

BUDGET PANEL

26 NOVEMBER 2013

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

Also present: Councillor Derek Scudder (Portfolio Holder for Corporate
Strategy and Client Services)
Councillor Mark Watkin (Portfolio Holder for Democracy and
Governance and Shared Services)
Councillor Malcolm Meerabux

Officers: Shared Director of Finance
Head of Finance (Shared Services)
Head of Regeneration and Development
Head of Community and Customer Services
Programme Manager
Committee and Scrutiny Officer

26 FINANCE TRAINING - BUSINESS RATES SINCE APRIL 2013

The Shared Director of Finance and Head of Finance Shared Services provided an overview of the changes to Business Rates and the impact on Watford Borough Council.

Throughout the presentation the officers responded to questions from the Panel.

The Chair thanked the Shared Director of Finance and Head of Finance Shared Services for the presentation.

27 APOLOGIES FOR ABSENCE/COMMITTEE MEMBERSHIP

Apologies for absence were received from Councillor Rackett.

28 DISCLOSURE OF INTERESTS (IF ANY)

There were no disclosures of interest.

29

MINUTES

The minutes of the meeting held on 29 October 2013 were submitted and signed subject to the following amendment -

22 – REVENUES AND BENEFITS UPDATE

The first sentence of the paragraph commencing “Councillor Khan, a non-Panel Member, referred to” should be amended to read –

“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, with regard to Watford Borough Council’s performance in relation to other districts in Hertfordshire, Kent and Surrey.”

30

AN OVERVIEW OF COMMERCIAL RENTS AND NEXT STEPS

The Programme Manager provided a presentation covering an overview of property owned by the Council, including the types of property within the portfolio, debt management and asset valuations. He also explained the service’s review of the Council’s assets.

Throughout the presentation the Programme Manager responded to the Panel’s questions.

The Chair thanked the Programme Manager for the presentation and the Panel for its contributions.

RESOLVED –

that the report be noted.

31

FINANCE DIGEST 2013/2014 - PERIOD 7 (OCTOBER 2013)

The Panel received the latest edition of the Finance Digest.

Members commented that it was difficult interpreting some of the information within the report. Councillor Turmaine suggested that additional commentary could be added to aid readers. The Chair added that he had also discussed this with officers.

The Head of Finance Shared Services acknowledged that the document was not user-friendly and would be difficult for non-financial people to understand. He stated that the Digest had been in the same format for several years. The document highlighted the variances for the current month. The Shared Internal Audit Service would be undertaking a best practice review on financial

monitoring and reporting with various local authorities and would be reporting on this later in the year. Members would be consulted.

Following comments about the icons used in the document, the Head of Finance Shared Services advised that when the document had last been updated Members had commented that they liked the small icons. The symbols were automatically inserted following the comparison of the forecast outturn and the original budget. The Digest provided information throughout the year but did not make comparisons with previous months. One Member said that the icons helped to identify areas of concern.

Corporate Strategy and Client Services

Councillor Turmaine noted the Strategic Finance overspend forecast for the current year. He asked for clarification of the agreed budget changes for Corporate Strategy and Client Services.

The Head of Finance Shared Services explained that the figures in brackets represented a reduction in the budget. A new line 'Contract Monitoring' had been added. When the budget had originally been set it was not known that the services would be outsourced to Veolia. There was no overall change to the service's expenditure.

Following a question from the Chair, the Head of Finance Shared Services stated that the line entitled 'Grants' included the grants to the commissioned organisations including the Citizens' Advice Bureau and the Palace Theatre, plus the small grants fund.

Councillor D Scudder, Portfolio Holder for Corporate Strategy and Client Services, responded to the Chair's question regarding how organisations were informed about the small grants fund. He informed Members that the information had been included in the Members' Bulletin and all Councillors had been given a number of A5 flyers.

Councillor Aron added that posters had also been placed in locations accessible to the public.

The Committee and Scrutiny Officer advised on the Task Group which had worked with officers on the new Commissioning Framework. When Overview and Scrutiny Committee had reviewed the implementation of the Task Group's recommendations, officers had been asked to ensure that information was circulated to all Councillors.

The Chair asked that Councillors were supplied with additional leaflets.

Councillor Scudder advised that in 2012/13 the small grants budget had seen an underspend. For the current financial year it was on target.

Regeneration and Development

Following a question from the Chair about the figures contained in brackets, the Head of Finance Shared Services explained that the information for Commercial Projects related to income projections. The total forecast variance was currently an additional £595,000 income. This had been due to the reduced costs for the market following the transfer to Intu and the commercial portfolio generating more income.

Strategic Finance

Councillor Taylor noted that the row entitled 'Revs and Bens Shared Service' had '0' in each column.

The Shared Director of Finance explained that the relevant line on this table was 'Revenues and Benefits Client'. The Head of Finance Shared Services added that the 'Client' accounts were similar to 'trading accounts'. Both local authorities were recharged for this service.

Key Financial Risk Areas

In response to Councillor Greenslade's concerns about the increase to the Forecast Outturn for ICT, the Head of Finance Shared Services advised that officers and the Shared Services Joint Committee were aware of the increase in budget for the year.

Councillor Derbyshire referred to 'Investment Interest' and asked whether the Council was exposed to the Co-op Bank Bonds.

The Head of Finance Shared Services confirmed that the Council had a current account with the Co-op Bank. The Council invested money overnight but there were no long term investments with the bank.

Creditor Payment Monitoring

Councillor Turmaine noted the information about payments to creditors. He asked whether officers were able to advise Members of the charges the Council had incurred due to late payment.

The Shared Director of Finance explained that the Council did not automatically pay interest. It would only be paid if a company invoked the charge.

Council Tax and NNDR Collection

Councillor Taylor suggested that instead of using percentages it might be better to see figures.

The Shared Director of Finance advised that this would be changing.

Councillor Turmaine noted that in relation to Council Tax Collection, four out of six months had been below the target. Business Rates had been below target on two occasions. He asked whether officers were able to provide any reasons.

The Shared Director of Finance informed the Panel that the majority of Council Taxpayers made their payments on a monthly basis. The estimated percentages were based on historic figures. The actual income for Council Tax was only just below the target. Currently she was not concerned about the level of Council Tax collected to date. She added that in October, 64.4% had been collected which was slightly higher than the target. With regard to Business Rates, some companies paid at the beginning of the year. Officers compared historic data when setting the targets for Business Rates collection.

RESOLVED –

that Budget Panel's comments be noted.

32

FEES AND CHARGES

The Panel received a report of the Senior Accountant which included the proposed fees and charges for 2014/15 for the various services by the Council.

Following a question from Councillor Turmaine about an impact assessment being carried out, Councillor D Scudder, Portfolio Holder for Corporate Strategy and Client Services, informed the Panel that an impact assessment was not completed every year. The fees and charges report was part of the annual process in the preparation of the budget for the following year.

In response to a question from Councillor Turmaine about Meriden Community Centre, the Portfolio Holder advised that all community centres were managed by external groups and were subject to Service Level Agreements.

Parking Services

Members noted the officers' proposals to increase the permit charges for the first and second permits. The Chair commented that at the last meeting the Panel had had a thorough discussion on this matter and it had been agreed that the Panel was unable to make any suggestions to Cabinet regarding an increase. The Chair asked whether this report was being presented to Cabinet on 2 December.

The Head of Regeneration and Development advised that, in December, officers would be presenting a report on the results of the recent parking survey. The fees and charges report would not be presented. She explained that all Heads of Service were tasked with reviewing the fees and charges every year. It had been decided that the parking permit charges should be increased annually. The proposal was to increase the first permit from £22 to £25 and the second permit from £52 to £55. She did not consider it useful to take note of the

percentage increase. As the permit charge was relatively low, the percentage increase gave a skewed reflection of the actual increase which was £3.

Councillor Derbyshire stated that he disagreed with the proposal, however a modest increase would be more acceptable. He felt that the percentage increase was relevant, as people would be aware that the proposal was substantially in excess of current inflation. He questioned whether the increase was necessary. He referred to the publicly available Annual Parking Enforcement report for 2012/13. The account should be self-funding and at no expense to the taxpayer. He stated that it was important that officers took into account the management fees from Three Rivers District Council and Dacorum Borough Council.

Councillor Derbyshire then referred to the report and appendices presented at the previous meeting. He said that the report had stated that there would be a carry forward of £297,000. The documents had also included a list of proposed schemes for 2014/15 which meant that there would be approximately £100,000 in the parking reserve account. He acknowledged that the account should be 'topped up', but not by the amount suggested by officers. A modest increase would be reasonable and should be limited to 5%. He suggested that the first permit should be increased by £1 and the second permit increased as proposed in the report.

The Shared Director of Finance informed the Panel that additional paperwork circulated at the meeting clearly showed that parking reserve account would be depleted by the middle of 2014/15. She stated that the Panel had previously agreed that the service should not be funded by taxpayers. It would be necessary either to reduce the number of schemes on the list circulated at the last meeting or to increase charges. At the last meeting Budget Panel had opted not to make any suggestions.

The Head of Regeneration and Development explained how much income would be raised by the charges proposed in the report.

Following a question from Councillor Taylor regarding comparisons with neighbouring authorities, the Head of Regeneration and Development advised that Three Rivers District Council charged £50 for the first permit and £100 for the second.

Councillor Greenslade questioned whether it would be possible to increase the car parking charges. The Head of Regeneration and Development responded on street parking charges were paid into the parking account, however, any increase might deter people and then there would be an impact on local shops in those areas. The minimal income from the Council-owned car parks was added to the General Fund. She explained that the parking account included on-street charges, for example near shops, and penalty charges which were set nationally. Following a further question from Councillor Greenslade she confirmed that the cost of the permits did not cover the cost of the Controlled Parking Zones.

Councillor Martins commented that he wanted to support Councillor Derbyshire's suggestion. He did not know how much income would be generated from the proposed schemes, therefore he did not feel he was in a position to consider whether the charges should be increased as much as officers had proposed. He added that he would prefer to see smaller increases on a regular basis.

The Head of Regeneration and Development informed the Panel that there were a wide range of schemes. She outlined some examples of schemes including how much they would cost. In some cases there would be very little or no income generated. She advised that the CPZ-wide survey had cost a significant amount but there would be no income generated from it. In some cases, for example the introduction of a new scheme in St Albans Road, any income would need to be balanced against the increased cost of enforcement.

Councillor Martins said that schemes had always had to be enforced. In the past schemes had generated a surplus and he questioned why this would not happen in the future.

The Head of Regeneration and Development explained that when new schemes were put in place they generated a surplus due to the number of penalty notices issued. Once people became familiar with the control, the penalty notice income reduced. As a result of the survey some areas wanted the enforcement hours extended. This would not generate additional funds but would cost more to enforce.

Following the Chair's questions about the cost of yellow lines and which account paid for these to be installed, the Head of Regeneration and Development advised that the Parking account covered all parking controls across the Borough, not just CPZ areas. The biggest source of income was Penalty Charge Notices, which were issued across the whole Borough. She said that it was wrong to call it the CPZ account.

Councillor Turmaine asked whether it would be possible to make a decision at the next meeting to enable Members to consider the information from the previous meeting, owing to Members uncertainty of the figures and the contradictory reports presented at that meeting. The Shared Director of Finance advised that the next meeting would be in January.

Councillor Derbyshire commented that the Panel would be reviewing the budget report in January, including the fees and charges. The Panel could make its recommendation either now or at the next meeting.

Councillor Meerabux, a non-Panel Member, was invited to speak. He said that he agreed with Councillor Derbyshire's comments and Members needed to be in touch with people. He had been under the impression that each scheme should be self-financing. It appeared that some areas made a loss and others made a profit.

Councillor Derbyshire proposed the following –

“that Budget Panel recommends to Cabinet that the increase in the cost of the single permit for those living in CPZ areas should be limited to £1, an increase of 4.56%, from £22 to £23. The second permit as proposed in the officers’ report.”

On being put to the Panel the proposal was AGREED.

RESOLVED –

that Budget Panel recommends to Cabinet that the increase in the cost of the single permit for those living in CPZ areas should be limited to £1, an increase of 4.56%, from £22 to £23. The second permit as proposed in the officers’ report.

33

DATES OF NEXT MEETINGS

- Wednesday 15 January 2014
- Wednesday 26 February 2014

Chair

The Meeting started at 7.00 pm
and finished at 9.40 pm