



MINUTES OF THE BUDGET AND FINANCE OVERVIEW AND SCRUTINY COMMITTEE **Tuesday, 11 January 2011 at 7.30 pm**

PRESENT: Councillor Allie (Chair) and Councillors Chohan (for Choudry) , Mashari, McLennan (for Long), HB Patel, Sheth and Van Kalwala

Also Present: Councillors Butt and J Moher

Apologies were received from: Councillors Ashraf, A Choudry and Long

1. Declarations of personal and prejudicial interests

None declared.

2. Deputations

None.

3. Minutes of the previous meeting

RESOLVED:-

that the minutes of the previous meeting held on 7 December 2010 be approved as an accurate record of the meeting.

4. Matters arising

Budget update

Mick Bowden (Deputy Director, Finance and Corporate Services) provided an update on the use of agency staff across the Council. During 2009/10 the Council employed an average of 513 agency staff and this had reduced to 404 by November 2010. He undertook to supply Councillor Van Kalwala with the detailed figures. In addition, he reported that the posts held vacant in the Children and Families Department were those assessed as being non-essential. However, the Chair wanted examples of the type of post affected which Mick Bowden undertook to supply.

5. Adult Social Care

Martin Cheeseman (Director of Housing and Community Care), Alison Elliott (Assistant Director, Community Care) and Eamonn Mccarroll (Strategic Finance, Housing and Community Care) jointly gave a presentation on the Adult Social Care (ASC) budget. Martin Cheeseman reminded the committee that it had previously received information on the ASC budget and had asked for more detail on the

action being taken to bring it into balance. Eamonn Mccarroll explained that the budget was very much demand led and with projections showing a doubling of the over 85s during the next 20 years, demand would only increase. The ASC budget for Brent in 2010/11 was £108.4m gross and £88.2m net after taking account of income of £20.2m. The outturn for the previous two years had shown significant overspends and this had been compounded during this time by the inclusion in the budget of unachievable income expectations. The earlier forecast overspend for 2010/11 had been £3.5m but as a result of measures implemented to constrain the overspend it was now forecast to be £1.7m. The measures taken included a balance sheet review, liaison with the Primary Care Trust (PCT) and West London Homecare and reviews of community equipment, Direct Services and agency staff. There were ongoing reviews to further mitigate the overspend including capitalisation, further liaison with the PCT, and other technical adjustments. Alison Elliott outlined the work being done to prepare for the 2011/12 budget. The service was included in the Council wide staffing and structure review and a review of the mental health service was to be reported to the Executive in January 2011. A review of the end to end customer journey was being undertaken. The review of Direct Services was being implemented. The commissioning aspect of the service was being reviewed and discussed with the West London Alliance. The annual review of fees and charges had been undertaken and consideration was being given to how aids and adaptations might be provided in a different way. Another important consideration was looking at how people could be prevented from deteriorating through the role of the re-enablement service.

Martin Cheeseman explained that a big part of the service was managing the transition of someone from children's services to adult social care upon them reaching adulthood. Efforts were being made to ensure this transition was as smooth and efficient as possible. Martin Cheeseman referred to recent government announcements about providing additional resources for ASC but warned that this allocation was provided as part of the overall grant to the Council and so would be subject to the budget pressures the Council faced. There was also an additional amount of money that Government was allocating to existing PCTs with an expectation that it was passported on to local councils to be used directly to support health related services. It was important that this money was passed on and spent on existing preventative services and not on providing new services that would not assist in reducing Council expenditure.

In response to questioning, Alison Elliott explained that there was a shift from the provision of traditional services towards direct payments but that this tended to attract new people to the service. In order to address the demand for services it was important to develop the re-enablement service because evidence showed that this could delay someone moving into care. The Council needed to work closely with the Health Service to ensure people had the maximum independence possible. However, the reality was that demand would continue to increase and so it was important to transform the service or face the prospect of having to raise the eligibility criteria. Raising the criteria was not desirable so it was important to predict demand and try to manage it within the resources available. The Council had already moved to provide a minimum level of service which in some cases meant a reduced service. This was leading to more complaints being received but it was a case of having to change the culture towards the provision of care. Care packages were now also regularly reviewed. Finally, Alison Elliott stated that there

were further opportunities to integrate with the Health Service to deliver more efficient services.

It was stated that in the past there had been accounting errors in overstating income and this had masked the true budget situation. Another crucial aspect was the commissioning of services which needed to be brought down in cost both in the short term and in the longer term.

The Chair asked if benchmark information relating to the provision of mental health services was available. Alison Elliott replied that work on this was being undertaken and offered to report back on the outcome of this.

Upon the Chair asking what the anticipated further savings arising from the work still being carried out were, Eamonn Mccarroll stated that he felt that the forecast overspend would be reduced further, but could not be more specific at this time and he confirmed that the service had been told by the Director of Finance and Corporate Services that it had to bring the overspend down to zero.

Clive Heaphy (Director of Finance and Central Services) added that ASC was very much a demand led service which could spend any amount of money allocated to it. It was therefore very important to reach a position where a service was defined that could be supported by the budget available because it was a service under huge pressure.

Martin Cheeseman, Alison Elliott and Eamonn Mccarroll were thanked for their attendance.

6. Update on draft revenue budget

Clive Heaphy (Director of Finance and Corporate Services) presented to the committee an update on the draft revenue budget. The forecast overspend on the 2010/11 budget was now down to less than £2m. The Council's reserves would not be used to support this so it was important that the actions being taken to reduce the overspend were closely monitored to ensure they delivered the savings required. He reminded the committee what the 2011/12 settlement for Brent had been:

	2010/11 Settlement £m	2011/12 Settlement £m	Change (year on year) £m
Specific grants	52.7	52.7	0.0
Area Based Grants	28.6	0.0	(28.6)
Council Tax Grant	0.0	2.6	2.6
Formula Grant	164.5	165.9	1.4
Total	245.8	221.2	(24.6)

Clive Heaphy explained to the committee the movement in funding requirements since the first reading of the budget in November 2010. He then presented a summary of the financial position for 2011/12.

Clive Heaphy provided an outline of the capital programme. He reminded the committee that capital was not free money and that it had long term consequences,

particularly when budgets were falling. The Council had a £275m capital programme with an implied borrowing level of £140m over three years. Schemes were prioritised according to clear criteria. Regarding the Housing Revenue Account (HRA), Clive Heaphy reported that the government had calculated a guideline rent increase of 6.8% which was likely to result in a rent increase of 6.1% for Brent. There were other implications for the HRA contained in the Localism Bill and the Council's ALMO review.

Clive Heaphy outlined the budget gap over the next four years based on two different Council Tax scenarios (0% increase over 4 years and a 0% increase in 2011/12 and 2.5% thereafter). He ended his presentation by going through the service and budget planning timetable leading up to Council agreeing the budget on 28 February 2011.

In response to comments made by members, Clive Heaphy stated that the Council had to be in a position where it delivered its services within the budgets available. It was very uncomfortable to have to make such huge changes so quickly and it would require close monitoring throughout the year to be sure the budget was in balance and to identify any problems occurring which could then be dealt with quickly.

The Chair thanked Clive Heaphy for his presentation.

7. Interim report of the committee

The Chair referred to the draft of the report circulated to members of the committee only and invited members to comment. Councillor Van Kawala indicated that his primary concern was around the level of reserves and whether they were sufficient to meet the level of risk the Council was exposed to. He was also keen to see the Council continue to adequately assess risk. Councillor HB Patel raised the issue of the cost of using school premises. He felt the price could be lower if they were used more often but Councillor Patel was reminded that schools had control over their own fees and charges and that as more became academies so the Council would have less control over them.

It was suggested to the committee that it might want to recommend that if a certain level of overspend was reached it would trigger a report to the committee. This was agreed as an additional recommendation to be included in the report.

Jacqueline Casson (Senior Policy Officer) explained to the committee the process for finalising its report to the Executive. It was agreed that the report should be amended taking account of the comments included and those made at the meeting.

8. Any Other Urgent Business

None.

9. Date of Next Meeting

It was noted that the next meeting of the Budget and Finance Overview and Scrutiny Committee was scheduled for 9 February 2011.

The meeting closed at 9.10 pm

J ALLIE
Chair