

FINANCE SCRUTINY COMMITTEE

14 January 2020

Present: Councillor M Turmaine (Chair)
Councillor P Kloss (Vice-Chair)
Councillors D Allen-Williamson, N Bell, J Johnson, A Khan,
J Pattinson, G Saffery and Stanton

Also present: Councillor Watkin (Portfolio Holder for Finance)

Officers: Head of Finance
Group Head of Community and Environmental Services
Group Head of Corporate Strategy and Communications
Section Head - Financial Planning & Analysis
Democratic Services Officer (JK)

17 Apologies for absence

There were no apologies for absence.

18 Disclosure of interests

There were no disclosures of interest.

19 Minutes

It was announced that Joanne Wagstaffe, the Director of Finance, had been appointed as the Chief Executive of Three Rivers District Council. Subject to agreement at Council, the Head of Finance, Alison Scott, would act as the Interim Director of Finance. The Section Head - Accountancy (Financial Planning & Analysis) would be the Interim Head of Finance. The committee recorded their congratulations to all.

The minutes of the meeting held on 26 November 2019 were submitted and signed.

20 Finance Digest 2019/20 (Period 8)

The committee received the report of the Head of Finance. The Head of Finance introduced the report highlighting some key areas of interest, including the

unfavourable service variance of £0.242 million, the reduced capital finance charges and the significant variance in the capital outturn due to changes in the capital programme. There had been little material change in the council's funding and the reserves were largely unchanged.

It was noted that the masterplan for the Town Hall was progressing. Regarding the proposed investment in the area, it was confirmed that £8 million was allocated to the Town Hall and £4 million for the Colosseum. The budget for the Colosseum would include work on the windows, roof and building management system and to make any changes required for the new operator to improve its financial sustainability. The previous major renovation of the building had been in 2009.

Members questioned the changes following the sale of Woodlands Block E in the Riverwell development. Officers responded that there had been a gain in income and risk and reward had had to be balanced. The Farm Terrace Allotment site would be taken on by a Registered Social Landlord.

RESOLVED –

that the 2019/20 Period 8 Finance Digest, as shown at Annex A to the report, was considered and the revenue and capital forecast outturn positions were noted.

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Financial Planning

The committee received a report of the Head of Finance containing the service level expenditure, funding and council tax levels for the medium term 2020/21 to 2022/2023, including the use of reserves and the 2020/21 council tax calculations.

The Head of Finance introduced the report highlighting the key points. This included an anticipated additional 1% pay award, savings made in the insurance retender, the introduction of charging for the collection of green waste, borrowing costs related to changes in the capital programme and the impact of funding changes.

Members sought reassurance about the level of borrowing required to participate in the joint venture with Kier for the construction of the new multi-storey car park for the hospital. It was confirmed that the council would decide whether to lend into the scheme; if not it would provide £3.6 million in equity and would receive an income going forward. A car park operator would be sought to run it.

It was noted that the current approved capital programme included £750,000 for Watford Market and committee members asked how this would be spent and the impact the expenditure would have on the market. Officers reported that new gazebos had been purchased and investments had been made in the electrics and lighting. New proposals would be forthcoming to include a programme of activities. The outdoor food stalls were very popular and occupation levels were good. It was agreed that the Group Head of Community and Environmental Services would circulate the market occupancy levels to members.

The committee noted that the council would shortly hear the outcome of the application to the LEP for £5 million for a transport hub at the pyramid site. This would include a number of covered bus stops and electric car charging facilities; it would complement the highway works that had recently taken place in the area.

A question was raised about the anticipated budget gap over the next three years and how it was accounted for. The Head of Finance highlighted the salary increases and the temporary levelling off of rental income from Watford Business Park due to the redevelopment of the site. In response to further queries about the budget gap and the re-phasing of projects; officers noted that savings from the Watford 2020 project would be realised later in the MTFS and the associated risks were relatively low.

Members discussed the ongoing work in Oxhey Park; it was noted that additional work had been required by the Environment Agency and that the project was making good progress. The new BMX and skate park would open before the old site at Derby Road closed; with the aim of this being before the school summer holidays.

Following a query about the transport app, it was explained that this would be a Watford-focused mobile app. It would assist residents in making use of the public transport options available to them, including the demand responsive transport and the cycle scheme. More modes of transport would be added over time. There would be a soft launch later in January. Ongoing costs had been included in the MTFS.

Turning to the funds assigned for new cemetery provision, members asked for an update. Officers advised that work was ongoing to determine the level of available space at North Watford Cemetery and there would be a report to Cabinet in the summer with proposals going forward.

The committee considered the Income (charging policy) and the Head of Finance underlined that the policy was to increase charges by inflation. A query was

raised about SLM's price increases at the leisure centres which would result in prices which were not round numbers. The Group Head of Community and Environmental Services confirmed that these prices were set by SLM and further information from SLM on the proposed rises would be provided to the committee.

Officers advised that the Capital Strategy was very similar to last year's and the Treasury Management Policy was also unchanged. Training on treasury management would be added to the work programme for the next meeting of the Finance Scrutiny Committee.

There followed a discussion about how and when the opposition would present their alternative budget proposals.

In closing, officers confirmed that they did not anticipate any significant changes in the Chancellor's budget in March which would impact the proposals.

RESOLVED –

1. that the budget as laid out in the report, including:
 - the base budget for 2020/21
 - the growth and savings
 - the Capital Investment Programme 2019-23was considered
2. that the schedule of fees and charges & income charging policy was considered
3. that the capital strategy for 2020/21, including the Treasury Management policy, was considered
4. that the advice provided by the Director of Finance on the robustness of estimates and the adequacy of reserves was noted
5. that the indicative budgets for 2021/22 and 2022/23 were noted.
6. that the comments of the Finance Scrutiny Committee be forwarded to Cabinet.

Action: Group Head of Community and Environmental Services

Chair

The Meeting started at 7.00 pm
and finished at 8.05 pm