

## Annual Scrutiny Report 2011/12

Copied below is Budget Panel's contribution to the Annual Scrutiny Report for 2011/12.

### 3. Budget Panel

#### Membership

Councillor Jagtar Singh Dhindsa (Chair)

Councillor Tony Poole (Vice-Chair)

Councillors Shirena Counter, George Derbyshire, Sue Greenslade, Rabi Martins, Malcolm Meerabux, Steve Rackett and Mark Watkin

#### 3.1 The Panel's Work Programme for 2011/2012:

The Panel met on six occasions during the year and considered the following:

- **Corporate Process Improvement Programme** was considered by Budget Panel on two occasions and looked at back office functions with a view to improving efficiency. £150,000 savings were ultimately identified.

Budget Panel supported the process but made the reservation that it should not affect service delivery.

- **Harlow Value for Money Comparison** was inconclusive and raised as many questions as answers. Budget Panel would like to revisit it using the latest data available in 2012/2013.
- **Housing Value for Money Review** was considered twice by Budget Panel. The Review identified £180,000 of service reductions.

Budget Panel had some concerns that this area was experiencing higher volumes of activity and perhaps this was not the right time to be making service savings.

- **The Final Outturn for 2010/2011** was considered and showed there was an underlying overspend of approximately £240,000.
- **The Finance Digest Budget Monitor** was regularly considered by the Budget Panel and is currently showing an overspend of approximately £600,000. This reinforces the effect that the recession in the wider economy is having. For Watford, commercial rent income is down; income receipts from areas such as planning fees are down; and the cost of homelessness is up. The Budget Panel were reassured that Leadership and Portfolio Holders actively try to identify compensating savings.
- **The Medium Term Financial Strategy was considered at the Meeting on 20<sup>th</sup> September** which indicated the austerity programme being faced by all authorities would set tough targets. It reinforced the need to meet service prioritisation savings targets set during the previous year's budget consideration. A major discussion point was the extent to which the Council's reserves could be used to help minimise the impact upon service standards.

- **Income Policy** was discussed by the Panel. It was felt that the Council needed to be clearer on its Income Policy. For example when services should be self-financing or when a degree of Council tax subsidy should be allowed. Comparators with other authorities were considered to be a useful aid in this process.

Budget Panel signalled an intention to major on this in 2012/2013.

- **Cost of Consultants** – the use of outside help was debated at length at one meeting of the Budget Panel. It was felt that there needed to be a clear distinction between a short, sharp review into an area of activity—with a defined pay back strategy. This needed to be compared with the ongoing employment of consultants when existing (and cheaper staff) could be employed.

Budget Panel wished to revisit this during 2012/2013.

- **Service Prioritisation Savings Review** – the Medium Term Financial Strategy highlighted the need to achieve a package of £3 million of savings over a three year period. Budget Panel reviewed progress in this area and noted that approximately £400,000 of proposed savings would not be achieved. The majority of this non achievement was due to a change of policy by Cabinet.

Budget Panel broadly supported the strategy for achieving the residual £2.6 million of saving.

- **Local Government Resource Review** – Budget Panel considered a paper from the Head of Strategic Finance outlining proposals from Central Government to allow councils to keep any additional income arising from growth in the Business Rates base.

A detailed presentation is to be made to the first meeting of Budget Panel in 2012/2013 which will include options around five year modelling of the affect upon Watford.

- **Council Roadmap** - the Managing Director had prepared a report indicating how the Council might achieve a further £2 million of savings in 2013-2016. This included reviewing the way services would be provided and indeed whether the Council should actually deliver the services directly.

Budget Panel accepted the need to develop these ideas and looked forward to receiving further reports in due course.

- **Trade Refuse Service** – Budget Panel considered this service and agreed it should break even and endorsed a 5% increase in charges in 2012/2013.

Cabinet accepted this recommendation.

- **Car Parking Permits** – a similar consideration took place relating to the need to increase these charges but the Panel felt this needed further consideration during 2012/2013 and recommended no increase in charges.

Cabinet accepted this recommendation.

- **Draft Revenue and Capital Estimates** – there was broad agreement that the Council had little room for manoeuvre in meeting Central Government's grant reductions. There was a view that some expenditure reductions should not be agreed and largely related to support for voluntary organisations and the housing service. The majority within Budget Panel felt that these reductions needed to be pursued. There was a unanimous view that Council Tax should be frozen in 2012/2013. This view was accepted by Cabinet.

With regard to the capital programme it was generally endorsed but Budget Panel noted that the approximately £4.5 million provision for improvements to the Cultural Quarter was just a budget figure at the present time and that community views were required before expenditure was actually spent.

### 3.2 Training

Two training sessions were organised.

The first related to the budget process and understanding how the component parts mesh together. This was largely for the benefit of a number of new members on the Budget Panel and very much set the scene for the work to be carried out by the Panel on financial planning.

The second training session involved a presentation on the Council's property review and the need to make the most efficient use of our assets and also included the identification of any surplus assets. This latter point is important as there is a continuous need to generate capital receipts if the council's investment/ improvement programme is to be realised.

### 3.3 Review of the work carried out in 2011/2012

At the end of each year Panel Members and support officers reflected on the Panel's performance. This year Members concluded that the Panel worked well with lively discussions on a number of occasions. It was generally felt that politics had not intruded on the decisions agreed by the Panel.

The reductions in public expenditure experienced by all local authorities obviously affected the work of the Panel but even here lively debates revolved around the need to cut some service expenditure, whether income charges should go up and the extent to which reserves should be used to soften the blow.

A representative of the Watford Observer regularly attended each meeting.

Budget Panel particularly enjoyed the presentation on the Property Review and looks forward in keen anticipation to a follow up session during 2012/2013.

Finally Budget Panel recorded its thanks to the Portfolio Holder for Resources, Councillor Andy Wylie, for attending each meeting, representing Cabinet and providing experience, wisdom and defence of Cabinet in equal measure. It also

thanked officers, in particular the Head of Strategic Finance, for their support throughout the year.

### **3.4 Chair/ Vice Chair's Commentary**

This year was my first year as the chair of Budget Panel. I am pleased to say I thoroughly enjoyed it. The work carried out by the Panel is listed above. I will comment on a few of them below.

Two training sessions were organised for the benefit of members on the Budget Panel and the feed back has been very positive.

Budget Panel looked at the need to increase the Control zone parking permits, after a lively discussion the Panel felt this needed further consideration during 2012/2013 and recommended no increase in charges. The Panel influenced Cabinet in agreeing a 5% increase in trade waste charges and indeed freezing council tax for another year. The Elected Mayor was generous enough to recognise the help Budget Panel had provided in shaping the 2012/2013 Budget.

All meetings attracted a very good attendance both from Panel members and interested member colleagues.

A representative of the Watford Observer regularly attended each meeting as there is a recognition that many detailed debates occur within this forum.

This year Members concluded that the Panel worked well with there being lively discussion on a number of occasions. It was generally felt that the political dimension had not intruded upon the ultimate decisions taken by the Panel and that reflected well upon the Chair and all Panel Members.

Finally I would like thank the Portfolio Holder for Finance and Shared Services, Councillor Andy Wylie, for attending each meeting and providing experience, wisdom and defence of Cabinet in equal measure. We would like to wish Andy all the best in the future. Thanks to all other officers who attended the meeting to present their reports and answer questions and my personal thanks to Bernard Clarke and Sandra Hancock for all their hard work/help.

Councillor Jagtar Singh Dhindsa  
Chair of Budget Panel 2012/13