



**WATFORD
BOROUGH
COUNCIL**

COUNCIL MEETING

Item 9 – Report of Cabinet

24 January 2017

7.30 pm

Town Hall, Watford

Publication date: 16 January 2017

Contact

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Town Hall
Watford

16 January 2017

Councillor

You are hereby summoned to attend a meeting of the Council of the Borough of Watford to be held on Tuesday, 24th January, 2017 starting at 7.30 pm at the Town Hall, Watford to take into consideration and determine upon the following subjects, namely: -

9. Financial Planning (Pages 3 - 10)

Report of Cabinet 16 January 2017

A handwritten signature in black ink, appearing to read 'Manny Lewis', with a stylized flourish at the end.

Manny Lewis, Managing Director

Report to Council – 24 January 2017

Report of Cabinet – 16 January 2017

Cabinet met on 16 January 2017. The minutes are published on the Council's website.

The following Members were present at the meeting:

Present:

Mayor Dorothy Thornhill
Councillor Collett
Councillor Johnson
Councillor Sharpe
Councillor Taylor
Councillor Watkin

Also present:

Councillor Bell

The following was a recommendation to Council:

64. Financial planning

A report was received from the Shared Director of Finance which asked Cabinet to consider the service level expenditure, funding and council tax levels for the medium term 2017/18 to 2019/20 including consideration of the use of reserves and balances.

The report had also been considered at the Budget Panel meeting on 10 January and the minutes were circulated at the meeting.

The Mayor introduced the item and thanked Budget Panel for their feedback. The key purpose of Budget Panel was to scrutinise the sound position of the finances. It was an important role of the opposition to see whether the budget was sound and if the council had good financial health. The result from Budget Panel's discussion would suggest they had no issue with the building of the budget.

Councillor Watkin explained that the budget was fairly neutral as it was not making radical changes but instead was announcing a change to how the council would have to run its finances in the future as the government removed the Revenue Settlement Grant (RSG). The council had to raise income or reduce costs in order to find £1m. This budget was about launching the council to be ready to do this; it would be a year for planning and preparation.

The key items in the budget were about prudence and being in good shape for the future.

Councillor Watkin continued that for council tax there was a proposed increase of £5 or 2% which equated to 10p per week for a band D property. Since the last council tax increase the Retail Price Index had increased by 19%. There would continue to be council tax support for those disadvantaged members of the community. There were small changes on fees and charges which would be reflecting inflation. The key decision limit would increase to £250,000 in order to take account of increasing commercialisation and the need to react quickly to changing circumstances.

The Shared Director of Finance explained that there were other projects which had not yet been included within the budget such as further phases around the Watford Health Campus and more work on the joint venture with Watford Community Housing Trust. Both of these would bring income for the council in the future.

The Mayor commented that, compared to many councils, Watford Borough Council was in a good place and had been working towards not relying on a grant from the government for many years. There would be future uncertainty, particularly over business rates. However, members could reassure residents that the budget was safe, prudent and entrepreneurial. The council was therefore in a good position to meet the challenges ahead. It would also be possible to continue with free fireworks and paddling pools which brought the community together.

In response to a question from Councillor Bell regarding risk, the Shared Director of Finance explained that the council would need to ensure that commercial income and income from property investments would continue and also to monitor dividends from Watford Health Campus. The Mayor continued that it was important that the council continued to hold some funds in reserves. Another risk was the new homes bonus and uncertainty over what the government would choose to do with this in the future. There was an assumption by the government that councils would increase council tax as a result of the removal of the RSG.

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

Those in favour

Mayor Thornhill, Councillors Collett, Johnson, Sharpe, Taylor and Watkin

The resolutions as set out in the report were CARRIED by 6 votes to 0

RESOLVED

That Cabinet:

1. Delegates to the Director of Finance and Portfolio Holder the ability to amend the budget figures in accordance with decisions taken at the Cabinet meeting and any minor variations that may occur before the Council meeting.

That Cabinet recommends to Council:

That Council:

1. 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 2017/18 is 32,062.1 as outlined in the report.
2. Approves the continuation of the Local Council Tax Reduction Scheme for 2017/18. This will then be subject to a review which will be carried out in 2017/18 with the intention of implementing a new scheme from 2018/19 onwards.
3. Approves the estimate of surplus and deficit position on the Collection Fund.
4. Approves the budget as laid out in the report, including:
 - the base budget estimates
 - The growth and savings
 - The Capital Investment Programme 2016-2020
5. Approves the schedule of fees and charges
6. Approves the strategy for flexible use of capital receipts
7. Approves an increase in the annual Council Tax for a Band D property of £5.00 (2.00%) in 2017/18. This percentage increase will apply to all other bands.
8. Approves the increase of the Council's Key Decision Limit to £0.25 million with immediate effect.
9. Approves the key risks identified and has regard to the advice provided by the Director of Finance on the robustness of estimates and the adequacy of reserves.
10. Notes the indicative budgets for 2018/19 and 2019/20, the Council's future spending plans which are supported by internal borrowing (see para 6.4 onwards of the main report) utilising the Council's reserves and cash balances.
11. Approves the Treasury Management Strategy for 2017/18.

Appendices

- Report to Cabinet 16 January 2017 (previously circulated)
- Report of the Director of Finance on the Council Tax Resolution 2017/2018

Report to: Council
Date of meeting: 24 January 2017
Report of: Director of Finance
Title: Council Tax Resolution 2017/2018

1.0 Summary

1.1 The purpose of this report is to enable the Council to set the 2017/2018 budget and pass the statutory Council Tax Resolutions for 2017/18 for Watford Borough Council's own tax requirements.

1.2 At the time of writing this report, the precept demand from both Hertfordshire County Council and the Police and Crime Commissioner for Hertfordshire have not been set. A report will be submitted to the Functions Committee on 28 February 2017 to set the overall Council Tax, which will include these precepts.

Copies of the Budget Report to the Cabinet meeting on 16 January 2017 were circulated separately to all councillors as they contain information relevant to the recommendations.

2.0 Recommendations

2.1 To agree proposals recommended by Cabinet on 16 January 2017:

- a) That the Council's net General Fund expenditure for 2017/18 shall be £14,261,936.
- b) That the Capital Programme shall be as set out in the Cabinet report.

And in approving these recommendations

- c) To have regard to the Director of Finance's assessment of financial risks and the level of balances and provisions required, as set out in the Cabinet report.

2.2 Setting the amount of Council Tax for Watford Borough Council

That Watford Borough Council's Council Tax Base for 2017/18 has been calculated at **32,062.1** in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) (England) Regulations 2012 made under Section 31B (1) of the Local Government Finance Act 1992, as amended.

2.3 That the following amounts be now calculated by the Council for the year 2017/18 in accordance with Sections 31A to 36 of the Local Government Finance Act 1992:

- (A) *Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (2) of the Act. (Effectively the gross expenditure and transfers to reserves)* **£71,683,952**
- (B) *Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3) of the Act. (Effectively the gross income and transfers from reserves)* **£63,513,246**
- (C) *Being the amount by which the aggregate at 2.3 (A) above exceeds the aggregate at 2.3 (B) above calculated by the Council in accordance with Section 31A (4) of the Act as its Council Tax Requirement for the year* **£8,170,706**
- (D) *Being the amount at paragraph 2.3 (C) divided by amount at 2.2 above, calculated by the Council, in accordance with Section 33 (1) of the Act as the basic amount of its Council Tax for the year (at Band D)* **£254.84**

(E)	Council Tax Valuation Bands	Conversion Factor to Band D	Watford's Share (£)
	A	6 / 9	169.89
	B	7 / 9	198.21
	C	8 / 9	226.52
	D	1	254.84
	E	11 / 9	311.47
	F	13 / 9	368.10
	G	15 / 9	424.73
	H	2	509.68

Being the amounts given by multiplying the amount at paragraph 2.3 (D) above by the number which, in the

proportion set out in Section 5 (1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in Valuation Band D, calculated by the Council, in accordance with Section 36 (1) of the Act, as the amounts to be taken into account for the year 2016/17 in respect of categories of dwellings listed in different valuation bands

- 2.4 That a report including precepts of both the Police Authority be presented to the Functions Committee on 28 February 2017 to set the total Council Tax.

Contact Officer: Bob Watson, Head of Finance, telephone extension 7188, email bob.watson@threerivers.gov.uk

3.0 Budget Process

- 3.1 At its meeting on the 16 January 2017 the Cabinet approved the budget proposals for 2017/18. The decisions made by Cabinet are reflected in the formal resolutions set out above.
- 3.2 The Council is recommended to approve Cabinet's budget proposals and to make the necessary formal resolutions to set the level of Council Tax.
- 3.3 Members are required to have regard to the Director of Finance's assessment of risks and the adequacy of balances. This is set out in the 16 January 2017 Cabinet report and concludes that the level of balances should be adequate.
- 3.4 Budget Panel considered Cabinet's proposals at its meeting on 10 January 2017 and its minutes were circulated to Cabinet prior to any decisions being taken.
- 3.5 Members agreed a Members Remuneration Scheme at the Council meeting on 29 January 2014 which covered the period 2014-2018. As such there are no recommended changes to that previously agreed.
- 3.6 The precepts for Hertfordshire County Council and The Police and Crime Commissioner for Hertfordshire have not yet been notified to the Council. A report will be submitted to the Functions Committee on 28 February 2017 detailing the tax requirement for Watford Borough Council's own purposes with those of the preceptors, to formally set the overall level of Council Tax.

3.7 Watford's net revenue expenditure for 2017/18 is forecast to be £14,261,936 which is then reduced by the application of central government support and other funding of £5,458,280 and the transfer from the Council's Reserves of £632,950 (the budgeted use of reserves of £886,231 less the planned additional contribution of £253,281). The residual balance of £8,170,706 is the statutory Council Tax Requirement which is then divided by the council tax base for 2017/18 of **32,062.1** Band D equivalents.

3.8 This results in a council tax for Band D of £254.84 and the Watford Borough Council's Council Tax has increased by £5.00 from the precept set in 2016/17.

4.0 Implications

4.1 The implications contained in the report to Cabinet on 16 January 2017 are equally applicable to this report and Members are invited to refer to them to avoid unnecessary duplication.

Background Papers

Report to Cabinet of 16 January 2017