



**WATFORD
BOROUGH
COUNCIL**



CABINET

(Additional papers for item 8 – Financial Planning)

16 January 2023

7.00 pm

**Rooms 201/202, Annexe, Town Hall,
Watford**

Contact

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Cabinet Membership

Mayor	P Taylor	(Chair)
Councillor	A Dychton	(Deputy Mayor)
Councillors	J Pattinson, G Saffery, I Stotesbury, M Watkin and T Williams	

Agenda

Part A – Open to the Public

8. Financial Planning (Pages 183 - 188)

Report of the Head of Finance

Additional papers

Additional Information

1. The following paragraphs provide additional and updated information to be considered alongside Attachments 1 to 3 of the Financial Planning report to Cabinet.

Fees and Charges

2. The proposed rents and licence cost for garages and car parking spaces are set out in Annex 1. These are to be considered alongside the fees and charges schedule at Attachment 2b.
3. The schedule for Waste Services has been updated to include an increase in charges to developers for waste containers. This income is received by Veolia under the terms of the waste contract. The updated schedule is at Annex 2 and replaces the schedule in relation to Waste services within Attachment 2b.

Amendment to Prudential Indicator

4. The Capital Strategy published at Attachment 3 contained a transposition error in the figure disclosed for the 2021/22 Net Revenue Stream (Attachment 3, paragraph 4.15). The correct table is shown below:

Net income from commercial investment to net revenue stream:

	2021/22 Actual £m	2022/23 Forecast £m	2023/24 Estimate £m	2024/25 Estimate £m	2025/26 Estimate £m
Commercial Investment	9.574	10.135	12.367	12.417	12.567
Net Revenue Stream	12.914	13.685	14.161	14.437	14.680
Ratio %	74%	74%	87%	86%	86%

Amendment to paragraph 1.2 of the report

5. The first bullet point of paragraph 1.2 of the report should read as follows:
 - the revenue budgets for the period 2023/24 to 2025/26 and a revised budget for 2022/23

Garage Rents and Car Parking Licenses

Address	Charge 2022/23	Charge 2023/24	Charging Approach	Charge Per Week 2022/23	Charge per week 2023/24	Increase
Garages						
Chester Road Garages	£48.84	£53.73	monthly	£11.27	£12.40	9.1%
Field End Close Garages	£48.84	£53.73	monthly	£11.27	£12.40	9.1%
Liverpool Road Garage Site	£48.84	£53.73	monthly	£11.27	£12.40	9.1%
Lower Paddock Road Garages	£48.84	£53.73	monthly	£11.27	£12.40	9.1%
Queens Road Garage Site	£48.84	£53.73	monthly	£11.27	£12.40	9.1%
Queens Road double garage (leased)	£1,500.00	£1,500.00	annual	£28.85	£28.85	0.0%
St Albans Road Garages	£48.84	£53.73	monthly	£11.27	£12.40	9.1%
Car Parking						
Crown Passage Car Park Commercial	£200.09	£66.69	quarter	£15.39	£15.39	0.0%
Crown Passage Car Park Residential	£33.26	£13.00	annual	£0.64	£3.00	78.7%
Prince Street Car Parking Spaces	£111.12	£13.00	annual	£2.14	£3.00	28.8%
Sutton Road (7 Spaces)	0	£13.00	monthly	£0.00	£3.00	New Charge
Sutton Road Car Parking	£14.36	£13.00	quarter	£1.10	£3.00	63.2%
Water Lane Car Parking	£14.36	£13.00	quarter	£1.10	£3.00	63.2%

COMMUNITY SERVICES								
2023/24 FEES & CHARGES PROPOSED FOR :- WASTE SERVICES INCLUDING TRADE WASTE								
Description	2022/23 Charge	PRICING STRATEGY				Proposed 2023/24 Charge	Annual Increase / Decrease (-) %	Comments
		COMMERCIAL	FULL COST REC	SUBSIDISED	FREE			
Outside Scope & exclusive of VAT								
TRADE WASTE								
1100L Euro bin								
Container per empty (Schools/Charities)	£12.20	*	*	✓	*	£12.93	6.00 %	
1100L Euro bin hire	£2.40	*	*	✓	*	£2.54	6.00 %	
Container per empty (recycling) (schools)	£11.00	*	*	✓	*	£11.66	6.00 %	
940L Chamberlain bin Container								
Container per empty (Schools/Charities)	£11.00	*	*	✓	*	£11.66	6.00 %	
660L Euro bin container								
Container per empty (Schools/Charities)	£9.90	*	*	✓	*	£10.49	6.00 %	
360L wheeled bins								
Container per empty (Schools/Charities)	£8.35	*	*	✓	*	£8.85	6.00 %	
240L Wheeled bins								
Container per empty (Schools/Charities)	£6.95	*	*	✓	*	£7.37	6.00 %	
240L / 140 L wheeled bin (Schools/Charities)								
140L wheeled bin								
Container per empty (food waste) (Schools/Charities)	£0.00	*	*	✓	*	£0.00		
23L food caddy								
Container per empty (food waste) (Schools/Charities)	£0.00	*	*	✓	*	£0.00		
ADDITIONAL DOMESTIC COLLECTION SCENARIO								
1100L Euro bin								
Container per empty	£14.70	*	*	✓	*	£15.58	6.00 %	
660L Euro bin container								
Container per empty	£12.00	*	*	✓	*	£12.72	6.00 %	
240L Wheeled bins								
Container per empty	£8.45	*	*	✓	*	£8.96	6.00 %	
DOMESTIC WASTE								
Delivery of recycling boxes and wheeled bins	£6.40	*	*	✓	*	£6.78	6.00 %	
Collection of recycling boxes, wheeled bins, food caddy, kitchen caddy	£6.40	*	*	✓	*	£6.78	6.00 %	
Delivery of container bin (660's and 1100's)	£20.00	*	*	✓	*	£21.20	6.00 %	
DOMESTIC SACKS								
Excess Waste Sack	£2.85	*	✓	*	*	£3.02	6.00 %	
Nappy Sack	£0.55	*	✓	*	*	£0.58	6.00 %	
Postage of 5 sacks	£0.75	*	*	✓	*	£1.65	120.00 %	
GARDEN WASTE BIN CHARGE								
240L / 140 L wheeled bin								
Standard charge per garden waste bin	£40.00	*	*	✓	*	£50.00	25.00 %	
240L / 140 L wheeled bin								
Charge per garden waste bin for customers paying by Direct Debit (DD)	£40.00	*	*	✓	*	£50.00	25.00 %	
240L / 140 L wheeled bin								
Concessionary rate per garden waste bin	£35.00	*	✓	✓	*	£35.00	NO CHANGE	
240L / 140 L wheeled bin								
Rate for 2nd garden waste bin	£40.00	*	*	✓	*	£75.00	87.50 %	
Rate for 2nd garden waste bin - Schools, Faith Groups, Charities	£40.00	*	*	✓	*	£50.00	25.00 %	Properties that qualify under Schedule 2 rules
Compostable liners (roll of 52)	£2.70	*	✓	*	*	£3.00	11.11 %	
Postage of roll of liners	£1.55	*	✓	*	*	£1.65	6.80 %	
CHARGES TO DEVELOPERS FOR WASTE CONTAINERS								
WASTE BINS FOR NEW DEVELOPMENTS								
Euro 660 litre residual bin	£319.00	*	✓	*	*	£340.00	6.58 %	
Euro 1100 litre residual bin	£350.00	*	✓	*	*	£370.00	5.71 %	
Euro 1100 litre recycling bin	£400.00	*	✓	*	*	£424.00	6.00 %	
240 litre bins	£34.00	*	✓	*	*	£36.00	5.88 %	
140 litre bins	£34.00	*	✓	*	*	£36.00	5.88 %	
Food bins (external) 23 litre	£11.30	*	✓	*	*	£12.00	6.19 %	
Food caddies (internal)	£9.00	*	✓	*	*	£9.60	6.67 %	
Delivery of container bin (660's and 1100's)	£20.00	*	✓	*	*	£21.00	5.00 %	
CHARGES TO EMPTY CONTAMINATED BINS								
Euro 660 and 1100 litre bins	£95.50	*	*	✓	*	£101.50	6.28 %	
240 litre bin	£72.10	*	*	✓	*	£76.50	6.10 %	
*New lines for charging								
BIN STORE CLEARANCES								
Minimum charge	£150.00	*	*	✓	*	£160.00	6.67 %	
BUDGET POSITION SUMMARY - WASTE SERVICES INCLUDING TRADE WASTE								
Income Code & Description	Original Budget 2022/23	Latest Budget 2023/24	Proposed Budget 2023/24	Annual Increase / Decrease (-) %	Comments			
SALES								
KMH000-10706 - Green Bin Charges	(600,000)	(600,000)	(808,820)	34.80 %				
FEES & CHARGES								
KMD000-10531 WJ0371 - Fees - Trade Refuse			0					
KMD000-10531 WJ0505 - Veolia Unspecified	(4,160)	(4,160)	(4,160)	6%	NO CHANGE			
KME000-10537 WJ0082 - Misc Fees & Charges (TRDC)	(6,000)	(6,000)	(6,000)	6%				
KMG000-10538 - Recycling Tiedies	(600)	(600)	(600)	6%				
KMH000-10537 WJ0082 - Misc Fees & Charges (TRDC)	(8,400)	(8,400)	(8,400)	NO CHANGE				
	(619,160)	(619,160)	(827,980)	NO CHANGE				

Report to Cabinet – 16 January 2023

Report of Finance Scrutiny Committee – 9 January 2023

Present: Councillor Turmaine (Chair)
Councillor Kloss (Vice Chair)
Councillors Clarke-Taylor, Khan, Nembhard, Stanton, Walford and Wenham

Also present: Councillor Watkin (Portfolio Holder)

Officers: Head of Finance
Democratic Services Officer (IS)

25. **Financial Planning: Draft Revenue and Capital Budgets for 2023/24 and Medium Term Financial strategy to 2025/26**

The committee received a report of the Head of Finance which set out the proposed revenue and capital budgets for 2023-2024. This was dealt with in sections, listed as attachments in the agenda, namely:

- Budget setting for 2023-2024
- Income charging policy
- Fees and charges
- Capital strategy (including the Treasury Management policy and Prudential Indicators)

The Head of Finance presented each section and took questions after each one had been heard by the committee and described the progressively increasing net expenditure budget across the Medium Term Financial Strategy (MTFS).

The Head of Finance detailed the various funding changes. There being no questions on this area, she moved on to the capital investment programme and its supporting strategy. She advised the committee that the overall programme had reduced by £32 million, with around £21 million of that related to the Hart Homes joint venture.

She went on to describe the key funding of the capital investment programme and dealt with member's questions.

The Head of Finance went on to explain the general fund and earmarked reserves forecast, stating that the general fund would remain at £2 million across the MTFS which was the risk assessed level for general balances. The economic impact reserve which was also used to manage potential budgetary pressures, would, at the end of the period, be at £929,000, giving a total closing balance of £2.9 million for unringfenced reserves.

The Chair thanked the Head of Finance for her report. He noted that uncertainty, due to risks in relation to the current economic situation were detailed within the report.

The Chair invited the committee to ask questions or comment on the report.

The Head of Finance responded to members' questions. These included reference to the Public Works Loan Board, which was still considered to be the long term lender for councils; increased costs for the parking service; housing service costs and the impact of Covid-19 on demand; Capital Investment Programme and re-profiling.

The Head of Finance went on to detail the key and local risk areas.

This section of the report concluded with a brief reference to the Chief Finance Officer's statutory report, before the Head of Finance moved on to deal with member's questions.

The Head of Finance responded to questions about:

- References to land transfers in the report.
- The length of time the reduction in the use of reserves could be sustained through spending over budget.

The Chair then asked the Head of Finance to address the Income and Charging Policy. The Head of Finance explained that there had been very little change in the policy from the previous year, where the overarching strategy was for full cost recovery. The Head of Finance explained that the majority of the increases were at a minimum level of 6%. This was due to the staff pay rise being set at that level and staffing was the council's main cost of delivering services.

The Head of Finance dealt with questions from members at this point. The questions were:

- If the service cost increases were to lead to a reduction in uptake, how would that impact the council and what plans were in place to deal with the potential decrease in take up? The Head of Finance explained that for the majority of services, the income budget had not been increased, specifically in case take up was reduced.
- In response to a question about the Controlled Parking Zones (CPZ) budget, the Head of Finance explained that the CPZ income was put into a reserves fund.
- There was a question about the significant increase in garden waste collection. The Head of Finance explained that even with the increases, the council would still not recover all the cost for provision of the service. Furthermore, this was a discretionary service, which the council was not required to provide.
- In reply to a question about the decent homes strategy budget appearing to be zero until 2025-26, the Head of Finance explained that the figures quoted were additional funding.
- There was a question about the council's zero carbon strategy and it was explained that there were some budgets to deal with the anticipated costs, including the Sustainability Reserve which was available to provide seed funding for the Sustainability Strategy which was currently under consultation. It was likely that councils would require support from central government to meet the full costs of delivering the strategy.
- Clarification was provided about the waste container costs being just for the cost of the actual bin, which had not changed. The members expressed surprise that this cost had not increased.

The Head of Finance delivered her report on the Capital Strategy, providing a more detailed explanation on the liability benchmark.

The Head of Finance moved on to the Treasury Management Strategy Statement, which was unchanged from previous years with the exception of the removal of the reference to negative interest rates.

RESOLVED –

That the Finance Scrutiny Committee:

1. Has considered the budget as laid out in the report in Attachment 1, including:
 - the base budget for 2023/24
 - the Capital Investment Programme 2023/24 to 2025/26
2. Has considered the schedule of fees and charges & income charging policy as detailed in Attachment 2
3. Has considered the capital strategy for 2023/24, including the Treasury Management Strategy Statement and Prudential Indicators as detailed in Attachment 3
4. Has noted the advice provided by the Director of Finance on the robustness of estimates and the adequacy of reserves
5. Has noted the indicative budgets for 2024/25 and 2025/26
6. That the scrutiny committee has no recommendations for Cabinet or Council.
7. That the charge to developers for waste containers should be reviewed by the relevant service.