

**NORTH HERTFORDSHIRE DISTRICT COUNCIL**  
**FINANCE, AUDIT AND RISK COMMITTEE**  
**MEETING HELD AS A VIRTUAL MEETING**  
**ON MONDAY, 18TH JANUARY, 2021 AT 7.30 PM**

**MINUTES**

**Present:** *Councillors: Kate Aspinwall (Chair), Sam North (Vice-Chair), Sam Collins, Morgan Derbyshire, Adem Ruggiero-Cakir and Michael Weeks*

**In Attendance:** *Ian Couper (Service Director - Resources) and Matthew Hepburn (Committee, Member and Scrutiny Officer)*

**Also Present:** *Councillor Ian Albert as Executive Member for Finance and IT and Louis Franklin as IT Support.*

**54 WELCOME AND REMOTE/PARTLY REMOTE MEETINGS PROTOCOL SUMMARY**

*Audio Recording – 26 Seconds*

The Chair welcomed everyone to the Finance, Audit and Risk Committee.

The Committee, Member and Scrutiny Officer undertook a roll call to ensure all those present could hear and be heard and drew attention to the Remote/Partly Remote Meetings Protocol which was noted.

**55 APOLOGIES FOR ABSENCE**

*Audio Recording – 2 Minutes 35 Seconds*

There were no apologies for absence received.

**56 MINUTES - 16 MARCH 2020 - 3 DECEMBER 2020**

*Audio Recording – 2 Minutes 45 Seconds*

It was proposed by Councillor Kate Aspinwall and seconded by Councillor Sam North and it was:

**RESOLVED:**

- (1) That the Minutes of the Meetings of the Finance, Audit and Risk Committee held on 16 March 2020, 15 June 2020, 20 July 2020, 7 September 2020 and 3 December 2020 be approved as a true record of the proceedings; and
- (2) That, with the authorisation of the Chair, her electronic signature and initials be attached to the Minutes approved in (1) above.

**57 NOTIFICATION OF OTHER BUSINESS**

*Audio Recording – 5 Minutes 11 Seconds*

There was no other business notified.

**58 CHAIR'S ANNOUNCEMENTS**

*Audio Recording – 5 Minutes 19 Seconds*

- (1) The Chair welcomed those present at the meeting;
- (2) The Chair announced that, in accordance with Council policy, this meeting was being audio recorded as well as filmed. The audio recordings would be available to view on Mod.gov and the film recording via the NHDC Youtube channel; and
- (3) Members were reminded to make declarations of interest before an item, the detailed reminder about this and speaking rights was set out under Chair's Announcements on the agenda.

**59 PUBLIC PARTICIPATION**

*Audio Recording – 5 Minutes 45 Seconds*

There was no public participation.

**60 ANNUAL AUDIT LETTER 2019/2020**

*Audio Recording – 5 Minutes 55 Seconds*

The Associate Partner – Ernst and Young presented the report entitled Annual Audit Letter 2019/2020.

The Associate Partner directed Members' attention to the Audit Fees as detailed on page 76 within the report and advised that in the Final Audit Results Report, it was reported that additional work had been carried out as a result of Covid-19 that had required an additional audit fee. The Associate Partner informed the Committee that the proposed fee had been quantified and agreement was needed to be reached with the Service Director – Resources and then approval sought from the Public Sector Audits Appointments.

It was:

**RESOLVED:** That the Annual Audit Letter 2019/2020 be noted.

**REASON FOR DECISION:** To communicate to Members the key issues arising from Ernst and Young's audit work for 2019/2020.

**61 REVENUE BUDGET 2021/22**

*Audio Recording – 9 Minutes 17 Seconds*

The Service Director – Resources presented the Addendum report entitled Revenue Budget 2021/2022 and explained that the main update to the report was in relation to Recommendation 2.6.

The Service Director – Resources directed Members to various sections of the report including:

- Paragraphs 8.4 – 8.5 on page 6 within the report and advised that the Council Tax base calculation for 2021/22 had been calculated at 49.396.9, which represented a 1.17% decrease on the Council Tax Base for 2020/21 and was equivalent to a £140k reduction in Council Tax income. The cause of this was a potential consequence of the Covid-19 pandemic on resident's finances and an increase in the eligibility of Council Tax Reduction support;
- Paragraph 8.8 on page 7 within the report, namely Council Tax support grant;
- Paragraph 8.9 on page 7 within the report and advised that the Government had announced a 'Local Tax Income Guarantee' for 2020/21, with the government compensating local authorities for 75% of irrecoverable losses in Council Tax and business rates income in respect of 2020-21; and
- Paragraph 8.10 on page 7 within the report and advised that the Government had legislated that the repayment of the Business Rates and Council Tax Collection Fund deficits for 2020/21 be spread over three years from 2021/22, rather than full repayment in 2021/22.

The Service Director – Resources pointed Members towards Table 3 – Specific Reserves on page 11 within the report and provided some additional information relating to its contents, including:

- MHCLG Grants Reserve – it was considered that £2.5m could be released from the reserve and used to cushion the impact on the General Fund of the anticipated funding shortfall from 2022/23;
- Special Reserves – The reserve was maintained for special financial pressures. As detailed in the Covid-19 Financial Impacts report, the Special Reserve would be released in to General Fund balances. The balance of £716k would be transferred in 2022/23.

The Service Director – Resources then directed Members to Table 5 - Summary of forecast variances and provided further detail on the Budget Area - Support for Leisure Facilities including that there would be an update on the financial position of the Leisure Facilities presented to Council on 21 January 2021.

The following Members asked questions:

- Councillor Sam North; and
- Councillor Morgan Derbyshire.

In response to the Member's question regarding the Syrian Refugee Project, the Service Director – Resources advised that he would find out how many Syrian refugees had been accommodated thus far and he would update the Committee with the figure in due course.

In response to the Member's question regarding Council Tax Support for Parishes, the Service Director – Resources advised that it started a long time ago when CTS stopped being funded by central Government and was localised.

It was:

**RECOMMENDED TO CABINET:**

- (1) That the decrease in the 2020/21 working budget of £129k, as detailed in table 5, be approved.

That Cabinet recommend to Council:

- (2) That the position on the Collection Fund and how it will be funded be noted;
- (3) That the position relating to the General Fund balance and that due to the risks identified a minimum balance of £3.7 million is recommended, be noted;
- (4) That the savings and investments as detailed in Appendix B be approved;
- (5) That a net expenditure budget of £16.390m, as detailed in Appendix C, be approved. In the event of a £10 band D increase being allowed, then Appendix D would apply.
- (6) That a Council Tax increase by the maximum allowed without the need for a local referendum in 2021/22 (as per the Medium Term Financial Strategy), be approved. This is likely to be an amount of £5 for a band D property, with other increases pro-rata to this. However in response to the consultation on the Local Government settlement, a £10 increase for a band D property (other bands pro-rate) may be allowed.

**REASONS FOR DECISIONS:**

- (1) 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.
- (2) To ensure that Cabinet recommends a balanced budget to Full Council on 11 February 2021.

**62 INVESTMENT STRATEGY (INTEGRATED CAPITAL AND TREASURY)**

*Audio Recording – 23 Minutes*

The Service Director – Resources presented the report entitled Investment Strategy (Integrated Capital and Treasury) and advised that new capital investments were outlined in the appendices.

The Service Director – Resources highlighted the following key sections within the report:

- Paragraph 8.4 - Tables 6 and 7 on pages 13 and 14 detailed what had been presented to the budget workshops. However, the two exceptions to this were the proposed changes to the IT budgets for purchase of laptops and the addition of a £27k budget for the purchase of 76 election polling booths as a number of the booths were coming to the end of their useful life. The purchase was for a new type of more portable booth;
- Paragraph 8.9 on page 116 related to proposed changes to treasury investments and advised that there was a slightly higher forecast for the end of the year;
- The investment limit for Local Authorities would be increased from £3m per Authority to £5m;
- The amount that can be invested in Property Funds would be reduced to £2m;
- In a meeting with the Council's Treasury Advisors, they suggested that investing in UK multi-asset funds would be a good long-term investment. This is proposed to be added to the Strategy with a limit of £2m.

**RECOMMENDED TO CABINET:**

That Cabinet recommend to Council:

- (1) That it adopts the Investment Strategy (as attached at Appendix A), including the capital programme and prudential indicators; and
- (2) That it adopts the four clauses in relation to the Code of Practice on Treasury Management (as detailed in paragraphs 8.12 to 8.17).

**REASONS FOR DECISIONS:**

- (1) To ensure that the capital programme meets the Council's objectives and officers can plan the implementation of the approved schemes;
- (2) To ensure the Council's compliance with CIPFA's code of practice on Treasury Management, the Local Government Act 2003, statutory guidance from the Ministry of Housing, Communities and Local Government and the CIPFA Prudential Code. As well as determining and managing the Councils risk appetite in respect of investments.

**63 POSSIBLE AGENDA ITEMS FOR FUTURE MEETINGS**

*Audio Recording – 30 Minutes 30 Seconds*

The Chair asked Members if they had in mind any possible agenda items for future meetings.

The following items were raised:

- Grant Schemes in relation to Covid-19 and how much funding has been distributed; and
- An update on Grants and how they are being awarded.

The Service Director – Resources responded that:

- Grant Schemes in relation to Covid-19 and how much funding had been distributed could be added to the Third Quarter Revenue Budget Monitoring Report;
- An update on Grants and how they are being awarded would be added to all future Quarterly Revenue Budget Monitoring Reports until no longer considered necessary.

The meeting closed at 8.06 pm

Chair