



## Budget and Finance Overview and Scrutiny Committee

**Wednesday 11 September 2013 at 7.00 pm**

Boardroom - Brent Civic Centre, Engineers Way,  
Wembley, HA9 0FJ

### Membership:

#### Members

Councillors:

Hopkins (Chair)  
Kataria (Vice-Chair)  
Brown  
S Choudhary  
HB Patel  
RS Patel  
Ketan Sheth  
Van Kalwala

#### first alternates

Councillors:

Ashraf  
Harrison  
Green  
Chohan  
BM Patel  
Long  
Jones  
Allie

#### second alternates

Councillors:

Clues  
Hector  
Lorber  
Moloney  
HM Patel  
Oladapo  
Gladbaum  
Daly

**For further information contact:** Bryony Gibbs, Democratic Services Officer  
020 8937 1355, [bryony.gibbs@brent.gov.uk](mailto:bryony.gibbs@brent.gov.uk)

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**The press and public are welcome to attend this meeting**

# Agenda

Introductions, if appropriate.

Apologies for absence and clarification of alternate members

Item	Page
<b>1 Declarations of personal and prejudicial interests</b>	
Members are invited to declare at this stage of the meeting, any relevant financial or other interest in the items on this agenda.	
<b>2 Deputations (if any)</b>	
<b>3 Minutes of the previous meeting</b>	1 - 6
<b>4 Matters arising</b>	
<b>5 Regeneration and growth budget presentation</b>	
The Director of Regeneration and Major Projects will attend the meeting to present to Members the current budget issues facing this service.	
<b>6 Budget update</b>	
The Deputy Director of Finance will provide an update on the council's current budget position.	
<b>7 Work programme 2013/14</b>	7 - 10
The work programme 2013/14 is attached for discussion at the meeting.	
<b>8 Any other urgent business</b>	
Notice of items to be raised under this heading must be given in writing to the Democratic Services Manager or his representative before the meeting in accordance with Standing Order 64.	
<b>9 Date of Next Meeting</b>	
The next scheduled meeting of the Committee is on 8 October 2013.	



Please remember to **SWITCH OFF** your mobile phone during the meeting.

- The meeting room is accessible by lift and seats will be provided for members of the public.

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## **MINUTES OF THE BUDGET AND FINANCE OVERVIEW AND SCRUTINY COMMITTEE Tuesday 23 July 2013 at 7.00 pm**

PRESENT: Councillor Hopkins (Chair), Councillor Kataria (Vice-Chair) and Councillors S Choudhary, Jones (for Ketan Sheth), HB Patel and Van Kalwala

Also present: Councillor A Choudry

Apologies for absence were received from: Councillors Brown and RS Patel

### **1. Declarations of personal and prejudicial interests**

None made.

### **2. Deputations**

None.

### **3. Minutes of the previous meeting**

RESOLVED:-

that the minutes of the previous meeting held on 5 February 2013 be approved as an accurate record of the meeting.

### **4. Matters arising**

None.

### **5. West London Waste Authority update**

The Committee considered a briefing paper which provided an update on the West London Waste Authority (WLWA). The briefing paper also contained copies of an exchange of letters between the Chair and the Director of the WLWA, which set out and responded to concerns expressed at the committee's January meeting. Jim Brennan (Director WLWA) started by apologising unreservedly for the position in which the WLWA had found itself and for the financial burden placed on member authorities and outlined the steps taken to ensure there was no recurrence. Governance had been strengthened with changes in staffing structures that would offer improved support and challenge and the establishment of an Audit Committee with an action plan to ensure continued improvement. Financial systems had also improved with a new head, good direction of travel and consideration being given to changing the current financial system to one more appropriate for the size of the operation and which would improve visibility. The accounts were expected to receive an unqualified sign off. The WLWA hoped to be more transparent and to

engage more fully with staff from member authorities. Reports on issues would receive wider discussion prior to publishing. New contracts were being procured separately, with assistance from a pool of officers. A review of recycling centres was also be conducted with the aim of increasing efficiency.

In questioning Jim Brennan, members of the Committee queried the extent to which he was confident that there would be no further requests for additional funding and the reasons for using the current financial system. Questions were also raised on proposals to divert 96% of waste that could not be recycled by boroughs from landfill through an energy recovery process and members cautioned against the use of gassification to which Jim Brennan responded that residents would be incentivised to reduce the amount of residual waste. He could give no absolute guarantee of the future but controls were in place where appropriate, particularly audit control and risk monitoring. The WLWA had historically used the finance system of a member authority whose Director of Finance had been WLWA treasurer however options were being explored for an alternative independent finance system that could be more streamlined, accountable and bring savings. Consideration was being given to which services could be brought in-house and which bought in and Jim Brennan reminded the committee that there were the advantages to the latter in terms of getting a broader perspective and having access to high level of expertise for a relatively low price. A report on the proposals would be submitted in due course.

Questions were raised on budget monitoring, the raising of purchase orders, the realisation of expenses and arrangements for dealing with outstanding invoices particularly in bulk to allow timely review by member authorities. Jim Brennan responded that the budget position was reported monthly to WLWA meetings and shared with boroughs. He acknowledged that currently a high number of purchase orders were being raised and it was the intention for this to be reduced. A system was required to deal with larger contracts. Consideration was being given to ways of making the process more transparent to allow boroughs to query. The committee heard that the WLWA finance team was responsible for the veracity of the budget figures and member authority officers acted as critical friends. The Strategic Director, Environment and Neighbourhoods, Sue Harper, contributed that Brent officers reviewed the budget and the actuals on a monthly basis. A quarterly reconciliation statement was agreed.

In response to questions concerning the management of the accounts in the past, Jim Brennan repeated his acknowledgement that the systems previously in place were not fit for purpose and changes and additional expertise had been introduced in March 2012. Savings were anticipated from processing costs which would be evidence at year end. There were additional pressures from HMRC rule changes and contractor price increases but these were considered manageable.

Members drew attention to the loss in DIY waste disposal revenue and a whether this could be linked to the perception that fly tipping, including builders rubble, was increasing around the borough. Jim Brennan responded that this had been raised but was not supported by evidence. Sue Harper agreed that this was an issue for discussion. Brent's charging was now in line with those in other boroughs and there was currently no specific evidence of an increase in DIY dumping.

The committee discussed the ethics of generating energy from waste and concerns over the technologies involved, the generation of nano particles and EU compliance. Jim Brennan responded that the plant concerned in Avonmouth, had the appropriate planning and environment technology controls in place. The waste levels had been reduced by more than 50% and so the amount sent had been kept to a minimum. Research had been conducted into increasing capacity if necessary. Jim Brennan advised that consideration was also being given to carbon impact modelling. The WLWA was in competitive dialogue with SITA UK Ltd (appointed as the preferred bidder for the residual waste services procurement) over cost reducing measures. It was hoped the contract would be signed in October with the service starting in January 2014. Transportation by train would continue. Members stressed the value of publicity campaigns to influence residents to reduce their waste streams and were pleased that recycling was increasingly the social norm.

The committee thanked Jim Brennan for his attendance and contribution.

RESOLVED:

that the report and briefing be noted.

## 6. **Budget Strategy and update**

The Deputy Director of Finance, Mick Bowden, gave a presentation covering the medium term financial strategy, national developments and areas for consideration as part of the Autumn budget process. The 2013/14 budget was characterised by changes in local government funding, reduced ring-fencing of grants and the total budget savings of £7.3m most of which was pre-planned through the One Council Programme. He outlined the impact of the 2014/15 settlement and the outlook for 2016/17 which included a 27% decrease in government funding, increases in local business rates and the New Homes Bonus the latter of which would be considered in greater detail at the next meeting. A net reduction in funding of £37m was anticipated. The outlook to 2016/17 assumed continued cost pressures and inflation totally approximately £18m, which with existing savings at 9% gave rise to a predicted gap of £55m. The key messages were that uncertain times remained, savings would be required across all years and the ability to increase savings was becoming increasingly difficult as the base budget decreased in size. Mick Bowden referred to the central government spending review announced on 26 June 2013, the detail of which and implications for Brent were largely unknown, however Local Government spending would be cut by 10% in 2015/15 and overall spending cuts across all government departments were likely to be greater in 2016/2017 and 2017/2018. The new central government would decide on how these would be distributed. He reminded members that any proposal to increase Council Tax by more than 2% would require a Referendum. National announcements had been made regarding the transfer of funding to adult social care from the NHS and £400m of New Homes Bonus to the Single Local Growth Fund however, again, the implications for Brent were unknown.

In response to a question, Mick Bowden clarified that the budget was concerned with better ways of delivery statutory services for example in social care, the extent to which the services should be reactive or preventative (which had significant cost implications) efficiencies and priorities. The Chair, referred to the decision taken at the previous meeting to receive regular updates on radical ideas being considered

under the One Council Programme. Liz Jones (Assistant Director Finance, Adult Social Care) contributed that service hours could not be reduced because of budget constraints but were to do with the meeting client needs at an appropriate level. Councillor Jones suggested that consideration could be given to increasing council income through the re-assessment or re-valuation of those houses converted into flats without planning permission and consequently not accurately reflected on the property database. The committee agreed that this would be a suitable One Council project for investigation and Mick Bowden commented that this would be more easily facilitated that now that Revenues and Benefits and The Planning Service were in the same service department. The committee noted with regret the absence of a team or funding to carry out enforcement activity noting that there were other areas in which income could be maximise without invoking excessive levels of public disquiet. Members questioned whether any assessment had been conducted on the impact of cuts on service delivery.

Questions were also raised on the medium term priorities and assumptions, the likelihood for further budget cuts and whether the council would have to increase reserves in order to cover the risk. The Deputy Director of Finance responded that it was for the Administration to take a view on priorities: budget cuts, increasing efficiency or increasing income, taking into account views from officers and contributions from this committee. The council was now working from a smaller base budget and radical thinking was required. The current level of reserves recognised the scale of savings to be made and was based on inherent risks which were unlikely to decrease however, the funding gap remained.

The budget update was noted.

#### **7. Work Programme 2013/14**

The committee discussed the work programme and noted that the next meeting was due to receive a presentation from the Director of Regeneration and Growth. Members asked that for this to include economic growth and supporting local businesses, the capital programme, maximising income from the new homes bonus and maximising revenue from planning and building control.

#### **8. Any other urgent business**

Councillor Jones drew attention concerns expressed by back bench councillors arising from an internal audit report over the continued appointment of consultants. Assurances had been given that the numbers were reducing and the position monitored. It was noted that the Interim Chief Executive had asked the Interim Director of HR to report on implementation.

RESOLVED:

that a report on the appointment of consultants be added to the committee's work programme.

#### **9. Date of next meeting**

It was noted that the next meeting would take place on 11 September 2013.

The meeting closed at 9.15 pm

A HOPKINS  
Chair

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**Budget & Finance Overview & Scrutiny Committee Work Programme 2013/14**  
**Chair Cllr Hopkins**

<b>Date of Meeting</b>	<b>Purpose of Agenda item</b>	<b>Requested Information / Evidence</b>	<b>Invited witnesses</b>	<b>Notes</b>
23 <sup>rd</sup> July 2013	<p>To receive the report on the Budget Strategy 2013/14 – 2015/16.</p> <p>WLWA – Financial management and procurement project</p> <p>Work Programme for 2013/14</p>	<ul style="list-style-type: none"> <li>• Work Programme discussion</li> </ul>	<p>Mick Bowden, Deputy Director of Finance</p> <p>Jim Brennan, Director WLWA</p> <p>Sue Harper, Director of Environment &amp; Neighbourhoods</p> <p>Councillor Marshari Lead Member for Environment and Neighbourhoods</p>	
11 <sup>th</sup> September 2013	Regeneration & Growth	<p>A presentation on;</p> <ul style="list-style-type: none"> <li>• The departments current budget position</li> <li>• Budget pressures, and Actions being taken to deal with</li> </ul>	Andy Donald, Director of Regeneration & Growth	

	Budget Update	<p>those issues</p> <ul style="list-style-type: none"> <li>• The Capital Programme</li> </ul> <p>To provide members with information regarding the current budget position.</p>	Mick Bowden, Deputy Director of Finance	
8 <sup>th</sup> October 2011	Environment & Neighbourhoods  One Council Budget Saving	<p>A presentation on;</p> <ul style="list-style-type: none"> <li>• The departments current budget position</li> <li>• Budget pressures, and Actions being taken to deal with those issues</li> </ul>	Sue Harper, Director of Environment & Neighbourhoods  Irene Bremang PMO Manager	

	Budget Update	To provide members with information regarding the current budget position	Mick Bowden, Deputy Director of Finance	
12 <sup>th</sup> November 2012	First Reading Debate  Adult Social Care	First Reading Debate Reports  A presentation on; <ul style="list-style-type: none"> <li>• The departments current budget position</li> <li>• Budget pressures, and Actions being taken to deal with those issues</li> </ul>	Lead member for Finance & Resources  Phil Porter acting Director Adult Social Care	
4 <sup>th</sup> December 2012	Budget Update  Children and Families	To provide members with the latest budget information.  A presentation on; <ul style="list-style-type: none"> <li>• The departments current budget</li> </ul>	Mick Bowden  Sara Williams, Acting Director Children & Families	

		position <ul style="list-style-type: none"> <li>• Budget pressures, and Actions being taken to deal with those issues</li> </ul>		
15 <sup>th</sup> January 2013	To agree the Panel's first interim report			
5 <sup>th</sup> February 2013	To discuss and comment on the administration's draft budget.  To agree the Panel's second interim / final report.	All Members will be invited to attend this meeting <ul style="list-style-type: none"> <li>• A presentation on the administration's draft budget from the lead member</li> <li>• To include a response to the recommendations contained in the first interim report</li> <li>• The aim of this report is to respond to and make recommendations about the administrations draft budget prior to the Executive</li> </ul>	<ul style="list-style-type: none"> <li>• Councillor R Moher</li> </ul>	

*Issues the committee would like to cover during evidence gathering:*