

**CABINET
HELD ON 18 AUGUST 2021
(FROM 5.30 PM – 6.08 PM)**

PRESENT: Councillor Richard Cooper in the Chair. Councillors Mike Chambers, Phil Ireland, Stan Lumley, Tim Myatt, Andy Paraskos and Graham Swift.

Late Arrivals: None

Early Departures: None

Before beginning the formal business of the meeting the Leader referred to the situation in Afghanistan. In June, Cabinet had agreed to provide homes to Afghan refugees under the locally employed staff scheme and the Leader confirmed that this had now happened with more homes offered than originally agreed. The Government would be bringing forward a new scheme for relocation of refugees in response to the developing situation and the Council would once again be offering to take as many, if not more, than the Government suggested for us. Harrogate was a welcoming, tolerant and diverse place and would do what it could to assist these people.

30/21 – APOLOGIES FOR ABSENCE AND NOTIFICATION OF SUBSTITUTES:

There were no apologies for absence.

(5.32 pm)

31/21 – DECLARATIONS OF INTEREST: There were no declarations of interest.

(5.32 pm)

32/21 – MINUTES: The Minutes of the meeting of the Cabinet held on 21 July 2021 were approved unanimously as a correct record and signed by the Chair.

(5.32 pm)

33/21 – EXEMPT INFORMATION: The report at Minute 34/21 and the appendices to the reports at Minutes 36/21 and 39/21 were considered to be exempt under paragraph 3 of Schedule 12a to the Local Government Act 1972. Discussion on the items took place in open session.

(5.33 pm)

MATTERS TO BE REFERRED TO COUNCIL

34/21 – CAPITAL AND INVESTMENT PROGRAMME 2021/22 QUARTER 1: The Head of Finance submitted a written report and sought approval for the amended Capital Programme for 2021/22 and Indicative Programmes from 2022/23 to 2025/26. The Council had made good progress in taking a more proactive approach to its asset management and ensuring that the return from investment was

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maximised. Costs in the strategy were provisional high level estimates based on prices at the time and would vary as more detailed work was undertaken on projects. A number of significant reviews would impact on the Capital and Investment Strategy in the future and these included the Sport and Leisure review, HCC Future Strategy, and the Economic Growth Strategy.

Section 6 of the report outlined the governance arrangements for the Programme, which was reported to Management Board before approval by Cabinet and Council in February alongside the revenue budget. As was the nature of capital and investment works, expenditure could vary or be delayed and therefore new spending approvals would be sought in the quarterly monitoring reports and the implications for the programme made clear.

The amended Capital Programme for 2021/22 to 2025/26 was outlined in Table 1 at paragraph 7.1 of the report, and further detail was given at Appendix 1. Paragraph 7.2 detailed minor changes to the original approved programme. The amended Revenue Investment Programme for 2021/22 to 2025/26 was shown in Table 2 at paragraph 7.3, and further detail was given at Appendix 2, this was £50k more than the agreed programme as a result of works detailed at paragraph 7.4. Section 8 set out the resources available to fund the programme, including the latest position on anticipated capital receipts.

Overall, capital and revenue expenditure of £55,312k was forecast in the amended five year rolling programme to 2026, which was £50k more than the previously approved programmes. The strategy was no longer fully funded with a shortfall of £41k in 2026/27

RECOMMENDED (UNANIMOUSLY):

That the amended Programme for 2021/22 and Indicative Programmes from 2022/23 to 2025/26 are approved, noting that future developments around the Sport and Leisure review, Harrogate Convention Centre (HCC) and Economic Growth will have an impact on the figures in this report.

(5.33 pm to 5.35 pm)

35/21 – MEDIUM TERM FINANCIAL STRATEGY 2022/23 TO 2026/27: The Head of Finance submitted a written report which presented the Council's Medium Term Financial Strategy (MTFS) for the period 2022/23 to 2026/27 and detailed the assumed budget parameters. The MTFS set out how the Council planned to manage its finances over the next five years and how resources could be aligned to the priorities set out in the Council's other key strategic documents, the Corporate Plan and the 2024 Programme. A copy of the Strategy was attached as an Appendix to the report and provided an overview of the Council's current financial position and set out the key considerations in the Council's financial planning.

The Government had announced in July that councils in North Yorkshire would be reorganised to form one unitary council across the whole of the county from April 2023. Harrogate Borough Council would continue to operate until March 2023 and the MTFS would provide information on the key budget pressures facing the Council

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and assumptions for future funding which would inform the final budget for the Council and the budget preparations of the new unitary council.

In introducing the report the Head of Finance reported that future funding for local government continued to be uncertain due to a delay in the spending review until later in the autumn and also anticipated delays in the fair-funding review. Business rates reform was also expected to be delayed, and would include a re-set of the business rate baseline, which would be significant for Harrogate as growth in business rates since 2013-14 would be lost costing the Council approximately £600k. It was also assumed that the new homes bonus would be phased out by 2023/24 with a reduction in grant of £1.2 million in the first year and £0.5m in the second year.

The key considerations and assumptions were brought together in the table at paragraph 66 which set out projected expenditure against projected funding for each of the years from 2022/23 to 2026/27. A budget surplus was shown for 2022/23 due to the anticipated delay in the business rates baseline reset. Significant pressure was showing for 2023/24 onwards and paragraphs 68 to 71 set out how the Council would address this through use of the Budget Transition Fund to smooth out the budget deficits.

Subject to the approval of Cabinet the Strategy would go forward for scrutiny by the Overview and Scrutiny Commission on 6 September 2021, following which further report would be made to Cabinet and the Strategy adopted by Council at its December meeting.

RECOMMENDED (UNANIMOUSLY):

That (1) the budget parameters as laid out in the MTFS are agreed; and

(2) the Overview and Scrutiny Commission is allowed until 13 October 2021 to report on its deliberations on the MTFS 2022/23 to 2026/27.

(5.35 pm to 5.42 pm)

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