



MINUTES OF THE BUDGET AND FINANCE OVERVIEW AND SCRUTINY COMMITTEE **Wednesday, 9 February 2011 at 7.30 pm**

PRESENT: Councillor Allie (Chair), Councillor A Choudry (Vice-Chair) and Councillors Ashraf, Long, Mashari, HB Patel, Sheth and Van Kalwala

Also Present: Councillors Arnold, Beswick, Choudhary, Jones, Lorber and Powney

1. Declarations of personal and prejudicial interests

None declared.

2. Minutes of the previous meeting

RESOLVED:-

that the minutes of the previous meeting held on 11 January 2011 be approved as an accurate record of the meeting.

3. Matters arising (if any)

None.

4. Children and Families

Krutika Pau, Director of Children and Families, spoke of the unprecedented challenges of reduced finances and demand for services in opening her presentation. She explained the approach being taken to realise £16m in annual savings by 2014/15, with an interim savings target of £10.5m in 2011/12. Krutika Pau described the move being made from the current operating model for the department through to interim arrangements and the future model. She referred to the list of savings identified for 2011/12 which comprised increasing charges to schools, restructuring the children's centres, transforming and restructuring social care including the fostering and adoption service and children in residential homes, restructuring some special education needs provision, increasing charges for the school improvement service, restructuring and reducing the youth service and making savings in Connexions and various other activities for which grants had been cut or where ring fencing of grants had been removed.

In answer to a question about the viability of the social care transformation, Krutika Pau explained that the programme had now been running for over one year. One aim of the project was to recruit more in house foster carers and this was on track. On another front work was being done with the West London Alliance to look at ways of purchasing placements collectively and thereby achieve economies of scale. This work was part of the One Council programme. In recognition that

recent performance on placements had not met targets, changes in the structure of the department had been implemented. In response to concerns expressed over whether the outcome of the rationalisation of the safeguarding activities would leave a service fit for purpose, Krutika Pau stated that the intention was to share the staff in the children's centres across the five localities and to focus on areas of greatest need. The priority was to have sufficient staff to deliver the social care needed and the intention was to look at ways of better procuring the service rather than cutting the staff. This would include special education needs placements and providing places for looked after children and would build on the successful adult social care procurement. Krutika Pau expressed confidence in making progress in this year but pointed out that this was a longer term project.

In answer to a question, Mustafa Salih (Assistant Director, Finance and Performance) replied that the savings from Connexions were out of a budget of £2.23m and the budget for the youth service was £2.22M. It was explained that the savings on the youth service were in terms of the delivery of the service and not at this stage on the disposal of premises. Discussions were taking place on what the options might be to deliver future services. This included how young people might be signposted towards using other facilities but it was acknowledged that there would ultimately be a lower level of provision. Councillor Arnold (Lead Member for Children and Families) explained more fully the effect of the proposals for the youth service and on the discussions taking place on its future.

The committee thanked Krutika Pau and Mustafa Salih for their attendance.

5. The draft 2011/12 budget

Councillor Butt (Lead Member for Corporate Resources) presented to the committee the draft budget for 2011/12. He outlined the budget process and the timetable. He outlined the key financial events for local government that took place in 2010. In March there was the last budget of the previous Labour government, in June the new coalition government produced an emergency budget and in October published the comprehensive spending review. Finally in December the local government settlement was announced which then allowed the council to produce a budget. In facing the challenging times ahead, Councillor Butt stated that the administration's priorities were to protect the most vulnerable and to meet its statutory responsibilities.

Councillor Butt referred to the probable outturn for 2010/11 which in October 2010 had been forecast as an overspend of £7.1m but which, thanks to a lot of hard work by member and officers, had now been reduced to around £300,000 and it was still hoped this figure could be reduced. Councillor Butt went on to outline the economic prospects and the overall impact of the Comprehensive Spending Review and Local Government Settlement. It was only a two year settlement and he referred to the calculation of 'revenue spending power' which he felt was disingenuous. The level of savings required in the first year meant it was inevitable that it would have an impact on the delivery of services. Councillor Butt outlined the 2011/12 general fund revenue budget proposals including the objectives designed to support delivery of the Borough Plan and what members would need to take into account when considering the budget. On the Council Tax, Councillor Butt reported that no increase was proposed. He then went on to set out the medium term financial plan covering 2011/12 to 2014/15. Finally, Councillor Butt set out the 2011/12 to 2014/15

capital budget proposals and housing revenue account which would result in most tenants paying £5-6 more in weekly rent. The budget proposals had been out to public consultation and had been the subject of debate at Full Council. It had also been agreed that departmental overspends reaching a certain threshold would be brought to the attention of the Budget and Finance Overview and Scrutiny Committee for scrutiny.

Councillor Butt was asked about the proceeds from disposing of various assets. He was also asked how the staff made redundant would affect the ratio of managers to staff and whether the severance arrangements for staff were at the market level. Councillor Butt replied that a disposals schedule could be found at page 189 of the budget report. The average ratio of staff to managers had been 1:3 and it was now moving in the direction of 1:6. The severance package offered by Brent was above the statutory minimum but was not the most generous on offer by any means. On a point of explanation, Clive Heaphy (Director of Finance and Corporate Services), explained that the original savings target of £37m had been increased to £40m largely due to having to put more money into the pension scheme.

A comment was made that much of the savings referred to were more about efficiency gains than meeting government imposed cuts. It was also said that much of the pressure on the council had been brought about by the previous government. It was explained that budget implications arising from the Freedom Pass were shown as a cost pressure on the budget. Clive Heaphy explained that there had been some refinancing of the council's debt but that it was currently better to pay some of it off than keep it in the bank. In answer to a question around the level of risk against the budgeted level of reserves, Clive Heaphy replied that the level of reserves were at the lower end to where he would like them to be but that he felt they would be adequate. He explained that they had to be at a higher level than last year because the risks were higher. When challenged as to how risk was calculated given the Council had in the previous two years had exposure to demands on its services, Clive Heaphy explained that the previous level of balances had been at the lower end and the Council was now forced with having to make savings of £40m. Even at the increased level the council's reserves would still be amongst the lowest in London. With reference to how the council would be able to meet the estimated costs of dealing with contaminated land at St Raphael's estate, Councillor Powney, Lead Member for Environment, Planning and Culture, explained that there was a pot of money available from the government which the council could bid from which, although it had been reduced by half, he felt might still meet most of the council's needs. If this failed other funding would have to be sought.

The issue of cross borough procurement was raised and in response Clive Heaphy reported that a range of procurement work was being undertaken, following on from the success of the West London Alliance adult social care contract, including transport and the use of property.

With reference to the built in inflation rate of 2%, it was explained that economic forecasts were that inflation should come down to within the government's target later in the year. The importance of the census was referred to and Clive Heaphy replied that £36,000 had been released for local initiatives to encourage a high response rate. It was estimated that the borough was losing £10m a year due to population under estimation and so this investment was considered worth it.

A question was asked about how the council would be able to support voluntary groups running some services in light of the cuts to the voluntary sector and the collapse of BrAVA. Councillor Butt replied that £2m had been put into the grants programme and London Councils was repatriating some funding, some of which it was hoped could be put back into the voluntary sector. He submitted that the council was doing as much as it could. BrAVA had encountered difficulties because of the way it was run and some thought was now being given to what could replace it. Councillor Powney was asked about what savings might accrue from the waste management strategy. He reported that the first year of the new arrangements would not provide savings because of the upfront costs in establishing the new system. After that £600,000 saving had been identified although the exact amount would depend on how the arrangements were procured and if the recycling targets were met. There was also an award of £900,000 from balances accumulated by West London Waste.

The Committee thanked Councillor Butt for his presentation and Clive Heaphy for his contribution.

6. Discussion on the Committee's second interim report

Members were advised that they had the opportunity to finalise the Committee's second interim report before its submission to the Executive.

It was agreed that the level of departmental overspend which would trigger an appearance before the committee by the appropriate director should be set at 5%. It was also agreed that the appropriate Lead Member should also attend.

Councillor HB Patel suggested that the level of balances should be retained at the current year's level of £7.5m but the committee did not support this.

Councillor Mashari proposed that before any public facility was closed by the council, officers should be instructed to consider options for how the service might be maintained by either the voluntary or private sector. The committee was advised that such decisions would be a matter for the Executive and in many cases this already happened. It was for the Executive to take decisions on service delivery and for overview and scrutiny to hold those decisions to account.

7. Any Other Urgent Business

None.

8. Date of Next Meeting

It was noted that the next meeting of the Budget and Finance Overview and Scrutiny Committee would be agreed at the annual meeting of Council in May 2011.

The meeting closed at 10.25 pm

J ALLIE

Chair