

BUDGET PANEL

12 JUNE 2012

Present: Councillor J Dhindsa (Chair)
Councillor S Rackett (Vice-Chair)
Councillors G Derbyshire, S Greenslade, P Jeffree, A Khan,
R Martins and P Taylor

Also present: Councillor Mark Watkin (Portfolio Holder for Finance and
Shared Services),
Councillor Malcolm Meerabux
Neil Benn (CIPFA Services)

Officers: Head of Strategic Finance and Shared Services
Head of Finance (Shared Services)
Head of Revenues and Benefits (Shared Services)
Economic Development and Infrastructure Planner
Interim Housing Strategy Manager
Revenues Manager
Committee and Scrutiny Officer

1 APOLOGIES FOR ABSENCE/COMMITTEE MEMBERSHIP

Apologies for absence were received from Councillor Aron.

2 DISCLOSURE OF INTERESTS (IF ANY)

During the discussion in minute number 5 the Chair, Councillor Dhindsa, informed the Panel that he owned properties which were rented to tenants and it was possible they may be affected by the new scheme. He stated that if Members preferred him not to take part in the discussion he would withdraw from the meeting.

The Panel had no objection to Councillor Dhindsa remaining in the meeting and taking part in the discussion.

3 MINUTES

The minutes of the meeting held on 8 February 2012 were submitted and signed.

4 BUSINESS RATES RETENTION

The Panel received a report of the Head of Strategic Finance which followed on from a previous report to Budget Panel on 25 October 2011. Additional

documents were circulated to the Panel after the publication of the agenda. These included a document from the Economic Development and Infrastructure Planner regarding the potential for Business Rate growth in Watford and one about the projection for New Homes Bonus from the Interim Housing Strategy Manager. The Head of Strategic Finance apologised that the additional information had not been provided earlier, however, the situation was changing on a daily basis.

The Chair introduced Neil Benn from CIPFA and invited him to give his presentation.

Mr Benn explained the current Business Rates collection procedures and the new scheme from April 2013. He provided a comparison of Watford Business Rates under the old scheme and the new scheme. He added that levies would be imposed on authorities who gained Business Rates and safety nets for those who collected less. He also provided an example of the calculation for 2013-14. The figures included in the example were guesstimates.

Following a question from Councillor Watkin, the Portfolio Holder for Finance and Shared Services, Mr Benn confirmed that the targets were set for 10 years. The option on how the target would be calculated still needed to be confirmed. It was possible this could change if there were a change of government.

Mr Benn advised that there were many aspects of the scheme that still needed to be finalised. The proposed levy for gainers in the scheme was 89%. A proportion of the levy would then be distributed to authorities who had made losses.

Mr Benn then explained about 'pooling'. This would allow local authorities to 'pool' their resources. He informed Members about the advantages, disadvantages and main risks of this method. He added that if authorities wanted to form a 'pool' they had to inform the Department for Communities and Local Government by the end of July 2012. If the County Council was involved the levy was reduced to 73% rather than 89%.

Mr Benn set out the timetable for the introduction of the scheme culminating with it being introduced from April 2013.

Members were concerned that once the target was set there was no incentive to increase the amount of business rates collected. Councils might prefer to have flats developed rather than businesses and thereby gaining additional New Homes Bonus.

There was also concern that there might be tension finding like-minded authorities to join forces and pool resources. It was felt that there were very few authorities in Hertfordshire who were similar to Watford. Some Members felt that 'pooling' should not be ruled out completely and that further work needed to take place to enable different options to be investigated. It was agreed that there was insufficient time to make a decision before the deadline in July.

Following various Members' questions, Mr Benn explained that the July deadline had been set to enable central government time to work out the targets and grants for 2013/14. If authorities decided not to enter into a 'pool' by July it was possible to establish one at a later date for the following year.

With regard to the incentives, Mr Benn advised that the Government wanted no more than 1% increase in Business Rates per year and therefore the levy had been introduced.

The Economic Development and Infrastructure Planner explained the document he had produced setting out the potential for Business Rate Growth. In relation to 'pooling' a concern would be that not all authorities were pro-growth. Authorities interested in 'pooling' needed to be like-minded and have a common ground. He noted that Members had referred to Stevenage and Dacorum. The businesses within Dacorum were different to those in Watford. With regard to Stevenage, the town was located further north and land values were different.

The Head of Strategic Finance then informed Members of the discussion which had taken place at the Herts Leaders' meeting on 11 June. He advised that the Mayor had not been present as she was attending a different meeting. He stated that the Leaders had agreed not to make an application to 'pool' resources by the July deadline and that it would be reviewed further after December when more information would be available.

The Chair concluded from the Panel's discussion that Members felt that the suggestion should not be ruled out completely but that it was important to wait for further information. This appeared to be the same view as the Herts Leaders' group.

The Chair thanked Neil Benn for his presentation and responding to the Panel's questions.

The Head of Strategic Finance noted that the New Homes Bonus had not been discussed. He advised that this would be revisited at the next meeting as part of the Medium Term Financial Strategy.

RESOLVED –

1. that the Panel's comments be noted and that 'pooling' should not be ruled out completely.
2. that further information be presented to Budget Panel when it is known.

5

LOCALISATION OF SUPPORT FOR COUNCIL TAX

The Panel received a report of the Head of Revenues and Benefits which provided an update on the progress in devising a local scheme to support Council Tax payers. An additional document had been circulated to Members following the publication of the agenda which set out the consultation proposals.

The Chair informed the Panel that he owned property which was rented out to tenants and that they might be affected by a new scheme. He stated that he was not personally affected. He asked Members if they were content for him to remain at the meeting or whether he should withdraw.

The Panel agreed that the Chair could remain and take part in the discussion.

Members discussed the suggested changes to the discounts and exemptions that the Council might be able to introduce. It was suggested that a taper might be set as it would not be sensible if the administration costs outweighed the expected income. Members agreed that any removal of exemptions or discounts may help to get properties rented or sold. The Panel was generally in favour of maximising these options.

Councillor Rackett suggested that the Council also needed to consider how it could help landlords to ensure their properties were let, for example providing contacts with social landlords.

Councillor Meerabux commented that it was important to allow landlords time to get properties back into decent order. He was concerned that people might be encouraged to leave properties to become 'shoddy'.

The Head of Revenues and Benefits (Shared Services) replied that the theory was that the time properties were empty would be reduced. Housing would welcome landlords putting their properties forward for use. He advised that some landlords, however, did not like renting their property to people in receipt of benefits. Revenues and Benefits did not hold information about why properties were empty. The service was only aware if they were empty and unfurnished or undergoing major repair works.

The Panel also discussed the various options for changes to the scheme which would affect those in receipt of Council Tax Benefits. They were concerned about the impact on this vulnerable sector of the community. The responsibility for achieving the required savings should be placed on the empty properties. It was felt that the Equality Impact Assessment had an important role in determining the right procedure. Members also believed that it was important to see the result of the consultation with the current recipients and vulnerable groups.

The Head of Revenues and Benefits (Shared Services) advised Members that the interim consultation report would be presented to Budget Panel in October.

Councillor Derbyshire stated that it was difficult to make any firm decision as there was insufficient information available. He suggested that a table could be produced to show the comparisons between the current and proposed schemes.

Members also referred to the suggestion of a countywide scheme. It was agreed that it was difficult to give a definitive answer. Councillor Martins said that his

concern with a countywide scheme was that Watford had a different demographic and different deprivation levels to the rest of the county.

The Head of Strategic Finance reminded Members that Watford would need to find 16% of the overall required savings, which could, as a last resort, be covered by using available reserves if agreed by Members. The County Council, however may not have that luxury. It would have to identify £588,000 of compensating savings and might feasibly decide to reduce expenditure in Watford in order to claw back the savings it needed to find. Watford therefore could not be complacent.

The Head of Strategic Finance then outlined the discussions from the Herts Leaders' meeting the previous evening. He added that officers from across the County would be meeting on 18 June to discuss a countywide scheme. A report would then be presented to the Leaders' meeting in July.

The Chair thanked the Head of Revenues and Benefits (Shared Services) for attending and answering Members' questions.

RESOLVED –

that the Panel's comments be noted.

6

WORK PROGRAMME

The Panel received a report of the Head of Legal and Property Services including the latest draft of the rolling work programme.

The Chair suggested that a training session could be held at the beginning of the next meeting. Due to the number of reports he asked Members whether they would be prepared to start at 6.30 p.m. This was agreed.

Councillor Rackett asked whether it would be possible to include an item about the feasibility of carrying out consultation on the draft budget. This was agreed.

Councillor Martins asked that the report on Controlled Parking Zone permit charges included a section for discussion about the enforcement periods across the Borough and flexibility in the scheme. The Chair added that it should include the possibility of introducing some free parking times.

In concluding the meeting, The Chair requested that the Head of Strategic Finance pass on the Budget Panel's thanks to all officers and Neil Benn (the consultant) for their contributions to the agenda items.

RESOLVED –

that the Panel's comments be included in the 2012/13 work programme.

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DATES OF NEXT MEETINGS

- Tuesday 11 September 2012 (starting at 6.30 p.m.)
- Tuesday 23 October 2012
- Tuesday 27 November 2012

Chair

The Meeting started at 7.00 pm
and finished at 9.05 pm