

## APPENDIX A

### BUDGET SPEECH BY THE LEADER OF THE COUNCIL

This time last year we were seated in the Council Chamber for the annual budget council meeting. We could not have imagined then that within the next year we would have changed the way we worked so drastically, worked with the NHS and other agencies to keep our residents safe, ensured that the finance to protect our businesses and our residents was delivered speedily and effectively; and adapted in so many other ways to the pandemic that has afflicted us all.

I am extremely pleased and honoured to have led the Council over this last year as we have, officers and councillors stepped up to the plate. In particular I want to place on record our thanks to our fantastic staff for the way they have responded to the challenge. We in local government have provided the boots on the ground, without which protecting our communities would not have been achieved.

Indeed, when the siren voices of two of our MPs were demanding we eased our restrictions just before Christmas, we said no - and we were right. Our administration has done everything humanly possible to keep North Herts safe!

We have done everything the Government asked of us and more.

The Government promised that if we did that, they would provide the finance to do the work and to cover our losses. The fact that the Government has left us short has consequences.

This evening the Council has the duty to set a budget for the forthcoming year. We have to set a balanced budget. Unlike the Government, we cannot borrow to finance day to day spending. While we will do our best to work more efficiently to make up the shortfall, there are some savings, some cuts that we are not prepared to make, because it would mean closing services vital to our residents.

And we do want to look forward with hope, with a determination to ensure that as we come out of the pandemic we build back better. But building back better will be an empty slogan unless it means that we use the opportunity to bank the gains we have made and to work with greater determination in responding to the climate emergency. And unless it means that we do all we can to support those who are most vulnerable, those most affected by the pandemic and ensure that they are not left behind, which is why had we been able to raise that little extra from a larger council tax rise, we would have set it aside for that purpose.

In many ways, I am pleased that we don't have the option to increase the District Council portion of Council Tax any more than we will be recommending later. As Cllr Albert will confirm later, we don't have the option of the higher increase in Council Tax that the Conservative led District Councils Network were lobbying for and any increase for our residents at this time is regrettable.

Indeed, the fact that the government has left us short forces us to raise Council tax more than we would like – effectively a Conservative government stealth tax. Yes, it's only a £5 a year or 10p a week increase. But the point is that our residents are paying more for this Council to have less to provide the services they rely on! I will come back to that point later.

It would be great if we could look forward to a year when Covid-19 doesn't dominate everything that we talk about. Unfortunately, we can't set a budget for next year without mentioning it quite a few times.

Cllr Albert will describe in more detail the impacts of increased spend and reduced income in this year, and how that has affected our reserves. And also, the financial risks we face moving forward in to 2021/22.

Whilst we understand the reasons that the new funding mechanisms for Local Government have been delayed again, and welcome that negative Revenue Support Grant won't face us for at least another year, we are forced again into setting a short-term budget. It is looking likely that there still won't be any certainty over our funding next year, so we may be in the same place when we are setting a budget for 2022/23!

We are therefore working on the assumption that we will need to be able to deliver £2m of savings per year by 2025/26. They could come from efficiencies, service transformation, income generation or service changes. Unfortunately, years of Conservative government austerity mean that opportunities for efficiencies are pretty much gone. We are committed to a service transformation programme that we hope will improve the way people interact with us and also save some money. We remain committed to developing income from acting more commercially, although we have to be realistic about what can be achieved given the economic effects of Covid-19. We therefore have to plan on the basis that we might need to deliver a significant amount of savings through service changes. Cllr Albert will describe in more detail how we have set up a Challenge Board process.

We would have liked to have funded more of our aspirations, but we have to be realistic about what we have the capacity to deliver and can afford to do. We remain committed to delivering on our priorities as we set out in the Council Plan of:

- Continuing to be a welcoming, inclusive and efficient Council
- Building thriving and resilient communities
- Supporting the delivery of good quality and affordable homes
- Responding to challenges to the environment
- Enabling an enterprising and co-operative economy

In proposing the Council Tax level for next year we have to consider:

- medium term forecasts over funding levels
- the financial impact of Covid-19 to date and the potential impacts next year, and (as I have already emphasised)
- the Government assumption that we will put Council Tax up by the maximum amount allowed when determining how much funding we need.

So we must propose that the Council Tax element for North Hertfordshire is increased by the maximum amount allowed without the need for a local referendum, in line with the Medium Term Financial Strategy. That is a £5 increase on a band D property, with the increases on other bands pro-rata to that. A £5 increase is 2.1%.

We shared our draft budget proposals with all Members in the budget workshops in November. We also asked for contributions of ideas for ways that the Council can save money, either through spending less, delivering more or generating income. I hope that this level of participation will assist the agreement of our budget tonight, which I believe is a reasonable balance between a short and medium term focus.

I will now ask Councillor Albert to expand on our proposed budget.