

## **BUDGET PANEL**

**29 OCTOBER 2013**

Present: Councillor J Dhindsa (Chair)  
Councillor S Rackett (Vice-Chair)  
Councillors J Aron, S Counter, G Derbyshire, S Johnson,  
R Martins, P Taylor and M Turmaine

Also present: Councillor I Sharpe (Portfolio Holder for Regeneration and  
Development),  
Councillor M Watkin (Portfolio Holder for Shared Services  
and Democracy and Governance),  
Councillors N Bell, J Connal, A Joynes, A Khan, M Meerabux  
and M Mills

Officers: Shared Director of Finance  
Head of Finance (Shared Services)  
Interim Head of Revenues and Benefits  
Head of Regeneration and Development  
Committee and Scrutiny Officer

### **18 FINANCE TRAINING - LOCAL GOVERNMENT FINANCE**

The Shared Director of Finance and Head of Head of Finance Shared Services provided an overview of Local Government Finance, which explained how the Council was funded.

Following the presentation the officers responded to questions from the Panel and the non-Panel Members.

### **19 APOLOGIES FOR ABSENCE/COMMITTEE MEMBERSHIP**

There was a change of membership for this meeting: Councillor Johnson replaced Councillor Greenslade.

### **20 DISCLOSURE OF INTERESTS (IF ANY)**

There were no disclosures of interest.

### **21 MINUTES**

The minutes of the meeting held on 10 September 2013 were submitted and signed.

## REVENUES AND BENEFITS UPDATE

The Panel received a report of the Shared Director of Finance providing an update on the Revenues and Benefits service as requested at the meeting in September. The Shared Director of Finance reported that the number of change of circumstance documents was under 1,000. At the beginning of the year it had been over 3,000.

Councillor Counter said that this was an impressive reduction. The Chair, Councillor Dhindsa, commented that this was expected as the outstanding applications had taken a long time to clear.

The Shared Director of Finance referred the Panel to Appendix 1 to the report which set out comparison information related to the recovery of overpaid Housing Benefit. The second table showed that Watford had improved to second highest authority in Hertfordshire for the collection of overpayments. She explained the methods local authorities could use to recover overpayments, including attachment to earnings and placing charging orders on properties.

The Shared Director of Finance introduced the new Interim Head of Revenues and Benefits who had started on Monday. She added that the service was still seeking an Interim Revenues Manager: The candidate who had been offered the post had declined the position.

The Vice-Chair, Councillor Rackett, said that members had been frustrated over the progress in clearing the backlog of applications. It was good to see the improvement. The comparative data showed that most authorities were challenged in this respect. He acknowledged that the progress was moving in the right direction but cautioned that the service should not become complacent.

Councillor Derbyshire referred to the Chair's earlier comment and said that the staff should be congratulated. He mentioned the comparative data and that Watford was in the top half of authorities for the speed of processing new applications.

Councillor Derbyshire then commented on the Chair's recent letter to the Watford Observer. He reminded Members of the content of paragraph 4.1 in the September report to the Panel. He added that the Chair's letter had failed to mention that it was necessary to take account of the income recovered from claimants who had received overpayments.

Councillor Johnson also referred to the Chair's letter and said that the Chair had politicised the Panel. He felt an apology would be appropriate.

Councillor Taylor noted that overpayments arose as a result of claimants not informing the Council of any changes in their circumstances and due to local authority error. He had observed that the amount recovered was not split to show how much had been collected for each of the reasons.

Following Councillor Turmaine's congratulations to staff for the improvement and his questions, the Shared Director of Finance advised that she could not explain the improvements to the recovery rate of overpayments, but it was possibly due to improved recovery processes. She added that the processing times were set by the Shared Services Joint Committee and were based on calendar days.

The Chair referred to the original report in the Watford Observer and both his and Councillor Martins' comments. He congratulated the staff for their work; they had eventually caught up with the backlog but it had taken a long time. The service had spent significant funds on agency staff and consultants. The Council's staff had to take time to teach the agency staff, who often would leave after a short period. He felt the Council should have employed additional permanent staff.

The Chair stated that Watford had raised the most overpayments compared to the rest of the county. He asked if officers could explain how much had been recovered in respect of overpayments due to local authority error.

The Shared Director of Finance explained the reasons an overpayment might be classified as a local authority error. She added that the External Auditor had no concerns over the way the authority calculated this. She stated that the local authority errors were due to process timings and not just processing errors made by staff. She explained how the subsidy was calculated, which had been included in the September report. She confirmed that in the last two years the Council had received 0% subsidy for local authority errors. In response to the Chair's final question, the Shared Director of Finance explained that it was not possible to provide a breakdown of the overpayment recovered and whether it was in relation to claimant delays or local authority error.

Councillor Khan, a non-Panel Member, referred to a report written by the Department for Works and Pensions which had commented on the state of the Revenues and Benefits service and to the External Auditor's report for 2012/13. He felt that the comments made by the Auditor about the Council's service were embarrassing and that there were issues that needed to be resolved. The updates to the ATLAS system had caused delays. He added that some of the figures indicated 6% over the actual amount paid out in benefits and questioned this fact.

The Shared Director of Finance informed the Panel that it was possible to claim up to 140% of overpayments. If an error was due to a claimant, the Council would receive 40% from Central Government and be able to claim back 100% from the claimant. This was permitted under the Housing Benefits regulations.

Councillor Martins stated that the reason scrutiny worked was due to Members being able to discuss matters openly with no political bias. The letter sent to the Watford Observer by the Chair had politicised the matter. He urged the Chair to remind Members to be open in their discussions. Councillor Martins added that at the last meeting he had sought assurances that the processing problems were being corrected. The report on this agenda had set out the improvements. The

problem had arisen some time ago and he acknowledged that it took time to improve matters. He had confidence in the Section 151 officer and that the service would be improved.

Councillor Martins said that he had noted references to the Shared Services Joint Committee. He reminded Members that Councillor Khan had been a Member of that committee and had had an opportunity to put pressure on the committee to ensure the situation in the service improved. He felt that the officers should be congratulated for the pace of improvement in the service.

The Chair again referred to the original report in the Watford Observer and that his subsequent letter was in response to a letter by the Portfolio Holder. He felt that the Portfolio Holder had been the first Member to politicise the debate. He stated that council meetings were political.

Councillor Counter said that this had been a long standing problem. She understood that even though the Council might not receive a grant from Central Government, the overpayment could still be recovered from claimants. Some of the discussion appeared to give the impression that there was a massive deficit; this did not appear to be correct.

Councillor Watkin, Portfolio Holder for Shared Services, informed the Panel that the governing body for Shared Services, including Revenues and Benefits, was the Three Rivers and Watford Shared Services Joint Committee. He confirmed that Councillor Khan had been a member of the Joint Committee.

The Portfolio Holder added that he wished to thank the staff for their work. The Section 151 officer had explained the situation. Members were able to make comparisons with other Hertfordshire authorities. He looked forward to further improvements in the service.

Following the Chair's comments about temporary staff, the Portfolio Holder advised that temporary staff had been employed due to the uncertainty about Universal Credit. The introduction of Universal Credit could mean that there would need to be major changes to the service. If permanent staff had been employed, redundancies may have needed to be made once it had been introduced. Due to the uncertainty of when Universal Credit would be introduced, it had been decided to recruit permanent staff.

Councillor Bell, a non-Panel Member, agreed that the staff should be congratulated for their work. They had been under pressure. He commented that there was a lack of resources in Revenues and Benefits. The external contractors had not been on the frontline unlike the Council's staff. He said that when ex-Councillor Wylie had been the financial Portfolio Holder, he had done his utmost to tackle the issues in the service.

Councillor Bell referred to the criticism aimed at Councillor Khan and his role on the Shared Services Joint Committee. Councillor Khan was the only Labour representative on a committee of six members. He suggested Members should read the Shared Services Joint Committee minutes as these showed that

Councillor Khan had raised concerns about the service. This year, Councillor Bell advised that he had been appointed to the Shared Services Joint Committee and had also raised concerns. He was aware that the service was continually monitored by Overview and Scrutiny Committee and Budget Panel. The previous Head of Revenues and Benefits had attended Overview and Scrutiny Committee to respond to Members' concerns.

In response to Councillor Taylor's question about staff morale, the Shared Director of Finance advised that the morale had been fairly low for some time, however, this had improved over the last six weeks. The improvement had been due to reaching two milestones; the ATLAS backlog had been cleared and the number of outstanding change in circumstance applications had been reduced. The service was aware of the press report and this did have an impact on the team. They had been advised that as officers they did not get involved in political debates.

Councillor Rackett said that Members needed to consider any lessons which could be learnt from the ongoing issues with the service's performance. He commented that previously he had pressed for a scrutiny review to be set up to look at the service, however Members had been advised that they should wait and let the service clear the backlog. He felt that members needed to consider whether a review should have been undertaken at the time.

Councillor Khan informed the Panel that he had chaired the last Overview and Scrutiny Committee and it had been agreed that Revenues and Benefits would become a standing item on the agenda. The Scrutiny Committee had rigorously scrutinised the service and this had involved all parties on that committee.

Councillor Aron confirmed this and added that the group had worked together on the matter and had not allowed it to become a political debate.

The Portfolio Holder referred to the comments about the scrutiny and governance of the Shared Service. The question was whether the governance of the service by the Shared Services Joint Committee was appropriate. It was now recognised that it was not appropriate. He advised Members that the Director for Corporate Resources and Governance at Three Rivers District Council had carried out a detailed review of the service approximately 18 months ago. He introduced new methods of work for the service and this had enabled the service to start improving.

The Chair thanked colleagues for their contributions.

RESOLVED –

that the report be noted.

## REVIEW OF PARKING RESERVE ACCOUNT

The Panel received a report of the Shared Director of Finance and Head of Regeneration and Development which provided information about the Parking Reserve Account and the proposed traffic related schemes identified for delivery within the forthcoming financial year.

Councillor Martins stated that as he was unaware of how much income would be generated by the proposed projects. He was unable to make a judgement as requested by officers. He felt it was too soon to make any decisions on whether the permit charges should be increased; any discussion should wait until next year's budget discussions.

The Head of Regeneration and Development informed the Panel that the list of projects provided within the report varied from small schemes to large ones. Some of the schemes, for example the Controlled Parking Zone (CPZ) Review (Survey), had cost a significant sum but would not generate any income as a result. In the case of new schemes, the balance of the cost had to be weighed against the cost of increased enforcement.

The Chair commented that when new schemes were introduced it was likely that more tickets would be issued and over time it would not be necessary to use as many staff. The Council had increased permits in April this year. He referred to an incident a local resident had reported to him, which related to several CEOs talking in the street. He felt that the Council should look at the cost of staff for this service. He was aware that the Council employed six people to oversee the contract. He said that residents in Central and Vicarage Wards had no choice but to purchase permits as they did not have driveways. He questioned whether residents in areas where the enforcement was over a longer period should pay more for their permits.

The Head of Regeneration and Development referred the Panel to paragraph 3.11 in the report which explained about the deployment of Civil Enforcement Officers (CEOs). She advised Members that the CEOs patrolled on their own. There were rare occasions when they patrolled in pairs, for example for training purposes or in the evening. In view of the way the beats were organised, there might be occasions when an officer might walk through another beat. When a new zone was introduced, it was likely that more staff would be required to patrol it initially, but this could be reviewed in the medium to long term. This had been the case with Zone V, where at first two additional officers had been employed, but this had subsequently been reduced to one. The Parking service was often put under pressure to increase enforcement in some areas, for example at school drop off and collection times or around the park during the summer.

The Head of Regeneration and Development explained about the staffing arrangements at the Parking Shop. Parking enforcement had been contracted to Vinci. The staff employed by Watford Borough Council managed the contract on behalf of three local authorities and dealt with representations, appeals including those that went forward to the Independent Penalty Tribunal and cases referred to the bailiffs. They also ensured that lines and signs were fit for purpose. When

the previous Parking Manager retired, the staffing arrangements were reviewed and a reduction had been made. Procedures had been reviewed and made more efficient which reduced costs. In terms of income and expenditure there were very few things that could be changed, but the charge for parking permits could be reviewed.

The Head of Regeneration and Development advised Members that if they were aware of any problems in an area they needed to contact officers to enable them to discuss the matter with Vinci.

Councillor Rackett referred to the parking review being carried out in Callowland and Leggatts. He asked that Cabinet allowed those projects which had been led by the public to go forward.

Councillor Meerabux, a non-Panel Member, suggested that the Council should evaluate Controlled Parking Zones. There were some areas where residents felt trapped and that permits were a guaranteed income for the Council. It was necessary to be sensitive to how parking systems were organised. Some residents paid for permits but were unable to find a space. He also questioned whether the parking schemes helped local businesses.

Following questions from Councillor Turmaine, the Head of Regeneration and Development advised that the introduction of a CPZ was not to reduce traffic flow but to manage parking. The original reports requesting the implementation of CPZs provided information about the aims and objectives of schemes. When they were first introduced, it had been to resolve problems caused by commuter parking. The priority was to allow for residents' parking. In other parts of the town there was a priority for shopper parking and this was controlled by a pricing structure. In local shopping areas there needed to be an ability for customers to be able to visit those shops. The Council's Core Strategy contained parking policies. A review was currently underway to assess how parking was used to manage people coming into the town.

In response to Councillor Meerabux's comments, the Head of Regeneration and Development reported that the results of the 'Your Parking Your Choice' survey would be presented to Cabinet in December. The respondents were mainly happy with the scheme. There were issues about the boundaries of the different zones. Parking schemes resolved parking problems but affected people's lives.

Councillor Turmaine asked if it was possible to identify those areas that provided the most income.

The Head of Regeneration and Development referred the Panel to paragraph 3.10 in the report which set out the number of permits and income for each zone. The income from Penalty Charge Notices (PCNs) was set out in the previous paragraph. She advised that whilst compiling the report she had asked for a breakdown of the Penalty Charge Notice information for each zone, but had been informed that this was not possible.

Councillor Derbyshire agreed with earlier remarks stating that it was too early to provide Cabinet with any comments. He noted the budget information provided to the Panel. He said that the Panel would be able to consider this matter further when it reviewed the Fees and Charges. He felt that there were currently sufficient funds within the existing budget to cover the schemes listed within the report.

Councillor Sharpe, Portfolio Holder for Regeneration and Development, said that Members needed to be cautious about the projects. He explained that a parking review was carried out in Oxhey and there was a negative result for a scheme. This had saved the cost of implementing the scheme. He did caution Members that the funding within the Parking Reserve account had been increasing but was now decreasing. He referred to comments made by Councillor Meerabux and advised that the CPZ had been implemented to stop commuters and therefore enabling residents to park. He cautioned Members about a breakdown of the PCNs as some of the notices may have been issued in areas without a CPZ and others issued within a CPZ area but not related to the times of permit parking, due to the location of the infringement. In response to Councillor Rackett's comments he informed the Panel that the projects listed either related to policy matters or had initially been raised by local people.

The Chair commented that space was not created in the streets for residents. There was space available during the day but not at night. He felt that a breakdown of the PCNs issued would be useful as it would show those areas that were heavily patrolled.

The Portfolio Holder responded that it was not possible to guarantee a parking space. Parking restrictions had to be enforced across the Borough.

Councillor Khan, a non-Panel Member, commented that CPZs needed to be self-funding and should not be subsidised by the Council Taxpayer. Following comments the previous year, he felt it was important that a scrutiny of the take up of permits by zone should be carried out to consider if schemes provided value for money.

Councillor Connal, a non-Panel Member, said that she wished to thank the parking staff for help in monitoring the situation outside a school.

Councillor Turmaine said that based on the Panel's discussion he felt that Members wished to delay making any recommendations. He asked whether the matter would be re-considered before the local elections.

The Portfolio Holder replied that the matter needed to be addressed before the funds ran out. The budget proposals would be discussed at Budget Panel prior to Cabinet and Council. He reminded Members that the CPZ policy had been introduced in 1997 and prioritised parking for residents. He added that parking policies were tied into national planning policies.



The Chair thanked everyone for their comments. He acknowledged the Panel's comments and said that Members had indicated that it was not the right time to make any recommendations.

RESOLVED –

that the report be noted.

## 24 **FINANCE DIGEST 2013/2014 - PERIOD 6, SEPTEMBER 2013**

The Panel received the latest edition of the Finance Digest. The Head of Finance Shared Services informed the Panel that 'unplanned forecast underspend' referred to changes in the original forecast due to unanticipated costs occurring after the budget had been set. He advised that contact information had been provided if Members wished to discuss anything within the Finance Digest.

The Shared Director of Finance explained that the first column in the table for Capital Investment Programme Schemes showed the cumulative expenditure for the individual schemes. The following columns referred to individual years. For example the total contribution to the LABV was £3,000,000 which would be paid out over two years: £1,500,000 in 2014/15 and £1,500,000 in 2015/16. She added that the loan to the West Herts Hospitals Trust would be paid back to the Council and a payment schedule had been agreed.

RESOLVED –

that the Finance Digest (Period 6) be noted.

## 25 **DATES OF NEXT MEETINGS**

- Tuesday 26 November 2013
- Wednesday 15 January 2014
- Wednesday 26 February 2014

Chair

The Meeting started at 7.00 pm  
and finished at 9.25 pm