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MINUTES OF THE BUDGET PANEL Wednesday 23 September 2009 at 7.30 pm

PRESENT: Councillor Mendoza (Chair), Councillor V Brown (Vice-Chair) and Councillors Butt, Cummins and Gupta

Apologies were received from Councillor Van Kalwala

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

None declared.

2. **Deputations**

None.

3. **Minutes of the previous meeting**

RESOLVED:

that the minutes of the previous meeting, held on 27 July 2009, be approved as an accurate record of the meeting.

4. **Matters arising**

None raised.

5. **The local impact of the recession - a six-month review**

Phil Newby (Director of Policy and Regeneration) introduced the report, informing the Panel that the Brent Council's Executive had taken a view in March 2009 to respond to the facts of the recession, as opposed to acting on assumptions. The current report set out the position in Brent six months on, together with progress on recommendations made. The economic data indicated that the recession had had a high impact in Brent, particularly in the most deprived wards, which were also the Council's priorities for regeneration. Despite the steep rise in unemployment, official labour market statistics had not shown a large dip in employment. This was perhaps because the statistics, provided by Nomis, did not capture short-term changes, and this issue needed addressing. Take-up of housing benefits and council tax benefits had increased, as predicted, and there was a correlation with the level and distribution of unemployment. These areas also recorded the lowest levels of satisfaction with services. There was more mental illness and acquisitive crime, in particular burglaries, although the level of street crime was continuing to fall. In general, however, the indicators showed that the picture was mixed. For example, the incidence of youth violence was low, although when this did take place it tended to be more serious. There was no indication of a large increase in homelessness. The main issue was unemployment and the effect of this in the most deprived areas.

Asked about the possibilities of mitigating the effects of the recession, in particular in relation to unemployment, Phil Newby reported that difficult decisions would need to be made in view of the fact that funding from the Working Neighbourhoods Fund would no longer be available to finance Brent in2 Work. In addition to this, London Development Agency (LDA) funding would be ending. Proposals would be made in November, with the possibility of a flexible new deal arrangement with a private sector partner as a way of funding wraparound services.

Answering a question on the impact of efficiency reviews on the Council's ability to respond to the increased demand for Council services, Phil Newby informed the Panel that the Council would continue to prioritise the areas of most acute need, and would do it more efficiently. This was an issue affecting all local authorities, not just Brent. The Council's medium-term financial strategy was predicated on the current plan to save £50m over four years. If, for example, a future government made unanticipated cuts in finance to local authorities, then this would be considered on a logical basis if and when it happened.

Duncan McLeod (Director of Finance and Corporate Resources) added that the Council's budget was also affected by demographic pressures not linked to the recession, but that the information gathered would be helpful for the future. He also pointed out that the drop in land and rental values was having an adverse effect on the Council's plans for regeneration. Responding to the suggestion that now be a good time for the Council to acquire land, Phil Newby agreed that while this was the case, the financial realities meant that this was not possible. Duncan McLeod added that, where there was a business case and the Council was confident of a good investment, forward funding could be used, but this could not be justified in the case of what might be regarded as a speculative development.

In answer to a question about the prospects of reviving housing development and the regeneration of the North Circular Road, Phil Newby reported that the Housing and Communities Agency was in favour of development of areas such as the North Circular Road, but that the Council needed to be prepared to tackle this in phases. Currently Quintain was looking more to non-housing, rather than housing developments, but it was hoped that Brent would be included in the next round of Building Schools for the Future (BSF) funding and thus benefit from the major gains of rebuilding a number of schools. In the meantime the Council was being proactive and looking ahead to the possibilities of joint ventures and partnership with the private sector, with the Council accepting more risk, with the added benefit that the Council would keep more control and more of the gain.

RESOLVED:

that the report be noted.

6. Housing Revenue Account (HRA) update

Eamonn McCarroll (Assistant Director, Finance and Resources, Housing and Community Care) introduced the report, which updated the Panel and answered questions on key issues around the Housing Revenue Account (HRA), the business plan, consultation on the reform of public housing finance, and a forecast based on

the current outturn. Eamonn McCarroll reported that the HRA business plan had modelled income and expenditure over a 30-year period and shown a shortfall. This was because investment needs and decent homes standard were not funded in the long term. The model showed the account going into deficit in year five. The future of the HRA in the medium and long term was therefore not viable. One of the main reasons for this was the national finance system for public housing. The Government had recognised the problems in the current system, whereby two-thirds of councils contributed surpluses to the Government, and one-third, including Brent, gained subsidies. The Government was in the process of consulting local authorities on a proposal to move to a devolved system of self-financing, whereby councils would retain their rent income. However, this would be subject to an initial redistribution of debt, with two-thirds of councils would have debt transferred to them in order for them to buy out of the current system. The new system would bring significant additional resources to Brent, with significant inroads over a 30-year period. If all councils agreed to the new system, it could start in 2010. If not, the Government would need to introduce legislation, which would be unlikely to happen before 2012/13.

RESOLVED:

that the report be noted.

7. Review of previous budgets

Mick Bowden (Deputy Director of Finance and Corporate Resources) introduced the report and answered questions on a review of progress achieved through budgets since 2006 against targets set. The report demonstrated that the Council's overall management of the budget was good, although the total figures concealed pressures within individual budgets. A total of 10 of the 12 Local Area Agreement (LAA) stretch targets were forecast to be achieved by the end of the LAA. The two at risk of not being achieved were smoking cessation and adults' participation in sport and physical activity. Members noted that the PCT had reduced funding for smoking cessation and reinstated it only latterly, too late to have an impact on achieving the stretch target. Jacqueline Casson (Senior Policy Officer, Policy and Regeneration) agreed to make available to councillors a report submitted to the Performance and Finance Select Committee on smoking cessation and adults' participation in sport and physical activity.

Members agreed that they would like to consider the effect of efficiency savings on the budget at the next meeting. They also agreed that, mindful of the fact that the overall budget figures concealed problematic areas, they would like in future to see departmental information published.

RESOLVED:

- (i) that information on the effect of efficiency savings be brought to the next meeting for the Panel to consider;
- (ii) that future information on budgets include departmental figures.

8. **Date of next meeting**

The next meeting of the Budget Panel was scheduled to take place on Tuesday 13 October 2009.

The meeting closed at 8.40 pm

A MENDOZA
Chair