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NORTH HERTFORDSHIRE DISTRICT COUNCIL

CABINET

TUESDAY, 15TH SEPTEMBER, 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 5a – 5d

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5a REFERRAL FROM FINANCE, AUDIT AND RISK COMMITTEE: 7 SEPTEMBER 2020 - RISK MANAGEMENT UPDATE

RECOMMENDED TO CABINET:

- (1) That the Corporate Risk for the impact of Anti-Social Behaviour on Council Facilities be retained at a risk score of 7 instead of reduced to 5;
- (2) That the Novel Coronavirus (covid19) Corporate risk be retained at a risk score of 9 instead of reduced to 8;
- (3) That the New Corporate Risk, Covid19 – Leisure Management Contract, be proposed as a risk score of 8.
- (4) That the Route Optimisation of Collection Rounds Risk be archived.

REASON FOR DECISIONS:

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

The Service Director – Resources presented the report entitled Risk Management Update, including:

- The Risk Management Group (RMG) discussed the impact of Anti-Social Behaviour on Council Facilities. The Group agreed to the reduction in the risk score from a 7 to a 5;
- In view of the Director of Public Health Herts reports stating that we were heading down the curve both locally and nationally, it was agreed by the RMG that the Covid-19 risk score should be reduced from a 9 to an 8;
- The RMG discussed the Service Risk for the Leisure Management Contract,. The group agreed that it should be split into two separate risk entries, one relating to the significant risks associated with Covid-19 and the other relating to the previously recorded ongoing operational risks- the proposed Risk Score is 8; and
- The Service Manager for Waste and Recycling had provided further information in relation to the Route Optimisation of Collection Rounds Risk. It has been confirmed that the route optimisation of rounds was complete and collection services were operating within normal expected parameters. Therefore, as the work has been completed and appropriate risk mitigation measures were in place, it was recommended that the risk was now archived.

The following Members asked questions:

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

Following Members questions relating to the Impact of Anti-Social Behaviour on Council Facilities Corporate Risk Score, the Service Director – Resources provided further information as to the reasons the score was reduced. He advised that work had been completed prior to Lockdown to tackle anti-social behaviour such as making physical improvements to the Lairage car park and the Car Parking Team moving back into the car park. Additionally, work done by the Community Protection team, the Police and Schools had all helped to reduce Anti-Social Behaviour in the car parks.

There was a further discussion on the decision to reduce the Impact of Anti-Social Behaviour on Council Facilities risk score, with Members providing reasons that the risk score should not be reduced.

In light of Members' points, the Service Director – Resources responded that the risk score specifically related to Anti-Social Behaviour against Council facilities rather than general Anti-Social Behaviour.

A Member raised a question relating to Stevenage Leisure which the Service Director – Resources advised there would be a report presented at Council in regards to that subject.

There was a discussion as to whether the Covid-19 risk score should be reduced as there was a possibility of a second wave of the pandemic that could have a further impact on the Council's income.

The Service Director – Resources that there were mitigation processes in place such as the car park income guarantee from the Government.

RECOMMENDED TO CABINET:

- (1) That the Corporate Risk for the impact of Anti-Social Behaviour on Council Facilities be retained at a risk score of 7 instead of reduced to 5;
- (2) That the Novel Coronavirus (covid19) Corporate risk be retained at a risk score of 9 instead of reduced to 8;
- (3) That the New Corporate Risk, Covid19 – Leisure Management Contract, be proposed as a risk score of 8.
- (4) That the Route Optimisation of Collection Rounds Risk be archived.

REASON FOR DECISIONS:

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

NB: The report considered Finance, Audit and Risk Committee at the meeting held on 7 September 2020 can be viewed here:

<https://democracy.north-herts.gov.uk/ieListDocuments.aspx?CId=146&MIId=2454&Ver=4>

5b REFERRAL FROM FINANCE, AUDIT AND RISK COMMITTEE: 7 SEPTEMBER 2020 – FIRST QUARTER REVENUE MONITORING 2020/21

RECOMMENDED TO CABINET:

- (1) That the report entitled First Quarter Revenue Monitoring 2020/21 be noted;
- (2) That the changes to the 2020/21 General Fund budget, as identified in table 3 and paragraph 8.2, a £1.468million increase in net expenditure, be approved;
- (3) That the changes to the 2021/22 General Fund budget, as identified in table 3 and paragraph 8.2, a total £186k increase in net expenditure, be noted. These will be incorporated in the draft revenue budget for 2021/22;
- (4) That the write-off of debtor invoices totalling £17,442.64 raised to Hitchin Markets Limited, as explained in paragraphs 8.3 and 8.4, be approved.

REASON FOR DECISIONS: 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.

The Service Director – Resources presented the report entitled First Quarter Revenue Monitoring 2020/21, including:

- The table at Paragraph 8.1 on page 81 within the report and advised that Service Managers were responsible for monitoring their expenditure and income against their working budget. Table 3 highlighted areas where there were forecast to be differences;
- The Financial Impact of Covid-19 Report brought before Members in July 2020 was intended to illustrate a realistic bad case impact. However, despite this, the outcome showed that an Emergency Budget would not need to be set as the Council's reserves were sufficient;
- This report took a less severe approach as it reflected what had happened thus far;
- Further information was provided in relation to the income guarantee as detailed at Paragraph 8.16 on page 90 of the report and advised that the Council was able to decide the income streams to apply it to. The Income Guarantee only related to sales, fees and charges impacted by a reduction in demand;
- Two areas not covered by the income guarantee were the garden waste service and income from recycled materials;
- The latest forecast at the end of August showed that the income recovery was better than forecasted; and
- The Service Director – Resources drew Members' attention to Paragraphs 8.3 and 8.4 on page 87 within the report.

The following Members asked questions:

- Councillor Sam Collins.

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

- A lot of the Government's estimates were predicated on the notion that the situation could only improve. However, this may not be the case;

- A number of things were being looked at including a budget challenge group and working closely with the Local Government Association in order to continue to lobby the Government as Local Authorities were running short of money;
- The Council's financial position was better than that of a lot of other Councils;
- There was no need currently for an emergency budget; and
- Another Lockdown could have a serious impact on the Council's finances.

RECOMMENDED TO CABINET:

- (1) That the report entitled First Quarter Revenue Monitoring 2020/21 be noted;
- (2) That the changes to the 2020/21 General Fund budget, as identified in table 3 and paragraph 8.2, a £1.468million increase in net expenditure, be approved;
- (3) That the changes to the 2021/22 General Fund budget, as identified in table 3 and paragraph 8.2, a total £186k increase in net expenditure, be noted. These will be incorporated in the draft revenue budget for 2021/22;
- (4) That the write-off of debtor invoices totalling £17,442.64 raised to Hitchin Markets Limited, as explained in paragraphs 8.3 and 8.4, be approved.

REASON FOR DECISIONS: 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.

NB: The report considered by Finance, Audit and Risk Committee at the meeting held on 7 September 2020 can be viewed here:

<https://democracy.north-herts.gov.uk/ieListDocuments.aspx?CId=146&MId=2454&Ver=4>

**5c REFERRAL FROM FINANCE, AUDIT AND RISK COMMITTEE: 7 SEPTEMBER 2020
– FIRST QUARTER INVESTMENT STRATEGY (CAPITAL AND TREASURY)
REVIEW 2020/21**

RECOMMENDED TO CABINET:

- (1) That the forecast expenditure of £10.519million in 2020/21 on the capital programme, paragraph 8.3 refers, be noted;
- (2) That the adjustments to the capital programme for 2020/21 onwards as a result of the revised timetable of schemes detailed in table 2, increasing the estimated spend in 2021/22 by £0.296million, be approved;
- (3) That 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;
- (4) That the position of Treasury Management activity as at the end of June 2020, be noted.

REASONS FOR DECISIONS:

- (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.

The Service Director – Resources presented the report entitled First Quarter Investment Strategy (Capital and Treasury) Review 2020/21 and highlighted to Members the Treasury Management 2020/21 detailed at Paragraphs 8.9 – 8.10 on page 100 within the report.

RECOMMENDED TO CABINET:

- (1) That the forecast expenditure of £10.519million in 2020/21 on the capital programme, paragraph 8.3 refers, be noted;
- (2) That the adjustments to the capital programme for 2020/21 onwards as a result of the revised timetable of schemes detailed in table 2, increasing the estimated spend in 2021/22 by £0.296million, be approved;
- (3) That 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;
- (4) That the position of Treasury Management activity as at the end of June 2020, be noted.

REASONS FOR DECISIONS:

- (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.

NB: The report considered by Finance, Audit and Risk Committee at the meeting held on 7 September 2020 can be viewed here:

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**5d REFERRAL FROM FINANCE, AUDIT AND RISK COMMITTEE: 7 SEPTEMBER 2020
– MEDIUM TERM FINANCIAL STRATEGY**

RECOMMENDED TO CABINET:

That Cabinet recommend to Council:

- (1) The adoption of the Medium Term Financial Strategy 2021-26 as attached at Appendix A.

REASON FOR DECISION: 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 2021/2022 to 2025/2026, culminating in the setting of the Council Tax precept for 2020/21 in February 2021.

The Service Director – Resources presented the report entitled Medium Term Financial Strategy, including Appendix A.

- As detailed in the separate report the financial impact of Covid-19 on income and expenditure in 2020/21 was forecast to be around £4,708k against estimated Government funding of £3,550k, leaving a shortfall of £1,358k;
- There was also expected to be a shortfall on the Council Tax Collection Fund from the increased entitlement for Council Tax Reduction Scheme (CTRS);
- The MTFS had previously assumed net growth of 1% per year in the Council Tax base. This was based on housing growth and a stable CTRS eligibility. The actual assumption was that growth would be a bit higher than 1% but that some of this was needed to fund the additional costs associated with a new house (e.g. waste collection);
- Further delays to the Local Plan hearings and a general economic downturn meant that housing growth was likely to be suppressed;
- Whilst CTRS eligibility may start to decrease over time it would probably still be higher than previous levels;
- The current budget included an allowance for pay inflation of 2% each year. The pay award offered to the Unions by the employers under national pay bargaining for 2020/21 was for 2.75%. This was only for one year; and
- Due to the support provided by Local Government to the pandemic, Government might allocate more ongoing funding so that the support could still be in place in the future.

The following Members asked questions:

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

The Executive Member for Finance and IT responded to question as follows:

- As there was a larger base of people claiming Council Tax Reduction owing to Covid, it meant there was smaller amount of people to collect the same amount from, leaving the Council with an additional shortfall as outlined at Paragraph 2.7;
- Collection Rates were due for a discussion at Overview and Scrutiny. There was an issue with Business Rates. However, Council Tax was holding up well;
- The Service Director – Customers would provide a further update on collection rates;
- Brexit was not built into the assumptions as the risk was not yet known and there was a lot of uncertainty; and

- Long term planning was difficult owing to the pandemic and a new funding system.

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

- Council Tax Reductions would increase or remain the same;
- The Local Plan was not wrong in terms of housing growth. There was not certainly when the growth would take place;
- There was forecasted to be £6.4million in the dual fund reserves by the end of the period based on the assumptions; and
- The strategy would be amended if required should the situation deteriorate.

RECOMMENDED TO CABINET:

That Cabinet recommend to Council:

- (1) The adoption of the Medium Term Financial Strategy 2021-26 as attached at Appendix A.

REASON FOR DECISION: 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 2021/2022 to 2025/2026, culminating in the setting of the Council Tax precept for 2020/21 in February 2021.

NB: The report considered by Finance, Audit and Risk Committee at the meeting held on 7 September 2020 can be viewed here:

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