Derbyshire.

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

- Thus far, £5,000-£10,000 had been received from the Government in relation to housing the Homeless during the coronavirus pandemic;
- A local lockdown financial impact modelling would only provide an estimate and would be difficult to forecast costs;
- The cost of resurfacing the Lairage Car Park, outlined in Table 7 on page 113 within the report, was an estimated cost a tender had not taken place;
- £350,000 was not the final price for the resurfacing work of the Lairage car park;
- It was important to start the resurfacing work on the Lairage car park as overtime the water could cause the concrete to fail which would result in longer term problem;
- In relation to Recommendation 2.4 and asking Council to approve the £350k resurfacing work on the Lairage car park, there was no requirement to use the Emergency Powers to start the work sooner. The resurfacing work could wait until after Council meet on 7 September 2020.

In response to the Member's point regarding Bim Afolami's letter relating to offering residents free parking in NHDC car parks in Hitchin, Councillor Ian Albert stated that the Council would need to be convinced that this was the best way to spend money. However, he welcomed the MP for attending the Hitchin Committee to discuss the proposal.

Members discussed the financial cost of Homelessness, detailed at paragraph 8.18 on page 109 within the report. It was proposed by Councillor Sam Collins and seconded by Councillor Sam North that a letter be sent to the relevant Government Minister and/or Prime Minister asking that the £200k forecasted spend on housing the Homeless for the entirety of the coronavirus pandemic be covered by the Government.

RECOMMENDED TO CABINET:

- (1) That the forecast financial impact of Covid-19, but that this could be subject to significant change. The Budgets will be formally adjusted as part of the Quarter 1 revenue budget monitor, be noted;
- (2) The delay of the capital spend of £2,809k to 2021/22 onwards, as detailed in Table 6, be approved;
- (3) That a letter be sent to the relevant Government Minister and/or Prime Minister asking that the £200k forecasted spend on housing the Homeless for the entirety of the coronavirus pandemic be covered by the Government.

That Cabinet recommend to Council:

- (1) The forecast impact of Covid-19 in comparison to available reserves and confirms that these reserves will be used to fund the impact. This means that an emergency budget is not required, be noted;
- (2) The £350k is added to the Capital Programme for the resurfacing of the top deck of the Lairage Car Park, Hitchin, be approved;
- (3) An addition to the Investment Strategy that would allow the Council to provide a loan to Hertfordshire Building Control of £65k, if it is required, be approved.

REASON FOR DECISIONS:

To ensure that the financial impacts of Covid-19 are recognised and make the necessary changes to allow the Council to manage its budgets.

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