

**MINUTES OF THE PERFORMANCE AND FINANCE SELECT COMMITTEE  
(SPECIAL)  
Wednesday, 18<sup>th</sup> February 2004 at 7.30 pm**

PRESENT: Councillor Davies (Chair), Councillor H B Patel (Vice-Chair) and Councillors Bellia and Moher.

Also present were Councillors Coughlin, Fox, Halder, Harrod, John, Jones, Kagan, R S Patel and Thomas.

Apologies for absence were received from Councillor Gladbaum.

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

Councillor H B Patel advised the Select Committee that he was a trustee of the Shree Satyavis Gham Patidar Samaj (Europe).

**2. Deputations**

There were none.

**3. 2004/2005 Budget and Council Tax**

The Committee had before them the 2004/2005 Budget and Council Tax report for scrutiny prior to its consideration by Council on 1<sup>st</sup> March 2004. The Chair outlined the budget process to Members of the Select Committee and explained that at its meeting on 9<sup>th</sup> February 2004, the Executive had passed the following motion:-

“That the report, which contains the latest budget proposals, be noted and forwarded to the Full Council on 1<sup>st</sup> March 2004 who are asked to agree recommendations 2.1 to 2.41, subject to three potential amendments:

- (a) the agreement of the final Greater London Authority precept for 2004/2005 by the Assembly;
- (b) the decision by the Department of Education and Skills on the Council’s application to have a higher limit of increase on its non-devolved schools budget than the devolved budget;
- (c) any other significant changes to the budget figures currently presented in this report.

If a change is necessary officers, after consultation with the Leader and Deputy Leader of the Council, are instructed to update the report accordingly prior to the Full Council meeting.”

Members of the Select Committee were advised that the purpose of the meeting was to give Members the opportunity to scrutinise the Executive's budget and move alternative proposals, prior to the meeting of Full Council on 1<sup>st</sup> March 2004, which sets the Budget and Council Tax. The Chair then went on to explain that there had been two significant developments since the report was circulated to the Select Committee. Firstly, the GLA had confirmed a precept of £241.33 for Band D with a 7.5% rise. Members noted that this was less than the £247 (10%) assumed in the report. The second development concerned DfES notification about the application for a higher increase in the non-delegated and delegated schools budget. The Chair confirmed that a 50% reduction in the requirement in the limit has been agreed. £663k less could not be put into the schools budget than that currently reflected in the report. This is £662k above the passporting figure. Members noted that the Administration was currently considering its position on this.

At the invitation of the Chair, the Lead Member for Corporate Resources clarified the implications of the GLA precept and the 50% dispensation granted by the Secretary of State with regards to the devolved / delegated school budget. He confirmed that as a result of a significant overspend in the 2003/04 budget for Special Educational Needs (SEN); extra money had been required for the devolved / delegated schools budget. Martin Stratford (Education, Arts and Libraries) then confirmed that as a result of the dispensation, an additional £662k would be available to the Executive to channel elsewhere into the budget.

Members of the Select Committee then raised the following questions and invited Senior Officers and the Lead Member to respond:

Councillor Moher asked how the Select Committee could be confident that the budget increases in 2004/05 would meet the requirements for SEN. Martin Stratford (EAL) explained that the budget increase was necessary to meet demands of an increase in the number of children in the borough requiring SEN placements beyond Brent. He stressed that despite the budget increase work would be undertaken to reduce out of borough SEN costs such as an assessment of units attached to special schools and a more stringent monitoring approach by the Director of Education regarding SEN applications. In response to a supplementary question concerning proposed improvements for management of the spending programme in 2004/05, Members were advised that each application for an out of borough placement would be reviewed by the Director and Deputy Director of Education, Arts and Libraries. After further consideration it was estimated that the end of year overspend was likely to be less than that stated in the report, as a result of in year measures to reduce the impact of borough spending.

Councillor Harrod referred to the proposed £40,000 growth for the Welsh Harp Educational Centre and enquired about proposed action to increase staffing at the facility. Martin Stratford confirmed that despite having recently completed the appointments process, the successful candidate had subsequently withdrawn and the Department was now looking to secure a secondment teacher to the vacant post. It was anticipated that the process would take some time although advertising would commence shortly.

Councillor Bellia enquired about the criteria for the provision of SEN funding and was advised that it was necessary to consider the financial implications of every decision taken to assess the costs of granting SEN placements. Consequently, senior officer consideration of each application would provide an additional monitoring mechanism to prevent unnecessary overspend.

The Chair then thanked the Lead Officer and the Lead Member for Corporate Resources for their attendance at the meeting and for their responses.

### *Environment*

In response to a request for clarification about the Civil Engineering Index, the Director of Environment advised the Select Committee that the Onyx contract was linked to the Baxter Index, which was currently running at a higher rate than general inflation. As a result of index setting being considered in February, the Council had to estimate the indexing figure within the budget report. He went on to confirm that other authorities used either the Baxter Index, in-house price indexes or the retail price index. Members were advised that whilst the Baxter Index was dearer in comparison with the Retail Price Index, economic, social and market conditions had to be taken into account and a tactical decision taken in advance of the re-tendering process.

Councillor Harrod commented on spending for alleyways, gating and unadopted land and enquired as to how funding would be prioritised. The Lead Member for Environment and Planning acknowledged Councillor Harrod's comments about enviro-crime and responded that having consulted ward councillors regarding spending on alleyways, certain areas would be prioritised. In response to a further question regarding action taken to integrate with neighbouring boroughs such as Barnet over shared land and the issue of gating, the Lead Member confirmed that additional funding and resources such as extra wardens would be undertaken. The Director of Environment confirmed that he would, if requested, assess the arrangements in place in Welsh Harp.

In response to a question concerning the possible extension of the Congestion Charge and the implications for the parking account and local residents, the Lead Member confirmed that Members could comment directly to the GLA on any proposals. The Director of

Environment explained that Brent had received the highest level of funding in 2002/03 following implementation of the charge and that a further bid would be made in 2004/05. He confirmed that an extension of the charging zone would affect parking around stations and that there would be subsequent implications/ considerations. However, in financial terms, an extension to the zone would provide additional funding for the parking account.

Some Members of the Select Committee acknowledged the growth in Environment but stressed the need to monitor costs and sought assurances that the use of temporary staff would be monitored and queried whether the Department had the capacity to deliver despite the growth. The Director of Environment confirmed that all growth bids related to service delivery and that Service Delivery plans were currently being drawn up in order that good and permanent staff were secured. He also assured Members that spend would be delivered effectively and on time.

Responding to a query from Councillor H B Patel regarding Legal Fees and in particular the possible payment of compensation in the Quanton Street case, the Director of Environment confirmed that any compensation would be paid out of the corporate budget. The Director also responded to a query about claims for pavement trips. In response to a query about the allocation of potential awarded costs, the Director of Environment confirmed that any awarded costs would reduce the costs to the Council. Members noted that should a judgement be announced regarding the Quanton Street case before 31/03/04, this would have an impact on the 2003/04 budget.

Councillor H B Patel enquired about the allocation of £300k for the implementation of the awaited licensing scheme and was advised that this funding was necessary to ensure that the service was developed but that any in year savings would be paid back into the budget. Regarding the issue of enforcement powers and resources, the Director of Environment confirmed that both the licensing and enforcement approaches would be different. Commenting on the financial implications of the new scheme, Members were advised that the fees should cover all of the costs of the scheme but that the currently suggested fees were too low.

The Chair thanked the Lead Member and the Director of Environment for their contributions to the meeting.

### *Social Services*

The Director of Social Services responded to a query about attempts to attain 2-star accreditation and explained that the growth would ensure improvements in key areas such as the provision of support to foster carers, increased recruitment of foster carers, improved adoption targets, improved delivery of adult services and general improvements

in Children's Services. In response to a question from Councillor Bellia concerning effective spending, the director of Social Services explained that the Department had delivered on budget in 2003/04 and that a number of vigorous financial management processes and systems were now in place to ensure more effective scrutiny of spend. Members noted the recent appointment of management accountants. The Director of Social Services confirmed that on 1<sup>st</sup> April 2004, a new financial management system would be introduced and was expected to make the monitoring of services both easier and more effective.

Councillor Harrod queried the implications of an increase in the number of occupational therapists and was advised that there had been a decrease in the number of people waiting to be seen and a reduction in the timescales for assessment. The decision to create additional posts would lead to further service delivery improvements.

The Chair thanked the Director of Social Services and the Lead Member for their attendance and contributions to the discussion.

### *Housing*

Responding to a question from Councillor H B Patel about the issue of B & B accommodation, the Director of Housing explained that if the Council used B & B accommodation beyond six weeks it faced a potential reduction in the payment of housing benefit subsidy and families would have the legal right to request judicial review of the Council's decision to house them in temporary B & B accommodation. He confirmed that there were currently 50 families in B & B accommodation, 30 of which had been housed for longer than six weeks due to delayed assessments. He stressed however that the total number of people in temporary accommodation was 4,000 and that such a decrease in the use of bed and breakfast accommodation was a notable achievement.

Councillor H B Patel then enquired as to why the grant regime had increased from 95% to 100%. The Deputy Director of Finance explained that although 100% of grant would be payable in standard cases because of delays in notifications of changes in circumstances, errors in processing and fraud, grant would not be payable at 100% in all cases.

The Chair thanked the Lead Member for Housing and the Director of Housing for their attendance and contributions to the meeting.

### *Corporate*

In the context of the E-government programme and IT expenditure, Councillor Bellia raised the issue of making increased use of open software as an alternative to Microsoft products in order to reduce spend in this area. The Director of Corporate Services responded that

the Authority is already using open source software in some areas but not for desktop software. He explained that a review of the potential use of such desktop software had been undertaken prior to the decision to enter a public sector licensing agreement with Microsoft some years ago. Significant costs regarding retraining, amendments to applications and external data exchange had been identified. Members were also advised that officers were actively engaged in tracking the outcome of similar reviews and studies by other local authorities. The result of such an exercise by the London Borough of Newham was anticipated shortly. The Director of Services confirmed that officers would undertake a further study over the next year to be available in approximately twelve months. Some Members expressed concern that the assessment would be delayed and stressed the need for a more immediate review given the rapid developments in IT.

In response to a question about the prudential code and the areas outlined in the report that Members needed to consider, the Deputy Director of Finance explained how the system needed to be monitored closely to ensure that financial risk was minimised and long term prudence guaranteed. The detail in the report including the thirty year business plan could give Members confidence that the level of borrowing included in the report was affordable. He then went on to confirm that 4% annual payback on the capital debt was a reasonable and prudent provision for repayment of debt.

Councillor Harrod queried why growth was necessary in light of a reduced community charge income and was advised that more money had been collected in 2003/04, which would not be repeated in future years and therefore the reduction in income in the preceding year needed to be repaid with growth.

Commenting on the future presentation of the report, Councillor Moher requested greater regard for the presentation of the report in future years and highlighted the need for an accompanying report or synopsis which would assist both Members and the public in identifying key points within the budget report. The Deputy Director of Finance acknowledged that better sign posting in the future might be beneficial for Members but stressed that regard for legal requirements dictated how certain areas of the report were presented. The Chair commented that since scrutiny was not making a final decision on the matter, the issues of presentation of the report in future years could be more easily addressed.

Concerning the issue of consultation and attempts to improve the public's engagement in the budget process, the Lead Member for Corporate Resources explained that the executive was aware of the complexities involved in engaging the public in the process and the questions that would possibly need to be addressed. He stressed however that the matter would be looked at in the future and better consultation processes developed.

The Chair then thanked the Lead Member for Corporate Resources and the Deputy Director of Finance for their attendance and contributions to the meeting.

RESOLVED:-

that the 2004/2005 Budget and Council Tax report, taking into account the motion moved by the Executive on 9<sup>TH</sup> February 2004 and the proposed amendments following confirmation regarding the GLA precept and notification from the DfES regarding the delegated and non-delegated schools budget, be noted by the Performance and Finance Select Committee.

**4. Any Other Urgent Business**

There was none at this meeting.

The meeting ended at 9.15pm

J DAVIES  
Chair

Mins0304/scrutiny/Perf&Fin18fj