

BUDGET PANEL

13 JANUARY 2016

Present: Councillor A Khan (Chair)
Councillor A Joynes (Vice-Chair)
Councillors N Bell, S Counter (for minute numbers 29 to 32),
G Derbyshire, M Hofman (for minute numbers 29 to 32),
R Martins, M Whitman and T Williams

Also present: Councillor Mark Watkin, Portfolio Holder for Finance

Officers: Shared Director of Finance
Head of Community and Customer Services (for minute numbers 26 to 28 and 32)
Head of Corporate Strategy and Client Services (for minute number 32)
Head of Regeneration and Development (for minute numbers 26 to 28 and 32)
Committee and Scrutiny Officer

26 APOLOGIES FOR ABSENCE/COMMITTEE MEMBERSHIP

There were no apologies for absence. Councillor Counter had forwarded apologies as she was delayed in traffic.

27 DISCLOSURE OF INTERESTS (IF ANY)

There were no disclosures of interest.

28 MINUTES

The minutes of the meeting held on 1 December 2015 were submitted and signed.

29 UPDATE ON ACTIONS

The Committee reviewed the update on actions from the previous meeting.

RESOLVED –

that Budget Panel notes the update on actions and signs off those which have been completed.

FINANCE DIGEST 2015/16: PERIOD 8

The Panel received the latest Finance Digest, covering the period to the end of November, by the Finance Shared Service. This showed the expected financial position at the end of the financial year, based on the actual performance at the end of November 2015 (period 8).

The Director of Finance highlighted aspects of the digest. She advised that some of the previously reported overspend would be covered by reserves, an increase in the Council Tax base and improved collection of Council Tax. Once all figures had been collated there appeared to be an underspend but this was due to the use of reserves. The variation to the budget had improved since the last report presented to Budget Panel. The current rental income had some reductions built in. She agreed to ask the Head of Regeneration and Development for details of the forecast of income from Charter Place.

In response to a question from Councillor Williams about debtors, the Director of Finance explained that further information was provided on page 26 of the report. A number of invoices had been completed since the report had been published.

Following a question about the unfavourable variance related to back scanning planning files, the Director of Finance informed Members that this was in connection to the upgrade to Uniform.

Councillor Joynes was concerned about the cost of agency staff, as this had an impact on the budget.

The Director of Finance advised that agency staff were being used in some services to cover the gap between the appointment of permanent staff, for example the Interim Housing Section Head, or to cover maternity leave. As levels of staff were reduced it became difficult to cover the gaps between permanent appointments. These agency staff were therefore covering for posts already included within a service budget.

RESOLVED –

that Budget Panel notes the content of the Finance Digest.

FINANCIAL PLANNING: DRAFT REVENUE AND CAPITAL ESTIMATES 2016/2019 AND TREASURY MANAGEMENT STRATEGY 2016-2019

The Panel received a report of the Director of Finance which would also be presented to Cabinet on 18 January. Details of the proposed fees and charges were circulated prior to the meeting.

Fees and Charges

Housing

The Head of Community and Customer Services informed the Panel that the housing income of £1,390,000 was not the net figure. There was a matching expenditure which could be seen in budget report. In response to a comment from Councillor Derbyshire, he confirmed that the income included housing benefit received for those living in temporary accommodation.

Cemeteries

The Chair noted the large increases for burial fees for Watford residents and asked for an explanation.

The Head of Corporate Strategy and Client Services advised that a cemetery review had taken place. It was recognised that the availability of land in the cemetery was running out. Officers had developed a Cemetery Strategy which would be presented to Cabinet at its February meeting. Officers had been tasked to consider how the Council could manage demand, particularly from non-residents.

The Head of Corporate Strategy and Client Services informed Members that a benchmark exercise had been carried out. This had incorporated other Hertfordshire local authority cemeteries and the Carpenders Park cemetery managed by Brent Council. It took into account the potential demand there could be for the Watford cemeteries. The results had shown that it was necessary to impose a significant increase. Any increase in income would be used to cover the staffing resources required as a result of the Cemetery Strategy. Officers would continue to monitor the fees charged by other authorities; however, it was a similar picture across the country. The high initial increase would bring Watford into a better position when compared with neighbouring authorities. Dacorum and Carpenders Park were the nearest cemeteries to Watford.

The Chair commented that he was concerned about the potential impact for certain members of the community. He asked whether an impact assessment had been carried out.

The Head of Corporate Strategy and Client Services advised that an Equality Impact Assessment had been carried out on the complete cemetery review. She would ask officers to look at the area referred to by the Chair. She added that as an example, the walled graves were an option of choice for individuals and not a requirement of a specific section of the community and therefore there would be no impact on one sector of the community compared to others.

Councillor Derbyshire asked for confirmation that the Council had a duty to bury those whose families could not pay for a funeral. He questioned whether this would increase with the higher fees.

The Head of Community and Customer Services reported that the Council carried out between three and seven burials per year. A respectful service was provided. The Council possibly paid less than a family may pay to bury a family member. He would provide Members with details of how many had been carried out in the last year and information about the contract.

The Chair said that he was still concerned at the high increase and some charges had nearly doubled. There would be an impact on those families who chose or were obliged to bury their dead.

The Head of Corporate Strategy and Client Services stated that it was likely the Council was behind other authorities in their fees due to limited increases in fees in the past. She had noted Members' concerns.

The Director of Finance reminded the Panel that members could forward their comments to Cabinet for consideration.

In response to a question from Councillor T Williams, the Head of Corporate Strategy and Client Services explained the difference between resident and non-resident. She added that there was a caveat to the rule in respect of those who had been moved out of Watford into care homes.

Following a question from Councillor Hofman about fee setting, the Director of Finance advised that local authorities made their own decision. There was no legislation governing the charges.

The Chair had noted in his research into this matter that London Boroughs tended to benchmark with other London authorities.

The Director of Finance added that there was a shortage of land and often they had cemeteries outside their boundaries, similar to the Carpenders Park cemetery managed by Brent Council, although it was located within Three Rivers.

The Head of Corporate Strategy and Client Services informed the panel that there was no statutory duty for councils to provide a burial service, except for those with no next of kin. If the Council ran out of land it could be decided not to provide a burial service in the future or to find land outside the borough boundary.

Councillor Hofman noted the service provided to those with no next of kin and asked whether religious beliefs were taken into account.

The Head of Community and Customer Services advised that Council tried to take beliefs into account if they were known. However in most cases the Council did not have that information to help inform its decision.

It was noted that it had been proposed that the children's rates would remain the same as in 2015/16.

Councillor Hofman referred to the benchmarking exercise. He felt that it may not be appropriate to make comparisons with all Hertfordshire authorities as some of them were located much further from London.

The Panel agreed that it wished Cabinet to note Budget Panel's concerns about the steep rise in the burial fees for Watford residents and the potential impact of an increase in fees, particularly where the increase was more than 50%.

Cheslyn Gardens

Councillor Martins noted the large increase in the commercial rate for day hire. He asked for clarification.

The Head of Corporate Strategy and Client Services explained that the Council did not receive a large number of commercial requests. If the Council started marketing its availability, officers wanted to ensure the right level of fee was established. After a year officers could review the situation and reconsider the fee and if necessary reduce it.

Councillor Martins was concerned that if the Gardens were not hired out that often why the fee needed to be increased.

The Chair commented that as an entrepreneurial council, it was important to consider how a site was marketed and the rationale for any increase.

Councillor Hofman considered the fee to hire the gardens for wedding photos seemed to be cheap.

The Head of Corporate Strategy and Client Services explained that this cost had been kept relatively low to encourage the Garden's use. If the fee was too high people could go to other locations and take the photos for free. She informed the Panel that officers had only just started to look at promoting Cheslyn Gardens. It was considered to be a 'hidden jewel' in Watford. This was an area that officers felt the Council may be able to take a more commercial approach.

Councillor Martins stated that in his opinion the commercial rate for day hire should remain at £1,000 for 2016/17. Facilities could then be marketed and a review of demand could be carried out in a year's time.

In response to a question from the Chair about the calculation of fees, the Head of Corporate Strategy and Client Services advised that officers would hone their commercial skills and consider commercially viable options. The aim was to improve the opportunity to increase income.

The Director of Finance referred to the Property Investment Board, which used specialists to provide extra support and advice to help the Council increase its income.

(Subsequent to the meeting, the Head of Corporate Strategy and Client Services identified that the commercial rate for day hire was not in fact related to the hire

of Cheslyn Gardens but was the charge to commercial enterprises such as fairground operators for making use of the main parks in the Borough. The proposal to increase the fees to £1,500 was based on knowledge of current use and an understanding of the commercial viability of increasing the charge to a level that would not deter organisations from continuing to make use of the venues whilst increasing income to the Council. This information was circulated to all Members after the meeting.)

Planning service

Councillor Bell noted the changes to the pre-application advice fees. It was important the Council provided this service and that developers and others used the service. Also he was aware that it had been recommended that residents should be charged £100, although previously it was free.

The Head of Regeneration and Development advised that it was necessary to draw a balance in this matter. In Watford house prices had significantly increased. Officers had worked with the Herts planning group. The income from planning fees only covered approximately one third of the costs to run the service. In addition it was necessary to put the charge to residents into context when looking at the cost of developing properties and their market cost.

Licensing fees

In response to a question from Councillor Bell, the Director of Finance informed Members that the information provided to Budget Panel was the same as the information at Licensing Committee. If the Committee had made any changes at its meeting on Monday they would not be included.

SLM fees

The Head of Corporate Strategy and Client Services advised the Panel that SLM defined the fees and charges for the leisure centres. The company made a business decision. However, if the Contract Management Team felt it necessary they would challenge the company on any increases.

Housing

The Director of Finance explained the seemingly high increase to the bed and breakfast and nightly let weekly charge. This was in fact due to an error in previous reports, where only the service charge had been shown. This year's figure showed the total charge. An explanation was included within the 'comments' section of the report.

General comments

The Director of Finance informed the Panel that the total income to the Council was shown on the first page. It indicated a potential income of £2,285,310.

Councillor Williams commented that if the higher increase to burial fees was not agreed then the total would be reduced by £75,000. This was confirmed.

Councillor Counter noted that some fees had been reduced, for example 'sex establishment licences'. She asked whether this was a requirement the Council had to do.

The Head of Community and Customer Services confirmed that the reduction was as a result of the Public Service directive.

Revenue estimates – proposed savings

The Chair asked for clarification about the savings through the deletion of the Town Centre Management post.

The Head of Regeneration and Development reminded Members of the successful Business Improvement District (BID) vote. The current staff employed by the Council in the Town Centre Management role would be transferred to the BID.

Following a question from the Chair about savings shown under 'Culture and play', the Head of Community and Customer Services explained that this was the deletion of the vacant Events Officer post. When the previous officer had left the Council the post had not been filled. The Council worked more in partnership with the Palace Theatre and therefore the post was not required. He added that not all of the cost of the post had been put forward as a saving to ensure that some funding was available should it be required for events.

The Head of Community and Customer Services informed Members that the reduction in staff costs for the Customer Service Centre was as a result of two members of the team being transferred to Revenues and Benefits. The two full-time posts would be replaced with two apprentices.

The service review due to be carried out in 2017/18 would enable the Head of Community and Customer Services to review the whole service and consider where any efficiencies could be made.

The Head of Regeneration and Development explained that the savings identified in Development Control related to income from major applications. The new planning performance agreement would include design review and communication with residents.

Following a question from the Chair about the reduction 'Mayor – Advertising', the Portfolio Holder explained that there were a number of small reductions within Democracy and Governance which related to budgets which were not used. The Head of Democracy and Governance had recommended they should be withdrawn.

The Chair noted the reference to the use of the annex by the NHS. He asked whether it was possible that there would be more lettings in the future.

The Director of Finance responded that across the country it was likely that local authorities would do more of this. Some authorities relocated to newer offices in order to save money.

The Head of Regeneration and Development added that the property review would look at the use of the Town Hall complex. As the number of staff were reduced the Council would capitalise on opportunities where it could. Other potential tenants could include the Citizens Advice Bureau or it could be a hub for the third sector.

The Chair noted that Brent Council had made savings by moving into the new Civic Centre from the old Town Hall.

Revenue estimates – proposed growth

In response to a question from Councillor Bell about the increase in cost of nightly let accommodation, the Director of Finance advised that it had been built into the Medium Term Financial Strategy. The service was hoping to make improvements.

General comments on savings and growths

The Portfolio Holder commented that there had been some confusion at last year's Budget Council. He stated that the budget before the Panel showed real cost changes to the budget.

Councillor Martins noted that there was no reference to cost implications due to the end of the ICT contract.

The Director of Finance advised that no growth or savings had been built into the budget as it was considered that the service could be provided within the same level of current costs.

The Chair stated that he had received a leaflet from a charity offering to take away unspoilt furniture for free. He asked whether it was worth engaging with other local authorities to provide a similar service.

The Head of Community and Customer Services stated that the market for recycling had diminished. She added that Veolia had connections to three local charity organisations and gave them any suitable furniture. The matter would be raised at the Herts Waste Partnership and a collaborative approach would be encouraged along with any other entrepreneurial ideas.

The Chair thanked the Heads of Service for coming to the meeting and responding to the Panel's questions.

Medium Term Financial Strategy

Following a question from Councillor Joynes, the Director of Finance informed the Panel that officers had not changed their assumptions since last year's budget. Currently a consultation was ongoing about the New Homes Bonus and this was due to finish in March. It was recognised that any new scheme would not replicate the original.

The Medium Term Financial Strategy brought together all the different parts of the budget. It showed the required expenditure and how it would be funded over the next few years. The Director of Finance advised Members that the Council would lose the Revenue Grant Settlement in 2018/19. Although local authorities would keep business rates income, in 2019/20 the Government would take more of this income away from local authorities.

In response to a request, the Director of Finance agreed to circulate a breakdown of the overall Grant Settlement figures shown in the strategy.

The Director of Finance explained that when officers prepared the Strategy they had to make assumptions for future years. For example, the New Homes Bonus would still be in the total local government funding pot, but how it was shared between authorities was not known. It was possible that more would be known in the next Financial Year once the consultation had finished.

The Director of Finance informed the Panel that the Government was offering a four-year finance settlement. If the Council chose to take this offer it would have to sign up to an efficiency plan. However, the Government had not yet defined the criteria.

Following a question from Councillor Derbyshire about the Local Government Pension Service and the frequency of the actuarial reviews, the Director of Finance explained that a full review took place every three years with smaller ones taking place annually. Assumptions had not been changed and the amount for 2016/17 reflected the results of the previous triennial review.

The Director of Finance advised that the Strategy showed any changes to the rents. In 2018/19 there would be a reduction in rents due to development works taking place. Following a request from the Chair, the Director of Finance agreed to provide the Panel with further information on income from Intu.

Councillor Martins noted that in 2018/19 it was proposed that £2,347,787 would be withdrawn from reserves. This would be a significant depletion.

The Director of Finance assured the Panel that there was time to review the Council's position. The Property Investment Board considered where the Council was able to capitalise on its portfolio. She felt confident that the Council would have worked on this before 2018/19.

Following questions from the Chair about the reserves, the Director of Finance confirmed the total reserves. She added that much of the reserves had been set

aside for specific projects. There was a General Fund Working Balance of £1,350,000 which was available to use.

Councillor Derbyshire considered Watford to be in a good position compared to many authorities. He questioned whether some of the objectives could be changed.

The Director of Finance advised that as the Section 151 officer her role was to ensure that the Council had sufficient reserves. One question that needed to be considered was whether the Council would have sufficient funds to cover a one off emergency and whether there was flexibility in the reserves. She believed the Council could manage on its existing reserve position.

The Portfolio Holder added that the Director of Finance had made the Executive think creatively about the Council's responsibilities, for example in relation to housing. The Executive needed to consider risk and whether a higher risk should be considered in some circumstances. With respect to the reserves some could be used if there was an urgent need elsewhere in the budget.

The Director of Finance advised that the proposed four year efficiency plan was likely to require that all reserves were spent. It was not proposed to change the earmarked reserves. A report was due to be presented to Cabinet about the Community Infrastructure Levy (CIL). It was intended that some of this would be used for the Metropolitan Line extension. The levy was only payable on additional development footprints to those already there. Most development locations in Watford were on brownfield sites and this was expected to limit the amount of CIL payable.

The Director of Finance stated that the Medium Term Financial Strategy included a proposal not to increase to the Watford element of Council Tax. A 1% increase was equal to an income of approximately £80,000 per year.

Following a question from the Chair, the Director of Finance advised that the net grand totals shown in Appendix 13 did not include the investment portfolio figures. The Property Investment Board looked at the asset base in order to make better use of it. New rental income had not been factored in.

The Director of Finance informed Members that some capital receipts for the Health Campus would be achieved and were shown in the report. Only the first two elements of the scheme had been defined; other streams had yet to be included.

RESOLVED –

1. that Cabinet notes Budget Panel's concerns about the steep rise in burial fees for Watford residents and the potential impact of an increase in fees, particularly where the proposed increase is more than 50%.
2. that Budget Panel's comments be noted and forwarded to Cabinet for consideration.

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DATES OF NEXT MEETINGS

- 23 February 2016

The Meeting started at 7.00 pm
and finished at 8.45 pm

Chair