



**WATFORD  
BOROUGH  
COUNCIL**

# **COUNCIL MEETING**

**18 July 2023**

**7.30 pm**

**Town Hall, Watford**

## **Contact**

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10 July 2023

Councillor

You are hereby summoned to attend a meeting of the Council of the Borough of Watford to be held on Tuesday, 18 July 2023 starting at 7.30 pm at the Town Hall, Watford to take into consideration and determine upon the following subjects, namely: -

**1. Apologies for Absence**

**2. Disclosure of Interests**

**3. Minutes**

The [minutes](#) of the meeting held on 23 May 2023 to be submitted and signed.

**4. Official Announcements**

**5. Mayor's Report (Pages 7 - 12)**

**6. Questions by Members of the Council under Council Procedure Rule 10.0**

**7. Questions by Members of the Public under Council Procedure Rule 11.0**

**8. Petitions presented under Council Procedure Rule 12.0**

**9. Business especially brought forward by the Chairman or the Head of Paid Service which in the opinion of the Chairman should be considered as a matter of urgency.**

**10. Financial Monitoring Report - Year End 2022/23 (Pages 13 - 33)**

Report of the Head of Finance

**11. Constitution Update - Virement Rules (Pages 34 - 47)**

Report of the Head of Finance

**12. Scrutiny Annual Report 2022/23 (Pages 48 - 54)**

Report of the Senior Democratic Services Officer

**13. Neighbourhood Locality Fund Annual Report 2022/23 (Pages 55 - 58)**

Report of the Democratic Services Officer (LM)

**Motions submitted under Council Procedure Rule 13.0**

**14. Motion - More resources to combat crime and anti-social behaviour**

The following motion has been proposed by Councillor Bell and seconded by Councillor Trebar:

“This Council resolves that the Mayor writes to the Home Secretary and Hertfordshire’s Police and Crime Commissioner to urgently call for more resources to combat the increasing crime and antisocial behaviour which we and our residents have seen not only in the Town Centre in recent months but across Watford.”

**15. Motion - A Diverse Council**

The following motion has been proposed by Councillor Turmaine and seconded by Councillor Khan:

**This council notes:**

Councillors represent their community, and it is important that they reflect the diversity within their communities, particularly those with protected characteristics (such as age, disability, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, gender, and sexual orientation).

The work of political parties, including the Co-operative Party and the Local Government Association (LGA) in developing a declaration for councils aimed at increasing diversity in local government.

The council has already made much progress, which should be acknowledged and celebrated and has undertaken several aspects of the proposals on its journey towards best practice.

**This council believes:**

Diversity in representation makes for good decision making.

Political engagement is precarious and turnout figures in the recent local elections demonstrates that there is some way to go in offering a representative voice to all in our town’s demography.

**This council resolves:**

To adopt the Diverse Councils Declaration to increase diversity in our local government, including the nine objectives within it:

1. Provide a clear public commitment to improving diversity in democracy.
2. Demonstrate an open and welcoming culture to all, promoting the highest standards of behaviour and conduct.
3. Set out a local Diverse Council action plan, ahead of the next local elections.
4. Work towards the standards for member support and development as set out in the LGA Councillor Development Charter and/or Charter Plus.
5. Demonstrate a commitment to a duty of care for councillors.
6. Provide flexibility in council business by regularly reviewing and staggering meeting times.
7. Ensure that all members take up the allowances and salaries to which they are entitled, particularly any reimbursement for costs of care.
8. Ensure the council adopts a parental leave policy, setting out members' entitlement to maternity, paternity, shared parental and adoption leave and relevant allowances.
9. Ensure that councillors from under-represented groups are represented whenever possible in high profile high influence roles.

**16. Motion - Ticket Office Closures**

The following motions has been proposed by Councillor Turmaine and seconded by Councillor Watling:

**“This council notes:**

With dismay the news that the Department for Transport and the 13 train operating companies it manages have announced plans to close almost all staffed ticket offices in England, totalling nearly 1000, following changes to the Government's guidance relating to ticket office opening hours and operation.

Statutory Consultations began on 5th July and will close on 26th July.

**This council believes:**

That ticket offices provide a vital service to residents in Watford and support passenger safety, security and accessibility. Having a central place in the station for people requiring advice and assistance provides certainty and confidence for customers who may struggle to otherwise locate station staff and also acts as a point of safety for passengers.

At many stations, access to facilities such as toilets and waiting rooms is reliant on ticket office staff. Many travellers trying to get to Watford Junction will find themselves without help and support finding their way and this could have a detrimental effect on the local economy – for example, tourists visiting the Harry Potter studios.

Not all residents are able to use ticket vending machines or online ticketing platforms. Many journeys require human assistance to ensure customers purchase the most appropriate and cheapest tickets, and do not incur penalties from mis-booked tickets. Ticket office staff have a wealth of knowledge which ensures that customers get appropriate advice for their whole journey.

This council is concerned the closure of ticket offices will disproportionately affect disabled, Deaf and older residents in our town – as well as those with poor literacy and IT skills or on lower incomes. Council also notes the possible implications for current station staff and believes that the closure of ticket offices could lead to a de-staffing of rail stations.

**This council resolves to:**

- Instruct the Chief Executive to write to the Secretary of State for Transport, expressing Council’s opposition to the possible closure of staffed rail ticket offices – and in particular the office/s at Watford High Street and Bushey.
- Instruct the Chief Executive to write to London North Western Railway, expressing the Council’s opposition to any plans to close the staffed ticket office/s at stations within Watford.
- Request that all councillors respond to the consultations before 26th July to confirm their support for ticket offices remaining open and for properly staffed rail stations.

[\(https://www.rmt.org.uk/campaigns/rail/save-ticket-offices/\)](https://www.rmt.org.uk/campaigns/rail/save-ticket-offices/)”

**17. Motion - Protecting Train Services**

The following motion has been proposed by Councillor Stotesbury and seconded by Mayor Taylor:

“Council:


1. Regrets the announcement by the Department for Transport and Train Operating Companies that ticket offices are due to close over the next three years.
2. Believes that many people require extra support when buying tickets, particularly those who are over 65, have disabilities, or lack access to a

smart phone. Council also believes that the current ticket regime in England is needlessly complicated, increasing the need for support to buy the correct ticket at the cheapest price possible.

3. Notes that there will be a complete closure of the ticket office at Euston and that the replacement ticketing support will cover fewer hours.
4. Acknowledges that Watford Junction Station has been designated as a “hub” station and will therefore have some ticket office provision. However council is concerned that this is not yet defined and could lead to a significant reduction in service and jobs.
5. Is concerned that in the long term, ticketing provision will also be removed from these hub locations, having negative consequences for those who are not able to order online or require extra assistance.

Council calls for:

1. The government to rethink this decision and reflect upon the consequences for the most vulnerable of closing ticket offices.
2. A simpler and more passenger-friendly ticketing structure to reduce confusion and ensure all passengers get the best value for money.
3. The Mayor to write to the railways minister to re-state our opposition to these plans.”

A handwritten signature in dark ink, appearing to read 'Donna Nolan', with a long horizontal flourish extending to the right.

**Donna Nolan, Chief Executive**

## **Introduction**

As I write this report, the national cost of living emergency and poor economic outlook is affecting residents across Watford. High interest rates and inflation have undoubtedly placed a strain on local families, impacting their financial well-being.

Despite these challenges, I am committed to delivering on my promises to residents and supporting them through this difficult period. Just as last year required tough decisions, so too will this year and the next. At every stage my priority will be protecting front line services and supporting the most vulnerable in our town.

Over recent months, we have made good progress towards meeting my manifesto commitments. As we move to the summer we will once again be providing our exciting and varied events, most of which are free to attend. As the cost of living emergency continues, it is important that we provide these events so that as many people as possible feel part of the community and can take part in Watford life. These are set out in more detail later in the report.

Standing Up for Watford

## **Watford General Hospital announcement**

I was very pleased to hear the recent announcement from the government about the funding being made available for Watford General Hospital. This announcement came following lots of lobbying over many years and I am glad that we may finally see the improvements that our local NHS needs to provide care fit for the 21<sup>st</sup> Century.

I am proud of the work that we have done to help secure this investment. This includes lobbying but also includes significant investment locally and close partnership work with the NHS trust. Without this work, the announcement would probably never have happened.

The journey to the new hospital began when the previous Liberal Democrat Mayor of Watford, Dorothy Thornhill, secured the building of Thomas Sawyer Way. Since then we have also given outline planning permission for the new buildings and freed up land to accommodate the new hospital by building our award-winning multi storey car park.

Residents in Watford deserve high quality healthcare in modern facilities that support our local NHS workers to do their jobs successfully. I hope that we see this funding soon and work begins at the earliest opportunity.

## **Local Plan wins an award**

In my manifesto I committed to doing everything in our power to ensure that we have the right homes in the right places. I also committed to ensure that properties meet high standards of design, protected the environment and were in keeping with the local area.

This will be achieved in the main by our new local plan, which we passed last year. This document puts power in the hands of our planning officers and local residents and protects our decisions if they are put before the Planning Inspectorate.

I am proud that our local plan was recognised in the “Best plan” category at the East of England RTP1 Awards for Planning Excellence. The award rightly highlighted the importance we have placed on sustainability and adapting our town to deal with the effects of climate change. I want to congratulate the team at the council who worked so hard to put the plan together.

### **Extra protection for employment land**

Watford is home to thousands of businesses, small to large, which is a good thing for our town. I want to make sure that we have the space to support new and existing businesses in the future. To do this, we have protected employment land at key areas of the town by enacting article 4 directions. This will limit the ability to use permitted development rights at these locations.

By ensuring that planning permission is required to develop at these locations we put powers back in the hands of local people and means that we maintain the character of our town. It is important to ensure that we have enough space in Watford for businesses to thrive and grow and enough for the businesses of the future to choose Watford.

In total, twelve distinct Article 4 Directions have been made. These protected areas include Clarendon Road Primary Office Location, Greycaine Road, Odhams and Sandown Road, Imperial Way, Colonial Way and Holly Industrial Estate, as well as Wiggshall Road, Fishers Industrial Estate and Trade City.

### **LGBTQIA+ Pride Month**

June marked Pride month in Watford and a number of events were held to celebrate and show support for the valued LGBTQIA+ community in Watford.

We raised the inclusive pride flag at the Town Hall and hosted the launch of Proud Watford, a new community organisation that seeks to ensure that everyone feels safe and included in Watford, in our annexe space.

Atria Watford also supported Pride month and it was great to be able to officially open their new installation supporting Proud Watford and the LGBTQIA+ community. Although great progress has been made to advance LGBTQIA+ rights in the UK, there is still a way to go until equality is truly achieved.

Visibility for the community is so important to tackle stereotypes, break stereotypes, and provide affirmation to those who are questioning their sexuality and gender identity, and tackle prejudice. That is why we are proud to raise the flag, support events and host Hertfordshire Pride in Cassiobury Park which this year will take place on Saturday 19<sup>th</sup> August.

### **Windrush Day**

I was proud that Watford council honoured Windrush Day on 22<sup>nd</sup> June. This day celebrates the contributions made by our British Caribbean community by commemorating the date on which the HMT Empire Windrush arrived in Britain. 2023 marks the 75<sup>th</sup> anniversary of this occasion. Watford is fortunate to be home to an incredible community of individuals from the Windrush generation, whose contributions have enriched our town.

To mark this significant anniversary, I raised the commemorative flag outside the Town Hall on Windrush Day. I also attended a wonderful event at Watford Museum which was organised by Community Game Changers. At the event, the Hertfordshire Archive and Local Studies team gave a riveting talk about researching family history. I hope that the many people who attended make use of this information to find out more about their family and the contributions they have made to our diverse town and country.



## A Greener Town

### **Town Hall energy improvements will save thousands**

I was pleased to be able to see the completion of the environmental improvements at the Town Hall. These works were made possible through a successful £3.2 million bid to the government and will deliver large savings on energy bills for the council going forward.

As part of this scheme, the council has installed 144 state-of-the-art photovoltaic panels on the roof of the Town Hall and 36 on the Colosseum to harness renewable energy. This is expected to save 24 tonnes of carbon dioxide per year.

Thermally energy efficient improvements have also been carried out in both heritage buildings to minimise heat loss. The restoration of the windows with new technology will reduce energy transfer by 75%. In addition to these changes, insulation has been improved and lights were replaced with energy efficient LEDs. It is estimated that this should save 166 tonnes of carbon annually.

Taken together these changes are expected to lead to a reduction of 50% on our gas bill and 32% reduction on electricity. Furthermore, the project was managed in a very sustainable way with 99% of the waste materials being diverted away from landfill.

### **Watford Council recognised at Energy Efficiency awards**

I was pleased that the council was recognised as one of the best-performing local authorities at the Energy Efficiency Awards. At the awards ceremony Watford Council was “Highly Commended” in the Regional or Local Authority Body of the Year Award’ category.

We were shortlisted for our Carbon Community Assistance scheme which has helped to improve the use of energy in buildings and reduce carbon emissions, and supported householders to save energy and money.

This has been made possible thanks to successful multi-million-pound bids made by the council to the Department of Energy Strategy and Net Zero and the council’s own grants and loans. The money has been used to fund over nine different schemes and make improvements to 252 homes in the town. In total, the works to properties will help to save 84,000 kilograms of carbon dioxide per year and provide residents with around £27,000 yearly savings on bills.

### **Expansion of Electric Vehicle Charging**

To improve air quality and support the fight against climate change it is important to support people to move to less polluting vehicles as well as move to other types of active transport. A key part of this mission is supporting the switch from petrol and diesel cars to electric by providing charging points.

We are moving forward to implement our successful On Street Residential Chargepoint Scheme funding bid. This funding will enable the installation of 79 on street charging points. This will bring the total number to 102 across the town significantly improving the accessibility and convenience of EV charging for both residents and visitors.

In addition to this we are also supporting the private sector to provide charging points. A key example of this is the recent sale of a small garage site in St Alban’s Road to enable Leap24 UK to install public charging points.

### **More Solar panels across Watford**

Over 300 solar panels have been installed across the borough thanks to a bulk buying scheme. This initiative in which Watford Borough Council works with Solar Together, allows residents to sign up to be part of a solar panel bulk buy. By doing this, they save money. By the end of the year, this scheme will install 1000 solar panels making a big contribution towards our target of being a net zero borough by 2030. The installation of these panels is expected to save the participating households a combined total of £50,000 per year on their energy bills, as well as reducing their carbon footprint by an estimated 4,867,200 kg of CO2 emissions over a 20 year life span.

I am delighted to see such a strong response to this scheme. It shows that residents are keen to support the environment and is an excellent example of people coming together to make Watford a greener place to live. I hope that we will be able to bring schemes like this forward again in the future.

A Caring Community

### **NHS 75 year anniversary:**

In July we celebrated 75 years of the NHS. Over those 75 years, the NHS has been loved and has provided amazing care and support for families across the country and here in Watford.

In recent years, particularly during the pandemic, the NHS has shown its resilience and commitment to patients even in the toughest times. We will be forever grateful for all of the doctors, nurses and other healthcare workers who kept us safe during that time and continue to keep us safe.

I will always support our precious NHS and continue to fight for the resources our community and NHS workers need. I would like to take this opportunity to thank all those who work in our local NHS for all they do for our community.

### **Lottery has a successful beginning:**

The Watford Community Lottery has experienced a successful start. At the time of writing, 1216 tickets have been purchased for the coming week, with a projected £37,939.20 heading to local charities and organisations by the end of the year. A number of people have already won cash prizes and I am hopeful that people will continue to maintain their ticket purchases going forward. To incentivise more sign ups, Gatherwell have held prize draws for those who sign up before a certain time. In the first week this was a £250 Watford voucher and for anyone who enters a draw during July, they will have a chance to win a £1000 Air BnB voucher.

We have also been successful in signing up local groups to receive funding. At the time of writing we have around 50 such organisations registered as good causes. When people play the lottery, they have the opportunity to select a specific organisation who will receive 50p for each £1 ticket. 10p will then go to the Mayor's Community fund, with the rest of the ticket price going towards admin and prize money. I hope that the lottery will become a key part of our community fundraising offer, providing local organisations with the vital funds they need to support residents in Watford.

### **Memory Café and Carers retreat relaunch**

I am pleased that we have been able to relaunch the 'Memory Café and Carers Retreat' at Cheslyn House and Gardens. This initiative is a partnership between Home Instead, a leading provider of home care services, and the council.

The Memory Café and Carers Retreat is designed to create a welcoming and supportive environment for those living with dementia and their carers. They are drop-in sessions which provide a safe space where attendees can share their experiences, make new connections and enjoy a range of activities. The Carers Retreat helps carers connect with others facing the same experiences and allows them to gain insights and learn how to access the resources they need.

The first session took place in June and subsequent sessions will be held on the last Wednesday of each month from 10:30am – 12:30pm.

### **Community visits**

As Mayor I often have the opportunity to make visits to the community. Some of these are covered in other parts of this report but there are some other recent visits which I would like to highlight.

First, I attended the Summer BBQ at the Lancaster Court Senior Living Home earlier this month. The staff provided a warm welcome and it was great to speak to the residents there. I want to take this opportunity to thank the staff and residents at Lancaster Court for fundraising £500 for Hertfordshire Mind.

I was also privileged to attend the passing out ceremony for the local chapter of the St John Ambulance Youth Badgers. Youth Badgers is a scheme run by St John Ambulance which encourages young people (ages: 5-11) to develop their social and first aid skills. It was really inspiring to meet so many young people who wanted to develop the knowledge they would need to provide support for other members of the community. It truly is one of the strengths of Watford that we have a community spirit and a large number of people want to contribute to make other lives better.

Another group who have dedicated themselves to supporting our community is the Friends of Cassiobury Park, who recently celebrated their 50th anniversary. This community group do vital work in protecting and maintaining our most popular park in Watford. I am really grateful for the dedication of so many Friends of the Park over the last five decades and for the work they continue to do with the council and other partners to ensure that Cassiobury Park stays the jewel in the crown of our 17 green flag parks.

## **A Safer Town**

### **Antisocial Behaviour Week**

The council took part in Anti-Social Behaviour Awareness Week, which took place from 3<sup>rd</sup> July to 9<sup>th</sup> July. ASB Awareness Week aims to increase public understanding of ASB and how those affected can get help. On Wednesday 5<sup>th</sup> July, members of our Community Safety Partnership, Safer Watford, organised an event in Atria Watford to raise awareness of the work they do on a daily basis to tackle issues affecting people's quality of life and to give residents the opportunity to raise concerns.

Anti-social behaviour is an important issue and is a priority for Safer Watford all year round. I have lobbied for a bigger police presence in the town centre to help deal with the problem and the council works hard with its partners to support residents who experience ASB, including through the use of the community trigger which has successfully helped victims and their families.

### **CCTV update**

The council operates a CCTV network of around 300 cameras covering street surveillance as well as the wider public realm. The cameras, which include those with automatic number plate recognition technology (ANPR) are monitored and recorded 24 hours a day, 365 days a year by contract staff

based in a purpose-built control room currently co-located with the police operation in Watford Police Station. This resource is a vital tool in keeping residents safe, tackling flytipping and other anti-social behaviour, and supporting the police to bring people to justice.

As the local police station moves to its new premises, a new home for the CCTV suite is needed. The council is currently exploring options so that a new suite can be up and running by the time the former one is decommissioned. I am confident that this will be achieved so that we can continue to keep residents protected.

In addition to these fixed CCTV cameras, we have also been piloting mobile CCTV cameras in fly-tipping hotspots. The current sites are Francis Road, Queens Road, and Queens Avenue. Mobile CCTV cameras offer particular challenges around power sources and requirements for appropriate infrastructure and this project has required extra work by officers to make the sites suitable for CCTV. I am glad to say that this work has been successful and all three CCTV cameras are now operational

A Competent Council

### **Big Events return for another year**

As mentioned above, I believe that it is important that we provide events for residents and visitors to Watford so that as many people as possible feel part of the community. Our events also help to make Watford a destination for visitors who can support our local economy. While most of these events are free, some, such as Colourscape do attract a cost.

For the first time in three years, The Big Screen will take place in the Town Centre, bringing business to local shops. This will take place from 24<sup>th</sup>-30<sup>th</sup> July. From 31<sup>st</sup> July-6<sup>th</sup> August, The Big Screen will move to Woodside Playing Fields. The full programme has been published and can be found at <https://www.watfordevents.com/big-screen-town-centre>

The Big Jiveswing Festival celebrates its 10 year anniversary this year on 30<sup>th</sup> July. Jiveswing is one of the largest Jiveswing Jazz festivals in the UK and this year promises to be bigger and better than ever. The festival is able to attract some of the best Jazz musicians in the UK and is very popular with those who attend.

Also returning this year is The Big Beach which transforms the parade into a seaside resort. This year, The Big Beach will take place from 12<sup>th</sup> August to 27<sup>th</sup> August. I know from previous years how many people attend this event and it is particularly used by young people who are on school holidays.

The Big Sport will take place on 9<sup>th</sup> September. This event provides sporty activities in the town centre and the opportunity for residents and visitors to learn more about keeping fit and healthy.

Part A

**Report to:** Council

**Date of meeting:** Tuesday, 18 July 2023

**Report author:** Head of Finance

**Title:** Financial Monitoring Report - Year End 2022/23

## 1.0 Summary

1.1 The financial Monitoring Report – Year End 2022/23 was considered by Finance Scrutiny Committee on 27 June 2023.

1.2 Council is asked to approve changes to the Council’s Capital Investment Programme as set out in the recommendations below.

## 2.0 Risks

2.1 The key budgetary risks are set out in Appendix 6 of the Financial Monitoring Report – Year End 2022/23 to Finance Scrutiny Committee. The risks are monitored throughout the year and reported in the Financial Monitoring Report to Finance Scrutiny Committee and Cabinet.

## 3.0 Recommendations

3.1 Council agrees to rephase capital budgets of £10.526m into 2023/24 onwards and to approve the revised capital investment programme of £58.441m for 2023/24, £15.452m for 2024/25 and £8.054m for 2025/26.

3.2 Council agrees the use of £2.400m funding from the Community Infrastructure Levy to fund the delivery of the Colosseum project within the Town Hall Quarter Programme.

### **Further information:**

Hannah Doney

[hannah.doney@threerivers.gov.uk](mailto:hannah.doney@threerivers.gov.uk)

### **Report approved by:**

Alison Scott, Shared Director of Finance

#### 4.0 **Detailed proposal**

4.1 The detailed proposal is set out in the Financial Monitoring Report – Year End 2022/23 to Finance Scrutiny Committee and associated appendices.

#### 5.0 **Implications**

##### 5.1 **Financial**

5.1.1 The Shared Director of Finance comments that the financial implications are set out in the main report.

##### 5.2 **Legal Issues (Monitoring Officer)**

5.2.1 The Group Head of Democracy and Governance comments that as this relates to the council's budget and policy framework it must be approved of by full council.

##### 5.3 **Equalities, Human Rights and Data Protection**

5.3.1 Under s149 (1) of the Equality Act the council must have due regard, in the exercise of its functions, to the need to –

- eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Act
- advance equality of opportunity between persons who share relevant protected characteristics and persons who do not share them
- foster good relations between persons who share relevant protected characteristics and persons who do not share them.

5.3.2 Having had regard to the council's obligations under s149, it is considered there are no relevant issues arising directly from this report.

5.3.3 Having had regard to the council's obligations under the General Data Protection Regulation (GDPR) 2018, it is considered that officers are not required to undertake a Data Processing Impact Assessment (DPIA) for this report.

##### 5.4 **Staffing**

5.4.1 There are no staffing implications arising from this report.

##### 5.5 **Accommodation**

5.5.1 There are no accommodation implications arising from this report.

## 5.6 Community Safety/Crime and Disorder

5.6.1 Section 17 of the Crime and Disorder Act 1998 requires the council to give due regard to the likely effect of the exercise of its functions on crime and disorder in its area and to do all it reasonably can to prevent these. There are no issues arising from this report.

## 5.7 Sustainability

5.7.1 There are no sustainability implications arising from this report.

## Appendices

- Financial Monitoring Report - Year End 2022/23 to Finance Scrutiny Committee (27 June 2023)
  - Appendix 1 Revenue variances 2022/23
  - Appendix 2 Capital Summary 2022/23
  - Appendix 3 Capital detailed report 2022/23
  - Appendix 4 Capital Programme Funding 2022/23
  - Appendix 5 Reserves 2022/23
  - Appendix 6 Key Budgetary Risks

The following background papers were used in the preparation of this report. If you wish to inspect or take copies of the background papers, please contact the officer named on the front page of the report.

- Budget Report to Council – January 2022
- Budget Report to Council – January 2023
- Financial Monitoring Report to Period 10 to Cabinet – March 2023

Part A

**Report to:** Finance Scrutiny Committee

**Date of meeting:** Tuesday, 27 June 2023

**Report author:** Head of Finance

**Title:** Financial Monitoring Report - Year End 2022/23

**1.0 Summary**

- 1.1 This report sets out the revenue and capital year end position for the financial year 2022/23. The position is subject to external audit and may change. The audit of the accounts is expected to take place during 2023/24 and will be undertaken by Ernst Young LLP.
- 1.2 The macro-economic environment continues to provide challenges for local authority finances. Inflation, measured by 12 month Consumer Price Index (CPI) was 9.0% in April 2022. This was the smallest 12 month increase across the year with a peak of 11.1% in October 2022 before the rate of increase slowed to 10.1% in March 2023. The 12 month increase in April 2023 was 8.7% reflecting the fact that significant increases in prices were already built into the previous April rate.
- 1.3 In January, the Council revised its budget, noting that inflation remained a risk during the year and in 2023/24. The revised budget reflected the impact of the pay award which was equivalent to around 6% of the Council's pay bill and took account of reduced income from the leisure management contract as a result of the ongoing impact of COVID-19. These pressures were offset by reductions in net expenditure in other services resulting in an overall increase to the budget of just £0.044m.
- 1.4 The revised services Net revenue budget for 2022/23 (set at Council on 31 January 2023) was £13.774m. The outturn position at 31 March 2023 was £14.087m. This is a net overspend of £0.312m. The latest budget included a gap of £0.089m to be funded from the Economic Impact Reserve, this takes the final year end position to an overspend of £0.401m. The revenue variances are set out in full in Appendix 1.
- 1.5 The Council (at its meeting on 31 January 2023) agreed a revised 2022/23 capital budget of £46.080m. At 31 March 2023 the Council had spent £33.356m giving an underspend of £12.723m. Services are requesting that a net £10.526m is rephased to 2023/24 onwards to reflect the latest delivery programme.
- 1.6 The Council's capital programme has continued to be subject to macro-economic factors effecting the construction industry with the shortage of materials in the



supply chain impacting at the beginning of the year and price increases for materials being further driven up by energy inflation as the year progressed. The impact of these factors on the capital programme has been closely monitored throughout the year with the longer-term implications addressed through the budget setting process for 2023/24 although the affordability of schemes will remain under review given the inflationary environment.

## 2.0 Risks

2.1 The key budgetary risks are set out in Appendix 6. The risks are monitored throughout the year and reported in the Financial Monitoring Report to Finance Scrutiny Committee and Cabinet.

## 3.0 Recommendations

3.1 To consider and note the 2022/23 revenue year end position as summarised at Paragraph 4.3.1 and set out at Appendix 1.

3.2 To consider and note the 2022/23 capital year end position as summarised at Paragraph 4.4.1 and shown in detail in Appendix 4.

3.3 To note the request to rephase capital budgets of £10.526m into 2023/24 onwards and the revised capital investment programme of £58.441m for 2023/24, £15.452m for 2024/25 and £8.054m for 2025/26 which will be recommended onto Council for approval.

3.4 To note that Council will be recommended to agree the use of £2.400m funding from the Community Infrastructure Levy to fund the delivery of the Colosseum project within the Town Hall Quarter Programme.

### **Further information:**

Hannah Doney  
hannah.doney@threerivers.gov.uk

### **Report approved by:**

Alison Scott, Shared Director of Finance

## 4.0 Detailed proposal

4.1 This report focuses on the variation between the latest agreed budget and the final expenditure and income for the financial year.

4.2 The report provides an analysis of the revenue and capital year end position for 2022/23. A more detailed financial report can be found in the Statement of Accounts. The draft statement of accounts for 2022/23 was authorised for issue by the Director of Finance on 31 May 2023 and is available on the Council’s website. The accounts are subject to review by the Council’s external auditors and this could result in changes to the numbers presented in this report. Following the conclusion of the audit, the Final Statement of Accounts will be approved by the Council’s Audit Committee.

### 4.3 Revenue Year End 2022/23

4.3.1 Appendix 1 details the major variances between the revised budget and the year end position. The following table sets out the variations to budget by service area:

Service Area	Revised Budget £'000	Net Expenditure £'000	Variance to Budget £'000
Democracy & Governance	2,047	2,063	16
Place	2,157	3,345	1,188
Corporate Strategy & Comms	1,482	1,603	121
Human Resources	522	598	76
Strategic Finance (this includes pension liability costs of £2.6m)	2,326	2,115	(211)
Corporate, Housing & Wellbeing	5,240	4,362	(878)
<b>Net Direct Cost of Service</b>	<b>13,774</b>	<b>14,086</b>	<b>312</b>
Planned use of Economic Impact Reserve	-89	0	89
<b>Net Cost of Service 2022/2023</b>	<b>13,685</b>	<b>14,086</b>	<b>401</b>

4.3.2 The net variation to budget at year end is £0.312m. After taking into account the planned use of the economic impact reserve, the total contribution required from reserves is £0.400m.

4.3.3 The variation of £1.188m reported for Place includes the impact of inflation on the Veolia contract and reflects the impact of high inflation at the end of 2021/22 and the pay award for 2022/23 working through to the total contract price at year end.

- 4.3.4 The underspend reported for the Corporate, Housing and Wellbeing Services Includes additional income received from the Health Protection Board within Environmental Health and grant funding for the Housing service. In both cases the external funding has been utilised ahead of the Council's core budget, releasing an underspend to the Council.
- 4.3.5 An underspend of £0.211m is reported for Strategic Finance reflecting additional interest received from Treasury Management activities as a result of higher than forecast cash balances in the final three months of the year and the impact of the sharp increase in Bank of England base rate which has improved the returns achievable on short term deposits.
- 4.3.6 The impact of contract inflation on the Veolia budget will feed through into the base contract costs for 2023/24. The 2023/24 budget included a 7% allowance for inflation but did not fully allow for the high level of inflation during 2022/23. This can be partly managed by the contingency budget for inflation created in the 2023/24 financial planning process.
- 4.3.7 The pay award for 2023/24 is likely to present a further budget pressure in 2023/24. An offer, equivalent to around 6% of the Council's total pay budget, has been made by the National Joint Council. However, this has been rejected by the Unite and GMB Unions with Unison expected to follow suit. It is likely that the pay negotiations will be protracted, and the final position will remain unknown well into the financial year. The ongoing impact will be managed through the Financial Planning process for 2024/25 to 2026/27.
- 4.3.8 The Financial Monitoring Report to Finance Scrutiny Committee in September will set out the latest estimates and steps being taken to manage the impact, including allocation of the contingency budget.

#### 4.4 **Capital Year End 2022/23**

- 4.4.1 A summary of the Council's capital investment during 2022/23 against the latest agreed budget is set out in Appendix 3. During 2022/23, the Council invested £33.356m in capital schemes, including the commencement of works on Woodside Sports Village, continuation of the work on the Town Hall Quarter and commencement of construction of new units at Watford Business Park delivering economic regeneration. Appendix 4 sets a detailed analysis of the council's capital programme over the MTFs, including the impact of requests to rephase budgets into future years.
- 4.4.2 A summary of how the 2022/23 capital investment programme has been financed is provided at Appendix 5. As a result of capital investment during 2022/23, the Council's borrowing requirement has increased by £20.843m. The additional interest payable and Minimum Revenue Provision (allowance for the repayment of

debt) have been built into the Council’s revenue budget for 2024/25 onwards. Grant funding applied includes the use of £3.274m Public Sector Decarbonisation Scheme (PSDS) grant which has contributed towards energy efficiency works at the Town Hall.

4.4.3 The table below provides a summary of the variation to budget after taking account of rephasing requests:

<b>WBC Capital Programme 2022/23</b>	<b>£'000</b>
Revised Budget	46,080
Expenditure	33,356
Variance	12,723
Rephasing requests to 2023/24 Onwards	10,526
Croxley Park (Funded from the contribution that formed part of the acquisition)	392
<b>Net overspend / (underspend)</b>	<b>(1,806)</b>

4.4.4 Major schemes to be rephased into 2023/24 are :-

- Town Hall Quarter £3.361m
- Watford Business Park Phase 2 £1.980m

4.4.5 During 2022/23 a Capital Contingency budget of £1.233m was created. This contingency was not allocated during 2022/23 and will also be carried forward to manage price risk across the programme in future years.

4.4.6 The revised capital programme at appendix 4 includes additional investment in the Town Hall Quarter Programme of £2.400m. This additional investment will be funded from the Community Infrastructure Levy to enable the delivery of refurbishment works to the Colosseum, subject to agreement by Council on 18 July 2023.

#### 4.5 Council Reserves

4.5.1 The Council has set aside specific amounts which it holds as reserves for future business purposes and to cover contingencies in case of operational need i.e. economic impact reserve.

4.5.2 Appendix 6 shows the level of Earmarked Reserves held by the council, which at the beginning of the year stood at £22.946m and closed at the end of the year at

£20.852m after the revenue overspend is funded from the Economic Impact Reserve. The General Fund remains at the risk assessed level of £2.000m after the year end variation to budget is funded from the Economic Impact Reserve. The total reserves available at 31 March 2023 are therefore £22.852m.

## 5.0 **Implications**

### 5.1 **Financial**

5.1.1 The Shared Director of Finance comments that the financial implications are set out in the main body of the report.

### 5.2 **Legal Issues** (Monitoring Officer)

5.2.1 The Group Head of Democracy and Governance comments that there are no legal implications directly arising from this report.

### 5.3 **Equalities, Human Rights and Data Protection**

5.3.1 Under s149 (1) of the Equality Act the council must have due regard, in the exercise of its functions, to the need to –

- eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Act
- advance equality of opportunity between persons who share relevant protected characteristics and persons who do not share them
- foster good relations between persons who share relevant protected characteristics and persons who do not share them.

5.3.2 Having had regard to the council's obligations under s149, it is considered there are no relevant issues arising directly from this report.

5.3.3 Having had regard to the council's obligations under the General Data Protection Regulation (GDPR) 2018, it is considered that officers are not required to undertake a Data Processing Impact Assessment (DPIA) for this report.

### 5.4 **Staffing**

5.4.1 There are no staffing implications arising from this report.

### 5.5 **Accommodation**

5.5.1 There are no accommodation implications arising from this report.

## 5.6 **Community Safety/Crime and Disorder**

5.6.1 Section 17 of the Crime and Disorder Act 1998 requires the council to give due regard to the likely effect of the exercise of its functions on crime and disorder in its area and to do all it reasonably can to prevent these. There are no issues arising from this report.

## 5.7 **Sustainability**

5.7.1 There are no sustainability implications arising from this report.

## **Appendices**

- Appendix 1 Revenue variances 2022/23
- Appendix 2 Capital Summary 2022/23
- Appendix 3 Capital detailed report 2022/23
- Appendix 4 Capital Programme Funding 2022/23
- Appendix 5 Reserves 2022/23
- Appendix 6 Key Budgetary Risks

The following background papers were used in the preparation of this report. If you wish to inspect or take copies of the background papers, please contact the officer named on the front page of the report.

- Budget Report to Council – January 2022
- Budget Report to Council – January 2023
- Financial Monitoring Report to Period 10 to Cabinet – March 2023

## Revenue Services – Year End Variations to Latest Budget

Service Area	Description	Details of Variances	£
Democracy & Governance	Legal Services	Net additional costs of service as part of new shared service with St Albans District Council	29,222
	Data Protection	Lower spend on outsourced service for Data protection in 2022/23	(16,188)
		Other Variances	2,513
		<b>TOTAL</b>	<b>15,547</b>
Place	Corporate Asset Management	Largely due to higher costs from decommissioning 2 buildings than anticipated.	80,685
	Contract Monitoring	Costs reduced more than anticipated from tier 3 restructure, and original budget projections too high.	(246,421)
	Leisure	Sports centre net income/expenditure was reprofiled after agreeing a contract extension and covid recovery leading to a better year end position.	(35,241)
	Grants	Year end position strengthened through staff efficiency derived through contract management of cycle scheme.	(73,624)
	Culture & Play	Museum staff costs increased to document the collections for the THQ project, in addition loss of a grant not included in forecasts.	111,875
	Street Cleansing	Result of contract inflation, full impact not known till Q4.	337,204
	Parking Service	Less than expected income and increase cost of service	60,661
	Parks & Open Spaces	Higher contract inflation than budgeted.	903,583
		Other Variances	49,107
		<b>TOTAL</b>	<b>1,187,829</b>
Corporate Strategy & Comms	Play and Events	Additional costs of holding events across the borough due to inflationary pressures	17,473
	Corporate Management	Additional cost of resources to deliver Council objectives	108,969
		Other Variances	(5,109)
		<b>TOTAL</b>	<b>121,333</b>

Service Area	Description	Details of Variances	£
Human Resources	HR Shared Service	Net Cost of agency staff covering vacant post	86,044
		Other Variances	(10,272)
		<b>TOTAL</b>	<b>75,772</b>
Strategic Finance	Interest	Cost of borrowing was revised in year, however due to delay in capital projects, higher cash balances and increases in interest rates has led to a more favourable return.	(209,617)
		<b>TOTAL</b>	<b>(209,617)</b>
Corporate, Housing & Wellbeing	Housing Services	Underspend due to additional grant received in year.	(363,820)
	Environmental	Underspend due to Health Protection Board funding allocation used as required for 2022/23 projects .	(467,735)
	ICT	Overspend due to small Increases in staffing, Equipment, software, private contractor and inflationary costs	104,112
	Information Unit	Lower Staffing and project costs due to timing differences on project start dates.	(79,410)
	Sustainability	Lower spend due to timing differences on project delivery	(38,076)
		Other Variances	(33,075)
		<b>TOTAL</b>	<b>(878,004)</b>
		<b>GRAND TOTAL</b>	<b>312,860</b>



## Capital Investment Programme – Summary

Budget Responsibility		Services	Latest Budget 2022/23 £	Actual to date £	Latest Budget 2023/24 (Including rephasings, savings & growth) £	Latest Budget 2024/25 (Including rephasings & savings) £	Latest Budget 2025/26 (Including rephasings & savings) £
Executive Director of Corporate, Housing & Wellbeing Services	Associate Director of ICT & Shared Services	ICT Shared Services	303,729	236,125	67,534	67,535	67,535
		ICT Client Services	1,258,924	149,867	567,685	854,686	854,686
	Associate Director of Customer & Corporate Services	Customer Services	0	0	0	0	0
		Town Hall Quarter	12,773,400	9,412,088	20,323,112	337,000	0
	Associate Director of Housing & Wellbeing	Environmental Health	1,040,463	796,821	300,000	200,000	200,000
		Housing	86,534	20,000	66,534	50,000	50,000
Executive Head of Strategy & Initiatives (Communications, Partnerships & Community)		Corporate Communications	0	0	65,000	0	0
Executive Director of Place	Associate Director of Planning, Infrastructure & Economy	Transport & Infrastructure	1,992,046	1,720,831	1,982,786	660,000	400,000
		Development Control	160,932	163,445	28,577	120,450	0
	Associate Director of Property & Asset Management	Corporate Asset Management	456,303	519,870	186,432	250,000	500,000
		Watford Business Park	7,000,000	5,020,319	10,533,468	0	0
		Watford Riverwell	289,825	99,249	8,955,576	4,353,000	4,899,000
		Property Investment Board	0	9,703	0	0	0
		Property Management	2,316,344	2,419,861	2,547,252	0	0
		Town Hall Quarter	211,691	113,445	98,246	0	0
	Associate Director of Environment	Waste & Recycling (inc Veolia)	1,213,391	541,975	904,748	551,400	11,000
		Parks & Open Spaces	1,583,105	967,789	1,565,638	680,000	320,000
		Cemeteries	210,000	103,309	76,384	0	0
		Leisure & Play	785,790	476,579	2,463,852	4,651,441	75,000
		Culture & Heritage	190,437	27,546	100,319	0	0
		Community Projects	1,124,602	142,641	70,862	0	0
		Commissioning	23,584	7,625	515,959	500,000	0
	Town Hall Quarter	201,633	275,397	86,236	1,500,000	0	
Director of Finance - Strategic Finance	Head of Finance - Strategic Finance	Capital Support Services	141,864	0	676,860	676,860	676,860
		West Herts Crematorium	0	0	0	0	0
		Hart Homes JV	11,482,010	10,132,010	5,025,000	0	0
		Capital Budget Contingency	1,232,931	0	1,232,931	0	0
<b>TOTAL CURRENT CAPITAL PROGRAMME</b>			<b>46,079,538</b>	<b>33,356,494</b>	<b>58,440,991</b>	<b>15,452,372</b>	<b>8,054,081</b>

## Capital Investment Programme – Detail

Capital Scheme	Latest Budget 2022/23	Actual 2022/23	Latest Budget 2023/24 (Including rephasings & savings)	Latest Budget 2023/24 (Including rephasings, savings & growth)	Latest Budget 2024/25 (Including rephasings & savings)	Latest Budget 2025/26 (Including rephasings & savings)	Scheme Update
	£	£	£	£	£	£	
<b>ICT Shared Services</b>							
ShS-ICT Modernisation	0	4,083	0	0	0	0	
ShS-Migration To The Cloud	156,000	0	22,534	22,534	22,535	22,535	Service request for budget rephasing split equally into future financial years.
ShS-Hardware Replacement Programme	147,729	232,042	45,000	45,000	45,000	45,000	
<b>ICT Client Services</b>							
ICT-Hardware Replacement Programme	603,287	500	200,929	200,929	400,929	400,929	Service request for budget rephasing split equally into future financial years.
ICT-Business Application Upgrade	386,270	0	206,756	206,756	293,757	293,757	
ICT-Project Management Provision	269,367	149,367	160,000	160,000	160,000	160,000	
<b>Town Hall Quarter (Delivery)</b>							
Town Hall Refurbishment	850,200	515,195	8,802,805	8,802,805	0	0	Service request for budget rephasing into 2023/24. £2.4m of strategic CIL receipts identified for use.
Colosseum Refurbishment	4,700,000	1,641,380	8,278,620	10,678,620	0	0	
Annexe Refurbishment	1,750,000	1,630,706	119,294	119,294	0	0	
Thq Programme Delivery	453,200	394,622	358,578	358,578	180,200	0	
Reimagining Watford	20,000	1,273	18,727	18,727	0	0	
Decarbonisation Project Salix	5,000,000	4,903,501	670,499	670,499	0	0	
Innovation & Incubation Hub	0	0	0	0	156,800	0	
Town Hall / Colosseum Fabric Works	0	325,411	(325,411)	(325,411)	0	0	
<b>Environmental Health</b>							
Decent Homes Assistance	813,223	707,597	100,000	100,000	100,000	100,000	
Private Sector Housing Renewal	227,240	89,224	200,000	200,000	100,000	100,000	Service request for budget rephasing into 2023/24.
<b>Housing</b>							
Private Sector Stock Condition	16,534	0	16,534	16,534	0	0	Service request for budget rephasing into 2023/24.
Retained Housing Stock	50,000	0	50,000	50,000	50,000	50,000	
Housing First - Phase 2	20,000	20,000	0	0	0	0	
<b>Total</b>	<b>15,463,050</b>	<b>10,614,900</b>	<b>18,924,865</b>	<b>21,324,865</b>	<b>1,509,221</b>	<b>1,172,221</b>	

Capital Scheme	Latest Budget 2022/23	Actual 2022/23	Latest Budget 2023/24 (Including rephasings & savings)	Latest Budget 2024/25 (Including rephasings & savings)	Latest Budget 2025/26 (Including rephasings & savings)	Scheme Update
	£	£	£	£	£	
<b>EH-COMMUNICATIONS, PARTNERSHIPS &amp; COMMUNITY</b>						
<b>Corporate Communications</b>						
Town Boundary Signage	0	0	65,000	0	0	
<b>Total</b>	<b>0</b>	<b>0</b>	<b>65,000</b>	<b>0</b>	<b>0</b>	
<b>ED-PLACE</b>						
<b>Transport &amp; Infrastructure</b>						
Public Realm (High Street)	1,234	0	0	0	0	
Public Realm (Clarendon Rd Phase III)	298,312	217,676	80,636	0	0	Service request for budget rephasing into 2023/24.
CCTV Site Equipment	15,000	15,000	10,000	10,000	0	
Public Realm - Market St South	217,580	199,422	11,823	0	0	Service request for <u>net</u> rephasing into 2023/24 after mitigating overspend on Public Realm - Market St North scheme.
Camera Enforcement - High St	159,483	102,919	0	0	0	
Public Realm - Queens Rd, The Broadway	109,558	309,558	0	0	0	Service request for budget rephasing from 2023/24.
Public Realm - Market St North	226,655	232,990	0	0	0	See comment above for Public Realm - Market St South scheme.
TTIW Delivery Programme	402,864	316,412	436,452	100,000	100,000	
St Albans Rd Imp Works (Ph 2)	56,307	45,530	10,777	250,000	0	Service request for budget rephasing from 2023/24.
Wayfinding & Public Art Strategy	211,603	101,948	230,655	0	0	
EV Rapid Charging Points Programme	14,740	16,125	99,597	100,000	100,000	
CCTV Control Room Strategy	100,000	85,728	416,906	0	0	Service request for budget rephasing into 2023/24.
Watford Junction Masterplan	18,993	5,445	0	0	0	
Watford 3D Planning Model	12,909	11,210	0	0	0	
High St Phase 2 (St Mary's)	146,808	60,869	485,940	0	0	Service request for budget rephasing into 2023/24.
Parades Improvements	0	0	200,000	200,000	200,000	
<b>Development Control</b>						
CIL Review	0	10,600	0	0	0	
Section 106 - Herts CC Schemes	6,000	6,000	0	0	0	
CIL Grant Funded Projects	154,932	146,845	8,087	0	0	Service request for budget rephasing into 2023/24.
Supporting Local Business	0	0	20,490	120,450	0	

Capital Scheme	Latest Budget 2022/23	Actual 2022/23	Latest Budget 2023/24 (Including rephasings & savings)	Latest Budget 2024/25 (Including rephasings & savings)	Latest Budget 2025/26 (Including rephasings & savings)	Scheme Update
	£	£	£	£	£	
<b>Corporate Asset Management</b>						
Community Asset Review	356,303	466,282	140,021	250,000	500,000	Service request for budget rephasing from 2023/24.
Building Investment Programme	100,000	53,589	46,411	0	0	Service request for budget rephasing into 2023/24.
<b>Watford Business Park</b>						
Watford Business Park Phase 2	7,000,000	5,020,319	10,533,468	0	0	Service request for budget rephasing into 2023/24.
<b>Watford Riverwell</b>	289,825	99,249	8,955,576	4,353,000	4,899,000	Service request for budget rephasing into 2023/24.
<b>Property Investment Board</b>						
PIB Investment Board	0	9,703	0	0	0	
<b>Property Management</b>						
Charter Place	0	36,899	0	0	0	
Temp Housing Accommodation	50,000	78,873	0	0	0	
Surplus Sites	275,899	328,223	400,000	0	0	
Croxley Park Asset	0	391,998	0	0	0	Funded by PPM contribution that formed part of the original Croxley Business Park transaction.
Lower High Street	1,990,445	1,583,868	406,577	0	0	Service request for budget rephasing into 2023/24.
Infill Sites (LEP funded)	0	0	840,675	0	0	
Surplus Site - Land Acquisition (Site A)	0	0	900,000	0	0	
<b>Waste &amp; Recycling (inc Veolia)</b>						
Veolia Contract Fleet Requirements	1,143,391	467,643	763,748	479,000	11,000	Service request for budget rephasing into 2023/24.
Flats - Extension Of Recycling Provision	0	0	70,000	0	0	
Veolia Capital Improvements	70,000	74,332	71,000	72,400	0	
<b>Parks &amp; Open Spaces</b>						
Green Spaces Strategy	159,500	46,866	262,634	250,000	0	Service request for budget rephasing into 2023/24.
Oxhey Park North	38,948	(1,850)	40,798	0	0	Service request for budget rephasing into 2023/24.
Tree Planting Programme	67,043	88,903	28,140	50,000	50,000	Service request for budget rephasing from 2023/24.
River Colne Restoration	323,671	230,062	343,609	0	0	Service request for budget rephasing into 2023/24.
Nascot Grange Open Space	10,000	3,896	0	0	0	
Parks Litter Bin Replacements	10,000	1,817	18,183	10,000	0	Service request for budget rephasing into 2023/24.
Meriden Park Improvements	147,242	96,110	51,132	0	0	Service request for budget rephasing into 2023/24.
Cassiobury Park Wetlands	138,905	35,933	177,972	0	0	Service request for budget rephasing into 2023/24.
Cassiobury Park Ad Hoc Works	25,000	0	25,000	0	0	See comment for Parks Litter Bins below.
Meriden Park Barrier	55,000	54,607	0	0	0	
Parks Litter Bins	0	6,026	0	0	0	Overspend mitigated by underspend on Cassiobury Park Ad Hoc Works.
Footpaths - Cassiobury Park Nature Reserve	230,843	133,349	197,494	100,000	100,000	Service request for budget rephasing into 2023/24.
Footpaths - Cassiobury Park	138,843	111,713	127,130	100,000	100,000	Service request for budget rephasing into 2023/24.
Allotment Provision	0	0	50,000	0	0	
Shrub Replacement (Open Space)	25,000	4,973	45,027	25,000	25,000	Service request for budget rephasing into 2023/24.
Parks - Building Investment	150,000	96,481	153,519	100,000	0	Service request for budget rephasing into 2023/24.
Oxhey Activity Pk- Modular Unit	63,110	58,904	0	0	0	
Water Fountains in Green Flag Parks	0	0	45,000	45,000	45,000	

Capital Scheme	Latest Budget 2022/23	Actual 2022/23	Latest Budget 2023/24 (Including rephasings & savings)	Latest Budget 2024/25 (Including rephasings & savings)	Latest Budget 2025/26 (Including rephasings & savings)	Scheme Update
	£	£	£	£	£	
<b>Cemeteries</b>						
Cemetery Re provision	75,000	44,692	0	0	0	
North Watford Cemetery Improvements	30,000	27,979	2,021	0	0	Service request for budget rephasing into 2023/24.
New Cemetery Provision	45,000	30,637	14,363	0	0	Service request for budget rephasing into 2023/24.
Vicarage Rd - WFC Memorial Area	60,000	0	60,000	0	0	Service request for budget rephasing into 2023/24.
<b>Leisure &amp; Play</b>						
Watford Tennis Partnership	25,000	0	25,000	0	0	Service request for budget rephasing into 2023/24.
Oxhey Grange-Bowling Gr'N Imps	1,686	22,480	89,206	0	0	Service request for budget rephasing from 2023/24.
Cassiobury Park Tennis Courts	0	0	40,000	0	0	
Orchard Park & Callowland Cricket Improvements	20,000	6,478	13,522	0	0	Service request for budget rephasing into 2023/24.
King George V Muga	20,000	19,349	0	0	0	
Leavesden Green Rec Ground Improvements	50,000	0	50,000	0	0	Service request for budget rephasing into 2023/24.
Woodside Sports Village	419,214	360,090	2,059,124	4,446,733	0	Service request for budget rephasing into 2023/24.
Play Area Improvements	237,890	68,182	175,000	144,708	75,000	Service request for budget rephasing into 2023/24 & 2024/25.
Lea Farm Recreation Improvements	12,000	0	12,000	0	0	Service request for budget rephasing into 2023/24.
Orchard Park Ballproof Fence & Astroturf Wicket	0	0	0	60,000	0	
<b>Culture &amp; Heritage</b>						
Watford Museum	60,000	0	0	0	0	Service request for budget rephasing into 2023/24 but transferred to Museum & Heritage.
Heritage Trail	105,437	5,118	100,319	0	0	Service request for budget rephasing into 2023/24.
Watford Market	25,000	22,428	0	0	0	
<b>Community Projects</b>						
Cycle Hub	111,099	0	0	0	0	
Paddock Road Depot Enhancements	1,013,503	142,641	70,862	0	0	Project scope substantially reduced largely to site demolition works only. Therefore service request for budget rephasing of £70,862 only into 2023/24.
<b>Commissioning</b>						
Cycle & Road Infrastructure Improvements	23,584	7,625	515,959	500,000	0	Service request for budget rephasing into 2023/24.
<b>Town Hall Quarter (Concept)</b>						
Regeneration Project	211,691	113,445	98,246	0	0	Service request for budget rephasing into 2023/24.
<b>Town Hall Quarter (Delivery)</b>						
Museum & Heritage	156,743	106,569	210,174	1,500,000	0	
Colosseum Retender	44,890	168,828	(123,938)	0	0	Service request for budget rephasing into 2023/24.
<b>Total</b>	<b>17,759,683</b>	<b>12,609,583</b>	<b>30,116,335</b>	<b>13,266,291</b>	<b>6,205,000</b>	

Capital Scheme	Latest Budget 2022/23	Actual 2022/23	Latest Budget 2023/24 (Including rephasings & savings)	Latest Budget 2023/24 (Including rephasings, savings & growth)	Latest Budget 2024/25 (Including rephasings & savings)	Latest Budget 2025/26 (Including rephasings & savings)	Scheme Update
	£	£	£	£	£	£	
<b>DoF-STRATEGIC FINANCE</b>							
<b>Capitalised Support Services</b>							
Support Services	12,314	0	552,470	552,470	552,470	552,470	
Major Projects - FBP and QS	129,550	0	124,390	124,390	124,390	124,390	
<b>Hart Homes JV</b>							
Land Transfer - Croxley View Phase 3	0	0	3,130,000	3,130,000	0	0	
Land Transfer - Rear Of High St	0	0	760,000	760,000	0	0	
Land Transfer - Scheme A	0	0	605,000	605,000	0	0	
Land Transfer - Scheme B	0	0	530,000	530,000	0	0	
Loan to Hart Homes WDLLP	5,850,000	4,500,000	0	0	0	0	
Loan to Hart Homes WDLTD	5,632,010	5,632,010	0	0	0	0	
<b>Capital Budget Contingency</b>							
Capital Contingency	1,232,931	0	1,232,931	1,232,931	0	0	Service request for budget rephasing into 2023/24.
<b>Total</b>	<b>12,856,805</b>	<b>10,132,010</b>	<b>6,934,791</b>	<b>6,934,791</b>	<b>676,860</b>	<b>676,860</b>	
<b>TOTAL CURRENT CAPITAL PROGRAMME</b>	<b>46,079,538</b>	<b>33,356,494</b>	<b>56,040,991</b>	<b>58,440,991</b>	<b>15,452,372</b>	<b>8,054,081</b>	

## Financing the 2022/23 Capital Programme

<b>Medium Term Financial Strategy</b>			<b>2022/23</b>
<b>Actual @ Year End</b>			33,356,494
Funded By :-			
Grants & Contributions, S106 & CIL			(8,768,558)
Local Enterprise Partnership (LEP) Loan			(1,250,000)
Reserves			(7,625)
Capital Receipts (PIB, Non PIB & THQ)			(2,486,792)
Borrowing (Internal & External)			(20,843,519)
<b>Total Funding Used</b>			<b>(33,356,494)</b>

## Earmarked Reserve Balances

Description	Balance at 1 April £000	Movement 2022/23 £000	Balance at 31 March £000	Purpose
<b>Revenue Reserves</b>				
Budget Carry Forward	(1,735)	1,735	0	Budgets carried forward from prior years
Car Parking Zones	(475)	144	(331)	Ring fenced for parking projects
Collection Fund	(6,317)	0	(6,317)	Equalisation fund to smooth impact of surplus / deficit, allocation end of 2022/23
Crematorium	(150)	0	(150)	Funding repairs and maintenance
Economic Impact Reserve	(1,744)	754	(990)	Provide resources to offset economic downturn
Housing Benefit Subsidy	(1,582)	(24)	(1,606)	Provision if Dept for Work & Pensions claw back funds
Housing Planning Delivery Grant	(266)	0	(266)	Improve planning outcomes and delivery of housing
Leisure Structured Maintenance	(57)	0	(57)	Funding unforeseen maintenance not covered in contract
Local Development Framework	(178)	0	(178)	Support local plan production and inspection
Multi-Storey Car Park Repair	(181)	0	(181)	Funding major structural works
Pension Funding	(2,248)	0	(2,248)	Reduction of pension deficit
Grants and Contribution Reserve	(260)	(578)	(838)	Funding identified projects in future years
Rent Deposit Guarantee Scheme	(100)	0	(100)	Assist in providing homelessness accommodation
Riverwell Project	(6,522)	0	(6,522)	To cover any guarantees, repayments of outstanding loans and fund future investment.
Sustainability Reserve	(500)	0	(500)	Funding sustainable projects for a better environment
Renewal Recovery Fund	(631)	63	(568)	Budgeted to be used over the MTFs to offset the reduction in income from the Leisure Management Contract due to COVID-19
	(22,946)	2,094	(20,852)	
<b>General Fund Working Balance</b>	(2,000)	0	(2,000)	Prudent balance
<b>Total Revenue Reserves</b>	(24,946)	2,094	(22,852)	

Note: Reserve balances are subject to change following the conclusion of the external audit of the statement of accounts for 2020/21.



## Key Budgetary Risks

No.	Type of Consequence	Comment	Likelihood	Impact	Overall Score
1	The Medium term financial position worsens.	In that the general fund balance falls below the minimum prudent threshold and capital funding is insufficient to meet the capital programme. This appears as item no.8 in the Council's strategic risk register. The current economic climate of rising inflation and rising interest rates continue to put pressure on the finances. However, action is being taken through the budget setting process to ensure a balanced budget for 2024/25 and across the medium term.	3	2	6
2	Revenue balances insufficient to meet estimate pay award increases	The medium term planning period takes into account the pay increases for the period - The Council's 3 year Medium term Financial Strategy includes forecast pay awards for the next three years. The pay award of £1,925 per employee has been agreed for 2022/23 and is factored into the forecast. It is likely that the payaward for 2023/24 will exceed the allowance of 2%.	4	3	12
3	Revenue balances insufficient to meet other inflationary increases	Other than contractual agreements, budgets have been cash limited where possible. A contingency for inflation has been factored into the MTFS. However, there is a risk that inflation will exceed the level allowed.	4	3	12
4	Interest rates resulting in significant variations in estimated interest income	The interest rate has a significant impact on the proceeds from capital receipts that are invested in the money market and the interest payable on the Council's debt relating to the Capital Investment Programme.	3	3	9
5	Inaccurate estimates of fees and charges income	See Key Income Streams are shown in the latest Financial Monitoring Report. There is a legacy impact from COVID-19 on some income streams, including offstreet parking and leisure that will place a burden on the Councils Revenue account through loss of income .	3	3	9
6	Revenue balances insufficient to meet loss of partial exemption for VAT	If the council's expenditure on functions for which it receives income that is exempt for VAT purposes exceeds 5% of its total vat able expenditure, then the Council may lose its ability to recover VAT on all of its exempt inputs.	1	4	4
7	Major emergency	Major Emergency requires funds beyond Bellwin scheme and causes serious drain on balances.	3	3	9
8	The estimated cost reductions and additional income gains are not achieved	Savings identified are monitored as part of the monthly budget monitoring process. There is a risk that some of these may not materialise as resources are diverted away to fund unexpected costs.	3	2	6
9	The income received from Commercial rents decreases	The rental income received from the Councils property portfolio is a significant proportion of the total income the Council receives.	4	3	12
10	The amount of government grant is adversely affected	The provisional local government settlement containing details of grant funding from central government has been factored into the MTFS. The fair funding review on hold at the current time.	2	3	6
11	Fluctuations in Business Rates Retention	The Council is legally obliged to cover the first 7.5% loss on its pre determined baseline level. The Council is currently in a safety net position. The system was due to be subject to reset and increase to 75% retention. This has been postponed until 2025/26 at the earliest.	2	2	4

1= VERY LOW RISK 4 = VERY HIGH RISK

	Likelihood	Impact	Overall Score
very low risk	1	1	1
low risk	2	2	4
high risk	3	3	9
very high risk	4	4	16

# Agenda Item 11

Part A

**Report to:** Council

**Date of meeting:** Tuesday, 18 July 2023

**Report author:** Head of Finance

**Title:** Constitution Update - Virement Rules

## 1.0 Summary

1.1 The Budget and Policy Procedure Rules include the agreed Scheme of Virement which exists to enable the Mayor, Executive/ Cabinet, Chief Officers and their staff to manage budgets with a degree of flexibility within the overall policy framework determined by the Council. The scheme of virement has been updated to provide a simplified approach which will enable budgets to be realigned to meet the requirements of budget managers which will strengthen financial control and accountability at Officer level.

1.2 The updated Scheme of Virements is at section 5.0 within the Budget and Policy Procedure Rules which are attached at Appendix 1.

## 2.0 Risks

2.1

<b>Nature of risk</b>	<b>Consequence</b>	<b>Suggested Control Measures</b>	<b>Response</b> (treat, tolerate, terminate or transfer)	<b>Risk Rating</b> (combination of severity and likelihood)
The Budget and Policy Procedure Rules are not updated	Budgets are not updated in a timely manner to facilitate budget monitoring	Updated rules are approved	Treat	2

## 3.0 Recommendations

3.1 To approve the updated Budget and Policy Procedure Rules at appendix 1.

**Further information:**

Hannah Doney

hannah.doney@threerivers.gov.uk

**Report approved by:**

Alison Scott, Shared Director of Finance

**4.0 Detailed proposal**

4.1 The Scheme of Virement is set out in section 5.0 of the Budget and Policy Procedure Rules which form Part 4(4) of the Council's Constitution.

4.2 The Scheme of Virement exists to enable the Mayor, Executive/ Cabinet, Chief Officers and their staff to manage budgets with a degree of flexibility within the overall policy framework determined by the Council. Virements must always balance to zero and do not create an additional budget requirement with the exception of Supplementary Estimates which must be approved by Full Council.

4.3 The proposed changes to the Scheme of Virement will enable budget movements to be made within budget headings as set out in the budget approved by Council. This enables budgets to be updated to reflect budget management responsibilities and management structures, simplifying the budget monitoring process and increasing accountability.

4.4 Movements between budget headings, as set out in the budget approved by Council, remain subject to approval by Cabinet for movements up to £100,000 and for approval by Full Council over £100,000.

4.5 It is good practice to regularly review the provisions within the Council's Constitution to ensure that they remain appropriate to the operating environment. As such, a review of the Financial Procedure Rules will be undertaken by Officers and reported to Council during 2023/24.

**5.0 Implications**

**5.1 Financial**

5.1.1 The Shared Director of Finance comments that the proposed changes to the virement rules will strengthen financial management arrangements at Officer level while retaining the existing levels of oversight exercised by Council.

**5.2 Legal Issues (Monitoring Officer)**

5.2.1 The Group Head of Democracy and Governance comments that as this is an amendment to the constitution it requires the approval of Council.

### **5.3 Equalities, Human Rights and Data Protection**

5.3.1 Under s149 (1) of the Equality Act the council must have due regard, in the exercise of its functions, to the need to –

- eliminate discrimination, harassment, victimisation and any other conduct prohibited by the Act
- advance equality of opportunity between persons who share relevant protected characteristics and persons who do not share them
- foster good relations between persons who share relevant protected characteristics and persons who do not share them.

Having had regard to the council's obligations under s149, it is considered that there are no equalities or human rights implications.

### **5.4 Staffing**

5.4.1 There are no staffing implications arising from this report.

### **5.5 Accommodation**

5.5.1 There are no accommodation implications arising from this report.

### **5.6 Community Safety/Crime and Disorder**

5.6.1 There are no community safety/crime and disorder implications arising from this report.

### **5.7 Sustainability**

5.7.1 There are no sustainability implications arising from this report.

## **Appendices**

- Appendix 1 – Budget and Policy Procedure Rules

## **Background papers**

No papers were used in the preparation of this report.

**BUDGET AND POLICY PROCEDURE RULES****1.0 Framework for Executive Decisions**

The Council will be responsible for the adoption of its budget and policy framework as set out in Article 4. Once a budget and policy framework is in place it will be the responsibility of the Executive to implement it.

**2.0 Process for Developing the Framework**

2.1 The process by which the budget and policy framework shall be developed is:

- a) After consulting stakeholders in a manner appropriate to the matter under consideration, the Executive will draw up initial proposals in relation to any plan, strategy which form part of the Council's Policy Framework. Once drawn up, the Group Head of Democracy and Governance will serve copies of them on the Chair of the Overview and Scrutiny Committee, together with dates when the Executive will consider them further, which shall be at least 6 weeks after service of the Notice on the Chair.
- b) The Overview and Scrutiny Committee will be convened within 7 working days to consider whether and how to respond to the Executive's initial proposals and whether any consultation by it or any other Overview and Scrutiny Panel/Task Group is appropriate. If so, it will determine how to conduct a consultation exercise and will reflect any representations made to an Overview and Scrutiny Panel/Task Group set up for the purpose in its response to the Executive within the timescale set for decision by the Executive.
- c) The Executive will finalise its proposals for the Council to consider, having taken into account the comments from the Overview and Scrutiny Committee. The report to Council will show the Executive's response to those comments.
- d) The Council will consider the proposals of the Executive, and may adopt them, amend them, refer them back to the Executive for further consideration or substitute its own proposals in their place. The Council shall have before it the Executive's proposals and any report from the Overview and Scrutiny Committee.

- e) The Council's decision will be published in accordance with Article 4 and a copy shall be given to the Mayor. The notice of decision shall be dated and shall state either that the decision shall be effective immediately if the Council accepts the Executive's proposal without amendment, or if the Executive's proposal is not accepted without amendment, that the Council's decision will become effective on the expiry of 7 working days after the publication of the notice of decision unless the Mayor formally objects in that period.
  - f) If the Mayor objects to the decision of the Council, he/she shall give written notice to the Group Head of Democracy and Governance to that effect no later than 5.00 p.m. on the 6<sup>th</sup> working day prior to the date the decision is to be effective. The written notification must state the reasons for the objection. Where such notification is received, the Group Head of Democracy and Governance shall convene a further meeting of the Council to reconsider its decision and the decision shall not be effective pending that meeting.
  - g) The Council meeting must take place in not less than 5 and not more than 10 working days of the receipt of the Mayor's written objection. At that meeting the decision of the Council shall be reconsidered in the light of the objection, which shall be available in writing for the Council.
  - h) The Council shall, at that meeting, make its final decision on the matter on the basis of a two-thirds majority. If the Council does not agree its original decision or any amendment thereto by a two-thirds majority the motion originally proposed by the Mayor at the original meeting will be deemed to be carried. The decision shall be made public in accordance with Article 4 and shall be implemented immediately.
  - i) In approving the budget and policy framework, the Council will also specify the extent of virement within the budget and degree of in-year changes to the policy Framework which may be undertaken by the Executive in accordance with Paragraphs 5 and 6 of these rules (virement and in-year adjustments). Any other changes to the Budget and Policy Framework are reserved to the Council.
- 2.2 a) Where before the 8<sup>th</sup> February in any financial year the Executive submits to Council for its consideration in relation to the following financial year:

- i) estimates of the amounts to be aggregated in making a calculation in accordance with Section 32 to 37 or 43 to 49 of the Local Government Finance Act 1992.
- ii) estimates of other amounts to be used for the purposes of such a calculation
- iii) estimates of such a calculation
- ii) amounts required to be stated in a precept under Chapter IV of the Local Government Finance Act 1992

and following consideration of those estimates or amounts Council has any objections to them it must also comply with the provisions of 2.1(e) to (h) above.

- b) 2.2(a) shall not apply in relation to calculations or substitute calculations the Council is required to make in accordance with Sections 52I, 52J, 52T or 52U of the Local Government Finance Act 1992.

### 3.0 **Decisions Outside the Budget and Policy Framework**

- a) Subject to the provisions of Paragraph 5 (virement) the Executive, committees of the Executive, individual members of the Executive and any Officers, Neighbourhood Forums or joint arrangements discharging Executive functions may only take decisions which are in line with the budget and policy framework. If any of these bodies or persons wish to make a decision which is contrary to the policy framework, or contrary to or not wholly in accordance with the budget approved by full Council, then that decision may only be taken by the Council subject to 4 below.
- b) If the Executive, committees of the Executive, individual members of the Executive and any Officers, Neighbourhood Forums, or joint arrangements discharging Executive functions want to make such a decision, they shall take advice from the Monitoring Officer and/or the Chief Financial Officer as to whether the decision they want to make would be contrary to the policy framework or contrary to or not wholly in accordance with the budget. If the advice of either of these Officers is that the decision would not be in line with the existing budget and/or policy framework, then the decision must be referred by that body or person to the Council for decision, unless the decision is a matter of urgency, in which case the provisions in Paragraph 4 (urgent decisions outside the budget and policy framework) shall apply.

#### 4.0 **Urgent Decisions Outside the Budget and Policy Framework**

- a) The Executive, a committee of the Executive, an individual member of the Executive or Officers, Neighbourhood Forum or joint arrangements discharging Executive functions may take a decision which is contrary to the Council's policy framework or contrary or not wholly in accordance with the budget approved by full Council if the decision is a matter of urgency. However, the decision may only be taken:
- i) if it is not practicable to convene a quorate meeting of the full Council
  - ii) if the Chair of the Overview and Scrutiny Committee agrees that the decision is a matter of urgency.

The reasons why it is not practicable to convene a quorate meeting of full Council and the Chair of the Overview and Scrutiny Committee's consent to the decision being taken as a matter of urgency must be noted on the record of the decision. In the absence of the Chair of the Overview and Scrutiny Committee, the consent of the Chairman of the Council, and in the absence of both, the Vice Chairman, will be sufficient.

- b) Following the decision, the decision taker will provide a full report to the next available Council meeting explaining the decision, the reasons for it and why the decision was treated as a matter of urgency.

#### 5.0 **Virement**

##### **Budgetary Management**

Budget management ensures that once the budget has been approved by the Council, resources allocated are used for their intended purposes and are properly accounted for. Budgetary control is a continuous process, enabling the Council to review and adjust its budget targets during the financial year. It also provides the mechanism that calls to account managers responsible for defined elements of the budget.

By continuously identifying and explaining variances against budgetary targets, the Council can identify changes in trends and resource requirements at the earliest opportunity. The Council itself operates within



an annual cash limit, approved when setting the overall budget. To ensure that the Council in total does not overspend, each service is required to manage its own expenditure within the cash-limited budget allocated to it.

For the purposes of budgetary control by managers, a budget will normally be the planned income and expenditure for a service area or cost centre. However, budgetary control will also take place at a more detailed level in order to construct the higher level position.

### **Scheme of Virement**

Within budgetary management control a scheme of virement exists to enable the Mayor, Executive/ Cabinet, Chief Officers and their staff to manage budgets with a degree of flexibility within the overall policy framework determined by the Council. With regard to the procedures detailed below, (the Chief Executive can also substitute for the Chief Finance Officer in case of absence/ emergency) .

- a) The Council has two budgets; the General Fund Revenue Budget and the Capital budget. Council approves these budgets annually and may vary them during the year.
- b) Once approved by Council, these budgets may only be varied by Full Council, in accordance with the use of earmarked reserves or through the Scheme of Virement set out below in (d) and contained within the Council's Constitution
- c) A decision to use the Council's general fund working balance, can only be made by Full Council. This is a supplementary estimate, as set out in d) (xii) below.
- d) The Scheme of Virement
  - (i) These rules apply to virements within the Revenue Budget (General Fund) and the Capital Budget. It is not possible to vire between these budgets.
  - (ii) All virements are subject to the approval of the Chief Finance Officer or nominated deputy to ensure compliance with proper practices.
  - (iii) No virement shall result in a change of policy without the approval of Full Council.

(iv) The Chief Executive, in consultation with the Chief Financial Officer is authorised to withdraw or limit the delegated authority of officers to vire.

(v) An Executive Director/Director/Executive/ Group Head/Associate Director may agree virements **within cost centres** under their control with the approval of the Chief Finance Officer or nominated deputy.

(vii) Virements **between cost centres** may be approved by the Corporate Management Board with the approval of the Chief Finance Officer or nominated deputy provided that the cost centres are within the same budget heading as set out in the budget approved by Council prior to the start of the year. Virements between cost centres will be reported to the Executive (Cabinet) to note. This will usually be within the Financial Monitoring Report to Cabinet.

(viii) Where there is a requirement to transfer **between budget headings as set out in the budget approved by Council** prior to the start of the year, then the approval of the Executive (Cabinet) will be required up to £100,000. Virement requests to the Executive will usually be within the Financial Monitoring Report to Cabinet.

(ix) Virements **between budget headings approved by Council** over £100,000 can only be approved by Full Council following recommendation by the Executive (Cabinet).

(x) Virements to reflect the **receipt of ringfenced government grant funding**, by increasing the appropriate grant income and service expenditure budgets, will be agreed by the Corporate Management Board with the approval of the Chief Finance Officer or nominated deputy and reported to the Executive (Cabinet) to note.

(xi) Virements should be made with the following caveats:

- Virements should not be made for ongoing items of growth unless there is a permanent corresponding reduction to the base estimate from where the source of the virement originated.

- The Associate Director/Executive/Group Head will have regard to ensuring that potential overspends within cost centres within their control are met from under spends in other areas in the first instance and before any virement request is requested.
- Where a staffing vacancy general provision, or procurement saving or any further unallocated savings have been assumed within the overall budget then any forecast underspend needs, in the first instance, to be earmarked to ensure such savings are achieved.
- Virements between budgets for employee costs and non employee costs will not usually be approved other than in exceptional circumstances such as service restructures.
- The Associate Director/Group/Executive Head will have regard for any actions proposed by the Chief Financial Officer in times of financial constraint in order to maintain the overall net budget.
- Virements which would curtail or stop service delivery (by taking away available finance to vire to other areas) are likely to result in a change in policy and should be referred to Full Council.

(xiii) If following consultation with the Chief Financial Officer and relevant portfolio holder a projected overspend cannot be accommodated within budget, by virement or by transfer from earmarked reserves then Full Council can consider a supplementary estimate following the submission of a report. The submission of such a report will have regard to:

- The time in the budget cycle when the overspend has been identified until the end of the financial year
- The case put forward as to why the overspend cannot be contained
- The overall financial position of the Council
- In respect of capital expenditure authorisation should be obtained from the Executive (Cabinet) for individual schemes where the estimated expenditure exceeds the capital provision by more than the 10% or £25,000 whichever is the lower.

(xiv) Capital budgets may be vired between years in the current Medium Term Financial Strategy with the approval of the Executive (Cabinet). Virement requests to the Executive will

usually be requested within the Financial Monitoring Report to Cabinet and must have the prior approval of the Chief Finance Officer and Chief Executive.

In summary the scheme of virement can be presented as follows :

<b>Virement Type</b>	<b>Limit (£)</b>	<b>Approval</b>
Virements within a cost centre	n/a	Executive Director/Director/Executive/ Group Head/Associate Director with the approval of the Chief Finance Officer or nominated deputy
Virements between cost centres but within budget head approved by Full Council	n/a	Corporate Management Board with the approval of the Chief Finance Officer or nominated deputy and reported to The Executive (Cabinet) to note
Virements between budget heads approved by Full Council	Up to £100,000	The Executive (Cabinet)
Virements between budget heads approved by Full Council	Over £100,000	Recommendation of the Executive (Cabinet) to Full Council
Virements to create grant income and service expenditure budgets relating to the receipt of ringfenced government grant funding	n/a	Corporate Management Board with the approval of the Chief Finance Officer or nominated deputy and reported to the Executive (Cabinet) to note
Virements resulting in a change of policy	n/a	Recommendation of the Executive (Cabinet) to Full Council
Virements to reprofile Capital Budgets across financial years within the current Medium Term Financial Strategy	n/a	The Executive (Cabinet) with prior approval of the Chief Finance Officer and Chief Executive

## **Carry Forward of Underspends**

All revenue budgets are approved by Full Council with the expectation that expenditure is incurred upon approved service levels within a financial year. Budgets are not approved on the basis that surplus provision can be carried forward to augment future years funding. There may be occasion where an unavoidable delay has occurred in procuring anticipated services/ supplies.

In these rare instances Executive Directors/Group/Executive Heads/Associate Directors should submit a proposal indicating why a carry forward should be permitted. All such submissions will be considered by the Chief Finance Officer / Chief Executive and reported to Corporate Management Board. Where approval has been obtained then these cases will be reported as part of the Annual Statement of Accounts report to Audit Committee and Cabinet.

For capital expenditure, it will be harder to fund all projects within a specific timescale (although the increasing use of project management techniques should reduce its occurrence). In these instances carry forward approvals will be endorsed through periodic monitoring reports to Budget Panel/ Cabinet and through the Annual Statement of Accounts to Audit Committee and Cabinet.

## **Use of Earmarked Reserves**

Earmarked reserves and contingencies outside the General Fund or Capital budget shall be used only in accordance with the purpose for which the reserve was set up and shall not be vired to other uses. Specific earmarked reserves have been established to smooth out variations in expenditure year on year and to fund approved initiatives. The use of reserves is delegated to individual Executive Directors/Group/Executive Heads/Associate Directors but requires the approval of the relevant Portfolio Holder and the Chief Finance Officer and will be reported as part of the monthly Financial Monitoring Report to all members of the Council and considered by the Finance Scrutiny Committee and Cabinet at their appropriate meetings. Earmarked reserves generally :

- Should not be used to fund on-going revenue expenditure
- Expenditure should be shown within the Income and Expenditure Account and funded by a transfer from reserves not simply charged to the reserves

- Transfer to and from reserves should be reported to the Budget Panel and Cabinet at the earliest possible opportunity and at end of year via the annual Statement of Accounts to Audit Committee and cabinet.

## 6.0 **In-Year Changes to Policy Framework**

The responsibility for agreeing the budget and policy framework lies with the Council and decisions by the Executive, a committee of the Executive, an individual member of the Executive or Officers, Neighbourhood Forums or joint arrangements discharging Executive functions must be in line with it. No changes to any policy and strategy which make up the policy framework may be made by those bodies or individuals, except those changes:

- a) which will result in the closure or discontinuance of a service or part of a service to meet a budgetary constraint
- b) necessary to ensure compliance with the law, ministerial direction or government guidance
- c) in relation to the policy framework in respect of a policy which would normally be agreed annually by the Council following consultation, but where the existing policy document is silent on the matter under consideration.

## 7.0 **Call-In of Decisions Outside the Budget or Policy Framework**

- a) Where the Overview and Scrutiny Committee is of the opinion that an Executive decision is, or if made, would be contrary to the policy framework or contrary or not wholly in accordance with the Council's budget, then it shall seek advice from the Monitoring Officer and/or Chief Financial Officer.
- b) In respect of functions which are the responsibility of the Executive, the Monitoring Officer's report and/or the Chief Financial Officer's report shall be to the Executive, with a copy to every Member of the Council regardless of whether the decision is delegated or not, the Executive must meet to decide what action to take in respect of the Monitoring Officer's/Chief Financial Officer's report and to prepare a report to Council in the event that the Monitoring Officer or the Chief Financial Officer concludes that the decision was a departure, and to the Overview and Scrutiny Committee if the Monitoring Officer or Chief Financial Officer conclude that the decision was not a departure.

- c) If the decision has yet to be made, or has been made but not yet implemented, and the advice from the Monitoring Officer and/or Chief Financial Officer is that the decision is or would be contrary to the policy framework or contrary to or not wholly in accordance with the budget, the Overview and Scrutiny Committee may refer the matter to Council. In such cases no further action will be taken in respect of the decision or its implementation until the Council has met and considered the matter. The Council shall meet within 7 working days of the request by the Overview and Scrutiny Committee. At the meeting it will receive a report of the decision or proposals and the advice of the Monitoring Officer and/or the Chief Financial Officer. The Council may either:
- i) endorse a decision or proposal of the Executive decision taker as falling within the existing budget and policy framework. In this case no further action is required save that the decision of the Council be minuted and circulated to all Councillors in the normal way
  - ii) amend the Council's financial procedure rules or policy concerned to encompass the original proposal of the individual or body responsible for that Executive function and agree to the decision with immediate effect. In this case no further action is required save that the decision of the Council be minuted and circulated to all Councillors in the normal way; or
  - iii) where the Council accepts that the decision or proposal is contrary to the policy framework or contrary to or not wholly in accordance with the budget and does not amend the existing framework to accommodate it, it may require the Executive to reconsider the matter in accordance with the advice of either the Monitoring Officer/Chief Financial Officer, or it can impose its own decision by simple majority
  - iv) if it imposes its own decision by simple majority, paragraph 2.1 (e)-(f) of these rules will then apply

# Agenda Item 12

Part A

**Report to:** Council

**Date of meeting:** Tuesday, 18 July 2023

**Report author:** Senior Democratic Services Officer

**Title:** Scrutiny Annual Report 2022/23

## 1.0 Summary

1.1 The constitution requires that a report be presented to Council annually on the work of scrutiny during the preceding year. This report describes the work and process of the council's scrutiny committees and task groups during 2022/23.

## 2.0 Risks

2.1 There are no risks identified from this report.

## 3.0 Recommendations

3.1 That Council notes the scrutiny annual report for 2022/23.

### **Further information:**

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### **Report approved by:**

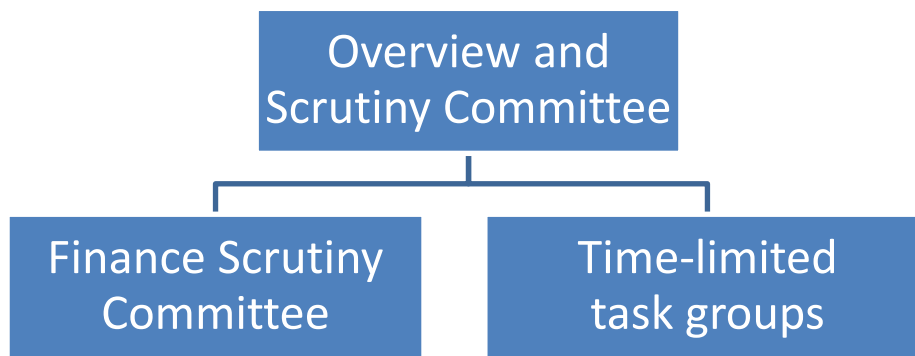
## 4.0 Purpose and structure of scrutiny at Watford Borough Council

4.1 Scrutiny is part of Watford Borough Council's democratic structure. It is led by non-executive councillors who check and challenge decision-making to ensure that it is carried out in the best interests of Watford's residents. With a focus on optimising services for the local community, scrutiny members undertake three key areas of work:

- Reviewing and developing council policies to help shape the delivery of public services;
- Scrutinising decisions to check that the actions being taken are correct and that services are operating effectively;
- Examining external partners providing services which impact on the local community.

4.2 Watford Borough Council has two main committees: Overview and Scrutiny Committee and Finance Scrutiny Committee. In addition, there is provision for up to three time-limited task groups per year:





## 5.0 Scrutiny in numbers

### 5.1 During 2022/23

- 23 out of the 30 non-executive councillors attended at least one scrutiny meeting or the task group.
- There were 17 attendances by portfolio holders to a scrutiny committee or task group meeting to respond to questions on behalf of the Executive.
- 25 substantive issues were scrutinised by members.
- 14 public scrutiny meetings were held by Overview and Scrutiny Committee and Finance Scrutiny Committee.
- 1 in-depth task and finish group was completed.
- 5 partners and stakeholders provided evidence to scrutiny.
- In total 145 hits were made to the website to view part or all of a scrutiny meeting across the year, this is a similar number of views per meeting as the previous year. Note that not all meetings were webcast in 2022/23.

## 6.0 Scrutiny training

6.1 Scrutiny training is compulsory for councillors sitting or substituting on scrutiny committees. It must be repeated every two years.

6.2 15 councillors attended the in-house training session provided by Democratic Services. In addition, the Head of Finance held a bespoke training session on the role of the Finance Scrutiny Committee ahead of its first meeting as well as a session on treasury management later in the year.

## 7.0 Overview and Scrutiny Committee

### 7.1 Membership

The council's overarching scrutiny committee comprised nine councillors:

Councillor Simon Feldman (Chair)

Councillor Favour Ezeifedi (Vice Chair)

Councillors Shafiq Ahmed, Peter Kloss, Rabi Martins, Tom Osborn, Kennedy Rodrigues, Jessica Stiff and Matt Turmaine

Due to councillors taking leaves of absence, Councillor Osborn assumed the Chair for a number of the meetings and Councillor Jeffree substituted for much of the year.

The following portfolio holders also attended meetings during the course of the year:

- Portfolio Holder for Community, Councillor Aga Dychton.
- Portfolio Holder for Housing and Wellbeing, Councillor Jennifer Pattinson.
- Portfolio Holder for Transport and Sustainability, Councillor Ian Stotesbury
- Portfolio Holder for Property, Resources and Customer Service, Councillor Mark Watkin

## 7.2 Committee work programme in 2022/23

- 7.2.1 Overview and Scrutiny Committee met on nine occasions during the year. No Executive key decisions were called in. Details of the committee's agendas and minutes are available [here](#). The following section summarises discussions on the substantive items considered by the committee.
- 7.2.2 Council Plan and performance updates: Overview and Scrutiny Committee continues to receive the regular updates on progress against the council plan and key performance indicators (KPIs). Members continued to provide challenge around the targets for certain KPIs. The committee also noted updates on various initiatives in the council plan, asking for more details on timelines as required. On the Organisational Development Strategy, councillors asked about the use of the new office space and staff wellbeing at work. A recurring theme has been the performance of the return-to-work interviews KPI which is affected by annual leave. Following the end of the municipal year, members of the committee were invited to a briefing on the refreshed KPIs which are being measured from April 2023.
- 7.2.3 ArrivaClick contract: This item had been scheduled during 2021/22 when the committee looked at the other sustainable transport contracts. A representative from Arriva attended the meeting virtually. Factors affecting usage were considered and the committee requested further data on riders which was provided. There were discussions around publicity and how the service could be supported. It was agreed that a workshop be arranged for councillors; this took place in September 2022. The purpose of this session was informing and equipping councillors to talk about the service with residents and groups.
- 7.2.4 Voluntary Sector Commissioning Framework (VSCF): This item reviewed the annual report of the VSCF. Members focused on the impact of the inflationary environment and the standstill budget that was in place. Officers provided reassurances that support was being provided wherever possible.
- 7.2.5 Community Safety Partnership (CSP): The usual practice has been for the CSP to be scrutinised on an annual basis, but members requested an interim update so it was reviewed twice during 2022/23. At the first update, the Community Safety Manager made a presentation to the committee, setting out progress against the agreed objectives. The committee were interested to discuss the perception of crime levels, how reports of antisocial behaviour should be made and how to ensure strategic approaches were being taken. In February 2023, the newly-appointed Chief Inspector also attended and presented his priorities for Watford. Overview and Scrutiny discussed community triggers, the reassure and inform priority, Police presence in the streets and street lighting.

- 7.2.6 ICT Strategy: Officers provided an overview of the ICT Strategy and the key priorities for the service. The committee discussed cyber security at length and also the possibility of bring-your-own-device for members.
- 7.2.7 Voluntary Sector Strategy (VSS) and the Watford and Three Rivers Trust (W3RT) task group update: This item provided an update on progress against recommendations made by the VSS and the W3RT task group. Representatives from W3RT attended and provided an update on their work. There were discussions around continuing to improve engagement with diverse communities, ensuring due diligence in funding applications and the priority of engaging with younger people.
- 7.2.8 Other task group recommendations updates: The committee reviewed updates against recommendations made by the Sustainable Transport Strategy Task Group and the Electric Vehicles Task Group. The committee discussed the importance of enforcing lower speeds, noting that there had been little progress on extending 20mph roads through the borough. Members also asked for further information on school travel plans as well as data on Beryl Bike usage. The committee noted the continuing progress on EV charging infrastructure and that the outcome of a significant funding bid was awaited.
- 7.2.9 Watford Community Housing – update on maintenance: Following recent events nationally around social housing standards, the largest local registered provider, Watford Community Housing (WCH), were invited to present an overview of the approach to maintenance. The committee discussed the energy efficiency programme, work on damp and mould, the inhouse repairs team, triaging of repairs, benchmarking of customer satisfaction and WCH’s wider development programme. It was agreed that a Housing task group would be established in the new municipal year.

## 8.0 Finance Scrutiny Committee

### 8.1 Membership

The scrutiny committee comprised:

Councillor Matt Turmaine (Chair)

Councillor Peter Kloss (Vice chair)

Councillors Karen Clarke-Taylor, Asif Khan, Rabi Martins, Lenny Nembhard, Bill Stanton, Darren Walford and Richard Wenham

The portfolio holder responsible for Property, Resources and Customer Services, Councillor Mark Watkin, also regularly attended meetings.

### 8.2 Committee work programme in 2022/23

- 8.2.1 Finance Scrutiny Committee met on five occasions during the year. Details of the meetings can be found [here](#). The following items were discussed.
- 8.2.2 The final outturn for 2021/22: Finance Scrutiny Committee considered in particular: the carry forwards and their justification, the impact on revenue accounts of re-profiling of major capital projects which spanned several years, the impact of how projects were

managed and the need to carry forward funding, the rephrasing of the Woodside Sports Village, the impact of the inflationary environment on capital projects. The minutes of the discussion were forwarded to Cabinet.

- 8.2.3 Joint ventures: The committee received a presentation by the Head of Finance, outlining various commercial ventures designed to support the council's revenue. This covered the structures, objectives, budgets and oversight of joint ventures. Members were interested to discuss the best way to deliver affordable housing and the personal risks associated with officers acting as directors.
- 8.2.4 Financial Monitoring 2022/23: The members discussed these quarterly reports throughout the year. The committee particularly focused on budgetary pressures, risks to the budgets, service costs and the longer-term impact of Covid 19 on service demands. with any recommendations being sent to Cabinet.
- 8.2.5 Property Investment Board and Croxley Park: Part B (confidential) updates were received from officers and Lambert Smith Hampton Investment Management who manage the council's property investment portfolio.
- 8.2.6 Budget Planning Framework: The committee received a report detailing the budget setting framework and they discussed the risk associated with debt and the recovery process.
- 8.2.7 Financial Planning: Draft Revenue and Capital Budgets for 2023/24 and Medium-Term Financial strategy to 2025/26. Members discussed the Public Works Loan Board, increased costs for the parking service, housing service costs and the impact of Covid-19 on demand, the capital investment programme and re-profiling, land transfers, service costs, controlled parking zones, increases in garden waste collection, decent homes strategy, and the zero-carbon strategy.
- 8.2.8 Additional items: These included training sessions on the role of the Finance Scrutiny Committee and on treasury management and capital investment framework, delivered by the Head of Finance.
- 8.2.9 Work programme: Finance Scrutiny Committee's work programme was agreed at the start of the year but remained open for new suggestions from members.

## 9.0 Task groups

- 9.1 There was one task group during 2022/23 looking at the Sustainability Strategy, later renamed the Environment Strategy.
- 9.2 Following a scrutiny proposal by the Portfolio Holder for Sustainability and Transport, a cross-party task group met in November and December 2022 to review the draft strategy. Membership comprised Councillors Mark Hofman (Chair), Peter Jeffree, Rabi Martins and Sara-Jane Trebar.
- 9.3 The objectives of the task group included:
  - To ensure the soundness of the strategy in meeting its aims.

- To review the extent to which consultation feedback has been captured by the strategy.
- To secure ownership of the strategy by non-executive councillors; assisting with strengthening residents' understanding and buy-in.
- To consider the governance and monitoring of the strategy following implementation.

9.4 It was agreed that the task group would focus on certain key areas including targets, leading by example, people power and governance. The meetings took the form of presentations by officers and discussions. The task group worked in tandem with the development of the strategy to ensure their report would be presented to Cabinet alongside the strategy.

9.5 Drawing its conclusions, the task group was positive about the ambitious nature of the strategy and highlighted areas that should be considered priorities for successful implementation. The recommendations included:

- That one of the targets in the strategy should be increased.
- That the consideration of sustainability impacts in internal decision-making should be strengthened.
- That any off-setting required should be within Watford as much as possible.
- That the delivery plan should be brought to Overview and Scrutiny Committee.

9.6 The report and its recommendations were accepted in full by Cabinet alongside the final strategy itself.

## **10.0 Looking ahead**

10.1 Following the resolution at Overview and Scrutiny Committee in February 2023, a task group will be established to look at Housing.

10.2 The 2023/24 training offer for councillors will see a refreshed approach with input from a number of officers around the council plan and performance management as well as the wider introduction to the scrutiny function. Further training will be delivered by the Centre for Governance and Scrutiny in September 2023. This will focus on skills for scrutiny.

## **11.0 Implications**

### **11.1 Financial**

11.1.1 The Shared Director of Finance comments that there are no financial implications arising from this report.

### **11.2 Legal Issues (Monitoring Officer)**

11.2.1 The Group Head of Democracy and Governance comments that there are no legal implications in this report.

### 11.3 Equalities, Human Rights and Data Protection

11.3.1 No implications.

### 5.4 Staffing

5.4.1 No implications.

### 5.5 Accommodation

5.5.1 No implications.

### 5.6 Community Safety/Crime and Disorder

5.6.1 The council has a statutory duty to scrutinise the local crime and disorder partnership and this took place in November 2022 and March 2023 and is scheduled again for February 2024.

### 5.7 Sustainability

5.7.1 No implications.

## Appendices

None

## Background papers

The following background papers were used in the preparation of this report:

- Reports and minutes of scrutiny committees are available on the [council website](#).

Part A

**Report to:** Council

**Date of meeting:** Tuesday, 18 July 2023

**Report author:** Democratic Services Officer (LM)

**Title:** Neighbourhood Locality Fund Annual Report 2022/23

## 1.0 Summary

1.1 This document provides the annual report for the Neighbourhood Locality Funds in accordance with the fund’s protocol. It includes information about the overall budget and types of projects the wards have supported during 2022/23.

## 2.0 Risks

2.1 There are no identified risks as a result of this report.

## 3.0 Recommendations

3.1 That the Neighbourhood Locality Fund annual report be noted.

### Further information:

Laura MacMillan

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**Report approved by: Carol Chen, Group Head of Democracy and Governance**

## 4.0 Detailed proposal

4.1 The wards spent a combined total of £34,370.76, equating to 93%\* of the overall budget. Wards spent within a range of 65%\* to 100% of the budget available to them, an average of £2,864.23 each. This is broken down by ward as follows:

Ward	Starting Budget	Number of projects	Expenditure
Callowland	3000.00	3	2985
Central	3000.00	6	2550
Holywell	3000.00	5	2991
Leggatts	3000.00	3	1960
Meriden	3000.00	6	2192
Nascot	3000.00	3	2813.78
Oxhey	4063.01*	3	4063.01

Park	3000.00	2	3000
Stanborough	3000.00	5	3000
Tudor	3000.00	4	2995.97
Vicarage	3000.00	1	2820
Woodside	3000.00	7	3000

\* For further information about the starting budget for Oxhey, please refer to paragraph 4.3.5 below.

4.2 The full breakdown of expenditure by ward is available on the [council's website](#). The different types of expenditure have been reviewed to identify the most popular, including the amount spent and the percentage this equated to in relation to the overall budget. The breakdown of the expenditure into different categories is as follows:

- Environmental improvements (£9,013.00 equalling 24% of the budget).
- Local community groups and organisations (£3,529.52 equalling 9% of the budget).
- Community clean up and skips (£8,601.00.00 equalling 23% of the budget).
- Charities and charitable donations (£2,791.70 equalling 10% of the budget).
- Highways improvements (£0 equalling 0% of the budget).
- Culture and heritage (£6,954.54 equalling 19% of the budget).
- Faith groups (£0 equalling 0% of the budget).
- Sports groups (£0 equalling 0% of the budget).
- Schools and play groups (£881.00 equalling 2% of the budget).
- Youth groups including scouts (£2,000 equalling 5% of the budget).
- Residents' groups (£6,00.00 equalling 2% of the budget)

\*All percentages quoted have been rounded to the nearest whole number.

4.3 Comparison of expenditure with 2021/22

4.3.1 The three categories of: school and play groups, youth groups, and sports groups, only received 7% combined of the total budget. In 2021/22 this was 9% of the total spend with, sports clubs receiving no funding in 2022-23.

4.3.2 Community clean up and skips, saw a significant increase from last year, growing from 10% to 23% expenditure.

4.3.3 Charities (10%, up 1%) and residents' groups (2%, no change) remained at a broadly similar level to last year.

4.3.4 It is shown in the table that Oxhey had an additional £1063.01 to spend during the 2022/23 financial year. The councillors had asked the Director of Finance for approval to carry forward the outstanding balance of £1063.01 to the new financial year due to a number of problems that had impacted on their ability to use the



money earlier. The Director of Finance, having considered the councillors' explanation, agreed that the unspent funds could be carried forward on this occasion.

#### **4.4 Neighbourhood Locality Fund working group**

In accordance with the recommendations put forward by the Neighbourhood Locality Fund working group, a new application form has been devised to facilitate online submissions, enabling residents to apply directly. It is expected to be launched in September of this year.

#### **5.0 Implications**

##### **5.1 Financial**

5.1.1 The Shared Director of Finance comments that expenditure incurred during 2022/23 was within agreed budgets.

##### **5.2 Legal Issues (Monitoring Officer)**

5.2.1 The Group Head of Democracy and Governance comments that there are no legal implications in this report.

##### **5.3 Equalities, Human Rights and Data Protection**

5.3.1 There are no risks associated with equalities or human rights as a direct result of this report.

##### **5.4 Staffing**

5.4.1 There are no staffing implications as a direct result of this report.

##### **5.5 Accommodation**

5.5.1 There are no accommodation implications as a direct result of this report.

##### **5.6 Community Safety/Crime and Disorder**

5.6.1 There are no community safety or crime and disorder implications as a direct result of this report.

##### **5.7 Sustainability**

5.7.1 There are no sustainability implications as a direct result of this report.

## **Appendices**

None.

## **Background papers**

The following background papers were used in the preparation of this report. If you wish to inspect or take copies of the background papers, please contact the officer named on the front page of the report.

- Applications and expenditure sheets for the individual wards and projects.
- Spreadsheet for analysis of expenditure.