

BUDGET PANEL

29 November 2011

Present: Councillor Dhindsa (Chair)
Councillor Poole (Vice-Chair) (in the Chair for minute number 34),
Councillors Counter (for minute numbers 29 and 33 to 39),
Derbyshire, Greenslade (for minute numbers 29 and 33 to 39),
Martins, Meerabux, Qureshi and Rackett (for minute numbers 29 to 37)

Also present: Councillor Wylie, Portfolio Holder for Finance and Shared Services

Officers: Head of Strategic Finance
Executive Director (Resources)
Head of Finance Shared Services
Head of Legal and Property Services
Head of Planning
Interim Property Section Head
Partnerships and Performance Section Head
Housing Section Head
Waste and Recycling Section Head
Committee and Scrutiny Officer

29. TRAINING

The Head of Legal and Property Services and Interim Property Section Head gave a presentation on the current Property review. The Interim Property Section Head outlined the various sections of the review and the issues which had to be taken into consideration for each of the topics. Members were informed about the investment portfolio and its total value. The investment income from the portfolio equated to 5.7% of its valuation and was approximately 30% of the Council's net budget. The Interim Property Section Head advised that officers were developing a programme and would be balancing value and cost. Workshops would be held to consult on future plans and would include Members.

Following the presentation officers responded to Members questions.

30. APOLOGIES FOR ABSENCE/COMMITTEE MEMBERSHIP

There was a change of membership for this meeting: Councillor Qureshi replaced Councillor Watkin.

31. DISCLOSURES OF INTEREST

There were no disclosures of interest.

Under minute number 35 (Housing Value for Money Phase 2) Councillor Dhindsa said that he was unsure whether he should declare an interest. He advised that

he owned several properties, however he would have no financial gain from the proposals in the report.

32. **MINUTES**

The minutes of the meeting held on 25 October 2011 were submitted and signed.

Minute 25 – Service Prioritisation Review

Proposal 72 – Introduce charge of £150 for installation of disabled bays

The Chair asked that it was noted that he had not been in favour of charging residents for the installation of disabled bays.

33. **FUTURE COUNCIL: ROADMAP**

The Panel received a report of the Managing Director which asked Budget Panel to consider a number of proposals for identifying future savings or alternative strategies.

The Partnerships and Performance Section Head said that the Managing Director had sent his apologies that he was unable to attend the meeting. She advised that the report included the proposed approach to deliver a further £2 million savings.

Following a question from the Vice-Chair about Citizens' Juries, the Partnerships and Performance Section Head advised that Citizens' Juries were a different approach to the Citizens' Panel but were not out of alignment. They had been set up by other local authorities. They were not required by legislation. The aim would be to work with a group of residents and build up their understanding of the issues facing the council.

A Member asked about the proposal under the Localism Act about referendums on Council Tax increases.

The Head of Strategic Finance explained that the Secretary of State had put in a control mechanism regarding Council Tax increases. If a local authority wanted to increase Council Tax above the maximum level set by the Secretary of State, the local authority would be required to hold a referendum to seek its residents views. Following a further question from the Chair, the Head of Strategic Finance stated that authorities were not required to increase Council Tax by the amount suggested by the Secretary of State; it could be lower.

A Member referred to previous discussions about sharing the management arrangements with another local authority. He had noted in the update attached to the report that the suggestion of sharing the Managing Director's role had been put on hold. He asked whether this was a temporary or permanent measure. He also asked for an explanation of what had driven the decision.

The Executive Director (Resources) replied that this proposal had not been dismissed completely. Discussions had taken place between senior Members

from Watford and the other council, the outcome of which had been to conclude that a shared role was not appropriate at the present time. She said that it was understandable given the current agenda for both councils.

The Portfolio Holder added that there was opportunity to share more at director level as retirements occurred but currently not at the Managing Director level.

A Member noted the recommendation contained in the report. He said that the four bullet points on the first page of the report were right and he could not see anything that could be added to the approach. Earlier in the day he had listened to the Chancellor's Autumn Statement and had been interested to hear that the Government would be easing the TUPE arrangements. This would help simplify matters when considering other services.

The Member added that the Council must not rely on the use of reserves as this was not sustainable in the long term.

The Chair said that he did not agree about the proposed TUPE arrangements.

A Member said that he was concerned about the cuts taking place across the Council. He felt that this could create two-tier areas. He asked what checks were in place to safeguard the most vulnerable members of the community.

The Partnerships and Performance Section Head informed the Panel that the Council's performance was not just looked at on a council-wide basis but also in relation to different areas. For example the cleanliness of areas was measured on a ward basis. In addition, she advised that, when the Council wanted to introduce new policies, officers were required to carry out an Equality Impact Analysis. This was completed as the new policy was developed and it was necessary to look at the impact of the policy on different groups.

The Chair asked who monitored the cleanliness of a ward. He would like to see residents involved. Resident's perception was important.

The Partnerships and Performance Section Head explained that the cleanliness standards, when there was a national performance indicator to report, had been established by a national organisation, ENCAMS. It would be possible to monitor residents' views on services through consultation. Overall it was monitored through the quarterly reviews between the Head of Service and Portfolio Holder.

He said that the street may have been cleaned the day before the monitoring was carried out. He asked whether residents were approached for their comments.

The Partnerships and Performance Section Head replied that monitoring was carried out on a visual basis through surveying and that residents' views were taken into account through consultation and complaint monitoring.

A Member commented that the Overview and Scrutiny Committee had recently received a pictorial guide setting out the standards for measuring the level of cleanliness. He suggested that the information was circulated to Budget Panel and the Vicarage Ward Councillors.

A Member asked whether there was an outcome of the appraisal of ICT.

The Portfolio Holder replied that the appraisal was still being carried out. The final report would be presented to Watford and Three Rivers Shared Services Joint Committee. A suite of options had been proposed, which would become clearer over the next meetings. It was due to be completed by the end of the current financial year for implementation during 2012/13.

Councillor Derbyshire moved that

“Budget Panel endorses adoption of the four key transformers in the Managing Director’s Roadmap as the strategic basis for finding the savings required by the Council’s Service Prioritisation Programme.”

The Chair commented that he had reservations about the approach, particularly the ‘market testing’.

The Committee and Scrutiny Officer informed the Panel that the Managing Director had attended the recent Overview and Scrutiny Committee. It had been agreed that a Task Group, comprising the full committee membership, would be set up to look at service provision in the future and what Members would want to be taken into consideration.

On being put to the Panel Councillor Derbyshire’s motion was AGREED.

RESOLVED –

that Budget Panel endorses adoption of the four key transformers in the Managing Director’s Roadmap as the strategic basis for finding the savings required by the Council’s Service Prioritisation Programme.

ACTION: Committee and Scrutiny Officer

The Vice-Chair took the Chair

34. **CORPORATE PROCESS IMPROVEMENT PROGRAMME – PROGRESS UPDATE**

The Panel received a report of the Partnerships and Performance Section Head which provided an update on the Corporate Process Improvement Programme (CPIP).

The Executive Director (Resources) reported that nine out of the 12 projects had been completed. An additional £150,000 savings had been identified. A further two projects would be completed this year.

A Member said that the report was impressive and a lot of hard work had gone into the programme.

The Chair congratulated officers on the additional savings. He asked what impact the savings would have on service delivery.

The Executive Director (Resources) replied that overall service improvements had been achieved through a variety of means. For example, the scanning contract for planning applications had been renegotiated and a better value for money contract had been achieved. Both this project and the Planning admin review meant that the service was able to operate more efficiently with fewer staff, through reducing the need for vacancies to be filled.

The Chair commented that he was still concerned.

The Portfolio Holder stressed that there had been cases, for example where there had been the need for two licences for software programmes prior to Shared Services, only one licence was now required. This meant that there was a saving of the cost of the licence for one operating system.

The Vice-Chair (in the Chair) commented that it was evolution.

The Head of Strategic Finance reminded those Members who had been on Budget Panel in previous years of the Planning value for money review. He advised that some of the CPIP savings helped to reduce perceived high costs of the service.

RESOLVED –

that Budget Panel's comments be noted.

Chair in the Chair

35. HOUSING VALUE FOR MONEY PHASE 2

The Panel received a report of the Head of Community Services setting out the proposed new staffing structure, which had taken account of the findings of internal and external reviews of the service. The aim was to align the staffing budget as closely as possible to the required savings of £150,000. The report was due to be considered by Cabinet at its meeting on Monday 5 December 2011.

A Member referred to the staff involvement in the review and asked for confirmation that they felt the proposal was the best way forward.

The Housing Section Head replied that there was broad support for the Supply/Demand model from Housing staff. There had been productive feedback during the consultation on issues around individual roles, job descriptions and the recruitment process which were being examined. Although all but three of the section were at risk staff were continuing to deliver the service well, despite the personal pressures being experienced.

A Member commented that the staff should be commended for engaging with the consultant. The proposals appeared to be workable and a lot of thought had gone

into them. The review had been very timely. There were major changes being introduced by the Government to housing policy. One example was that the Council would soon be able to discharge their homelessness duty through use of the private rented sector as well as social housing. He thoroughly commended the report.

The Chair stated that he was concerned about the proposals as the homeless problem was likely to increase in the future. He questioned how the service would manage with a cut in staffing at this time.

The Housing Section Head replied that any reduction in the number of staff was a huge challenge. The review had involved looking at the work carried out and how best to align the resources to where they were needed, for example within the Supply Team. The proposed structure had been geared towards reducing pressure on the Demand side by working more effectively on supply issues.

The Chair asked about the work with private landlords and how the delay in Housing Benefit affected them. He believed that landlords preferred to rent to someone who was able to pay the rent themselves. He had contacted some local letting agents to enquire about the number of properties available. He had been informed that there were not many properties available and those that were available were quickly let.

The Housing Section Head explained that the role of the Supply Team was to look at all housing stock, both in the private sector and the social housing sector. Private landlords were still talking to the Council about letting properties. She added that she was optimistic that the service could involve private landlords.

At this point the Chair questioned whether he should have declared an interest as he owned several properties. He added that he would not receive any personal gain from the proposals in this report.

A Member said that he had noted the reduction in staff and the impact the savings would have on staff. He felt that morale would be affected and therefore their work would also be affected. He asked about the current absenteeism levels and whether there was any support for staff. He also enquired whether they had been provided with financial information to inform their own personal decisions.

The Housing Section Head responded that the level of absenteeism had not increased. The staff were continuing to work in a very professional manner. The Managers met on a weekly basis to identify any issues emerging and how this could best be managed. Each member of staff had received two individual consultation meetings and made aware of where support could be accessed e.g. from the union, by bringing a work colleague with them or through the confidential counselling service. In addition staff had been asked at each stage what they felt would make the process less difficult for them. They had advised there needed to be more guidance about the practicalities of the recruitment process and a phased approach to avoid unnecessary applications and interviews. With regard to the Member's final question, the Housing Section Head advised that staff received a full break down of their individual redundancy details. When developing the current approach the service had benefited from other services' experiences earlier in the year.

A Member commented that the Government had recently changed the way landlords would receive rent. Previously the default position had been that the tenants were given the housing benefit to pay to their landlord. If someone was in financial difficulty they might not pay the benefit to the landlord and they would then get into arrears and risk the possibility of becoming homeless. The Government had introduced relaxations to the regulations. Local authorities were able to pay the housing benefit direct to the landlord. He asked whether Housing officers had discussed this with the Housing Benefit team. It was important that there was flexibility within the payment procedures.

The Housing Section Head advised that landlords had said the payment issues were a key concern. Housing officers were working more closely with the Housing Benefit team; they understood the type of evidence Housing Benefit required for Safeguarding (direct payments to landlords) to be put in place for benefit applications. Officers were able to identify the information during their discussions with tenants. The position was much better than before.

The Chair said that if a tenant paid the housing benefit to the landlord and then did not tell the Council about any change in circumstance, when the Council discovered the overpayment they would ask the landlord to pay it back. He said that in this case the tenant was at fault and not the landlord. He added that the rent guarantee scheme was only available for one month's rent. The delay in housing benefit applications put landlords off accepting these tenants.

The Housing Section Head replied that she was aware of these issues.

The Portfolio Holder stated that when claimants were on and off housing benefits due to their changing circumstances, this put a pressure on the Housing Benefit service. He was aware that some landlords had stopped renting their properties to Housing Benefit claimants when the benefits could no longer be paid directly to them. In some cases the landlords had sold their properties. The supply of properties had not grown in line with the emerging number of people requiring accommodation. The market was very fragile. The pressure was from the lack of available properties and not necessarily the level of staffing; however, this could be improved by closer working with landlords.

The Chair thanked the Housing Section Head for her report.

RESOLVED –

that Budget Panel's comments be noted.

36. **REVIEW OF TRADE REFUSE ACCOUNT**

The Panel received a report of the Head of Strategic Finance providing background information relating to the trade waste service and its financial viability. Members were asked for their comments about an increase in charges for 2012/13.

The Head of Strategic Finance informed the Panel that trade waste was not a statutory service as long as there was a provider in the area. The Panel was asked to consider the Council's options which included not providing the service or to make it self-financing. He advised that it might be counter-productive to not provide the service. With regard to the service being self-financing, the Head of Strategic Finance stated that it had achieved this in 2010/11 and would probably achieve it in 2011/12. Next year there would be an unavoidable increase. The charge needed to take account of the County Council's disposal costs; fuel costs and a possible increase in staffing costs. If there were a deficit next year it would need to be covered by Council Taxpayers. He asked Members whether this should be the responsibility of Council Taxpayers.

A Member said that he agreed with the Head of Strategic Finance's comments in paragraph 3.5 of the report. The service should not be withdrawn.

Another Member commented that this was a commercial service provided by the Council. The current policy required the service to break even and should not be subsidised by the Council Taxpayer. If officers felt 5% was the required increase then this should be agreed. He added that other companies would have similar increases in costs.

The Chair said that he did not necessarily agree that the service should be retained. He was not sure that it was the right time to increase charges as traders were suffering.

A Member questioned whether it was right that a local authority should underwrite the cost of a private company. He considered 5% a reasonable increase.

A Member stated that the Council's charge appeared to be lower than the private companies. The other companies would also need to increase costs. They would need to consider staffing costs.

The Portfolio Holder added that some companies charged higher and others were lower. The Council's service had a turnover of £1.4 million and it could not afford to be run at a loss. A 5% increase was reasonable when compared to the other charges.

RESOLVED –

that Budget Panel supports a 5% increase in charges for 2012/13.

ACTION: Head of Strategic Finance / Head of Environmental Services

37. REVIEW OF CONTROLLED PARKING ZONE

The Panel received a report of the Head of Strategic Finance and Head of Planning reviewing the current levels of income received by the parking service and analysis of the potential draw on the Parking Reserve by proposed traffic related schemes.

The Head of Planning informed the Panel that there was an increasing gap between income and costs. It was necessary to take funds from the reserves without the Parking Reserve being replenished. Officers were suggesting a 30% increase to the cost of a permit. She referred Members to Annexes B and C, which set out the existing charges and the cost with varying increases and comparative costs of residents' permits.

A Member said that the Council should try to encourage single car households. He suggested an increase of 10% for the first permit and 30% for second permits. He asked what impact this would have on revenue.

The Portfolio Holder responded that when the increase had been levied previously officers had found that the amount raised for second cars was very small. At that time it had been agreed to keep the two to one difference, as a discouragement for second cars. Other authorities mainly charged twice the cost of the first permit. There were some that charged one and a half or one and a quarter times the cost of the first permit.

The Head of Planning added that very little had changed. It had been calculated that the average car ownership in West Watford was 1.1 cars per household.

A Member suggested that £20 was a small amount. She felt that if someone owned a car they were likely to be able to afford £30. She agreed with the sentiment of discouraging more cars.

Another Member asked when the last increase had been charged and the exact figures of the previous amount.

The Head of Planning explained that the last increase had been charged in 2005 and the cost of the first permit had increased from £16 to £20.

A Member commented that the rationale for the increase was the shortfall in the reserve. He suggested that it was necessary to look at the figures in more detail and more options should be included. He added that the benefits of bringing the parking service in-house should also be considered. He asked whether there was scope for an increase for visitors' permits. He agreed that £30 did not seem to be a lot of money but the Council needed to be mindful of public perception that the Council was raising funds. He said that officers had referred to the cost of bringing in new schemes but had not factored in the income from new schemes.

The Head of Strategic Finance reported that Annex A included details of essential works and potential new schemes.

The Vice-Chair said that he was worried about public perception. He could see the reason for raising the charge but the Council needed to consider how it was done. He had noted the Member's suggestion about increasing the first and second permits by different increases. He asked whether there would any benefit from having smaller annual increases.

A Member referred to the Cassiobury Controlled Parking Zone (CPZ) scheme. He asked whether future new schemes would be able to have bespoke schemes. He considered the Cassiobury scheme to be a financial quagmire. He was aware of

residents who lived in terraced properties in different wards and shared cars but they were unable to have two permits for the different areas. He asked whether the Council could be imaginative.

Another Member commented that the Council had previously looked at car pooling schemes. He would be concerned about the risk to future projects as he was sure the Oxhey Councillors would also be concerned. If the charges were not increased officers would have to tell others that they could not have their new scheme.

One Member said that the policy was clear that the operation of the CPZ scheme should be financially neutral. The Parking Reserve was being run down. He did not feel it was necessary to have a 20% or 30 % increase. If the increase after six years was 10% residents might be more prepared for that amount. It was possible the charge could be considered each year. A 30% increase was not necessary.

The Chair stated that schemes had to be self-financing. Some wards subsidised others. He noted that there was still £400,000 in the reserve. He questioned how many residents in Cassiobury purchased permits compared to Vicarage residents, who did not have driveways. He believed the income from Cassiobury would be less compared to the income from Vicarage, Holywell and Central. He did not agree that the increase would be a 'drop in the ocean' for those living in Vicarage. If officers consulted about an increase he suggested that residents would not agree. He understood it had taken 12 years to use £500,000. He considered it to be the wrong time to increase the charge. He suggested that it should be reviewed again in 2012 and residents should be consulted. He said that it would be interesting to find out how much income was raised in Cassiobury and Vicarage or Central.

The Portfolio Holder responded that every residential area was being subsidised by penalty charges levied in the Town Centre and pay and display receipts in that area. The income from permit charges was very small. When the CPZ schemes were introduced in the 1990's it was clear that the Nascot scheme would be subsidised by the other areas. The residential schemes did not generate enough income to fund the enforcement costs. As more people complied with parking schemes the income decreased. Permit charges had been kept at an affordable level. Any costs incurred had to be met from the revenue and if there were any surplus this was put into the reserves.

The Portfolio Holder informed the Panel that when the Council's parking contract had been due for renewal, officers had considered bringing the service back in-house. The costs were reviewed and it was felt they would become unviable in a short space of time. It was necessary to take account of staff costs and pension contributions in the calculations. He added that the parking account included the cost of installing yellow lines. Over time the parking schemes had increased; much of West Watford had a CPZ and there was a small area which had Match Day Parking. Other areas pressed for parking enforcement arrangements. The penalty charges were a deterrent. The income paid back capital charges and to be able to install new schemes or extend existing ones. If the Chair's suggestion that there were no increase this year was agreed, it would be necessary to consider which works could proceed. If Oxhey did not want to move ahead with a CPZ scheme then a proportion of the costs listed would not be incurred.

The Portfolio Holder stated that it was important that the parking account was kept in balance. He acknowledged the range of views from the Panel. He suggested that from a user's point of view it was easier to have a rounded figure for the charge rather than odd pence. For example £20.00 and not £20.40. Unless the administration was advised to subsidise schemes from Council Tax then there were difficult decisions to be made.

The Chair said that some schemes should not subsidise others. There was £400,000 in the reserves and this should be used first. Residents should be asked if they wanted the increase.

The Portfolio Holder clarified that £500,000 had been used in four or five years. Funded schemes had to pay back the capital costs of installation. The 1990s' CPZ scheme had been paid for from income generated in the Town Centre. He recalled the Planning and Highways Committee which had considered the scheme. At that time residents in Callowland rejected a CPZ scheme. The original plans and costings had been based on Callowland being part of the scheme.

A Member said that the Chair should not refer to subsidising other areas. Cassiobury Estate subsidised most other residents in Watford through the Council Tax collected. He commented that the Portfolio Holder had made a clear case for an increase and felt that most of the Panel would be in favour.

One Councillor stated that she understood the concerns about public perception. She advised that Oxhey was investing in a car share club. There were other options available. She said that she would not support a recommendation not to increase the charge.

A Member asked why schemes were being funded from the reserve and not capital.

The Portfolio Holder explained that schemes were funded by capital if there were no funds within the Parking Reserve. When the original scheme had been set up it had been required to use capital which then had to be paid back. The current problem was the rate of attrition and people still wanted new parking schemes. He acknowledged that some people needed their car to do their job and was aware that some people might see an increase to permit charges as an additional Council Tax charge. He added that it was important that if there were an increase it was important to explain the reason.

A Member stated that whilst there were still funds available in the reserve there was no urgency for the increase. He would like Budget Panel to look at the wider aspect including visitors' permits.

The Head of Strategic Finance stressed that Budget Panel was not setting an increase at this meeting. The final decision would be made by Cabinet at its meeting in January. Currently officers did not have next year's forecast. The information would be produced in January. He thanked Members for the good debate.

The Vice-Chair noted the wide range of views and that the financing was very complex. He asked whether it would be possible to have a review of the charges, for example the cost of CPZ permits could be linked to the cost of providing the service. He suggested it might be useful to defer. It was important the account broke even and that there was no charge to the Council Taxpayer.

Councillor Derbyshire moved that –

“Budget Panel, given that there had been no increase for six years, will support a 10% increase.”

Councillors Martins and Poole moved that –

“Budget Panel’s recommendation be deferred pending further information on projected income from planned new schemes to be provided at the next meeting.”

On being put to the vote there were 2 Members in favour of Councillor Derbyshire’s motion and 7 in favour of Councillors Martins and Poole’s motion; therefore Councillors Martins and Poole’s motion was AGREED.

RESOLVED –

that Budget Panel’s recommendation be deferred pending further information on projected income from planned new schemes to be provided at the next meeting.

ACTION: Head of Planning and Head of Strategic Finance

38. **FINANCE DIGEST 2011/2012:PERIOD 7**

The Panel received a report of the Head of Strategic Finance setting out the reported budget variances as at the end of October 2011.

The Portfolio Holder commented that the Shared Services Joint Committee had been pleased with the collection rates.

RESOLVED –

that the report be noted.

39. **DATES OF NEXT MEETINGS**

- Wednesday 11 January 2012
- Wednesday 8 February 2012

The Chair thanked officers for attending the meeting and responding to Members’ questions.

The Chair said that he wanted it recorded that he was concerned about the timings of the reports. They should be produced in a more timely manner.

Chair
Budget Panel

The meeting started at 7.00 p.m.
and finished at 9.35 p.m.