

Report to Council – 30 January 2024

Report of Cabinet – 15 January 2024

Present: Mayor Taylor (Chair)
Councillor Pattinson (Portfolio Holder for Housing and Wellbeing)
Councillor Saffery (Portfolio Holder for Planning) (for minute numbers 56 to 59)
Councillor Stotesbury (Portfolio Holder for Transport and Sustainability)
Councillor Watkin (Portfolio Holder for Property and Resources)

Officers: Chief Executive
Chief Finance Officer
Executive Director of Place
Director of Partnerships
Head of Legal Shared Services
Associate Director of Planning, Infrastructure and Economy
Mayor's Political Assistant
Democratic Services Manager

The following included recommendations to Council.

59. Financial Planning 2024/25 to 2026/27

Cabinet received a report of the Chief Finance Officer which set out the draft budget for 2024/25 and the Medium Term Financial Strategy to 2026/27. The report was for Cabinet's consideration and then forward recommendation to Council.

The Mayor invited Councillor Watkin to introduce the report.

Councillor Watkin explained the report provided a huge amount of detail, including breakdown of expenditure for each department. He would provide a snapshot, but it would be explained in much more detail at Council.

Councillor Watkin said it had been a tough year for local authorities, with a predicted four out of 10 councils potentially facing bankruptcy. He stressed this was not the situation for Watford. Referring to the revenue budget gap he advised that there had been an increase in the Medium Term Financial Strategy. In the short term the gap had been plugged by using the reserves. It was not an option to do nothing and therefore the council had mitigation measures in place. He provided some of the details. He noted that there were some growth items which had been set out in the report.

Councillor Watkin stated that the overall capital expenditure for 2024/25 would be £33 million. A further £6 million would be taken from the reserves. However, this would still leave adequate reserves of £25 million.

Councillor Watkin informed members that due to the pressures on the council's finances the maximum permitted Council Tax increase of 2.99% would be recommended to Council. He acknowledged that the council was facing great financial pressures and that there would be loyal members of staff leaving.

The Chief Finance Officer had no further comments to add at this stage.

The Mayor reiterated his earlier comment that he was disappointed that no opposition councillors were present for the discussion on the budget. He referred to the impact on the council from various directions, including high interest rates, the increased pressures on services, for example housing, inflation and the real terms cut in funding. He noted Grant Thornton's report that four out of 10 councils were likely to be bankrupt within the next five years. He asked the Chief Finance Officer if she was aware of the position of the other local authorities within Hertfordshire and if there were any concerns. The Chief Finance Officer advised that she had no specific information.

In response to a question about annual spending reviews and whether a more sustained funding agreement would be helpful, the Chief Finance Officer said that the Section 25 statement had partly covered this. It was recognised the current funding method was very out of date and did not reflect the different needs or resources of local authorities. It did not provide councils with the ability to fully plan for the future. However, it was likely that next year would also be a one-year settlement due to the timing of the general election.

Councillor Stotesbury commented that the country was seeing the worst cost of living crisis which was having an impact on local government. Local councils continued to deliver services whilst the government failed to respond to the scale of the problem. In his view the government should step in more rapidly. He was proud that the council had been able to step in and support the community with much needed services. He thanked the officer for her comments, but he felt the government was not doing enough to support local government.

The Mayor added that councils should be given more freedom to raise their own funds rather than keep having to go to central government for funding support.

Councillor Watkin stated he wished to thank the Chief Finance Officer and her team for the detailed report, which ensured members were well-informed.

The Chief Finance Officer thanked the councillor for his comments about the report. She said it was useful to get feedback as the report was there for members and the public. It needed to be useful with the right level of detail. It was a difficult balance to ensure the level of information was right.

In accordance with the Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014 the votes were recorded as follows –

Those in favour

Mayor Taylor, Councillors Pattinson, G Saffery, Stotesbury and Watkin.

The recommendations, as set out in the report, were CARRIED by 5 votes to 0.

RESOLVED –

1. that Cabinet approves an allocation of £1.500m Strategic CIL to pump prime operation and maintenance costs of the Colosseum between 2024/25 and 2029/30.
2. that the Chief Finance Officer in consultation with the Portfolio Holder for Property, Resources and Customer Services be delegated the ability to amend the budget figures in accordance with decisions taken at the Cabinet meeting on 15 January 2024 and any minor variations that may occur before the Council meeting on 30 January 2024.

That Cabinet recommends to Council that:

3. Council resolves in accordance with the Local Authorities (Calculation of Tax Base) Regulations 1992, the amount calculated by Watford Borough Council as its Council Tax Base for the year 2024/25 is 35,532.1 as outlined in the report.
4. Council approves the budget (Attachment 1) as laid out in the report, including:
 - the revenue budget for 2024/25
 - the Capital Investment Programme 2023/24 to 2026/27

5. Council approves the Capital Strategy for 2024/25, and delegates to the Chief Finance Officer in consultation with the Portfolio Holder for Property, Resources and Customer Services responsibility for agreeing and maintaining the Treasury Management Strategy Statement. (Attachment 2)
6. Council agrees to increase the annual Council Tax for a Band D property 2024/25 by 2.99%. This will apply to all other bands.
7. Council agrees to the creation of a Redundancy Reserve and to rename the Riverwell Project Reserve to Commercial Risk Reserve.
8. Council notes the key risks identified and approves their proposed mitigations as set out in Appendix 11 to Attachment 1 – Budget Setting Report.
9. Council notes the advice provided by the Chief Finance Officer on the robustness of estimates and the adequacy of reserves as set out in Appendix 10 to Attachment 1 – Budget Setting Report.
10. Council notes the indicative budgets for 2025/26 and 2026/27 as set out in Attachment 1 and Attachment 3.