

**MINUTES OF THE JOINT MEETING OF THE OVERVIEW AND SCRUTINY
COMMITTEES (BUDGET)
Wednesday, 22nd February 2006 at 7.40 pm**

PRESENT: Councillors Arnold, Bellia, Dromey, Farrell, Freeson, Gladbaum, Harrod, Kabir, Kansagra, J Long, Mendoza, J Moher, R Moher, Nerva, B M Patel, H B Patel, Sattar-Butt, Shahzad, Thompson and Van Colle and co-opted members Mr Lorenzato and Dr Levinson.

Also present were Councillor Coughlin (Lead Member for Finance and Corporate Resources), Councillor Jones (Lead Member for Environment, Planning and Culture), Councillor D Long (Lead Member for Human Resources and Diversity), Councillor Lyon (Lead Member for Children and Families) and Councillor R S Patel (Lead Member for Regeneration and Economic Development).

An apology for absence was received from Councillor Crane.

1. Election of Chair

Councillor Dromey nominated Councillor Kansagra to Chair the meeting. This nomination was seconded by Councillor Nerva.

RESOLVED:-

that Councillor Kansagra be appointed chair of the joint meeting of the Overview and Scrutiny Committees (Budget).

2. Declarations of Personal and Prejudicial Interests

There were none.

3. Deputations

There were none

4. 2006/2007 Budget and Council Tax

The 2006/2007 Budget and Council Tax report was now before Members of the Overview and Scrutiny Committees for scrutiny prior to its consideration by Full Council on Monday, 6th March 2006.

Duncan McLeod (Director of Finance and Corporate Resources) was invited to provide an introduction for Members to the report and to identify any subsequent amendments that had been made to the original report which was considered by the Executive at its meeting on 13th February

2006. The Director of Finance and Corporate Resources referred to the subsequent update on the 2006/2007 budget information that had been circulated to Members of both Committees in advance of the meeting. Included in this update report was information concerning the decisions taken at the Executive meeting on 13th February, details about the decisions taken by the Greater London Authority (GLA) on 15th February regarding the GLA precept for 2006/2007 and information regarding the announcement of funds available through the Local Authority Business Growth Incentive Scheme. Members were advised that the Council's financial management had developed considerably and that, as identified through the use of resources judgement in the recent CPA assessment, the Council was in a good financial position. With regard to the 2006/2007 budget the Council had a prudent level of balances and elements of growth.

The Director of Finance and Corporate Resources highlighted specific risk areas and challenges ahead for the Council as a result of receiving the 'floor' increase in grant. It was noted that the budget proposal signified the Council's commitment to a rolling four-year medium term strategy. With reference to funding for education, it was noted that schools had done well. Commenting on the Capital Programme, the Director of Finance and Corporate Resources explained that there were a number of demands now facing this significant programme. It was noted that the budget report would be further amended to reflect any subsequent financial amendments and that the minutes of the joint meeting would be submitted with the final budget report to the meeting of Full Council on 6th March 2006 for approval.

At this point Councillor Coughlin (Lead Member for Finance and Corporate Resources) thanked Duncan McLeod, Peter Stachniewski and other members of staff within the Finance Team for all their hard work and commitment to developing the 2006/2007 budget proposal. He also thanked members of the Executive for their robust approach to developing the budget proposals. The Lead Member then commented on the Council's commitment to maintaining one of the lowest Council Tax increases across London whilst retaining its commitment to providing high standards of service and pursuing further improvements in service delivery. It was stressed that the proposed Council Tax figure for Band D signified one of the lowest Council taxes in London as a result of sound financial management by the Council. The Lead Member for Finance and Corporate Resources then invited comments and questions regarding the budget proposals before Members of the Overview and Scrutiny Committees.

Councillor Thompson enquired about the Council's key priorities underpinning the budget proposals in light of the current Corporate Strategy

coming to an end. He queried how much flexibility would be provided for in the budget for the new administration after May's elections and enquired as to whether the budget had been designed with the need for such flexibility in mind. In response the Lead Member for Finance and Corporate Resources explained that the majority of the objectives set out in the Corporate Strategy had been achieved in the past three years. As a result the emphasis was now on concluding the outstanding elements of the Strategy such as targeting CPA requirements. With regard to flexibility within the budget post-election, the Lead Member for Finance and Corporate Resources explained that there would be significant opportunities for the administration to move forward whilst maintaining a good level of balances. He explained that flexibility was always built into budgets but stressed that the Council was in a sound financial position to face any challenges that might lie ahead as a result of potential risk areas as highlighted on page 31 of the report. Members were advised that these risk areas dictated the need for some flexibility so that the financial position could accommodate different approaches and allow for financial resources to be made available if and when necessary. The Director of Finance and Corporate Resources repeated the comments made about the need for some flexibility within the budget, although it was noted that a lot of the activities undertaken by the Council were as a result of statutory requirements which remained the Council's main spending priorities. Referring to detail in the report about the Council's efficiency programme, the Director of Finance and Corporate Resources stressed that through investment the Council was building for the future.

Councillor Nerva queried whether the Council had the capacity to deliver the planned programme and sought clarification regarding the mechanisms that were in place to assure that the programme would be delivered. The Lead Member for Finance and Corporate Resources explained that demand on the programme was vigorously assessed from the outset and that once a full assessment had been undertaken officers sought out evidence on project capacity. Following approval of the planned programme Scrutiny ensured on-going monitoring and successful delivery of the programme. It was noted that the Council was delivering an ambitious programme. With reference to performance monitoring and capacity, the Director of Finance and Corporate Resources explained that good systems were in place across the authority to ensure that there were no unidentified risk areas threatening the programme. Members were advised that the Council successfully delivered on a high percentage of projects and that good risk management mechanisms were in place to allow ongoing monitoring. Councillor Nerva stressed the need to ensure that the capital programme was spent and not unnecessarily delayed or deferred. The Lead Member for Finance and Corporate Resources explained that structures were in place to ensure that resources were utilised when and where allocated. However he acknowledged that

smaller projects across Wards were sometimes delayed and therefore the onus was on Ward Councillors to identify such delays. It was suggested that the Performance and Finance Select Committee could monitor the capital programme and identify areas of concern.

Councillor Nerva referred to the budget report which stated that the largest single budget pressure was adult social services principally as a result of responsibility for clients being transferred from the tPCT to the Council, and queried whether this was reflected in the Council's priorities. In response, the Lead Member explained that whilst the Council had not made it explicit in the Corporate Strategy that this spend would be necessary it had been possible to accommodate the changes. Consequently such provision was included in the 2006/2007 budget and it was anticipated that the challenges this presented would be met. The Director of Finance and Corporate Resources stated that he hoped that this would be the final settlement with the tPCT but that there could be further changes in the future. He stressed that there would be a continuing need to work with the tPCT and the Government in order to lobby for additional future funding with an emphasis on providing more preventative care.

Councillor Mrs Fernandes queried whether there was a system in place to fund patient discharges from hospital and sought assurances that the Council would not be increasing charges for recipients of the services. Councillor Mrs Fernandes referred to the Delayed Discharges Act and sought clarification as to whether Brent had been fined previously for delayed discharges. The Lead Member for Finance and Corporate Resources stressed that Brent had not been fined for delayed discharges in the past. The Director of Finance and Corporate Resources explained that there was a system where fines could be levied against local authorities but that Brent had not been subject to this. He stressed that the authority had worked closely with the PCT to address hospital discharge issues and that a number of improvements had been made including taking measures in December 2005 to work with the NHS to make sure that more bed facilities were available throughout the Christmas period.

Councillor Arnold queried how the first reading debate in November 2005 had influenced the budget particularly with regard to issues such as plastics recycling and pavements. The Lead Member for Finance and Corporate Resources referred to plastics recycling and explained that no significant growth had been proposed in the 2006/2007 budget but that new specifications were being worked up for the waste management contract and that this would include the issue of recycling plastics. Commenting on carriageways and footways he stressed that record levels of investment had been spent on carriageways and footways across the

Borough in recent years and that although there had been a reduction, investment was running at £3m each year. Councillor Arnold referred to the Youth Service and queried whether the budget had allowed for an appropriate increase in activities for the Youth Service and Youth Service activities. The Lead Member replied that many services potentially impacted on the young but referred to specific youth facilities such as those in Roe Green Park, Gladstone Park, the refurbishment of John Billam, which was almost complete, and an increase of £200,000 into the Youth Service to enable greater investment. The Lead Member also referred to further investment in libraries through the capital programme and explained that there was significant investment in both the Youth Service and activities/facilities for the youth in 2006/2007.

At this point Councillor Lyon (Lead Member for Children and Families) commented on revenue funding for the Youth Service and explained that an action plan had been developed in order to bring about improvements in future years. It was noted that following the recently completed Joint Area Review (JAR), feedback had been very positive about Brent's approach to making further improvements within the Youth Service. He then explained that the Government had listened carefully to Brent's case regarding funding for schools and subsequently the settlement had been better than anticipated with an increase in funding for schools and school places. Following a query from Councillor Arnold, Members were assured that the action plan for the Youth Service addressed all of the identified risk areas.

Councillor Harrod referred to HRA rent setting and the consultation that had been undertaken with the Brent Housing Partnership (BHP) Board and queried whether the Executive took into account the results of consultation. The Lead Member for Finance and Corporate Resources explained that consultation was a two-way process. He then explained that since the Council was committed to achieving the decent homes standard the proposed rent increase would ensure that necessary funding was available. Councillor Harrod queried whether funding gaps to achieve the decent homes standard would be met through the PFI scheme and was advised by the Director of Finance and Corporate Resources that such a scheme was still in an early stage of planning.

Referring to the Youth Service and the Extended Schools Strategy, Councillor Freeson suggested that there were not enough facilities available to enable the Extended Schools Strategy to be rolled out across the Borough and queried what resources would be made available. Referring to page 63 of the report regarding the Housing HRA in the 2007/2008 capital programme, Councillor Freeson queried why this figure had trebled. The Director of Finance and Corporate Resources explained that the necessary expenditure for the Granville New Homes project had

been included in the 2007/2008 proposal and that the assumption was that this would be a one-off cash injection in 2007/2008. Thereafter there were a number of different funding options. In response to the question concerning the Extended Schools Strategy, the Lead Member for Children and Families explained that this was a revenue issue and stressed that the project was underway despite the allocation of a modest budget. He then commented on an increase in budget for youth facilities across Brent and highlighted other projects that were underway or proposed in the future including the aim to open a new pupil referral unit in Chalkhill and included as part of this an upgrade of the existing youth centre.

Councillor H B Patel queried to what extent the budget reflected the aspiration for a crime free, clean and well maintained environment which was at the top of most residents' list of priorities. The Lead Member for Finance and Corporate Resources commented again that the Council was in the process of completing a four-year programme which had seen investment put into an intensive street cleaning programme and other such initiatives to improve the local environment. The Lead Member referred to the residents' satisfaction survey which had been very positive and had highlighted that residents were happy with the street scene across the Borough.

Councillor H B Patel queried what the statistical and financial basis was for the Director of Finance and Corporate Resources' assessment of risk which calculated the optimum level of balances being around £7.5m to £8m. He queried in percentage terms how the Council's balances compared with those of other boroughs. The Lead Member for Finance and Corporate Resources tabled a list of earmarked and unallocated reserves for London boroughs as at 1st April 2005 and explained that a lot of work had been done to improve balances which were seen as of vital importance to the Council. Referring to the list he submitted that the Council was not being excessive about the level of balances required but that these were necessary in order to provide protection both for the Council and residents. Members were advised that the auditors were happy with the figures and that the emphasis was on the Council achieving additional balances in the future. Councillor Harrod queried why the balances were set at £7.8m when the minimum prudent figure was stated in the report as £5.5m. The Director of Finance and Corporate Resources referred to the methodology used by officers and explained that this was a risk based approach. Whilst £5.5m would be the minimum figure necessary to meet potential risks in the future some flexibility was necessary to enable effective medium term financial planning and therefore a figure of £7.8m had been identified. It was stressed that it was good financial management and best practice to set the figure above the bare minimum level.

Councillor J Moher queried whether the Council could expect closer and more realistic budgeting in the future rather than diverting balances to fund overspending in service areas. The Lead Member submitted that the Council's budgeting was realistic and that all risks had been fully assessed. It was noted that balances were there to protect the Council but that there would be ongoing monitoring of the service areas to allow early risk detection and assessment. Councillor J Moher queried whether the Council should have an identified contingency reserve rather than having centrally held balances which could be diverted to services when problems arose. The Lead Member explained that balances were the contingency reserve and that the Council's approach enabled greater monitoring of the issues and identification of potential future problems, risks and spending. The Director of Finance and Corporate Resources explained that the budget proposals sought to establish realistic budgets for all service areas. He recognised that there were risks of overspend in service areas throughout the year and stressed that the emphasis was on ensuring the service areas addressed any potential overspends throughout the year rather than rely on contingency sums towards the end of the financial year. It was noted there was a strong discipline within the Council about how to address overspend and underspend and so therefore there was no reliance on contingency reserves.

Councillor Farrell referred to the multi-year settlements and two-year budgets and queried what such an approach would mean for the Council. She further asked whether Members could assume that the Council would be operating a rolling programme of expenditure with at least a four-year horizon and that it would fall to Members to scrutinise it each year. The Lead Member for Finance and Corporate Resources explained that multi-year settlements had been in existence for some time but that the emphasis was now on trying to bring these into line across the public sector. He stressed that the Council was in the position of receiving the 'floor' increase in grant but that whilst it would be difficult for the Council over the next two years, the Council had the capacity to make progress and bring about further improvements. The Director of Finance and Corporate Resources explained that there was now greater certainty for the Council and that it needed to plan ahead with more consistency since it was now more aware of what the Council would be entitled to over the next four-year rolling programme. He stressed again that settlements had been positive for schools and they were in a position to be able to take on extra staff knowing what funds would be available in future years. It was stressed that the Council was now in a position to plan ahead but that balances remained important in order to bridge peaks and troughs.

Councillor Arnold referred to an increase in minimum funding under the dedicated schools' budget which was greater for primary schools than it was for secondary schools and special schools. Councillor Arnold queried

the implications of this difference. The Lead Member for Children and Families explained that as a result of the two-year budget setting approach one of the new rules concerned the formula for budget setting. He explained that a number of decisions had been taken concerning how increases would be paid and a number of changes made to the formula. The SEN review had looked at the waiting times for special schools and subsequently there had been an increase in special school budgets. Commenting on ongoing distortions to schools funding, the Lead Member for Children and Families Members advised that primary schools had been under-funded in the past but that the Council was now in a position to be able to address this issue as a result of the school funding settlement. It was stressed that secondary schools would also receive a significant increase. The Lead Member explained that the aim was to return to the national/London average funding for primary schools.

Councillor Arnold referred to rising school numbers and queried whether this was catered for in the dedicated schools' budget and whether the formula covered the full cost of main and ancillary services arising from this increase in numbers. The Lead Member for Children and Families stressed that there was ongoing monitoring of school places and demand. The Director of Finance and Corporate Resources explained that the formula covered the cost of ancillary services. Members were advised that the count was based on the January pupil numbers and that the contingency was in place in order to meet potential increases in pupil numbers during the year.

Councillor Mrs Fernandes queried to what extent the Council would be able to meet future demands for school places in view of the proposed schools' capital programme. Peter Stachniewski (Deputy Director of Finance and Corporate Resources) referred to page 63 of the report and explained that the figures were inaccurate in paragraph 10.14 and that the current estimate was that a total additional 14 forms of entry were needed at secondary level and nine at primary level by 2014. He explained that the report set out the different mechanisms for meeting future demand for school places and highlighted potential additional funding opportunities and the provision of extra places as a result of the proposed Academy, the Building Schools for the Future programme, Wembley Section 106 funds and other sources. It was stressed that the Council was currently delivering against the projections but would need to do more in the future.

Councillor Mrs Fernandes queried the impact on excluded children of the re-profiling of the capital programme for special needs and the pupil referral unit. The Lead Member for Children and Families explained that there would be a positive impact following the development of a third pupil referral unit in the Borough which would be provided for in the capital programme. He commented on new initiatives to develop education

facilities within Brent including the rebuilding of St Mary Magdalen and the proposed development of a new city academy and referred to the positive work that was underway with regard to education and attempts to address issues such as special needs and excluded children. Commenting on the School Places Task Group, the Lead Member for Children and Families explained that that he had received the task group's final report and looked forward to presenting an Executive response at a future meeting. He acknowledged the hard work that had been undertaken by the Task Group on this issue. Councillor Arnold queried how excluded pupils would be cared for in the future following the development of a further PRU unit. The Lead Member explained that there were an increasing number of exclusions and that this figure had risen over the last two to three years as part of a national trend. He stressed however that Brent had a good record on provision through pupil referral units and was recognised for its work with excluded pupils or those in danger of exclusion. Members were advised that the new pupil referral unit would address the needs of particularly difficult pupils and was therefore vitally important to enable specialised and work to be undertaken.

Councillor Van Colle queried to what extent the proposed capital programme was sufficient and sustainable to meet the Council's service provision needs. Referring specifically to pages 189 and 190 of the report, appendix M(ii), Councillor Van Colle referred to Transport for London (TfL) grant funded schemes and pavements and roads and footways funds. The Lead Member for Finance and Corporate Resources explained that TfL provided a high allocation of funding. Referring to footways and carriageways, he explained that major investment had been ongoing over a number of years and consequently the 2006/2007 budget proposals identified a slight reduction in allocation for the year. It was stressed that this was realistic and would not impact on services and future improvements. Members queried whether TfL money could be vired or whether this money was ring-fenced to projects identified by TfL. Councillor Jones (Lead Member for Environment, Planning and Culture) explained that the Council had to bid for funding in order to carry out chosen projects which were then approved by TfL. Referring to the PFI element, Councillor Van Colle queried where this was in the budget. Councillor Coughlin referred to page 190 of the report and identified PFI projects within the budget proposals such as Willesden Sports Centre and the street lighting PFI. The Director of Finance and Corporate Resources explained that once PFIs were established the costs of an ongoing scheme were included in the revenue account. Referring to the Willesden Sports Centre PFI, he explained that whilst the unitary charge was made available to the delivery partner this was off-set against credits from the Government. The Director of Finance and Corporate Resources confirmed that a PFI had been used to provide the JFS and that revenue funding for this had been included in the schools budget. Councillor Van

Colle stressed the need to ensure that the Council closely monitored PFI projects.

Referring to the issue of Environment and Cultural Services' awareness raising, Councillor Van Colle queried an expenditure of £190,000 was so high. The Lead Member for Finance and Corporate Resources explained that this figure was likely to be reduced but had initially been identified as a headline figure.

Councillor J Long referred to the lack of an identified budget for pavement renewal in future years within the report and queried whether this would mean the loss of funding if the Council could not match fund any capital funding it attracted. Councillor J Long queried whether the lack of a budget was appropriate when lots of pavements across the Borough were in need of repair. She queried whether the Council was spending money in the right places. The Lead Member for Finance and Corporate Resources explained that this was a presentational issue and the total capital amount had been agreed but that there had been no identified split agreed between roads and pavements. The Lead Member for Environment, Planning and Culture explained that a footway survey was underway and that this would undoubtedly influence what areas should be prioritised for future works. It was acknowledged that some areas across the Borough were in need of repair and that this remained an important issue to address in future years. Councillor J Long referred specifically to footway repair in housing estates and the issue of works being undertaken on unadopted roads. The Lead Member for Finance and Corporate Resources referred to the pavement renewal programme and stressed that the Council did address bad roads and pavements across Brent although he was unsure of specific projects involving unadopted roads. It was stressed that there were significant capital costs to be incurred by the Council to adopt an entire road and to undertake maintenance and repairs, etc. It was pointed out that condition surveys were undertaken by the Council in order to assess problems on the Borough's streets. Councillor J Moher referred to a mismatch between TfL money on main carriageways and poor maintenance of smaller side roads which fell within the Council's remit. He suggested that the Council's inability to prioritise repairs to minor roads that were in desperate need of repair and maintenance was a major weakness and that residents could not always understand the prioritisation of certain areas for pavement and footway repairs particularly where TfL money was involved. Councillor Nerva stressed the need for best value in terms of spending TfL funds to ensure that money was spent appropriately and tackled the real problems across the Borough. Councillor Nerva queried whether there was flexibility in how TfL money could be spent and suggested that Ward Councillors play a greater role in identifying where work was necessary so that this could be incorporated in the programme to ensure a spread of resources across the

Borough. The Lead Member for Finance and Corporate Resources acknowledged these comments and referred again to the condition surveys on which all Members of the Council were invited to write in and comment on the state of roads in their wards. He explained that this information was then assessed and used to draw up a list of priority areas for maintenance and repair. The Lead Member suggested that it would be valid for scrutiny to look at this list and the outcomes of the survey and to assess whether the priorities for future works were appropriate.

Councillor J Long queried where in the budget report was the funding for the changing rooms on Gibbons Recreation Ground as it was not easy to identify specific schemes included in the budget report. The Lead Member for Finance and Corporate Resources explained that this issue was referred to on page 190 of the report under the programme details for Parks and Cemeteries and confirmed that a report would be submitted to the March or April meeting of the Executive. It was noted that £140,000 had been set aside for the project in the capital programme with additional funds made available from both Section 106 agreements and the Football Foundation.

Councillor J Long referred to parking permits and queried how much money would be lost from the Parking Account if the first resident parking permit was provided free of charge and also how much Council Tax would have to rise in order to cover any shortfall. The Director of Finance and Corporate Resources explained that an anticipated shortfall of around £600,000 would have to be met through a Council Tax increase of approximately £6.38 per person. Councillor Nerva referred to electric cars and explained that some authorities did not charge residents who owned electric cars for permits and queried whether this was an option that could be looked at further as an incentive scheme. Councillor Jones queried whether the Council was charging for pollution or space and stressed the need to balance the two issues of increased parking on streets versus pollution reduction. It was stressed that incentives/initiatives such as these would be proposed in a future draft policy.

Councillor Bellia referred to identified overspends in the same service areas year on year and queried how the issue of potential overspend would be addressed so that spending risks could be reduced. Councillor Bellia expressed concern that Adult Social Services appeared to be a recurring major spending risk and queried why the major spending risks were not included in the base budget. The Lead Member for Finance and Corporate Resources explained that the previous overspend within the Social Services' budget had been as a result of a lack of early reporting. He stressed that Social Services was demand driven and that the Council was largely dictated by the market in terms of providing care, facilities and provision. Referring to remedial measures it was stressed that such

measures needed to be undertaken early on so therefore early assessment was necessary. Commenting on charges by residential homes and other care providers, the Lead Member stressed the need for agreement across the Council and with other agencies and partners across London in order to take the issue forward to meet Gershon objectives and achieve spending targets. The Lead Member stressed that the Council could not control client numbers but could try and identify measures to successfully address cost issues. The Director of Finance and Corporate Resources referred to the methodology used to try and provide worse case scenarios for future risks in order to then assess balances. He stressed that he did not want the identified risk areas to be included in the base budget as the approach was that these risk issues were unlikely to happen even though the previous two years had resulted in overspends in this area. The Director of Finance and Corporate Resources stressed the importance of assessing what could be managed realistically in terms of timing, etc and explained that there were a number of issues that needed to be considered in order to work out the likelihood of a risk occurring. Peter Stachniewski explained that budget monitoring was ongoing, in order to identify risks and ensure that they were effectively managed. The purpose of identifying the risks was so that they could be managed during the year and potential overspends avoided.

Councillor Dromey sought clarification regarding comparative data of other London authorities regarding Council Tax increases. The Lead Member for Finance and Corporate Resources explained that he was unable to provide comparative data on all London authorities other than those that had already been announced and stressed that the majority of information available at the current time was subject to change. Referring to Brent's current position, he explained that with regard to the level of Council Tax Brent was the twelfth lowest in London. In terms of the monetary increase in Council Tax, Brent was the tenth lowest in London and with regard to the percentage increase Brent was the eighth lowest in London.

Councillor J Moher referred to the London Borough of Harrow and explained that the Council was increasing its Council Tax but also making significant cuts. He then queried what other activities were being undertaken by other local authorities. The Lead Member for Finance and Corporate Resources explained that the Council had taken a prudent view on efficiencies whilst other authorities had built savings into their budget and now faced major holes within budgets which demanded that they make significant cuts in order to make up for gaps. Councillor J Moher requested comparative data on London authorities declaring their Council Tax figures and also data regarding proposed service cuts/increases. The Lead Member for Finance and Corporate Resources confirmed that he would be able to provide some information in due course regarding activities across London.

Councillor Thompson referred to the proposed 2% efficiency savings and queried how reasonable it was to expect to make 2% efficiency savings across the Council whilst expecting continuous improvement in performance. The Lead Member for Finance and Corporate Resources advised Members that the Council had to make savings and that all local authorities were in the same position where they were required to make savings year on year. He stressed however that delivery of 2% savings across all services allowed money to be diverted into growth for priority areas. When queried as to why a 2% figure had been identified, the Director of Finance and Corporate Resources explained that the 2% figure was an achievable yet tough target and that the Council could achieve the 2% target whilst still undertaking further improvements. Referring to the efficiency agenda, Members were advised that savings were proposed through cross-Council initiatives and that the 2% target would be matched by additional service area related efficiency savings.

At this point the Chair invited questions from around the table. Councillor H B Patel referred to the HRA debt of £311m and queried the implications in future years if there was no provision for meeting the debt. The Director of Finance and Corporate Resources explained that the Government required provision to be made to improve the housing stock and as the value of the stock increased so the ratio of debt of value of assets would subsequently decrease. It was noted that changes in the regime were anticipated but that the focus was currently on improving the housing stock and then focusing on how to address the debt issue in future years.

Councillor Kabir referred to the child care voucher system for Council employees and queried the likely impact on the Council when the scheme was introduced. The Lead Member for Finance and Corporate Resources commented that this issue had been discussed at a recent General Purposes Committee meeting and that it was anticipated that the child care voucher system would be self-financing and therefore no impact on the Council was anticipated. The Director of Finance and Corporate Resources confirmed that the expectation was that the national insurance contributions which had been saved would be used to fund this programme/project.

Councillor J Moher referred to the consultation process that had been undertaken as part of the 2006/2007 budget proposal and referred to the difficulties that had been encountered with regard to engaging local residents on budget issues. He suggested that it was important to tell residents about the decisions that were being taken about the budget and to ensure that the public was appropriately engaged in the budget setting process. Councillor J Moher stressed the need to ensure that better communication of budget issues was circulated to the public and queried

whether there were plans to address this issue in the future and improve public engagement within the budget process such as that undertaken by Harrow in terms of their open budget process. The Lead Member for Finance and Corporate Resources acknowledged the comments and explained that a review of how information was disseminated to people was underway. Councillor Nerva stressed that the majority of the public did not always see where money was spent by the Council and consequently it was important to highlight the areas of work and spend that were undertaken by the Council. Commenting on the Performance Management Task Group that had recently concluded its investigations, Councillor Nerva highlighted the need to engage the public in discussion about what they want their money spent on in terms of priority issues such as waste management. He stressed the need to show the public what the alternatives were and to identify the options available to the Council and the difficult choices that have to be made in terms of costs and service delivery. The Lead Member for Finance and Corporate Resources welcomed such an approach and indicated that such issues would be addressed further in the future.

At this point the Chair thanked all those present for their attendance at the meeting.

RESOLVED:-

- (i) that the 2006/07 Budget and Council Tax report as considered by the Executive on 13th February 2006 and the subsequent amended version as presented to this joint meeting, be noted; and
- (ii) that the minutes of the joint meeting of the Overview and Scrutiny Committees (budget) be presented to Full Council on 6th March 2006, highlighting the discussion that took place by Members of Overview and Scrutiny regarding the 2006/07 Budget and Council Tax report.

5. **Any Other Urgent Business**

There was none.

The meeting ended at 9.55 pm

S KANSAGRA
In the Chair

Mins05/06/Joint meeting Overview&Scrutiny-22fl