



## Budget and Finance Overview and Scrutiny Committee

**Tuesday, 13 September 2011 at 7.30 pm**  
Committee Room 4, Brent Town Hall, Forty Lane,  
Wembley, HA9 9HD

### Membership:

#### Members

Councillors:

Allie (Chair)  
Mashari (Vice-Chair)  
S Choudhary  
Leaman  
Naheerathan  
HB Patel  
Sheth  
Van Kalwala

#### first alternates

Councillors:

Green  
Harrison  
Chohan  
Brown  
McLennan  
BM Patel  
Denselow  
Kataria

#### Second alternates

Councillors:

Cummins  
Hector  
Moloney  
Lorber  
Mistry  
HM Patel  
Gladbaum  
Daly

**For further information contact:** Peter Goss - Democratic Services Manager  
020 8937 1353 [peter.goss@brent.gov.uk](mailto:peter.goss@brent.gov.uk)

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[www.brent.gov.uk/committees](http://www.brent.gov.uk/committees)

**The press and public are welcome to attend this meeting**

# Agenda

Introductions, if appropriate.

Apologies for absence and clarification of alternate members

Item Page

**1 Declarations of personal and prejudicial interests**

Members are invited to declare at this stage of the meeting, any relevant financial or other interest in the items on this agenda.

**2 Deputations (if any)**

**3 Minutes of the previous meeting - 20 July 2011** 1 - 4

**4 Matters arising (if any)**

**5 Children and Families budget issues**

The Director of Children and Families will attend the meeting to provide a presentation for Members on current budget issues facing this service area.

**Ward Affected:** All Wards      **Contact Officer:** Krutika Pau, Director of Children and Families  
Tel: 020 8937 3126  
krutika.pau@brent.gov.uk

**6 Budget update**

The Director of Finance and Corporate Services will attend the meeting to provide a presentation on the current budget position.

**Ward Affected:** All Wards      **Contact Officer:** Clive Heaphy, Director of Finance and Corporate Services  
Tel: 020 8937 1424  
clive.heaphy@brent.gov.uk

**7 Update on the proposals in the Local Government Resources Review**

Members will receive a presentation at the meeting.

**Ward Affected:** All Wards      **Contact Officer:** Mick Bowden,

Deputy Director of Finance  
Tel: 020 8937 1460  
mick.bowden@brent.gov.uk

## 8 Work Programme

5 - 8

A copy of the Committee's work programme is attached for comment and update.

**Ward Affected:** All Wards      **Contact Officer:** Jacqueline Casson,  
Senior Policy Officer  
Tel: 020 8937 1134  
jacqueline.casson@brent.gov.uk

## 9 Any Other Urgent Business

Notice of items to be raised under this heading must be given in writing to the Democratic Services Manager or his representative before the meeting in accordance with Standing Order 64.

## 10 Date of Next Meeting

The next scheduled meeting of the Committee is on 11 October 2011.



- Please remember to **SWITCH OFF** your mobile phone during the meeting.
- The meeting room is accessible by lift and seats will be provided for members of the public.
  - Toilets are available on the second floor.
  - Catering facilities can be found on the first floor near the Paul Daisley Hall.
  - A public telephone is located in the foyer on the ground floor, opposite the Porters' Lodge

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## MINUTES OF THE BUDGET AND FINANCE OVERVIEW AND SCRUTINY COMMITTEE Wednesday, 20 July 2011 at 7.30 pm

PRESENT: Councillor Allie (Chair), and Councillors S Choudhary, Leaman, Naheerathan, HB Patel, Sheth and Van Kalwala

Also Present: Councillor Butt

Apologies were received from: Councillor Mashari

### 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 9 February 2011 be approved as an accurate record of the meeting subject to:

The 2nd sentence of minute 4 - Children and Families - reading '...savings by 2014/15...' instead of '... savings from 2014/15',  
and the meeting being shown to end at 10.25pm rather than 10.25am.

### 4. **Matters arising**

None arising.

### 5. **Budget Strategy 2012/13 to 2015/16**

Mick Bowden (Deputy Director of Finance and Corporate Services) introduced the report before members which set out the financial prospects for the Council for the next four years. The report had previously been submitted to the Executive on 18 July 2011. He reminded members that during last year a funding gap of £100m had been identified over the four years to 2014/15. The 2011/12 budget included in excess of £40m savings and table 1 in the report showed a mid-point forecast of an additional £60.6m being required. The report went on to explain the change to the way business rates would be distributed. Details of the changes were still to be issued but it was clear that it would change the Council's relationship with central government regarding funding and provide greater links with business growth within

the borough. Mick Bowden suggested this might be an area the Committee would want to consider later in the year.

Mick Bowden pointed out the implications of the Localism Bill on setting Council Tax rates as set out in paragraph 3.6 of the report. He added that there were no proposals for a new Council Tax freeze grant relating to 2012/13. He drew attention to the chart showing a comparison of Brent Council Tax levels from 2006/07 to expected levels if adjusted at the rate of inflation (RPI). This showed that inflation was running ahead of Council Tax levels.

With reference to the capital programme, Mick Bowden pointed out the revenue impact of this. The schools programme of £24.522m was an area he suggested that Committee might want to look at in more detail.

Finally, Mick Bowden explained the budget strategy outlined in the report to respond to the financial position faced by the Council.

In answer to questions concerning interest rates, inflation and pension contributions, Mick Bowden explained that short-term interest rates did not have much of a direct bearing on the level of Council spend. As an investor higher rates would be advantageous but the Council's borrowing was done on a long-term basis and those interest rates did not always move in line with short-term rates. The level of inflation was based on projections over the medium term and increases in pension fund contributions were based on those set out by the Pension Fund Actuary. The Hutton review had suggested changes to the pension scheme but this had not been factored into the budget. Any changes would come through into the budget via the next Actuary's report.

A question was asked around the level of balances and why it was proposed to add to these. Mick Bowden referred to paragraph 4.6 of the Budget and Finance Overview and Scrutiny Committee's final report dated February 2011, which showed that the Director of Finance and Corporate Resources advised that a reasonable level of balances for the Council, given the increased risks, was between £12m to £15m. The budget strategy was to move closer to this figure. An alternative view was put forward that a higher level of reserves was not necessary. This was felt to be another area the Committee might want to consider further.

In response to a question on the level of redundancy costs the Council had incurred in 2011/12 Mick Bowden responded that selection processes were still underway and until these had been completed the figures were not yet known.

The budget strategy for 2012/13 to 2015/16 was noted and the points raised for further consideration were taken forward to the next item on the work programme.

## **6. Budget and Finance Overview and Scrutiny Committee 2011/12 - Work Programme**

Members considered the work of the Committee during 2010/11 and the issues arising from consideration of the 2012/13 - 2015/16 budget strategy.

The chair summarised the issues that had been raised at the meeting as follows:

Implications of the changes to resourcing local government, especially proposals for Business Rate retention

Achievement of One Council savings

Implications of unsupported borrowing, with particular reference to school places

The 2012/13 budget strategy

Changes to the welfare benefits system

The level of balances

The cost to the council of redundancies

Implication of any change in the council's contributions to pensions

The committee was also reminded that it had in the past called before it each of the service area directors for an explanation of the budget pressures they faced.

Further to the recommendation of the committee in its final report that a level of overspend of 5% should automatically trigger an appearance before it of the responsible director and Lead Member, it was agreed that future budget updates to the committee should highlight areas of 5%+ overspend.

The Chair explained that the committee only had a limited time within which to carry out its work and therefore not all the items identified above could be fully explored.

It was agreed that for the next meeting the committee should receive an update on the budget, consider the changes arising from the local government resource review and invite the Director of Children and Families to attend.

**7. Any Other Urgent Business**

None.

**8. Date of Next Meeting**

It was noted that the next meeting of the committee would take place on 13 September 2011.

The meeting closed at 8.40 pm

J ALLIE  
Chair

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**Budget & Finance Overview & Scrutiny Committee Work Programme 2011/12  
Chair Cllr Allie**

<b>Date of Meeting</b>	<b>Purpose of Agenda item</b>	<b>Requested Information / Evidence</b>	<b>Invited witnesses</b>	<b>Notes</b>
20th July 2011	<p>To receive the report on the Budget Strategy 2012/13 – 2015/16.</p> <p>To discuss the work programme for 2011/12</p>	<ul style="list-style-type: none"> <li>• Work Programme discussion</li> </ul>	Mick Bowden	
13 <sup>th</sup> September 2011	<p>Budget Update</p> <p>Children &amp; Families Budget Issues</p>	<p>To provide member with information regarding the current budget position. To include an update on the One Council Savings</p> <p>Presentation on</p> <ul style="list-style-type: none"> <li>• The departments current budget position</li> <li>• Budget pressures, and</li> <li>• Actions being taken to deal with</li> </ul>	<p>Clive Heaphy, Director of Finance and Corporate Services</p> <p>Krutika Pau, Director of Children and Families</p>	

	Update on the proposals in the Local Government Resources Review	those pressure  To enable members of the Budget & Finance Overview & Scrutiny Committee to comment on the government proposals	Clive Heaphy / Mick Bowden	
11 <sup>h</sup> October 2011	Budget Update including balances, approach to risk, One Council savings. Budget updates will pick up some of the issues listed at the end of the work programme  Adult Social Care budget issues	To provide members with the lasted budget information  Presentation on <ul style="list-style-type: none"> <li>• The departments current budget position</li> <li>• Budget pressures, and Actions being taken to deal with those issues</li> </ul>	Clive Heaphy / Mick Bowden  Alison Elliott, Assistant Director Adult Social Care	
8 <sup>th</sup> November 2011	Environment & Neighbourhoods budget issues	Presentation on <ul style="list-style-type: none"> <li>• The departments current budget</li> </ul>	Sue Harper, Director of	

	To gain a clear understanding of the issues that will be discussed at the First Reading Debate at Full Council	<ul style="list-style-type: none"> <li>position</li> <li>Budget pressures, and</li> <li>Actions being taken to deal with those pressures</li> </ul> <ul style="list-style-type: none"> <li>First Reading Debate Reports</li> </ul>	<p>Environment &amp; Neighbourhoods</p> <p>Clive Heaphy Director of Finance and Central Services Leader of the Council Lead member for Finance &amp; Resources</p>	
6th December 2010	<p>Budget Update</p> <p>Regeneration &amp; Major Projects budget issues</p>	<p>To provide members with the latest budget information.</p> <p>Presentation on</p> <ul style="list-style-type: none"> <li>The departments current budget position</li> <li>Budget pressures, and</li> </ul> <p>Actions being taken to deal with those issues</p>	<p>Clive Heaphy / Mick Bowden</p> <p>Andy Donald, Director of Regeneration &amp; Major</p>	

11 <sup>th</sup> January 2011	To agree the Panel's first interim report			
16 <sup>th</sup> February 2011	To discuss and comment on the administration's draft budget.  To agree the Panel's second interim / final report.	<p>All Members will be invited to attend this meeting</p> <ul style="list-style-type: none"> <li>• A presentation on the administration's draft budget from the lead member</li> <li>• To include a response to the recommendations contained in the first interim report</li> </ul> <ul style="list-style-type: none"> <li>• The aim of this report is to respond to and make recommendations about the administrations draft budget prior to the Executive</li> </ul>	<ul style="list-style-type: none"> <li>• Councillor Butt</li> </ul>	

*Issues the committee would like to cover during evidence gathering:*

*LG funding*

*One Council Savings*

*Balances / Reserves*

*Approach to managing risk*

*HRA Reform*

*Service Directors*

*Redundancy costs- end figure from phase 1 & 2*

*Capital programme including approach and impact of unsupported borrowing*