

FINANCE SCRUTINY COMMITTEE

14 September 2022

Present: Councillor M Turmaine (Chair)
Councillor P Kloss (Vice-Chair)
Councillors K Clarke-Taylor, A Khan, R Martins, L Nembhard,
B Stanton, D Walford and R Wenham

Also present: Councillor Mark Watkin

Officers: Head of Finance
Democratic Services Officer

Prior to the start of the meeting, the Chair made the following statement.

“This meeting of the Finance Scrutiny Committee is taking place during the national period of official mourning. On behalf of the committee, I would like to express our profound sadness on the death of Her Majesty, Queen Elizabeth II. We are grateful for her service and devotion to the country over her 70 year reign and we extend our deepest condolences to the Royal Family. We send our best wishes to King Charles III for a long and successful reign. We will now stand to observe a minute’s silence in honour of Her Majesty.”

Following the minute’s silence the Chair thanked those present and commenced the business of the meeting.

8 **Apologies for absence**

There were no apologies or substitutions for this meeting.

9 **Disclosure of interests**

There were no disclosures of interest.

10 **Minutes**

The minutes of the meeting of Finance Scrutiny Committee held on 27 June 2022 were signed.

11 **Training: treasury management and capital investment framework**

The committee received a presentation of the Head of Finance. Following the presentation, the officer responded to questions.

Financial Monitoring Report 2022/23 - Quarter 1

The committee received the report of the Head of Finance, who drew the members' attention to the slight change in format of the report, to reflect the new leadership structure. The change was welcomed by the committee.

The report informed the committee of the financial monitoring position for the first quarter of 2022/23.

The following areas were highlighted:

- A small overspend of £298,000 was forecast.
- Inflation had been expected to briefly peak at 7% and then decrease; but this had not happened. Accordingly the biggest risk currently was in the pay award, which was still unknown.
- Original budget was for a 2% pay award, but this was now expected to be 6%.
- Utility bills had significantly increased.
- Capital investment programme had decreased by £42 million to £74 million.
- Inflation was a significant risk to the Council, with those contractors on a fixed price contracts at some risk of failure due to increased costs.
- Aged debt – most of this fell under the Place Directorate and was related to rents.
- Vacancies – the Council had 34 vacancies, but all heads of departments reported that this was not causing any issues. All critical vacancies were being covered.

The Head of Finance responded to a number of questions.

Regarding the use of agency staff, the committee was reassured that the various directors had assessed the gaps in their staffing and were actively and successfully recruiting replacements.

The Head of Finance further reassured members that the council's commitment to agile working was emphasised in the advertisements, in the knowledge that this would add appeal, especially to those with childcare responsibilities.

The Head of Finance explained the likely effect of inflation on future budgets, but stressed that certain areas were, as yet, unknown. Because of the contract position, the Council had yet to feel the full effects of the fuel and energy increases, but the increase would hit soon. She added that, as mentioned

already, the pay settlement was still unknown, so the exact effects were uncertain.

In response to a question, the Head of Finance added that as regards vehicles, Veolia might need assistance, but again emphasised that all these were risks that were understood and would be planned for and would be managed through the contract. Although this would be a challenging time, the Council had reserves and these would be important to help manage cost pressures.

The Head of Finance commented on paragraph 4.2.3 of her report, which described the five-fold increase in electricity costs for the new market and explained that the increase was exacerbated by the joint effects of higher usage along with some increases in actual electricity costs. The position was being closely monitored.

There was a brief discussion on reviewing quarterly and this was welcomed.

RESOLVED –

that the Finance Scrutiny Committee supports the recommendations to Cabinet as set out in the report.

13 **Budget Planning Framework 2023/24**

The committee received the report of the Head of Finance which set out the framework to enable the setting of a balanced budget for 2023/24, a medium term financial strategy and a capital investment strategy.

The Head of Finance pointed out that the assumptions in paragraph 4.5.1 would be reviewed through the budget setting process and the pay contingency would need revision, once the pay award was known.

In response to concern that there appeared to be a number of risks, the Head of Finance reassured the committee that the Council tax base increase assumption of 0.5% was prudent, when considered that last year the increase in the base was 3.4%. The figure would be finalised over the autumn.

There followed a general discussion regarding the increase in debt and the debt recovery process.

RESOLVED –

that the Finance Scrutiny Committee notes 2023/24 Service and Budget Planning Framework and the outline timetable at Appendix 1.

Chair

The Meeting started at 7.00 pm
and finished at 8.25 pm