

CABINET

23 JANUARY 2018

*PART 1 – PUBLIC DOCUMENT

AGENDA ITEM No.

6A

TITLE OF REPORT: ITEM REFERRED FROM FINANCE, AUDIT AND RISK COMMITTEE: 22 JANUARY 2018 – DRAFT REVENUE BUDGET 2018/2019

The following is an extract from the Draft Minutes of the Finance, Audit and Risk Committee meeting held on 22 January 2018.

66. DRAFT REVENUE BUDGET 2018/19

The Head of Finance, Performance and Asset Management presented a report in respect of the proposed Revenue Budget for 2018/19.

The Head of Finance, Performance and Asset Management advised that he would be focussing on the changes to the draft Revenue Budget since the last meeting of the Committee in December 2017.

The Head of Finance, Performance and Asset Management referred to paragraph 8.2.5 and Table 3 of the report, which confirmed that the additional flexibility for Councils to increase their Council Tax by up to 2.99% was for two financial years (2018/19 and 2019/20). Therefore, as per the Council's Medium Term Financial Strategy, the financial modelling assumed that the increase would apply for those two years.

The Head of Finance, Performance and Asset Management drew attention to Paragraph 8.3.5 and Table 6 of the report, which set out the level of budget risks. There had been an increase in the risk allowance to reflect changes in planning, both in relation to the North Hertfordshire Local Plan Examination (which was taking longer than originally anticipated) and other emerging planning issues, such as the Oxford-Cambridge Arc and London expansion. The need to respond to those issues and promote the views of NHDC had been identified.

The Head of Finance, Performance and Asset Management advised that Table 7 of the report highlighted the larger variances found in the review of the 2017/18 budget at the end of Month 8 (November 2017). The impact on the 2018/19 budget of a reduction in expenditure of £82,000 was relatively small and had been built into forecasts.

In respect of Paragraph 8.5.3 and Table 8 of the report, the Head of Finance, Performance and Asset Management advised that this detailed the changes made by the Cabinet at its December 2017 meeting. Some of these had now been reflected in the budget as these were within the Cabinet's remit to change, whilst others would require the approval of the Full Council in February 2018. The impact of these proposals was shown in Table 8.

The Head of Finance, Performance and Asset Management stated that Section 8.6 and Appendix 1 of the report summarised the budget position, and included a forecast of the remaining savings that the Council still needed to identify by 2021/22, which were expected to be around £150,000. However, this amount could be significantly affected by a number of factors, including changes to the way New Homes Bonus was calculated in future years; changes to the Fair Funding Formula, which was currently being consulted on by the Department for Communities and Local Government (now Ministry for Housing, Communities and Local Government),

with any changes likely to be implemented from 2020/21; and the successful delivery of the savings included within the budget forecasts.

In response to issues raised by the Committee Chairman, the Head of Finance, Performance and Asset Management predicted a surplus of around £200,000 on the Council Tax Collection Fund at the end of 2017/18, which would be retained in the Fund for 2018/19. He confirmed that work had already commenced on the Third Quarter Monitoring report, and to date no unexpected issues had been identified.

Some Members expressed continued concern about Efficiency E9 (Cessation of Area Committee Grants), in that whilst it was welcomed that Cabinet had taken on board the fact that there was no agreed replacement for Area Committees and had deferred the matter for a year, they felt that this efficiency saving was the first step in the dissolution of the Area Committees by transferring the grants budget to a Member Panel, in advance of the discussion and decision on any replacement mechanism for Area Committees. Those Members felt that the grants budget should remain with Area Committees for 2018/19.

Further concern was expressed by a Member about the grant-making process. He felt that a more cost effective way of administering the process should be investigated as part of any changes the Council would be making to the way the Council made grants.

In respect of Efficiency E16 (Apprenticeship Scheme), the Chairman was pleased to see that the Scheme would continue for the 2018/19 Financial Year.

In reply to a question regarding Efficiency E20 (Waste Contract Lot 2 Award), the Head of Finance, Performance and Asset Management advised that it was expected that the savings attributable to this item would be zero.

In response to queries regarding Efficiency E21 (Waste Contract – Garden Waste Charging), the Head of Finance, Performance and Asset Management explained that that the 26% take up of the scheme assumed 50% of that 26% taking up the early bird offer (estimated reduction in income of around £30,000). He added that it was his understanding that the early bird offer would be disseminated to all residents in the District by letter in early February 2018.

RECOMMENDED TO CABINET: That the following comments of the Finance, Audit and Risk Committee be taken into consideration by the Cabinet during its deliberations on the Draft Revenue Budget for 2018/19:

- E9 – Cessation of Area Committee Grants – concern was expressed regarding the transfer of Area Committee grants budgets to a Member Panel, in advance of the discussion and decision on any replacement mechanism for Area Committees; and as part of any changes to the grants-making process, a more cost-effective way of administering the grants should be investigated.

REASON FOR DECISION: To provide an opportunity for the Committee to comment as appropriate on the proposed Revenue Budget for 2018/19.

[Note: the matter to which this referral relates is Item 8 on the agenda.]