

## **FINANCE SCRUTINY COMMITTEE**

**10 January 2022**

Present: Councillor P Kloss (Vice-Chair)  
Councillors K Clarke-Taylor, A Khan, R Martins, G Saffery and  
D Walford

Also present: Councillor Watkin (Portfolio Holder)

Officers: Head of Finance  
Democratic Services Officer (OE)

### **25 Apologies for absence**

Apologies were received from Councillor Turmaine (Chair) and Councillor Stanton. Councillor Parker was absent without apologies.

### **26 Disclosure of interests**

There were no disclosures of interest.

### **27 Minutes**

The minutes of the meeting of Finance Scrutiny Committee held on 22 November 2021 were approved and signed.

### **28 Finance Digest - Period 8**

The committee received a report of the Head of Finance with the financial position at the end of November 2021.

The Head of Finance introduced the report. The report linked with the Financial Planning report and served to understand any risks/pressures identified in the current year and opportunities to address when building the budget.

Key points were as follows:

- There was no significant change from the previous report. There was a slight worsening in the forecast pressure for the end of the year from £728,000 to £792,000.
- The main loss was from the loss of the annual management fee from the leisure operator. This was partially offset by expected income from central government's compensation scheme for lost income.
- The pay award had still not been agreed for 2021/22 which remained a risk, however this had been factored into the budget for future years not only for future pay awards but for any ongoing pressure from the current year.

Councillor Khan asked whether the £792,000 pressure would decrease in future years once the impact of the pandemic had reduced. The Head of Finance explained that there was an assumption that income would return to a more favourable level, however the timing of the Omicron variant made it difficult to determine the impact over the Christmas period. With regards to leisure providers, there was still a significant amount of uncertainty on whether there would be the usual uptick in people signing up to the gym in January. The loss of income from the waiving of managements fees and additional support was recoverable over the life of the contract with the leisure provider and would be built into future budgets, however the timing was yet to be determined.

RESOLVED –

1. That the 2021/22 Period 8 Finance Digest as shown in Annex A, be considered and notes both the revenue and capital forecast outturn positions.
2. That the committee comments be given to Cabinet/Council.

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## **Financial Planning**

The committee received a report of the Head of Finance.

The Head of Finance introduced the report. This report contained the latest working version of the Medium Term Financial Strategy (MTFS) and an update on the income charging policy with fees and charges for the next capital year. The report also contained the Capital Strategy which laid out the Council's approach to capital investments, along with the Treasury Management Strategy which included the Minimum Revenue Provision Policy and prudential indicators for the next year.

Appendix 1 showed the Budget Setting Reports which laid out financial risks and implications for the next year. The Executive Summary showed that a small deficit was expected in the MTFS, however there were sufficient reserves to cover the deficits. In

future years, the budgets could be revised should circumstances change, so the budgets for 2023-24 and 2024-25 were only indicative.

Updates to the MTFS showed that there was more money received than expected from central government due to a one-off Services Grant which represented an extra £196,000 for the council. There was also additional income from the New Homes bonus as well as an increase of 3.4% on the council tax base going into 2022-23. The forecast increase for future years was said to be prudent at a rate of 0.5%. If that were to change, it would help to offset the aforementioned deficit in future years.

The budget listed a 1.5% increase of council tax rate and this was assumed in across the MTFS. This increase was said to be below the statutory approved maximum of 2.0%. This would give a council tax requirement of £9.571 million for 2022-23.

The budget proposals included the impact of the council's current financial position; the deficit reported was part of the in-year change to budget monitoring figure listed in Table 1 of the report.

Appendix 4 showed information about the Recovery Renewal Fund. This was forecast to be spent in 2022-23, however the uncertainty of the pandemic meant that some of the fund could be spent in 2021-22.

The Capital Investment Programme now set out the spending on the Town Hall Quarter spending with more clarity. Key risks areas broadly remained the same as the current year; the Head of Finance explained that it remained important to consider projections on rental income and Croxley Park. There also was a risk relating to leisure service providers as potential changes to income had not been factored into the budget. Any changes would be picked up in annual monitoring reports and fed into future budgets accordingly.

Also included in this item was the Chief Financial Officer statutory report which was a legal requirement assuring that the figures contained within the budget were robust.

In response to a question from Councillor Khan regarding the justification for increasing funeral costs within the context of the pandemic, the Head of Finance explained that the increase was determined by considering key cost drivers such as staff costs and inflation.

Councillor Khan suggested that there should be a recommendation to Cabinet to consider freezing or reducing the cost of burials. In response to this, Councillor Martins asked the Head of Finance whether there was scope to do this and what the implication would be if this was done.

The Head of Finance explained that the assumptions in the budget was based on current activity levels and that if activity decreased it would put pressure on the council's income.

Whilst all councillors agreed that funerals should not be run on a profit based model, Councillor Saffery stated that based on the fact that the current system seemed to run on the basis of cost return and the increase in fees was in line with inflation, there should not be recommendation to freeze or reduce costs.

The Chair suggested that Councillor Khan's proposal to freeze or reduce the cost of the burials be put to the vote. On being to the vote, it was **LOST**.

However, it was agreed as an action that the Head of Finance should provide detailed information on the budget for funerals before Budget Council on 24 January 2022.

RESOLVED –

1. That the committee has considered the budget (Attachment 1) as laid out in the report, including:
  - a. the base budget for 2022/23
  - b. the Capital Investment Programme 2021/22 to 2024/25
2. That the committee has considered the schedule of fees and charges & income charging policy (Attachment 2).
3. That the committee has considered the capital strategy for 2022/23, including the Treasury Management policy and Prudential Indicators. (Attachment 3).
4. That the committee notes the advice provided by the Director of Finance on the robustness of estimates and the adequacy of reserves.
5. That the committee notes the indicative budgets for 2023/24 and 2024/25.
6. That the committee comments be forwarded to Cabinet.

Chair

The meeting started at 7.00 pm  
and finished at 7.35 pm