

## **BUDGET PANEL**

**29 November 2016**

Present: Councillor Asif Khan (Chair)  
Councillor M Hofman (Vice-Chair)  
Councillors D Barks, N Bell, P Kent, Ahsan Khan, R Martins and  
G Saffery

Also present: Councillor Mark Watkin

Officers: Shared Director of Finance  
Head of Finance (Shared Services)  
Committee and Scrutiny Support Officer

### **16 Apologies for Absence/Committee Membership**

Apologies had been received from Councillor Laird.

### **17 Disclosure of Interests (if any)**

There were no disclosures of interest.

### **18 Minutes**

The minutes of the meeting held on 6 September 2016 were submitted and signed.

### **19 Finance Digest 2016/17 Quarter 2**

The Head of Finance introduced the Finance Digest Q2 for 2016/17.

Budget Panel members noted the expected outturn for 2016/17, which currently showed an unfavourable variance of £807,000 when compared to the latest budget. This variance was due mainly to temporary accommodation pressures.

The Head of Finance reported that temporary accommodation pressures were being experienced by councils around the country. The Director of Finance added that the council had a statutory duty to house people and that the situation could deteriorate further during the course of the 2016/17 budget year.

The Panel was advised that the unfavourable variance would be met from a number of reserves, including the Programme Management Board reserve, but different arrangements would be required to address these pressures in the longer term.

Panel members queried some of the variances in the regeneration and development budget, particularly in regard to planning income and property services. The Head of Finance advised that planning income had been affected by the delayed timing of a number of large applications, some of which were now expected to fall into the next financial year. The Brexit result had had some impact, with developers stalling decisions in the ensuing uncertainty.

In response to the query regarding property services, the Head of Finance reported that additional expenditure had been required to complete its review and restructure. This work had necessitated the short term retention of interim staff with specific property expertise and was not expected to continue into the future.

Looking at the capital investment programme, the Head of Finance advised that the forecast outturn for 2016/17 was estimated to be £2.01 million lower than the latest budget. This variance was due in large part to the re-phasing of the Watford Business Park project to 2018/19 (£2.4 million). It was noted that the forecast outturn might change by the end of the year. The next report to Budget Panel (monitoring Period 8) would provide clarity.

There followed a discussion on the Property Investment Board and its work to diversify the council's property holdings with the recent purchase of a number of investment properties. Budget Panel members requested that there be a presentation of the Property Investment Board's investment strategy at Budget Panel's meeting on 21 February.

Considering the council's income, the Panel noted that a large portion came from rental receipts, together with car parking (largely car parks and the parking shop) and from planning applications, building control and land charges. The Head of Finance reported that Watford Borough Council had taken over pest control services for Three Rivers District Council in April 2016.

Fees and charges would be considered by Budget Panel at the next meeting in January. In a clarification, the Director of Finance advised that commercial fees would be looked at by the Property Investment Board. Standard fees and charges would be included in the council's wider budget setting deliberations. The explanatory pie chart on page 16 of the Finance Digest had been updated and would be recirculated to Budget Panel.

Addressing the debtors figures, the Head of Finance reported that on 30 September 2016 the total outstanding value of debt was around £1.4 million. Since 43% of this was less than one month old, it was anticipated that the debt would be recovered. Council tax and business rate collections were on target and it was expected that there would be a surplus by the end of the year, despite one or two longer term debtors.

The Panel considered the Treasury Management report. In response to a question about the Local Enterprise Partnership (LEP), the Head of Finance advised that although the council had some exposure to problems surrounding the potential curtailing of EU structural funds following Brexit, this formed only one part of the LEP funding stream. The majority of the funds came from central government. The council had three separate loans, repayable in 2020.

Following the council's agreement in October to the government's four year settlement proposal, an element of greater certainty was possible in financial planning. The Head of Finance reported that 95% of local authorities had signed up to the four year settlement. Clarity on business rate retention and the new homes bonus was still awaited.

Budget Panel members reviewed potential risk areas. Looking at Appendix 1 of the report (Explanation of Revenue Variance at Q2 2016/17), which listed a reduction in land searches mainly due to the Brexit result, the Head of Finance advised that this was a further impact of the uncertainty being felt throughout the economy. This had resulted in a slowing of economic activity.

There followed a discussion about the type of organisation in which the council might invest, for example start-up technology companies. This could see some equity for local authorities in return for investment and the ability to pilot new technologies in the borough. The Portfolio Holder for Finance suggested that the council's economic development strategy should be circulated to Budget Panel members for information.

RESOLVED –

that Budget Panel note the Finance Digest 2016/17 Quarter 2.

ACTION – Committee and Scrutiny Support Officer

- Include a discussion item on the Property Investment Board at the 21 February meeting
- Circulate a copy of the updated sources of income chart from page 16 of the Finance Digest 2016/17 Q2 report

- Circulate a copy of the council's economic development strategy to Budget Panel members.

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**Dates of Next Meetings**

- 10 January 2017
- 21 February 2017

Chair

The Meeting started at 7.00 pm  
and finished at 8.05 pm