

Report to Cabinet – 16 January 2023

Report of Finance Scrutiny Committee – 9 January 2023

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

Also present: Councillor Watkin (Portfolio Holder)

Officers: Head of Finance
Democratic Services Officer (IS)

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

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

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

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

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

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

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

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

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

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

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

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

The Head of Finance responded to questions about:

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

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

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

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

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

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

RESOLVED –

That the Finance Scrutiny Committee:

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