

BUDGET PANEL

10 January 2017

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

Also present: Councillor Watkin (Portfolio Holder)

Officers: Shared Director of Finance
Head of Finance (Shared Services)
Head of Community and Customer Services
Finance Business Partner (Projects)
Committee and Scrutiny Support Officer

21 Apologies for Absence/Committee Membership

Apologies had been received from Councillor Saffery.

22 Disclosure of Interests (if any)

There were no disclosures of interest.

23 Minutes

The minutes of the meeting held on 29 November 2016 were submitted and signed.

24 Finance Digest 2016/17: Period 8

The Head of Finance introduced the Finance Digest Period 8 for 2016/17. This showed the expected financial position at the end of the financial year, based on the actual performance at the end of November 2016 (Period 8).

The revenue forecast outturn showed an unfavourable variance of £0.657 million when compared to the latest budget. This figure took into account the additional transition grant funding of £93,000 which related to council tax.

Of the unfavourable variance, £450,000 was attributable to the extra demand for temporary accommodation in the borough. A further £100,000 was required to obtain private sector properties to meet this demand. The Panel noted that private sector placement was cheaper than bed and breakfast provision.

Responding to a question about the steps the council might take to address the unfavourable variance, the Director of Finance advised that additional revenue streams were anticipated, for example from the health campus project. However, these would materialise in the 2017/18 budgeting year.

There followed a discussion about the costs associated with council tax billing. The Director of Finance confirmed that a programme of incentivising e-billing was planned in the near future. This was welcomed by the Panel.

Considering the council's capital investment programme, the Head of Finance advised that the forecast outturn was estimated to be £21.05 million, which was £1.99 million lower than the latest budget. The main contributors to this variance were the re-phasing of the Watford Business Park project to 2018/19 (£2.417 million), increase of £1.16 million on the Health Campus and a rephrasing of £0.6 million to 2017/18 for the Colosseum roof.

The Head of Finance advised that, during a period of closer emphasis on budget monitoring, services had spent 47% of the annual budget as at the end of period 8 (end November). This included an actual spend of £948,960 on IT modernisation which had been required to roll out the council's much-needed upgrade. Some of this amount was being reviewed as it might be recharged to TRDC and other projects. This figure was expected to be considerably lower in the future.

RESOLVED –

that Budget Panel notes the content of the Finance Digest.

25

Financial Planning: Draft Revenue and Capital Estimates 2017/2020 and Treasury Management Strategy 2017-2020

The Panel received a report of the Director of Finance which would also be presented to Cabinet on 16 January. Details of the proposed fees and charges had been circulated prior to the meeting.

A correction to the papers was tabled at the meeting. This replaced the following pages in the financial planning report:

- Page 14: Medium Term Financial Strategy 2016-20

- Page 39 – 40: Appendix 3: Reserves.

Introducing the report, the Head of Finance advised that it included the draft revenue estimates for the period 2017/20, including a revised budget for 2016/17.

The 2016/17 budget showed a net expenditure of £17.306 million. Revisions to this budget reflected particular pressures from temporary housing accommodation and changes to the pension contributions required by the Hertfordshire Pension Fund, as well as other unavoidable growth, such as salary and allowance increments and inflation on contracts. Net expenditure in 2017/18 was expected to be £14.262 million. Indicative budgets were included for 2018/19 and 2019/2020.

There followed a discussion about the council's revenue sources – mainly council tax, business rates, the revenue support grant (to be phased out and replaced with local retention business rates income) and new homes bonus – and the need to consider options to address pressures on finances. The Director of Finance confirmed that clarification was still awaited from government on business rate retention rates. Some reserves had been earmarked to plug budget shortfalls. However it was noted that the realisation of some of the council's major projects would assist budgetary pressures.

The Panel considered the council's approved 2016-20 capital investment programme, which totalled £118 million. This supported the council's core services. The Head of Finance advised that there were no current plans to use borrowing to support the capital programme, other than from internal sources. This might be reconsidered if there were changes in market rates which would deliver more favourable revenue returns on capital.

It was acknowledged that the council's investment in temporary accommodation provided a means to offset revenue spending and there followed a discussion about the council's planned temporary housing projects. The Head of Community & Customer Services confirmed that, in addition to Croxley View, a series of modular accommodation blocks were being considered at three separate sites. The exact housing mix of these blocks had not yet been agreed.

In response to a question regarding the flexible use of capital receipts for service transformation, joining up services with other public sector bodies or to make on-going savings, the Director of Finance confirmed that, whilst there was no immediate pressure to do so, the council intended to apply to the government to enable the possibility of such use in the future.

The Director of Finance further reported that consideration was also being given to the rolling over of LEP funding to other schemes as projects were completed. Watford Borough Council had a good track record of identifying and delivering suitable schemes.

Addressing the proposed £5 (2%) rise in Council Tax in 2017/18 for a Band D property, the Panel noted that this would raise an additional £160,000 per annum. It was underlined that the only council tax increase under discussion was that of Watford Borough Council and not the other precepting authorities.

In response to a question regarding the robustness of the council's project and risk management skills, the Head of Community & Customer Services confirmed that considerable experience and expertise had been built up amongst officers and robust reporting and accounting strategies were now in place. Projects were overseen by the Managing Director and their progress was scrutinised regularly.

RESOLVED –

that Budget Panel's comments be noted and forwarded to Cabinet for consideration.

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Dates of Next Meetings

- 21 February 2017

Chair

The Meeting started at 7.00 pm
and finished at 8.05 pm