

## **BUDGET PANEL**

**15 JANUARY 2014**

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

Also present: Councillor Mark Watkin (Portfolio Holder for Democracy and  
Governance and Shared Services)

Officers: Shared Director of Finance  
Head of Finance (Shared Services)  
Finance Manager  
Senior Accountant  
Committee and Scrutiny Officer

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

There were no apologies for absence.

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

There were no disclosures of interest.

### **36 MINUTES**

The minutes of the meeting held on 26 November 2013 were submitted and signed.

### **37 FINANCE DIGEST 2013/2014 - PERIOD 8 (NOVEMBER 2013)**

The Panel received a report of the Senior Accountant, which included the latest edition of the Finance Digest.

The Chair, Councillor Dhindsa, referred to the variance analysis for waste and recycling. He asked why the overspend had been allowed to reach this level.

The Shared Director of Finance explained that the £68,000 overspend had been reported in period 8 but actually related to a period prior to the transfer to Veolia. Agency staff or overtime had been used to cover for staff absences. She acknowledged that the information should have been reported in the Finance

Digest earlier in the year. She added that waste and recycling had transferred from one department to another.

In response to a question from Councillor Martins about the variance for the ICT service, the Shared Director of Finance advised that detailed works on the budget had taken place since the transfer and some budgets had not been allocated correctly. It also covered the additional work required to meet the Public Services Network requirements. She informed Members that the Council was compliant.

The Head of Finance Shared Services responded to a question from Councillor Derbyshire about the underspend in Strategic Finance. He advised that the majority of the underspend related to Revenues and Benefits Client costs.

Councillor Taylor noted the comments in Table 4 within the Finance Digest and the reference to the Council being below the business rates baseline. He asked for further clarification.

The Shared Director of Finance reminded the Panel about the Business Rates Retention Scheme. The Government had set a baseline figure for Watford. If the Council collected above the baseline it would keep a proportion of the income, however if it collected below the baseline it would lose some of its funding. She advised that there was a safety net of 7.5% and if the Council collected less than the safety net it would be compensated up to the safety net level. The Shared Director of Finance informed the Panel the those businesses located in The Parade had been awarded a 15% reduction in their business rates for a limited period due to the current Town Centre works. The Council had contacted the Valuation Office to advise that some of the works had been completed and some businesses were no longer affected by the works. Officers would wait to see if the Valuation Office would further review the reductions.

In response to a question from Councillor Turmaine, the Shared Director of Finance explained that Buildings and Projects' budget had been reduced due to the outsourcing to Veolia, however, the Head of Service had since advised that the funding may need to be restored to the pre-outsourcing levels.

The Head of Finance Shared Services informed the Panel that the faces and bells in the tables were produced based on a comparison of the forecast and the current budget.

Councillor Turmaine noted that in Table 4 Revenues and Benefits had a forecast variance in Period 8 of £213,000. He asked for an explanation.

The Shared Director of Finance advised that officers had looked at the budget and discovered that some budgets were incorrect. For example there was insufficient budget to cover the cost of annual billing. In addition the department had employed agency staff to help improve the service. The information had previously been reported to this Panel and to the Shared Services Joint Committee.

RESOLVED –

that Budget Panel's comments be noted.

38

## **FINANCIAL PLANNING: DRAFT REVENUE AND CAPITAL ESTIMATES 2014 -2018 & TREASURY MANAGEMENT STRATEGY 2014 -2017**

The Panel received a report from Finance Shared Services. It was noted that the report would be presented to Cabinet at its meeting on 20 January 2014.

The Shared Director of Finance highlighted some of the key features for Budget Panel to note. She advised that the Council was proposing a Council Tax freeze and would therefore receive the Council Tax Freeze Grant. Since the publication of the report, officers had been informed that the grant would be 1% which was approximately £83,000. It was proposed that there would be no change to the Council Tax Reduction Scheme. Appendix 1 to the report set out details of the proposed £754,970 Revenue savings submitted by services. Appendix 2 provided information about the £139,820 proposed growth bids.

The Shared Director of Finance informed the Panel that its comments at the last meeting regarding the increased cost of the Controlled Parking Zone, had been reported in paragraph 6.2 of the report to Cabinet.

### Appendix 1 – 2014/15 Revenue Estimates

The Head of Finance Shared Services circulated an addendum to Appendix 1. The changes were to a cost centre description and the wording of a reason. He advised that there had been no changes to the figures.

The Shared Director of Finance stated that the budget was not proposing any significant changes for the Council and there were no large scale redundancies.

Following a question from the Chair about the reference to the deletion of the Project Officer post in Regeneration and Development, the Head of Finance Shared Services advised that he was unsure of the details but would circulate the information to the Panel.

The Chair asked officers to explain the implications if the Council was minded to increase Council Tax by 1%. He also asked what percentage increase would mean that a referendum had to be held.

The Shared Director of Finance explained that local authorities were only eligible for the Council Tax Freeze Grant if there was no increase in Council Tax. Even an increase of 1p would mean that the grant would not be awarded. The Department for Communities and Local Government had not yet confirmed the details about referendum limits. It was anticipated that the level maybe set at 1% or 1.5%. A final decision was expected in early February.

Councillor Counter referred to paragraph 4.1 in the report, in particular the Road Map. She said the results were very impressive and she asked that all staff and Heads of Service be congratulated on their work throughout this time. Due to this work the Council had not been required to make major cuts to services.

The Chair said that he accepted the Councillors comments but added that over the years services had been lost or privatised. He noted that funding for the Women's Centre would cease from April 2014. He considered there to have been cuts to the anti social behaviour budget. He felt it was incorrect to say that there had been no cuts. The Council had privatised services.

Councillor Turmaine asked for clarification about the decision-making process for the cut to the Women's Centre funds.

The Shared Director of Finance explained that the proposal had been submitted to the Council's Leadership Team and then included in this report. She added that she would need to check for further information and report back to the Members.

In response to the Chair's comments, the Portfolio Holder for Democracy and Governance and Shared Services, Councillor Watkin, said that services had continued to be provided to Watford's residents. It would be more correct to say that services were provided differently. Services were operated at a standard people demanded and expected. In addition he referred to the funding of voluntary groups and advised that the Council funded those in line with its strategy.

#### Appendix 4 – Fees and Charges

In response to a question from Councillor Turmaine, the Shared Director of Finance advised that, in Appendix 4, the figures in brackets referred to income to the Council. Generally the figures referred to expenditure by the Council.

Councillor Turmaine sought further clarification about the reduction in fees and charges for Watford market and allotments.

The Head of Finance Shared Services advised that the service income budget for the market was based on the new arrangements with Intu and that the relocated market would be managed by an external company. He stated that he would need to check for further information about the allotments and report back to Members.

#### Appendix 5 – Medium Term Financial Strategy 2014-2018

The Shared Director of Finance reported that Appendix 5 set out the Medium Term Financial Strategy for 2014 – 2018. The Strategy showed that the Council intended to make contributions to the Reserves over the next few years until 2017/2018 when it was proposed to take some funds from the Reserves. Estimates had been incorporated, including conservative predictions for the New Homes Bonus.

Following a question about the New Homes Bonus figures, the Shared Director of Finance explained that officers had considered the expected number of properties to be realised during the period and then estimated the potential New Homes Bonus.

Councillor Derbyshire stated that he was a member of the Development Control Committee and the Committee was very rigorous about planning in Watford. It sought high standards.

Councillor Turmaine enquired whether the projected housing on the Health Campus site had been taken into account.

The Shared Director of Finance responded that she did not have the details at the meeting but she anticipated that the housing should become available during the life of the Strategy.

In response to a question from Councillor Aron about the New Homes Bonus, the Shared Director of Finance explained that the money awarded to the Council did not have to be returned to the Government if it was not spent and that it could be used for any purpose. She advised that originally the Government had proposed that in the following year a proportion would be given to the Local Enterprise Partnerships, however this had since been changed and local authorities would retain all of the award. The Shared Director of Finance added that the Government proposed to review the scheme and the results were expected by April 2014. The Council had already been informed of the amount for 2014/15. Officers were predicting that the New Homes Bonus might not continue in 2017.

Councillor Derbyshire noted the contributions to the Reserves. He said that the Council was debt-free and yet it had still been able to make investments in the Town. He considered this to be a significant achievement by the Council. He felt that the Council had made the correct decision with the Council Tax Reduction Scheme and had not tried to recover any grant reductions from benefit claimants.

The Chair commented that the Council had been debt-free for a long time.

Councillor Turmaine asked about the employer's superannuation contributions for 2014/15. He questioned whether this was due to the compulsory enrolment for employees to the scheme.

The Head of Finance Shared Services explained that there had been an increased actuarial valuation. In addition, a fixed sum would be paid to offset the past deficits. The compulsory enrolment to the superannuation scheme had been delayed.

The Portfolio Holder commented that the additional payment would help the Council to reduce its ongoing liabilities.

In response to a question from Councillor Turmaine about the collection rate used in the Strategy, the Head of Finance Shared Services advised that the percentage had been reduced by 0.5% for 2014/15. This was to reflect the changes in the new welfare reforms. It was anticipated that a 97% collection rate was achievable.

#### Appendix 10 – Capital Programme

Councillor Greenslade referred to the reduction in the Disabled Facility Grants by £150,000. She was surprised there was a reduction as the country's population was getting older.

The Shared Director of Finance advised that the Government gave the Council an amount to support the Disabled Facilities Grants. Discussions had taken place with Heads of Service and it had been suggested that the budget could be reduced. In the future the service would be working closely with the health sector. It was recognised that it was preferable to keep people in their own homes as long as possible. The department felt it was able to operate at this level without any changes to its service.

The Chair asked whether the Council could top up the grants if required from its own funds.

The Shared Director of Finance explained that the Council had discretionary powers over how much it spent on these grants. The Government expected the Council to spend the grant it was awarded and then the Council had a choice about how much additional funding was allocated. She advised that the Council could not reject applications if they met the requirements of the scheme.

Councillor Turmaine noted that nothing had been included in the Capital Programme budget for 2014 onwards. He asked when the Housing Strategy review would be complete.

The Shared Director of Finance informed Members that it had been noted that a large amount of funds had been allocated to affordable housing but there were no clear indications how this would be spent. It had been decided not to include any additional funds until a clear strategy had been set. She stated that she would need to report back to Members about the Housing Strategy review.

Councillor Derbyshire commented that 35% of the housing units to be built as part of the Health Campus would be allocated as affordable housing.

Councillor Greenslade questioned the proposed budget in 2014/15 for the Multi-use games at Meriden as it was already in place. The Shared Director of Finance advised that she would seek clarification and provide the Panel with the information.

In response to a question from the Chair about the funds allocated for Oxhey Park, Councillor Taylor responded that this was to be invested in improvements to the park to meet the green flag requirements.

RESOLVED –

that Budget Panel's comments be forwarded to Cabinet.

39

**DATE OF NEXT MEETING**

- Wednesday 26 February 2014

Chair

The Meeting started at 7.00 pm  
and finished at 8.00 pm