

MINUTES

FINANCE & RESOURCES OVERVIEW AND SCRUTINY COMMITTEE

8 JUNE 2021

Present:

Cllr Adeleke	Cllr Sobaan Mahmood
Cllr Arslan	Cllr Suqlain Mahmood (Chairman)
Cllr Claughton	Cllr Symington
Cllr Chapman	Cllr Sinha
Cllr Douris	Cllr Tindall
Cllr Guest	Cllr Townsend (Vice-Chairman)

Officers:

J Deane	Corporate Director – Finance and Operations
N Howcutt	Assistant Director – Finance and Resources
M Brookes	Assistant Director – Corporate and Contracted Services
L Roberts	Assistant Director – Performance, People and Innovation
B Hosier	Group Manager – Procurement and Contracted Services
F Hussain	Group Manager – Legal and Corporate Services
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 Banks – Portfolio Holder for Community and Regulatory Services

The meeting began at 7.30 pm.

FR/021/21 MINUTES

The minutes of the meeting held on 9 March 2021 were agreed by the members present and then signed by the Chairman.

FR/022/21 APOLOGIES FOR ABSENCE

There were no apologies for absence.

FR/023/21 DECLARATIONS OF INTEREST

There were no declarations of interest.

FR/024/21 PUBLIC PARTICIPATION

There was no public participation.

FR/025/21 CONSIDERATION OF ANY MATTER REFERRED TO THE COMMITTEE IN RELATION TO A CALL-IN

None.

FR/026/21 ACTIONS FROM THE PREVIOUS MEETING

The Chairman advised there were no outstanding action points from the previous meeting.

Councillor Tindall referred to page 15 and noted there was an ICT budget of £50 per year for each councillor. He asked if there was a document that provided more information on exactly what formed part of the standard ICT equipment issued to councillors and what the additional £50 budget could be used for.

M Brookes advised that the response to the action point was the information they proposed to circulate in member's news but there was no specific document that contained the information.

Councillor Tindall highlighted that the response says the £50 does not form part of the standard ICT issued to councillors. He suggested that if there was a standard ICT package issued to councillors then it must be written down somewhere.

L Roberts confirmed the ICT department had that information. M Brookes asked for that information to be sent on to members. **Action: L Roberts**

Councillor Symington referred to her question from the previous meeting regarding the TTRO (Temporary Traffic Regulation Order) in Berkhamsted High Street. She asked if the response had been circulated to all members as she didn't recall seeing it.

B Hosier advised that communication was still ongoing between Berkhamsted Town Council and the Leader of Dacorum Borough Council. He believed there was a meeting that took place last night but he wasn't aware of the outcome as yet.

Councillor Symington drew attention to the action point response. She asked if HCC (Hertfordshire County Council) had given their approval so that the Portfolio Holder Decision sheet could be drafted, and where we were in the call-in process.

B Hosier explained that the Portfolio Holder Decision hadn't been submitted yet due to late changes made by Berkhamsted Town Council. He advised that there was full agreement with HCC about the proposals but Berkhamsted Town Council wanted something changed in terms of the number of parking spaces so they have been in dialogue with the Leader of the Council and had a meeting last night to decide what they were formally going to propose to the Leader. The Leader would then make a decision and it would depend on that decision whether a Portfolio Holder Decision would need to be submitted or not.

Councillor Symington asked if it was possible for the decision to be communicated to members.

B Hosier confirmed he would share the information once he has been advised of the decision.

Councillor Symington said it was her understanding that the TTRO was Covid related to improve circulation in the High Street. She was curious to know why the process was taking so long, given that we were now trying to come out of the Covid period that we've been living with for the past 15 months. She said she understood that it was a temporary TRO but felt an explanation was needed as to why it was taking so long to implement something that other councils have implemented all over the country. She added that HCC were now consulting those that did put TTRO's in place to find out whether they want them to remain in place and yet, we haven't even been able to put one in place.

Councillor Williams explained that the main changes in Berkhamsted High Street were subject to a TTRO which can be implemented without public consultation, on the basis that we would require public consultation to make it permanent. He said a lot of work went on between HCC and the Town Council without the Borough Council being aware of it, but when we did become aware of it we had significant concerns about what was being proposed. The scheme in Berkhamsted, unlike other areas where there was limited or very narrow pavements, was not only related to Covid but a wider desire to reduce the amount of parking and increasing pavement activities within Berkhamsted. He explained that the issue that had arisen was part of the scheme proposed can't be implemented as a TTRO, it has to be a permanent TRO because it changes the nature of paid-for parking bays. HCC have advised that can't be done temporarily. Agreement was reached between the three parties on the changes to be made but then the Town Council requested further changes to what had been agreed in relation to the permanent Traffic Order required on a cost basis. Councillor Williams said he responded to that request and that was what the Town Council discussed at last night's meeting. The decision of last night's meeting will determine whether we proceed with the Portfolio Holder Decision or not. He summarised that it was the Town Council's decision to make, and they may decide they do not wish to proceed with the scheme at all.

FR/027/21 LEISURE CONTRACT

Full details can be found in the Part II Minutes.

FR/028/21 PROVISIONAL OUTTURN 2020/21

N Howcutt introduced the report and advised it was a provisional report because they were still producing the final financial statements for this year but this was the end trading position for the Council. He gave a high level synopsis of where this put the Council. He welcomed questions from the committee.

Councillor Tindall referred to paragraph 4.3 on page 30 of the report relating to commercial property income. He felt the figures stated were perfectly

understandable but asked if they were thinking of developing a multiyear strategy due to the long recovery of Covid.

N Howcutt advised one of his key deliverables this year was an Asset Management Strategy for the next 3-5 years, particularly focusing on the commercial property portfolio. He said that was partly due to the response to Covid and the need to assess the portfolio but it was up for renewal this year anyway so the timing worked well.

Councillor Tindall referred to paragraph 5.1 on page 35 regarding pressures on the waste service. He questioned if the missed bins recorded were the usual missed bins or if that included assisted collections. He said it was important that the assisted bin collections were never missed.

N Howcutt advised there were several KPI's around missed bins that were reported quarterly to the Strategic Planning and Environment Overview and Scrutiny Committee (SPAEC OSC). He explained that part of the issue they had with missed bins was when a resident calls DBC about a missed collection they will usually say *you missed my bin* rather than *I forgot to put my bin out* so from that perspective there is a lack of clarity in what's really going on. He said that Covid had put a massive pressure on the waste service yet they continued to collect all types of waste throughout the pandemic. He also pointed out the issue of parked cars/vehicles blocking roads due to more people working from home but the staff had carried on throughout and done an exceptional job.

Councillor Tindall said he appreciated all of that and felt the operatives should be congratulated on their efforts. He still expressed concern about the lack of clarity in the figures and asked whether extra effort could be made to define whether the missed bins were due to accessibility difficulties etc. or if it was assisted collections that had been missed.

N Howcutt said he would feed that back to the service.

Councillor Tindall referred to the £60k pressure in planning. He questioned if the pressure was due to an increase in staffing levels or if it was just a temporary maternity leave cover.

N Howcutt replied it was a combination of the two; there was maternity leave that needed covering but also some additional resources were brought in when the level of planning work exceeded what was achievable.

Councillor Adeleke sought clarification on the £90k pressure for Neighbourhood Delivery.

N Howcutt advised it covered two things; the Assistant Director of Neighbourhood Delivery which had been covered by an interim during 2021. Recruitment has been undertaken and a permanent employee started this week. The other element was linked to the food waste rollout programme that was carried out and continued into April, May and June early in the financial year.

Councillor Guest queried if the £2.7m slippage and £2.5m underspend in the HRA Capital Programme was Covid related.

N Howcutt drew attention to page 47 where there was a detailed outturn for the HRA Capital Programme. He advised that the slippage was directly Covid related with

projects taking longer than initially intended, but the underspend wasn't Covid related as this was projects being delivered to budget and not using the provisions that were allowed.

Councillor Guest then asked if having healthy reserves had protected the Council from an adverse economic impact of the pandemic.

N Howcutt explained the economic recovery reserve was set up in-year on the basis of putting £7m into the reserve to fund the next three years in the medium term impact of Covid, predominantly on income streams. From that perspective it was set up to support the existing budget, it wasn't taken from anywhere else it just used existing reserves. He said they were lucky they had those reserves but pointed out that they were decreasing, as detailed on page 48 of the report. He summarised that reserves were useful for the short-medium term, which is what we expect from Covid, but we can't rely on reserves for ongoing service delivery as that would soon deplete them.

Councillor Symington asked if N Howcutt could elaborate on the £1.2m reduction quarter-on-quarter from the HRA which was driven by technical accounting changes.

N Howcutt advised one of the biggest things that happened at year end was the valuation of our asset stock which happens annually. The HRA review happens on a rolling 5 year rota so that every asset is valued at least every 5 years. He explained that took into consideration a lot of financial assumptions such as the market investment and how things were going in terms of financial investments. When assets are valued at year end we need to apply depreciation to the value of the stock, and the asset stock increased in the HRA because house prices have gone up. He advised the other big change was the requirement to put £2m to one side to pay historical debts so from that perspective they were the two major changes in the last quarter of the year but both were accounting changes rather than service changes.

Councillor Symington referred to the pressures on waste at paragraph 5.3. She felt it didn't give her a sense of what percentage of supplies and services was actually gross waste budget and what percentage that pressure represents of the amount we're spending on waste.

N Howcutt advised he didn't have those percentages to hand but to give a better picture he explained that waste overall was creating pressure on the Council this year of £1.3m and that was a combination of reduced income from HCC from the alternative funding method, £700k on staffing and £300k on loss of income from commercial waste and other waste services that we charge for. He said it was the single biggest pressure we've had this year, yet a service that we've continued to deliver as and when for residents and businesses of the Borough.

Councillor Symington said waste comes up repeatedly in these meetings and she felt that seeing the numbers in isolation made it hard to get a sense of what the overall budget normally was and what the overall pressure has been.

N Howcutt said he intends to change the system of these reports slightly to report more on a service basis rather than employees, supplies and services, income etc. He felt this would assist members in seeing an overall picture.

Councillor Symington queried what the revenue contribution to capital was.

N Howcutt explained every year they calculate how much revenue contribution would be required to fund the capital programme. As the capital programme has slipped this year we've had to use less revenue to support that. He advised that revenue contribution to fund capital was the last resort, they tend to try and use capital receipts, grants or other elements of spend because they like to keep fluid and be available to spend on services or service delivery. He said not having to spend as much on revenue contribution to capital is positive and that has gone towards the surplus that is being created in the HRA for 2021.

Councillor Symington sought clarification on the slippage of £7.8m for DBC commissioned capital works.

N Howcutt advised the vast majority was the repairs and maintenance programme for the year in terms of how much of that has had to be delayed into future years. It also included some of the HRA build and maintenance programme, so it was a combination of those two elements.

Councillor Symington referred to a recent Parliament publication saying the government was overly optimistic about Council finances. She asked how we move forward from this and if the Council have plans for dealing with this situation.

N Howcutt replied we have a three year plan that sets out using the economic recovery reserve to cover what we projected earlier in the year to be the impact of Covid over those three years, so we have a balanced budget. We will use a small amount of reserves for the short term but we expect and project to get back on our feet. In terms of the Medium Term Financial Strategy (MTFS), that is under review at the moment and normally goes to Cabinet in July so we will have a chance to review that and review the projections and assumptions in there so members will see how we're projecting for the next 3-5 years. Coming back to the government perspective, he said he read a different benchmarking report on a daily basis and generally between 50-60% of Councils/S151's are saying without additional funding the next three years are not sustainable. Whether the government was listening or not is a different matter. He said the government have recently said they hope to be able to outline what the funding mechanism for local authorities will be for the 22-23 financial year. He felt the government were very much pushing the boundaries to do that given there was no consultation out at the moment, they don't know how to deal with the issue of local authorities funded by Council Tax, how to level that playing field, or how to deal with business rates in a very uncertain economic climate.

Councillor Townsend thanked N Howcutt for the efforts that go into these reports, he said they were very useful. He then referred to the employee overspend and asked if we were going to have the same issue next year or if we have increased the budget accordingly. He questioned if the increases would be a permanent feature.

N Howcutt expected there to be some pressure on waste this year because of the ways they have to work (such as additional rounds and staffing) but he didn't believe that would continue through the whole year. In terms of the budget for 21-22, he said what they included was relevant at the time and he didn't believe there was any significant changes to those assumptions and adjustments, however there was still a long way to go. He made reference to the leisure contract and said they were performing as expected in the first month of this financial year but given that they weren't able to deliver the majority of their group training until mid-May, April's performance was of little comfort. He felt it was very much a case of let's wait and see. He added that they did a lot of work on the income streams particularly around

commercial property and garages for 21-22 and he felt confident that we might be able to achieve those budgets.

Councillor Townsend queried if we budgeted for those additional requirements in the waste service.

N Howcutt replied they budgeted for what they expected to need at that point in time and suggested we were probably going to be tight on that budget but we were very early on in the financial year with a service that is very dynamic and reactive, so from that perspective we've got a lot we can do if we need to in terms of mitigating any pressures that do or don't come about from that service.

Councillor Townsend referred to the depreciation of our stock. He said he couldn't understand why we didn't factor in and work out the depreciation based on the balance at the beginning of the year.

N Howcutt explained the valuations were carried out in December every year and we receive a letter on 1st April that states the valuations they gave us in December were a true and fair reflection of the valuation of those assets at year end. He continued that we had to calculate the depreciation on the end of year value so we can only calculate depreciation once we've got that final valuation and that is what our Auditors insist on us doing.

Councillor Townsend felt it was a confusing approach and asked if that could be fed-back to the Auditors if possible.

Councillor Townsend referred to paragraph 7.8 and sought clarification on the provision for bad debts.

N Howcutt advised it was a historical issue and would be discussed at next week's Housing and Community OSC to outline what the £2m related to. He said he couldn't go into any more detail as it was a Part II report but he was happy to discuss it after that meeting.

Councillor Adeleke referred to the pressure on car park income. He didn't feel that car parking would ever get back to a normal level now that more people were working from home permanently. He asked if the 72% reimbursement from the government was a one-off or if it was something we could receive annually.

N Howcutt clarified that the gross loss on parking income was £1.4m at which point we were able to achieve a 72% reimbursement from the government, so the overall pressure came to about £600k in-year. The reimbursement is available again for the first quarter of 21/22 (the period covering April – June) so if parking is below we will be able to recoup around 71/72% of lost income in that period. At the moment there is no reimbursement or additional support from government. He summarised that parking would need to be monitored, we would need to monitor how behaviours may have changed and how the income levels may change over the coming months.

Outcome:

The report was noted.

FR/029/21 QUARTER 4 PERFORMANCE REPORT – FINANCE AND RESOURCES

N Howcutt introduced the report of the finance and resources performance report and the operational risk reports which were attached as appendices. He advised that a lot of this performance would be what members have seen throughout the year and there was no significant changes. In terms on quarter on quarter change, we have seen one red KPI (Key Performance Indicator) turn to amber which covered new applications for Housing Benefit and that is because the workload from the pandemic has started to lessen. He felt this may be a good sign for the economy and meant services may be able to get back to pre-pandemic performance levels. He said the red KPI's outlined were all Covid related indirectly and these were discussed in detail at the last meeting. He welcomed questions from the committee.

Councillor Adeleke referred to page 54 regarding Council Tax collections. He queried what recovery measures they had in place and will it be fair and proportionate.

N Howcutt advised collection rates were down 1.6% on target, 1.2% year on year but that was far better than most of our neighbouring authorities. He said we took a very hands on approach early on allowing residents to opt for 10 monthly payments starting in June instead of April but that was when we thought the pandemic would be over in a few months. The government's hardship fund was used to pay the first £250 of those individuals receiving council tax support which helped our collection rates and that is happening again for 21/22. He felt we were trying to support those most vulnerable and hopefully will see more improvement in terms of collection rates for 21/22.

Councillor Adeleke then referred to page 55 regarding commercial assets. He noted from the report that they had 22 void properties and 76% of them needed substantial remedial work. He asked if this was something they were planning to undertake or would these properties be sitting on the back burner for now.

N Howcutt said although 22 void properties seemed a large number that was only 5-6% of our entire portfolio. He explained they do try and maximise the use of the portfolio and generally look at the 93% mark completion rates. During Covid they were unable to let those properties as people couldn't visit them etc. but now that we're out of lockdown they're assessing those properties to decide what the best action for them was. He added that would be done as part of the Asset Management Strategy.

Councillor Adeleke suggested that as they were unable to carry out maintenance works on council properties, they could divert those resources for work on commercial assets instead.

N Howcutt said he would challenge that point as they had still been maintaining council properties and had been working very closely with commercial partners to ensure essential works have been undertaken. He also said they had taken advantage of the Covid restrictions in some cases, for example with The Old Town Hall, as they've been able to carry out essential works there whilst it has been closed. He felt they had been very proactive and had tried to do as much as they possibly could during the Covid period.

The Chairman highlighted that construction materials had increased in price and were harder to get hold of. He asked if those risks were included in the Capital Programme.

N Howcutt replied that the Capital Programme didn't include increasing costs because it focused purely on the deliverability of the Capital Programme. He advised they had provision in place to deal with increased costs but hoped to deliver within that provision.

Outcome:

The report was noted.

FR/030/21 QUARTER 4 PERFORMANCE REPORT – CORPORATE AND CONTRACTED SERVICES

M Brookes introduced the report and drew attention to the key service highlights; one of the biggest achievements being the delivery of the Elections for the Police and Crime Commissioner, Hertfordshire County Council and two Borough Councillors. He explained the Elections were delivered during particularly challenging times because of Covid and all the additional health and safety measures that had to be put in place throughout the whole process. He said the team had worked really hard to make it work. He welcomed questions from the committee.

Councillor Tindall thanked M Brookes and his team for smooth running of the Hertfordshire County Council Elections.

Councillor Adeleke thanked the Democratic Services team for supporting meetings throughout the pandemic. He also thanked the outgoing Mayor, Councillor Terry Douris, for the past two years of being Mayor of Dacorum throughout the pandemic.

Councillor Symington also thanked the team for the smooth running of the Election process. She highlighted an issue with Polling Cards not being delivered in one of the Boroughs villages and believed this wasn't picked up until the day of the Election. She questioned how they would ensure that doesn't happen in future.

M Brookes advised it was a failure by one person and was an isolated issue. He said the Polling Cards were delivered to the village as soon as they became aware of the issue. He reassured the committee that the team were looking at different options to ensure that doesn't happen again in the future.

Councillor Symington noted from the report that there were PSPO's in six areas. She asked if it was obvious to residents living in those areas and what public information was available for those areas.

M Brookes advised that signs were put up in the relevant areas and these ones in particular were replacing alcohol bans which were in place anyway so it was just a change of format.

Councillor Symington felt it was important that people were aware they were in an area that was being monitored but without being intrusive.

Councillor Douris referred to page 69 regarding HNL's (Household Notification Letters) and sought clarification on what a route 1 property was.

M Brookes said he would provide a written response. **Action: M Brookes**

Outcome:

The report was noted.

FR/031/21 QUARTER 4 PERFORMANCE REPORT – PERFORMANCE, PEOPLE AND INNOVATION

L Roberts introduced the report and drew attention to a couple of points; one of the most important things they were focusing on was the support and health and wellbeing of all staff and that had resulted in a number of different things being delivered. This support will continue to be delivered to help staff as they work from home but also when they start to return to working in the office. In addition to that they were looking at how we can get further support from the Herts Protection Board to help improve that service. We have also received some funding from them.

In terms of ICT, obviously we've all been incredibly dependent on our IT services and overall the performance indicators were good. She said it had been challenging for the IT team to support staff remotely because they have to work out which end has the problem but overall they've done really well.

She welcomed questions from the committee.

Councillor Symington asked what the plan was for people working at home and returning to the Forum.

L Roberts advised they had been running a series of surveys with staff to try to understand any potential concerns about returning to the office and they had 399 responses which was fantastic. She said that unsurprisingly staff were looking for a hybrid return so they want to make use of the efficiencies that come from people working at home. Another survey is being carried out for Team Leaders and managers of each service to understand what their requirements are. She highlighted that the current government advice was to work from home where possible and that advice will continue to be monitored. She summarised that they're using this opportunity to engage with staff and to make the building work best for all of us going forward.

Councillor Symington felt that members have had very little opportunity to interact with staff due to working from home so she suggested it would be useful for members to be advised if and when teams return to the office and on which days.

L Roberts said it was a bit of a balancing act because they needed to consider everyone's requirements but that was something they intended to do. She advised they would circulate information from the Communications team and that would be included in Members News so that Councillors were aware of what everyone was doing.

Councillor Guest queried if they were recording Covid and non Covid related absences.

L Roberts confirmed they do record both but separately. She highlighted that the sickness absence for this quarter was better than the last quarter.

Councillor Adeleke questioned if the short term sickness had increased due to Covid.

L Roberts said it was her understanding that the sickness was not a result of Covid but just the usual coughs, colds and respiratory related illnesses. She advised there has been an issue with mental health but the numbers were small and they feel comfortable that they're on top of it and review it regularly.

Councillor Adeleke said there was brilliant initiatives available to staff and he queried if those could be extended to councillors.

L Roberts replied she would look into it. She asked members to let her know via email if there was anything they were particularly interested in.

The Chairman noted the drastic increase in website users. He asked how we were going to keep that interest going forward and if there was a team that constantly update and improve the website.

L Roberts advised there was two sides to the website; one side is looked after by the ICT department and the other sits with the Communications team. She explained that the website design team had been predominantly involved in the grant distribution, developing E-Forms, etc. so that has had to be their focus. She added that the Communications team also ensure there is consistent messaging across our social media platforms and on the website.

Outcome:

The report was noted.

FR/032/21 WORK PROGRAMME 2021/22

There were no changes made to the work programme.

The Chairman reminded the committee to let him know if there was anything they would like to see added to the work programme.

Councillor Tindall explained there were a couple of issues that had materialised over the last few days that he had been made aware of through his position as Hertfordshire County Councillor. The first issue was around electrical vehicle charging points and the other was about a cut of £40m in government funding. He felt we always seemed to focus on what has happened in previous quarters/years but suggested it would be advantageous to be looking at what was actually happening now. He said he would be writing to the Chairman and Vice-Chairman regarding his thoughts and suggestions.

The Chairman welcomed the suggestion but highlighted that officers would need sufficient warning to prepare reports.

Councillor Townsend looked forward to receiving the email from Councillor Tindall. He then questioned if there was a Terms of Reference in the Constitution to define the scrutiny process. He felt it would be useful to see that information and have a refresher on what they're trying to achieve in the scrutiny process.

M Brookes confirmed there was a Terms of Reference in the Councils Constitution so he could forward that on to members. **Action: M Brookes**

The Chairman suggested it might be useful to have a refresher scrutiny training session as they hadn't had one for a few years.

Councillor Douris said he would take that suggestion on board and see if it can be scheduled on the work programme.

The meeting ended at 9.35 pm.