

MINUTES OF THE BUDGET PANEL
Thursday, 7th February 2008 at 7.30 pm

PRESENT: Councillor Mendoza (Chair) and Councillors V Brown, Gupta, John and J Moher.

Apologies were received from Councillor Cummins.

Also present were Councillors Anwar, Blackman (part), Chavda, Bacchus, Butt, Crane, Dunn, Dunwell, Hirani, Jones, J Long (part), Mistry, Moloney and Van Kalwala.

1. Declarations of Personal and Prejudicial Interests

There were none.

2. Deputations

There were none.

3. Minutes of Last Meeting

RESOLVED:-

that the minutes of the meeting held on 15th January 2008 be received and approved as an accurate record.

4. Matters Arising

There were none.

5. 2008/09 Budget Report

The Chair welcomed those present, reminding that the current meeting had been specifically arranged to enable wider membership participation in the budget scrutiny process.

As the Deputy Leader of the Council was not present at the outset of the meeting, it was agreed that the Director of Finance and Corporate Resources would provide the presentation on the 2008/09 budget. Outlining the budget scrutiny process, Duncan McLeod (Director of Finance and Corporate Resources) noted that the next stage would take place on Monday, 11th February 2008 when the Executive considered the Council's 2008/09 budget. Members heard that as part of their deliberations on this matter, the Executive would be asked to consider the Budget Panel's First Interim Report. The Budget Panel was advised that following its deliberations at this meeting, any further recommendations it made would be forwarded to the Executive prior to its meeting in Monday 11th February.

Those present heard that the budget strategy for 2008/09 was broadly consistent with previous years despite additional limitations on resources. Members were advised that following the budget gap identified at the First Reading Debate in November 2007, concerted efforts had been made to reduce this shortfall. Consequently, a further £13.2 million worth of savings had been identified and inescapable growth levels had been reduced. The fact that the majority of inescapable growth derived from Adult Social Care was attributed to the demand led nature of this service, which was explained as being a national rather than local issue. It was noted that in contrast the most significant savings had been achieved in the Corporate Centre.

Members were informed about the main areas of risk identified in the budget, as well as potential sources of additional income. It was further noted that whilst at the grant 'floor', Brent had been awarded a settlement one percent higher than previously anticipated. Similarly, the authority had received more under the new area based grants system than previous funding arrangements, and it was explained that the new system afforded the Council a greater degree of flexibility in terms of directing funding towards Corporate Strategy priorities. Whilst highlighting that there were a number of innovative schemes being rolled out, Mr McLeod was of the view that the Council would have a limited capacity to continue making the year on year efficiency savings of 3 percent required by central government.

It was noted that Capital Programme funding had remained the same as for the previous year, with the most significant spending directed into the Children and Families department in order to deal with a backlog of required maintenance work on schools in the borough. Attention was drawn to the fact that the Council had been very successful in terms of the amount received under the Dedicated Schools Budget, with an overall cash increase of 8 percent. It was also pointed out that the local authority had little discretion over the 5.16 percent rent increase recommended by central government under the Housing Revenue Account subsidy arrangements.

The Director of Finance and Corporate Resources was thanked for his presentation, following which the Panel registered their disappointment at the fact that the Deputy Leader of the Council was not present to respond to members' questions on the 2008/09 budget. This was felt to be particularly regrettable given that the meeting had been convened specifically for this purpose. In the absence of the Deputy Leader, it was agreed that the Director of Finance and Corporate Resources would take members' questions.

Councillor J Moher opened discussion by commenting with the view that the draft budget differed from the priorities previously stated by the Administration, particularly with regard to Council Tax levels. In addition, Councillor Crane was of the opinion that under the proposed budget,

residents were required to pay more Council Tax and increase fees and charges, whilst at the same time the level of services they received from the local authority were reduced. Whilst it was accepted that Mr McLeod was not in a position to comment on the decision making process whereby the Administration had arrived at a proposed increase of 3.5 percent, he nevertheless reminded that officers would not advise a Council Tax level that was thought to be unsustainable.

In response to a question raised about the reason why ensuring full cost recovery for pest control services required an increase in charges above inflation, Peter Stachniewski (Deputy Director of Finance and Corporate Resources) explained that fees and charges for pest control had not previously been sufficient to recover costs and therefore the increases took account of previous under-recovery. Following a request for clarification from the Chair, members were advised that there was an overall target of £1.5million of additional income from fees and charges. £1m of that was specific income items and had been included in individual service budgets, with the balance of £0.5m set as a target from initiatives set out in the report including advertising and sponsorship, on- and off-street parking, staff parking and credit card fees.

Considerable disquiet was expressed about the fact the draft budget removed all provision for priority growth, leaving only 'inescapable growth' and that deriving from grant increases. However, the suggestion that savings of almost £2 million from the Adult Social Care budget had been the result of pressures to reduce this budget was disputed. Instead, it was argued that following the First Reading Debate, officers had reviewed their original predictions, following which it had been determined that this service area would not require the level of funding previously identified.

There followed a series of questions relating to the continued overspend within the Adult Social Care budget, and whether this situation would lead to a reduction in service delivery. In turn, members were advised that when setting budgets, it was crucial that officers had the best information available in order to make informed estimates regarding anticipated levels of future demand. Outlining that in an effort to control the Adult Social Care budget discretionary administrative spending had been capped, Mr McLeod emphasised that if any future decisions were taken that would have a significant impact on service provision, member approval would be required. Further to a query raised, it was acknowledged that failure to set appropriate budgets within this service area had been an issue and had meant that it had sometimes been necessary to divert funds from elsewhere into the Adult Social Care budget. Commenting on the significant impact that the Transformation Programme would have on individual service users, Councillor John asserted that resistance from both clients and carers represented a serious risk to the likely success of the initiative.

Panel members were then provided with further details on the proposed savings under the Adult Social Care Transformation Programme. In particular, attention was drawn to the savings that could be made through the introduction of direct payments, as well as the efficiencies achievable through better procurement of services and improvements to client assessment times. Members were also advised that a review of Council transport services in Adult Social Care and Children's Services had been commissioned with a view to identifying further savings. Mr McLeod was clear, however, that none of the savings in the 2008/09 budget assumed the closure of any facilities. Overall, given the concerns raised, the Chair felt that further exploration of the continued overspends within the Adult Social Care budget was required. Officers also agreed to provide a detailed list of savings to the Budget Panel for the next meeting.

Several queries were raised in connection with the new area based grants system, following which it was confirmed that although there would be a greater degree of flexibility in the medium term, the majority of funds received were already committed to current projects and services. Mr McLeod outlined the ongoing negotiating process involved in establishing a new Local Area Agreement (LAA), emphasising the levels of consultation that had been conducted on this matter to date. However, some Panel members registered concern that there was insufficient transparency regarding the Council's distribution of grant funding, particularly in relation to the LAA. Further to a request for clarification, it was explained that if LAA targets were not met, it did not necessarily follow that funding would be lost. In addition, one Councillor sought to highlight that at a recent meeting of the Overview and Scrutiny Committee, members had received a comprehensive report on the LAA. Thus, he felt that a greater degree of joined up working between Council committees would be helpful in order to avoid the duplication of work.

Members also asked a number of questions regarding the new Neighbourhood Working scheme. Further to a point raised, it was confirmed that whilst Brent was not under a statutory obligation to roll out this scheme to all wards in the borough, this was the decision that had been taken by the Constitutional Working Group in line with a central government emphasis on increased democracy at a local ward level. Councillor John further reminded those present that this decision had been agreed by all three party group leaders, and commented that it was essential that a dedicated Neighbourhood Working team was in place when the scheme was rolled out to all twenty one wards. Whilst some members were of the opinion that the staffing costs involved were too high, others felt that such costs were reasonable given that there would only be a team of 5 officers to support all 63 members.

In response to a question from the Chair on the increase in capital financing charges, Mr McLeod explained that this was because of borrowing needed to fund the capital programme. In response to a question about funding required for leasing schemes falling out of the Housing Revenue Account (HRA), Mr McLeod confirmed that both Middlesex House and Lancelot Rd were affected.

Councillor J Moher asked for further detail on the 'Civic Centre/Property R&M' figure quoted in the Central budget. He was advised that whilst the majority of these funds related to maintenance for existing Council buildings, if a decision was taken to build a new civic centre, it would eventually be necessary to scale back such work to only essential repairs. Whilst acknowledging that consultants would need to be commissioned if the civic centre project was taken forward, members were reminded that the fees involved would be negotiated as part of the overall cost of the scheme.

Further to a question raised, it was confirmed that the Finance Department had conducted a risk analysis of the balances needed to meet the revenue risks identified in the budget. Consequently, £7.420 million had been established as the minimum balance level required. The 'optimal level of balances' was outlined as being the figure that the Council should work to in the long term as part of its medium term financial strategy, and it was explained that the figure identified for the current budget had been between £7.5 and £8 million. The suggestion that this level might not be sufficient to meet the risks identified was disputed, and members were reminded of the problems associating with setting balances too high. With this in mind, however, Mr McLeod cautioned against the use of balances except where there were means of replacing them.

Councillor J Long asked a question about how the planned introduction of charging for the use of credit cards for Council transactions was being communicated to local residents. She was subsequently advised that information on this change of practice was currently printed on Council bills, with plans for a further publicity campaign in due course. It was also explained that whilst an exact date had not been established, credit card charging was likely to be introduced later in the year.

At 9.35 pm, Councillor Blackman entered the room and was present for the remainder of the meeting. He apologised to those present for arriving late, occasioned by GLA business, and thanked the officers present for having taken questions in his absence.

With reference to the fact that Brent had one of the lowest Council Taxes in outer London, the Chair asked how the Council's proposed increase compared to other boroughs. He was informed that some nearby authorities were planning to levy similar increases, whereas others were planning to marginally decrease their rate. Members also heard that as

the Greater London Authority (GLA) element had not yet been finalised, the Council Tax increase might be lower than the quoted figure in the draft budget. When asked about the implications of the Council Tax increase, Councillor Blackman sought to emphasise that the joint Administration had taken a joint decision on this matter and, whilst there had been differing views, they had agreed on priorities and there had been an agreement about balancing the level of Council Tax against service provision. He also emphasised that the proposed 2008/09 budget did not include any reduction to front line services.

This view was disputed by a number of members, one of whom pointed to the disbandment of the mobile library service as evidence of front line service cuts. In response, it was advised that the current mobile library was not fit for purposes and would be very costly to place. Stating that a decision had been taken to instead divert funds elsewhere, Councillor Blackman emphasised that a significant amount of investment was going into improving library services within the borough. Nevertheless, a point was raised about the fact that such improvements would not be of benefit to those currently using the mobile service who would be unable to travel elsewhere.

Further to questions raised about the problems associated with setting realistic budgets in demand led services, such as Adult Social Care, it was explained that one crucial element in this process was the need to ensure that officers had the best available data when assessing projected demand. Nevertheless, it was acknowledged that the original predictions for Adult Social Care had been higher, but following further assessment, officers had revised this figure down accordingly.

When asked to comment on the issue of budget risks, Councillor Blackman reminded those present that balance levels were set following the professional advice of officers on this matter. Whilst cautioning against setting balances too high, he also pointed out that in recent years balances had increased during the course of the year. Whilst accepting the risks posed by issues such as the ongoing dispute with Brent teaching Primary Care Trust (Brent tPCT) regarding responsibility for cases and the forthcoming Single Status settlement, he was also clear that it was highly unlikely that all identified budget risks would be realised.

There followed an exchange of views about the tPCT dispute. Whilst one member felt that this could not continue to be regarded as a budget risk given that the outcome of most cases was now known, Councillor Blackman commented that until all cases were settled there would still be an element of budgetary uncertainty. When asked about the measures taken to ensure budgets could be achieved, he explained that although cash limits were set for individual service area budgets, it was not always possible to predict spending on demand led services and therefore there was an element of risk that the budget would not be sufficient.

Councillor John also wished to highlight that in her view insufficient emphasis had been placed on the amount of funding received by the local authority for the 2008/09 budget. Whilst accepting that the Council had received additional funding in some areas, Councillor Blackman responded this increase was offset by increased charges in other areas, for example levies charged by external organisations.

Councillor Blackman concluded his comments by commending the Budget Panel on their work, which he felt was a significant improvement on previous budget scrutiny arrangements. He also pointed out that it was very useful to have wider member involvement into the budget process. In turn, he was thanked for responding to members questions, and officers were praised for providing the Panel with excellent support through the course of the budget scrutiny process.

6. Discussion on the Budget Panel Second Interim Report

Members had before them a copy of the Budget Panel's Second Interim Report. Following the discussion on the 2008/09 Budget Report at the current meeting, Jacqueline Casson (Senior Policy and Performance Officer) outlined the additional points raised for inclusion in this report. She further noted that once revised, the Panel's final report would be submitted to the Executive on Monday, 11th February 2008, to be considered alongside the proposed 2008/09 budget.

Attention was drawn to the fact that the Panel had felt that they should have been given the opportunity to scrutinise the 'Review of Fees and Charges 2008/09' report, also due to be considered at the Executive on 11th February. Thus, officers agreed to add this report to the agenda of the next Budget Panel meeting, and included it on the work programme for the following year. Similarly, given the concerns expressed about the apparent lack of transparency in terms of the implementation of the Local Area Agreement (LAA), it was noted that this was another area of work for the Budget Panel in future.

Members were also reminded that the Panel had identified Adult Social Care as an area of high risk, and therefore one additional recommendation would be for close monitoring of this budget in future. Additionally, whilst welcoming the feedback on the recommendations of the First Interim Report, the Chair was of the view that the Panel should in future receive regular feedback on the Executive's progress in implementing their recommendations. He also felt that it would be worth consulting other local authorities which had made zero percent Council Tax increases or Council Tax reductions, whilst still delivering quality services, in order to identify areas of good practice. Finally, it was agreed that an all-member meeting should be arranged again as part of the budget scrutiny process for the next year.

7. Date of Next Meeting

It was noted that the next meeting of the Budget Panel would take place on Monday, 18th February 2008.

8. Any Other Urgent Business

There was none.

The meeting ended at 10.20 pm

The Panel adjourned from 8.33 pm to 8.37 pm.

A MENDOZA
Chair

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