

Cabinet  
10 January 2023

## WELWYN HATFIELD BOROUGH COUNCIL

Minutes of a meeting of the WELWYN HATFIELD COUNCIL CABINET held on Tuesday 10 January 2023 at 5.00 pm in the Council Chamber, Council Offices, The Campus, Welwyn Garden City, Herts, AL8 6AE.

PRESENT: Councillors T.Kingsbury (Leader of the Council) (Chairman)  
S.Boulton (Deputy Leader and Executive Member,  
Resources and Planning)  
  
S.Kasumu (Executive Member, Environment and  
Climate Change)  
T.Mitchinson (Executive Member, Leisure and  
Community)  
N.Pace (Executive Member, Governance, Public  
Health and IT)  
B.Sarson (Executive Member, Community Safety and  
Parking)  
F.Thomson (Executive Member, Housing)

OFFICIALS Chief Executive (K. Ng)  
PRESENT: Executive Director (Finance and Transformation) (R. Baker)  
Executive Director (Place) (C. Barnes)  
Service Director (Resident & Neighbourhood) (S. McDaid)  
Service Director (Property Maintenance and Climate Change) (I. Hancock)  
Assistant Director (Legal and Governance) (M. Martinus)  
Governance Services Manager (A. Marston)  
Communications & Marketing Manager (M. Sherry)

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69. MINUTES

The Minutes of the meetings held on 6 December and 16 December 2022 were approved as correct records and noted by the Chairman.

70. ACTIONS STATUS REPORT

The status of actions agreed at the Cabinet meeting on 6 December 2022 and for decisions taken by Cabinet Members exercising their individual delegated powers between 28 November 2022 to 23 December 2022 in the report of the Assistant Director (Legal and Governance) were noted.

71. DECLARATIONS OF INTERESTS BY MEMBERS

Councillors S. Boulton, T. Kingsbury and F. Thomson each declared a non-pecuniary interest in items on the Agenda as Members of Hertfordshire County Council.

Cabinet  
10 January 2023

72. ITEMS REQUIRING KEY DECISION

The following items for decision in the current Forward Plan were considered:-

72.1. Budget Proposals and Medium Term Financial Forecasts 2023/24 (Forward Plan Reference FP1143)

Report of the Executive Director (Finance and Transformation) on the Budget Proposals and Medium Term Financial Forecasts 2023/24.

(1) The Decision Taken

**RESOLVED:  
(unanimous)**

- (1) Cabinet noted the recommendations from Cabinet, and the Statement of the Chief Financial Officer on the robustness of budgets and adequacy of reserves (appendix N)
- (2) Cabinet also noted that the following amounts for the year 2023/24 have been set in accordance with regulations made under Sections 31A and 31B of the Local Government Finance Act 1992:

	<u>100% TAXBASE</u>	<u>99.40% TAXBASE</u>
Welwyn Garden City	18,054.8	17,946.5
Hatfield	12,463.3	12,388.5
Welwyn	4,796.5	4,767.7
Ayot St Lawrence	68.6	68.2
Ayot St Peter	110.8	110.1
North Mymms	4,458.1	4,431.4
Essendon	438.7	436.1
Northaw & Cuffley	3,121.4	3,102.7
Woolmer Green	619.6	615.9
Total	44,131.8	43,867.1

- (3) Cabinet approved the following budget proposals and note that any comments from Overview and Scrutiny Committee will be returned to Special Cabinet on 24 January 2023 for consideration, before final recommendations are made to Council:
- (4) General Fund
  - (4.1) The proposed General Fund Budget as summarised in Appendix A, and detailed in appendix B.

Cabinet  
10 January 2023

- (4.2) The inclusion of the savings and growth proposals into the budget as detailed in appendices C and D.
- (4.3) The fees and charges which have been incorporated into the budget proposals, as set out in appendix E.
- (4.4) The increase in the Council's Band D Tax of £6.66 (2.97%), taking the average Band D Tax to £230.76 for 2023/24.
- (4.5) That the Special Expenses Scheme as set out in section 3.5 continue into 2023/24, and the Special Expenses detailed in Appendix M be approved for inclusion in the Council Tax for 2023/24.
- (5) Housing Revenue Account (HRA)
  - (5.1) That dwelling rents are increased by 7% in accordance with Government legislation, resulting in an average rent of £121.89 per week.
  - (5.2) To continue the policy of charging formula rent when vacant properties are re-let.
  - (5.3) The Housing Revenue Account budget as shown in appendix F.
  - (5.4) The fees and charges which have been incorporated into the budget proposals, as set out in appendix H.
  - (5.5) The Medium-Term Financial Strategy (MTFS) to maintain HRA working balances to a minimum of 5% of rental income.
- (6) Capital Programme
  - (6.1) The Capital Programme for 2023/24 to 2027/28 as set out in Appendix I.
  - (6.2) The Capital Financing for the Capital Programme, for 2023/24 to 2027/28 as set out in Appendix J, and note the forecast capital balances in Appendix K.
- (7) Medium Term Financial Strategy
  - (7.1) The Medium-Term Financial Strategy and Financial Governance Framework, including all annexes and prudential indicators for 2023/24 – 2026/27 as set out in appendix L.

Cabinet  
10 January 2023

(2) Reasons for the Decision

The report will go on for consideration by Overview and Scrutiny Committee (OSC) on 17 January 2023. Recommendations made by OSC and any changes will be presented to Special Cabinet on 24 January 2023, in order to recommend the budget proposals to Council at its meeting on 1 February 2023.

It was noted that this year has been an extremely challenging year, with the impact of inflation on contracts, supplies and utilities, along with the ongoing impact of the pandemic on some of the council's income streams. The MTFs position was updated in September 2022, which showed an increased budget gap for 2023/24 of just under £4.5M.

General Fund

The General Fund budget was summarised in Appendix A, and split by service in Appendix B.

The starting point for 2023/24 is a forecast non-ring-fenced General Fund reserve balance of £4.9M.

This 2023/24 budget included a rise in the Net Cost of Services of £1.45M, to £14.8M. This included the inflationary impacts, along with growth and savings as set out in appendices C and D.

Changes were summarised in Section 3.1.5 of the report, which showed inflation and other changes at £3.7M, partly offset by an increased recharge to the Housing Account of nearly £800,000.

The Council have succeeded in identifying savings to the base budget of over £2.2M, significantly in excess of identified growth items of £700,000.

The council are proposing to increase Council Tax by just under 3% per Band D property, the maximum allowed without a referendum. A full review of fees and charges had been undertaken as set out in appendices E and H. This had included looking at cost recovery of discretionary services and benchmarking with other councils. In some areas this has led to higher than inflationary increases being proposed to mitigate the impact of inflation and protect our important front-line services.

The provisional settlement from the Government was higher than anticipated when setting the MTFs, and a new grant called the Funding Guarantee Grant has been announced of £616,000 to support the council with inflationary pressures. New homes bonus and services grants have been extended by a year, although there is no certainty over these grants for future years.

Cabinet  
10 January 2023

Overall, the 2022/23 General Fund budget predicts a drawdown from General Fund non-ring-fenced reserves of £615,000, leaving reserves forecast at around £4.3M at the end of 2023/24, above the assessed minimum of £3.9M.

However, the Medium Term Financial Strategy in Appendix L showed further gaps of £2.1M in 2024/25, £2.2M in 2025/26 and £1.4M in 2026/27. Clearly it will be challenging to continue to find savings or efficiencies without impacting upon services as the council enter the next medium term period.

The final government settlement is awaited and is not expected to materially change the 2023/24 budget. However, longer term uncertainties are exacerbated by the fact that, once again, only a one-year settlement has been announced.

#### Housing Revenue Account (HRA)

The HRA budget proposals were summarised in Appendix F, and principal variances were set out in Appendix G.

The HRA has, like the General Fund, been impacted by inflationary pressures. A cap of 7% has been introduced by the government for rent increases. This means costs will be rising at a greater level than the council are able to pass on through rent increases, which pushes out the length of our repayment period on borrowing.

It is intended to maintain HRA balances at a minimum level of just under £3.2M.

#### Capital

The proposed Capital budget of just over £73M is set out in Appendix I.

Around £8M relates to the General Fund, and around £65M relates to the HRA. A full review of the capital investment programme on the HRA has been undertaken, to reprofile more expenditure into the coming 5-year programme, but the overall spend in the 30 year plan remains at similar levels to the previous plan.

Around £24M of the HRA programme for next year is on the Affordable Housing Programme.

Although a number of items in the capital budget fall in future years, the combined impact of all items is an increase in the council's Capital Financing requirement, as set out in Appendix J.

#### Capital Financing

Appendix J summarised the council's estimated five year borrowing requirements through to 2027/28.

Cabinet  
10 January 2023

For the General Fund, the increase in the borrowing requirement continues. The increase includes the completion of some of the regeneration projects already underway, along with new items such as the works arising from the asset conditions reports on our commercial and operational estate.

For the HRA, the decision to bring forward investment in the existing housing stock over the next few years, and the reduced contribution to capital linked to the cap on rent increases, mean that the HRA borrowing requirement is now predicted to rise to £346M by 2027/28. This is sustainable within the HRA 30-year business plan, which indicates the ability to repay all debt within 29 years.

### Medium Term Financial Strategy (MTFS)

The MTFS set out in Appendix L highlighted challenges faced by the Council in the period through to 2025/26 notably the likely requirement to find a further £2.1M of annual General Fund revenue savings by 2024/25 if the council are to avoid further use of reserves.

The financial position will be affected by government Spending Reviews, Fair Funding Reviews, and any further reforms to the Business Rates Retention system, or Business Rates reform. The outcome of these is unknown at this stage.

The government's recent reviews only covered a one-year period, so we have no certainty beyond that.

As with the MTFS update in the summer of 2022, alternative scenarios have been modelled due to volatile and uncertain economic conditions, which show the three year savings target could range between £3.4M and £9.1M.

The councils level of General Fund Capital Reserves is now depleted, which may constrain options for major capital spend over and above those projects already planned.

Within the HRA, the revenue account is more stable than the General Fund. However, the level of capital spend and related borrowing over the next few years is significant. While it is sustainable within the 30-year HRA Business Plan, this will continue to need regular review.

The document demonstrates the Council's commitment to achieving financial stability, and the council do have a track record to be proud of in this respect. It is intended that the situation will be improved by the driving out of further efficiencies from the Transformation Programme, and the identification of further opportunities to increase income generation.

Cabinet  
10 January 2023

Special Expenses

Special Expenses, whereby Council Tax amounts are adjusted by settlement to take account of differing expenditure levels, are set out in Appendix M.

Cabinet Members thanked officers and the Portfolio Holder for Resources on their hard work on the Budget for 2023/24.

72.2. Textile Consortium (Forward Plan Reference FP1156)

Report of the Service Director (Resident and Neighbourhoods) on the Award of Contract for Textile Services.

(1) The Decision Taken

RESOLVED:  
**(unanimous)**

Cabinet agreed to award the contract for Textile Services to East London Textiles Limited for a three- year period with a possible extension of up to two years, commencing on 1 April 2023.

(2) Reasons for the Decision

The Council is the lead authority for the sale of textiles from councils within the Hertfordshire Waste Partnership (HWP). The council had recently undertaken a procurement exercise for a new three-year contract (with the option of up to two years' extension) for the provision and servicing of textile banks across the County.

The Contractor will pay each authority for each tonne of textiles collected minus a payment to empty each bank, resulting in net income paid to each authority.

The full procurement results were set out in the Part 2 report.

**(Note:** Cabinet considered and agreed both the Part 1 and Part 2 reports for this item, so a confidential discussion in Part 2 was not needed).

73. EXCLUSION OF PRESS AND PUBLIC

RESOLVED:

That under Section 100(A)(2) and (4) of the Local Government Act 1972, the press and public be now excluded from the meeting for Agenda items 10 and 11 (Minutes 74 and 75 refer) on the grounds that they involved the likely disclosure of confidential or exempt information as defined in Section 100A(3) and paragraph 3 (private financial or business information) of Part 1 of Schedule 12A of the said Act (as amended).

Cabinet  
10 January 2023

In resolving to exclude the public in respect of the exempt information, it was considered that the public interest in maintaining the exemption outweighed the public interest in disclosing the information.

74. ITEMS OF AN EXEMPT NATURE REQUIRING KEY DECISION

The following items of an exempt nature for decision were considered:-

74.1. Shared Anti-Fraud Service (Forward Plan Reference FP1155)

Exempt report of the Executive Director (Finance and Transformation) provides an overview of the council's current approach to anti-fraud, and proposals around joining the Shared Anti-Fraud Service.

(1) The Decision Taken

RESOLVED:  
**(unanimous)**

Cabinet approved the Council entering into the Shared Anti-fraud Service partnership managed by Hertfordshire County Council from 1 April 2023.

(2) Reasons for the Decision

With the upcoming end of the Sopra Steria contract, it is an opportune time to look at a more holistic and proactive approach to fraud investigation, and it is proposed that the council joins the shared anti-fraud service which will bring the benefits listed in section 3.14 of the report.

75. WRITE OFFS OVER £10,000.00

Exempt report of the Executive Director (Finance and Transformation) on write offs over £10,000.00.

RESOLVED:  
**(unanimous)**

Cabinet agreed to one non-domestic rates write offs.

Meeting ended at 5.23pm  
AM