

MINUTES

FINANCE AND RESOURCES OVERVIEW AND SCRUTINY

2 FEBRUARY 2022

Present:

Cllr Adeleke	Cllr Suqlain Mahmood (Chairman)
Cllr Chapman	Cllr Tindall
Cllr Claughton	Cllr Townsend (Vice-Chairman)
Cllr Guest	Cllr Arslan

Officers:

Claire Hamilton (Chief Executive)
Nigel Howcutt (Chief Finance Officer)
Trudi Angel (Corporate and Democratic Support Officer – Minutes)

Also in attendance:

Cllr Andrew Williams (Portfolio Holder, Corporate and Contracted Services)

Attended remotely:

Mark Brookes (Assistant Director – Corporate and Contracted Services)
Jody Nason (Strategic Director – People and Transformation)
Ben Trueman (Group Manager – Technology and Digital Transformation)
Farida Hussain (Group Manager – Legal and Corporate Services)
Cllr Graeme Elliot (Portfolio Holder, Finance and Resources)

The meeting started at 7.30 pm.

Cllr Suqlain Mahmood opened the meeting and highlighted it was a combined budget meeting with all three OSC's.

81 MINUTES

The minutes of the last meeting were agreed.

82 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Allen, Douris and Symington.

83 DECLARATIONS OF INTEREST

There were no declarations of interest.

84

PUBLIC PARTICIPATION

There was no public participation.

85

ACTION POINTS FROM THE PREVIOUS MEETING

All action points from the previous meeting had been resolved.

86

BUDGET PROPOSALS 2022-2023

N Howcutt gave a presentation on the 2022-2023 budget setting process and the impact of the changes to the local government finance settlement.

Questions

Cllr Townsend queried how the Council's budgeting assumptions have altered based on the changes to inflation and interest rates since December. N Howcutt stated that Treasury Advisers are not expecting significant changes to interest rates over the next 12 months. They are currently at 0.25%, providing a return of 0.2% on Dacorum's investments in the first half of the year. Dacorum's budgeting assumptions have therefore not changed in response to this. The Council's assumptions have also not changed regarding inflation. The budget has allowed for a 2.5% inflation in salaries, which is higher than is expected. A 5% inflation is factored in for utilities. Inflation for utilities is expected to decrease during the second half of 2022-2023. N Howcutt noted that Dacorum's assumptions are robust and will continue to be monitored.

It was queried whether the rent guarantee reserve was time limited, as it has been left at 0. N Howcutt clarified that as the reserve had not been used for several years, it was felt appropriate to move the rent management reserve into the management of change reserve.

It was questioned what the training and development reserve will be used for in this financial year. N Howcutt specified that the level of the reserve was increased in the last year. Little will come out of it in 2022-2023, but withdrawals will include £75,000 for the apprenticeship scheme and the National Graduate Development Programme. It is not considered necessary to increase the reserve again in 2022-2023.

Cllr Birnie asked what mitigations are in place to guard against unexpected inflation. N Howcutt stated that this would be mitigated through fiscal management. If there is an over-spend in Q1, negotiations would begin with services, assistant directors, and directors to reduce their costs. These budgetary control processes have received a gold star rating. If these costs cannot be mitigated in the first half of the year, proposals will be produced for funding these extra costs. N Howcutt noted that reserves should not be used to fund ongoing pressures, but are instead for one-off investments. Reserves would only be used in the short-term through the revenue monitoring session.

Cllr Birnie commented that the presentation did not include enough information about the movement of reserves. N Howcutt stated that these had been highlighted to

members in December, and would be shown clearly in the final budget report given to cabinet. This presentation only showed the difference between December and now. This is to ensure all members are clear on what reserves are currently held.

Cllr Suqlain Mahmood noted that the government's Levelling Up proposals should not affect Dacorum too much. N Howcutt agreed, noting that local government funding is unlikely to increase. As Dacorum is classed as the 'East of England', it is one of the regions that will benefit from Levelling Up, but its proximity to London may make it less likely to receive funding.

Cllr Suqlain Mahmood queried whether having good reserves would affect the amount of Levelling Up funding the council could receive. N Howcutt stated that Dacorum's reserves are appropriate for its needs and will reduce year on year over the next few years. The government's approach to reserves is yet to be determined.

Cllr Suqlain Mahmood queried whether the 2022-2023 budget would be able to withstand an April increase in energy prices. N Howcutt noted that he believed this to be the case, but it will depend on the magnitude of the increase. The Council will not procure the next year of utilities until October, so this is when any increase would come. If the 2022-2023 winter is particularly cold, this may place the utility budget under pressure.

Cllr Townsend stated that the Wendover Canal Project, listed as Item A in Table 2 on page 15, should be the responsibility of the Council. Cllr Birnie agreed that Tring should be supported as far as possible but through matched rather than grant funding. This will go to the Cabinet for scrutiny.

Cllr Tindall noted that Item B on the alternative proposal is there to support the climate change agenda in the run up to 2030. It will ensure that funding has been allocated should officers find a way to retrofit council properties.

Cllr Freedman stated that this would have been useful in 2020 when lockdown made it difficult to access some properties as it would have allowed the labour force to work on empty properties. Overall running costs for those properties would now be decreasing. This will go to the Cabinet for scrutiny.

Cllr Williams thanked Cllr Tindall and his comments for presenting the amendments to the budget in time to include them in the scrutiny papers. The Cabinet will give opinions on these amendments on 15th February.

Cllr Suqlain Mahmood noted that most councillors share the proposal for insulating houses better. The item on electrical vehicles will be brought to the next scrutiny meeting with a report on charging points.

Outcome:

That the Committee reviewed the draft budget proposals for 2022/23 and provided feedback to be considered by Cabinet.

87 WORK PROGRAMME

The Chairman advised there were no updates to the work programme.

The Meeting ended at 8.08 pm