

## **FINANCE SCRUTINY COMMITTEE**

**8 March 2023**

Present: Councillor M Turmaine (Chair)  
Councillor P Kloss (Vice-Chair)  
Councillors A Grimston, S Johnson, R Martins, L Nembhard and  
R Wenham

Also present: Councillor Mark Watkin, Portfolio Holder

Officers: Head of Finance  
Democratic Services Officer

### **27 Apologies for absence**

There was a change of membership for this meeting: Councillor Johnson replaced Councillor Walford, and Councillor Grimston replaced Councillor Clarke-Taylor.

Apologies had been received from Councillors Khan and Stanton.

### **28 Disclosure of interests**

There were no disclosures of interest.

### **29 Minutes**

The minutes of the meeting held on 9 January 2023 were agreed.

### **30 Financial Monitoring Report - Period 10**

The scrutiny committee received the report of the Head of Finance, which set out the financial monitoring position for 2022/23 as at Period 10 (1 April to 31 January 2023).

The Head of Finance advised the committee that there was very little variance in this report, because variations are reported against the revised budget for 2022/23 set by Council at the end of January alongside the Medium-Term Financial Strategy (MTFS).

There was a forecast underspend of £93,000, against the budget, but the bulk of that (£78,000) related to a change of use in the sustainability reserve, which would be moved into the next financial year, thus it should not be considered as a “real” underspend.

There had also been an agreement at January’s Council meeting, for an additional members’ allowance.

The forecast capital spend of £46,018,000, was extremely close to the actual budget of £46,080,000. However, the current position of around £25 million was some way behind that. The Head of Finance drew the committee’s attention to that figure, as the likely actual spend would be around £35 million. The Head of Finance explained there were several possible reasons for this, giving a £3 million underspend on the Strategic Finance Budget as one example.

The committee were advised that this was all good news as any underspend would be carried forward to be used in the next year and they should expect to see several carry forward requests at the next meeting.

The Head of Finance moved on to the pay award, explaining that the staff unions had rejected the pay offer of £1,925 from pay scale point 2 to 43 and 3.88% above that. £1,925 was the equivalent of 3.88% at pay point 43, thus all staff would receive a minimum pay increase of 3.88%, with lower pay scales receiving more. This was higher than the 3.5% recommended by the Treasury for other public sector staff.

It was likely that there would now be protracted pay negotiations so the effects on the budget would not be known until well into the new financial year.

The Head of Finance touched briefly upon vacancies, reporting that they were down. She added that it was important to only report on real vacancies that were intended to be filled in the future and not temporary posts where staff leaving would not be replaced.

The Chair thanked the Head of Finance and invited questions from the committee.

In response to a question as to whether the reported underspends would impact service delivery, the Head of Finance explained that the underspends were in relation to the capital programme and were primarily due to delays in large projects such as Watford Business Park, waiting on decisions for the Environment Agency. This was outside of the council’s direct control, although every effort was being made to progress these issues as quickly as possible.

The Chair mentioned the capital programme and asked the Head of Finance for her thoughts on whether matters were stabilising after the uncertainty of the past couple of years.

The Head of Finance replied that because the amounts in the capital programme were so large, any delays on a big project had a massive effect on the percentage against the total budgets. Thus it was easy for this to appear that it was underdelivering because of a couple of delays.

She added that a lot of work was being done to ensure the spending profile was correct. The year-end report that would go before Council would agree the carry forward budgets and at the same time the profile of budget for future years would be reviewed to ensure that the profile was as correct as possible.

There was a comment about how much of the capital programme work was in partnership with other agencies and so Watford Borough Council was not in complete control of when the funds would be spent.

The Chair asked the committee to consider the Financial Monitoring Report 2022/23 – Period 10 and note both the revenue and capital forecasts for 2022/23 and to make any recommendations to Cabinet and/or Council.

RESOLVED –

that the Financial Monitoring report 2022-23 (Period 10) and the revenue and capital forecasts for 2022/23 be noted.

The Chair thanked all those present at the meeting and advised that the next meeting would be on Tuesday 27 June 2023.

Chair

The Meeting started at 7.00 pm  
and finished at 7.15 pm