

BUDGET PANEL

2 SEPTEMBER 2015

Present: Councillor A Khan (Chair)
Councillor A Joynes (Vice-Chair)
Councillors N Bell, S Counter, M Hofman, R Martins and
T Williams

Also present: Councillor Anne Rindl (For minute item 7 only)

Officers: Acting Head of Finance
Finance Manager
Committee and Scrutiny Support Officer

7 TRAINING: LOCAL GOVERNMENT FINANCE

The Acting Head of Finance provided an overview of Local Government Finance, which explained how the Council was funded.

During, and following, the presentation the officers responded to questions from Members.

ACTION –

that the Acting Head of Finance provide an electronic copy of the presentation slides for Panel members.

8 APOLOGIES FOR ABSENCE/COMMITTEE MEMBERSHIP

No apologies had been received from Councillors Derbyshire and Whitman.

9 DISCLOSURE OF INTERESTS (IF ANY)

There were no disclosures of interest.

10 MINUTES

The minutes of the meeting held on 7 July 2015 were submitted and signed.

FINANCE DIGEST 2015/2016: PERIOD 3

The Panel received a report on the latest Finance Digest, covering the period to the end of June, by the Acting Head of Finance. This was the first report to the Panel for the 2015/16 financial year.

Members reviewed the net revenue spend for the year to date. The figures included some carry forwards from the previous financial year to fund a number of agreed initiatives and services. The Panel noted the favourable variance forecast for the end of the year, which was predicted to be £60,000. This figure included a number of key variances, including a one-off payment from the Lanchester Community Free School Trust to purchase a 25 year lease on 16 parking spaces in The Avenue car park.

Councillor Williams asked how this income would be accounted for and, in particular, whether it would be divided into 25 instalments covering the life of the lease to provide an annual income to the Council. The Acting Head of Finance responded that this had yet to be clarified and he would report back to the Panel.

Looking at the key financial risk areas, the Chair, Councillor Khan, queried the downturn in kerbside recycling income. The Acting Head of Finance reported that there had been a widespread reduction in the value of recycling, which reflected an over-supply in the market.

The Acting Head of Finance further reported that the Property Investment Board had proposed the disposal of some properties in the Council's portfolio in order to increase capital receipts. This strategy would target higher value properties from which rental income was relatively low. It was requested that the list of properties under consideration be circulated to the Panel.

Councillor Joynes drew attention to the growing problem of providing bed and breakfast accommodation for homeless people in the Borough. The Acting Head of Finance agreed that costs in this area were increasing and an additional £50,000 had been budgeted in the current financial year.

Councillor Williams sought clarification on the loss of land charges fee income to the Council. The Acting Head of Finance explained that this related to the searches carried out by local authorities when purchasing a property. The legitimacy of the charge for environmental information had been challenged in the courts and judged illegal. Watford Council was now liable to pay litigation charges. The Council had anticipated the ruling and money had been set aside to cover this outcome. However the ruling represented a future loss of income to the Council through the removal of this part of the search fees.

Noting that commercial rents provided a valuable source of income to the Council, Councillor Counter commented that it was important that rent was received promptly. The Acting Head of Finance agreed and said that the majority of commercial property debtors were expected to pay in full and the significant outstanding debt statistic (77%) in the 0-1 month category was not of concern.

Observing that over 18% of outstanding debt was over three months old, Councillor Williams asked about the Council's bad debt policy and, in particular, what action the Council took to deal with persistent and long term non-payment. The Acting Head of Finance agreed to find out about the Council's detailed policy in this area and send it to the Panel.

On the same issue, the Chair asked if future finance digests from the Acting Head of Finance could provide more detailed information on the nature of the outstanding invoices. Currently invoices were listed by service area only.

Councillor Hofman queried whether interest was accrued on debts and, if not, whether this was a step that the Council might consider. The Acting Head of Finance stated that interest on debt was not accrued. Despite the Council's own obligation to pay its creditors within 30 days or incur an 8% interest penalty, it pursued a different policy with its debtors. This included establishing payment instalment plans or, where the debt persisted, taking legal action or stopping the service altogether.

Commenting on the monthly BACS payments statistics, the Acting Head of Finance said that the current target of 90% no longer represented a significant challenge and the benchmark would be raised to 98% in future finance digests.

Looking at the council tax collection rates, Councillor Williams requested that statistics be provided to show the breakdown by payment method e.g., by cheque, direct debit etc. Direct payments were both cheaper for the Council to administer and resulted in higher collection rates.

The Chair asked whether Panel Members were aware of the decent homes assistance, which was a type of grant residents could apply for to repair or improve privately owned homes. He encouraged Members to promote this service in their wards.

In a further question, the Chair asked the Acting Head of Finance to provide information about funding for a community centre project on Tolpits Lane. This did not appear in the community and leisure services statistics.

The Chair thanked the officers for the report and responding to Members' questions.

RESOLVED –

that Budget Panel noted the content of the Finance Digest.

ACTION – Acting Head of Finance

to clarify how the Lanchester Community Free School Trust purchase of 16 parking spaces would be accounted for over the 25 year lease.

to circulate the list of properties for disposal under consideration by the Property Investment Board.

to send Members information on the Council's policy to deal with persistent and long term debtors.

to provide more detailed information in future finance digests on the outstanding invoices (currently these are listed by service area only).

to include statistics on Council Tax payment methods e.g., by cheque, direct debit etc in future finance digests.

to provide further information on a community centre project on Tolpits Lane.

12 **DATES OF NEXT MEETINGS**

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

Chair

The Meeting started at 7.00 pm
and finished at 8.30 pm