

7a REFERRAL FROM FINANCE, AUDIT AND RISK COMMITTEE: 15 DECEMBER 2021 – DRAFT BUDGET 2022/23

RECOMMENDED TO CABINET:

- (1) That Cabinet note the latest funding forecasts for 2022/23 and the significant uncertainty around inflation and Central Government funding, and that these estimates provided could be subject to significant change.
- (2) That cabinet note the comments made at the budget workshops, and comment on the inclusion of the revenue savings and investments in the budget to be brought back for consideration in January, for referral on to Council in February.
- (3) That Cabinet note the comments made at the budget workshops, and comment on the inclusion of the capital investments in the Investment Strategy to be brought back for consideration in January, for referral on to Council in February.

REASON FOR RECOMMENDATIONS: To ensure that all relevant factors are considered in arriving at a proposed budget, Investment Strategy and Council Tax level for 2022/23, to be considered by Full Council on 10 February 2022.

The Service Director – Resources presented the Draft Budget 2022/23 along with Appendices A and B and drew attention to the following:

- This was the first iteration of the Budget based on a number of assumptions and projections and the feedback from the Budget Workshops
- The Local Government Settlement from central government was expected imminently and would clarify the position on a number of assumptions and projections made in this iteration of the Budget
- Inflation was at a very high level and projections for foregoing years suggested it would remain as such which caused significant budget pressures, resulting in the savings envisioned by the MTFS having a less significant impact.
- Budget workshops demonstrated that there were some proposed savings that could be removed and further options to bridge the funding gap were being explored
- This budget was the first step in a many step process towards balancing the budget and savings in the medium term would need to be made.

The following Members asked questions:

- Councillor Keith Hoskins
- Councillor Terry Hone

In response to questions the Service Director – Resources advised:

- Council Tax brought in approximately £10 million a year and increasing with inflation at 2% would result in an additional £200,000. The impact of freezing Council Tax would result in a loss of that amount in that year and an ongoing loss in future years as inflation continued.

Councillor Terry Hone noted that he was pleased the proposals to introduce charges for the use of public toilets were dropped and that the removal of the garden waste charge had been

shelved until a more suitable time, and mentioned discussions around the letting of Harkness Court from the Overview & Scrutiny Committee.

On the vote it was:

RECOMMENDED TO CABINET:

- (1) That Cabinet note the latest funding forecasts for 2022/23 and the significant uncertainty around inflation and Central Government funding, and that these estimates provided could be subject to significant change.
- (2) That cabinet note the comments made at the budget workshops, and comment on the inclusion of the revenue savings and investments in the budget to be brought back for consideration in January, for referral on to Council in February.
- (3) That Cabinet note the comments made at the budget workshops, and comment on the inclusion of the capital investments in the Investment Strategy to be brought back for consideration in January, for referral on to Council in February.

REASON FOR RECOMMENDATIONS: To ensure that all relevant factors are considered in arriving at a proposed budget, Investment Strategy and Council Tax level for 2022/23, to be considered by Full Council on 10 February 2022.

NB: The report considered by Finance, Audit and Risk Committee at the meeting held on 15 December 2021 can be found at Item 13 here:

[Agenda for Finance, Audit and Risk Committee on Wednesday, 15th December, 2021, 7.30 pm - North Hertfordshire District Council \(north-herts.gov.uk\)](#)

**7b REFERRAL FROM FINANCE, AUDIT AND RISK COMMITTEE: 15 DECEMBER 2021
– QUARTERLY RISK MANAGEMENT UPDATE**

RECOMMENDED TO CABINET: That the Annual Review of the Risk Management Framework be approved.

REASONS FOR DECISION:

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

The Service Director – Resources presented the Quarterly Risk Management Update along with Appendices A – E and drew attention to the following:

- Two of the corporate risks in the leisure management COVID-19 risk, and the overall COVID-19 had developed since the date of the reports publication; the latest monitoring into the leisure contracts was going well but there was concern that there would be a downturn in attendance and use of facilities in the near future.
- The Council was looking at how to support the NHS with the booster vaccine programme if requested.
- The main change proposed was in relation to the impact of antisocial behaviour; the reduction in antisocial behaviour has been consistent across lockdowns and reduced restrictions and efforts to mitigate antisocial behaviour have been effective and it was proposed that the risk be reduced and categorised as a service rather than corporate risk.

Councillor Terry Hone commented that he felt the proposed risk scores were accurate and was supportive of retaining the scores for those risks rated at 9.

On the vote it was:

RESOLVED:

- (1) That the Committee notes the update on the Corporate Risks for the quarter, namely:
 - The review of the Covid-19 Leisure Management Contract Corporate risk with an unchanged risk score of 9 and a Target risk score of 6.
 - The review of the Novel Coronavirus (Covid-19) Recover Corporate risk with a current risk score of 9 and a target risk score of 6
 - The review of the Managing the Councils Finances Corporate risk with an unchanged current risk score of 9 and a target risk score of 3
 - The proposal to downgrade the Impact of Anti-Social Behaviour on Council Facilities Corporate risk to a service risk
- (2) That the Committee notes the annual review of the Risk Management Framework

RECOMMENDED TO CABINET: That the Annual Review of the Risk Management Framework be approved.

REASONS FOR DECISION:

- (1) The responsibility for ensuring the management of risks is that of Cabinet;
- (2) This Committee has a 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 15 December 2021 can be found at Item 10 here:

[Agenda for Finance, Audit and Risk Committee on Wednesday, 15th December, 2021, 7.30 pm - North Hertfordshire District Council \(north-herts.gov.uk\)](#)

**7c REFERRAL FROM FINANCE, AUDIT AND RISK COMMITTEE: 15 DECEMBER 2021
– SECOND QUARTER INVESTMENT STRATEGY (CAPITAL AND TREASURY
REVIEW 2021/22)**

RECOMMENDED TO CABINET:

- (1) That Cabinet notes the forecast expenditure of £3.045million in 2021/22 on the capital programme, paragraph 8.3 refers
- (2) That Cabinet approves the adjustments to the capital programme for 2021/22 onwards, as a result of the revised timetable of schemes detailed in table 2 and 3, decreasing the estimated spend in 2022/23 by £2.661million
- (3) 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.
- (4) That Cabinet recommends to Council that it notes the position of Treasury Management activity as at the end of September 2021.

REASONS 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.

The Service Director – Resources presented the report entitled Second Quarter Investment Strategy (Capital and Treasury Review 2021/22) along with Appendices A and B and drew attention to the following:

- Table 3 at P.8.5 related to two big removals from the capital programme in the area of investment properties in the acquisition or development of commercial properties or the provision of market rents; the Council had no concrete plans in this area at present but was exploring options, and was aware of a changing regulatory landscape that made it prudent to remove these items for possible re-entry at a future juncture;
- A new CIPFA prudential code was expected which would alter the way the Council was able to borrow money to fund projects and would impact future investment strategy;
- The Council had high balances of government money owing to business rate funding and short term investments in stable funds had been explored to make best use of this cash balance.

The following Members asked questions:

- Councillor Terry Hone

In response to questions the Service Director – Resources advised the Acquisition of Property Investment Policy was unlikely to need review in light of changing CIPFA guidance as the Council's policy was based largely on property within the District and property for economic

redevelopment with a secondary focus on returns, which was not the focus of the CIPFA changes.

Councillor Terry Hone commented that he was pleased to see the Council had prudently focussed its investments on properties and funds within the United Kingdom rather than abroad and noted that other local authorities had suffered as a result of their decisions to do otherwise.

RECOMMENDED TO CABINET:

- (1) That Cabinet notes the forecast expenditure of £3.045million in 2021/22 on the capital programme, paragraph 8.3 refers
- (2) That Cabinet approves the adjustments to the capital programme for 2021/22 onwards, as a result of the revised timetable of schemes detailed in table 2 and 3, decreasing the estimated spend in 2022/23 by £2.661million
- (3) 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.
- (4) That Cabinet recommends to Council that it notes the position of Treasury Management activity as at the end of September 2021.

REASONS 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.

NB: The report considered by Finance, Audit and Risk Committee at the meeting held on 15 December 2021 can be found at Item 12 here:

[Agenda for Finance, Audit and Risk Committee on Wednesday, 15th December, 2021, 7.30 pm - North Hertfordshire District Council \(north-herts.gov.uk\)](https://www.north-herts.gov.uk/agenda/2021/12/15/12)

7d REFERRAL FROM OVERVIEW AND SCRUTINY COMMITTEE: 14 DECEMBER 2021 AND FINANCE, AUDIT AND RISK: 15 DECEMBER 2021 – INTEGRATED PERFORMANCE MANAGEMENT

RECOMMENDED TO CABINET: That Cabinet recommend to Council to approve the changes to the Constitution as detailed in Section 9.

REASON FOR DECISION: To improve the current processes that are in place which do not seem to be well integrated with each other or the Council Plan.

1 – Overview & Scrutiny

The Controls, Risk and Performance Manager presented the report entitled 'Integrated Performance, Project Monitoring and Risk' including:

- Outlined the changes to the processes which were included within the report.
- This proposal was to change the way project monitoring and risk was presented to the Committee with an integrated approach to monitoring Performance Indicators and the Council Plan.
- This Integrated Report would be provided to the Finance, Audit and Risk Committee and Cabinet, as well as this Committee.
- This should help to ensure both Committees receive the full picture and make the information published online more relevant to the public.
- Monitoring of the Council Plan will be done quarterly by Overview & Scrutiny and can be referred onto Cabinet, strengthening the role of the Committee.
- Finance, Audit and Risk would no longer receive updates on particular risk, but would have a view of the overall performance of Risk Management, which is hoped will remove overlap between the two Committees.
- A slight change to the Constitution would be required to extend the role of Overview & Scrutiny in risk monitoring, outlined in the report.
- The proposals would allow better alignment to the Council Plan, better Cabinet and Overview & Scrutiny oversight and will make information more accessible to Councillors, Officers and members of the public.
- An informal consultation had taken place with the Chairs of both Finance, Audit and Risk Committee and Overview & Scrutiny and the Finance, Audit and Risk Committee would also receive this report for commenting.
- The first report in the new format will be the Q1 reporting at the Committee meeting in September 2022.

The following Members asked questions:

- Councillor Terry Hone

In response to questions the Controls, Risk and Performance Manager advised:

- Resources had been allocated during budget setting for this move across to an integrated performance report.
- Confirmed that it was proposed for the Chair of Overview & Scrutiny and Finance, Audit and Risk attend the Risk Management Group, but processes would need to be determined, agreed and put in place to manage this.

The Chair commented that it was positive to see that the reports would be linked up which would allow the Committees to monitor risk and performance as a whole and he welcomed the move.

Councillor David Levett, as Chair, proposed and Councillor Morgan Derbyshire seconded and, following a vote, it was:

RESOLVED: That the proposals set out in the report were approved, which relate to the creation and monitoring of an Integrated Council Delivery Plan.

RECOMMENDED TO COUNCIL: To approve the changes to the Constitution as detailed in Section 9.

REASON FOR DECISION: To improve the current processes that are in place which do not seem to be well integrated with each other or the Council Plan.

2 – Finance, Audit and Risk

The Service Director – Resources presented the report on Integrated Performance Management and highlighted points including:

- This report set out the process for monitoring and reporting on council projects, performance indicators, and risk and the service delivery plan between Overview & Scrutiny Committee and the Finance, Audit and Risk Committee and sought to realign this process to promote better governance
- Under the proposed changes the Overview & Scrutiny Committee would deal with risk management on a more granular level by examining specific risks and the Finance, Audit and Risk Committee would deal with governance issues and the risk management framework more generally
- Financial risks would be able to come before the Finance, Audit and Risk Committee and the Chairs of the two committees would liaise to avoid the duplication of work and to ensure items were presented to the right body.

Councillor Terry Hone noted his support for these proposals and that a more integrate approach to performance management risk was appropriate.

On the vote it was:

RECOMMENED TO CABINET:

(1) That the proposals set out in this report be approved which relate to the relation and monitoring of an Integrated Council Delivery Plan.

(2) That Cabinet recommend to Council to approve the changes to the Constitution as detailed in section 9.

REASON FOR RECOMMENDATION: To improve the current processes that are in place which do not seem to be well integrated with each other or the Council Plan.

**7e REFERRAL FROM OVERVIEW AND SCRUTINY COMMITTEE: 14 DECEMBER 2021
– Q2 PERFORMANCE INDICATORS 2021-22**

RECOMMENDED TO CABINET: To consider further messaging and communications, not exclusive to social media, to clarify the process for residents regarding food waste and the missed collection protocol.

REASONS FOR DECISIONS: To update the Committee on the performance indicators as well as other indicators that officers have updated and activated on Pentana Risk.

The Controls, Risk and Performance Manager presented the report entitled 'Quarter 2 PI Data' including:

- This report showed the data for 21 Indicators to the end of September 2021 and there were four green, two amber and three red Indicators. The remaining indicators were for information only and did not have targets.
- Sales Ledger collection was up on last year and improving month on month, but was still down on target.
- Payment collections from businesses were still facing issues with fewer court dates available to reclaim owed monies and payment deadlines being pushed back to February or March 2022.
- North Herts is performing well against other Herts authorities regarding Homeless Prevention and Relief, but down on performance from last year.
- Visits to leisure centres are continuing to perform well against the recovery plan.
- Residual Household Waste indicator was red and this was down primarily to food waste in residual bins, but public messaging was going out to target this.
- Outlined the other Waste Indicators and noted that recycling was improving on last year.

The following Members asked questions:

- Councillor David Levett
- Councillor Terry Hone
- Councillor Claire Strong

The Senior Estates Manager advised that the government moratorium on rent had been extended to 25 March 2022, but could be further extended.

In response to questions the Controls, Risk and Performance Manager advised:

- The rents owed generally amounted to a small proportion of Sales Ledger invoices. The higher value invoices generally fell within the Estates department.
- Communications on social media had been made to encourage residents to reduce food waste in residual bins.
- They were unsure of the breakdown of the 21 households in temporary accommodation and would look to provide Members with details of this following the meeting.

In response to questions the Deputy Executive Member for Recycling and Waste Management advised:

- Messages addressing food waste had been included in previous Outlook magazines.
- When food waste collections have had to be suspended, due to staffing shortages and the pandemic, the issue tended to get worse.

- A previous composition waste analysis had been completed at the beginning of 2022, but it was difficult to monitor and repeat due to the scale of the project.
- Council messages had been clear on this, but this had been confused by different messages locally.
- The message had been consistently that food waste could go in the residual waste bin if no other alternative and while this was not ideal it was deemed a necessary short term measure.

Councillor Terry Hone advised that it would not be legal for the Council to tell residents to put food waste in their charged garden waste bin.

Councillor David Levett commented that the advice given relating to this may need a refresh to ensure the best information is being provided.

Councillor Terry Hone requested that Officers and Executive Members seek advice from other authorities regarding their actions on food waste and missed collections to explore other options and ensure best practice is followed. Councillor Carol Stanier advised that she would request the Executive Member raise this with the Hertfordshire Waste Partnership group.

Councillor Claire Strong proposed and Councillor Terry Hone seconded and, following a vote, it was:

RESOLVED: That the report entitled 'Q2 Performance Indicators 2021-22' be noted.

RECOMMENDED TO CABINET: To consider further messaging and communications, not exclusive to social media, to clarify the process for residents regarding food waste and the missed collection protocol.

REASONS FOR DECISIONS: To update the Committee on the performance indicators as well as other indicators that officers have updated and activated on Pentana Risk.