

## **BUDGET PANEL**

**7 JULY 2015**

Present: Councillor A Khan (Chair)  
Councillor A Joynes (Vice-Chair)  
Councillors N Bell, G Derbyshire, M Hofman, R Martins,  
T Williams and K Collett

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

Officers: Shared Director of Finance  
Finance Manager  
Committee and Scrutiny Support Officer (RC)

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

There was a change of membership for this meeting: Councillor Collett replaced Councillor Counter.

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

There were no disclosures of interest.

### **3 MINUTES**

The minutes of the meeting held on 24 February 2015 were submitted and signed.

### **4 FINANCIAL OUTTURN FOR 2014/15**

The Panel received a report by the Director of Finance that provided details of the revenue and capital outturns for 2014/15.

The Director of Finance stated that there had been an underspend of £1.8 million due to additional income and government grants. It was noted that appendix 1b of the report set out the key reasons for the underspend.

The key figures were noted by the Panel. £285,000 had been received from SLM as a result of a dispute settlement. It was also noted that £150,000 from additional leasing income had been received from Veolia for vehicles which was offset against other budgets.

There was a £463,000 underspend in housing which included additional income such as from bed and breakfast clients. There was also a £105,000 underspend on repairs, maintenance and utilities for operational buildings maintenance. An additional £104,000 had been generated from commercial rent income.

There was an underspend of £70,000 in Human Resources due to vacancies. £931,000 additional government grants had been received that offset benefit payments which had been higher than anticipated. There had also been a £305,000 payment to bad debt provision regarding rent allowances.

Officers proposed to carry forward £1.6 million into 2015-16. Appendix 1e set out how the money would be split via the different service areas.

Members reviewed the Capital Programme at appendix 2. It was noted that £15.1 million would be carried forward from 2014-15 into 2015-16, of which, £10.2 million had been carried forward from 2013-14. It was also noted that this was the result of on-going project work and was described as usual practice for dealing with a capital budget.

Councillor Bell commented that the Chancellor of the Exchequer would publish his budget on 8 July 2015. He questioned whether the Director of Finance knew if there would be any major cuts or changes that would affect the Council.

The Director of Finance stated that she had heard very little although she speculated that the benefit cap would be reduced to £23,000 in October 2015. She believed the budget would not affect the Council directly however there would be an indirect effect on services such as bed and breakfast provision and dealing with homelessness which would be affected by the budget.

Councillor Bell also questioned whether enough resources were being budgeted for ICT. The Director of Finance informed Members that Capita had not indicated that the budgeted amount was inadequate however it remained to be seen whether the amount would be sufficient in practice. It was also noted that money had been provided for a modernisation programme and that further money would be required to then maintain ICT provisions.

Councillor Derbyshire enquired about the timescales of the new homes bonus. The Director of Finance advised that the scheme had lasted for 6 years and next year would be the final year. The final payments for 2016-17 would be made in September or October 2015. It was suggested that the budget might clarify the situation after the scheme ended. Members were reminded that the Conservative Party had stated they would support growth in their campaign in the May 2015 elections.

Councillor Williams highlighted the agency costs in appendix 1d which had resulted in Community and Customer Services running over-budget. The Finance Manager informed Members that this was due to a severe workload dealing with homelessness. To deal with staff vacancies, agency staff had been hired who were more expensive than permanent staff. It was noted that a new Interim Housing Section Head had been appointed however homelessness was still an issue.

The Chair compared the situation in Community and Customer Services where agency costs had taken the service over budget with the situation in HR where

unfilled vacancies had resulted in an underspend. He questioned whether value for money was a consideration and whether HR were therefore taking the correct approach. The Director of Finance said that staffing was a decision for the relevant Head of Service and that different situations required different approaches. She also highlighted that agency staff were not always more expensive than permanent staff as additional costs such as pensions did not have to be paid.

The Panel noted a £104,000 variance in Commercial Projects (High Level) in appendix 1b, within Regeneration and Development. It was noted that work had been carried out in reviewing rent agreements and moving the budget to where it should be. This included the Intu Shopping Centre formally known as the Harlequin Centre.

Councillor Joynes requested further information regarding the redevelopment of Meriden Community Centre referred to in appendix 2. She questioned what would happen if the Centre did not secure funding from other sources. Officers agreed to look into the matter and provide a response outside of the meeting.

The Chair made reference to the £931,000 variance in government grants for housing benefits. It was noted that this was due to the Council having to pay more benefits than predicted and central government had provided additional grant money to cover the difference.

The Chair also questioned what the Locata upgrade was in appendix 1e, item number 36. The Finance Manager informed Members that this was a system for allocating houses. The upgrade had not yet taken place therefore the money had not been spend and remained in the budget.

RESOLVED –

that Budget Panel agrees the recommendations to Cabinet as set out in the report.

ACTION: Director of Finance

## 5 **FINANCIAL OUTTURN FOR 2014/15**

The Chair asked Members to consider items they might wish to have included on the work programme for the remainder of the year.

The Chair noted the upcoming government's budget and he was of the opinion that there would be less money available for the Council. As a result, he suggested the Panel consider entrepreneurial schemes which were being run by other councils to generate income allowing them to move away from dependence on central government grants.

The Director of Finance said that Maidstone Council were involved with commercial trading and a number of councils were involved with rental property and property development.

Councillor Watkin agreed with the Chair's suggestion and noted the Project Investment Board was also looking at such schemes with a view to breaking away from dependence on central government grants.

Councillor Hofman highlighted the need for creating a creative and media hub on Clarendon Road. He stated there were a number of start-up companies in the area as well as many students from West Hertfordshire College who would benefit from such a development. The Director of Finance suggested such a discussion was more suited to the Property Investment Board. The Chair noted that such a discussion also questioned what the Council's strategy was for Watford, i.e. what direction did the Council desire for industry in the borough?

Councillor Watkin commented he wanted to see an increased income from Non-National Domestic Rates and he believed economic conditions were favourable to this.

Councillor Bell questioned whether Members would be briefed as to changes in the central government budget. The Director of Finance informed Members that updates were produced by the Local Government Association and Local Government Futures which would be circulated to Members. She also stated that she would inform Members if anything directly affected Watford Borough Council however she believed the Council would only be affected indirectly.

The Chair asked whether officers could analyse the impact of the living wage on Watford residents. The Director of Finance stated it would be difficult to get reasonable figures and noted the Economic Development Officer might hold the relevant data. It was also noted that the County Council might also hold the relevant data.

RESOLVED –

that entrepreneurship be considered as an item at the Budget Panel's meeting of 27 October 2015.

6

## **DATES OF NEXT MEETINGS**

- 2 September 2015
- 27 October 2015
- 1 December 2015
- 13 January 2016
- 23 February 2016

Chair

The Meeting started at 7.00 pm  
and finished at 7.36 pm