



MINUTES OF THE BUDGET AND FINANCE OVERVIEW AND SCRUTINY COMMITTEE **Tuesday, 7 December 2010 at 7.30 pm**

PRESENT: Councillor Allie (Chair), Councillor A Choudry (Vice-Chair) and Councillors Brown (alternate for Councillor Ashraf), Long, Mashari, HB Patel, Sheth and Van Kalwala

Also Present: Councillors Chohan and S Choudhary

Apologies were received from: Councillor Ashraf

1. Declarations of personal and prejudicial interests

None declared

2. Deputations

None.

3. Minutes of the previous meeting

RESOLVED:-

that the minutes of the previous meeting held on 10 November 2010 be approved as an accurate record of the meeting.

4. Matters arising

There were none.

5. Budget update

Mick Bowden (Deputy Director, Finance and Corporate Services) stated that it had been hoped that the local government settlement would have been announced by the date of the meeting but this was still due. He therefore could only refer back to the information put before the committee at its last meeting which had been used at a notional level to try and calculate what the comprehensive spending review might mean in detail for the Council. Since the last meeting of the committee there had been a round of star chamber meetings to review the budget positions in each department, determine where budget pressures existed and look at the level of savings needed. The situation for the current financial year was that a projected overspend of £7.1M had been brought down to £4.1M. However, the directors were still expected to improve the position. The main changes had been in Children and Families where the projected overspend had been reduced from £3M to £1.7M and in Housing and Community Care where the projected overspend had been reduced from £3.5M down to £2.9M. Another area where an improvement had been made

was in reviewing the Council's debt portfolio and repaying some longer term debt thereby achieving savings of around £1M.

In answer to questions, Mick Bowden explained that the reduction in overspend in Children and Families had been achieved by taking a closer look at the current staffing establishment, the use of agency staff and the relationship with the schools' budget. In Housing and Community Care the reduction had come mainly from the housing side by taking account of additional grant money received and emerging underspends in some areas. In answer to a question as to whether the use of agency staff had been reviewed across all departments, Mick Bowden confirmed this had been done and could supply more detail outside the meeting. The chair also asked for details of the staffing establishment in Children and Families including vacancies and indicating where posts were not being filled.

In further explanation on the action taken on borrowing, Mick Bowden stated that some of the Council's longer term borrowing had been repaid and put on to shorter term arrangements in order to take advantage of lower interest rates. Clive Heaphy (Director of Finance and Corporate Services) added that there would have to be a sharper focus on the Council's prudential borrowing because as spending fell so the payment of debt became a greater percentage of the Council's overall spend. This was referred to in the report on the capital programme next on the agenda.

NOTED

6. The Capital Programme

Clive Heaphy (Director of Finance and Corporate Services) introduced the report before members which provided an update on the council's capital programme for 2011/12 onwards. He emphasised that capital spend had a revenue consequence. He also pointed out the key challenges facing the capital programme as set out in paragraph 3.3 of the report. Clive Heaphy referred to appendix 1 which provided an indicative programme projected three years forward to which an additional year would be added in due course. The column headed PFR QTR2 provided the most up to date position on the current year's programme.

Members asked questions about the disposal strategy for Council office buildings and it was pointed out that a report on this matter would be considered by the Executive on 13 December 2010. Questions were asked about the impact of budget cuts on the provision of primary school places. Clive Heaphy replied that the Education Department's budget for buildings was to be cut in real terms by 60% over the next four years and the Building Schools for the Future programme had been cut in the current year. Money made available by the Government together with the Council's resources would be used to ensure sufficient school places were provided for 2011/12. The use of Children's Centres would also be considered to expand future provision. In response to a question from Councillor HB Patel about the expansion of Preston Manor High School Clive Heaphy undertook to supply information outside the meeting.

It was explained that the Government intended to change the arrangements for the Housing Revenue Account which would need to be fully understood before the effects could be known. In answer to questions about the impact of the economic downturn on the levels of S106 Agreement monies, Clive Heaphy undertook to

provide details of the amounts received over the last few years and warned the Council might see as much as a 50% drop in the amount now being received. It was asked what the impact might be on the level of S106 Agreement monies arising from the Brent Cross/Cricklewood development and an undertaking was given to look into this.

Clive Heaphy explained that not all the committed spend could be broken down into individual identifiable projects until final details were known and decisions were taken on the programme.

RESOLVED:-

that the issues concerning the Council's capital programme as detailed in the report before the committee be noted.

7. **Overview of Housing Benefit Changes and Wider Welfare Reform**

Margaret Read (Head of Revenues and Benefits) introduced the report before the committee which provided details of the anticipated impact of planned changes to Housing/Council Tax Benefit over the next 3 years and proposed changes to reform the wider welfare benefits system over the next 7 years. She explained that the intentions of the proposals were to simplify the system, ensure people were better off working than on benefit and reduce the overall spend on welfare benefit. It was the latter element that would most impact on the council with the most immediate impact being felt by private sector tenants on benefits. A cap on benefit was to be set and the way rents were estimated would be changed. The full range of the changes was set out in the report. Margaret Read added that two of the effective dates included in the report had changed since the report was written. The introduction of caps on levels of housing benefit for those in the private sector had been changed to fall on the anniversary of the allowance being awarded and the further reductions to levels of housing benefit by limiting it to 30th percentile of average rents rather than 50th percentile would be brought forward from 1 October 2011 to 1 April 2011. Margaret Read stated that the changes would inevitably lead to increase demands being made on the benefits service.

Reference was made to paragraph 3.9 of the report which detailed the proposal to transfer responsibility for investigating housing benefit fraud from the local authority to the Department for Works and Pensions. It was explained that this could have a detrimental effect on this area of work because the council had been highly effective in investigating and prosecuting benefit fraud.

Given the importance of the changes explained and the impact they would have on a councillor's casework, it was felt that the Member Development programme should include a session on the changes. [*There is already a session included in the programme for 26 January 2011*].

Margaret Read drew the committee's attention to the fact that the Housing Benefit service had already developed plans in preparation for the increased pressures the service would face. However, it was still expected that some activities would have to be stopped or modified in order for the service to be able to meet all the additional pressures placed upon it.

In answer to questions, Margaret Read stated that the housing service would have to plan for any anticipated demand from people being made homeless due to the housing benefit changes. She confirmed that there would be a need for some computer software changes. All permanent posts in the service were currently filled by permanent staff but this would become an issue as 2013 approached because of the need then to reduce staff. An impact needs assessment would be carried out nearer the date of implementation of the changes and the Department for Work and Pensions would carry out its own impact assessment. Finally, it was said that it would be for the housing service to answer how far out of borough it would consider housing people.

RESOLVED:-

- (i) that the likely impact of changes to Housing/Council Tax benefit, due to take effect in 2011/12 through to 2013/14, be noted;
- (ii) that the details disclosed in the White Paper about the introduction of Universal Credits and the early evaluation of the impact this may have for the Council and local community be noted.

8. Any Other Urgent Business

None.

9. Date of Next Meeting

It was noted that the next meeting of the Budget and Finance Overview and Scrutiny Committee was scheduled for 11 January 2011.

The meeting closed at 9.05 pm

J ALLIE
Chair