

FINANCE SCRUTINY COMMITTEE

28 June 2021

Present: Councillor M Turmaine (Chair)
Councillor P Kloss (Vice-Chair)
Councillors K Clarke-Taylor, A Khan, G Saffery, B Stanton and
D Walford

Also present: Councillor Mark Watkin

Officers: Democratic Services Officer (JK)
Section Head - Financial Planning and Analysis

1 Apologies for absence

Apologies for absence had been received from Councillor Parker.

Councillor Martins was absent without apologies.

2 Disclosure of interests

There were no disclosures of interest.

3 Minutes

The minutes of the meeting of Finance Scrutiny Committee held on 4 March 2021 were signed.

4 Training: the role of Finance Scrutiny

The committee received a presentation of the Section Head – Financial Planning and Analysis. Following the presentation, the officer responded to questions.

5 Financial Outturn 2020/21

The committee received the report of the Section Head – Financial Planning and Analysis. The report informed the committee of the revenue and capital outturns for the financial year 2020/21. The committee was asked to review the recommendations for Cabinet and consider any further recommendations it wished to make in respect of these to Cabinet.

The Section Head – Financial Planning and Analysis introduced the report and highlighted the key areas, in particular:

- Council had approved a revised services net budget of 17.703 million and the outturn showed a net spend of £17.411 million; a favourable variance of £0.292 million.
- The revised capital programme had a variance of £28 million demonstrating the impact of the pandemic on large schemes like Riverwell. Funds were being rephased into the current year to ensure scheme completion.
- Council reserves remained healthy. The economic impact reserve had taken the brunt of the losses experienced by the pandemic.
- There had been a loss of income of £5 million including £2.3 million in commercial rent. The council incurred £1.6 million of additional expenditure but services had identified £1.8 million of compensating savings.
- Emergency funding of £1.4 million had been received from the Government plus £1.3 million from the Government's income guarantee scheme which excluded commercial rent.
- The total overall loss was £2.1 million of which £0.8 million came from the Croxley Park reserve.
- Reserves had been reviewed during the year and obsolete reserves transferred into the renewal and recovery fund.

The officer concluded noting that the council had undertaken proactive stewardship during the pandemic and was in a relatively strong financial position to react to future challenges.

Discussing the resulting risk of rephasing the capital budget, it was noted that the biggest risk was that prices could increase and there could be issues with supply chains. The council had, however, saved money on borrowing last year. As far as existing projects were concerned, pricing would depend on the contractual agreements. Further updates on costs would be available in the q1 finance digest.

Turning to the levels of savings realised by the Watford 2020 programme, members were advised that the original business case had been made three to four years ago and some of the projections had been over-ambitious. Savings had been made but the pandemic had also changed the nature of the services. The balance remained healthy and other savings had been made outside the programme.

The Portfolio Holder added that the business case was made before detailed work had been undertaken and £1 million savings would be achieved albeit with some slippage into the current financial year. The project had also enabled the council to better cope with the pandemic.

It was clarified during the discussion that the original business case projected savings of £1.4 million of which £1 million had been achieved.

Following a question around contingencies built into projects, it was confirmed that 5-10% was built into project budgets, depending on their scale.

RESOLVED –

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

6 **Council Finances 2021/22 Budget Update**

The committee received a report of the Section Head – Financial Planning and Analysis with an update on the Council's 2021/22 budgets as a result of the continuation of Covid 19. The officer introduced the report and the key points including:

- The medium term financial strategy in January took account of the ongoing impacts of Covid 19 into the current financial year.
- There had been additional expenditure of £0.402 million since January 2021 including one-off support to the leisure operator.
- The council had received £0.417 million in emergency funding for the first quarter of this year.
- There had been a loss of income of £1.5 million as no management fee had been received from the leisure operator and a loss of £0.5 million in commercial rent.
- A drop in the council tax base had been anticipated during the budget setting process, however both council tax and business rate collections were on target for this stage in the year.
- The council acted as a conduit for various government grants to local businesses and had been proactively approaching eligible businesses to encourage take-up.

The committee discussed the report and when the finances might be restored to normal levels. It was noted that the q1 budget monitoring report would give an update. It was not yet clear if the government support would be extended to reflect the probable additional month of restrictions.

Noting the £17 million of government grants that had been available through the council, the committee asked what the take up had been amongst eligible businesses. There had been significant take up but any remaining funding would be returned to the government. It was agreed that it was much more preferable to ensure the funding reached businesses.

Action – Section Head – Financial Planning and Analysis to report back the amount of funding remaining including in relation to the local discretionary grant.

The Portfolio Holder reported that in 2020/21 7930 grants were paid out to local businesses totalling £28 million. He offered to circulate the full breakdown to the committee. There had been some frustration about the take up given the numbers of businesses unable to operate.

Action – Portfolio Holder for Resources to circulate the data.

Referring to the climate emergency, it was highlighted that commodities had become more expensive and greater costs were often incurred by businesses seeking to operate in environmentally-friendly ways. These costs were often recouped in the longer term but it was something that the council should bear in mind.

RESOLVED –

that the Finance Scrutiny Committee notes the report.

7

Finance Scrutiny Committee 21/22 work programme

The committee received a draft work programme which had been devised by officers in consultation with the Chair.

The Democratic Services Officer introduced the report noting that there were a number of standing items reflecting the financial reporting cycles. The work programme provided an outline and it was for the committee to direct its focus. It was intended to be a flexible document and could be reviewed throughout the year.

The Chair advised that he had requested an item at the next meeting, in September, which would allow the committee to consider items for the budget drawing upon learning from other councils ahead of the budget setting process.

The Chair further noted that the committee might wish to look at the Colosseum or Croxley Park in more detail later on in the year.

RESOLVED –

that the work programme be agreed as drafted and kept under review.

Chair

The Meeting started at 7.00 pm
and finished at 8.00 pm