



MINUTES OF THE BUDGET AND FINANCE OVERVIEW AND SCRUTINY COMMITTEE **Tuesday 5 February 2013 at 7.30 pm**

PRESENT: Councillor Hopkins (Chair), Councillor A Choudry (Vice-Chair) and Councillors S Choudhary, Naheerathan, HB Patel, Van Kalwala and Gladbaum

Also present: Councillors Arnold, Butt, Long, R Moher and Thomas

1. Declarations of interests

None declared.

2. Minutes of the previous meeting

RESOLVED:-

that the minutes of the previous meeting held on 15 January 2013 be approved as an accurate record of the meeting.

3. Matters arising

The Chair informed the Committee that the letter to West London Waste Authority (WLWA) had been drafted and would be sent shortly, signed by the Chair of the Budget and Finance Overview and Scrutiny Committee and the Leader of the Council. A copy of the letter would be circulated to members of the Committee.

4. The draft budget 2013/14

Councillor R Moher, Deputy Leader of the Council introduced the draft budget 2013/14 by way of a PowerPoint presentation. She opened the presentation by outlining the 2012/13 forecast outturn and highlighted that the Council was on target to achieve an underspend for the year 2012/13 as well as achieve its targeted reserves of £12m a year early. Councillor R Moher continued by addressing the key budget issues in 2012/13 namely the pressures on social services for children and adults, challenging waste and recycling targets and effective mitigation of risks arising from housing allowance limits, all of which had been factored into the budget for 2013/14. She outlined the current position regarding council tax in light of the Localism Act 2011 requiring local authorities to hold a referendum if they wished to increase council tax greater than 2%. It was explained that Brent would receive a council tax freeze grant equivalent to a 1.3% increase for the years 2013/14 and 2014/15 which would subsequently be rolled into the base budget.

Councillor Gladbaum queried the impact of the requirement for benefit recipients to pay council tax in the future. The Leader of the Council, Councillor Butt, explained that the special meeting of Full Council in December 2012 detailed the sliding scale of payments which benefit recipients would be expected to contribute towards

council tax. The report also included a two page fact sheet and he agreed to send a link to Councillor Gladbaum. It was explained that due to the increased risk of some residents not being able to pay council tax, a predicted collection rate of 96.5% had been set. The scheme and its potential impacts had been widely publicised across the borough.

The Deputy Leader of the Council reminded members of the budget process that had been undertaken, which included a widespread consultation exercise and recognition of the recommendations made by the committee. It was noted that due to the late emergence of information and the fact that some information was currently unavailable, the setting of the budget had been a difficult process. Councillor R Moher explained the basis of the budget including realistic spending totals with reserves to be maintained at an agreed level and a commitment to efficiency.

Following queries from members it was clarified that inflation calculations had been based upon a 1% PAYE and non-pay increase allowed for contractual inflations, resulting in a potential budget risk. It was explained that the potential triple dip recession might have an indirect effect on the financial position through increased demand for services and the income that could be generated. It was noted that longer term impacts could be a reduction in second homes revenues and the continuation of the austerity programme. It was queried why the £12m level of reserves had been reached ahead of target rather than the money being used for service delivery. It was clarified that due to the future uncertainty, the Council had sought to increase its reserves to £12m to militate against unforeseen circumstances and reduce the potential risk to delivering an unbalanced budget. It was highlighted that budgets adjust continually throughout the year particularly in demand led areas and reserves would only be used if necessary. It was clarified that the reserves would not be increased during 2013/14.

Councillor R Moher continued her presentation by highlighting the budgets for each service area for 2013/14 and details of the One Council programme to date with budget changes highlighted in the form of cost pressures and savings to be made. Following queries from members it was explained that although there was a front loaded cost for delivering the One Council programme of approximately £12m to date, over £50m savings had been achieved with a target resolution of £75m savings by the end of year five. It was further clarified that this was an evolving project that would require radical thinking, with new projects being developed to ensure that services continued to deliver efficiencies and address budget pressures.

The Deputy Leader then presented the schools budget, the HRA and the capital programme. Addressing the schools budget, she added that although £1m overspend had been identified, work had been undertaken with the Schools Forum to identify a recovery plan. It was explained that pupil premium had been increased from £600 to £900 per eligible child and that years 2013/14 and 2014/15 of the Capital programme had a high level of expenditure due to the school expansion programme. Following a query from members, it was clarified that although schools used to hold high levels of reserves, this was no longer the case. Councillor Arnold, lead member for children and families agreed to circulate the figure to the Committee. It was explained that £200m had been redistributed by central government as a one off payment to address the deficit from housing stock and to

write off 50% of the Council's historic debt. The Deputy Leader of the Council concluded her presentation by highlighting the medium term outlook and summarising the overall financial position for the Council, highlighting the challenging times ahead.

During discussions, it was queried at what point radical thinking would commence with regard to how services were delivered and members asked that regular updates be provided to the Committee. The Deputy Leader explained that an alternative methodology was beginning to be discussed and expected services to look differently in the future. It was agreed that an item would be placed on all future agendas to enable a brief progress update on the One Council programme and related activities. It was queried whether the percentage of risks had increased and whether high risk areas were to be ring fenced. Mick Bowden, Deputy Finance Director, explained that the percentage of risk had increased due to the difficulty in modelling the legislative changes and potential spike in demand although these risks would not be ring fenced. It was further explained that risk was continually assessed throughout the year but generally reported during the budget setting process. Following queries it was explained that the current level of reserves were adequate, and although lower than other London Boroughs, it was recognised that each borough faced and assessed risk differently. The Children and Families budget was queried. It was explained that the general fund budget had been brought back in line and following concerns from the Committee that the budget was potentially unachievable; the saving target had been reduced to £300,000 from £700,000. It was noted that due to the service being demand based, there was always potential for it to go over budget. Members felt that reviewing the variance between budgets and actual figures quarterly for each department did not allow the Committee to fully understand the current position and requested that monthly figures on material differences continue to be provided for each service.

RESOLVED:-

- (i) that the presentation be noted
- (ii) that an item be placed on future agendas to allow updates on the progress of the One Council programme
- (iii) that monthly figures detailing the actual budget position compared to the budgeted figure be provided

5. Discussion on the committee's second interim report

The Chair highlighted that numerous recommendations had been made by the Committee and that the following recommendations had been received from Councillor HB Patel:

- (i) when setting the Council's budget for 2013/14, the Administration should consider a reduction in its reserves in order to support the General Fund Revenue budget which supports communities
- (ii) that the Council continued with the target of 97.5 per cent council tax collection for the year 2013/14
- (iii) that the Administration reconsider its parking charges in order to facilitate economic growth and support local businesses.

The Committee noted the earlier discussion regarding the requirement of reserves and the council tax collection rate, which meant that recommendations i and ii were effectively superseded. Members discussed recommendation iii and noted the leader's views that higher parking charges may act as a deterrent and that a parking charges review was currently taking place. Upon reflection it was felt that the recommendation should be included within the report as amended:

That the Administration considers the position and potential steps to facilitate economic growth and support local businesses

RESOLVED:-

that the report be approved subject to the inclusion of the above recommendation

6. Any other urgent business

The Chair reiterated the concerns expressed at the previous meeting regarding the WLWA and felt that the lead member should attend future meetings to provide an update. Members supported this view and felt that it would be appropriate for the lead member to attend each meeting until the issue was resolved as well as invite a representative from WLWA to attend a future meeting.

7. Date of next meeting

The date of the next meeting will be confirmed at the Annual Full Council meeting on 15 May 2013.

The meeting closed at 9.05 pm

A HOPKINS
Chair