



MINUTES OF THE BUDGET AND FINANCE OVERVIEW AND SCRUTINY COMMITTEE

Tuesday 4 December 2012 at 7.30 pm

PRESENT: Councillors Hopkins, A Choudry, S, Choudhary, Naheerathan, Van Kalwala Sheth, HB Patel and Brown.

Also present: Councillor Butt

1. Declarations of personal and prejudicial interests

None.

2. Deputations (if any)

There were no deputations.

3. Minutes of the previous meeting

RESOLVED:-

that the minutes of the previous meeting held on 15 November 2012 be approved as an accurate record of the meeting.

4. Matters arising (if any)

With reference to the minute of the discussion on the Adult Social Care department, clarity was sought as to whether the £5m cost associated with implementing the living wage applied to the whole organisation or just to the individual department. Councillor Butt (Leader of the Council) confirmed that the figure quoted applied only to the Adult Social Care department.

The Chair noted that at the previous meeting members' had asked a number of detailed questions around fly tipping, waste and other issues to which answers were to be provided following the meeting. The requested information had since been circulated to the committee, with the exception of the information required by Councillor S Choudhary which would follow shortly.

5. Children and Families

Krutika Pau (Director of Children and Families) delivered a presentation to the committee, updating members on the current budgetary issues affecting the department. Following a brief overview of the organisation and work of the department, Krutika Pau set out the overall budget position for 2010/11 through to 2012/13. The committee was advised that there had been an overspend against the general fund budget of £373,000 in 2010/11; however, for 2011/12 there had been an overall underspend which had allowed the redirection of funds towards

children's social care unit to accommodate the overspend in this area. Similarly, the department was currently on track to deliver a balanced budget for 2012/13; however, there remained a need to redirect funds towards children's social care to meet the demand-led pressure on the placements service. Mustafa Salih (Assistant Director Strategic Finance, Children and Families) explained that in addition to several service pressures and the required savings that all areas of the council had been required to make, Children and Families had been further and disproportionately affected by the cuts to and cessation of specific grants from central government.

Krutika Pau explained that several strategies had been employed to mitigate the pressure on the placements service. Action had been taken to reduce the number of Looked After Children (LAC) placed with independent foster cares, partially by expanding the in house foster care provision. A new methodology for assessing risk had also been implemented and, whilst child protection thresholds remained unchanged and robust, this had led to a reduction in the number of children being placed on child protection plans. This methodology was now considered best practice. There had also been a greater emphasis on obtaining permanency earlier for LAC, thereby reducing their time in the care system, as well as the associated costs. In the longer term, the council was in the process of developing its preventative early help services, which were being progressed via the one council project 'working with families'. The department had been successful in reducing the unit cost of supporting children in the care system in Brent by 16% between 2010 and 2013, whilst the number of children had increased by over 150 over this period. Brent was currently working actively with the West London Alliance to renegotiate contracts with providers to further reduce the unit cost.

Krutika Pau drew members attention to the Children's Social Care benchmarking data provided, explaining that whilst it was useful to make comparisons with other councils, due to different departmental structures, it was difficult to do so accurately. The comparisons that had been included reflected those examples for which data was available in a similar format. With reference to the figures for Ealing, Krutika Pau advised that if Brent were to spend the same per child as Ealing, it would equate to an additional budget pressure of £2m.

During Members' discussion the Committee requested clarification around the national framework for adoption, the costs associated with in-house foster care placements and how the changes to immigration regulations would impact the work of the Children and Families department. With reference to the savings targets outlined in the presentation, members sought assurance from the Director of Children and Families that these were realistic targets to pursue. It was observed that there had been an overspend for the placements budget consistently over the three year period under discussion and several members of the committee commented that it was important to get the basic budget positions correct. It was felt that setting a true figure from the outset was crucial, in order to ensure that the executive, other members and officers were alerted to the probable need for action as soon as possible. This might then allow adjustments to be made elsewhere and would also increase the possibility of redressing shortfall and overspend. With reference to the benchmarking data, the committee requested an explanation of the large disparity with Westminster's figures and queried whether there was a correlation between the quality of care and the level of expenditure per child.

Responding to the committee's queries, Krutika Pau advised that whilst the savings targets for the department were ambitious, and some might be difficult to meet, they would be closely monitored and reviewed if necessary. The disparity in Children and Families departmental spending between Brent and other boroughs such as Westminster reflected the fact that they were better resourced and had greater levels of available funding, as well as smaller populations; Brent was the fifth largest borough in London. At present, there were 338 LAC in Brent, although the total number in the care system, which included children on child protection plans and care leavers, was greater. The costs of foster care placements as set out in the presentation to the committee did not include associated administration costs; however, taking these into consideration in-house foster care placements remained the most cost-effective option. One of the factors contributing to the pressure on the placements service was recent changes to immigration legislation, which extended the age range of unaccompanied minors for which the council had a social care responsibility.

With regard to adoption, Krutika Pau advised that there was considerable national regulation and external scrutiny of children's social care. Brent had been subject to 6 Ofsted inspections within 2 years, the most recent of which had been an unannounced inspection of LAC and Safeguarding services in November 2012. This scrutiny did provide an opportunity to showcase some of the good work that Brent was doing but the inspection framework had been changed and the required standards raised, at the same time that funding for these services had been cut. In 2011, the government had also introduced the Adoption Score Card. It was explained that there were a number of required timescales for adoption and it was a general requirement that following the decision to place a child for adoption, the process was completed as soon as possible. There had been significant improvements in Brent's performance against the statutory timescales for adoption and it was emphasised that a suitable balance was maintained between meeting the timescales for the process and achieving a good match for the child and prospective adopter. Unfortunately, the improvement in Brent's performance had not yet been reflected in the score card as it was measured as a three year average.

Members agreed that an explanation of the rationale behind the department's savings targets should be provided to the committee. The Chair added that it was also important for the committee to understand the timescales and risk assessment processes in place for reviewing the targets set. Councillor Choudry requested further detail in relation to the demographic data presented to the committee. Councillor Brown requested that benchmarking data be provided for Brent's statistical neighbours.

RESOLVED: -

- i. that the report be noted
- ii. that an update be provided to the committee at a future meeting

6. One Council Programme

Peter Stachniewski, Head of the One Council Programme, presented a report to the committee updating members on the financial benefits and costs of the One Council Programme and its role within the Medium Term Financial Strategy. The One

Council Programme had been launched in 2009 and was designed to fundamentally change and improve the way that the council carried out its business whilst limiting the impact of budget reductions on Brent residents. An overview of the current Programme and proposed new projects was attached at Appendix 1 for members' information. Over its initial four year period the programme was tasked with delivering savings of between £90m and £100m. The Programme had thus far delivered cumulative financial benefits of £41.2m per annum by the end of 2011/12. It was anticipated that for 2012/13, the financial benefits of the Programme would amount to a further £13.4m, bringing the cumulative total to £54.6m per annum. Although this was £1.1m short of the budgeted benefits of £55.7m target, other measures taken meant that the council's overall budget was forecast to be in balance in 2012/13.. Members' attention was drawn to paragraph 4.3 of the report which set out the reasons for the shortfall in 2012/13. By 2014/15 the cumulative benefits were budgeted at £77.9m per annum; however, it was expected that by 2013/14 there would be a shortfall of £1.029m and this would rise to £2.371m by 2014/15. Several measures were being pursued to address this gap, including the possibility of achieving additional savings via procurement, further managing down service demand via the Improving Waste Management project and reviewing existing projects, particularly the Realignment of Corporate and Business Support project, to identify any further possible savings.

Peter Stachniewski highlighted a number of high-risk areas to the committee. In particular, the savings associated with the integration of Health and Social Care had been calculated based on the business case developed; however, should the integration not go ahead, alternative means of delivering these savings were being considered. The savings associated with the improved early help services were also difficult to fully estimate. These savings were therefore ambitious and would need to be closely monitored. The committee was further advised that the impact of the Welfare reforms on the council's temporary accommodation budget was likely to be significant, despite policy changes which had been implemented to minimise the weight of these changes.

In the subsequent discussion the committee queried whether the challenging financial targets set for the various One Council projects were achievable and confirmation was sought of the planned duration of the overall One Council programme. Members further questioned the efforts being made to maximise the council's income and raised queries on parking charges, the level of debt recovery and the number of successful Parking Charge Notices (PCN) appeals. Additional details were also requested in relation to how the variation for the Transitions to Adult Life project for 2012/13 had been absorbed.

In response to members' queries, Peter Stachniewski advised that the financial targets had different types of risk associated with them. The savings relating to the integration of health and social care were considered high risk, not because the targets were difficult to achieve but because they depended on the integration taking place. In contrast, the risk relating to children's social care sprung from the nature of the work undertaken by the service; it only took the arrival of one or two complex cases to significantly increase the expenditure of the department despite the successful deployment of various cost containing measures. The council pursued a risk based approach to setting the budget and within this it was appropriate to set challenging targets. Elizabeth Jones (Assistant Director of Finance) further explained that the planned savings for the Transition to Adult Life

service would be made going forward but could not be achieved during the early stages of the implementation of the new team structure.

Addressing members' questions on the maximisation of income, Peter Stachniewski explained that the figures quoted included the charge increases that had been made across the council; however, the council was restricted in the range of services for which it could charge. A new corporate policy for debt recovery had been introduced and improvements made in this area. At present, the council recovered approximately 69% of PCN related charges and there was a work stream within the related one council project to examine this. As part of this effort, the council was working to ensure that appeals against PCN's were held in time; otherwise the debt could not be recovered.

Phil Newby advised the committee that the one council programme had initially been envisaged as lasting until the end of the government's comprehensive spending review period, 2011/12 to 2014/15. It was now expected that local government would be required by central government to continue to achieve further savings and the one council programme offered Brent a systematic approach to making these savings. Project delivery costs met by the One Council Programme were estimated to be £12.7m overall by 2014/15, whereas the on-going financial benefits would amount to £78m per annum.

With reference to the Waste and Street Cleansing one council project, Councillor Brown requested further information on why the targets on waste reduction had not been met and what further actions were being taken to meet the targets. It was agreed that these questions would be put to Sue Harper (Director of Environment and Neighbourhoods Services) at the following meeting.

RESOLVED

That the report be noted.

7. Budget Update

Mick Bowden, Deputy Director of Finance and Corporate Services, noted that the council was currently awaiting the Chancellor of the Exchequer's autumn statement and that until this information and the local government finance settlement was received the budgetary position remained the same as reported at the previous meeting. It was highlighted that the budget monitoring information that had been requested at the previous meeting had been circulated to members and feedback on the format was welcomed.

With reference to the outcome of a recent equal pay case against Birmingham City Council, the Chair queried whether Brent was at risk of a similar judgement being brought against it. Mick Bowden confirmed that Fiona Ledden (The Director of Legal and Procurement) was currently examining the case to identify if there were any implications for Brent council.

In response to a query from the committee, Mick Bowden advised that the West London Waste Authority (WLWA), in response to difficulties with its 2011/12 accounts, had developed an action plan to manage and recover its finances. The

council had been contacted in late October 2012 by the WLWA with the information that it was unable to deliver on this plan and that it would have a shortfall of £2.6m in the current year, which increased to £3.6m with a level of prudence. An additional levy was therefore being made of all councils to meet this shortfall, which equated to £609k for Brent's share. The council's break-even budgetary position allowed for this additional levy and the report to the December Executive set out the position. It was expected that the levy in 2013/14 would increase by at least £800k. Future arrangements for the financial administration of the WLWA are currently being considered.

Members further queried whether the council's income targets had been achieved overall and sought further details in relation to the impact of concessionary fares. Mick Bowden advised that in general across the council income targets were being met. In relation to concessionary fares, the council was examining the figures recently obtained from London Councils but had allowed for a significant increase within the existing budget forecast.

Councillor A Choudry thanked Mick Bowden for the budget monitoring information provided to the committee and advised that the format in which the data had been provided was good but that further commentary should be provided. The main headline figures should be commented on and variances explained to assist the committee's understanding.

8. Any Other Urgent Business

There was no urgent business.

The Chair asked the committee to give consideration to recommendations to be included in the Annual Report, so that these might be included in the draft report and discussed at the next meeting.

9. Date of Next Meeting

The committee noted that the next meeting of the committee was scheduled for 15 January 2012.

The meeting closed at 9.45 pm

A HOPKINS
Chair