

NHDC Council 27th Feb 2025: Proposed amendments to Item 10: BUDGET 2025/26

Proposer: Cllr Paul Ward

Seconder: Cllr Ruth Brown

The budget as proposed in Item 10 and the supplementary pack will require the Council using c. £6.5m of its reserves over the next 5 budget years. It only just achieves a materially balanced budget by the end of the period, which includes numerous financial assumptions.

The Chief Financial Officer has highlighted the dilemma the Council is in, in his section 25 report, on page 207:

“It is almost certain that there will be a need to act. Even the more optimistic projections on funding would require savings to be identified and delivered of over £1m (and more likely in the range £2.5m - £3.5m). There will need to be some difficult decisions over areas of priority during 2025/26, to help inform the 2026/27 budget process. As long as action is taken then the Council can be sustainable in the medium-term and beyond. But if action is not taken then our reserves could fall very quickly.”

Whilst there is a review of savings options in plan for 2025/26, in this proposed budget the administration has chosen to increase spending. Any additional revenue pressures and investment are just making our savings problem bigger.

We support many of the items in the budget but believe that there are some prudent changes to limit growth in the cost of council officers and also focus capital expenditure on customer-facing services. Therefore, we are proposing amendments to the budget as follows. The Chief Financial Officer has added his commentary on the proposals at the end.

Firstly, we believe that the priority of capital investment should be into building services that the public directly benefit from. **We propose to divert capital spending and amend APPENDIX C: CAPITAL PROGRAMME FOR 25/26 ONWARDS thus:**

1. **Reduce ECP29 Museum Storage** - Whilst we recognise that the museum storage facility needs addressing, we believe that the current £4m budget proposal, matching the cost of redeveloping the existing site, is excessive and a more economical solution is possible using a different site. This was already referenced in the 19th November 2024 Cabinet report (financials in page 51, Appendix 2). Therefore, we are proposing to set a clear and challenging but reasonable delivery target for the museum storage replacement of £3m. This is based on the need to secure an alternative site. A risk should also be lodged against this item, if not already done so, to reflect
2. **NEW item: Royston Learner Pool** – This proposal has direct social utility and is also a long-term revenue generating project, with up front capital needs but profitable in the long term. This is estimated to be £3m total for capital budget (£2m in 2026/27 and £1m in 2027/28). It would incur a small drop in revenue during the works, but with an increase once completed. Additional grant funding is possible but unknown and not factored in. The CFO has provided an estimate below of the overall revenue impact.

3. **Remove NCP6 Hitchin Town Hall Air Conditioning** – as we have a declared climate emergency. We also believe that, although it may improve conditions and generate some more income over the summer periods, this is not guaranteed. Instead any proposals to address the climate in the building should be considered as part of the PSDS2 business case and implementation, focused on carbon neutrality.

Secondly, we believe that we should limit some of the growth in council officer positions, in order to start to tackle the difficult decisions now, pending the 2025/26 savings review.

Whilst there are no easy or zero impact choices here, we believe that the following are the least impactful increases to pause – and thus not include in the 2025/26 budget.

We propose the changing the **Supplementary Appendix B Revenue Budget Savings and Investments** thus:

4. **Remove increases R5, R7 and R8**, which are some of the proposed increases in the **Housing & Environmental Health team**, but keeping the extra resources identified as most critical essential roles during the shadow budget workshops i.e. R4, R6, R10, R11. This is a 5 year saving of £705k.
 - a. R5: creation of a part-time (0.5 FTE) Private Water Supply Officer (PWSO)
 - b. R7: recruitment of an additional Senior Environmental Health / Food Officer
 - c. R8: additional Environmental Health Regulatory Officer
5. **Modify R18 leadership restructure** – please refer to the amendment that will be submitted against Item 8 Leadership Team and Senior Management Restructure. Should that amendment be passed, we anticipate avoiding 3 years' worth of additional cost pressure amounting to £336k in 2027-30.
6. **Remove R36** - Remove the additional hiring (5 year fixed) of an **additional Transport Officer** to focus on multiple projects. Instead accept that some of this additional work will not get done and other aspects will need to be incorporated into other efficiencies across the Council, for example within the resource cost of any specific projects.

Lastly, we believe that it is important to provide support for a diverse range of organisations that enable individuals to join together in the pursuit of common goals and activities. One direct way the Council can achieve that is through community grant funding at a local level, with recommendations made via our Community Forums.

7. **Add R47** - Increase grant funding for the 5 Areas Forums by £5k for 2025/26 only – the priority is to drive community social wellbeing with local organisations, noting R16 has already been removed for district wide funds. Impact of £25k in 2025-26.

Commentary from the Chief Finance Officer

I note that there is a reference to a proposed amendment to Agenda Item 8 (Leadership Team and Senior Management Structure) that would have a financial impact. I confirm that if that amendment is passed I will have ready an amended forecast spend for the Revenue Budget. But the impact is not included within the numbers below.

For the investments (spend increases) that will not be delivered as part of these proposals. The service impact is detailed in Appendix G.

The proposed addition of the Royston Learner Pool is complicated as it has both revenue and capital implications. As set out in the main report, all capital spend has revenue implications. The estimated impact is just shown in revenue terms in the table below. The impact is an estimate based on best available information. There would need to be additional work to verify the assumptions. The cost will also be affected by any changes in borrowing rates.

The implications of the other changes in capital spend are also just shown in terms of their impact on the revenue budget (i.e. impact on interest and MRP).

Whilst changes in capital spend have an impact on the amounts available for investment and the relevant limits (as detailed in the Investment Strategy) this would only be significant if the value was high (£3m +) and affected 25/26. This is not the case for the proposals put forward.

The estimated impact of the proposals is shown in the table on the next page. As a total package the year 5 impact is a net reduction in spend of £69k. This is the value that is used in medium term financial planning to set the overall savings targets for the Council. As this is a net reduction in spend it does not affect my section 25 report (Appendix D). However, there is one specific item (the Royston Learner Pool) that if taken in isolation would lead to a significant increase in medium-term spend. If just that item was agreed (without the corresponding reductions in spend) then Council needs to be warned of the additional savings that would need to be delivered. Whilst there is a commitment to prioritise spend during 2025/26 (with public consultation) there will come a point where the level of savings required becomes too high, noting contractually committed spend and delivery of statutory services.

LIBERAL DEMOCRAT GROUP PROPOSAL			ORIGINAL PROPOSAL					REVISED PROPOSAL					CHANGE				
			2025/26	2026/27	2027/28	2028/29	2029/30	2025/26	2026/27	2027/28	2028/29	2029/30	2025/26	2026/27	2027/28	2028/29	2029/30
			£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
R5	Remove	Creation of a part-time (0.5 FTE) Private Water Supply Officer (PWSO) post for the Environmental Health Commercial Team. The PWSO would support the existing Private Water Supply Scientific Officer in delivering the increased workload caused by the imposed changes to statutory guidance and water quality requirements and would also increase service resilience in this area.	26	26	26	26	26	-	-	-	-	-	(26)	(26)	(26)	(26)	(26)
R7	Remove	Recruitment of an additional Senior Environmental Health / Food Officer in the Commercial Team, on a 4 year fixed-term contract, to accommodate the increased pro and reactive workload, including the additional food inspections required, and the additional Health & Safety interventions necessary for the service to achieve and maintain this legally required competency.	64	64	64	64	-	-	-	-	-	-	(64)	(64)	(64)	(64)	-
R8	Remove	Permanent budget provision for an additional Environmental Health Regulatory Officer in the Commercial Team, initially at a junior level to support the senior officers in undertaking essential roles, including the food sampling programme and the assessment of those food businesses classed as lower concern. The officer would also provide advice to new businesses following the increase in new food registrations seen over recent years.	51	51	51	58	64	-	-	-	-	-	(51)	(51)	(51)	(58)	(64)
R36	Remove	Recruitment of an additional Transport Officer for a fixed term of five years to; assist the Senior Transport Officer with the delivery of various transport projects emerging from the adopted Local Plan, the Growth Transport Plan and the Local Cycling and Walking Infrastructure Plan; to assist with the review of transport policies relating to the Local Plan review; to allow the Senior Transport officer to lead and input on transport initiatives associated with masterplanning for strategic site allocations in the Local Plan and to focus on key strategic transport projects working together with Herts County Council.	56	56	56	56	56	-	-	-	-	-	(56)	(56)	(56)	(56)	(56)
NEW	NEW	Additional £5k budget for each Area Forums in 2025/26	-	-	-	-	-	25	-	-	-	-	25	-	-	-	-
NEW	NEW	Remove £100k capital allocation for air conditioning at Hitchin Town Hall. Revenue impact reflects estimate of removing minimum revenue provision (20 years, year 2 onwards) and interest costs (half year impact year 1).						(2)	(9)	(9)	(9)	(9)	(2)	(9)	(9)	(9)	(9)
NEW	NEW	Change the museum storage capital budget to only reflect options that would use an existing building on an alternate site, which as per the November Cabinet report are estimated to cost around £3m, including purchase and conversion costs (£1 million less than the current allocation). Revenue impact reflects estimate of removing minimum revenue provision (40 years, year 2 onwards) and interest costs (half year impact year 1). May mean that the project can not proceed if an appropriate building can not be found, or budget would need to be increased back to £4 million.						(20)	(60)	(60)	(60)	(60)	(20)	(60)	(60)	(60)	(60)
NEW	NEW	Add in Royston Learner Pool Capital Project. Build period 26/27 and 27/28. Estimated total cost £3m (budgeting assumption at this stage £1m in 26/27 and £2m in 27/28). Revenue implications reflects initial estimates of lost income during construction period, minimum revenue provision, interest costs and additional income once operational. The net revenue impact should reduce over time and ultimately become an in-year net income (from around year 14). The overall impact on the General Fund (reflecting shortfalls in the early years) will become a net income from around year 26. There may be the potential for contributions towards the capital cost or running costs, but these can not be factored in until there is more certainty.	-	-	-	-	-	-	69	170	154	146	-	69	170	154	146
Total Net Budget Increase from new pressures and investment proposals			197	197	197	204	146	3	1	101	85	77	(194)	(197)	(96)	(119)	(69)