





# Overview and Scrutiny Committee

<b>Report for:</b>	Budget Overview and Scrutiny Committee
<b>Title of report:</b>	Draft 2023/24 Budget Proposals
<b>Date:</b>	6 <sup>th</sup> December
<b>Report on behalf of:</b>	Councillor Graeme Elliot, Portfolio Holder for Corporate Services
<b>Part:</b>	I
<b>If Part II, reason:</b>	N/A
<b>Appendices:</b>	<p>Appendix A General Fund Revenue Summary 2023/24</p> <p>Appendix B General Fund Budget Change Analysis 2023/24</p> <p>Appendix Bi Finance and Resources GF Changes</p> <p>Appendix Bii Housing &amp; Community GF Changes</p> <p>Appendix Biii Strategic Planning and Environment GF Changes</p> <p>Appendix C General Fund Budget Summary by committee 2023/24</p> <p>Appendix D HRA Revenue Summary 2023/24</p> <p>Appendix E HRA budget Change Analysis 2023/24</p> <p>Appendix F Capital Programme New and Amended Projects 2023/2028</p> <p>Appendix Fi Capital Programme Housing &amp; Community (New and amended) 2023/2028</p> <p>Appendix Fii Capital Programme Strategic Planning and Environment (New and Amended)2023-2028</p> <p>Appendix G Overall Revised Capital Programme 2023/28</p> <p>Appendix H Reserves Summary 2023/24</p> <p>Appendix I Fees and Charges 2023/24</p> <p>Appendix Ii Finance and Resources Fees and Charges 2023/24</p> <p>Appendix Iii Housing &amp; Community Fees and Charges 2023/24</p> <p>Appendix Iiii Strategic Planning and Environment Fees and Charges 2023/24</p>

<b>Background papers:</b>	<p>2022/23 Budget Report, Cabinet February 2022  <a href="http://dbcgfeshare:9070/documents/s32753/Budget%20Cabinet%20February%202022%20Covering%20Report%20-FINAL.pdf">http://dbcgfeshare:9070/documents/s32753/Budget%20Cabinet%20February%202022%20Covering%20Report%20-FINAL.pdf</a></p> <p>2022 Medium Term Financial Strategy, Cabinet October 2022  <a href="http://dbcgfeshare:9070/documents/s36420/FINAL%20-%20October%20Cabinet%20MTFS%202022-2026.27%20Report%20V5%20Final.pdf">http://dbcgfeshare:9070/documents/s36420/FINAL%20-%20October%20Cabinet%20MTFS%202022-2026.27%20Report%20V5%20Final.pdf</a></p>
<b>Glossary of acronyms and any other abbreviations used in this report:</b>	<p>GF – General Fund</p> <p>HRA – Housing Revenue Account</p> <p>MTFS – Medium Term Financial Strategy</p> <p>OSC – Overview and Scrutiny Committee</p> <p>RSG – Revenue Support Grant</p> <p>MHCLG- Ministry for Housing, Communities and Local Government</p> <p>DLUHC- Department for Levelling Up, Housing and Communities</p>

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<p><b>Corporate Priorities</b></p>	<p>A clean, safe and enjoyable environment</p> <p>Building strong and vibrant communities</p> <p>Ensuring economic growth and prosperity</p> <p>Providing good quality affordable homes, in particular for those most in need</p> <p>Ensuring efficient, effective and modern service delivery</p> <p>Climate and ecological emergency</p>
<p><b>Wards affected</b></p>	<p>All Wards</p>
<p><b>Purpose of the report:</b></p>	<p>To provide Members with an overview of the draft budget strategy and proposals in order to provide Members the opportunity to scrutinise them and provide feedback to Cabinet.</p>
<p><b>Recommendation (s) to the decision maker (s):</b></p>	<p>That the Scrutiny Committee reviews and scrutinises the draft budget proposals for 2023/24 and provides</p>

	feedback, to be considered by Cabinet, for each Committee's specific area of responsibility.
<b>Period for post policy/project review:</b>	

## 1. Introduction

This report includes information culminating from work that was first initiated in March 2022, with the corporate service planning process undertaken by all services for 2023/24 and the draft General Fund and HRA budget proposals which were developed following this exercise. It also sets out the key assumptions which have been used to develop the budget and highlights the position in relation to reserves and the management of risk.

The report provides financial information on the development of the Council's Core strategies including;  
 Commercial Strategy  
 People Strategy  
 Digital Strategy, and  
 Transformation/Change Programme

These represent a significant step change in approach for the Council; designed to provide improved customer experiences and services as well as longer-term financial resilience.

## 2. Background

This report presents the draft budget proposals for 2023/24 for scrutiny and review.

2.1 Budget detail at a strategic level has been provided for every area of the Council and this has been made available to all Members. A glossary of budget categories, and specific budget section groupings, is set out in Appendix A.

2.2 With the exception of the Finance & Resources Committee, which scrutinises all budgets, individual Overview and Scrutiny Committees (OSCs) will focus only on those budget changes and Capital Programme elements which relate directly to their remit.

2.3 A senior Finance Officer will be present at each of the committees to support the Chair.

2.4 The following appendices are relevant to the draft budget proposals for 2022/23:

### General Fund

- Appendix A – General Fund Budget Summary 2022/23
- Appendices B, Bi, Bii and Biii – Budget Change Analysis 2021/22 – 2022/23
- Appendix C – General Fund Budget Change Summary by Committee

### Housing Revenue Account

- Appendix D – Housing Revenue Account Budget 2022/23
- Appendix E – Housing Revenue Account Movements 2021/22 – 2022/23

### Capital Programme

- Appendix F, Fi and Fii – Capital Programme by OSC: Summary of new and amended projects 2022/23 - 2026/27
- Appendix G – Capital Programme 2022/23 - 2026/27

### Reserves

- Appendix H – Statement of Earmarked Reserves

### Fees and Charges

- Appendices Ii, Iii and Iiii- 2023/24 Proposed Fees and Charges

### **3. Budget Setting Process 2023/24**

3.1 As outlined in the MTFS, which was approved by Council in October 2022, there are significant medium term financial pressures which need to be addressed in order to deliver a sustainable medium term financial strategy for the Council. To ensure good financial planning and astute budget setting, the budget setting process started with the Corporate Service Planning process in April 2022.

3.2 A Corporate Service Planning process was undertaken to develop specific priorities and opportunities for service areas over a 3-year period. This process was then used to inform savings and commercial opportunities for the budget planning process.

3.3 The resulting service plans identified a number of consistent themes across service areas, including: Climate change action; Improving customer focus; Improving processes through digitisation and the development of a Digital Strategy; Developing positive leadership and culture and the need for a new People Strategy; Community Safety; Economic Recovery and a refreshed focus on the Council's place shaping programme. The majority of these areas have seen further strategic development throughout 2022.

### **4. Dacorum Core Strategic Drivers**

4.1 The Corporate Plan is the driving mandate that the Council strives to achieve. It is essential that corporate strategies evolve and develop as an intrinsic part of delivering the Corporate Plan, and the budget set supports those strategies. During the last year the Council has been developing several core strategies that form the foundations of the 2023/24 Budget, in particular the savings identified to date.

4.2 There are 3 developing strategies that make a contribution to the 2023/24 balanced budget. These are;

- Commercial Strategy
- Transformation Strategy
- Place Strategy

These three strategies are at different development stages at present and either have or will be presented to Members in detail, but their role in the MTFS assumptions at this stage is significant.

#### **Commercial Strategy**

4.3 The Commercial Strategy was approved by Cabinet in September 2022> It is a wide ranging strategy which aims to deliver a change in culture and approach to a more agile and commercially aware operating model, that will leverage maximum value from the Council's assets and resources, to support a financially sustainable organisation that meets the needs and expectations of residents.

4.4 At present officers are developing Business Cases for a range of opportunities identified during the initiation of the Commercial Strategy. The Business Cases will be completed over the winter of 2022-23 and will form part of an ongoing commercial programme of work to explore opportunities to improve services and their cost effectiveness, whilst also identifying ways of generating additional financial income.

4.5 Until the initial Business Cases are completed, the potential for efficiencies and income generation cannot be confirmed, but the draft budget has assumptions built in that will be reviewed over the coming months, as part of the ongoing budget-setting process and financial monitoring. The MTFS anticipates at present that this programme of work will develop and expand from a savings delivery of £385k in 2023/24 to deliver £1m by 2026/27.

- 4.6 In addition to the savings projected for 2023/24 the draft budget provides additional capital to support the potential investment required to support the successful business cases to implementation.
- 4.7 A detailed review of Council fees and charges has been undertaken as part of the Commercial Strategy. Proposals for Council fees and charges can be found at Appendices Ii, Iii and Iii to this report.
- 4.8 The principle of cost recovery has formed the basis of this review. Fees and charges proposals for 2023/24 reflect expected increase in staffing and other costs, where the Council has the discretion to do so. This approach will support the continued delivery of valued Council services going forward.

### **Transformation/Change Strategy**

- 4.9 The Council is also developing a wide ranging Transformation/Change agenda to develop and modernise current service delivery. This programme has a strong focus on the customer and the workforce, as outlined in the recent Customer and People strategies.
- 4.10 The revised Corporate Programme Management team is supporting Change and Development projects across the Council, and resources are being provided to support this programme.
- 4.11 The two largest Change projects included in the current 2022/23 MTFS are;
- Customer Services Strategy. A new focused approach on customer contact and interaction across the Council, putting the customer first. This project is expected to achieve efficiency savings of circa £200k in 23/24.
  - Waste Transformation Strategy. The Waste service is the largest front line service in the Council and hence has the largest regular customer contact and the largest use of Council resources. This service has been under significant service pressures throughout the pandemic and this project aims to transform the service processes and operational activities. The project is aiming to reduce Council Waste Service costs by over £1.4m over the next 2 years with a budgeted saving of circa £600k in 2023/24 as a result of the implementation of the charging for green waste collection. The wider project is reviewing all elements of the Waste collection service.

### **Place Strategy**

- 4.12 The Place Strategy is still under development, with both officers and members involved in the Strategy development. The overall Place Strategy will include large projects such as;
- Hemel Garden communities programme,
  - Town Centre Strategy
  - Old Town project and a Town Centre Strategy.
- 4.13 The draft 2023/24 budget assumes that any direct investment required to deliver the Place strategy will make a return that covers the costs of that investment. As this Strategy evolves, the financial impact and sustainability will be assessed and reported to Members.

## **5. 2023/24 Budget Setting and Medium Term Financial Strategy (MTFS)**

- 5.1 The current MTFS was approved by Council in October 2022 and contained the following key decisions which have informed the budget-setting process for 2022/23:
- A General Fund savings target of £1.8m for 2023/24
  - A General Fund savings target of £3.6m over the duration of the MTFS period

- A General Fund balance of between 5% and 15% of Net Cost of Services
  - A minimum HRA working balance of at least 5% of turnover
- 5.2 The draft budget presented in Appendix A has a balanced position. At this stage, this remains subject to a number of budgetary assumptions. Work continues on these assumptions, and the finalised position will be reported to Members at the Joint OSC in February.
- 5.3 The projected Dacorum 2023/24 government funding level has been set at the same level as assumed in the MTFS in October and at present the Autumn statement has not impacted the current assumptions.
- 5.4 The Council's MTFS forecasts that the Council will become financially self-sustainable from 2025/26.
- 5.5 Council has delegated authority to the S151 Officer to revise the MTFS if material changes to forecasts are required as a result of future government announcements. Members receive regular financial monitoring updates throughout the financial year. These will be supplemented by MTFS updates to Cabinet, as considered appropriate by the S151 Officer. The plan is to provide a refreshed MTFS to Cabinet in the spring of 2023, following the development of the Council's Commercial Strategy and Programme.

### **Key Assumptions included in draft General Fund Budget**

5.6 The following assumptions are incorporated within the draft budget:

- A Council Tax Increase of 2.9% (£6.27) plus a 1% increase in taxbase
- An average 4% pay settlement
- Vacancy factor of 5% for non-front-line services
- Baseline Government funding set at £2m in 2023/24
- New Homes Bonus reduced to £450k, a 65% year on year reduction (See para 6.5-6.6)
- An inflationary increase in utilities and fuel of 20%
- An increase in Supplies and Services of 5%

## **6. Council Tax**

6.1 The government's autumn statement on the 17<sup>th</sup> November 2022 created additional Council tax flexibilities for local authorities for 2023-25. This revised policy allowed district authorities to increase Council tax by up to 2.99%; an increase of up to 1% on the previous policy of the greater of 2% or £5.

6.2 The current government funding model assesses an authority's ability to raise income, including from Council tax, when assessing the level of funding required from central government. Hence if Local Authorities do not maximise their Council tax income they are creating a budget reduction that may require savings efficiencies. Therefore the Council's tax policy is to maximise the income from Council tax to support essential service provision.

6.3 As a result of this it is proposed to increase Council tax by 2.9% for 2023/24 - an increase of £6.27 P.A. for a band D property.

## **7. Government funding**

7.1 The Council's previous last multi-year funding assessment was issued for the 4 year period 2016 - 2019/20. The government ascertained at the time that Dacorum's assessed Level of Need was £2m per annum of government funding.

7.2 The Council's 2023/24 budget assumes this is the level of funding the Council will receive in the Local government finance settlement as a combination of revenue support grant and business rates retention. The MTFS assumes the level of government funding would reduce year on year in real terms from that point onwards in line with recent government funding policy.

7.3 The current economic environment is uncertain. The current cost of living pressures combined with the expectation that the Government will need to reduce spending, is likely to reduce Local Government funding from Government in real terms year on year.

7.4 Confirmation of the funding allocation for 2023/24 is expected in December 2022. Any additional information given at that time regarding future years' funding will be reported to Members as part of the budget-setting process.

### **Government funding – New Homes Bonus**

7.5 New Homes Bonus (NHB) was also planned for review under the now-delayed Fair Funding Review. In the absence of any further updates, this budget assumes no change to Government's previous commitments on future years' payments, i.e. that NHB will cease after 2023/24.

7.6 In line with the approved MTFs, this budget assumes a continuation of the Council's current strategy, i.e. due to its time-limited nature NHB funding is not used to support ongoing service provision, but is instead contributed to the Dacorum Development Reserve for future one-off spending.

### **Key General Fund budget savings since last year**

7.7 Detailed budget changes between 2022/23 and 2023/24 are shown in Appendix B. Key items include:

- £200k Customer Strategy delivery,
- £650k Charging for Green Waste Services.
- £385k Commercial Programme delivery
- £500k Increased Treasury Management returns and reduced capital financing costs

7.8 In addition to these savings there are a number of income generating services that are impacted by the rolling back of the support provided from reserves, in particular the Economic Recovery Reserve. These are:

- Leisure Income - £335k
- Commercial Rents - £500k
- Garage Rents - £125k
- Commercial Waste - £25k

For more detail, see the Reserves section later in this report. As the cost of living crisis continues to impact demand for discretionary services, customer demand and performance of these services will need to be closely monitored during 2023-24, for early identification of issues.

### **Key General Fund budget growth since last year**

6.9 Detailed ongoing growth areas (i.e. not one-off items of expenditure to be funded from reserves or additional grants) are shown in Appendix B. Key items include:

- £2.3m Employee pay award impact for 2023-25.
- £2.5m "One off" triennial pension payment (Funded through reserve allocation)
- £375k Inflationary pressures including utilities, fuel and supplies and services
- £450k reduction in car parking income due to reduced demand
- £200k to support the People Strategy
- £150k to include the graduate and apprenticeship scheme in the baseline budget.

## **7 2023/24 Budget Risks**

7.1 As part of the budget setting process, inherent and potential financial risks are assessed and mitigations applied to the budget where required. These risks require ongoing monitoring and reporting as part of the ongoing corporate financial reporting processes.

7.2 The most significant risk to Dacorum's budget setting would be if approved government funding did not meet the budgeted expectations. This risk is considered low following the Autumn Spending review announcements. The Council's projected government funding levels for 23/24 are prudent when compared to the wider Local Government sector.

7.3 At present, the Council faces uncertain times and hence projections are more open to challenge and change than in previous years. As a result, there are a number of service risks where financial performance and service development processes remain under careful scrutiny and monitoring and will be reported back to Members if performance differs from expectations. The high risk areas include;

- The impact of the wider economic pressures on demand for Council services and income generating services. This is due to a combination of the impact of the current cost of living pressures and the ongoing economic recovery from covid.
- Car parking income. Income projections, as at period 7 22/23, are 15% down on pre-covid levels. The 2023/24 budget has provided growth to mitigate this risk, and this continues to be monitored.
- Refuse Service. There are a multitude of pressures in the refuse service including increased demand for waste routes, increased volumes of waste collection/disposal and the ongoing threat of additional government policy change. The service transformation programme is projected to reduce ongoing waste revenue pressures and deliver improvements in the commercial waste service.
- Impact of increasing utility costs. The budget proposals include a number of inflationary budget increases, but prices will continue to be monitored.

## **8 Housing Revenue Account**

8.1 The draft HRA Budget for 2023/24 is attached at Appendix D, with explanations of major movements between the Original Budget 2022/23 and Draft Budget 2023/24 shown in Appendix E.

8.2 Key assumptions have been incorporated into the draft budget. These include the short term assumptions being reviewed at present as part of the HRA 30 year Business Plan, which will be reviewed by Cabinet in line with the 2023/24 budget setting reports;

- Annual rent increase of 7% on all properties, £3.6m
- An increase in repairs and maintenance budgets of £2.6m
- An increase in Supervision and Management budget to support service delivery (£2m), including:
  - An increase in senior management support (C£670k)
  - Pay award 2022/23 and 23/24 and Increased partnership support from core support services has increased the annual recharge (£1,000k).
  - Circa £250k on improved tenancy support and management.
- Reduction in the revenue contribution to capital (£1.1m)

8.3 In line with government policy the HRA business plan had previously modelled annual rent increases at CPI+1%. The current inflationary pressures raised concerns in regards to the affordability of 23/24 social housing rent increases of 11 - 12%. As a result as part of the autumn statement the government announced that it was capping annual rental increases at 7% for 2023/24, 4% current inflation.

8.4 This HRA is not exempt from the current increase in cost pressures and balancing the HRA budget going forward will be increasingly challenging, with significant increases in costs for 2023 and beyond modelled which include;

- Repairs and Maintenance cost increases of circa 25%,



- The 2022 and 2023 pay award projected to exceed 10% in totality,
- An increase in the new build construction costs in excess of 20%.

8.5 The 7% rental increase is;

An increase in rental charges of 7% is;

- 4% behind current inflation levels,
- 2.7% behind 23/24 benefit uplifts for those residents supported by benefit payments,
- 2.7% behind 23/24 national living wage increase.

## 9 Capital Programme

9.1 The draft Capital Programme is set out in Appendix G.

9.2 There have been a small number of proposed new capital projects from across the Council's services. The financial implications of the new bids and amendments are summarised in Appendix F. The new bids total £1.7m in 23/24 and are predominantly either ongoing maintenance of the Council's existing assets or to support the revised digital strategy.

The General Fund capital programme 2023-2028 totals circa £67m, £39m of this relates to commercially sensitive investments that will be discussed in detail in the Finance and resources OSC as a part 2 item, the other larger capital programmes are;

- £8.1m for the ongoing fleet replacement programme
- £2.5m for the provision of a new DEN's One stop shop and foodbank.
- £2.7m for continued investment in IT and the digital strategy.
- £1.7m for continued investment in the Commercial property portfolio.
- £1.75m investment into Adventure playgrounds and local play areas.

## 10 Reserves

10.1 The draft 2023/24 budget includes a net contribution from reserves of £2.7m for 2023/24. The largest 2 elements of this contribution is the projected £2.3m one off pension contribution and the circa £900k final year support provided by the Economic recovery reserve.

10.2 The detailed proposed movements in General Fund reserves are set out in Appendix H. The significant reserve movements within the 2023/24 budget are detailed below:

- **Economic Recovery Reserve** – This reserve was created in 2020/21 to fund the forecast financial implications of Covid over the medium-term.

The reserve originally had a balance of £5.14m at the start of 21/22 to support income generating services in their recovery from the pandemic. A final year £900k contribution to the General fund budget will be provided in 23/24 to support;

Commercial Property - £500k  
 Garage rental - £125k  
 Commercial Waste - £25k  
 Leisure Services - £250k

- **Management of Change Reserve** – This reserve was created to support the significant investment required when preparing and implementing service redesign and changes. This reserve will no longer be supported by annual revenue contributions, but will continue where affordable, to support Change initiatives going forward.
- **Technology Reserve** – This reserve was set up to be utilised with the Management of Change Reserve to invest in technology improvements to improve efficiency and resilience across the Council.
- **Savings Efficiency Reserve** – This reserve was created from the achievement of savings made by the Council in advance of need, and is retained to offset the risk of delays to initiatives

planned to generate future savings. The 2023/24 financial year will require the Council to deliver more than double the savings/income generation than in previous years. This reserve could be fundamental to supporting this programme of work. This figure includes a £130k contribution achieved on the cost of pensions by making an upfront contribution payment to the pension fund.

- **Local Development Framework** – net drawdown of £80k. This reserve was created to support the significant research and consultancy costs associated with the development of the Council's Local Plan through to its conclusion in 2024.
- **Dacorum Development Reserve** – net drawdown of £326k. This reserve was created to support regeneration and economic development initiatives across the borough and in recent years has been funded primarily through one-off, growth-related funding streams.

The planned movements in 23/24 comprise a £450k contribution of New Homes Bonus offset by:

- £300k draw down to fund costs associated with the Hemel Garden Communities Programme
  - £125k Support the ongoing garage strategy
  - £125k contribution towards the development of a Dacorum bike scheme
  - £80k transfer of the Local Development Framework reserve to support the Local Plan
  - £146k to support projects relating to economic development and regeneration.
- **Vehicle Replacement Reserve-** This reserve helps fund the replacement of the Council's fleet, revenue contributions to this reserve will no longer be made with the programme being fully funded through capital financing.
  - **Funding Equalisation Reserve** - £1.11m forecast allocation to this reserve. This surplus arises from the annual timing differences in the receipt of Collection Fund income to the Council. Balances on this reserve are held in part to support these deficits when they arise, funded by any prior year surpluses on the Collection Fund.
  - **Pension Reserve** – Contribution of £200k. This reserve is used to support one-off pension contribution payments following triennial pension fund valuation, to smooth out these costs. The next potential payment is due in 2023/24 following the 2022 triennial valuation report.
  - **Training and Development reserve-** draw down of £58k to support the organisational development service in the roll out of the new people strategy.

10.3 The HRA retains a working balance of at least 5% of turnover as part of the Council's reserves strategy. A transfer of £165k to the HRA earmarked reserves in 2023/24 is proposed in order to maintain the working balance at this level.

10.4 The budget presented in draft in this document is robust in its formulation and the level of reserves set for 2023/24 adequate to mitigate the foreseeable risks to the organisation at this point in the process.

## 11 Governance Statement

11.1 The DBC Annual Governance Statement (AGS) was reviewed as part of the 2021/22 external audit of the financial processes and statements, and a draft was presented to the Audit Committee in September. The external Auditor raised no issues with the content or processes included. The external auditor confirmed the AGS was prepared in line with CIPFA Code and supporting guidance and were consistent with the financial statements.

## 12 Next Steps/Consultation

12.1 Members of the individual OSCs are asked to review and scrutinise the draft budget proposal for 2023/24, and to provide feedback for Cabinet to consider ahead of the next Joint OSC, in February 2023.

### **13 Financial Comments**

This is a S151 Officer report and financial details are included in the body of the report. This is a draft budget report created for member and residents feedback.

### **14 Legal Implications**

N/A

### **15 Risk implications:**

The significant budget risks related to these draft proposals at this point in time are detailed in the risk section of the report. As with any financial estimates they include a set of assumptions and projections utilising both internal and external professional advice and guidance but are subject to changes due to internal and external forces.

### **16 Equalities, Community Impact and Human Rights:**

The relevant Community Impact Assessments will be undertaken as the individual projects that form the Council's budget are implemented.

### **17 Sustainability implications (including climate change, health and wellbeing, community safety)**

N/A at this stage.

## **Annexe A**

### **Explanation of expenditure categories used in appendices**

Budget Categories Glossary

#### **Employees**

This group includes the cost of employee expenses, both direct and indirect, for example:

- Salaries
- Employer's National Insurance and pension contributions
- Agency staff
- Employee allowances (not including travel and subsistence)
- Training
- Advertising
- Severance payments

#### **Premises**

This group includes expenses directly related to the running of premises and land:

- Repairs, alterations and maintenance
- Energy costs
- Rent
- Business Rates
- Water
- Fixture and fittings
- Premises insurance
- Cleaning and domestic supplies

- Grounds maintenance

### **Transport**

This group includes all costs associated with the hire or use of transport, including travel allowances:

- Repair and maintenance of vehicles
- Vehicle licensing
- Fuel
- Vehicle hire
- Vehicle insurance
- Employee mileage

### **Third Party Payments**

Third party payments are contracts with external providers for the provision of a specific service. Examples for the Council include the Call Centre, Payroll Services, and Parking Enforcement.

### **Supplies & Services**

This group includes all direct supplies and service expenses to the authority:

- Equipment, furniture and materials
- Catering/Vending
- Clothing and uniforms
- Printing, stationery and general office expenses
- External services (consultancy, professional advisors)
- Communications and computing (eg software maintenance, telephones and postage)
- Members allowances
- Conferences and seminars
- Grants and subscriptions

### **Capital Charges**

These statutory accounting adjustments reflect a notional charge to the service for the use of a Councils asset. An example is Cupid Depot, for which a charge is made to Waste Services, for as long as the service uses the asset. These charges are reversed out centrally and do not impact on Council Tax.

### **Transfer Payments**

This includes the cost of payments to individuals for which no goods or services are received. For the Council this only relates to Housing Benefit payments.

### **Income**

This group includes all income received by the service from external users or by way of charges:

- Rental income
- Sales of goods or services (eg the sale of recyclables and waste sacks)
- Fees and charges (eg Planning, Parking and Burials)

### **Grants and Contributions**

This group includes all income received by the service from external bodies:

- Specific Government grants
- Income for jointly run projects/services

- Reimbursement of costs (eg recovery of legal costs)
- Other contributions (eg recycling credits from Herts County Council)

### **Recharges**

This statutory accounting adjustment charges out the back office functions (such as Finance and Legal) to the front line services. These adjustments are based on timesheet information provided by Group Managers and are subject to changes each year. The recharges overall will come back to zero, with the only impact on Council Tax being the overall charge to the Housing Revenue Account, as shown in Appendix A.