

## Finance and Resources Overview Scrutiny Committee Review 2021/2022

Same as the previous year, 2021/22 was still somewhat in the shadows of Covid-19 despite the vaccination roll out which was thankfully taking everyone towards a safer future.

The Council finances were continuing to face Covid challenges of the preceding year, with a provisional deficit of £2.4M being reported for the 20/21 financial outturn to the Committee, along with the proposal for using the Council's Economic Recovery Fund as a mitigation measure.

During the **June 2021** meeting, and the scrutiny of the previous year's financial outturn, the Committee were informed that during the year a new 3–5-year Asset Management Strategy would be developed, with particular emphasis on commercial property, in response to challenges being imposed to business by Covid.

Waste Services were discussed at length at this meeting. Whilst the Committee appreciated the operatives' efforts during the pandemic, the question was raised about missed bin collections. The committee were informed that many of these were due to parked vehicles blocking refuse collection vehicle pathway or sometimes the missed collection were due to bins not being put out in a timely manner.

The issue of Waste Services took considerable amount of the Committee's scrutiny time, as clarifications on over £1.3m financial pressures being created by the Service were sought. These pressures were explained as being created by the reduced funding from HCC, staffing costs and loss of income from commercial and other waste services due to the pandemic. The Committee requested that in future reports the Waste Services costs and pressures be presented in greater clarity rather than being included within other items.

The Committee went on to scrutinise financial pressures on planning, neighbourhood delivery, HRA slippage, the workings of the Economic Recovery Reserve, Medium Term Financial Strategy and sought clarification on technical accounting reporting jargon - the underspends, the overspends, depreciation of stock, and loss of income and technical adjustments . The Committee thanked the Officer for the detailed responses and appreciated the efforts that had gone into an otherwise informative report.

The Committee also scrutinised the quarter 4 financial performance and operational risk reports. The key observation was that the Services were beginning to acknowledge that the workload from the pandemic was beginning to lessen in the last quarter of the previous year, and there were green shoots of recovery meaning we would see more Services returning from the new normal back to the normal.

The Committee queried the council tax collections and the impact it was having both on the Council and the Tenants and sought confirmation that the measures for recovery taken during the pandemic were fair and proportionate.

On questioning, the Committee were informed that the council tax collection was only slightly down on target, and the hands-on approach being taken by Officers to spread payments along with the Government's £250 hardship fund were going some way in assisting collection and providing ease for the residents.

The Committee also queried how the increasing construction costs would impact the Capital Programme going forward. They were informed that there were contingencies in the new-build budget for reasonable cost increases.

The increased void properties reasons and numbers were queried, and the Committee were told that these would be looked at in detail as part of the planned Asset Management Strategy review.

The Q4 corporate and contracted services report explained the delivery of the 2021 local, County and Police Commissioner elections. Whilst it was acknowledged that the Elections were well run, the issue with delivery of polling cards in one of the villages was raised as a concern. The Committee were told that the non-delivery was due to one individual's action and the incidence has been investigated thoroughly to avoid a repeat in the future.

The Q4 Performance report's focus was on the support, to and health and wellbeing of staff during the pandemic and with home working. DBC was currently looking to see if funding from Herts Protection Board can be obtained to help improve the provision of support to staff wellbeing.

The Committee acknowledged the good performance indicators for ICT and appreciated the work they had done to facilitate 'working from home' to ensure Council services were being delivered for the benefit of residents. The Committee sought clarity on the plan to return to the Forum going forward and enquired about feedback from the staff on working from home experience. The lack of face-to-face opportunity to discuss matters with officers remained a Members' concern, but they understood the need for safety, and for following medical and government advice and guidelines.

The Committee queried matters relating to staff Mental Health issues and support provided during the pandemic, staff sickness numbers whilst working from home, and the drastic increase in website users and asked how ICT and Communication Departments can work together to keep the website as a useful resource for residents' queries, information and grants available in addition to giving bin collections information.

The final proceedings of the **June 2021** meeting looked at the future works programme. The Chairman stated that Committee Members must put forward suggestions for delivery of service for scrutiny, whilst at the same time give the officers sufficient time to compile informative and comprehensive reports. The Committee Members also requested a copy of the constitutional terms of reference for scrutiny to ensure they are undertaking their scrutiny effectively.

The **July 2021** meeting had one agenda item and the meeting witnessed an informative presentation by the Assistant Director of Finance on the various Covid Business Grants and their distribution amongst Dacorum businesses.

The Committee firstly thanked the Officers for distributing business grants in a timely and professional manner and applauded their efforts. It was explained to the Committee that the £4 billion surplus being reported nationally as not being distributed did not apply here in Dacorum as all available grants had been distributed to local businesses.

The Committee queried which businesses were hard to reach during grant distribution. The officers assured the Committee that various cycles of assessment meant that most businesses

were given the grant. However, the self employed were hard to trace for grant support, but the officers continued to search through all avenues. The officers stated that the use of social media and website during the second phase of grants came about as a result of lessons learnt review from the first round of grants. The process improved with each tranche of grant distribution. The Committee were assured that lessons had been learnt and continuous improvement of process implemented.

On the question of accountability and proper grant distribution the officers explained that the latest grant distribution went through four tiers of approval in terms of economic development, revenue service, benefits service and then the final sign off. Whilst it was for officers a time intensive process, it did emphasise the level of control and checks and balances that were applied in grant distribution. However, the underlying aim of everyone involved was to get the grants out to businesses as quickly as possible. The effective use of IT resource had helped the process no end.

The Committee were keen to hear about level of complaints about the grant distribution process. There were 20 enquiries (could be taken as complaints) received via the MP, and these were looked at and many included in the ARG grant distribution. Similarly the Market Traders about whom the Council had held data and was able to assist in later grant distribution cycles.

The Committee were keen to hear what the officers were planning on doing for local businesses during the ensuing year as grant funding dries out. The difficulties that businesses may face going into the future due to the uncertainties meant many businesses could struggle with lower income and business rate payment, and this needs to be considered in the medium term going forward.

The Committee also questioned the Officers on any grants that may have been paid in error and how these grants were to be recovered. The response was that in such cases money would be requested back, and it was emphasised that such payments were an considered an exception rather than the norm due to thorough checking before payments were made. The Committee also asked if social enterprise businesses who had missed out of first round of grant payment had been supported by the follow up discretionary grants, and the response was that they had.

The Committee queried what impact to DBC did the lower business rate collection is having. The Officer explained that whilst this loss was covered by the Governments business rate relief grant for the year, there may be some longer-term impact on the Medium-Term Financial Strategy of this.

The Committee whilst acknowledging that challenging times lay ahead for the finance team and the council, felt assured by the comprehensive presentation and through responses provided to the questions by the Officers.

The Quarter 1 Budget Monitoring and Q1 Performance Reports were on the **September 2021** agenda.

The Committee were informed that there was general fund pressure of approximately £1 million, of which £0.7 million was Covid linked, and reminder related to other risks to the planned budget. The Committee was also told that there was still uncertainty around COVID.

The commercial assets portfolio was showing signs of returning to pre-covid levels whilst the car parking revenues remained down.

The Committee enquired about parking enforcement costs with the lower income from parking, and lower usage of, the car parks during the pandemic, and if there was saving there that was not picked up. The Officer explained that the only saving was from the operators' staff being on furlough, otherwise their fixed cost remained constant during this period.

In response to query on why car parking income was still low, the Officer explained that one reason could be that either people were working from home or were not using their cars for short journeys. The officer explained that overall car parking income was picking up month by month, so the trend was positive and going in the right direction.

The Committee also asked whether the Police and Crime Commissioner fund could help pay towards the costs of clearing fly tipping which remained a menace. The officers explained that this fund was for clearing fly tipping from private land only and could not be used for use by the Council for its fly tipping operations.

Enforcement of fly tipping was also discussed by the Committee at length, and concerns raised on asbestos being present within the fly tipped material and its environmental impact and asked for greater emphasis on enforcement. It was clarified that the budget provision of £100k for asbestos related to council properties asbestos surveys and removal and not for fly tipping.

The Committee also discussed the government compensation payments for the leisure contract and enquired if the assistance received from government for covid support locally was sufficient. The committee also queried the underspend on the condition survey of council dwellings.

The Committee asked about the £500,000 allowance for the Building Safety Bill and were told that this was provision for new legislation going through parliament at present, and which will require additional expense on existing HRA stock, mainly because of changes required as a result of the Grenfell fire enquiry.

The Committee were concerned about the inflationary impacted on the planned budget and questioned how the impact of new policies and legislation risk is accounted for in the budget setting process. The Officer explained to Members that the budget has sufficient contingencies to cover such new legislation, and that legislation can take time to be implemented. Inflation is considered as part of the budget process annually and such well accounted for and not an unknown or a risky item.

The Committee asked about the process being used for dipping into reserves with cabinet approval. The Committee were informed that reserves are built up through underspend and due to covid related legacy pressures. There is not expected to be any underspend during the period under consideration and the reserves are predicted to go down £2 to £3 million over the coming two to three years.

It was asked of the officers if 'underspends and overspend' were a pain or a blessing and how they impacted the budget process. The officers explained these items are based on information that wasn't available at the time of budget setting so neither and acknowledged that only in a perfect world there are no overspends and no underspends. The Committee

acknowledged that these are always known unknowns and unknown unknowns when predicting the future.

The Q1 Finance and Resources performance report touched on covid related 'red' KPIs and the struggle some people were having paying council tax and how this inability to pay was being resolved by Council Officers. Also, temporary accommodation was proving a challenge and much harder to resolve from a council tax and housing claims perspective.

The Committee queried the impact of lower return on investments, debtors, arrears, bad debts going forward, and how they were all impacting on the risk register showings. The Committee appreciated Council's payment to their creditors within 30 days, thus supporting local businesses at these difficult of times.

The Committee sought reassurances that the budget and funding is proactively dealt with rather than being reactive. The Assistant Director of Finance asked for his team's judgement to be trusted and explained that this judgement also utilises external advisors and follow prevailing treasury advice and also based on outcomes of the consultation with the Hertfordshire Chief Finance Officers' group – hence fairly robust. The Committee were reassured that a proactive approach was being adopted when it comes to the Council's finances.

The Q1 performance report for corporate services was presented to the Committee and covered the May elections, CCTV strategy, discarded postal vote numbers, parking penalty notices and remote working.

The Committee queried Electric Vehicle Charging both on the street and in DBC car parks. Whilst works was progressing with a contractor for EV charging points within DBC carparks, very little progress was being made with on street charging points due to lack of funding. The Committee were keen to see progress on the EVCPs and asked for contingencies in the form of Plan B to be in place in case of the current contractor that DBC is running with does not come up with a viable option for charging points provision. The concern being that nationally there were on average 36 chargers per 100,000 of populations, whilst Dacorum's provision was 15 per 100,000, and even less so for Dacorum for rapid chargers. The Committee were keen to see more urgency on the provision of EVCPs.

The Committee acknowledged two positives on the report. Firstly the leisure centre attendance had continued to increase and were heading back towards the pre-pandemic levels, and also proudly acknowledged the good work of DBC staff in making Dacorum become a Carbon Literate Borough Council.

The final report for this meeting was to scrutinise the performance, people and innovation report which covered sickness monitoring, health and wellbeing and mental health first aid training for staff. The IT system provisions were reported as continuing to support everyone robustly despite over stretched resources.

The Committee were keen to hear about the digital enhancements forced upon us by the pandemic and were informed that new technologies, data management, robotic automation and more interactive website working were all being considered.

The Committee queried what plans were being put in place for more staff to return to the Forum. They were informed that work was taking place on hybrid working provisions at the moment and the aim was to get more staff to re-start working in the community.

Two key important reports were on the **October 2021** meeting agenda – Medium Term Financial Strategy (MTFS) and a short Garages update presentation.

The director of finance presented the MTFS to the Committee with a forecasted focus on key issues and challenges that will impact the economic environment and the Council over the coming few years with regards to income and expenditure and reduced funding settlement from the government. This MTFS strategy is a rolling policy document, reviewed and updated each year.

In response to Committee queries on rising inflation and proposed rise in national insurance contributions increase, it was acknowledged that additional pressure would be imposed on the current budget and both these pressure points are being kept under review, and would need to be offset through budget income and spend adjustments as and when needed. In extreme cases earmarked reserves can be tapped into for any unforeseen events.

The Economic Recovery Reserve had been helped by better than anticipated council tax receipts and garages income performance. However there was a requirement to dip into the reserves due to additional costs associated with Waste Services and the leisure contract. The Committee generated lot of scrutiny on matters related to the reserves.

In response to the Committee queries, they were informed by the Director of Finance that the issues going forward would be twofold as far as the earmarked reserves and working balance were concerned. Firstly, the impact of fall in reserves on future financial resilience should be something Members needed to keep an eye on, and Members being informed us to know how to optimise the usage of reserves. One to watch.

The shortage of lorry driver and budgetary impact, government funding, loan interest, potential savings, council tax related income focus, and the council's sustainability strategy were all touched upon. The Committee were also informed that the Covid grants have been fully utilised.

The second item on the agenda was a presentation on the Garages, updating the Committee on financial aspects and what was in the pipeline in terms of making better utilisation of this valuable council asset. A detailed report on garages would follow in the new year.

The **November 2021** overview and scrutiny meeting looked at the Q2 performances.

The highlight from the Q2 budget monitoring discussions related to the ongoing financial pressures on the budget mainly due to Covid and the plan to dip into the Economic Recovery Fund and the push for savings to be made by each service.

On the finance performance report it was noted by the Committee that there were some KPI improvement on the new benefit claims over quarter 2, and also that the council tax collection was 1% higher than plan but 1% lower than previous normal.

The Q2 corporate services report was scrutinised, and the Committee were informed that only part of the fines imposed by courts come to DBC, whilst most of the money goes to the Treasury. The Committee was concerned that car parking income was not coming up to pre-pandemic levels, whilst road traffic seems to have gone back to normal.

The Q2 people performance report contains details of similar sickness levels as previous quarter, although greater number of staff have asked for flu vaccinations this year than in the past. Staff wellbeing remained a priority. Staff turnover was higher than the previous quarter, and HGV drivers were being encouraged to stay. Migration of intranet was continuing.

The Committee queried the experience and training of occupational health staff and their input on staff short term sickness matters. The Committee were informed that conversations were being held by OH staff with those taking one-day sickness leaves consistently. The sickness figures were being closely monitored and regular exercise training was also being offered for musculoskeletal injuries. European guidelines for screen working were being followed and employer eye tests were also available for screen using staff.

The main item from the **November 2021** meeting was the update on the Berkhamsted Sport Centre. The Committee were briefed on the design process progress as per the RIBA Stage 2 (preparation and briefing for design) & Stage 3 (concept design). The concept design presentation showed a variety of proposed uses and facilities being planned for the new centre and stated that no decisions had yet been made on Langley Meadow as this will be subject to a public consultation. Sequencing of construction work was planned to be around keeping the existing site in use with phased handover of the completed works and areas. Environmentally friendly construction techniques would be adopted in line with Climate Change aspirations. The Committee were told this environmental enhancement provision carries an additional build cost premium.

The Committee raised the issue of disabled access and parking provisions in the new Centre and were informed that these have been incorporated in the design. The Committee also suggested that the public consultation should take place on the residential elements of the development. This was planned as part of Stage 3 concept design process, following which design would move immediately to Stage 4 (spatial coordination). The Committee were adamant that no progress should be made without the public consultation.

In response to Committee questioning, they were informed that the facility will have a main 6-lane 25m pool as well as a learner pool. Along with other modern facilities included in the development meant visitor number were expected to be close to half a million users once the facility opens.

Public engagement and consultation was reiterated and seen by the Committee as top priority and with this the presentation and deliberations on the proposed Sport Centre development were completed for the evening.

The **December 2021** and **February 2022** meetings deliberated on the 2022/23 Budget papers and presentations which once again were underpinned by emphasis on savings, growth, funding and amended capital bids to achieve a balance budget proposal.

The budget income generation was assisted by cemetery team restructuring leading to cost savings, and some of the commercial property income projected for 21/22 being received during 22/23 budget period. However these were being offset adversely by energy performance certification costs and increase in insurance premiums.

Members were keen on the one hand not to see any commercial rent being raised for the tenants, whilst on the other end wanted to see increased income – the Officers' dilemma. The Committee were reassured by the commercial team that DBC commercial property had a high occupancy rate (95%) and provisions had been made in the budget draft for Covid related and

risks-assessed potential income losses. The expectation and assumption being that situation would return to near normal within a 3-year period.

The Members were then briefed in detail on the 'savings and income proposals', the 'growth proposals' and the 'capital bids' and Members' scrutiny questions were addressed.

During **February 2022** the Finance Director gave the second more focused presentation on certain aspects of the 2022/23 budget which were updated since the December meeting and the impact it would have on the local government finance settlement.

The issue of robustness of the budget proposals against impact of rising inflation and rising interest rates was raised again as a Members remained concerned. The Officers gave the same reassurance as per the December meeting, " ... not expecting significant changes to interest rates over the following year.... Inflation for utilities is expected to decrease (from 5%) during the second half of the budget year .... assumptions are robust and will continue to be monitored". The Members remained concerned about the impact of rising energy prices from April 2022 on whether the proposed budget had sufficiently allowed for that.

Members raised further queries on the rent reserve, training and development reserve. Despite explanation by officers, some Members seemed were no wiser about the information given on reserves and sought to have more clarity on movement of reserves in the final budget papers.

The impact of governments 'Levelling Up' proposals on Dacorum was questioned and the Officer stated that on the one hand being in East of England should be a benefit as Dacorum is within that Region, and on the other hand the proximity to London may have an impact on funding.

The Chairman missed the March 2022 meeting due to a family bereavement. The meeting looked at the Q3 performance reports and the packed meeting agenda also included an update on garages, commercial strategy, parking enforcement and electric vehicle charging points (EVCPs). The meeting minutes are awaited at the time of writing this report and thus refer to them for details once issued.

The Finance and Resources Overview and Scrutiny Committee benefits from a having Members with good background financial knowledge combined with a keen enthusiastic eye for scrutiny, thus ensuring it meets its duty to "promote service improvement, influence policy development and hold the executive to account for the benefit of the Community of Dacorum".

As Chair, I acknowledge the time given by Committee Members to studying reports and then following up with detailed scrutiny during 2020/21 Meetings and sometimes in emails . The Committee has often during the meetings put on record their appreciation for the good hard work the Council Officers undertake and acknowledged the good management of finances during another difficult year for all. However, this has not stopped the Committee from posing probing questions on the reports being presented. Thank you to all the Committee Members for their contributions, and to the Vice Chair for his support and for chairing meetings when called upon to do so.

The willingness and contribution of Members from both sides of the Chamber, Portfolio Holders and Officers to engage in open and effective scrutiny ensuring effective Finance and Resource Service provisions at DBC.

Special thanks to the Committee's Support Officers and the Member Support Team for providing important background and logistical support to the Committee, and for keeping good records through their meticulous Meeting Minutes taking.



Finance and Resources Committee heads towards the 2022/23 session with both local and global challenges threatening to impact the set budget for the coming year. The Committee have confidence in the way in which the Finance Team Officers have gone about their business during the past year and when difficulties have arisen.

One issue which will go into the next session at the forefront of Committee's mind during 2022/23 session will be progress on the Electrical Vehicle Charging Points provision in the Borough.

Councillor Suqlain Mahmood

Chairman, Finance and Resources Overview and Scrutiny Committee

April 2022