



Budget and Finance Overview and Scrutiny Committee

Tuesday, 11 October 2011 at 7.30 pm

Committee Room 4, Brent Town Hall, Forty Lane,
Wembley, HA9 9HD

Membership:

Members

Councillors:

Allie (Chair)
Mashari (Vice-Chair)
S Choudhary
Leaman
Naheerathan
HB Patel
Sheth
Van Kalwala

first alternates

Councillors:

Green
Harrison
Chohan
Brown
McLennan
BM Patel
Denselow
Kataria

Second alternates

Councillors:

Cummins
Hector
Moloney
Lorber
Mistry
HM Patel
Gladbaum
Daly

For further information contact: Peter Goss - Democratic Services Manager
020 8937 1353 peter.goss@brent.gov.uk

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www.brent.gov.uk/committees

The press and public are welcome to attend this meeting

Agenda

Introductions, if appropriate.

Apologies for absence and clarification of alternate members

Item Page

1 Declarations of personal and prejudicial interests

Members are invited to declare at this stage of the meeting, any relevant financial or other interest in the items on this agenda.

2 Deputations (if any)

3 Minutes of the previous meeting

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4 Matters arising

5 Adult Social Care budget issues

The Director of Adult Social Services will attend the meeting to provide a presentation for Members on current budget issues facing this service.

Ward Affected: All Wards

Contact Officer: Alison Elliott, Director of Adult Social Services

Tel: 020 8937 4230

alison.elliott@brent.gov.uk

6 Budget update

The Director of Finance and Corporate Services will provide an update on the current budget position.

Ward Affected: All Wards

Contact Officer: Clive Heaphy, Director of Finance and Corporate Services

Tel: 020 8937 1424

clive.heaphy@brent.gov.uk

7 Update on the proposals in the Local Government resource review

An update on the proposals will be presented to members.

Ward Affected: All Wards

Contact Officer: Mick Bowden, Deputy Director of Finance

Tel: 020 8937 1460
mick.bowden@brent.gov.uk

8 Work programme

5 - 8

A copy of the committee's work programme is attached for comment and update.

Ward Affected: All Wards **Contact Officer:** Jacqueline Casson,
Senior Policy Officer

Tel: 020 8937 1134

jacqueline.casson@brent.gov.uk

9 Any Other Urgent Business

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.

10 Date of Next Meeting

The next scheduled meeting of the committee is on 8 November 2011.



- 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.
 - Toilets are available on the second floor.
 - Catering facilities can be found on the first floor near the Paul Daisley Hall.
 - A public telephone is located in the foyer on the ground floor, opposite the Porters' Lodge

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MINUTES OF THE BUDGET AND FINANCE OVERVIEW AND SCRUTINY COMMITTEE Tuesday, 13 September 2011 at 7.30 pm

PRESENT: Councillor Allie (Chair), Councillor Mashari (Vice-Chair) and Councillors S Choudhary, Naheerathan, HB Patel and Sheth

Also Present: Councillors Aden, Arnold, Bacchus, Butt, Cheese, Gladbaum and Hashmi

Apologies were received from: Councillor Van Kalwala

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

None declared.

2. **Deputations (if any)**

None.

3. **Minutes of the previous meeting - 20 July 2011**

RESOLVED:-

that the minutes of the previous meeting held on 20 July 2011 be approved as an accurate record of the meeting.

4. **Matters arising (if any)**

None.

5. **Children and Families budget issues**

Mustafa Salih (Assistant Director - Strategic Finance, Children and Families) gave a financial overview of the Children and Families department by means of a Powerpoint presentation. He began by outlining the size and make-up of the funding sources and the issues facing the schools budget. He pointed out that the budget had been under pressure for the last two years because of expenditure on special education needs (SEN), resulting in a cumulative overspend of £5.7M being brought forward into the 2011/12 schools budget, which is funded by the Dedicated Schools Grant (DSG). He turned attention to the element of the budget met by the General Fund covering 'achievement and inclusion' and the larger area of 'social care'. Mustafa Salih then explained where the pressures remained on the budget and outlined the savings made in 2011/12. He stated that achievement of the savings was monitored monthly and remained largely on track with the biggest threat coming from the planned closure of a respite centre that was now on hold

pending the outcome of a judicial review brought against the decision. The present estimate was for an overspend on the SEN budget in 2011/12 of £1.5M which would have to be added to the £5.7M already mentioned. However, work was being done to achieve additional savings in order to reach a balanced position for the Schools Budget over the next 2-3 years. Mustafa Salih provided more detail on the pressure on the SEN budget and the measures being taken to reduce SEN expenditure. He then went on to detail the pressure on the budget for children's social care and the measures being taken to reduce these. Finally, he outlined the pressure on school places which he explained had an effect on the revenue budget but a much bigger impact on the capital budget because of the need to provide additional accommodation.

Krutika Pau (Director of Children and Families) added to the presentation by explaining that the management structure and decision making concerning SEN had been changed to make it more efficient. The pressure on social care continued but good progress had been made towards containing the budget. The pressure on school places was a London wide issue and the council was working with other councils to present a lobbying position through London Councils for funding to address this. A number of direct grants had ceased or had been rolled into the DSG. A new relationship had been established with schools with over £2M being brought back into the Council but this would rely on the Council being able to deliver cost effective services which were valued by schools.

Councillor Arnold (Lead Member for Children and Families) added that the service had to make a 17% cut in the budget quickly and in doing so had tried to protect the front line services. The approach had to be towards being more efficient and streamlined in the face of increasing need and demand. There was now better information available on where the demand was coming from and this allowed early intervention strategies to be formulated that were designed to reduce the need for greater resources having to be committed further down the line. Although the schools faced heavy demands, Councillor Arnold pointed out that they were producing good academic results.

In reply to a question about the recoupment element of SEN provision, it was explained that this was accounted for within the SEN budget but that Brent was a net exporter of pupils. This was why the original Building Schools for the Future programme had included schemes designed to expand SEN places within the borough. Now that the BSF programme had been withdrawn, it was necessary to look for alternative ways in which in-house SEN provision could be expanded. In answer to questions from members of the committee, Krutika Pau explained that responsibility for the capital programme for school expansion was now with the Regeneration and Major Projects Department. It was clear that the budget was not sufficient to meet need and this was the case across London. Alternative more creative ways of making provision were now needed and this included approaching nursery schools to take in older children, looking at any school not making most efficient use of its space and approaching the Ark Academy to take in more children. Krutika Pau also explained that senior officers from Children and Families had visited Kingsbury High school to discuss their possible application for academy status and the implications this would have for the borough. She confirmed that such a move would have an adverse impact on the Council's budget.

It was confirmed that the Council had a statutory duty to provide a school place for every child but that this duty was becoming increasingly difficult to fulfil. An increase in child protection cases had followed the Baby P case in Haringey and this was consistent across London. Krutika Pau pointed out that it was only half way through the financial year and a potential overspend had been identified which meant there was time to take corrective action. Councillor Arnold added that a change of approach had to be adopted to manage the level of spend rather than treat some services as demand led and therefore inevitable that they would overspend.

Krutika Pau responded to questions by explaining that Brent was part of a London-wide team looking at what the impact of changes to the housing benefit system might mean for population shifts and when it became clearer appropriate provision would have to be made. With reference to SEN provision, she explained that there were two particular areas of work being considered within the West London Alliance. One was the costs of special educational needs where Brent did not compare favourably with other boroughs on the level of spend, and the other was the provision of residential and independent day care placements. A procurement officer had recently been appointed who would focus on these two areas. Discussions were taking place with Woodfield School over how to develop a unit that would allow children with special needs to stay within the borough rather than be sent to out-borough placements.

In reply to a question, Mustafa Salih replied that the total level of reserves relating to the Schools Budget was around £7M. He also responded by explaining that the Council was working with about six schools to help them manage a deficit budget. In pursuing the issue of provision for special educational needs, it was asked how the number of children with special needs was rising and yet the number of statements was falling and what would happen if the number of children referred for social care kept going up. Mustafa Salih explained that a balancing act had to be undertaken with children at the lower end of the special needs spectrum to see if they could be supported by schools before they went through the statementing process. Discussions had been held with schools to set a higher threshold.

The Chair thanked Councillor Arnold, Krutika Pau and Mustafa Salih for attending the meeting.

6. **Budget update**

Mick Bowden (Deputy Director of Finance and Corporate Services) tabled a paper showing the Council's latest budget position for 2011/12. He stated that there were two other areas facing similar challenges to those facing Children and Families which had been discussed under the earlier item. One was Adult Social Care having to deal with the costs of transitions when the care of 19 year olds was passed on from Children and Families, and the other was from the changes in Housing Benefit which was having an impact on the temporary accommodation budget. In answer to a question regarding investment, Mick Bowden explained that the Council invested surplus funds with banks and building societies but the amount invested was kept low at the moment because of the small returns and high risks involved. In being asked about the forecast overspend of £1.2M, he stated that this was a current forecast and so service areas were being asked to bring their budgets into line to mitigate against overspending at the year end.

The budget update was noted.

7. Update on the proposals in the Local Government Resources Review

Mick Bowden (Deputy Director of Finance and Corporate Services) explained the proposals contained in the Local Government resource review by reference to Powerpoint slides. The scheme provided for local authorities to retain their share of business rate growth as a replacement for the current formula grant system. However, Mick Bowden added that as the detail had emerged it had become an increasingly complex model and therefore difficult to predict the impact on individual authorities. Following the initial consultation paper being issued on 18 July a number of technical papers had followed and Mick Bowden outlined these to the meeting. In answer to questions around the pooling arrangements and cracking down on evasion, Mick Bowden explained that London Councils had carried out work on pooling arrangements within London and that work was being done with Revenue and Benefits service on developing strategies for business rate collection.

The latest position arising from the Local Government resources review was noted.

8. Work Programme

Members considered the committee's work programme. It was agreed that an update on the Local Government resources review with particular reference to the strategies being worked on for the future collection of business rates should be added to the meeting on 11 October.

Members also asked that the implications of the changes to the Housing Revenue Account and an update on the capital programme be added to the meeting on 6 December.

The work programme, as amended, was agreed.

9. Any Other Urgent Business

None.

10. Date of Next Meeting

It was noted that the next meeting of the committee would take place on 11 October 2011.

The meeting closed at 9.56 pm

J ALLIE
Chair

**Budget & Finance Overview & Scrutiny Committee Work Programme 2011/12
Chair Cllr Allie**

Date of Meeting	Purpose of Agenda item	Requested Information / Evidence	Invited witnesses	Notes
20th July 2011	<p>To receive the report on the Budget Strategy 2012/13 – 2015/16.</p> <p>To discuss the work programme for 2011/12</p>	<ul style="list-style-type: none"> • Work Programme discussion 	Mick Bowden, Deputy Director of Finance and Corporate Resources	
13 th September 2011	<p>Budget Update</p> <p>Children & Families Budget Issues</p> <p>Update on the proposals in the</p>	<p>To provide member with information regarding the current budget position. To include an update on the One Council Savings</p> <p>Presentation on</p> <ul style="list-style-type: none"> • The departments current budget position • Budget pressures, and • Actions being taken to deal with those pressure <p>To enable members of the Budget &</p>	<p>Clive Heaphy, Director of Finance and Corporate Services</p> <p>Krutika Pau, Director of Children and Families</p> <p>Clive Heaphy / Mick</p>	

	Local Government Resources Review	Finance Overview & Scrutiny Committee to comment on the government proposals	Bowden	
11 th October 2011	<p>Budget Update including balances, approach to risk, One Council savings. Budget updates will pick up some of the issues listed at the end of the work programme</p> <p>Further update on the proposals in the Local Government Resource Review & the council's response</p> <p>Adult Social Care budget issues</p>	<p>To provide members with the latest budget information</p> <p>To provide further information on the proposals, the impact on the council and the council's response to the consultation.</p> <p>Presentation on</p> <ul style="list-style-type: none"> • The departments current budget position • Budget pressures, and Actions being taken to deal with those issues 	<p>Clive Heaphy / Mick Bowden</p> <p>Alison Elliott, Assistant Director Adult Social Care</p>	
8 th November 2011	Environment & Neighbourhoods budget issues	<p>Presentation on</p> <ul style="list-style-type: none"> • The departments current budget position • Budget pressures, and • Actions being taken to deal with those pressures 	Sue Harper, Director of Environment & Neighbourhoods	

	To gain a clear understanding of the issues that will be discussed at the First Reading Debate at Full Council	<ul style="list-style-type: none"> • First Reading Debate Reports 	Clive Heaphy Director of Finance and Central Services Leader of the Council Lead member for Finance & Resources	
6th December 2010	Budget Update Including an update on the One Council savings Regeneration & Major Projects budget issues HRA Reforms	To provide members with the latest budget information. Presentation on <ul style="list-style-type: none"> • The departments current budget position • Budget pressures, and Actions being taken to deal with those issues To provide members with the latest update on Reforms	Clive Heaphy / Mick Bowden Andy Donald, Director of Regeneration & Major	
11 th January 2011	To agree the Panel's first interim report Capital Budgets			

16 th February 2011	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"> • A presentation on the administration's draft budget from the lead member • To include a response to the recommendations contained in the first interim report • The aim of this report is to respond to and make recommendations about the administrations draft budget prior to the Executive 	<ul style="list-style-type: none"> • Councillor Butt 	

Issues the committee would like to cover during evidence gathering:

LG funding

One Council Savings

Balances / Reserves

Approach to managing risk

HRA Reform

Service Directors

Redundancy costs- end figure from phase 1 & 2

Capital programme including approach and impact of unsupported borrowing