

MINUTES
FINANCE & RESOURCES
OVERVIEW AND SCRUTINY COMMITTEE

1 DECEMBER 2020

Present:

Cllr Barrett	Cllr Suqlain Mahmood (Chairman)
Cllr Claughton	Cllr Symington
Cllr Guest	Cllr Tindall
Cllr Townsend (Vice-Chairman)	

Officers:

C Hamilton	Chief Executive
N Howcutt	Assistant Director – Finance and Resources
M Brookes	Assistant Director – Corporate and Contracted Services
F Williamson	Assistant Director – Housing
L Roberts	Assistant Director – Performance, People and Innovation
B Hosier	Group Manager – Procurement and Contracted Services
B Trueman	Group Manager – Technology and Digital Transformation
F Hussain	Group Manager – Legal and Corporate Services
C Baker	Group Manager – Revenues, Benefits and Fraud
R Rice	Group Manager – Commercial Asset and Property Development
S Raggatt	Garages Programme Lead
T Angel	Corporate and Democratic Support Officer (Minutes)

Also Present:

Councillor Williams – Leader of the Council and Portfolio Holder for Corporate and Contracted Services
Councillor Elliot – Portfolio Holder for Finance and Resources
Councillor Peter
Councillor Douris
Councillor Stevens

The meeting began at 6:30 pm.

James Deane gave a presentation on the budget preparations for 2021/22 to all overview and scrutiny committee members.

OS/001/20 GARAGE PROGRAMME UPDATE

L Roberts gave a presentation on the Garage Programme to members of the Finance and Resources OSC and the Housing and Community OSC.

Councillor Tindall noted that voids that increased from 21% to 31% in the last four years. He said he appreciated that the data hadn't been analysed yet but he questioned if we had a rough idea of how many were too far gone or too expensive to do anything with. He also asked if we knew the main reason for the increase in voids.

L Roberts advised that they were still working through the process of analysis but the way in which the data is being captured it will allow them to have an estimated amount that is required to spend on a particular site. The data will identify where there is a high level of investment to repair and a low demand and they will be able to present that as a range which would give Councillor Tindall the answer to his question.

S Raggatt said there had been an increase in voids since they introduced rent increases a couple of years ago but the income didn't really drop because of the increase. She suggested we had to be careful not to increase charges for some time after the repairs have been completed as we want to sustain the revenue we have at the moment and see it continue but we need to maintain a balance.

Councillor Tindall queried what percentage we put on our garages in terms of being a service to our residents as he wouldn't want to see them purely as an income stream and wanted to ensure our rents are kept at reasonable levels.

S Raggatt agreed. She said they were looking at marketing to businesses in the local community as they had discovered through the analysis that a lot of people don't actually use garages to store their car in anymore but use them for business storage so they could look at as a lower cost storage option.

Councillor Tindall felt we should be cautious about offering business storage lets as he had experienced residents complaining about businesses using garages for storage as it often creates disruption and nuisance for neighbours.

S Raggatt noted Councillor Tindall's concerns. She explained she was suggesting storage use for stock for smaller scale businesses and didn't want people or vehicles going back and forth from the garages everyday causing a nuisance to neighbours.

Councillor Suqlain Mahmood queried if it was mainly garage roofs and doors that needed repairs. He then suggested we could charge businesses more to rent the garages and charge less for other use to differentiate the two.

L Roberts confirmed the most common repairs that came up during the survey were roofs and doors but also walls and decoration so they have the level of detail that has been missing.

S Raggatt advised that we charge private individuals VAT on top of the rental costs so they do pay more than our tenants, and we also offer low pricing to charities.

L Roberts added that they will need to look at pricing going forward so it was something to consider.

Councillor Suqlain Mahmood queried if any of the garages were suitable to build flats on top of them.

F Williamson said she would caution against putting developments on top of the existing garages. She advised that we do have some bedsits above flats at the moment and even if we were to increase the insulation levels between the garage and the structure above, we would ultimately end up with a relatively substandard product. She said the preference in those instances where we have got a developable site would be to demolish and start again.

Councillor Suqlain Mahmood suggested that perhaps we needed to come up with a slightly more descriptive name which reflects what actually happens in those units, whether it's a garage or storage space.

S Raggatt welcomed any suggestions. She added that they would like to carry out a survey to find out what the current garage tenants actually use the space for and that would help with how they market going forward.

Councillor Adeleke queried if there was any way to advertise available garages when we allocate council properties to encourage more take up by council tenants.

L Roberts replied we hadn't done any advertising or marketing to private or council tenants but with all the communications that we have with our tenants we can advertise into those areas as and when garages start to become available.

Councillor Adeleke fully supported the garage programme and felt it was a step in the right direction but questioned whether we had taken any lessons from other authorities that were successful in the way they manage their market.

L Roberts advised we were learning from other local authorities and looking across the board at what others have done. She said it varies so much as the amount of garage stock they have varies quite considerably but they will seek to take a best in practice approach.

Councillor Douris firstly declared an interest as the company he has shares in rents two commercial DBC garages. He then asked if the commercial garages were included in the total number of garages presented in the report or if they were separate, and if those garages were the 2% demonstrated in the pie chart as being leasehold.

S Raggatt advised that commercial garages were not included and are maintained and rented out by Estates so they were treated separately.

Councillor Douris suggested it would be helpful to identify the difference between the two in future papers.

Councillor Chapman felt we should be focusing on the 31% of voids that we have. He was very interested and encouraged when the officers said they were looking at low cost repairs first. His understanding was that all of the viable garages would be painted white and he felt that the visual presentation of our garages were very important and could help reduce the number of voids and bring in extra income to spend on the difficult repairs. He sought clarification on this.

F Williamson explained that predates their current position as they had identified that it isn't just the aesthetics that actually influences the demand and the extensive data they now have looks at not just the condition but also the demand profile and the maps show the locality of those garages to other sites and also the occupancy rates in those sites. She said they would ultimately like to have a web based model that actually shows where we do have available garages so that they can use that data in a management tool that actually provides real time analysis of that supply and demand.

L Roberts added they will also be looking at the regular maintenance plan for those garages that are fine structurally but may need painting etc.

Councillor Symington thanked the officers for the report and felt it was very valuable and needed. She suggested that a strategic plan needed to be produced on what we're actually going to be doing with these garages and agreed with some of the previous comments about knocking some garages down and providing off street parking instead or additional housing where possible. She felt we needed to be clearer on whether we're providing a service for people or whether we're trying to generate an income stream.

L Roberts took on board Councillor Symington's comments and said they were very helpful.

The Finance & Resources OSC meeting began at 8.24 pm.

OS/002/20 MINUTES

There were no minutes to be signed at this meeting.

OS/003/20 APOLOGIES FOR ABSENCE

There were no apologies for absence.

OS/004/20 DECLARATIONS OF INTEREST

There were no declarations of interest.

OS/005/20 PUBLIC PARTICIPATION

There was no public participation.

OS/006/20 CONSIDERATION OF ANY MATTER REFERRED TO THE COMMITTEE IN RELATION TO A CALL-IN

None.

OS/007/20 ACTIONS FROM THE PREVIOUS MEETING

Councillor Tindall advised that James Deane had provided him with a response so his action point could be closed.

OS/008/20 BUDGET PREPARATION 2021/22

N Howcutt provided a summary of the budget on the whole and highlighted the major changes.

Councillor Townsend sought clarification on the large decrease in employee costs.

N Howcutt explained that every three years the triennial pension review creates a requirement for a lump sum secondary contribution to the pension scheme and we pay a lump sum every three years rather than paying it every year so we save money. Every three years there will be an increase and then the other two years will show a decrease. He added it was offset by the pension reserve movements.

Councillor Symington queried the process of how monies were allocated and who makes the suggestions and decisions.

N Howcutt explained that the budget setting process usually starts around July when the MTFs is set and at that point they would meet with the Budget Review Group who would highlight any serious or significant investment areas in the borough. They then assess what the costs would be over the summer months, when they could be delivered and how they could be funded, and then go back to the Budget Review Group with the business case on the proposals. He continued by explaining the draft ideas would then be reported to this scrutiny committee for feedback from members and that feedback would then go to the Budget Review Group via Portfolio Holders and decisions would be made on where they want to invest for the next three or four years. He added that members were welcome to raise ideas and suggestions but his advice would be to seek advice from the relevant Portfolio Holder first for guidance on whether that's something that would be desirable or not.

Councillor Symington commented that members had only had access to these papers for one week and it was a lot of information to absorb. She felt it would be very difficult to propose any amendments to the budget proposals.

N Howcutt took Councillor Symington's comments on board. He advised that this meeting was the first scrutiny of the budget and that there would be a second scrutiny in February, a Cabinet meeting and then on to the Full Council meeting for approval, so there was time between now and then for proposals to be put forward by members, Portfolio Holders and Cabinet members.

Councillor Cloughton noted that a number of staffing posts had been funded out of reserves and queried if this would continue in future.

N Howcutt advised that reserves are only used for one off costs or short term posts so they wouldn't look at funding ongoing posts through reserves.

Councillor Cloughton sought clarification on the sharp changes on a number of budget lines for supplies and services.

N Howcutt explained that every line would have a rationale and the differences would generally be because a contract had been renewed and the costs were higher or lower than before, the income or expenditure of supplies and services in an area has dropped down or because of inflationary increases in contracts.

Councillor Guest queried the increases for employees and premises in relation to car parking.

B Hosier advised that the increase for employees were some re-grades that were currently going through and the premises cost were some additional operating costs for the multi-storey car park in Berkhamsted in terms of cleaning and maintenance.

The Chairman asked if we have reserves for emergencies and the unknown such as Covid-19.

N Howcutt advised that the reserves are earmarked so if we used the reserves for matters such as Covid-19 then our original plans would have to change because the funds would no longer be available. He said we do have provisions which are slightly different and they are put aside for things that may or may not happen. Those provisions sit in the revenue budget.

Councillor Barrett queried the significant increases for supplies and services under planning policy.

N Howcutt advised that the increases were linked to the procurement of the South West Herts Joint Strategic Plan and was funded through reserves as a one-off in 21/22.

Councillor Symington questioned the ongoing impact of having to defer large amounts of housing maintenance on our housing stock.

N Howcutt explained that our in year spend on housing maintenance was below our budgeted levels and the expectation is between now and year end we will know what works haven't been completed this year and we will slip that into the budget for 21/22 for those works to be undertaken. Next year will have an increased maintenance programme because of this.

Councillor Symington asked where she would find that information in the budget papers.

N Howcutt advised that the information wouldn't be in these papers. He explained that when the year-end reports are completed members will see the under-spends on capital and what is being moved forward into the next financial year in terms of spend. He continued by saying that we still have four months of building maintenance to go on and its uncertain how much will definitely be under spent so that adds to next year's budget and next year's programme.

Councillors Symington and Townsend both expressed concern that the information wasn't available in their papers.

N Howcutt explained that we don't know what works we won't complete in 20/21 so we wouldn't know where to put them into the 21/22 budget. He said capital works and programmes often slip financial years and this was HRA and capital funding not a revenue funding so it's not something that necessarily has to form part of our core revenue budget.

The Chairman asked if it was a risk not having this information in the budget papers.

N Howcutt advised that the budget papers as a whole were an estimate and a projection of what we believe we will spend next year. He said most things we will get right and are usually within two or three percent of our budgeted level but there are some things that we will be less sure about and those projections will be based on everything we know at that moment so a budget is always the best estimate. He explained it was slightly different with capital programmes because they often cover multiple financial years and slip from one year to the next.

Councillor Symington questioned that surely there was still a cash flow implication of not spending the money.

N Howcutt confirmed there was a cash flow implication but that had no implication on these budget papers.

Councillor Symington asked if the £500k for Everyone Active was just the management fee forgone.

N Howcutt confirmed that was correct and we were estimating zero income from the management fee in 21/22.

Councillor Symington asked where she could find information on Berkhamsted Leisure Centre in the papers.

N Howcutt advised there was capital spend allocated for Berkhamsted Leisure Centre in the capital programme under commercial ventures and an update will come in the new year.

Outcome:

That the Committee reviewed and scrutinised the draft budget proposals for 2021/22 and provided feedback, to be considered by Cabinet.

OS/009/20 WORK PROGRAMME

The Chairman reminded members to inform him if there were any items they would like to see added to the work programme.

The meeting ended at 8.59 pm.