

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