





Overview and Scrutiny Committee

Report for:	Budget Overview and Scrutiny Committee
Title of report:	Draft 2024/25 Budget Proposals
Date:	6 th December 2023
Report on behalf of:	Councillor Ron Tindall, Leader of the Council
Part:	I
If Part II, reason:	N/A
Appendices:	<p>Appendix A General Fund Revenue Summary 2024/25</p> <p>Appendix B General Fund Budget Change Analysis 2024/25</p> <p>Appendix Bi Finance and Resources GF Changes</p> <p>Appendix Bii Housing & Community GF Changes</p> <p>Appendix Biii Strategic Planning and Environment GF Changes</p> <p>Appendix C General Fund Budget Summary by committee 2024/25</p> <p>Appendix D HRA Revenue Summary 2024/25</p> <p>Appendix E HRA budget Change Analysis 2024/25</p> <p>Appendix F Capital Programme Finance & Resources 2024- 2028</p> <p>Appendix Fi Capital Programme Housing and Community 2024- 2028</p> <p>Appendix Fii Capital Programme Strategic Planning and Environment 2024-2028</p> <p>Appendix G Overall Revised Capital Programme 2024/28</p> <p>Appendix H Reserves Summary 2024/25</p> <p>Appendix Ii Finance and Resources Fees and Charges 2024/25</p> <p>Appendix Iii Housing & Community Fees and Charges 2024/25</p> <p>Appendix Iiii Strategic Planning and Environment Fees and Charges 2024/25</p>
Background papers:	<p>2023/24 Budget Report, Cabinet February 2023</p> <p>http://dbcgfeshare:9070/documents/s38129/Budget%20Report%202023-24%20Cabinet%20February%202023%20FINAL.pdf</p> <p>2023 Medium Term Financial Strategy, Cabinet October 2023</p> <p>http://dbcgfeshare:9070/documents/s40547/FINAL%20%20October%202023.%20Cabinet%20MTFS%202023%20-%202027.28%20Final.pdf</p>

Glossary of acronyms and any other abbreviations used in this report:	GF – General Fund HRA – Housing Revenue Account MTFS – Medium Term Financial Strategy OSC – Overview and Scrutiny Committee RSG – Revenue Support Grant MHCLG- Ministry for Housing, Communities and Local Government DLUHC- Department for Levelling Up, Housing and Communities
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Corporate Priorities	A clean, safe and enjoyable environment Building strong and vibrant communities Ensuring economic growth and prosperity Providing good quality affordable homes, in particular for those most in need Ensuring efficient, effective and modern service delivery Climate and ecological emergency
Wards affected	All Wards
Purpose of the report:	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.
Recommendation (s) to the decision maker (s):	That the Scrutiny Committee reviews and scrutinises the draft budget proposals for 2024/25 and provides feedback, to be considered by Cabinet, for each Committee’s specific area of responsibility.
Period for post policy/project review:	February 2024 Overview and Scrutiny February 2024 Cabinet Budget Review February 2024 Council Budget Approval 2024/25 Financial Performance Framework

1. Introduction/Executive Summary

- 1.1 The budget report includes information culminating from work that was first initiated in April 2023, with the Corporate Service Planning process. This developed into the core budget assumptions for the General Fund and HRA that were included in the 2023 Medium Term Financial Strategy (MTFS). This report sets out the key budget assumptions which have been used to develop the 2024/25 budget and highlights the position in relation to reserves and the management of risk.
- 1.2 The budget is created to ensure the Council's finances are allocated to deliver statutory services and support the delivery of the wider corporate plan and core Council strategies including the Place, Commercial, People and Digital strategies.
- 1.3 The current economic environment is very challenging; economic growth is static, interest rates and inflation are high and hence customer purchasing power and confidence is low. The government's requirement to borrow increased during the pandemic and the post pandemic recovery has been slow resulting in a continuation of that borrowing. In general the UK has been one of the slowest economies in the G7 to grow post pandemic. As a result the government has had little resources to spend, hence local authorities are unlikely to see increases in government funding in the short or medium term. The Autumn Statement on the 22 November 2023 detailed that public spending plans for 2025/26 – 2028/29 will grow by only 1% a year in real terms. When considering the government's need to increase investment in health and social care, local authority funding is highly likely to see significant future cuts by the next government.
- 1.4 These draft budget proposals present a balanced budget that is both affordable in the short term and sustainable in the medium term and is in line with the MTFS assumptions outlined in October. The budget setting process is getting increasingly challenging year on year as costs are increasing significantly driven by inflation, and core funding and council tax have remained relatively static in comparison.

2. Budget Report

- 2.1. This report presents the draft budget proposals for 2024/25 for scrutiny and review. 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 and committee.
- 2.4. The following appendices are relevant to the draft budget proposals for 2024/25:

General Fund

- Appendix A – General Fund Budget Summary 2024/25
- Appendices B, Bi, Bii and Biii – Budget Change Analysis 2023/24 – 2024/25
- Appendix C – General Fund Budget Change Summary by Committee

Housing Revenue Account

- Appendix D – Housing Revenue Budget Summary 2024/25
- Appendix E – Housing Revenue Account Budget Analysis 2024/25

Capital Programme

- Appendix F, Fi and Fii – Capital Programme by OSC: Summary Capital Programme 2024/25 - 2028/29
- Appendix G – Capital Programme 2024/25 - 2028/29

Reserves

- Appendix H – Statement of Earmarked Reserves

Fees and Charges

- Appendices Ii, Iii and Iiii- 2024/25 Proposed Fees and Charges

3. Budget Setting Process 2024/25

- 3.1. As outlined in the MTFs, which was approved by Council in October 2023, 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 2023.
- 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 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 key outcomes have seen further strategic development throughout 2023.

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 had a change in administration and is still in the process of reflecting that change in a revised Corporate plan and headline Strategic investment ambitions. At present the revised Corporate Plan is expected to be delivered at the start of the next calendar year and there are several core strategies that support the 2024 - 2028 Corporate Plan.
- 4.2. There are 3 strategies in particular that have shaped the 2024/25 budget proposals these are;
 - Commercial Strategy
 - Transformation and Change Strategy
 - Place Strategy
- 4.3. These three strategies are now embedded into the organisational approach to service delivery, horizon scanning and decision making and are driving the organisation forward.

Commercial Strategy

- 4.4. The Commercial Strategy was approved by Cabinet in September 2022 and 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.
- 4.5. This approach has changed the way the Council reviews and scrutinises its procurement activity and is currently reviewing a range of existing services to drive increased income generation and improved effectiveness of service delivery. To date a number of full business cases exploring new income generating ideas have been produced and reviewed and those opportunities are being monitored. The 2024/25 capital budget includes capital funding to support commercial opportunities and specifically investment in new light industrial units in the borough to support the ongoing demand for these facilities, with an expectation of delivering additional income in the medium term.

- 4.6. 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 li, lii and liii to this report.
- 4.7. The principle of cost recovery and income generation has formed the basis of this review. Fees and charges proposals for 2024/25 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

- 4.8. 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.
- 4.9. The revised Corporate Programme Management team is supporting Change and Development projects across the Council, and resources are being provided to support this programme.

Place Strategy

- 4.10. The Place Strategy is constantly developing and growing, with both officers and members involved driving the Place Shaping Strategy. The overall Place Strategy includes many projects across Dacorum including;
- Hemel Garden communities programme,
 - Town Centre Strategy,
 - Tring and Berkhamsted Place shaping reviews,
 - Hemel Health Campus feasibility work, and
 - Hemel Imaginarium and the Old Town project.
- 4.11. The draft 2024/25 budget and MTFS assumes that any direct capital investment required to deliver the Place strategy will be cost neutral ensuring returns from these investments support the costs of that investment. As this strategy evolves, the financial impact and sustainability will be assessed and reported to Members.

5. 2024/25 Budget Setting and Medium Term Financial Strategy (MTFS)

- 5.1. The current MTFS was approved by Council in October 2023 and contained the following key decisions which have informed the budget-setting process for 2024/25:
- A General Fund savings target of £1.6m for 2023/24
 - A General Fund savings target of £4.4m 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 2024/25 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, the Local Government Finance Settlement is expected close to but prior to the 19th December.
- 5.4. Council has delegated authority to the S151 Officer to revise the MTFS if material changes to forecasts are required as a result of future local government financing 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.

Key Assumptions included in draft General Fund Budget

5.5. The following key assumptions are incorporated within the draft budget:

- A Council Tax Increase of 2.99% (£6.66) plus a 1% increase in taxbase
- A 5% pay award settlement
- Vacancy factor of 5% for non-front-line services
- Baseline Government funding (Core grant and Retained business rates set at £4m in 2024/25)
- An inflationary increase in utilities of 20%
- An increase in Fuel and Supplies and Services of 5%

6. Council Tax

6.1. The government's autumn statement on the 17th 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% or £5, whichever is the greatest.

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 2.99% for 2024/25 - an increase of £6.66 P.A. for a band D property.

6.4. The council at present is in the process of consulting with residents in regard to proposed changes to the 2024/25 Council Tax Support Policy and the outcome of this consultation will be agreed by members in December.

7. Government funding

7.1. In the 2023/24 Local government finance settlement, the government introduced a new Minimum Funding Guarantee grant to be awarded to Local Authorities as part of the 2023/24 and 2024/25 financial years. This grant was introduced as a response to the impact of the inflationary pressures being felt in the wider economy and public services. This grant aimed to ensure that overall Local Authority funding levels were not reducing year on year in cash terms. As part of the 2023/24 Local government settlement, Dacorum received circa £850k of MFG and is projected to receive circa £1m in 2024/25.

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

7.3. Confirmation of the funding allocation for 2024/25 is expected in December 2023. 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

7.4. New Homes Bonus (NHB) is due to end in 2023/24, and hence the budget assumes no NHB in 2024/25. As part of the 2022 financial announcement government stated that a replacement housing policy would be provided going forward, at present no details have been shared with the sector.

7.5. 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

7.6. Detailed budget changes between 2023/24 and 2024/25 are shown in Appendix B. Key items include:

- £500k Parking Fees additional income,
- £850k Garden Waste income generation,
- £110k Revenues and Benefits Service efficiencies.

The garden waste service budget is still undergoing review to reflect the cost of the service including increased costs such as pay awards, waste disposal inflation and supplies and services inflation, along with the charges and concessions applied.

7.7. In addition there are a number of post Covid income generating services that are impacted positively by the rolling back of the post Covid recovery support provided from the Economic Recovery Reserve. These are:

- Leisure Income - £436k
- Commercial Rents - £279k
- Garage Rents - £125k
- Commercial Waste - £25k

7.8. As of 2024/25 the base budget no longer includes short term additional funding from reserves to support income generation impacted during the pandemic and the recovery period following.

Key General Fund budget growth since last year

7.9. 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:

- £1,900k Employee pay award impact for 2023-25.
- £380k Digital Strategy financing
- £800k Inflationary pressures including utilities, fuel and supplies and services
- £300k reduction in planning income due to reduced demand in 23/24
- £200k Customer Strategy financing
- £130k to support the HR service in delivery of the People Strategy

8. 2023/24 Budget Risks

8.1. 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.

8.2. 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 24/25 have increased by £2m year on year following the implementation of the Minimum funding guarantee (Detailed in para 7.1), and the removal of negative RSG assumptions detailed in the MTFS. These assumptions appear prudent at present when compared to the wider Local Government sector.

8.3. 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 slow economic recovery from Covid.
- Income generating services. Since Covid there have been shortfalls in income in several discretionary services including car parking income, commercial waste and planning income. The 2023/24 and 2024/25 budgets have 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 issues around growing staffing costs. The service is in the second phase of the transformation programme to reduce ongoing waste revenue pressures and deliver improvements and expansion of 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.

9. Housing Revenue Account

- 9.1. The draft HRA Budget for 2024/25 is attached at Appendix D, with explanations of major movements between the Original Budget 2023/24 and Draft Budget 2024/25 shown in Appendix E.
- 9.2. 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, circa £4.3m income
 - An increase in repairs and maintenance budgets of 28%, circa £4.2m
 - An increase in pay award of 5% for 24/25, circa £1m.
 - Use of internal borrowing from the Council's own cash balances to finance capital expenditure once other financing resources have been applied. This approach minimises the cost of borrowing to the HRA.
- 9.3. Since 2019 the government HRA rent policy has to increase the rent model by CPI plus 1%. In 2023/24, in response to very high inflation at the time the government set the annual rent increase limit of 7%, at the time CPI plus 1% would of resulted in a potential 11.1% rent increase. This rent cap resulted in the HRA losing out on a potential circa £2.2m in 23/24 with the ongoing structural budget deficit exceeding £22m over the next 10 years alone.
- 9.4. This HRA is not exempt from the inflationary increase in cost pressures and balancing the HRA budget going forward will be increasingly challenging, with significant increases in costs incurred in 2023 and beyond. The HRA receives circa 95% of its income to support the HRA delivery from dwelling rents, so as the costs of service delivery increases a combination of increased rental income and additional income streams/recharges will be required to support the improved service delivery.

10. Capital Programme

- 10.1. The draft Capital Programme is set out in Appendix G.
- 10.2. The 2024 – 29 capital programme is predominantly a roll forward of the 2023 capital programme with limited changes made.
- 10.3. The only new additions to the 2024-29 capital programme are;
- Splash Park Plant and Machinery refurbishment, £75k
 - Increase in budget for Temporary Accommodation and Estates £180k,

- Increases in the Commercial Property Maintenance budget, £185k

10.4. The General Fund capital programme 2024-2029 totals circa £69m, the larger capital programmes are;

- £28m for Leisure Investment, plans to be discussed with members in early 2024
- £16m for the ongoing fleet replacement programme
- £2.5m for the provision of a new DEN's One stop shop and foodbank.
- £4.5m for Light Industrial development and delivery
- £6m for Place shaping acquisitions

11. Reserves

11.1. The draft 2024/25 budget includes a net contribution from reserves of £1.3m for 2024/25. These funds are used to finance one off short term projects that deliver the key corporate initiatives, such as support for the Place related initiatives or delivery of savings initiatives. The use of reserves requires cabinet and council approval and the 2024/25 budget summarises these agreements for 24/25.

11.2. The detailed proposed movements in General Fund reserves are set out in Appendix H. The significant reserve movements within the 2024/25 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, 2024/25 is the first financial year since Covid where this reserve is no longer required to support budgets impacted by the fallout of the pandemic. This reserve has supported the strategic objectives it was created to do and hence will no longer be required going forward.

- **Management of Change Reserve** – This reserve was created to support the significant investment required when preparing and implementing service redesign and changes. This reserve is no longer supported by annual revenue contributions, but will continue to support Change initiatives going forward. The 2024/25 budget proposes approved draw downs from this reserve to finance; SAR £116k and an additional Customer services officer £50k, to support the Customer Services transformation.
- **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. As the digital strategy evolves this reserve may be essential going forward.
- **Savings Efficiency Reserve** – This reserve was created from the achievement of prior year 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 MTFs has outlined a significant level of savings requirement and hence this reserve could be fundamental to supporting this programme of work, and has a £200k contribution in 24/25. The net draw down is £50k in 2024/25 as there are planned draw-downs to support Car parking part year implementation, £150k and the delayed CCTV income generation programme, £100k.

- **Local Development Framework** – net drawdown of £130k. 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 2025.
- **Dacorum Development Reserve** – net drawdown of £1,114k in 2024/25. 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 24/25:

- £300k draw down to fund costs associated with the Hemel Garden Communities Programme
 - £125k Support the ongoing garage strategy
 - £65k Light Industrial Unit project management
 - £60k Urban Designer to support Regeneration proposals
 - £264k to support short term additional Place resources
 - £300k to smooth any potential rental shortfalls
- **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** - 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 the deficits when they arise, funded by any prior year surpluses on the Collection Fund.
 - **Pension Reserve** – 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 2025 following the 2024/2025 triennial valuation report.
 - **Training and Development reserve-** Support the organisational development service in the roll out of the new people strategy.

11.3. The HRA retains a minimum working balance of at least 5% of turnover as part of the Council's reserves strategy. A transfer of £341k to the HRA earmarked reserves in 2024/25 is proposed in order to maintain the working balance at this level.

11.4. The budget presented in draft in this document is robust in its formulation and the level of reserves set for 2024/25 is adequate to mitigate the foreseeable risks to the organisation at this point in the process.

12. Governance Statement

12.1. The DBC Annual Governance Statement (AGS) was reviewed as part of the 2022/23 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.

13. Next Steps/Consultation

13.1. Members of the individual OSCs are asked to review and scrutinise the draft budget proposal for 2024/25, and to provide feedback for Cabinet to consider ahead of the next Joint OSC, in February 2023.

14. Financial Comments

14.1. 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.

15. Legal Implications

N/A

16. Risk implications

16.1. 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.

17. Equalities, Community Impact and Human Rights:

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

18. Sustainability implications (including climate change, health and wellbeing, community safety)

All the proposals and changes made to the services that the Council delivers and subsequent investment decisions made as part of the budget review are assessed for their sustainability implications and impact on the wider environment. As these draft proposals developed further work will be undertaken as part of the final formal approval process.

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 Council's 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 the Corporate Leadership Team 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.