

**MINUTES OF THE BUDGET PANEL**  
**Monday, 18<sup>th</sup> December 2006 at 7.30 pm**

PRESENT: Councillor Mendoza (Chair), Councillor Pagnamenta (Vice Chair) and Councillors Cummins, J Moher (part) and Shah.

Councillor Van Colle (Lead Member for Environment, Planning and Culture), Councillor D Brown (Lead Member for Highways and Transportation) and Councillor Mistry were also present.

Apologies for absence were received from Councillor John.

1. **Declarations of Personal and Prejudicial Interests**

None declared.

2. **Deputations**

None

3. **Minutes of the Previous Meeting – 7<sup>th</sup> December 2006**

RESOLVED:-

that the minutes of the previous meeting held on 7<sup>th</sup> December 2006 be received and approved as an accurate record.

4. **Matters Arising**

None

5. **Environment and Culture Budget Issues**

Members heard a presentation on Environment and Culture Budget issues from Richard Saunders (Director of Environment & Culture). Richard Saunders stated that this year's annual budget of £45 million funded the activities of 13 frontline services under Environment & Culture. Turning to the pressures facing the Environment and Culture budget, Richard Saunders explained that the Council's objectives included the improvement on the number of streets classified as not clean to acceptable standards (Bv199a) from 30% to 19% by 2009 and to increase recycling to 30%. In addition, Government targets to reduce landfill would need to be met, otherwise the Council would need to engage in a trading process to obtain additional sites. Members heard that budget gaps existed for library services and were advised of the need to improve sports facilities and to provide a third swimming pool. Furthermore, a population increase in Brent of 10% was expected in the next 10 years which would create further demand for services. Richard Saunders added that the Local Development Framework and legislation such as the Clean Neighbourhoods &

Environment Act and Smoking Ban enforcement would place greater strain on the budget. With regard to the Corporate Strategy, the expansion of alley gating systems to improve public safety, the improvement in Parks and the intention to increase participation in sport by the 2012 Olympics would all need to be taken into account. Richard Saunders then referred to the savings that had been identified to date for the 2007/2008 budget, including efficiencies and income savings of £391K and £719K net savings from parking, whilst a further 17 options totalling £1.114 million were under consideration. Richard Saunders listed the priority growth areas, including waste, recycling, cleansing, highways, footways and infrastructure and other options that would reflect the Council's Corporate Strategy and the pressures it faced. Members noted the Capital Programme funding for the next 3 years.

During discussion, Councillor J Moher enquired about future plans concerning new facilities at the Roe Green site as he had understood that there had been an undertaking for these to be provided and that they had been budgeted for. In response, Richard Saunders advised Members that funding for sports and park facilities had been identified from the budget agreed in March 2006, including capital funds for a pavilion at Gladstone Park, pitch improvements at King Edward VII Recreation Ground (Willesden) and a new pavilion at Gibbons Recreation Ground. However, due to other pressures on the parks capital programme, funds had not specifically been provided for the new facilities on the Roe Green site and current year's works had been funded by bringing forward part of the capital allocation for parks from 2007/08. Members heard that the £425K available for parks in the 2007/08 Capital Programme was to fund activities for the entire Borough, although Richard Saunders did not rule out further funds being made available for the Roe Green site. Sue Harper (Assistant Director, Leisure and Registration, Environment & Culture) further advised the Panel that the Roe Green site had undergone the first year of a 3 year improvement plan but that funding was not identified for years 2 and 3.

The Chair enquired about the future strategy for libraries funding. With regard to the savings options being considered, he asked whether these would place any aspect of the Corporate Strategy at risk and he enquired about the percentage of savings to date and how these had been identified. The Chair also sought further details concerning service priority growth and the impact on the services involved and asked that the Comprehensive Performance Assessment Indicators for value for money be specified.

In reply to the issue raised on libraries, Councillor Van Colle (Lead Member for Environment, Planning and Culture) advised the Panel that options for a strategy for future library spending were still being considered, however a £300K shortfall in the budget needed to be taken into account, along with the priorities of the Corporate Strategy.

On the issue of impact on achievement of corporate strategy priorities, Michael Read (Assistant Director, Policy and Regulation, Environment & Culture) drew Members' attention to Appendix 2a of the Council report on 27<sup>th</sup> November 2006 detailing possible savings options. He advised Members that some of the savings options included in the First Reading report, for example, cemetery, registrars and building control services, would not impact on achievement of service priorities. Others, such as reductions in the Planning Service, Trading Standards, Environmental Health, Parks Services Development Team, the Warden Service, footway and carriage way schemes and the Welsh Harp Centre, would have an impact. He gave as an example, the reduction in the Planning Service legal budget which could affect the ability of the Council to negotiate Section 106 agreements.

With regard to service priority growth, Richard Saunders cited the waste management contract as an area of growth needed to help achieve the objectives of the Corporate Strategy through making the Borough a cleaner place with more recycling, which in turn could attract Government grants. He added that some areas could deliver Corporate Strategy priorities within their existing budget. Members noted that the Council was required to increase recycling and that financial penalties would be incurred if Government targets were not met. Richard Saunders also stated that the Council were encouraging the West London Waste Authority (WLWA) to play a more significant role in finding suitable alternative recycling and compost sites. Councillor Van Colle added that the WLWA had not performed as had been anticipated and it was hoped that there would be improvements. He also stressed the need for an improved service to the current waste management contract and explained that this could only be achieved through increased spending in this area.

Councillor D Brown (Lead Member for Highways and Transportation) advised the Panel that overall standards of highways should not be affected, however monitoring of this would be on-going. Michael Read commented that funding for highways came from both revenue and capital budgets and that the £3 million per annum available from the Capital Programme was insufficient to maintain highways standards at their current level although revenue budget funds could to some extent be used to offset this shortfall.

Richard Saunders continued that approximately 5% savings had been identified so far in Environment and Culture and that there had been a detailed review of all units within Environment & Culture to see where there could be further efficiencies. Savings so far identified included £250K on regulatory management costs and savings made through more extensive use of IT. The Panel also heard that significant savings had been made due to the competitive dialogue process during the tendering of the Waste Management Contract.

Richard Saunders advised that value for money was assessed through CPA value for money indicators and customer satisfaction surveys. Members heard that overall customer net satisfaction had steadily risen over the last 3 years to 71% for 2006. Richard Saunders added that a few areas had seen a decrease in satisfaction, such as Vale Farm Leisure Centre, where the contract was reviewed and the need for investment identified. Where costs had been identified as high, savings had been implemented such as restructuring the Cemeteries Service. Other value for money indicators included comparisons with the private sector and Members noted that both Building Control and Parks Services had performed competitively against the private sector, whilst Licensing's adoption of innovative work practices, including home-based officers, had improved productivity by approximately 15%.

Councillor Cummins, whilst acknowledging the significance of waste management, commented on the importance of libraries to residents and he sought further details concerning plans for this service. In reply, Councillor Van Colle advised Members that because of the budget gap in this service, a number of options were being explored. Marianne Locke (Assistant Director, Arts and Learning, Environment & Culture) added that some libraries were in need of essential maintenance and that a Library Strategy would be considered at a future meeting of the Executive. Options included raising revenue through increasing prices, reducing the level of service, closing smaller libraries so that larger libraries could continue to offer similar or higher quality service, and a number of efficiency initiatives. She also stated that a new library management system was being considered and would be put before a future meeting of the Executive.

Councillor Pagnamenta sought advice on the risks posed by cutting legal support and whether there could be efficiencies in staff costs within the Planning Service. In response, Michael Read reiterated that the Planning Service was most at risk, with the possibility that funding from Section 106 agreements would not be optimised. He stated that although there were some staff with much experience of Section 106 agreements in the Planning Service, staff turnover was high and he did not think it prudent that there be a reduction in staff as very high performance targets needed to be met. It was noted by the Panel that more enforcement action was also needed, although Brent compared favourably with other London Boroughs in this area with a current rating of 7<sup>th</sup> for planning enforcement initiatives.

## **6. Budget Position Update**

Duncan McLeod (Director, Finance & Corporate Resources) provided the Panel with an update on the budget. With regard to the 2006/2007 Budget, he stated that the full costs of the recent tornado in Kensal Rise were yet to be known, although damage to Council buildings was covered by insurance after the first £279K. Members were advised that there was a Government system of reimbursement, rather than

direct budget contributions, to assist in the cost of damage repairs although it was unlikely that Council spending would reach the threshold for reimbursement.

There was little change to the Primary Care Trust (PCT) situation, with details still being gathered. Efforts were being made to highlight the impact of PCT cuts nationally, for example a letter from the Chief Executive had been published in The Guardian newspaper on this subject. It was hoped that the Government could be pressurised into taking action as the PCT had no chance of meeting its financial targets. In relation to PCT debts, Duncan McLeod stated that £1.8 million had been received, and a meeting was scheduled for 19<sup>th</sup> December 2006 to discuss further repayments. The Council had been requested to provide more invoice details as the PCT had mislaid some of these and the PCT had taken on board the need to improve their administrative process.

Duncan McLeod continued that the financial forecast for 2006/07 was similar to that reported previously. However, there were a number of other new pressures on the 2007/08 budget, in addition to the PCT cuts.. These included a proposed 5% cut in housing benefit support for temporary accommodation leased by the council, an 11% increase in levy charges from the WLWA, and over 100% levy charge increase from the Environment Agency. Changes in legislation, such as land charges and the Gambling Act 2005, would result in additional costs and London Councils (the former Association of London Government) were planning representations to the Government in response to this. Members heard that the Mayor of London's budget consultation included a proposal for a 5.3% overall increase in the GLA precept although the Olympics element of this had been frozen. The GLA budget would be finalised on 14<sup>th</sup> February 2007.

Duncan McLeod updated Members on the Capital Programme, stating that departments had been requested in the first instance to keep to the budgets set by the previous administration. He advised Members that forecast capital receipts from disposal of council homes under the Right-to-Buy scheme had reduced because discounts had been reduced and also that targets for other receipts could be affected by decisions to use receipts for other purposes rather than fund the capital programme. He added that there would be a need to identify priorities across all service areas.

Duncan McLeod stressed that further work to identify how the budget gap would be bridged included reviewing further savings options and prioritising growth over four years. Consideration was also being given to spend to save initiatives.

During discussion, the Chair enquired to what extent the budget gap had narrowed and sought clarification with regard to PCT savings. Councillor Shah enquired whether savings could be achieved in

particular services affected by the PCT changes. Councillor Pagnamenta asked if any estimates on cost had been made in respect of the Kensal Rise tornado.

In reply to the issues raised, Duncan McLeod advised that, whilst the budget gap had narrowed, there was still some way to go. He said that, with regard to PCT cuts, if these were imposed by the PCT, there would need to be a wide-ranging review of other possible savings. The Panel heard that an estimate of the Kensal Rise tornado costs was expected in the next few days and it was hoped that it would not be in excess of £500K.

## **7. Discussion on Interim Report**

Members discussed items for consideration to be included in the Interim Report to be produced by the Panel prior to the publication of the draft Budget in February 2007. The Chair commented that the scope of the report should be broad and include a wider look at the overall budget strategy and in particular consider how savings might affect the Corporate Strategy. He stressed the importance of a robust budget and therefore the need to highlight overspends in the past, such as those that had happened in Children's and Adult Services. He felt that analysis of future budgets needed to be more predictive so that there was greater awareness of potential overspends or other factors that could affect budgets. He suggested that there be consideration of the Council's financial strategy and Corporate Strategy in the medium term. The Chair also raised the issue of whether it was feasible to keep the Council Tax increase at 0% considering, for example, PCT's financial situation and other unexpected events.

Councillor Cummins concurred with the Chair on the need for a more predictive approach and of greater cost control to prevent overspends and keep within budget, such as addressing the PCT's debts to the Council at a much earlier stage. Councillor Cummins spoke of the need for adequate balances and the role of the Director of Finance in advising members on the appropriate level. He felt that short term balances would be useful in dealing with extraordinary situations such as the Kensal Rise tornado and the PCT budget crisis. With regard to Council Tax, Councillor Cummins questioned the accumulative effects of setting it at the same level for a succession of years, and stressed the need to striking a balance with residents' needs. He felt that the risks of making further cuts so that the Council Tax remained at 0% needed to be assessed, as possible effects such as dwindling library stocks or reduced Planning Enforcement activity could have a negative impact on residents and their perception of the Council.

Members also discussed items to be discussed for the next Budget Panel meeting. In addition to discussion on the Interim Report, Members agreed to the Chair's suggestion that an update on the Capital Programme 2006 – 2011 be provided, with the Deputy Leader

of the Council, Councillor Blackman, invited to attend to respond to Members' questions. Members agreed to a further suggestion from the Chair that there be an update on Corporate Units budgets and their outputs and on central items within the budget.

**RESOLVED:-**

that at the next meeting of the Budget Panel on Wednesday, 10<sup>th</sup> January 2007, the following items be considered:

- (i) an update on the Capital Programme 2006-2011 and the Deputy Leader of the Council invited to attend to respond to Members' questions;
- (ii) an update on Corporate Units budgets and their outputs;
- (iii) information on Central Items in the 2007/2008 Budget; and
- (iv) further discussion on the content and format of the Interim Report due to be produced by the Budget Panel prior to the publication of the draft Budget in February 2007.

**8. Date of Next Meeting**

It was noted that the next meeting would take place on Wednesday, 10<sup>th</sup> January 2007.

**9. Any Other Urgent Business**

None

The meeting ended at 9.25 pm

A MENDOZA  
Chair