

## **MINUTES**

### **FINANCE AND RESOURCES OVERVIEW AND SCRUTINY COMMITTEE**

**6 SEPTEMBER 2022**

**Present:**

Cllr Adeleke	Cllr Sinha
Cllr Douris (Chairman)	Cllr Stevens
Cllr Guest	Cllr Symington
Cllr Suqlain Mahmood	Cllr Tindall
Cllr Townsend	

**Officers:**

Catherine Silva-Donayre (Strategic Director, Corporate and Commercial)  
Aidan Wilkie (Strategic Director, People and Transformation)  
Mark Brookes (Assistant Director, Legal and Democratic Services)  
Matt Rawdon (Assistant Director, People)  
Ben Trueman (Head of Digital)  
Ben Hosier (Head of Commercial Development)  
Hannah Peacock (Head of Transformation)  
Kelvin Soley (Head of Communications and Engagement)  
Fiona Jump (Head of Financial Services)  
Trudi Angel (Corporate and Democratic Support Officer)

**Also in attendance:**

Cllr Andrew Williams (Portfolio Holder, Commercial Strategy and Delivery)  
Cllr Graeme Elliot (Portfolio Holder, Corporate Services)

The meeting began at 7.30 pm

**22**            **MINUTES**

The minutes of the previous meeting were agreed by the members present and then signed by the Chairman.

**23**            **APOLOGIES FOR ABSENCE**

Apologies for absence were received from Councillors Chapman, Claughton and Freedman.

Councillor Stevens substituted for Councillor Freedman.

**24**            **DECLARATIONS OF INTEREST**

There were no declarations of interest.

**25**                    **PUBLIC PARTICIPATION**

There was no public participation.

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

None.

**27**                    **ACTION POINTS FROM THE PREVIOUS MEETING**

The Chairman asked that N Howcutt's response to Councillor Symington be included in the action points from last meeting.

All other action points had been completed.

**28**                    **BUDGET MONITORING REPORT**

F Jump presented the Council's forecast outturn for 2022-23 as at the 30 June 2022. The report covers the following budgets with associated appendices: The General Fund at Appendix A shows a pressure against budget of £0.872m is forecast. The Housing revenue Account (HRA) at Appendix B, a pressure of £1.040 is forecast. The Capital Programme at Appendix C. The General Fund Budgets are forecasting re-phasing to future years of £13.740m (14.5% of the budget). The HRA capital programme is forecast to budget. She welcomed questions from the committee.

Councillor Adeleke referred to item 8.2 on page 22 regarding the Berkhamsted Leisure Centre works that will continue into next year. Councillor Adeleke asked if this would be within the same budget or if there would be slippage.

F Jump stated that the programme should stay within the allocated budget and that the reference to slippage is in relation to decisions around the work and no budget pressure is expected at this point.

Councillor Adeleke next looked at item 8.4, asking how many properties they expect to purchase with £1m.

F Jump responded that purchase prices will vary but she expected £1m would only cover a handful of properties.

Councillor Tindall also referred to item 8.4. He asked if anyone had evaluated the turnover in Right to Buy properties in recent years to get an idea of how far the policy could be taken. He commented that £1m was on the low side, particularly when we are desperate for housing, and that he felt it was an easy way to mitigate some of the actions taken in the 1980s.

F Jump replied she did not have the statistics to hand but was happy to circulate the information. **Action.**

Councillor Tindall suggested they consider increasing the budget subject to the statistics.

F Jump took the comments on board. She felt that the budget of £1m is reasonable at this stage, and if they receive offers in excess of this amount they can look to reassess the figure as part of the budget setting for next year.

Councillor Tindall suggested there may be an increase in people selling Right to Buy properties in the wake of the financial crisis.

The Chairman noted the volatile environment and varying energy costs, stating that the new Prime Minister will also bring in new policies, and that they should wait to take a pragmatic approach.

Councillor Townsend requested more information on item 4.1 regarding residential services and the pressure of £0.729m. He suggested that this figure was being attributed to employee costs and asked for clarification on why employee costs have increased.

F Jump commented that employee costs are emerging as they respond to changes in round patterns and staffing requirements. Whilst they would've had an idea of staffing costs when setting the budget, costs have increased throughout the year. It was noted that this figure also includes agency staff costs, which are also increasing.

Councillor Symington commented on wages for waste staff, noting that last year a one-off payment was made, and that the expectation of staff would be that this would be the base level for this year. She asked if it is consolidated or what they are doing to retain staff.

F Jump advised that it was a one-off payment and has not been consolidated into current pay.

M Rawdon commented on retention, noting that the payment has not been extended to next year. Turnover rate is low and the national issue regarding drivers has now subsided. M Rawdon advised that they have checked with other local authorities and they have also looked to stop this payment, though this will continue to be monitored.

Councillor Symington referred to a discussion at the last meeting on pay being factored into the Medium-Term Financial Strategy at 2.5%. She noted it was said to be 0.3% higher than the average council, noting that Herts County Council are currently negotiating 7% with unions and have provided the pressure for each

additional 1% charge. She then asked what additional pressure would be caused by having to match this.

F Jump advised that every 1% increase in the council's wage cost is around £240k and mitigating measures are currently under discussion. F Jump confirmed that she would update the Committee on these measures once appropriate to do so. It was confirmed that the current presented figures assume a 2.5% pay increase and that the document will be refreshed.

The Chairman commented that national negotiations are in hand and the offer to unions has not been accepted, noting that they would require clarity until discussing further.

Councillor Mahmood referred to item 3.4 on the benefits for the income of HRA due to a rise in interest rates, noting that he did not see the negative impact of rising inflation.

The Chairman suggested that this is covered in the current budget and revised forecast outturn under item 4.

F Jump added that known inflationary pressures have been included in the overall forecast outturn figure.

Councillor Mahmood noted the item on the reduction in council tax due to empty homes and asked if this was a particular issue.

F Jump noted that there are void properties in HRA stock that still have council tax liability, resulting in a high level of cost to the council. This position is closely monitored and work is ongoing in the housing service to look to reduce the level of voids.

Councillor Symington remarked that parking income hasn't recovered to pre-Covid levels as a result to changes in behaviour, asking if there are any plans to repurpose spaces if this becomes a long-term change.

B Hosier confirmed that they are reviewing car park income and are considering ways of reducing costs or increasing income. He highlighted the Smart Parking project, which is another way to look at income generated through car parks. It was noted that there is no set timeframe, though there is pressure this financial year, and unless parking behaviours change this year then this pressure will continue and they will consider alternatives.

Councillor Symington commented on the capital spend and that the year to date spend is only £1.1m of a £12m project outturn. She remarked that this is a

significantly low spend, particularly in a high inflationary environment, and asked if it was therefore realistic to assume they would hit £12m.

F Jump advised that the forecast is for early in the financial year and the current expectation is that they will spend as per the forecast year, though any changes will inform a revision of the budget.

Councillor Symington referred to item 8.2 regarding £13.7m against Berkhamsted Leisure Centre. She noted that capital expenditure has been deferred for the year and asked when other options would come forward.

M Brookes advised that they have been reviewing options over the summer and they hoped to be in a position to table something to the appropriate working groups. This will first go to the Berkhamsted Sports Centre Working Group before seeking formal approval for the next steps. M Brookes commented that they hope to move forward with this in the next 2-3 months.

Councillor Stevens commented that members had not been able to discuss the status of proposals with residents and asked if they could now be more open given that is in a public domain document.

The Chairman recommended that they refrain from making any statements so as to avoid speculation and they should instead wait until they are further down the line. M Brookes agreed with this approach.

Outcome:

The report was noted.

**29                    QUARTER 1 PERFORMANCE REPORT - FINANCE & RESOURCES**

F Jump presented the report, noting the focus on performance indicators showing as red and operational risks that has an overall score that has increased from the previous quarter.

Considering performance, F Jump referred to appendices A and B, noting that there are 6 performance indicators showing as green, 2 as amber and 1 as red. The indicator showing as red is for time taken for debtors to pay. She noted that this has been reported to the Committee for a number of years and continues to be impacted by the pandemic with an increasing number of debtors choosing to pay via instalments. She advised that there have been a number of government restrictions on debt recovery activity and that they would hope to see performance start to improve against this indicator, though the cost of living crisis is impacting a number of debtors.

Looking at the operational risk report, F Jump noted that the overall risk score has been increased on collection rates for council tax and business rates dropping below budgeted expectations. Whilst the likelihood of the risk occurring at this point in the year is lower, the impact is higher.

The Portfolio Holder, Councillor Elliot, referred to the time for debtors to pay, noting that this is a country-wide issue in the public sector. The council is in constant dialogue with commercial tenants and Councillor Elliot praised the Commercial Assets team for their proactive work with commercial tenants and residents.

Councillor Guest commented on time for debtors to pay and asked what work is being done to show that this is due to the impact of the pandemic.

F Jump advised that this is a result of officers interacting with debtors and comparing performance to previous financial years. She stated that they are now conscious of the impact of the cost of living crisis and that it is challenging to differentiate between the different drivers around debt repayment, though officers are looking to understand this where they can.

Councillor Adeleke referred to page 36 of the report regarding staff being overstretched, leaving some work undone. He commented that they were likely to see more government legislation regarding rebates in light of the ongoing financial crisis and asked what contingency plan is in place to ensure that residents are not impacted.

F Jump advised that they are conscious of the potential for additional use of their time to implement new government legislation and that they can flex their resource in the service in order to respond to additional demands.

Councillor Elliot commented that the Finance and Revenue and Benefits teams have stood up to all challenges over recent years and have quickly responded in distributing funds. He confirmed he had full confidence in both the teams that they are coping with the demands made of them.

A comment was made that it would be beneficial to also see a risk and opportunities register given the challenges ahead. F Jump agreed to discuss this further with N Howcutt and look to bring this to future meetings.

The Chairman commented on page 42 and the risk regarding a failure to optimize income generated by commercial assets, noting that they should look to make the most of these assets and this would be addressed further under item 12.

#### Outcome:

The report was noted.

M Brookes presented the report, drawing attention to the number of cases in court regarding fly-tipping cases, the work in the elections team to prepare for the Annual Canvas and preparing the Business Improvement District ballots in November.

Councillor Guest referred to item 2 on page 52 of the report, the operational risk to deliver a successful election. She asked for clarification if there would be no change to this in the first or second quarter as it stated both quarters.

M Brookes agreed that the report should read that it is the first quarter.

Councillor Tindall referred to page 61, the percentage of community alarm calls answered within 1 minute, noting that there was no number stating how many alarm calls were made and how far outside a minute they were answered.

M Brookes stated that this was not his service and therefore did not come under his area. It was noted that this could be taken to the Housing team to respond to.  
**Action.**

Councillor Tindall referred to page 62 regarding the percentage of stage 2 complaints resolved in 15 days and asked if there was any explanation for them all being in red, apart from the comments included.

M Brookes commented that they are aware of the poor performance across the board and that they are looking at the structure for complaints. He explained they require additional resources in this area to help with responses and that a post is currently being advertised to assist with this. M Brookes asked members to bear with them as they look at a new plan and recruit appropriate staff.

The Chairman highlighted that as they receive this report on a regular basis and should start to see improvements.

Councillor Tindall referred to page 64 and drew attention to the number of red columns relating to the performance of housing benefit claims. He said he hoped there was a plan intended to ensure claims are made in a more-timely manner.

F Jump added that the service is looking to ensure they are responding as needed and would seek a response on the point. **Action.**

The Chairman commented on page 52-53 of the report and the number of fly-tipping prosecutions. He asked if they are using opportunities to promote that they will go after those who fly-tip and will take them to court.

K Soley confirmed that they work closely with the legal team and will publicise any prosecutions for awareness campaigns.

The Chairman advised that he would speak to K Soley on this further outside of the meeting.

Councillor Stevens wished to make a comment rather than ask a question. He said he observed a recent walk along the high street in Berkhamsted, noting that A-boards and café seating was out, and that café owners denied knowledge of licenses. He advised that they subsequently received a number of calls on how to pay the license fee and that the activity had therefore paid off.

Councillor Mahmood commented on page 53 regarding licensed taxi drivers and that a meeting due to be held on 1st September was cancelled. He questioned the severity of the cases and the safety of the public if these meetings aren't going ahead.

M Brookes stated that he was unaware of why the meeting was cancelled and that the team are active in terms of enforcement. He confirmed that he could check why the meeting was cancelled, though he would expect this was due to there being no business to discuss.

Councillor Mahmood queried who was in charge of licensing.

M Brookes advised the Licensing Manager was Phil Wortley.

Outcome:

The report was noted.

**31**                    **QUARTER 1 PERFORMANCE REPORT - COMMERCIAL DEVELOPMENT SERVICES**

B Hosier highlighted that the Procurement and Contracted Services team moved into a new commercial strategy and delivery portfolio, led by Councillor Williams. He drew attention to point 3 on procurement compliance on page 68-69 which is a new entry that came from an internal audit report that recommended the number of times in any 1 quarter that the procurement standing orders were set aside and for non-compliant expenditure to be reported to the Committee.

Councillor Symington thanked B Hosier for the report and appreciated the response to the recommendation from the Audit Committee. Councillor Symington then referred to page 68 of the report, commenting that non-compliant aspects were listed but no costs were attached.



B Hosier agreed that no figures are listed, and any figures included would be contractual, which are published on the website. He confirmed he would come back to members with the value of the contracts, adding that they are only non-compliant from when the contract has expired and that the table lists mitigations for each item.

**Action.**

Councillor Symington asked what the effect was of the 40% decrease in penalty charge notices (PCN) as noted on page 71.

B Hosier advised that this has resulted in a considerable shortfall for the council though he did not have the figures for the direct financial impact. He said we should bear in mind that there were two levels of income from a PCN depending on how quickly the penalty payment was made, as there was a discount for paying within the first 14 days. Some PCN's will be challenged and then written off.

Councillor Symington queried if there would be an impact on the contract with the contractors Saba.

B Hosier confirmed that there are no targets on the number of PCNs issued and it would not impact on Saba, though if Saba do not fulfil the minimum number of Civil Enforcement Officer's (CEO) each day then there is a financial penalty to them.

Councillor Symington asked B Hosier to expand on the Berkhamsted Leisure contract, commenting that they don't appear to have recovered as they may have done and that they appear to be running at a £145k deficit.

B Hosier explained that was the amount that Everyone Active have lost on the contract. DBC receive £35,833 each month as a management fee and that the loss would be picked up by Everyone Active.

Councillor Symington clarified that Everyone Active have communicated that they are losing money on the contract and have historically asked for a subsidy on this. She asked what negotiations are taking place around this.

B Hosier advised that historically Everyone Active paid a management fee to the council but during the pandemic and lockdown periods they lost significant income and therefore DBC made some decisions to support them. This year they negotiated a management fee so that the council didn't lose money, though Everyone Active are still making a financial loss. Everyone Active would need to approach us if they needed support and we will possibly look at negotiating an alternative solution for next year in terms of what management fee they will pay. B Hosier confirmed that the council have offered ample support throughout the pandemic. Berkhamsted Leisure Centre has improved and is almost at post-Covid levels, however the market is saturated in Hemel Hempstead and that does cause difficulties.

Councillor Symington commented that Everyone Active not making money will ultimately affect the council, stating that she supports the public provision of sports facilities but also wants to understand the finances going forward for us as a Council.

The Chairman noted there was an ongoing commercial dialogue with regular suppliers and that DBC react to these situations.

B Hosier confirmed this, adding that sometimes alternative solutions need to be found.

Councillor Adeleke referred to page 68 of the report and the tree maintenance services, commenting that given issues with previous contracts, could they look for local contractors to help with the local cost of living crisis.

B Hosier advised that the contract was awarded in May via a portfolio holder decision and that the contract was substantial and required a certain level of accreditation. He said he was unsure if the supplier was local but suggested that they often are, given that they are working in the area for a considerable period of time.

Councillor Mahmood referred to Everyone Active, asking what mitigations were in place and how the support we gave compared to other neighbouring boroughs.

B Hosier responded that we were in constant contact with neighbouring authorities throughout the pandemic, noting that if they did not continue to support the leisure industry then the industry would not be able to support those suffering with the impact of Covid. There was a consistent approach within Hertfordshire and advice was also sought nationally. With regards to mitigations, B Hosier noted that they have a contract with Everyone Active and they are working together with the contractor as residents and businesses will feel the impact should the contract fail.

Outcome:

The report was noted.

**32**                    **QUARTER 1 PERFORMANCE REPORT - PEOPLE AND TRANSFORMATION**

A Wilkie began by introducing himself to the Committee and took the report as read. He welcomed questions.

Councillor Adeleke commented on the green community grants as mentioned on page 83 of the report and he asked how they would ensure the funds would be spent appropriately.

H Peacock confirmed that projects went through a stringent assessment to be awarded funding and will be assessed at the end of the delivery of the project to ensure that the award was spent as expected.

Councillor Tindall noted item 2.8 of the report regarding staff turnover being at 12% and that he felt this disguises a problem with recruiting professional staff. He asked if they could see an overview of vacancies within professional staff, service implications and salary implications, noting that they may struggle with complaints if they don't have the right staff in place.

M Rawdon advised that they are struggling in some professional areas, though they have had 136 leavers and 132 new starters in the last year. There is recognition that needs to be done to ensure professional staff are attracted to and stay within the organisation and they have therefore recently looked at salaries and to potentially increase pay. It was noted that there is also agency cover, which they should keep to a minimum, and the focus is on being effective and maintaining value for money. There is oversight from the Strategic Leadership Team on areas where there are higher vacancies and a fortnightly report details all actions being taken to fill these roles.

Councillor Tindall asked if they are keeping in touch with neighbouring authorities regarding staff moving elsewhere.

M Rawdon stated that a recruitment meeting has been set up with heads of HR across Hertfordshire to look at how to best support each other on recruitment issues and they have to ensure they are paying appropriate rates.

The Chairman commented that Dacorum was a good place to work and that people have moved to work in the area.

Councillor Guest referred to item 5.4 on page 84 of the report regarding the bulk buy scheme and asked how they are working with the county council on this.

H Peacock advised that the County Council is part of the wider Hertfordshire Climate Change and Sustainability Partnership and are therefore already involved.

Cllr Elliot commended the report and wished B Trueman well in his future career.

Outcome:

The report was noted.

**33                    COMMERCIAL STRATEGY UPDATE**

C Silva-Donayre began by noting the team's hard work in developing the strategy and business cases.

B Hosier took the strategy as read and advised that the recommendation was to acknowledge and note the content of the strategy, with a particular focus on commercial objectives and principles. B Hosier advised that these are identified in item 2 of the report and he asked members that they be clear on the objectives and considerations as they set out the framework to move forward with the commercial programme. He welcomed questions but requested that they relate to the strategy rather than the FBCs (final business cases), given that they are still under development.

Councillor Adeleke referred to item 2 on page 89, noting the last point on assets for investment. He commented that this was the flagship policy that the new Chief Executive had brought in and he asked for an update on progress on this in the last 12 months.

F Jump advised that this area remains in early stages of development and that further updates will be brought to the Committee in due course.

Councillor Adeleke followed up with a supplementary comment, noting that one of the statements is regarding looking outwards for opportunities and he asked when they would receive a full update report on this.

The Chairman suggested that this was contained within the strategy paper under item 3.

B Hosier agreed, adding that there is a current commercial programme that is being developed, and the development of business cases for income generation and commercial activities will go through the Commercial Board in autumn before going through the appropriate channels, including the Committee. Whilst there are a number of potential opportunities, these need to go through due diligence before they can be presented to members. He added that a timeline is included within the accompanying report under section 2.3 and that they will regularly bring back proposals and delivery to the Committee.

The Chairman asked if the timelines are achievable and if any slippage is anticipated.

B Hosier confirmed that the Commercial Board oversees activity as part of the commercial programme and that they are managing the development of the FBCs so a full business case will be presented back to the Commercial Board, with phase 1 to take place after 30th September and phase 2 after 31st October.

C Silva-Donayre advised that a further programme is being worked out once the FBC is developed and this will be made available once ready in the coming weeks.

C Silva-Donayre referred to an earlier question on strategy activity, noting that they are in the first tranche of business cases and they will be constantly looking for new opportunities to embed commercial behaviour within the organisation.

Councillor Mahmood commented on the target to save £2.5m in the next 3 years, as highlighted on page 99, and said he was looking for tangible figures that could be easily monitored.

The Chairman queried the comment and stated that there is a difference between saving and improving.

B Hosier agreed, stating that they would continue to set targets and that these may be revised once they have gone through due diligence.

Councillor Tindall suggested that the strategy is a change of philosophy rather than creating distinct business structures and asked if the Committee could have sight of business cases during development for comment.

B Hosier acknowledged the comment and stated that he would take this back to the Commercial Board, adding that, given this was the first tranche of identified opportunities, there has been a learning curve and that a range of options remain on the table. B Hosier added that they are not looking to invest large sums of money and that the strategy is more about the commercial approach, though this may include setting up business structures.

The Chairman commented that DBC has taken a prudent course of action going forward and that this has allowed them to be in the strong position that they are now.

Councillor Townsend remarked that he was unsure of the responsibilities undertaken by the Governance Board and that he felt the challenge would be between what actions the Board and members wish to take. He commented that the strategy paper, whilst expressing intent, is light on mechanisms.

B Hosier acknowledged the feedback and agreed to review it, adding that the strategy has been deliberately written to focus on the framework and direction of travel whilst they are still developing the commercial approach.

The Chairman noted the strategy did not have a date line and asked if it should have a defined period.

B Hosier agreed, stating that the strategy draft format did not work and therefore a Word document was provided for the purposes of the Committee. B Hosier suggested that the timeframe would be 3-5 years and would be defined.

Councillor Symington asked the Portfolio Holder for clarification on the £2.5m and if he sees it as a saving or an improvement to finances.

The Portfolio Holder, Councillor Williams, noted that they face the challenge of rising costs and that they would need to achieve reductions in costs, improvements and income to around £2.5m to remain as a balanced budget council. He added that if this was not achieved then finances would not be aligned and it was therefore not an option.

Councillor Tindall commented on the statement on page 98 of the report regarding the objective to improve the net financial position by 2025 by £2.5m. He recommended that this be the first objective, and if successful then they could look at a rolling programme beyond this.

Councillor Williams referred to a comment by Councillor Townsend regarding the conflict between the Commercial Board and members, noting that, as Portfolio Holder and Leader, the decision is what members want following advice from the Commercial Board and officers. He referred to another Council Leader resigning and confirmed that he did not intend to be in a position that he was forced to resign due to an unsustainable financial situation.

The Chairman thanked Councillor Williams for the clarification.

#### Outcome:

The Committee acknowledged and noted the content of the Commercial Strategy, with particular focus on the Commercial Objectives and Principles.

### **34                    WORK PROGRAMME**

The Chairman asked members if they wished to make any alterations to the work programme.

Councillor Symington commented on electric vehicle charging points, noting that this was omitted from all reports and was now listed as a future report with no date to come back to the Committee. She requested that an update on the strategy be provided in October and asked why it was an undated report given that it is an ongoing programme.

The Chairman said he felt this was premature and invited Councillor Symington to send him a note on why he should revise his decision. He added that there have been a number of issues around charging points, including locations, finances and delivery, and that he therefore felt it would be premature to bring an update to the October meeting.

Councillor Symington responded that they currently have no information on the programme.

The Chairman suggested that it had been raised previously and that they should avoid repeating what has already been said.

B Hosier said he could provide a short update on electric vehicle charging points, noting that the project is ongoing and the contract was awarded earlier this year via a portfolio holder decision. The contractors have contacted the distribution network operators for costs and surveys and connection points and they are ready to proceed other than the terms and conditions of contracts which are now in the third or fourth iteration. B Hosier added that the discussion with contractors has always been that the project will be rolled out this financial year and that they are still on track for this, subject to documentation. He said it was worth noting that the project covers a 15-25 year period and that both parties are looking to cover as many unknown complications where possible. He confirmed that an update would be provided at future meetings and that progress is currently outside of their control.

The Chairman rejected Councillor Symington's request for an update at the October meeting and confirmed that the future report would be provided when an update was available.

The Meeting ended at 9.53 pm