

MINUTES OF THE BUDGET PANEL
Wednesday, 21st November 2007 at 7.30 pm

PRESENT: Councillor Mendoza (Chair) and Councillors V Brown, Cummins, Gupta, John and J Moher.

Also present were councillors Lorber (part) and Dunwell.

1. Change to the Order of Business

The Committee agreed to change the order of business in order to take Item 9 (Involving all Members in the Budget Panel) before Item 8 (Budget First Reading Debate).

2. Declarations of Personal and Prejudicial Interests

There were none.

3. Deputations

There were none.

4. Minutes of Last Meeting

RESOLVED:-

that the minutes of the meeting held on 31st October 2007 be received and approved as an accurate record.

5. Matters Arising

Further to a request for clarification regarding the Council's mobile library service raised at the previous meeting, Councillor Cummins sought to congratulate officers on the quality of the information that had subsequently been provided.

6. Local Area Agreement

Cathy Tyson (Assistant Director of Policy and Regeneration) provided a presentation on current progress in the establishment of a new Local Area Agreement (LAA). Members were reminded that as a result of legislative changes, local authorities were required to replace their current arrangements with a new LAA format, which would afford them with greater discretion in setting priorities and allocating resources. The Panel were advised that the new LAA would be structured around four themes; children and young people; safer and stronger communities; healthier communities and older people; and economic development and the environment. The Council would be monitored against 35 improvement priorities, as well as 16 statutory education indicators.

Whilst pointing out that the current area based funds would be pooled into a single LAA grant, it was stressed that the new area agreement did not represent any additional funds for the Council. In contrast, there were concerns that funds might actually decrease in some areas.

Noting that implementation of the new LAA would be incremental, those present were advised that the stretch targets from the previous system would be carried forward into the first year of the new one and, if met, carried a potential £9 million worth of funding. Outlining the current challenges for the Council in terms of implementing the new LAA, it was explained that there was still a level of uncertainty about the level of funding that would be awarded to Brent. Members also heard that whilst the Local Strategic Partnership (LSP) was the lead partner in the LAA, ultimately the Executive was accountable for the funds distributed.

The Chair pointed out that during previous discussions amongst the Panel, there had been some disquiet about the lack of member participation in the LAA consultation process. In reply, it was acknowledged that as the consultation was carried out through the LSP, the Leader of the Council was the only member to be directly involved in the formal process. However, Ms Tyson emphasised that the new LAA had also been the subject of discussion at the Performance and Finance Select Committee, and the final agreement would have to be approved by the Executive. Further to a question raised, she also confirmed that the Government Office for London (GoL) provided the interface between central government and local authorities for the LAA.

In response to a question raised, it was explained that the Council's existing Performance Plus IT system could be used to conduct the statistical analysis required for the establishment of the new LAA without incurring significant additional costs. Noting that partner agencies such as the police currently provided data for the local authority to subsequently process, members were advised that this system was being extended so that they could input this information directly. However, it was acknowledged that this approach raised concerns about quality control over the data produced.

Further to a question raised, it was asserted that an audit of the financial arrangements for the LAA had shown the Council to have robust systems in place. Members were advised that where the Council worked with partner agencies, appropriate mechanisms had been established. They were additionally informed that progress on the LAA was reported through quarterly reports to the Performance and Finance Select Committee, the Executive and the LSP, as well as 6 month update reports to GoL.

7. Section 106 Planning Obligations Update and Review

Members had before them a report providing a background to the Council's Section 106 planning obligations, and setting out the new standard charging approach. Dave Carroll (Head of Policy and Projects, Planning Service) and Zayd Al-Jawad (Section 106 Officer) were present to outline the current policy and respond to questions.

Mr Carroll reminded those present that a Section 106 agreement represented a legal document setting out terms between the Council and a developer, and was a measure that was only intended for use in circumstances where the authority would otherwise refuse planning permission. Under the previous Section 106 system, it had been necessary to allocate funds for a very specific purpose, the result being that the monies received could not always be spent. In contrast, it was asserted that the new standard charging policy was beneficial to both the authority and developers in being clearer, more flexible, and quicker to implement.

Panel members were advised that if the Council charged developers higher fees under Section 106, there was a danger that cases could be taken to appeal and subsequently lost. The officers present were keen to point out that that agreements were carefully negotiated to ensure maximum benefit to the local authority, and also stressed that Brent already charged a higher rate than a number of other London boroughs. Additionally, it was confirmed that the standard charge was index linked and reviewed on a yearly basis to ensure that any increase in land charges were incorporated into the fee levied.

A question was raised about how much of the current Section 106 funding had been over specified in individual Section 106 agreements, and consequently was not able to be spent. In response, Mr Jawad confirmed that this problem only affected a small sum of the overall fund. Moreover, he argued that the introduction of standard charging meant that such problems would not occur again in the future. It was also explained that Section 106 agreements were only intended as a short term measure to mitigate the impact of a development on a local community and, whilst generally designed to make a significant contribution in this regard, would not usually be expected to cover full costs. Whilst this meant that the Council incurred costs, those present were reminded that in many cases Section 106 monies were used to assist in meeting the costs of facilities that the authority would in any case have to provide or improve.

Following confirmation that Section 106 contributions should relate to the development on which they had been obtained, a number of members raised concerns that this approach had not been put into practice locally. The Section 106 agreement regarding the site of the former Hirst Research Centre on East Lane was also commented on as an example of a Section 106 funding agreement that had not generated the desired results. In response to the points raised, Mr Carroll argued for the importance of adopting a strategic approach in order to attract future grant funding from central government and other agencies.

Further to comments about the potential use of funds for 'pocket parks' in the densely populated south of the borough, it was noted that the flexibility of the standard charging policy would enable the Council to direct funds for similar projects in the future. Nevertheless, it was explained that where a development affected a small catchment area, it would not be appropriate to spend the funds elsewhere.

The Chair suggested that greater efficiencies might be achieved by getting developers to build facilities, such as schools, rather than simply providing the funds for this work. However, he was advised that generally it was more beneficial to the Council to receive the funding, and thus retain quality control over the facilities then produced. It was also pointed out that Section 106 agreements offered the local authority a number of non-monetary benefits, such as affordable housing.

In response to comments that councillors should be asked to provide their views on which local areas should benefit from funding, it was advised that member suggestions were routinely highlighted to service areas. One councillor also felt that with the introduction of the neighbourhood working ward scheme, it would be valuable to receive information on previous site uses. In return, officers agreed to disseminate this information, as well as the data before the Panel, to other members.

8. Budget First Reading Debate

The Leader of the Council attended for this item to respond to questioning on the Budget First Reading Debate, which was due to be considered at the meeting of Full Council on 26th November 2007. He briefly outlined the two reports which comprised the First Reading Debate papers. The first of these set out the budget priorities for the Administration for 2008/09, and regeneration initiatives and the development of youth services were highlighted as areas for future work.

In addition, it was explained that the second report provided an overview of the current financial situation for the local authority, and the steps that would be required to ensure that a balanced final budget was achieved. Members were advised that central government had been lobbied on the issue of the under reporting of population figures, which in turn affected the levels of funding received. With this in mind Councillor Lorber emphasised that some successes had been achieved in the area of education, with Brent having been awarded the highest increase in England under the Dedicated Schools Grant for 2008/09. He additionally pointed out that the overall budget picture would be clearer once central government announced the financial settlement for local authorities at the start of December 2007.

Children's Services and Older People's Services were highlighted as the most significant areas of concern for the budget, with the latter being responsible for the majority of 'inescapable growth indicated in Appendix D of First Reading Debate report. The introduction of direct payments was cited as one example of service transformation, and it was argued that such initiatives would simultaneously achieve improvements and increase efficiency.

Further to a query raised, it was explained that the Council already generated a significant degree of income, particularly from fees and charges. Members were informed that significant amounts of additional income had been achieved in the previous financial year, and that target of £1.5m had been set for 2008/09, with options for maximising future income currently being

examined. In response to a question about the Council exploring establishment of a trading company, Duncan McLeod (Director of Finance and Corporate Resources) cautioned that this could prove costly and would not guarantee a profitable return.

Given that the anticipated settlement for Brent was likely to be in the region of only one percent, the Chair asked whether this would jeopardise the authority's ability to meet the objectives set out in the Corporate Strategy. Councillor Lorber acknowledged that a settlement of this level would have an adverse impact, the result being that cuts would have to be made in some areas, particularly funds previously identified for priority growth. He reminded those present that, whilst it would be regrettable not to be able to put additional funds into services, such measures would be necessary in order to safeguard the Council's essential services. Further to a question raised, it was explained that Brent was in a similar position to other authorities, with majority of London boroughs expected to receive only 'floor' increases in grant.

One member raised a question relating to the steps taken to inform councillors of key budget issues. In reply, Councillor Lorber asserted that the away days attended by Executive members had provided an opportunity to discuss the various issues involved in the budget setting process. A presentation by the Director of Finance and Corporate Resources to each political group was also acknowledged as another means of ensuring that non-Executive members were fully informed of budget issues.

The Chair then concluded the item by thanking the Leader of the Council for his contribution to the meeting.

9. Involving All Members in the Budget Panel

Jacqueline Casson (Senior Policy Officer) introduced the item by reminding those present that at a previous meeting, concerns had been expressed about the need to increase member participation in the budget scrutiny process. Thus, the report subsequently produced outlined a number of options, including the suggestion that all councillors should be invited to the Budget Panel meeting on 7th February 2008. This would provide non-Budget Panel members with the opportunity to participate in discussions on the draft budget, prior to its final consideration by the Executive.

This approach was particularly welcomed by Councillor John, who emphasised that it would open up the scrutiny process to wider participation. In addition, Councillor J Moher pointed out that the Director of Finance and Corporate Resources had been invited to a recent group meeting to provide a presentation on the budget position and key issues. Commenting that this had been very beneficial to members in gaining an understanding of the issues involved, he urged other political groups to do the same.

RESOLVED:-

that all members of the Council be invited to attend the Budget Panel meeting on 7th February 2008 to take part in discussion on the draft budget, prior to the Executive meeting at which this matter will be considered.

10. Date of Next Meeting

It was noted that the next meeting of the Budget Panel would take place on Monday, 3rd December 2007.

11. Any Other Urgent Business

There was none.

The meeting ended at 9.40 pm

A MENDOZA
Chair

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