

MINUTES

FINANCE AND RESOURCES OVERVIEW AND SCRUTINY

5 OCTOBER 2021

Present:

Cllr Adeleke

Cllr Allen

Cllr Arslan

Cllr Claughton

Cllr Douris

Cllr Sobaan Mahmood

Cllr Suqlain Mahmood (Chairman)

Cllr Symington

Cllr Tindall

Cllr Townsend (Vice-Chairman)

Officers:

J Deane

M Kange

Director – Finance and Resources

Corporate and Democratic Support Lead Officer (Minutes)

The meeting began at 7.32 pm

52 **MINUTES**

The minutes of the meeting held on 7 September 2021 were not yet available. The Chairman went on to advise that he would be covering the actions points now.

53 **APOLOGIES FOR ABSENCE**

There were apologies from Cllrs Chapman and Sinha and Officers M Brookes, B Hosier and Nigel Howcutt.

54 **DECLARATIONS OF INTEREST**

There were no declarations of interest.

55 **PUBLIC PARTICIPATION**

There was no public participation.

56 **CONSIDERATION OF ANY MATTER REFERRED TO THE COMMITTEE IN RELATION TO CALL-IN**

None.

57 **ACTION POINTS FROM THE PREVIOUS MEETING**

The Chairman advised that there were 3 actions points from the last meeting,
1) A report is to be presented by MBrookes on Tender Procurement.

- 2) A report on EV Charging points which BHosier will issue within the next week or two.
- 3) Whether Enforcement on fly tipping was happening during Covid or post Covid and the Chairman confirmed that he had been advised that yes it was still taking place.

Cllr Tindall stated that in response to the EV Charging points, he had seen considerable email trail with BHoiser and a question of BP Pulse and their reliability had been raised. The last email from BP Pulse sent to BHosier stating that he would be getting back to him. Cllr Tindall asked for the matter to remain open until they get further information on this point. The Chairman advised that it would remain open.

Cllr Townsend queried whether the action points were noted within the paperwork as he had not seen it. The Chairman advised that the minutes had not been issued and therefore the action points he had called out were from his own notes of the previous meeting.

58 MEDIUM TERM FINANCIAL STRATEGY

JDeane was invited to talk through the medium term financial strategy report, noting that it is always a challenge to make the best use out of this time and referring to Members being able to read the report at their own leisure. JDeane noted that he has tried to focus on some of the key issues that will shape and challenge the economic environment of the Council within the next two to four years.

JDeane advised that the MTFS models the financial implications of delivering the Councils plan, income and expenditure for the current year and the next four. This allows us to plan effectively, budget within the context of sustainability and we get advanced notice of the future pressures so we can take time on how we are going to respond to it.

The caveat is that this is all relying on forecast, it is what we think. We still need to take into consideration implications of Covid and we are on the cusp of a Government announcement.

Questions and Answers:

Cllr Tindall asked for clarification around national insurance contribution and inflation.

JDeane advised that the national insurance contribution was going to be a pressure and is forecast to be around £200K and will be factored into the update when we look at the budget in February.

In response to the question about inflation, JDeane advised that inflation is going to be kept under review and it may well change before we finalise the budget for next year.

Cllr Mahmood asked whether there were any contingencies in there for a potential recession.

JDeane advised that whatever is put into the budget, has to be offset by either reducing another service by that amount or by generating an income by that amount. The way to manage it is through reserves which we currently have a working balance of £2.5m and in the case of extremes, we have ear marked reserves which we can use to strive towards where we need them, in unforeseen circumstances.

JDeane also noted that on the point of HGV drivers, there was a report which had been to Cabinet and was going to Council tomorrow which would pick up on those issues.

JDeane stated that in 2022/2023, regarding Government funding reductions, we expect to lose £700K of government funding, a further £700K in 2023/2024 and again the year after that.

In terms of income, there are a few things worth flagging up, CCTV provision of commercial services is looking at risk at the moment and the interest on the loans for the West Herts Crematorium will be dependent on them progressing by the final quarter of the current year in order for us to realise that in full next year.

There is £577K of savings identified and still to be delivered.

JDeane noted that in regard to the sustainable strategy, the same funding trends, reduced government support and focus to remain sustainable continued. He noted that the strategy allowed the Council to set up a reserve to fund gaps due to the pressures of Covid. He noted that the Council needed to make improvements in order to continue providing its services.

Cllr Allen stated that he wished to probe into the report section 4 and asked whether there was support from central government for mitigating Covid and whether the money received from central government had an underspend or overspend.

JDeane advised that the grant for Covid has been fully utilised and in terms of the income side of things, this was never going to fully offset the loss of income that we had was always going to leave a shortfall. We have lost out as a result of Covid and looking at the draw down from the economic recovery reserves, the losses could be seen however would have been much worse if funding had not been received.

JDeane moved onto the economic recover reserve and talked about how it had performed. He stated that the Council had received some wins and had not fared as badly as anticipated. Council tax and Garages had held up and now we are going to see the stabilisers removed from the economy. This will give a better idea of how the economy is going to react to the new normal and the next six months will be a key period.

JDeane stated that the requirement to draw down from this reserve of £1.5m is now looking like £2.5m, on top of what has already been forecast, we've had pressures around restrictions such as leisure payments and waste collection. We've seen significant increase in pressure on the waste service.

Cllr Tindall stated that we had a schedule that at some point the leisure payment would turn into a gain for us in terms of an income stream, which was interrupted due

to Covid. Have you recalculated their contract, to see whether they will be an income stream for us towards the end of the contract? Can it be given to us under Part II at some point in the future?

JDeane confirmed that the figures would be given in Part II but advised that the targets that were given by the leisure provider are being realised and we are starting to see a return in terms of numbers. It will depend on what happens in the future with Covid and whether there are any further restrictions. There will be further update reports coming through to overview and scrutiny.

Cllr Townsend stated that he was trying to understand the sentence maintain reserves at current levels, it looks as though it is going to go down and then up, so please clarify the point about maintain current levels.

JDeane stated that is there a reason to believe that the reserves we have for future years is not enough? At this stage the answer is no. If there was a reason to believe otherwise then that would have to be taken from another reserve. What I'm saying at the moment is leave it where it is.

JDeane stated that Government funding assumptions had a lot of unknowns around it which will determine what will happen with our reserves, where we are going to be and how much savings we are going to have to make in the future.

The key take-away is that the most recent government assessment of need for DBC is £2m.

Cllr Adeleke asked is there any form of appeal as to what the government hand over to us in any shape or form.

JDeane advised that difficult to get unified voice from local government because there are some many different groups and a limited funding pot. Tend to get generalised suggestions and often not an adequate amount for local government to fund their services.

Cllr Townsend stated that we expected to get net £1m and we didn't which went to reserves. Did we re-profile what we expected to get further into the future?

JDeane; we have a business rates line and below that is the RSG line. We are getting a reduced overall funding package from the government.

JDeane stated that normally the LGA would pull together the best it can in terms of a unified voice and they'll focus on different elements of different requirements for different Council's and tends to come once get the provisional settlement in December but that has not been seen yet.

Cllr Adeleke referred to the previous slide and asked whether the pessimistic view of government funding tied in with the MTFS.

JDeane stated that what was being talked through now were the assumptions that have given the Council savings targets for future years and they assume that the Council would see annual reductions in future years.

Cllr Tindall stated that there had been suggestions that Council would fund the gap in social care through council tax and that they would be dispensing with the cap. Is there true?

JDeane advised that it wouldn't be unreasonable to assume that there more focus would be put on council tax.

Cllr Tindall asked about the new homes bonus scheme and whether this was ongoing and whether the new dwellings under Hamilton House would count as new homes under the bonus scheme.

JDeane advised that local authorities should be looking to hang onto reserves and keep some resilience in the current climate. Central government are of a different view and looking at how much they need to fund local authorities and pushing for them to be used rather than sat on.

For Dacorum, reserve levels are forecast at 4 and so a couple of considerations for Members over the next couple of years are, what will be the impact from a fall in reserves in terms of resilience and what might we need to dip into. Also need to consider how we optimise the use of those reserves in the context of future sustainability. These are some of the things you need to bear in mind.

Cllr Allen asked; what level of reserve does the Council need in order to be resilient and confident in approaching all of its expenditure?

JDeane noted that there are two sets of reserves, the earmarked reserves and the working balance the working balance is held separately from this at £2.5m.

Outcome:

The report was noted.

59 GARAGES PRESENTATION

JD provided a detailed presentation to the committee on the garages strategy.

Due to a technical error no questions and answers were recorded.

Outcome:

The report was noted.

60 WORK PROGRAMME

Cllr Townsend requested a report on car parking.

The Meeting ended at 9.27 pm