

## **Questions from Councillors for Cabinet 28 July 2020**

### **Question from Cllr J Andrews**

In Sherborne we have an up and coming problem in early years education with the possible loss of 16 jobs and the displacement of 72 nursery places. This will have an impact on not only the children but the ability of the parents to go to work. The knock on of which could be enormous for the local economy. Only somebody with an extremely large crystal ball could of seen this coming up in the lift and as a member of the EAP on Economy I know as a group we didn't see it coming.

What impact on growth in Dorset does the cabinet see with possible closures estimated to be 25-30% in Early years(0-5) Provisions? Also can we Lobby the government education department for additional funding nationwide for Early years provision as this is one of the keys to regenerating our economy during this Covid 19 crisis?

### **Response from the Portfolio Children, Education and Early Help Draft**

Within Children's Services we have been working closely with all providers of Early Years Education across Dorset. This comprises child minders, early years setting which are commercial, community and governor run in schools. We have very positive relationships with the sector and maintain good communication.

Dorset Council hold a statutory duty to provide sufficiency of Early Years provision in Dorset as a whole but do not run this provision, in all but 3 instances. To inform our work we have surveyed providers in order to establish their long term viability and whether they need additional support at this difficult time following the Covid infection.

The council, working with schools forum, has a reserve fund available to help support providers who are in short term financial difficulty. At this time we do not anticipate significant numbers of closures but there is a need to support some providers. We will use funds available to make sure that we maintain our duty for sufficiency.

The specific provision in Sherborne highlighted is being financially supported by both the Council, Sherborne Town Council and the associated academy trust in order to ensure as far as possible it remains open and available to families in the Autumn term. The council is in ongoing discussion with the academy trust about securing long term sustainable provision in the town.

Clearly there is a longer term issue which presents itself around the funding for Early Years places, where these attract public funding. The rates of funding nationally are relatively low and we would like to see this at a higher level. Across the country the viability of many nursery providers is challenging at this time because of the recent covid issues. This has exacerbated the underlying low funding issue.

In Dorset we are well placed to respond to the needs of the system in the short term and are actively engaged with providers. We will seek additional funding for places from central government. We recognise the importance of the sector in terms of not only providing for early education but also in their economic impact in the local community as employers and providers of child care for working families. We are totally committed to ensuring sufficiency of provision in Dorset.

### **Question from Cllr P Kimber**

The Dorset Echo put on the front page regarding a bypass around Wyke Regis to assist Portland Port, on last Saturday's edition.

Does the Dorset Council have plans to build this, or is this part of any future plans this will be developed?

Proposed text for the response to Cllr Kimber's question about whether we are developing a Wyke Regis bypass scheme:

### **Response from the Portfolio Holder for Highways, Travel and Environment**

'Funding for new strategic roads must be sought from Government either through the Road Investment Strategy (RIS) or the Major Road Network (MRN) fund. We understand there is no money available for a new road scheme here in the current RIS period 2020-2025. Government does not currently consider the A354 between Weymouth and Portland to be of significance because it did not accept our case for the route's inclusion in the Major Road Network (MRN) in 2018. Dorset Council will be working with the local business communities to lobby Government for infrastructure improvements for Dorset. The next time this network will be reviewed will be 2024 and there are no guarantees it will be included then. Government is very clear that new road schemes must be high value for money and unlock significant numbers of jobs and housing to deliver economic growth.

As part of any bid to Government must demonstrate that we have done all we can to improve the current transport network before bidding for funds for new roads. So we will seek funding from the LEP and other appropriate government sources for a series of related highways improvements along the A354 Dorchester, Weymouth to Portland corridor.'

### **Question from Cllr N Ireland**

It is noted that the Council does have reserves, some of which can be used as a short-term measure to balance the budget, but longer-term use of reserves is not sustainable. It is also noted that unless additional Government funding becomes available, the Council will have to manage this forecast overspend using its reserves, which consist of the General Fund reserve of £28m combined with other previously earmarked reserves, and that they are sufficient to enable the Council to continue to operate throughout 2020/21. Finally, it appears the overspend in 19/20 was met by from the general fund but some reserves have been rationalised and repurposed to put that back to £28m.

My concern is that not all reserves are designed to provide insurance or a required indemnity against shortfalls. Some are there for specific purposes to support policies and aspirations of this council and once spent elsewhere may be lost forever. Also, given the current projected deficit of £43.1m and a general reserve of £28m, it implies an additional raid on our reserves to the tune of at least £15m, assuming we are actually permitted to wipe out our general reserve completely.

The questions are therefore which specific reserves were taken to support 19/20 and the same for those we intend to use to support the projected overspend in 20/21, given that these must be known already from the assertion that they will enable us to be solvent for the rest of the financial year.

### **Response of the Portfolio Holder for Finance, Commercial and Assets**

As you rightly identify reserves will not resolve the financial strain put on the Council by Covid-19. However they do provide us with the time to resolve the underlying issues.

You are correct the forecast shortfall by year end is £43.1m although this has a high degree of uncertainty, how quickly will our income return, how long will our extra cost continue? We are already taking steps to reduce this figure, leaving Princes House and Allenview House being two examples, although the precise savings are still being worked through.

We have a General Reserve of £28m, we anticipate a potentially significant contribution from this reserve.

The latest round of government grant gave us just under £3m. There is an income support scheme announced by Government but the details of which are not yet clear. Our estimate is that this could deliver a further £6m.

At this point can I discuss a policy that I implemented under DCC, carried forward through the Shadow Authority and also at Dorset Council. Under each of these bodies, schools were allocated more money by their financing schemes than was supplied to us by Government. All of these Councils allocated money to support the schools' income shortfall.

There were choices about how this was treated in accounting terms. Many Councils, across the country, allocated money and wrote off the debt at that point. Indeed that policy was recommended to me by various Councils along the way. Although administratively the tidiest option I chose not to follow that route. In the interest of financial prudence we allocated the money to the schools but we kept the charge open and increased our Allocated Reserves every year as the charges accumulated. The basis for my decision was that if the government ever retrospectively resolved this situation we would have a charge for them to settle. I must admit even I didn't think this was a likely outcome and was occasionally tempted by the advice I received. However I didn't and that is exactly the policy the Government selected. Effectively they have taken the accumulated shortfalls off of our books and left us with the Allocated Reserve which is now free for us to release into the General Reserve. A long story but it has made available a further £14.8m of reserves.

We have also recategorised a number of other earmarked reserves. For example, DWP reserves £1.2m, treasury management £5.2m, insurance reserves £2.0m and collection fund risk reserves £5.2m.

We are therefore confident that, with some reduction of the gap from £43.1m, we will be able to manage the shortfall from our reserves and the current level of Government support and there is always the possibility of future Government assistance.

## **Question from Councillor B Heatley**

### Climate Change, Ecology and Economic Growth

Cabinet has before it today two papers

one on Economic Growth Strategy (Item 10), and  
a Climate and Ecological Emergency Strategy (Item 15).

We need to initiate the difficult conversation between them, rather than simply assert as the Growth paper does that they complement each other.

We have two aims, one which I will call preserving the planet so that it can continue to support human life and civilisation, the other economic growth, that is that the parts of our activities that fall within the definition of GDP should grow. Are they compatible?

Some say we can preserve the planet and continue to grow the economy as a whole. Others, including many environmentalists, say that we can only preserve the planet if the economy stops growing or even gets smaller.

As you'd expect, I'm amongst the Greens, I'm very sceptical that we can both preserve the planet and have overall economic growth, largely because the bigger the economy the bigger are the flows of material through it, and it is this physical flow of material which is threatening the ability of the planet to support us.

But I don't know this for sure, and equally it's impossible to know for sure that continued economic growth and preserving the planet is possible. Therefore I suggest we don't have to have this argument. We can agree instead that we can grow those parts of the economy that are sustainable and reduce those parts that are not. Much of the detail of the Economic Strategy presented here takes that approach. We can be agnostic about whether the overall economy grows or not. Are those of you attached to overall economic growth really arguing that we should *increase* the parts of the economy that damage the planet?

If we adopt as a compromise the agnostic approach, we would as a consequence simply banish the idea of overall economic growth from our economic policy. We can still aim to have an economic strategy, we simply don't commit ourselves to an economic *growth* strategy. And have a Cabinet member for the Economy and Skills.

Now Cllr Suttle is recommending you accept the Economic Growth Strategy today, while Cllr Bryan is recommending the Climate Change and Ecology Strategy should go out to public consultation. The Economic Growth Strategy paper makes no reference to there having been public consultation, although I

accept some business groups have been consulted. So I get to my question, why not repair the omission of public consultation on the Economic Growth Strategy and put both out for consultation together, and ask this question about our attitude to overall growth, in favour, against or agnostic, in that joint consultation?

### **Response from the Portfolio Holder for Economic Growth and Skills**

Thank you for the questions

Firstly the “are we arguing for economic growth that damages the planet”

Economic growth has many facets and the future plan will take into account the environment as a priority in any planned actions.

There are a number of areas in which the economy can be stimulated by investment in environmental projects, it is not a fact that economic growth has by definition a detrimental effect on the environment this occurs where there is failure to consider the future of this planet Dorset council is committed to ensuring that this does not happen.

I urge you to consider the positives of economic growth, to use it as a way in which it can improve the environment whilst giving those who work and reside in Dorset improved wages and living conditions.

Regarding consultation, we have consulted extensively over a considerable period, we have discussed the outcomes at length in our eap and it is time for action now, further delay cannot benefit those who need our help the most particularly in the context of the covid 19 pandemic and the impact that this has had on the economy. People’s income and livelihoods are under threat, it is important that we agree the strategy today to enable us to have the tool to help and to put in place the much needed action plans.