



MINUTES OF THE BUDGET AND FINANCE OVERVIEW AND SCRUTINY COMMITTEE **Tuesday 11 September 2012 at 7.30 pm**

PRESENT: Councillor Hopkins (Chair), Councillor A Choudry (Vice-Chair) and Councillors S Choudhary, Naheerathan, Ketan Sheth and Van Kalwala

Also present: Councillors Butt and R Moher

1. Declarations of personal and prejudicial interests

None

2. Minutes of the previous meeting

RESOLVED:-

that the minutes of the previous meeting held on 19 July 2012 be approved as an accurate record of the meeting.

3. Matters arising (if any)

None

4. Regeneration and Major Projects

The Director Regeneration and Major Projects, Andrew Donald, gave a presentation highlighting the diverse range of functions carried out under the department's budget and the pressures it was currently facing. It was explained that the general fund consisted of £72m with approximately £50m being spent on housing and £22m being used to fund property planning and a raft of projects. The Housing revenue account consisted of £56m with £220m being budgeted for capital projects.

Andrew Donald explained that due to the inclusion of a full governance process for each capital project including; project leads, RAG ratings reported monthly and quarterly progress reports to CMT, there were few pressures on the budget that could not be managed. It was stated that temporary accommodation would increase pressure on the budget for a variety of reasons such as the changes in LHA caps introduced in April 2011 and the welfare reforms that will be introduced in 2013/14 such as universal credit and the "bedroom tax". It was explained that work was actively taken place to reduce the effect of the welfare reform by reducing the number of persons presenting as homeless and by encouraging persons into work.

The Director Regeneration and Major projects informed the Committee that the department was on track to reach its £2.594m saving target and that due to greater clarity regarding section 106 monies it was noted that the process was now clearer and transparent, allowing the Council to be in a position to spend the money. Following a query from members, it was noted that £7m was to be broken down by

ward and details regarding section 106 monies would be made available to members upon request. It was stated that £32m of section 106 monies was still to be triggered in relation to the Wembley development and the team would be working hard to stop the renegotiation and potential reduction of the section 106 money under the new community infrastructure levy.

Andrew Donald updated the Committee on the right to buy scheme, highlighting the increased interest and the terms under which the revenue could be spent, providing further detail on the level of discount to members following the meeting. Additional budget issues included the new homes bonus, revenue costs of capital projects, BHP optimisation and the HRA self-financing from April 2012.

RESOLVED:-

the Committee noted the presentation

5. **Budget Update**

The Director of Finance and Corporate Services Clive Heaphy gave a presentation, updating the Committee on the budget. An outline of the timeline for the localisation of business rates was given, highlighting that the Bill may not receive Royal Assent until late October/ early November 2012 and the changes were to be introduced from April 2013. It was explained that the system would replace the current formula grant mechanism, with the current formula grant embedded into a new system to maintain spending review totals with specific grants such as early intervention grant and the homelessness prevention grant being included within the totals. It was explained that out of the total of business rates collected, a 50% share would be returned to central Government with the GLA receiving 40% of the remaining 50% reducing the risk associated to the council. It was noted that the council would be a top authority, receiving additional funds once lost 7-10% of business rates which equated to approximately £10m. Clive Heaphy informed the Committee that there was still a large amount of uncertainty as numerous aspects of the Bill were still undecided including which dataset would be used. It was explained that the model was unpredictable in nature particular in relation to inflation, making the revenue of the council and the budget setting process and unknown quantity. It was explained that the system was designed to encourage competition between authorities in attracting business and growth to the area. Pressures from welfare reforms and existing budget pressures such as the capital programme, child placement and transition budgets were highlighted.

Following queries from Members, it was explained that pooling across London authorities would not be possible to put in place for 2013/14 however if a pool situation was to be created, it would need to be with a tariff authority with no overall pool remaining top up to gain maximum benefit. It was clarified that £100m would need to be borrowed to complete the civic centre project but currently interest rates were lower in comparison than originally budgeted for.

RESOLVED:-

that the presentation was noted

6. **Any Other Urgent Business**

None

7. Date of Next Meeting

The date of the next meeting of the Budget and Finance Overview and Scrutiny Committee would take place on 9 October 2012.

The meeting closed at 9.10 pm

A HOPKINS
Chair