

MINUTES OF THE BUDGET PANEL
Tuesday 2 December 2008 at 7.30 pm

PRESENT: Councillor Mendoza (Chair), Councillor V Brown (Vice Chair) and Councillors Cummins, Butt, Gupta and John.

ALSO PRESENT: Councillors Brown (Lead Member for Highways and Transportation), Colwill (Lead Member for Adults, Health and Social Care), Van Colle (Lead Member for Environment, Planning and Culture) and Wharton (Lead Member for Children and Families), together with Councillors Arnold, Malik and H B Patel.

1. Declarations of Personal and Prejudicial Interests

None.

2. Minutes of the Previous Meeting – 13 November 2008

RESOLVED:

that the minutes of the meeting held on 13 November 2008 be approved as an accurate record.

3. Matters Arising

Icelandic Banks Situation – Verbal Update

Duncan McLeod (Director of Finance and Corporate Resources) updated the Panel on the situation surrounding the Council's deposits of £15m in two Icelandic banks. He reported that the Council had lodged formal claims with the administrators, but that the process was likely to be a long one. The provisional local government settlement announced the previous week had included a special provision whereby any losses suffered would not be charged to the 2008/09 or 2009/10 budgets, but would start being charged in 2010/11.

4. Environment and Culture Budget Issues

Michael Read (Assistant Director, Environment and Culture) gave a presentation and answered questions from members on budget issues relating to this department. He pointed to the wide range of services the department provided. This meant that there was no single initiative that could transform services and deliver efficiencies. An overspend of around £675,000 was currently forecast for the 2008/09 budget. It had been a difficult year, and the department had been affected by, for example, the impact of the credit crunch on the housing market and the subsequent loss of land charges. Compulsory recycling was proving successful, but was costing more than expected, and the Local Area Agreement (LAA) target of 40% recycling by 2010/11 would require a step change and was likely to involve a net cost to the Council.

While the department accounted for 19.5% of the Council's net revenue budget in 2009/10, it was being tasked with achieving 39% of required savings, and service reductions remained the only option. There were no established resources for work with partners on mitigating climate change and, with a decrease in developers' interest in new housing, the Council still needed to achieve its strategic objectives for the borough. Additional resources would also be needed in future to tackle child obesity as current funding streams came to an end.

Answering questions from members, Michael Read informed them that efficiencies had been delivered for the previous four years, but there was a limit to the amount of saving that could be made without radical transformation, and this was difficult, given the number and range of services. Asked about proposals for savings in 2009/10, he reported that accommodation would be looked at, together with contract management and how best to achieve behaviour change among residents. Richard Saunders (Director, Environment and Culture) added that the department was also making progress with e-government, and that better use of online services helped reduce unit costs. Waste, street cleansing, street lighting and environmental enforcement would all be the subject of service reviews and, while savings for 2009/10 were not envisaged, there could be some the year after.

Michael Read informed members that half of expenditure in the department was from income, with some charges set nationally and constrained to cost recovery and there were large areas of the budget where efficiency savings benefited the consumer, rather than the budget. The cost of the Veolia waste and recycling contract had gone up because of increases in energy costs, and this would be reviewed.

Richard Saunders informed the Panel that the department was taking immediate action where it could to reduce the forecast overspend. Action on land charges was limited, but £180,000 savings had been planned by working with unit heads to adjust staff numbers and structure to meet demand, for example, five posts had been taken out of planning in response to the drop in demand. Michael Read added that savings could not be achieved without staffing reductions, and that these could in the main be made through natural wastage.

Answering questions about the cost of recycling, Irfan Malik (Assistant Director, Environment and Culture) reported that money still needed to be put into supporting communication with residents, and there had been unanticipated costs as a result of, for example, the high volume – but low tonnage – of plastics being collected. The economic downturn had affected the price of scrap metal and waste in general, and some waste was currently being stored. Veolia had assured the Council that waste was being stored properly and it was understood that a new plant to convert plastics would be

coming on stream in the London area. Asked about extending recycling to flats, Irfan Malik informed members that work was being done with partners to extend this, and estimates would need to be made of the amount of investment needed to secure a higher participation rate.

In response to a question about restructuring the libraries, Sue Harper (Assistant Director, Environment and Culture) informed members that, with increased use of the internet, there was not the same need for research work in libraries. The proposed restructuring amounted to the loss of less than one post on each library site, and she believed this could be achieved without adverse effects.

Answering a question about pest control, Michael Read informed the Panel that there were no plans to reduce resources in this area, although it would be reviewed, and it was hoped to make improvements to sustain the service. He agreed with a member's comment on the excellence of the dog warden service.

Asked about the number of planning appeals lost, Michael Read reported that about one-third were lost, although costs had been awarded in only a very small proportion of cases.

5. Children and Families Budget Issues

John Christie (Director, Children and Families) gave a verbal briefing and answered questions from members on budget issues relating to this department. He informed the Panel that he expected the 2008/09 budget to be on target, but this would be achieved by the use of one-off income. Resources spent on an increased number of in-borough fostering and residential placements were currently overspent by up to around £300,000 but this was hoped to be on target by the end of the financial year. He reported that it was as yet too early to determine the effect of the economic downturn, which might lead to a further increase in referrals.

Focussing on the 2009/10 budget, John Christie reported that savings would be delivered by reviewing SEN transport, freezing growth in supplies and services and the introduction of a vacancy factor in non-frontline staff. It would not be possible to bring the savings forward. A further 2% of savings was still being sought by means of a combination of reducing management overheads and charging some expenditure on schools to grants.

The main growth pressures related to child protection and the large increase in number of referrals, with the need for more staff, visits, checks and monitoring. The number of children subject to a child protection plan had increased from 124 in 2007/08 to 191 in 2008/09. Responding to pressure on the referral and assessment team, John Christie had commissioned a review and increased the number of staff. Forecast growth at this stage would

amount to around £800,000, of which £600,000 was already included as inescapable growth.

He reported that he wanted to take careful account of the Ofsted report on Haringey, which had just been released, and the Secretary of State had asked all councils to check their practices. He had been measuring Brent's improvement in relation to the last Joint Area Review (JAR), but it seemed that the Haringey report appeared to have raised the bar, setting a harder test. John Christie reported that, before the impact of Haringey, he had already been auditing all cases with a view to ensuring that practice was as safe as it could be, and this process had now been speeded up. The review would be complete in mid-December, and would be presented to the Executive in January, together with a check of practice against the Laming and Haringey reports.

Other areas under pressure included the budget for children with disabilities, with increased demand for respite care and direct payments, and the transfer of 14-19 commissioning from the Learning and Skills Council (LSC) to the Council, which John Christie hoped would be reflected in the 2010/11 settlement.

Commenting on the impact of events in Haringey, Councillor John proposed a cross-party approach to considering child protection in Brent. Councillor Wharton (Lead Member for Children and Families) agreed that involvement of members would become more important in the wake of the Haringey report.

The Chair congratulated John Christie on keeping to the department's 2008/09 budget.

6. Housing and Adult Social Care Budget Issues

Gordon Fryer (Assistant Director, Housing and Community Care) gave a presentation and answered questions from members on budget issues relating to adult social care. He briefed members on the scale of social care in Brent with, for example, 272 people receiving a direct payment for care, 995 in residential and nursing homes, and 1,117 attending day care. The scale of the undertaking was such that a single assessment involved many hours' work and many people to make it happen, and the net budget was 37% of the Council's total budget. Although the forecast was for an overspend of around £619,000, this represented only 0.71% of the net budget for adult and social care. While budget control was tight, there was a history of overspending, with no single cause. Demand was difficult to predict and control, beyond general factors such as an ageing population. Changing eligibility criteria was one way of reducing costs, but this would be a major and controversial undertaking, with an impact on performance. The largest single factor of increasing demand was an older person coming out of hospital and the fact of a person with learning disabilities turning 19 was also a major expense. Although price increases of services had been held below inflation

for several years, it was difficult to keep prices down, and many of the service providers were charities, providing unique services.

The transformation agenda was delivering savings, for example, in transport arrangements, but other savings would take some years to deliver. There were no simple answers, and demand increases and price pressures were managed carefully. However, expectations were also rising and services needed to be transformed.

Asked how overspending could be avoided, Gordon Fryer replied that money was spent only when there was a statutory obligation to do so, and only the minimum level of care was resourced. The general thrust of transformation was to review how services were run and to save money, but projects were generally more complicated than they first appeared and took longer to deliver. The growth in demand was a national phenomenon, and Brent had a higher proportion of mentally ill residents than the national average. Asked about comparisons with other West London boroughs, Gordon Fryer reported that comparisons were made against Outer London boroughs and statistical neighbours. The picture was complex, with spending on learning disabilities and physical disabilities above average, but homecare prices much lower than average. Despite national research that individual budgets would not save money, the experience so far in Brent was at odds with this.

Eamonn McCarroll (Head of Finance, Housing and Community Care) gave a presentation and answered questions from members on budget issues relating to housing. He reported that the predicted outturn was currently in line with the budget. The savings target for 2009/10 was £1.524m, and draft additional proposals included a one-off saving of £500,000 in the Supporting People budget. While it was known that there had been an increase in the number of home repossessions as a result of the economic downturn, there had as yet been no increase in homelessness. Brent was doing well in reducing the number of people in temporary accommodation, but achieving further reductions presented a serious challenge. Changes in housing benefit subsidy, with a new scheme to be introduced in 2010/11, had been modelled by the Council and would have a significant impact on budgets in 2009/10 and 2010/11.

Answering questions from members, Eamonn McCarroll reported that the £387,000 savings on the conversion of properties to permanent accommodation would not have an impact on service, but depended on success in gaining grants. He added that whenever there were efficiency savings that impacted on services, they were mitigated. In answer to a question about the state of the travellers' site and the proposed rent increase, he informed the Panel that many travellers were entitled to housing benefit, so the impact of the rent increase would have less impact that might otherwise have been the case. Asked about a story in the local press about a high level of housing benefit paid in relation to one property, Eamonn McCarroll reported that, while not familiar with the individual case, he was aware of a government

subsidy scheme, reported to have been manipulated by landlords, whereby housing benefit was paid at a certain rate. The government was introducing plans to change this scheme, and the cost to the Council was neutral.

7. Date of Next Meeting

The next meeting was scheduled for Tuesday 13 January 2009.

8. Any Other Urgent Business

None.

The meeting ended at 10.20 pm.

A MENDOZA

Chair