

REPORT TO COUNCIL – 28 January 2015

REPORT OF CABINET– 19 January 2015

Cabinet met on 19 January 2015 The minutes are published on the Council's website.

The following Members were present at the meeting:

Present:

Mayor Dorothy Thornhill
Cllr Crout
Cllr Johnson
Cllr Sharpe
Cllr Scudder
Cllr Watkin

Also present: Councillor Nigel Bell
Councillor Asif Khan

The following was a recommendation to Council:

52. FINANCIAL PLANNING – DRAFT REVENUE AND CAPITAL ESTIMATES 2015-18 AND THE TREASURY MANAGEMENT STRATEGY 2015-18

A report was received from the Director of Finance Shared Services to enable Cabinet to consider service level expenditure, funding and council tax levels for the medium term 2015/16 to 2018/19 including consideration of the use of reserves and balances. This budget was a component part of the 2015/16 Council Tax calculations. The report included advice from the Director of Finance on the adequacy of general reserves and balances in the context of the three year planning horizon 2015-18 and set out:

- the draft revenue estimates for the period 2015-18, including a revised budget for 2014/15
- the draft capital programme for the period 2015-18
- the Treasury Management strategy 2015-18

The report had also been considered by Budget Panel at its meeting on 15th January and the minutes were circulated at the meeting.

The Chair introduced Councillor Khan, Chair of Budget Panel, and welcomed the Panel's role in the budget process to ensure that the budget was sustainable, prudent and well managed.

Councillor Khan described the Budget Panels' discussions over the last two meetings regarding reported over and under spends in the budget. The Panel had questioned these

and were satisfied with the answers received. The Panel had also interrogated the reasons behind fluctuations in business rates and rental income. The Panel had recommended a freeze for charges for graffiti removal from private properties pending a review of the service.

The Chair asked whether Councillors understood the changes regarding business rates. The Director of Shared Services Finance had given a presentation on the topic. The Council still only received a small percentage of business rates. Previously there had been no incentive for Council's collecting business rates, however, this had now been introduced.

The Director of Shared Services Finance responded that from a financial point of view the situation was becoming clearer but there were still some uncertainties nationally. Watford was in a 'safety net' position due to the rateable values decreasing as a result of a revaluation. If the Council wished to influence the position then it needed to bring in new business.

Councillor Khan commented that at previous Budget Panel meetings there was an ethos of looking at supporting economic growth and regeneration. The Panel had received a briefing from the Economic Development Manager. The Panel had also looked at the New Homes Bonus for the period until 2017/18.

The Director of Shared Services Finance responded that most Councils were making the assumption that the New Homes Bonus would be changed.

The Chair said that on paper it appeared that the Council received a good amount of funds through the New Homes Bonus but there were also funds taken away through different mechanisms so the position of the Council remained unchanged. The Chair welcomed Budget Panel's entrepreneurial approach. The less dependant the Council could be on government grant, the better and it enabled the funds to go to places where it was needed most.

The Chair continued, in response to a statement from Councillor Khan regarding the property review, that Lambert Smith Hampton had completed a review of the Council's property. The Council had introduced a market rate for its properties and then allowed third sector groups to apply for grants towards their rent, therefore making funding transparent. Hard decisions had to be made, for example charging for car parking on the Watford Business Park, but it meant that significant cuts to Council services had been avoided. The Chair questioned why private property graffiti removal charges should be frozen over other charges made by the Council. Many Councils do not offer the service.

Councillor Watkin commented that there was expected to be an underspend which would be put into the Council's reserves. There had been some growth within the budget and some loss of income. However, planning applications were increasing which contributed to a growth in revenue. There had also been a saving of just under £900k in overheads and costs which would not affect Council services. There was no need to increase Council Tax. The overall budget would decrease as the Council moved towards self-sustainable funding, over four years there would be a reduction in the reserves of £1million.

In response to a comment on the Council's car parks the Chair remarked that there would be investment in the car parks from an external partner. Councillor Scudder commented that the car parks were already outsourced but would now be managed by a different company. The Chair continued that the Council was separating satellite car parks from shopper car parks as keeping them all the same was not meeting the needs of the town.

There were two changes to the budget proposed: using a saving of £1,650 from Democratic Services Member training budget for tea and coffee refreshments for members at meetings.

The second change was to the Capital programme, adding a one-off allocation of £250,000 to support match-funded bids for the refurbishment of community centres.

In accordance with the Local Authorities (Standing Orders) (England) (Amendment) Regulations 2014, a recorded vote was taken.

Those voting in favour of the resolutions:

Councillors Crout, Johnson, Scudder, Sharpe, Thornhill and Watkin

The resolutions, as set out in the report, were CARRIED.

RESOLVED:

That Cabinet:

- 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 2015/16 is 30,804.58 as outlined in paragraph 7.5 and summarised at Appendix 7.
- Approves the estimate of surplus and deficit position on the Collection Fund.
- Approves the 2015/16 savings of £869,650 as detailed at Appendix 1.
- Approves the 2015/16 growth of £581,260 and as detailed at Appendix 2A, 2B and 2C.
- Approves the proposed fees and charges for 2015/16, which are included in the base estimates and detailed at Appendix 4.
- Approves all the assumptions made within the Medium Term Financial Strategy at Appendix 5 which includes a council tax freeze for 2015/16.

That Council be recommended to approve:

- The General Fund Budget Requirement (Net Expenditure) (before use of grants and reserves) as outlined at paragraph 7.1 and detailed at Appendix 5 as follows:

- Revised budget for 2014/15 as £13,990,215
 - Base budget for 2015/16 as £15,174,850.
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- The Capital Programme as set out at Appendix 10.
 - The financial risks set out in Appendix 9.
 - The current Local Council Tax Reduction Scheme continues for financial year 2015/16 (paragraph 7.6.5 refers).
 - The use of reserves and balances as identified in paragraph 7.8
 - The Treasury Management Strategy for 2015-18 as set out in Appendix 11.
 - That the Portfolio Holder, in consultation with the Director of Finance, is given the delegated authority to approve any variation to the Treasury Management Strategy during the year which may be brought about by investigating the opportunity to invest for greater than 1 year and to invest in other investment instruments i.e Government bonds, Gilts and property with a view of maximising the Councils returns without significantly increasing risk.
 - To delegate 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 on 28th January 2015.

Appendices

- Report to Cabinet 19 January 2015 (previously circulated)
- Report of the Director of Finance on the Council Tax Resolution 2015/16