



MINUTES OF THE BUDGET AND FINANCE OVERVIEW AND SCRUTINY COMMITTEE **Wednesday, 15 September 2010 at 7.30 pm**

PRESENT: Councillor Allie (Chair), Councillor A Choudry (Vice-Chair) and Councillors Mashari and Van Kalwala

Also Present: Councillor S Choudhary

Apologies were received from: Councillors Ashraf, Long and Sheth

1. Declarations of Personal and Prejudicial Interests

None declared.

2. Minutes of the Previous Meeting Held on 13 July 2010

RESOLVED:-

That the minutes of the previous meeting held on 13 July 2010 be approved as an accurate record.

3. Matters Arising

None.

4. Budget Update

Duncan McLeod (Director of Finance and Corporate Resources) drew Members' attention to the Executive report and decisions made at the Executive meeting on 26 July 2010 that set out the financial prospects for the Council in the next four years. He then gave a brief presentation on the item, advising that the Committee would consider the outcome and implications of the announcement of the Government's Comprehensive Spending Review at the November meeting. The Budget set assumed Government support to freeze Council Tax would continue in 2011/12, that there would be a two year freeze on public sector pay for staff earning over £21,000 from 2011/12 and that there would be a control of housing benefit levels from April 2011. The Committee noted that the Building Schools for the Future (BSF) Programme had been withdrawn and Duncan McLeod suggested that Members may want to consider the overall Capital Programme. Other potential Budget pressures included:-

- Further Government announcements
- In year spending pressures in 2010/11
- School Places
- Growth agreed without compensatory savings

- Changes to grant distribution methodology from 2011/12
- New service demands, such as those in Benefits
- Growth in economy lower than forecast
- Inflation increases
- Rising interest rates

Duncan McLeod advised that the forecast assumptions had included an overall reduction of 25 per cent in formula and area based grants and Members noted the potential budget gaps for 2011/12 and the subsequent three years based on no Council Tax rise and on a three per cent rise. A number of measures were to be considered in respect of the Budget Strategy, including the need for the One Council Programme to be the main driver in taking costs out of the base position. These measures then needed to be reviewed to see if they were both realistic and deliverable.

Members then discussed this item and raised a number of issues. Councillor A Choudry commented that it would be beneficial if Members were provided with the current budget position of each Service Area before meetings of the Committee in order that Members understood the situation of each, the level of variance, what pressures each budget faced and what contingencies were in place. Councillor Van Kalwala sought further clarity concerning contingencies in place with regard to the £6 million for inescapable growth in 2011/12 and in each subsequent year and what action could be taken to limit inescapable growth. He also asked if a Government grant would be available to supplement a freeze in the Council Tax. The Chair enquired what contribution to savings would staff pay freezes make and which service areas had committed the largest overspends. In respect of annual growth, he asked whether this was because the cost of providing the service was increasing or due to some services being expanded. The Chair also asked about the size of the Budget Gap in terms of percentage.

In reply, Duncan McLeod advised that the staff pay freeze would contribute around £2.5 million savings. The largest overspends had occurred in Adult Social Care and Children and Families, however Duncan McLeod explained that these areas were more difficult to budget for as they were demand-led. Previously, such overspends were managed by transferring funds from other departments but now it was important to have as much control as possible over each individual budget and any overspends would need to be compensated for in the following year. Members heard that the Budget Gap was potentially 25 per cent because of grant reductions and without any Council Tax increase, two per cent of that would need to be found from the overall net budget which would not be a desirable scenario. However, a three per cent rise in the Council Tax would contribute a saving of £21.5 million alone for 2011/12.

Duncan McLeod advised that a rigorous process was applied to justify growth figures, with each service area reviewed to identify if growth was inescapable. The £6 million identified was an estimate and these funds were yet to be allocated. The inescapable growth came from services the Council was required to provide and could be due to changes in legislation, provision of a service that was not previously provided or income reduction. The Committee heard that although the Government had mentioned grants being available for local authorities to freeze Council Tax levels, it had not been specified how this would be provided and a further

announcement was awaited. In addition, if a Council Tax freeze was to be considered, then thought would need to be given as to how long the freeze would remain. Duncan McLeod advised that information on budgets was mainly held centrally, however he confirmed that an update on each budget could be provided to Members before meetings of the Committee.

RESOLVED:-

- (i) that the latest forecast for the Council's Revenue Budget for 2011/12 to 2014/15 as set out in Appendix A of the report and the assumptions used to derive this be noted;
- (ii) that the overall budget process as set out in the report be noted; and
- (iii) that the proposed budget timetable be noted.

5. **One Council Programme**

Phil Newby (Director of Policy and Regeneration) advised Members that the One Council Programme had been introduced two years ago to improve the Council both in terms of efficiency and performance and enhance the Council's ability to deliver its' Corporate Strategy. The economic downturn had obliged the Council to refocus on generating savings and reconsideration of decisions previously made, such the Council Tax freeze, needed to be undertaken as the Budget Gap had increased to £80 million. Members heard that a project management approach was being taken to deliver the One Council Programme, and projects were chosen that would meet the following objectives:-

- Making changes to the Council
- Making the Council fitter for purpose
- Driving efficiencies

Phil Newby advised that consideration was being given as to providing services in a more efficient way and how things could be done differently to generate savings. Members heard that 50 officers worked on developing the Programme which was overseen by the Project Management Office. Emphasis on service improvements remained but through using less resources.

Phil Newby then referred to a document on the One Council Programme circulated at the meeting which outlined projects at tranches one, two and three, with each tranche representing projects at concept, business and delivery stages respectively. Amongst those at tranche one, the Finance Modernisation project's objective was to achieve £1.5 million savings a year, whilst the Customer Contact project which aimed to reduce unnecessary and repeated customer contact would be critical in delivering savings and efficiencies. With regard to tranche two, the Income Maximisation project would consider if a charge for a service would be appropriate and/or what is a reasonable charge, whilst the Children's Social Care Transformation project would look at issues such as fostering. In respect of tranche three, the Carbon Management project sought to minimise financial penalisation due to CO2 emissions, whilst the Total Place project considered joint budgeting arrangements with the Council's partners. Members also noted that the Willesden Green project focused on creating a focal customer point in the south of the

Borough and representing the Council's second centre. Phil Newby stressed the need to move more projects to tranche three so that progress could be made on bridging the Budget Gap. Members noted that the Council was on target to meet the £4.5 million savings this year which took account of cost of delivery such as HR costs and external support. Any projects which bought in external support would be required to generate additional savings to cover the cost of such support.

With the approval of the Chair, Councillor S Chouhary addressed the Committee. He enquired whether the Council could consider increasing the Council Tax by more than three per cent.

During Members' discussion, Councillor A Choudry enquired on the likelihood of the One Council Programme in delivering the objectives in terms of bridging the Budget Gap and asked how savings would be measured. He commented that each department had responsibility for ensuring that the services it ran met required standards and would need to use their discretion over staff changes to deliver savings. Councillor A Choudry suggested that an update be provided to Members before future meetings on the progress of the One Council Programme, including savings made to date and future projections. Councillor Van Kalwala added that the Programme was also considered by the One Council Overview and Scrutiny Committee and he suggested that Members could attend meetings of that Committee if they were interested in receiving updates on this item. He enquired whether the £4.5 million savings for this year would address further reduction in grants and if not, where further savings could be identified. He asked what monitoring arrangements were in place to see if projects were delivering and what would the impact of these be on residents. Councillor Mashari commented that independent foster carers who had demonstrated competency were being asked to provide feedback on specific childcare services.

The Chair enquired what percentage of non face to face customer contact was proposed in respect of the Customer Contact project and would face to face contact remain available. He asked what the projected savings were with regard to review of back office functions and when would further information be available on this issue. With regard to staff reward and performance, he asked if the changes would be implemented Council-wide and was the objective entirely savings based and if so what savings would be generated. Views were sought on the implications on staff morale and motivation in respect of salary freezes and cuts to allowances. The Chair expressed concern about the impact on services through changes made through the Programme and he welcomed Members views as to how they would like this issue scrutinised, adding that it was important to understand the implications on services.

In response, Phil Newby stressed that services had to be improved, with areas such as customer contact particularly important, whilst also reducing costs. It was imperative that the One Council Programme delivered as this was the main tool to achieve the necessary savings. Phil Newby explained that all spending had been costed and savings made were all recordable, with savings figures from the Strategic Property Review already starting to come in. With regard to customer contact, Phil Newby stated that the proportion of face to face and non face contact would be available in future, with the focus on ensuring easier access for the customer. Members noted that the Council had greater face to face contact than other boroughs and although there were some services where face to face contact

was necessary and beneficial, there were other services where this type of contact could be reduced. Phil Newby suggested that information on the Customer Contact model design would be available by the beginning of next year. With regard to back office arrangements, Members heard that a notional figure of £0.5 million savings had been identified in respect of the Brent Business Support project, although consideration would be given as to whether further savings could be made, whilst more savings would be generated from the Staffing and Structure project. Members noted that Wave Two of the Staffing and Structure project was taking place over the autumn and an update on it would be available in the New Year. Phil Newby confirmed that the changes in respect of reward and performance would be Council-wide and would be focusing on staff costs, such as allowances, overtime arrangements and salaries. He stated that the additional savings required since further Government cuts would be obtained through considering what services could be scaled down or even stopped altogether, whilst a Fundamental Review of Festivals was also taking place.

Duncan McLeod added that the target budget figure for 2010/11 had been set by the Council meeting in March, however subsequent Government reductions to some grants had required a further saving of £5.4 million and he stated that it would be desirable if some projects over delivered in order to generate additional savings. He advised that the Government intended to withdraw the option currently available to local authorities to apply for approval to increase Council Tax by more than three per cent and he added that consideration of increasing Council Tax would be a crucial one. With regard to staff reward and performance, Duncan McLeod advised that this would involve a process of standardisation on a number of Human Resources issues, such as Terms and Conditions of Service, performance management of staff, overtime arrangements and a fairer and more transparent pay structure. These changes were necessary because of the financial pressures the Council faced. Duncan McLeod acknowledged that salary freezes and reductions in allowances may potentially have a de-motivating effect on some staff, however some officers may be de-motivated by the fact that officers in some areas were getting paid more for similar levels of responsibility and such changes would address this.

6. Adult Social Care Transformation Programme and Budget Issues

Martin Cheeseman (Director of Housing and Community Care) gave a presentation on this item, stating that the £2.8 million overspend in Adult Social Care in 2009/20 was not exceptional and was a reflection of demand pressures. The largest spending area in Adult Social Care was purchasing, whilst concessionary fares were also quite significant and could not be cut. The demographic pressures on the budget included the fact that people were living longer and as numbers of older residents grew, demand for care also increased and Martin Cheeseman advised that there were, for example, large costs involved in addressing dementia. Nationally, changes were taking place as to the way Adult Social Care services were delivered, including a move to personalisation and making customers less dependent, whilst there was also discussion with regard to classifying health care and social care and the Council had debated this with Brent Primary Care Trust (PCT). Adult Social Care tended to exceed its budget because of demand increases, however Martin Cheeseman advised that the Care Quality Commission had rated Adult Social Care services as good, but amongst issues they had raised included the fact that the Council was not assessing customers quickly or effectively

enough and not all services were provided quickly enough. Members noted that Day Centres were experiencing a fall in visitors. Martin Cheeseman then outlined areas that needed to be undertaken effectively, including for example:-

- Effective gate keeping at the earliest stage to ensure customers were promptly informed of whether they are entitled to a service or not
- Immediate service designed to promote independence and not long term support and such a measure would also reduce costs
- Significantly reduce numbers in residential and nursing care of which there was currently a high proportion partly due to transfer of care from Brent PCT
- Changing services and commissioning and reapplying eligibility criteria

Martin Cheeseman advised that a joint West London Adult Social Care procurement exercise could result in £450,000 savings for the Council in the first year of implementation and £900,000 in subsequent years. Members noted that the Council's criteria, like most local authorities, for providing adult social care was whether a resident had been assessed as having substantial needs, however consideration could be given as to whether this was being correctly applied, including whether people with low or medium level needs actually received services, and whether to raise the required level to critical needs. A number of projects were being undertaken to improve services and these included projects on Re-ablement, Customer Journey, Direct Services Review, Transport, Commissioning West London, Aids and Equipment and Health. Members noted that it was estimated that personalisation would generate savings of £1.173 million. There was also consultation presently taking place in respect of users who visited Day Centres and changes to this service could result in savings of between £852,000 and £1.015 million.

During Members' discussion, Councillor Van Kalwala enquired how the overspends in Adult Social Care had come about in view that spending had been on target six months before. He asked what the savings targets for 2010/11 were and would increased demand continue to be a factor and details of the Customer Journey project were also sought. Councillor A Choudry enquired whether the budget would have been on target had it not been for the exceptional circumstances that had resulted in the overspend. He commented that some factors were outside the Council's control and he sought further information on where quantifiable savings could be made and further clarity in respect of savings that could be generated from a joint West London Adult Social Care procurement exercise. Councillor Mashari referred to the costs mentioned in the presentation in respect of dementia and she enquired how customers contacted the Council to access these services. She also asked if she could have a copy of the Quality Care Commission report.

In reply, Martin Cheeseman advised that the overspend was due to additional expenses not previously identified in the Adult Social Care and assumptions that were not entirely accurate with regard to resources from other areas, such as Brent PCT. He advised that £3.5 million savings needed to be made during 2010/11, however there were a number of pressures that would make this challenging, such as an increase in the number moving from Child to Adult Social Care and other demographic pressures such as more residents needing care as they grew older and lived longer. Such factors would increase demand, whilst there was also the possibility that the Council's Budget would be further reduced following the announcement of the Comprehensive Spending Review. In respect of the Adult

Social Care West London Procurement, it was estimated that the Homecare contract would generate £900,000 savings which may even increase subject to TUPE arrangements. With regard to the Residential and Nursing Homes contract, the six West London boroughs involved would have greater ability to negotiate a better agreement with the provider.

Alison Elliot (Assistant Director – Community Care, Housing and Community Care) added that increases in dependency also meant more support which would increase demand on services. She advised that two projects had been devised to generate savings, and the first, the Customer Journey project, aimed to achieve a more efficient and leaner customer service. The second project on Direct Services aimed to make clients more independent and through being less dependent on services and it was anticipated that this would generate around £1 million savings. In addition, clients would be assessed more quickly and prevent duplication of assessments and this would lead to a better service requiring less financial resources. With regard to dementia, Alison Elliot advised that the Council was working with the Health Sector in developing this service and improve integration with Health Sector organisations and GPs. Further updates in respect of this could be provided to the relevant overview and scrutiny committee. Members heard that it was a statutory obligation of local authorities to provide clients with access to personalisation and whilst the focus was on the individual and providing them with choice, professionals would retain responsibility in providing support to the client. Alison Elliot added that there was a need to be more creative to meet support needs and support individuals in creating their own care plan and cases would be reviewed on an annual basis. It was noted that the Care Quality Commission report was due to go to the Executive either in December 2010 or January 2011.

Jacqueline Casson (Senior Policy Officer, Policy and Regeneration) advised that the Customer Journey project also sought to identify and achieve savings through changing processes and the type of customer contact used.

7. Lobbying Strategy

Cheryl Curling (Head of Communications, Communications and Diversity Unit) introduced the report which had been requested by Members at the previous meeting requesting further information about how the Council was developing a strategic approach to lobbying the Government on policy and budgetary changes. She stressed the need for the Council to have a coordinated approach to lobbying the Government on policy areas that had a negative impact on the Borough and the Council's ability to set a realistic and robust budget. Cheryl Curling then outlined the immediate lobbying priorities, which included:-

- Population estimates and Council funding. The Office of National Statistics' estimated population of Brent of 254,000 contradicted the Council's independent estimate which estimated the population at around 290,000 and this would impact significantly on funding
- School places, also linked to discrepancies in population estimates
- Building Schools for the Future/Academies. Lobbying the Government to overturn decisions in respect of the scrapping of the BSF programme
- Housing Benefit. The Government's proposal to cap housing benefit could result in increasing homelessness and overcrowding as families are forced to leave their present homes which they can no longer afford.

- GPs and Health Services
- Local Government Finance
- Adult Social Care
- Regeneration, housing and employment

Amongst steps taken to date, Cheryl Curling advised that a more robust and joined up approach was being established between Policy and Regeneration and Communications and Diversity to ensure a Council-wide lobbying strategy approach was taken. Identification of who should be lobbied had also been carried out and this included Government ministers, private offices in the Government departments, civil servants and officials, local MPs, the Mayor of London and Transport for London. In addition, attracting such people to visit Brent, joint lobbying activities between Lead Members and lead officers and cross party groups of councillors working together would also send out a stronger message. Lobbying activities were also to be reported regularly to the Corporate Management Team (CMT).

Cheryl Curling then updated Members with some recent lobbying initiatives. Members heard that the Leader of the Council had met with the Schools Minister and £46.3 million had been secured to re-build the Crest Schools Academy. School head teachers had recently spoken on BBC Radio 4 about the situation concerning Brent schools following the withdrawal of the BSF Programme, whilst ITN had publicised the lack of school places in London which had included an interview with the Lead Member of Children and Families. A BBC London programme had highlighted issues in respect of the proposed housing benefit cap and had included an interview with the Director of Housing and Community Care and a lobbying letter had been sent to the Mayor of London and the Secretary of State for Work and Pensions.

During Members' discussion, Councillor Mashari expressed approval in the measures being undertaken so far, including the regular reporting of lobbying activity to the CMT and the robust approach taken following the suggestion made by the Committee. She stressed the need for councillors to cooperate with each other and officers and to use jargon free and more publically accessible wording in highlighting Brent's situation. Councillor A Choudry concurred with Councillor Mashari concerning cooperation between councillors and in respect of the proposed housing benefit cap he enquired what action would be taken to assist those who could no longer afford their rent. Councillor Van Kalwala enquired who would take a lead in developing the lobbying strategy and he emphasised the importance in seeking leverage in both Whitehall and City Hall.

In reply, Cheryl Curling stated that the Lobbying Strategy was also discussed at Senior Manager Group meetings and would be considered at the CMT meeting on 14 October 2010. Members heard that the Director of Communications and Consultation would have overall responsibility of the Lobbying Strategy, whilst the Administration would assume political ownership. Cheryl Curling acknowledged the importance in influencing Whitehall and City Hall, whilst joint lobbying through the Local Government Association and London Councils was also being developed.

Duncan McLeod advised that increasing homelessness would also mean extra costs to the Council. Whilst there was provision to provide discretionary awards for those who could not pay their rent, funding of this was limited and lobbying to review proposals to cap housing benefit at £400 was essential.

RESOLVED:-

that the report on the development of a Lobbying Plan for Brent be noted.

8. Date of Next Meeting

It was noted that the next meeting would take place on 12 October 2010.

9. Any Other Urgent Business

Work Programme

The Chair sought advice and suggestions for any future items to be considered by the Committee. He suggested that pre-meeting briefings could be arranged and asked if briefing papers could be published earlier. Councillor A Choudry concurred with this suggestion and asked if presentations could be made to Members prior to the meeting.

In response, Jacqueline Casson advised that the suggestions made could be accommodated and she remarked that Members could meet informally before the Committee meeting if this was desired. She advised that reports from the Director of Children and Families and the Director of Environment and Culture updating Members on the respective budgets would be considered at the next meeting, along with an updated report on Revenue and a breakdown of budgets for each service area, including details of variances.

The meeting closed at 9.55 pm.

J ALLIE
Chair