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NORTH HERTFORDSHIRE DISTRICT COUNCIL

CABINET

TUESDAY, 15TH DECEMBER, 2020

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 - 12)

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

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Agenda Item 6

Referrals from Other Committees

- 6a Referral from Finance, Audit and Risk Committee: 3 December 2020 - Risk Management Update
- 6b Referral from Finance, Audit and Risk Committee: 3 December 2020 – Second Quarter Revenue Monitoring 2020/21
- 6c Referral from Finance, Audit and Risk Committee: 3 December 2020 – Investment Strategy (Capital and Treasury) Mid Year Review 2020/21
- 6d Referral from Finance, Audit and Risk Committee: 3 December 2020 – Draft Budget Report 2021/22

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**6a REFERRAL FROM FINANCE, AUDIT AND RISK COMMITTEE: 3 DECEMBER 2020
– RISK MANAGEMENT UPDATE**

RECOMMENDED TO CABINET:

- (1) That the risk score for the Covid 19 Leisure Management Contract risk be increased from 8 to 9;
- (2) That the amendments to the Risk Management Framework as part of the Management response to the SIAS Audit be noted and approved.

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.

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

- The Risk Management Group proposed to change the risk in relation the impact of Covid-19 on the Council's Leisure Management Contract;
- The 'Lockdowns' had placed huge financial pressures on Stevenage Leisure Ltd: and
- As requested at the last meeting of the Finance Audit and Risk Committee, the Risk Management Group had considered the Income Generation risk.

The following Members asked questions:

- Councillor Kate Aspinwall

In response to the Member's question, the Service Director – Resources advised that the Covid-19 Risk covered both the impact of the pandemic on the Council's Services and elements of recovery. A few months ago, the attention was on recovery but now the Council was required to move back to reaction. Expected that in Spring next year there would be need to review the presentation and structure of the risk

NB: Councillor Kate Aspinwall advised that she was having some connection issues. As a result, the Service Director – Resources repeated the answer provided.

NB: Councillor Kate Aspinwall lost connection to the meeting for a brief moment but re-established connection. In order to help solve the problem, the Committee, Member and Scrutiny Officer advised the Chair to disable her camera.

The Committee, Member and Scrutiny Officer read out the recommendations in the report as follows:

- (1) That the Committee notes the reviews of the Corporate Risks for the quarter, namely - The review of the Covid 19 Leisure Management Contract risk with a proposed increase in the score from 8 to 9.

- (2) That the Committee notes and recommends to Cabinet the amendments to the Risk Management Framework as part of the Management response to the SIAS Audit.

The Service Director – Resources advised that Recommendation 2.1 should be amended so that the Committee recommend to Cabinet ‘that the risk score for the Covid-19 Leisure Management Contract risk be increased from 8 to 9;’

It was:

RESOLVED:

- (1) That the reviews of the Corporate Risks for the quarter be noted;
- (2) That the amendments to the Risk Management Framework as part of the Management response to the SIAS Audit, be noted.

RECOMMENDED TO CABINET:

- (1) That the risk score for the Covid 19 Leisure Management Contract risk be increased from 8 to 9;
- (2) That the amendments to the Risk Management Framework as part of the Management response to the SIAS Audit be noted and approved.

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.

NB: The report considered by Finance, Audit and Risk Committee at the meeting held on 3 December 2020 can be viewed at Minute 49 here:

<https://democracy.north-herts.gov.uk/ieListDocuments.aspx?CId=146&MId=2455&Ver=4>

**6b REFERRAL FROM FINANCE, AUDIT AND RISK COMMITTEE: 3 DECEMBER 2020
- SECOND QUARTER REVENUE MONITORING 2020/21**

NB: To be considered with Item 11

RECOMMENDED TO CABINET:

- (1) That the report entitled Second 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 £2.036million 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 £53k decrease in net expenditure, be noted. These will be incorporated in the draft revenue budget for 2021/22.

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 Second Quarter Revenue Monitoring 2020/21 including:

- Drew Members’ attention to Table 3 on page 143 within the report which outlined the changes in the forecast for that quarter;
- The forecasts detailed the Covid-19 impacts that the Council were aware of;
- The ‘reason for difference’ column on Table 3 offered further information relating to the impact arising from Covid-19;
- Table 5 on page 150 within the report provided a full list of events reported at Quarters 1 and 2;
- The Council were predicting, even taking into account the money provided from central Government, a net impact on the budget of £1.5 million but potentially up to £2 million. Those figures were an estimate;
- In the first ‘Lockdown’ car parking income decreased to approximately 10-20% of the normal income levels. The second ‘Lockdown’ saw the car parking income decrease to 30-40%; and
- Table 6 on page 151 within the report highlighted the impact on the Council’s General Fund based on the forecasts carried out at the start of the year. The Council were forecasting a balance of approximately £9.4 million however, by the end of the year, it was likely to be around £7.6 million on current forecasts.

NB: Councillor Kate Aspinwall lost connection to the meeting. The meeting adjourned at 20:27 as the Committee had become inquorate. The meeting reconvened at 20:32 when Councillor Kate Aspinwall re-established connection to the meeting.

The following Members asked questions:

- Councillor Kate Aspinwall

In response to the Member's question in relation to Careline, the Service Director Resources advised that in looking into the prospect of taking on Hertfordshire County Council's Telecare service the impact of the additional costs highlighted in the report (table 3) would be considered and placing it under the remit of NHDC's Careline.

It was:

RECOMMENDED TO CABINET:

- (1) That the report entitled Second 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 £2.036million 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 £53k decrease in net expenditure, be noted. These will be incorporated in the draft revenue budget for 2021/22.

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 3 December 2020 can be viewed at Minute 50 here:

<https://democracy.north-herts.gov.uk/ieListDocuments.aspx?CId=146&MId=2455&Ver=4>

**6c REFERRAL FROM FINANCE, AUDIT AND RISK COMMITTEE: 3 DECEMBER 2020
– INVESTMENT STRATEGY (CAPITAL AND TREASURY) MID-YEAR REVIEW
2020/21**

NB: To be considered with Item 12

RECOMMENDED TO CABINET:

- (1) That the forecast expenditure of £3.937million in 2020/21 on the capital Programme 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 £7.022million, 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;

That Cabinet recommend to Council:

- (4) That the position of Treasury Management activity as at the end of September 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 Investment Strategy (Capital And Treasury) Mid-Year Review 2020/2, including:

- Directed Members to the contents in Table 2 on page 158/159 within the report;
- The Council were dealing with a high number of grants and schemes which meant the Council's cash balances were high;
- Investment Returns (yields) on cash balances were low;
- Directed Members to the Table contained on page 161 within the report;
- The table highlighted that there were some historic investments still in place and they would reach maturity at some point;
- Investments would be replaced with a new ones at a much lower interest rate;
- As part of the spending review, there was an announcement relating to borrowing from the Public Works Loan Board which was the 'go-to' place for borrowing for Local Authorities. Whilst the Council were not in a borrowing position at the moment, owing to the capital reserves, it would be something that would be looked into in future years;
- Rates had decreased on that borrowing and conditions had been imposed that stated that the Council were not able to borrow from the Public Works Loan Board if there was any spend in the capital programme that was primarily to generate income; and

- That announcement could have an implication on the Investment Strategy going to Full Council in February.

It was:

RECOMMENDED TO CABINET:

- (1) That the forecast expenditure of £3.937million in 2020/21 on the capital Programme 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 £7.022million, 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;

That Cabinet recommend to Council:

- (4) That the position of Treasury Management activity as at the end of September 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 3 December 2020 can be viewed at Minute 51 here:

<https://democracy.north-herts.gov.uk/ieListDocuments.aspx?CIId=146&MIId=2455&Ver=4>

**6d REFERRAL FROM FINANCE, AUDIT AND RISK COMMITTEE: 3 DECEMBER 2020
– DRAFT BUDGET REPORT 2021/22**

NB – To be considered with Item 10

RECOMMENDED TO CABINET:

- (1) That the funding forecasts for 2021/22 and the significant uncertainty around Central Government funding levels in 2021/22 and beyond, and that these estimates provided could be subject to significant 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 the comments made at the budget workshops, and comment on the inclusion of the capital investments in the draft budget, be noted;
- (4) That the Council Tax increases for 2021/22 will be in line with the Medium Term Financial Strategy (i.e. the maximum amount allowed without the need for a local referendum), be confirmed.

REASON FOR DECISIONS: To ensure that all relevant factors are considered in arriving at a proposed budget and Council Tax level for 2021/22, to be considered by Full Council on 11 February 2021.

The Service Director – Resources presented the Draft Budget Report 2021/22, including:

- The main purpose of the report at the stage was to highlight the base positions and provide feedback from the budget workshops which took place in November;
- The budget would be presented at Full Council in February 2021;
- The comments from the workshop were captured in the report at paragraphs 8.9, 8.10 and 8.11;
- The resultant summary position was set out in Table 3;
- Owing to the changes made in relation to updating inflation amounts particularly regarding pay, the savings numbers had decreased from around £2.65m in the Medium Term Financial Strategy to £2.1 million. There would be a need to identify savings in future years;
- The Income Guarantee was to be continued in the period of April to June next year; and
- There was no commitment yet in terms of when the Government would look at future funding for Local Government which would have an impact on the Medium Term Financial Strategy in future years.

It was:

RECOMMENDED TO CABINET:

- (1) That the funding forecasts for 2021/22 and the significant uncertainty around Central Government funding levels in 2021/22 and beyond, and that these estimates provided could be subject to significant 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 the comments made at the budget workshops, and comment on the inclusion of the capital investments in the draft budget, be noted;
- (4) That the Council Tax increases for 2021/22 will be in line with the Medium Term Financial Strategy (i.e. the maximum amount allowed without the need for a local referendum), be confirmed.

REASON FOR DECISIONS: To ensure that all relevant factors are considered in arriving at a proposed budget and Council Tax level for 2021/22, to be considered by Full Council on 11 February 2021.

NB: The report considered by Finance, Audit and Risk Committee at the meeting held on 3 December 2020 can be viewed at Minute 52 here:

<https://democracy.north-herts.gov.uk/ieListDocuments.aspx?CId=146&MId=2455&Ver=4>