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BUDGET PANEL

10 JULY 2013

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

Officers: Head of Strategic Finance and Shared Services
Committee and Scrutiny Officer

1 APOLOGIES FOR ABSENCE/COMMITTEE MEMBERSHIP

Apologies for absence were received from Councillors Greenslade and Rackett.

2 DISCLOSURE OF INTERESTS (IF ANY)

There were no disclosures of interest.

3 MINUTES

The minutes of the meeting held on 11 March 2013 were submitted and signed.

4 FINANCIAL OUTTURN 2012/2013

The Panel received a report of the Head of Strategic Finance and Shared Services which included the report and its appendices to Cabinet on 8 July 2013.

The Head of Strategic Finance and Shared Services highlighted paragraphs 6.2.2 and 6.2.3 of the report which set out the major favourable and adverse variances. Too many of these variances had not been highlighted in the Finance Digest. The Head of Strategic Finance and Shared Services confirmed that monitoring procedures had been tightened up for 2013/2014. He suggested that the Panel might wish to review the financial performance of revenues and benefits and the commercial rent portfolio during 2013/2014 as they were both significant cost centres. He advised that before he retired from the Council he would be reviewing the Medium Term Financial Strategy (MTFS) and an updated version would be presented to the Panel in September.

Pension Fund

Following a question from Councillor Turmaine, the Head of Strategic Finance and Shared Services provided the Panel with the distant background to the pensions history and how people on leaving the Council had been given

enhancements and the pensions fund had been expected to fund the cost. This process had been changed four years ago and services were required to ensure that any pension strain was paid during the year it had occurred. The ad hoc payment in 2012/2013 was a necessary action to reduce the inherited shortfalls. The Council always followed the Actuary's advice which aimed to eliminate any shortfalls over a 20 year perspective.

It was noted that there were other factors that had contributed to the shortfall in the pension fund, such as people living longer and poor investment returns due to the current low interest rate environment.

Budget Estimates

The Chair asked whether the estimates were realistic and if the budgets should be amended at the start of the year. This could mean that the Council would not have to consider cutting budgets.

The Head of Strategic Finance and Shared Services replied that across Hertfordshire many authorities had an underspend. Due to the austerity environment Heads of Service were being prudent with their spending but agreed that any slack in budgets should be identified.

Revenues and Benefits Service

The Chair referred to the comments in the report about the Revenues and Benefits services' costs. He questioned whether it would not have been better to employ permanent staff rather than using agency staff.

The Head of Strategic Finance and Shared Services responded that he felt it would be useful to find out the new Director of Finance's views about the service. It had become apparent that initially the Benefits service had not measured how many cases staff could process. It was only recently that individual performances had been measured and had shown variances.

Councillor Derbyshire informed the Panel that he was a Member of the Shared Services Joint Committee. The Joint Committee had followed the performance of Revenues and Benefits very closely. It had been noted that the Watford Borough Council was third from bottom on the Government issued performance figures. The only way to resolve the matter quickly had been to use an outside agency to carry out the change of circumstance work. These performance figures now showed that new claims had moved up to average. The change of circumstance applications had not improved in the same way. The Joint Committee asked officers to provide regular updates on the Department for Works and Pensions' statistics. The Joint Committee had also asked officers to review the level of resources. It was felt that initially the service had been too optimistic and there had not been a sufficient number of staff employed to carry out the work.

Members agreed that the Panel should look at this matter at a future meeting. The Head of Strategic Finance and Shared Services advised that a report

containing the financial performance would be presented to the Panel at its September meeting.

Court Costs

The Head of Strategic Finance and Shared Services explained that when the Head of Revenues and Benefits was preparing his budget estimates, he had to make an assessment on the number of cases that would be taken to court and therefore how many court charges were likely to be charged. The costs were charged for non-payment of Council Tax and National Non-Domestic Rates. The original estimate had been set, however, as soon as the Head of Revenues and Benefits had realised that there would not be as many costs charged, it should have been reported through the Finance Digest.

Reserves

The Chair noted that the Car Parking Zones Reserve had increased. At a previous meeting the Panel had been informed that the reserve would run out, however, it had increased. He added that he had asked for a report on the income from the CPZ areas and a breakdown of each zone; this had not yet been produced.

Councillor Counter commented that she had been informed that the reserve paid for new schemes to be put in place. She was aware that a proposed scheme in Oxhey would not be proceeding following consultation with residents. The funds which had originally been set aside for this scheme had not been used.

It was agreed that the report needed to show the expenditure related to schemes as well as the income.

Charter Place overspend

Following a question from the Chair, the Head of Strategic Finance and Shared Services explained how the overspend had arisen and how it was being more than offset from other income.

RESOLVED –

1. that the reports discussed at the meeting be added to Budget Panel's work programme for 2013/14.
2. that Budget Panel's comments be forwarded to the Cabinet meeting in September.

MEDIUM TERM FINANCIAL STRATEGY 2013-2017

The Panel received a report of the Head of Strategic Finance and Shared Services which included the report and its appendix to Cabinet on 8 July 2013. The report provided an update on the Council's Medium Term Financial Strategy.

The Head of Strategic Finance and Shared Services informed the Panel that there were a number of areas that needed to be addressed and were set out in the Cabinet report. An updated strategy would be presented to Budget Panel in September which would enable Members to make recommendations to Cabinet.

Outsourced Contracts

Councillor Martins referred to outsourced services and the cost incurred by the Council to manage the contracts. He asked how it was monitored.

The Head of Strategic Finance and Shared Services explained that a client section was built into the contracts. The client team was based in Corporate and Client Strategy Services, part of the Council's new corporate structure. As part of outsourcing it was also necessary to review the cost of support services and assess any reductions required.

Government Grant

The Chair commented that as set out in the report, the Government had announced a further 10% cut in government support to local government. He felt that this could lead to some local authorities going bankrupt. He asked about the predictions for Watford.

The Head of Strategic Finance and Shared Services referred to the changes to the New Homes Bonus proposed by the Government. Local authorities were also restricted in the amount they could increase Council Tax unless they arranged a referendum.

Councillor Derbyshire said that the saviour for the Council's budget had been the New Homes Bonus. He asked for the reason that two thirds had been placed in the revenue budget and one third into capital.

The Head of Strategic Finance and Shared Services explained that this had been done to allow procedures to be put into place to identify permanent savings in a controlled manner. Further information would be available in the report for the September meeting.

CCTV relocation

Following a question from Councillor Turmaine, the Head of Strategic Finance and Shared Services explained that the CCTV control room had been based at Charter Place. Accommodation had been made available by the Police at Shady

Lane and the offer had been accepted, which should result in reduced ongoing costs.

Cost of welfare benefits

Councillor Turmaine requested further information about the impact universal credit might have on the Medium Term Financial Strategy.

The Head of Strategic Finance and Shared Services explained that aspects of the benefits system would be transferred to HM Revenues and Customs. The proposed timetable had slipped. Local authority staffing implications had not yet been assessed. It had been made clear however, that if there were to be a reduction in staff they would have to be made redundant and could not be TUPE'd over.

Business Rates

Following a question from Councillor Turmaine, the Head of Strategic Finance and Shared Services briefly explained the redistribution of business rates income. He cautioned that there were a number of outstanding appeals which, if granted, could lead to a shortfall. Further information would be included in the report to the Panel in September.

Members thanked the Head of Strategic Finance and Shared Services for the clear summary. The Head of Strategic Finance and Shared Services informed Members that the external auditor had viewed the report and had commented on the clear format which he considered a layperson would be able to understand.

RESOLVED –

that Budget Panel's comments be noted.

6 **WORK PROGRAMME 2013/2014**

The Panel received the latest version of the work programme for 2013/14. The Committee and Scrutiny Officer advised that the programme would be updated to include those reports highlighted throughout the meeting. An updated version of the work programme is attached as an appendix to these minutes.

RESOLVED –

that the work programme be updated.

7 **DATES OF NEXT MEETINGS**

- Tuesday 10 September 2013
- Tuesday 29 October 2013
- Tuesday 26 November 2013

8 **BERNARD CLARKE - HEAD OF STRATEGIC FINANCE**

The Chair informed the Panel that this was the last Budget Panel meeting for the Head of Strategic Finance and Shared Services. He said that Bernard had always been helpful and had made his role easier. Bernard had always answered questions fired at him and was approachable and open to all political parties.

The Chair wished Bernard a long and happy retirement, which was echoed by all Members.

Chair

The Meeting started at 7.00 pm
and finished at 8.05 pm

Minute Item 6

Budget Panel Rolling Work Programme

2013/2014

Committee Membership

Chair Councillor Jagtar Dhindsa
Vice-Chair Councillor Steve Rackett
Councillors Jeanette Aron, Shirena Counter, George Derbyshire, Sue Greenslade, Rabi Martins, Peter Taylor and Matt Turmaine

Date of Meeting	Item for agenda	Officer
10 July 2013	Final Outturn	Head of Strategic Finance and Shared Services
	Medium Term Financial Strategy	Head of Strategic Finance and Shared Services
	Work Programme	Committee and Scrutiny Officer
10 September 2013	Revised Medium Term Financial Strategy	Shared Director of Finance
	Financial performance of Revenues and Benefits.	Shared Director of Finance
	Business Rates – relief available	Shared Director of Finance
29 October 2013	Car Parking Zones – analysis and profitability by ward	Head of Regeneration and Development / Shared Director of Finance
	Analysis of Commercial Rents / Profile for the future	Head of Regeneration and Development / Shared Director of Finance
	Finance Digest 2013/14 – Period 6	Shared Director of Finance

11 July 2013

Date of Meeting	Item for agenda	Officer
26 November 2013	Fees and Charges Review	Shared Director of Finance
	Finance Digest 2013/14: Period 7 (end of October)	Shared Director of Finance
15 January 2014	Draft Revenue and Capital Estimates 2014/2017 and revised Medium Term Financial Strategy	Shared Director of Finance
26 February 2014	Finance Digest	Shared Director of Finance
	Work Programme	Committee and Scrutiny Officer
	Annual Report	Committee and Scrutiny Officer