



MINUTES OF THE BUDGET AND FINANCE OVERVIEW AND SCRUTINY COMMITTEE
Wednesday 11 September 2013 at 7.00 pm

PRESENT: Councillor Hopkins (Chair), Councillor Kataria (Vice-Chair) and Councillors S Choudhary, RS Patel and Van Kalwala

Apologies for absence were received from: Councillors HB Patel and Ketan Sheth

1. Declarations of personal and prejudicial interests

There were no declarations of interest.

2. Deputations (if any)

None

3. Minutes of the previous meeting

RESOLVED:-

that the minutes of the previous meeting held on 23 July 2013 be approved as an accurate record of the meeting.

4. Matters arising

None.

5. Regeneration and growth budget presentation

The Director for Regeneration and Growth, Andy Donald, gave a presentation updating members on the current budgetary issues affecting his department. Following a brief overview of the composition and work of the department, Andy Donald advised that the impact of the Welfare Reforms represented a significant budget pressure. Over 2,000 households in Brent had been affected by the overall benefits cap and there had been an increase in homelessness applications and acceptances, resulting in greater pressure on the temporary accommodation budget. The council was offering a range of support services to those affected by the cap including financial support via discretionary housing payments to those who had lost income in excess of £200 a week. Where appropriate, the council was assisting people to move to more affordable accommodation. The most effective action, however, was to support individuals into employment which ensured exemption from the benefits cap.

Members were advised that a new employment service had been established with funding allocated from reserves at £1m per annum for three years. By working to co-ordinate and influence employment activity, the service would ensure that the

council assumed an active role in maximising employment in the borough. Andy Donald explained that he would soon be assuming responsibility for Brent Adult and Community Education Service (BACES) and that the curriculum for forthcoming years would be shaped to have a heightened focus on employability and greater relevance to the local economy. A stronger approach would also be taken in respect to attracting funding from a broader range of sources. Answering a query regarding how the council worked and co-ordinated with partners such as the College of North West London (CNWL), the Director advised that there was a partnership regarding employment in Brent of which CNWL and the council were key members.

Elucidating other budgetary issues, Andy Donald advised that £2.87m of agreed savings had been delivered for the current financial year and further savings would be required for 2014/15 and beyond. The department was working hard to meet the in-year council tax collection target of 93.8 per cent following the introduction of the local Council Tax Support scheme. Under this scheme, 12,000 accounts which had previously received 100 per cent assistance were now required to pay a minimum contribution of 20 per cent. The in-year council tax collection target profiled for up to 31 July 2013 had been exceeded; however there had been some unusual patterns within this which were being examined. Addressing the issue of council tax liability for illegal conversions, Andy Donald informed the meeting that council tax could not be charged until the Valuation Office decreed that the space had been subdivided. Furthermore, the council could be required to make rebate payments to previous occupiers. Responding to a query, Andy Donald confirmed that there were internal mechanisms in operation to share information on illegal conversions but work would be undertaken to improve these. Members suggested that residents should be encouraged to report illegal conversions and proposed that the possibility of a hotline for this purpose be explored.

The presentation was concluded with an overview of the Community Infrastructure Levy (CIL) which had been introduced in July 2013. Members were advised that funds obtained via CIL could be allocated more flexibly than those received as a result of Section 106 agreements and work was underway to identify the most equitable process for this allocation. At the present time, there was £11.6m Section 106 monies which were unassigned to specific works, though confined to particular uses and/or developments; the available options for making use of these unallocated funds were now being explored. In response to a query, it was confirmed that there was a dedicated officer monitoring the council's compliance with the terms of any Section 106 agreements. It had been recognised that the council had needed to improve transparency around the allocation of Section 106 monies in previous years and a report would be submitted to the Executive on this before the end of the financial year. The committee requested that this include a breakdown of Section 106 monies generated for each ward.

During members' subsequent discussion information was sought on the number of unoccupied council properties, the process of valuation and disposal of these properties, and on the consideration given to the conversion of buildings to residential use. A member raised a particular concern that advertisement of council properties for sale was limited. Andy Donald explained that following the move to the Civic Centre the council had more empty properties than at any time previously. Each property was assessed to determine whether it could be used to provide school places or additional housing; the latter decision was made in consultation

with Brent Housing Partnership and other housing associations. If neither of these uses were reasonably achievable an independent valuation would be commissioned and the property would be disposed of in accordance with the council's duty to achieve best value. Members were advised that all buildings were advertised on the council's website and external agents were contracted to advertise on the council's behalf for large disposals. Andy Donald confirmed that all financial targets for disposals were met, including those set out within the Civic Centre business plan, and he was confident that best value was being achieved.

The committee further queried how confident officers were in achieving the in-year council tax collection target of 93.8 per cent and requested additional information on the assistance available to those struggling to pay. A member commented that the process which determined whether accounts in arrears should be progressed to the magistrate's court was highly automated and asked that the process be examined to ensure there was sufficient human oversight. Greater detail was also sought on the efforts and safeguards of the council in assisting people to move to more affordable locations.

Responding to these queries, Andy Donald confirmed that council tax collection was being monitored closely and if any problems arose the council would work to address them. Mick Bowden noted that the Local Council Tax Support scheme had been approved by Council in December 2012 and had been subject to consultation. The scheme aimed to balance the impact on residents and was predicated on a minimum contribution of 20 per cent to ensure that it was both achievable and affordable. Andy Donald explained that there was a threshold in place which determined the accounts in arrears that were submitted to the magistrates' court but that further information regarding the process could be provided to members.

The committee was advised by the Director that the council's procurement framework allowed for the purchase of properties elsewhere in the country. This assisted the council in supporting people to relocate to more affordable accommodation. It was recognised that this course of action was not always appropriate and suitability criteria were applied to each case. It was confirmed that the council undertook work around bringing empty residences back into use, including the use in the current year of compulsory purchase orders. However, demand far outstripped the supply of housing in the borough. Members were advised that Brent continued to have the second longest homelessness list in London with some people having been in temporary accommodation for several years. Considerable work had been undertaken over the past 6 months to reduce the pressure on the temporary accommodation budget, resulting in a £1.5m forecast underspend and it was anticipated that this would be utilised to meet the additional pressure predicted to arise in the next financial year. The committee was informed that the homelessness budget, which included housing benefit expenditure, accounted for approximately 85 per cent of the gross budget of £60m.

The Chair thanked the officers for their presentation.

RESOLVED:

- (i) That the presentation be noted;

- (ii) that consideration be given to developing a hotline to enable residents to report illegal conversions;
- (iii) that consideration be given to establishing a mechanism to utilise members' connections with voluntary and community organisations, as well as local businesses to feed into the council's employment initiatives;
- (iv) that the report on the allocation of Section 106 funds due to be submitted to the Executive, include a breakdown by ward of the generation of Section 106 monies.

6. **Budget update**

Mick Bowden (Deputy Director of Finance) reminded members of the position previously reported to the committee on the outcome of the 2014/15 settlement, noting that members had been advised that the council faced a £55m funding gap, with £37m due to a reduction in local government funding. The government had since issued a number of consultation papers which indicated that further cuts in funding would take affect principally in 2015/16. Members were advised that the expected 10 per cent reduction in local government funding for 2015/16 was now anticipated to equate to a 15 or 16 per cent reduction. Outlining the consultation papers, Mick Bowden explained that it was proposed from 2015/16 that the New Homes Bonus be top sliced by 35 per cent, equating to a loss of £3m from the council's budget. Local authorities would also be required to assume the additional financial burden resulting from the introduction of a cap on a person's lifetime contributions to their social care costs at £75,000. The government had announced funding to cover this; however, as these funds had already been included in the overall figure previously announced this equated to a further cut. Significant lobbying of the government had been undertaken in response to the financial settlement and in London, this was being led by London Councils. Mick Bowden detailed a third consultation currently underway which proposed that local authorities be allowed to use capital receipts for one-off revenue costs. It was noted that this might allow councils to fund one-off costs resulting from organisational transformations potentially required to meet future financial challenges. Responding to members' queries, Mick Bowden explained that work was on-going with Lead Members across the council to look at opportunities for savings. However, the council would have to examine the longer term position and consider what size of organisation was sustainable.

RESOLVED:

That the update be noted.

7. **Work programme 2013/14**

RESOLVED:

- (i) That the work programme be noted;

- (ii) That a report on the consultations undertaken with residents on the budget and the emerging thinking on the innovative options being explored in relation to the budget be included on the work programme.

8. Any other urgent business

None.

9. Date of Next Meeting

The committee noted that the next meeting was scheduled to take place on 8 October 2013.

The meeting closed at 9.11 pm

A HOPKINS
Chair