



## **MINUTES OF THE BUDGET AND FINANCE OVERVIEW AND SCRUTINY COMMITTEE** **Tuesday, 8 November 2011 at 7.30 pm**

PRESENT: Councillor Allie (Chair), Councillor Mashari (Vice-Chair) and Councillors Brown (for Leaman), S Choudhary, Naheerathan, HB Patel, Sheth and Van Kalwala

Also Present: Councillors Butt, Cheese and John

Apologies were received from: Councillor Leaman

### **1. Declarations of personal and prejudicial interests**

None declared.

### **2. Deputations (if any)**

None.

### **3. Minutes of the previous meeting**

RESOLVED:-

that the minutes of the previous meeting held on 11 October 2011 be approved as an accurate record of the meeting.

### **4. Matters arising (if any)**

None.

### **5. Environment and Neighbourhood Services budget issues**

Sue Harper (Director of Environment and Neighbourhood Services) outlined the structure of the department by reference to a Powerpoint presentation. She pointed out that the Streetcare section no longer existed and the department was now split into two large areas - the Environment and Protection Services division and the Neighbourhood Services division. Continuing with the Powerpoint presentation, Bharat Jashapara (Assistant Director, Strategic Finance) outlined the departmental budget. He pointed out that the Neighbourhood Services element of the budget included the funding received from Transport for London and that overall the departmental budget was greatly reduced from the previous year. The 2011/12 budget for the department included a large level of income, a significant part of which was from parking charges.

In response to a question about the impact of the delay in implementing the library transformation programme, Sue Harper explained that there had been slippage in achieving the part year savings this year of £408,000 due to the libraries not closing until October and this would have to be made up with savings in other areas. She stated that there was still uncertainty on the outcome of the legal challenge and if the programme could not be fully implemented then alternative savings would have to be identified.

Members asked if the department faced any further changes. Michael Read (Assistant Director for Environment and Protection) stated that further organisational change was not planned but a number of areas of operation would be subject to review. The parking contract had been added to the One Council programme. The need to retender the contract offered opportunities to work with other boroughs in seeking to improve performance and make savings. Jenny Isaac (Assistant Director for Neighbourhood Services) added that the highways contract ended in 2012 and this presented the opportunity to look at joint procurement options that would build on performance under the current contract and modernise approaches to delivery of the contract. Sue Harper stated that the opportunity was also being taken to look at how the garden and trade waste services could be improved, to take part in a review of the grounds maintenance contract and in reviewing the youth service and provision of services for the youth. In being asked what savings target the department was working towards, Sue Harper replied that no overall target had been set and it was too early to say what savings each of the individual projects would achieve.

Members asked about the current position regarding negotiations with Veolia on the waste and street cleaning contract. Sue Harper replied that a number of meetings had been held and that agreement had been reached on the remaining two years of the contract. It had not been possible to achieve the targeted full year savings on the contract this year and this shortfall had to be covered by the department. A final meeting with Veolia was scheduled to discuss a possible two year extension to the contract. Michael Read outlined the changes to street sweeping that had been introduced which, although could not avoid being seen as a reduction in provision, were delivering a good service.

Reference was made to the current Forward Plan which showed a number of Environment and Neighbourhood Services items earmarked for submission to the Executive. In response, Michael Read explained that it was hoped to achieve around £75,000 saving on the arboricultural contract. The report on miscellaneous fees and charges was outside the usual fees and charges report and picked up a few areas where it was felt the Council was not in tune with arrangements in other boroughs. The report on the parking contract would cover what had already been reported to the committee and it was hoped that significant savings would be made on this. Jenny Isaacs addressed the report on library stock by explaining that she was confident that a good contract rate would be achieved and that because there were no savings being sought from this contract this would result in being able to maintain the existing stock level even with six libraries closing. This would allow a greatly enhanced offer being available from each of the remaining six libraries.

Reference was made to the increased target for income from parking charges and penalty charge notices (PCNs). It was said that complaints about the issue of PCNs was on the rise and reference was made to road junctions within the borough

where it was claimed that drivers were being forced into either risking a charge or delaying the movement of traffic because of poor road layout or markings. Michael Read explained that all junctions at which cameras had been placed had been checked and in some cases re-marked to ensure they were workable but that if any councillor felt a junction needed to be looked at they should raise it with him. He added that Brent currently had the lowest success rate of appeals against PCNs in London which showed a good quality level in the issue of PCNs.

Questions were asked about the waste and street sweeping service. Some members expressed the view that the street sweeping service needed to improve and better co-ordinated with the waste collection service. Michael Read replied that efforts were made to co-ordinate the two services but this was by no means possible in all cases. He informed members that £465,000 had been saved by sweeping those residential streets that used to get a three times a week service down to twice a week and £360,000 saved from those that used to get a twice weekly service down to once a week. He undertook to provide all councillors with a summary of the changes. Whilst accepting it was a lower level of service and in light of the Council having to make large scale savings, he felt the contract continued to provide a generally good service.

The Chair thanked Sue Harper, Michael Read, Jenny Isaac and Bharat Jashapara for attending the meeting.

#### **6. First reading debate on the 2012/13 to 2015/16 budget**

Mick Bowden (Deputy Director of Finance and Corporate Services) outlined the budget and medium term financial plan for the period 2012/13 to 2015/16 by means of a PowerPoint presentation. He updated the committee on the national economic conditions, pointing out that the recession was deeper than previous recessions and would take longer to recover. The gap between wages and inflation was widening which impacted on consumer confidence. He reminded the committee of what the coalition Government's objectives were and the impact this was having on local government. Mick Bowden then drew the committee's attention to the inverted relationship between efficiency savings that provided the bulk of the saving to start with but tailed off and savings from service transformation that were slow to realise but provided the bulk of the required savings later in the 5 year programme. He outlined the funding gap for the years 2011/12 to 2015/16 but pointed out that the spending review period only went up to 2014/15. Mick Bowden outlined the issues concerning the future level of the Council Tax and the risks the Council faced. He then went on to present to the committee the main points arising from the Council housing finance reforms. The actions that needed to be taken to ensure the Council spent within the resources available were presented to the committee before finally the timetable for service and budget planning was submitted.

In answer to a question about the risks attached to the Business Rate reform, Mick Bowden explained that the anticipated transitional arrangements that would be in place up to 2014/15 would mean no change to the present but the outcome of the consultation on this was still awaited. Members of the committee received a separate written briefing on how the Council needed to be sure of its processes for collecting business rates in the future.

It was pointed out to the committee that the Council had been awarded £25M for primary school investment, the third highest amount for any authority, but that the details of how this would be spent were still to be supplied. This information could be provided to the committee at a later date. Councillor John reported to the committee that the funding allocated nationally was still not considered to be sufficient to meet the demand for school places and that the pressure in London was most acute. All the London boroughs agreed that more was needed and so how the Council spent its allocation would need careful consideration.

The committee was informed that the report to full Council in support of the first reading of the budget would set out the key risks and the Council's approach to maintaining sufficient reserves. Calculations were being undertaken to assess the impact of the proposed removal of the Council Tax discount on second homes but it was felt that the impact on Brent would be low. Further discussions were taking place on the options for Council Tax benefit on empty homes.

In answer to further questions from members of the committee, Mick Bowden explained that various scenarios were being modelled for when the local administration of Council Tax benefit ended in 2012/13 and the government took on the administration of the scheme for which local authorities would have to pay. Regarding the changes to housing benefit, £1M had been budgeted for to meet the anticipated increased costs of temporary accommodation but the full impact of the changes had yet to be seen. There was still some uncertainty over the proposals for a universal credit to replace various benefits. Issues such as fraud prevention and how it would be paid were still the subject of a lot of work being undertaken by London Councils. It was suggested that some of the models being developed under these new schemes could be reported back to the committee in due course. Councillor John addressed the committee by saying that the Council faced drastic change in the way it was structured and how it delivered services with reduced resources. The impact of the changes to the benefit systems would mean many Brent residents being far worse off in the future.

The committee discussed the issues facing the Brent pension fund around the approach adopted, the funding of it and its performance.

The Chair thanked Mick Bowden for his presentation and the Leader and Deputy Leader for their attendance.

#### **7. Work programme**

The committee noted its existing work programme, as amended by reference to items arising from the discussion above on the budget.

#### **8. Any Other Urgent Business**

None.

#### **9. Date of Next Meeting**

It was noted that the next meeting of the committee would take place on 6 December 2011.

The meeting closed at 9.45 pm

J ALLIE  
Chair