

MINUTES OF THE BUDGET PANEL
Tuesday 13 January 2009 at 7.30 pm

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

Apologies for absence were received from Councillor V Brown.

1. Declarations of Personal and Prejudicial Interests

None.

2. Minutes of the Previous Meeting – 2 December 2008

RESOLVED:

that the minutes of the meeting held on 2 December 2008 be approved as an accurate record.

3. Matters Arising

None.

4. Budget Position Update

Duncan McLeod (Director, Finance and Corporate Resources) provided a verbal briefing and answered questions from members on current budget issues and the Council's position in the process of setting the 2009/10 budget. A written summary of the briefing was circulated at the meeting. Duncan McLeod informed the Panel that, while there had been changes – and a slight reduction – in the budget gap since the First Reading Debate in November 2008, the Council's Executive was still considering a range of options. Duncan McLeod took members through developments since November 2008. He reported that a significant external pressure would be the government's proposal to change the method of calculating the Working Neighbourhoods Fund. Consultation on this had ended on 9 January 2009, and the Council had made a submission against the proposed changes and was lobbying MPs and ministers. Other pressures included the need to put extra resources into child protection in response to higher standards, as well as the increased cost of compulsory recycling as a result of higher than anticipated amounts of plastic. Income from land charges would be down by around £400,000 as a result of the economic downturn, and the fall in interest rates would mean a significant reduction in interest on balances.

Factors reducing the budget gap included a projected outturn surplus of around £500,000 and a reduced provision for the additional costs of single status following decisions taken at the General Purposes Committee the previous night. With the drop in inflation, the allowance made for the

Council's pay award had been revised, and a small saving would be made as a result of a change in National Insurance thresholds. The funding of police community support officers had also been extended for a further two years, providing the Council with a saving. The budget gap was moving in the right direction, but there were still many unknowns. Options to continue to bridge the gap included making further savings, reviewing the provision for inescapable growth, using area based grants to fund growth, and the use of one-off funding to meet one-off costs arising from the recession such as loss of land charge income. The Executive would be seeking to sign off the budget by the end of January. The budget would be published in the first week of February. It would then be discussed by the Budget Panel on 11 February and the Executive on 16 February, before going to Council on 2 March 2009.

Answering questions from members, Duncan McLeod reported that, while the process was around two weeks later than the previous year's, the timetable would be met, and the budget would be ready in time for members to consider.

Asked about the effect of the reported increase in child protection referrals at the end of 2008, Duncan McLeod said that the cost of this, together with meeting higher standards, was estimated to be up to £800,000, although trend analysis was needed to determine whether the increase was temporary. Responding to Councillor John's comment that her suggestion of a cross-party approach to child protection had not been taken up, Duncan McLeod informed members that this budget issue would form a significant part of the budget report.

5. Housing and Adult Social Care Budget Issues

The Chair drew the Panel's attention to a report from the Director of Housing and Community Care on managing the budget for adult social care. This report had been circulated after the main agenda, and the Panel agreed that it should be discussed at this meeting in order to fit in with the timetable for setting the 2009/10 budget.

Martin Cheeseman (Director, Housing and Community Care) presented the report and answered questions from members. He drew members' attention to the fact that, given statutory responsibilities and the demand-led nature of the service, the level of short-term action that could be taken to reduce spending was relatively limited. In the medium term, however, more comprehensive action was being taken to restructure the department to deliver services in a more efficient way. In the long term the department would be seeking to procure services in better ways. While an overspend of around £600,000 was predicted, this was less than one per cent of the total budget, and budget variances in 2008/09 had been much less than in 2007/08 in the four client areas – older people, learning disabilities, physical

disabilities, and mental health. These improvements provided a basis for confidence that the department was now in a situation in which the budget was under control. However, there would still be demographic pressures and the cost of the personalisation agenda. In addition, while the safeguarding of adults had been judged in inspection to be adequate, improvements needed to be made in the light of increasing responsibilities over the next few years.

Asked why an overspend was still predicted, given the large budget increase in 2008/09, Martin Cheeseman pointed out that the 2008/09 budget had reflected the real costs of the department. Improvements had been made, although some had taken longer than anticipated. However, when compared with other local authorities, Brent was not at all a high spender on adult social care. Making improvements at the same time as delivering a safe and reasonable service took time and his view was that, while not totally successful, the department had done a reasonable job, and that accepting a small overspend and delivering services was preferable to no overspend, if the consequence of that was inadequate service.

Answering questions about direct payments to care users, Martin Cheeseman reported that Brent had been successful in increasing the number of direct payments in relation to learning disability, with a higher percentage than any other London borough. This had resulted in financial savings. However, the level of direct payments in relation to older people was much lower. As this level increased, there would come a time – within between 12 and 20 months – when the Council was financing both direct payments and day care, and decisions would need to be made about the level of day care.

Other issues raised by members included local press coverage of increased charges. Martin Cheeseman pointed out that this referred to statutory consultation on options. In the main, increases were being proposed to reflect changes in delivery methods and in the interests of consistency. The number of people affected was relatively small, and the increase in home care charges for most residents was in line with increased pensions and benefits from central government. All charges were assessed on individuals' needs, and 70% of clients were not charged following a financial assessment. Gordon Fryer (Assistant Director, Housing and Community Care) informed the Panel that clients were typically able to increase their income by between £50 and £60 per week as a result of having been encouraged to apply for benefits previously unclaimed.

In answer to a question about the role of the Primary Care Trust (PCT) in improving intermediate care for clients leaving hospital, Martin Cheeseman was confident that the PCT would perform well in this area, and a positive meeting had been held the previous week.

Asked in general about the prospects for budget control in 2009/10, Martin Cheeseman informed the Panel that, barring any major issue that might

increase demand, the department was in a position where the current, albeit low, level of overspending would be reduced further.

6. Trading Units

The Chair drew the Panel's attention to a report from the Director of Finance and Corporate Resources on income from external sources generated by various trading units within the Council. This report had been circulated after the main agenda, and the Panel agreed that it should be discussed at this meeting in order to fit in with the timetable for setting the 2009/10 budget.

Peter Stachniewski (Deputy Director, Finance and Corporate Resources) introduced the report and answered questions from members. In response to comments from members on how little income from external sources was generated by the Council's trading units, Peter Stachniewski pointed out that most of the Council's trading was with schools, and the options for trading had been limited until the Local Government Act 2003. External trading demanded an increase in capacity, and it was also questionable whether this was part of the Council's core activity. Separate work was being carried out on internal charging for services by the Borough Solicitor. In addition, a series of "One Council" reviews had been set up to look at how the Council could make more effective use of resources, including Human Resources, Finance, Property IT and Communications, to deliver the improvement and efficiency agenda, and these would inevitably consider charging issues.

RESOLVED:

that the report be noted.

7. Budget Panel's First Interim Report

Members discussed the recommendations of the Panel's draft First Interim Report. During discussion of recommendation 9, that the three political groups receive a briefing on the results of work being carried out in the Children and Families Department to review cases following the Haringey investigation, Duncan McLeod (Director, Finance and Corporate Resources) reported that two reports would go to the Executive in March 2009, one responding to the Haringey case, and the second responding to the government's review of children's services. A report would also be presented at the March 2009 meeting of the Children and Families Overview and Scrutiny Committee.

In discussion of recommendation 10, on the role of the Audit Committee in scrutinising the Council's investments and investment process, Councillor Cummins commented that responses were still awaited from the three party leaders on the wider role of the Audit Committee. Duncan McLeod confirmed

in relation to recommendation 11, on lobbying ministers about proposed changes to the Working Neighbourhoods Fund, that consultation had closed on 9 January 2009, and that the Council had lobbied MPs and ministers.

Asked about recommendation 13, on a new approach to funding the schools capital programme, Peter Stachniewski (Deputy Director, Finance and Corporate Resources) reported that the Council was working closely with Headteachers' representatives and it was hoped that a detailed set of proposals would be available early in the new financial year.

RESOLVED:

that the report be sent to the Executive unamended.

8. Date of Next Meeting

The next meeting was scheduled for Wednesday 11 February 2009.

9. Any Other Urgent Business

None.

The meeting ended at 8.55 pm.

A MENDOZA

Chair