

MINUTES OF THE BUDGET PANEL
Tuesday, 15th July 2008 at 7.30 pm

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

1. Declarations of Personal and Prejudicial Interests

There were none.

2. Deputations

There were none.

3. Minutes of the Previous Meeting – 18th February 2008

RESOLVED:-

that the minutes of the meeting held on 18th February 2008 be approved as an accurate record.

4. Matters Arising

There were none.

5. Budget Process 2009/10 and Subsequent Years

The Director of Finance and Corporate Resources, Duncan McLeod presented this report that set out the proposed process for setting the budget for 2009/10 the report also addressed budget pressures over the medium term. It was noted that the report before the Panel had been considered at the meeting of the Executive on 14th July 2008 and that all the recommendations had been agreed.

The main features of the report were highlighted and members' attention was drawn to the Medium Term Financial Strategy (MTFS). It was noted that the MTFS had been set out in the report to Full Council on 3rd March 2008. However it was noted that updated figures were now available and these were in Appendix B. Furthermore there had been some amendments to the main assumptions built into the forecasts. The main assumptions were set out under paragraph 3.2 of the report.

Following this Duncan McLeod referred to Table 1 (p.9) "Updated MTFS budget gap – no savings assumed" and explained that this table presented figures that did not incorporate an assumed saving of 3% in each service area. For this reason it was considered that the table provided a baseline view of the situation at present. Members were advised that the report discussed ways in which the budget gap could be reduced. In relation to this, Duncan McLeod explained that it was the intention to get the main features of

the 2010/11 budget provisionally agreed also. This was in view of the advantages of extending budget planning from only being a one year process. It was hoped that this would allow better planning as some saving measures often took longer than just one year to deliver. In response to questions on this new approach, Duncan McLeod explained that by looking further forward the Council would be better placed to affect changes. He further explained that the Council knew the amount of government grants that would be provided over the next two years and reasonably estimate for the medium term and therefore it was in a position to make a realistic assessment for moving forward.

Other measures for addressing the budget gap were highlighted. On the issue of savings, Duncan McLeod informed the Panel that the adult social care budget presented a significant challenge. It was noted that there was an item about this on the agenda for this meeting and thus it would be further discussed. Another key challenge lay in making savings in the area of waste management. It was noted that there were increased costs to the Council as a result of the increasing rate of landfill tax. In response to questions on compulsory recycling and the potential financial benefits, Duncan McLeod explained that looking at projected figures for 2008/09 there was a possible saving of approximately £615,000 if 10,000 tonnes of waste were reduced or recycled compared to landfill. A member of the Panel also emphasised the importance of educating the public on the methods of recycling available to them. Members were also advised that the Council would be looking at ways of controlling the demand on the service by encouraging residents to produce less waste.

There followed information on areas of 'inescapable growth' Duncan McLeod highlighted a list of items which had been identified as 'inescapable growth' in last year's budget and it was noted that the Council was committed to providing growth funding to these areas in future years. It was also noted that there was a contingency £2 million per annum for 'inescapable' growth in service area budgets in the projected figures.

With regard to areas designated as priority growth, the Director of Finance and Corporate Resources drew the Panel's attention to the Local Area Agreement (LAA). He explained that the LAA priorities covered areas that related directly to the Council's Corporate Strategy 2006-10. Therefore all provision for service priority growth would be directed to delivery of the LAA. Duncan McLeod also informed the Panel that as a result of the success of the first LAA the Council was likely to be awarded around £8 million of Performance Reward Grant.

Following this the Panel noted Table 2 in the report "*Revised MTFS budget gap – assuming savings and other measures in para 4.3*". Duncan McLeod explained that the figures in the table illustrated the Council's financial position should the Council achieve its targets with regard to savings and the measures outlined in paragraph 4.3. The Director of Finance and Corporate Resources expressed the view that it was a difficult challenge to achieve the position outlined in this table. He highlighted that as the budget process

developed, consideration would need to be given to options for making radical changes to service provision through the Improvement and Efficiency programme or stopping provision of low priority services in the short and medium term.

In response to questions about the recent acquisition of Brent House, the Panel was informed that this would result in savings when comparing the cost of borrowing in comparison to the rent that was being paid previously. It was further explained that consideration had already been given to a level of expenditure necessary to make changes to the building with a view to making it more efficient. However the Panel heard that Brent House was already fit for current purposes.

A Panel member noted that there were a large number of residential properties being constructed in the borough. In view of this it was asked whether there would be additional income for the Council to correspond with the increased number of residents paying Council tax. In response Duncan McLeod explained that the Council would be able to keep this additional money, however it was also acknowledged that this would be balanced against the added expenditure due to the increased number of residents to provide services for. An assumption of rising Council Tax income had been included in MTFS.

There followed discussion around the Council's policy on fees and charges. The Director of Finance and Corporate Resources explained that as part of their work programme, the Panel would be provided with a high level policy report to help with understanding this issue. Following this, members would be able to take a view on more specific issues to take forward. A member of the Panel expressed some concerns about the degree of clarity on fees and charges and welcomed the opportunity for the Panel to scrutinise this area.

Also on the issue of fees and charges, a member of the Panel asked whether consideration had been given to the effect of the level of fees and charges on residents especially in light of rising debts and increasing inflation. The Chair acknowledged the importance of this and commented that this should be raised as a point of principle at the 1st reading debate.

The Chair referred to assumptions in the report relating to price increases and asked whether these were realistic in view of rising inflation. The Director of Finance and Corporate Resources expressed the view that the current rate of inflation would have an adverse effect on the 2008/09 budget. However it was noted that the suggested pay increase of 2.5% was realistic in the circumstances.

RESOLVED: -

That the overall budget process as set out in the report be noted.

6 Budget Pressures and Budget Management in Adult Social Care

Before Panel members was a report providing information on the budget pressures in Adult Social Care and describing the issues that arose in managing these budgets. Martin Cheeseman (Director of Housing and Community Care) attended to present the report.

The Panel heard that there had been an overspend of around £3 million in 2006/07 and 2007/08 in the Adult Social Care budget. The Director of Housing and Community Care informed the Panel that the net revenue budget for 2008/09 had been increased by 15% (this included some transfer of grant funding from other budgets). He expressed the view that the budget set was challenging but realistic given the overall pressures and tight financial situation facing the Council. The Panel was also informed that new ways of approaching the budget meant that managers had the opportunity to manage their budgets more effectively than in previous years.

Noting that the Adult Social Care budget was 100% demand lead, it was explained that the significant cost driver was the eligibility criteria. It was noted that this had been set at *substantial* and *critical*. It was also noted that some Council's had set their criteria at just critical, however it was explained that in doing so there would be various repercussions to consider. In relation to the eligibility criteria it was highlighted that the Council had an ageing population and this impacted on the number of people who could be less fit for longer periods of time. It was noted that this was a national trend and that it should also be considered that population age increases corresponded with exponential increases in chances of dementia. Therefore it was acknowledged that there would be a constant pressure on Adult Social Care services for the foreseeable future.

Martin Cheeseman also informed the Panel about the transformation programme within Adult Social Care. He explained that due to the government's 'personalisation agenda' the way in which Adult Social Care services were being offered would be changing. There would be more emphasis on giving individuals' choice and encouraging them to retain their independence. This would involve assessing individuals with a view to making direct payments to them in order to allow them to choose how they would spend their money to support their needs. The Director of Housing and Community Care acknowledged that this new approach required a culture change within the Department as staff would now be giving more control to individuals. There would also be a need to achieve a balance with regard to how much risk was retained by the Council when allowing individuals more choice in the services they access and who they access them from. It was asked how staff had responded to this change in approach by the service. Martin Cheeseman explained that there was an understandable reticence by some staff with regard to transferring choice and therefore risks to individuals. The Panel was informed that this method had been trialled with the Learning Disability service and during this time staff had been able to see some of the benefits. It was also explained that with regard to Older Peoples Services, consultation had shown a large number of people expressing an interest in

taking direct payments. During further discussion it was also noted that the targets the Department had set around direct payments were challenging, however they had been set as an indication of the level of cultural change expected.

The Director of Housing and Community Care acknowledged members concerns about the risks being taken on by individuals. He explained that a number of Local Authorities had taken part in a pilot of this approach and an independent report resulting from this had made some positive remarks. However it was further explained that the government was yet to publish an official report which was hoped to provide a detailed view.

There followed information on commissioning and procurement processes. It was noted that there was a need for a more efficient commissioning and procurement strategy. Martin Cheeseman also advised the Panel that the Council was liaising with other West London Borough's to look at ways of operating commissioning and procurement on a West London level. It was emphasised that the intention was to achieve this without compromising any of the good deals that some Council's already enjoyed with various service providers.

Panel members also noted that in order to identify further ways to save money, there would be a review of the structure of assessment of care management staff. Noting that currently £9 million was spent assessing care management, Martin Cheeseman advised that this could be streamlined and therefore made more cost effective.

Some members enquired about the level of budget monitoring and asked how the Department responded when signs of an overspend started to appear. In response it was explained that rigorous assessment processes had developed over time. For example, it was noted that the decision making process was such that no individual social worker could agree funding for a service as this had to be agreed by a budget panel. Martin Cheeseman also explained that in response to increasing budget pressures, certain restrictions could be put in place to limit spending. However it was noted that the Department also had to balance budget pressures against their legal duties with regard to providing a service.

In response to questions, Martin Cheeseman provided information on the Department's position with regard to extra care social housing. It was noted that Brent was not currently in a position to directly provide this type of housing. As a result specialist providers such as Willow were used as the Council's provider of this type of housing. It was further explained that the Department was currently looking to engage with a wider variety of housing association in this regard.

The Chair asked what the Department's response would be were there to be an overspend in the 2008/09 budget. The Director of Housing and Community Care explained that the Department would have to look at the reasons why this had happened such as whether efficiency savings had been

overestimated or whether there had been an increase in the demand of services. It was explained that by looking at the reasons for an overspend the Department would find itself in a position to demonstrate whether the budget had been managed effectively. Members were advised that if this were to be the case, the Administration would have to look at the level of service the Council was able to provide within the given budget. However it was noted that should the Administration take a view to look at reassessing who qualifies for the service, the Department would have to advise on the possible implications of this and whether or not this would lead to savings. Martin Cheeseman advised members that the Government was currently in the process of consulting on future ways to fund Adult Social Care. Comments were being considered with a view to preparing a Green paper by the end of the year. It was noted that the Government had accepted that this was a major issue nationally and hoped to present a policy in the report that would result in a similar approach to funding Adult Social Care services across the country.

RESOLVED: -

That the report be noted.

7 Briefing Note

How we are holding the utilities companies to account

Before Panel members was a briefing note outlining the methods employed by the Council in monitoring the work of utilities companies. Duncan McLeod presented this report noting that it had been provided in response to members' request for more information on this issue. Members were invited to put forward any questions so that a more detailed response could be provided at a later meeting.

A member of the Panel expressed some concerns about the repair works being carried out by Thames Water and the effect these had on the road network. The view was expressed that whilst roads may look level following the street works, consideration should be given with regard to the possible long term impact. Several Councillors noted specific instances of road disruptions caused by utility works. The Chair suggested that a list of specific examples could be collated with a view to having an officer from Environmental Services attend to discuss their policy on this issue and to address the specific areas of concern as identified by Panel members.

RESOLVED: -

- (i) That the briefing note be noted; and
- (ii) that the Panel consider this item again at a later date with a presentation addressing some of the specific concerns as identified by members.

8 Budget Panel 2008/9 – Work Programme

The Panel discussed this report outlining the work programme for the Panel for 2008/9. Jacqueline Casson (Senior Policy Officer) advised members of future agenda items and it was noted that at the next meeting in October an officer and hopefully a member from Hammersmith & Fulham would be attending to give a comparative view on budget processes in other Councils.

RESOLVED: -

That the Work Program be noted.

9 Date of Next Meeting

The date of the next meeting was scheduled for Thursday 2nd October 2008 at 7.30 pm.

10 Any Other urgent Business

There was none

The meeting ended at 9.10 pm

A MENDOZA

Chair