

MINUTES OF THE BUDGET PANEL
Wednesday, 11th February 2009 at 7.30 pm

PRESENT: Councillor Mendoza (Chair) and Councillors Beswick (alternate for Councillor John), V Brown, Butt and Gupta.

Apologies for absence were received from Councillors Cummins and John.

Councillors Arnold, Blackman (Deputy Leader of the Council and the Lead Member for Resources), Dunwell, J Moher, R Moher, Powney and Van Colle (Lead Member for Environment, Planning and Culture) also attended the meeting.

1. Declarations of Personal and Prejudicial Interests

None.

2. Deputations

None.

3. Minutes of the Previous Meeting – 13th January 2009

RESOLVED:

that the minutes of the meeting held on 13th January 2009 be approved as an accurate record.

4. Matters Arising

None.

5. 2009/10 Budget Report

Councillor Blackman (Deputy Leader of the Council and the Lead Member for Resources) gave a detailed presentation on the 2009/10 Budget Report. Councillor Blackman began by describing the Budget Strategy, which involved a commitment to providing the lowest possible Council Tax increases whilst enhancing and protecting front line services and providing sufficient growth to support the Corporate Strategy. Maximisation of income from fees and charges was to be pursued whilst a robust stance was being taken in respect of debt collection. Another important strand was to provide tight controls to ensure that there was not overspending on the various service areas' budgets.

Council Blackman drew the Panel's attention to assumptions that had been made at the time of the First Reading Debate. These included Adult Social Care containing demographic growth by achieving savings through its transformation programme and Children's Social Care and Customer Service delivering savings through 'Invest to Save' initiatives. It had also been assumed that inescapable growth would be contained with a growth provision

of £2.6m. Councillor Blackman then drew Members' attention to the figures detailing the Budget Gap to be bridged from the First Reading Debate, the various Service Area Movements and the total savings for each Service Area. With regard to growth in mainstream funding, Councillor Blackman advised that the review that had been undertaken following the Baby P case had identified the need to improve standards and to reduce the number of cases per social worker. Since the Baby P case review, there had also been a 35% increase in referrals and because of these reasons the number of social workers was to increase by 20. A change to the way housing benefit was calculated and the downturn in the economy also meant increased costs for temporary accommodation. With regard to Central items, Councillor Blackman warned that net interest receipts would drop significantly in 2009/10 because of the economic climate, whilst levies would increase primarily due to the increase in landfill tax. The Panel noted that further challenges were the reduction of Government funding for the Working Neighbourhoods Fund and removal of Local Authority Business Growth Incentive scheme funding.

Councillor Blackman informed the Panel that measures taken since the First Reading Debate meant the total proposed budget for 2009/10 would be £261.836m, an increase of approximately £6m from 2008/09. This would result in a 2.5% increase in Council Tax, which was lower than inflation, and inclusive of the Greater London Authority (GLA) levy, the overall increase was 1.9%. The resulting Council Tax would be the 4th lowest in Outer London, below Barnet, Ealing, Harrow, Hillingdon and Hounslow London boroughs.

Councillor Blackman then outlined the main risks to the Budget, which included demographic and economic pressures on Adult Social Care, Homelessness and Schools Budgets and the ongoing issue with Brent NHS regarding responsibility for healthcare funding. The importance of transformation programmes for Adult Social Care and Children's Services was crucial, whilst the economic downturn would affect fees and charges income and interest rates and inflation would be difficult to predict. It was intended to aim for a zero Council Tax increase for 2010/11, which would require budget reductions of £8.4m. With regard to the Capital Programme, Members noted that funding for Grant and External Contributions, Capital Receipts and Section 106 Funding would all be reduced, whilst the Schools Budget had increased by 4.3% per pupil, above the national average increase of 3.7%. It was noted that there would be a 6% rent increase linked directly to the Government's Housing Subsidy regime which would impact upon the Housing Revenue Account (HRA).

Councillor Blackman concluded by drawing Members' attention to his responses to the Panel's recommendations from the First Interim Report, all of which were supported to a greater or lesser extent or believed to be addressed within the 2009/10 Budget. He advised the Panel that, whilst he supported wider councillor involvement in the development of Local Area Agreement (LAA) priorities, this was not an issue that could be addressed as part of the annual budget process. In respect of the recommendation

regarding the Working Neighbourhoods Fund, the Panel heard that it was unlikely that the Government would review its decision and restore the grant. It was noted that the Budget was subject to the endorsement from the Executive at its meeting on the 16th February, prior to being considered by Full Council on the 2nd March 2009 where the Budget Panel's final report would also be considered.

The Panel then discussed issues arising from the proposed 2009/10 Budget and presentation. The Chair began by remarking that although robustness was a key element of the Budget strategy, overspends had continued in Adult Social Care despite additional funding and he sought an explanation as to why this had occurred. He noted that Children and Families was forecast to have no overspend for 2008/09 and asked why it was predicted that this would be difficult to achieve for 2009/10. With regard to financial resources to be used as a result of the Baby P review, the Chair enquired how this money would have been spent if there had been no review. He also asked for details of how the Investment Strategy had changed following collapse of the Icelandic banks. An explanation as to how library staff savings of £250,000 would be made was sought. With regard to increased spending for StreetCare and Parks, the Chair queried whether there was a risk this would increase the Council's debt and was funding being brought forward to spend at an earlier stage. A question was posed as to whether the current economic circumstances would impact upon the number of school places.

Councillor Beswick enquired what the likely impact would be on StreetCare of the reduction of StreetCare officers. He sought an explanation as to why the opening of Harlesden Library had been delayed and further details with regard to the Civic Centre Project. Councillor Beswick felt that the relatively high level of investment in IT was not reflected in terms of value for money, whilst he also sought details as to where money was being invested with regard to CCTV. Councillor Butt also suggested that the additional funds for CCTV had not resulted in more cameras and he queried whether the CCTV proposals for Cricklewood Broadway were intended mainly as a revenue raising measure. He commented that spending in Adult Social Care was not high compared to other London boroughs and he expressed concern that encouraging clients to use Direct Payments would impact upon the use of Day Centres and those clients who relied upon them. In noting the closure of the Cash Office and moves to encourage Council Tax and National Non-Domestic Rates payments by direct debit, he enquired why there was a 1.25% charge for payments made by credit card and why costs had not been adjusted to reflect reductions in VAT. Councillor Butt also enquired what initiatives the Council was undertaking with regard to the Mayor of London's commitment to help businesses. Councillor Gupta commented that a number of Neighbourhood Working Teams had purchased additional CCTVs. Councillor V Brown enquired on the extent of landfill tax being saved through increased recycling.

The Chair then invited councillors present who were not Members of the Panel to raise questions. Councillor J Moher commented that the Budget

proposed could not be described as a depression budget in view of the figures mentioned and he suggested that the increase of 4.3% to the Schools Budget represented an improved deal. Councillor Arnold noted that of the 20 extra social workers to be recruited, that 4 had been post in August 2008 and 10 more since the Baby P review and she enquired whether the remaining numbers were due to restructuring. She noted that an extra £1m had been provided for child protection and hoped that more information would be provided in future on the processes involved and that there would be greater accountability. Clarification was sought as to the position on Building Schools for Future and what areas were defined as town centres. With regard to the LAA, Councillor Arnold asked how this would be monitored, including direction of travel and how this information would be made available more widely.

Councillor Powney enquired what the assumed level of inflation was for this Budget and he asked whether the 2% included within the budget was needed given reductions in the level of inflation. With regard to the proposed 2.5% increase in the Council Tax, he asked whether there was a shift from Council Tax to direct charges in view of the 5% increase proposed to fees and charges. How did this tie in with the assertion that the 6% rent increase was a severe hike? Councillor Powney asked about the future of Brent In2 Work. He also asked whether the increasing costs of Freedom Passes would represent a risk to the Council as a result of the change in basis from number of passes issued to journeys undertaken. Councillor Dunwell acknowledged that the £15m owed by Icelandic banks would not be reflected as losses to the 2009/10 Budget and he sought clarification that the Budget was not dependent on these loans being repaid. In the event of the loans not being repaid, he asked how the losses would be accounted for. With regard to the £440,000 growth in recycling, Councillor Dunwell enquired whether the Council would be affected by the falling prices and demand for recycled materials and the length of contract for the Waste Management contractor, Veolia. Councillor Dunwell commented on the state of the economy affecting developments and the resulting reductions in Section 106 funds and sought views with regard to how the Council would continue to provide the level of affordable housing that was required. He added that the increase in population would put additional pressure on affordable housing and temporary accommodation. Councillor R Moher sought clarification that 20 additional social workers had been fully costed. With regard to the 35% increase in referrals since the Baby P review, she commented that this represented a potential risk if it led to a rise of the number of children in care and she asked if the Children's Social Care transformation programme had taken account of the potential of impact of this.

In reply to the issues raised, Councillor Blackman advised that although demand for Adult Social Care could not always accurately be predicted, the Adult Social Care transformation programme allowed for a more efficient and effective way of commissioning services. The transformation programme was now beginning to deliver and it was expected that Adult Social care costs would be contained within the budget and the overspend in this area was

significantly smaller than in previous years. With regard to Children and Families, Councillor Blackman advised that although there had been significant investment, many local authorities including Brent were likely to experience difficulties in future as part of the longer term impact of the Baby P review, and it was anticipated that there would be less social workers available which would push the salaries of such posts up. Members noted that had there not been the need to increase investment in child protection in response to the events surrounding the Baby P case, it might have been possible to lower the Council Tax, however the safety of children was a high priority. Councillor Blackman advised that the increase in social workers had been fully costed and was designed to improve quality control, reduce the number of cases per social worker, improve record keeping, and provide additional staff to monitor cases. The Children's Social Care transformation programme had successfully reduced the number of children in care and the increase in referrals would not necessarily lead to an increase in children in care. Councillor Blackman also advised the Panel that the council had implemented changes to its practices in response to recommendations made following the Climbie review.

Councillor Blackman advised that the Investment Strategy was incorporated within the Treasury Management Strategy and there were a number of changes from the previous year. The Panel heard that Compulsory Recycling had been a success and that the contractor required additional vehicles to cope with the extra tonnage, resulting in additional costs. Following negotiations with Veolia, the additional costs passed on to the Council had been reduced from £800,000 to around £400,000. The downturn in income received from recycled products was at Veolia's risk and not the Council's. Members heard that the Council's contract with Veolia was for 7 years and that it commenced on 1st April 2008. Rising energy costs had also impacted upon the Council in areas such as street lighting, whilst the state of the economy meant less revenue from land charges. Staffing changes within StreetCare were necessary because of changed priorities. Increased recycling would remain a high priority, hence the allocation of 3 additional officers to promote recycling. The Panel heard that it was not possible to quantify the impact of increased recycling on the additional landfill tax the council had to meet although there was undoubtedly a trade-off. The Council would resist any moves to introduce fortnightly refuse collections, whilst other measures to increase recycling further were also being sought, although this was likely to involve high costs and was an area that needed further extensive consideration in the future.

Councillor Blackman acknowledged that the IT Strategy required a more joined-up approach, however substantial effort was being made to seek improvements. A key priority for Councillor Blackman was replacement of Lotus Notes. It was brought to Members attention that there had been a growth in funding for CCTV, with £135,000 allocated as part of the Environment and Culture Capital Programme and this would be allocated to town centres, although consideration would need to be given to civil liberties

and crime displacement factors. Members heard that Willesden would be the next area to be prioritised. CCTV to be installed at Cricklewood Broadway was different. It was funded by Transport for London and was aimed at addressing the problem of bus lane abuse. Councillor Blackman advised that it was part of Government Strategy to encourage Direct Payments with regard to Adult Social Care. The Panel heard that Direct Payment clients tended to be younger adults more able to provide for themselves, whilst Day Centres user numbers were dwindling. Consideration as to how many day centres to maintain was required, and given that direct payments could not be used on Council care providers, hard decisions would need to be made in future. With regard to savings in library staff, Councillor Blackman advised that this would be achieved by restructuring staff shifts and would lead to an increase in the number of days and hours that libraries would remain open. Harlesden Library was being developed through National Lottery funding and the delay in opening was due to rising costs and additional requirements, however the library was due to open in February 2010.

Turning to inflation rates, Councillor Blackman advised that Government funding was provided at the grant floor and was generally below the rate of inflation. Members noted that the 2% rise was an estimate as it was difficult to make precise predictions and the issue was complicated by the different periods covered by the various contracts and the inflation indices used. However, the possibility of deflation would change the Council's approach to the amount it allowed in budgets for inflation. Members heard that the Council sought income maximisation from Fees and Charges as part of its income strategy, although this presented a possible risk that some clients would stop using the service. With regard to HRA rent increases, Councillor Blackman advised that approximately 80% of tenants received housing benefit and would therefore be unaffected, although those who did not would effectively be receiving a rent increase. Councillor Blackman advised Members that the Council did not provide social housing directly, but through Registered Social Landlords (RSLs) and developers and in partnership with Brent Housing Partnership who now had developer status. Government grants were available to private developers although it was more likely that they would prefer partnerships with RSLs. Discussions with the Greater London Authority were taking place with regard to affordable housing targets which were yet to be agreed. The number of those in temporary accommodation remained the same, although those in bed and breakfast were reducing. Consultation with regard to the housing strategy would be required to address the future challenges the Council faced.

Councillor Blackman confirmed that the Icelandic bank deposits would not affect the 2009/10 Budget. It was anticipated that most of the outstaying amounts would be repaid, however if they were not they would be written off over a number of years. There was no direct impact on the Council's general balances of £7.5m. With regard to capital spend on Streets and Parks, the Panel heard that the Government was encouraging local authorities to spend earlier to help offset the economic downturn and also to take advantage of

lower interest rates which made borrowing easier. Councillor Blackman warned that the Government's position could change with regard to the Capital Programme depending on changing circumstances. Members heard that there were less children in Brent schools than anticipated and a possible explanation was anecdotal evidence that Eastern European families were leaving the UK because of the economic situation and a re-evaluation of school places may be necessary. Turning to the Civic Centre Project, Councillor Blackman confirmed that the Council had obtained a good deal with regard to land acquisition costs and the architects had been appointed. A number of Council buildings leases were due to expire at around the same time and this presented an opportunity for the Council to include all services in the same building and would provide economic and efficiency benefits. The effect of the recession on the Civic Centre Project was neutral and could even be positive if building costs came down.

Councillor Blackman advised that the Council charged customers for credit card payments as it incurred charges for processing such payments. With regard to the reduction in VAT, the Council had made the decision not to review charges due to the costs involved in undertaking the review and the small changes to prices it would involve. A report was to be put before the March 2009 meeting of the Executive detailing how businesses and residents could be assisted during the economic downturn. Measures included encouragement and promotion of benefit claims where people were eligible, encouraging discussion with people who owed money to the Council and measures to help people back into work. Councillor Blackman confirmed that the Brent In2 Work scheme would continue in 2009/10, however it would begin to be scaled down in subsequent years. With regard to the Freedom Pass, the 5 year funding agreement was based on usage rather than the number of cards issued and costs were likely to increase, although the impact would be relatively small.

Councillor Van Colle (Lead Member for Environment, Planning and Culture) added that approximately a third of costs incurred by West London Waste Authority was on landfill tax and that increase in landfill tax together with increases in the cost of landfill meant the levy increased each year. Costs would have increased further under the Landfill Allowance Trading Scheme but this had not impacted in 2009/10.

Duncan McLeod (Director of Finance and Corporate Resources) advised that, as part of the revised investment strategy, the Council would be reducing the amount it lent because of the impact of falling interest rates and any lending it did undertake would be over a shorter period. The situation would be continually monitored and reviewed if economic circumstances changed. Members were advised that provision within the revenue budget for Building Schools for the Future was needed to fund programme support in line with Government requirements. With regard to the LAA, Duncan McLeod explained that this would be monitored by the Performance and Finance Select Committee and that the priorities had already been agreed for the 3

year period that the current LAA covered. However, councillors could receive this information if they wished. He advised that there was provision for 2% annual inflation within the Budget and this would be reviewed for future years if the rate of inflation remained low.

6. Review of Fees and Charges for 2009/10

Peter Stachniewski (Deputy Director of Finance and Corporate Resources) introduced the annual report on Review of Fees and Charges for 2009/10. The approach adopted arose out of the Best Value Review in 2004. The policy was currently being reviewed and a further report on the proposed new approach would be presented to the Budget Panel at a future meeting. For 2009/10, an average increase of 5% had been applied to most services, although there were some exceptions, such as charges for the hiring out of the Paul Daisley Hall whilst in other instances, the increases were less than 5% - for example, in the case of charges for day nurseries, there had been no increase. The report also addressed the Government's reduction of VAT from 17.5% to 15% for the period 1st December 2008 to 31st December 2009. There would be separate reports to the Executive on changes to Cemetery charges and proposals for new charges for Adult Social Care.

During discussion, the Chair enquired whether the Paul Daisley Hall hire charges would remain below the local market rates, what were its charges compared to and for what period of time the charges related to. The Chair commented that the Paul Daisley Hall was well used because of its comparatively low charges and he enquired whether increasing charges would lead to a loss of bookings. Councillor Beswick felt that the increase of 23% for wedding fees on Thursdays was excessive considering there was a 63% increase the previous year and, noting that the Hall was used by a number of ethnic groups, enquired whether a diversity impact assessment had been undertaken. Councillor Gupta sought details of the percentage of usage of the Paul Daisley Hall and was the maximum hire period 10 hours. Councillor Butt enquired why a £10 discount was provided to customers who paid by a debit card at the time of booking for pest control services.

In response, Paul Stachniewski confirmed that charges for the Paul Daisley Hall remained below market rates and that comparisons had been made with other similar local venues. Councillor Blackman advised that with regard to Registrar charges, the increases varied according to how they compared with other providers. This had resulted in no increase in some charges and increases in others and it was felt that the Council would remain competitive in this market. Councillor Blackman suggested that the 23% increase in wedding charges on Thursdays represented a £20 increase which he did not think would impact upon demand for this service. With regard to diversity implications, Councillor Blackman advised that this had been dealt with in the diversity implications section of the report. Whilst increased charges could theoretically deter some disadvantaged groups, it was not felt that the proposed increases would be sufficient to prevent such groups from taking up

these services. In addition, concessions to the fee structure could be made in some instances for those in the community who were at most in need. Councillor Blackman advised that usage of the Paul Daisley Hall was approximately 85% per year and that it was also in use at weekends. Hire of the Paul Daisley Hall could be made under a number of schedules and the hours of use could be altered accordingly. Councillor Blackman advised that the £10 discount with regard to debit card payments at time of booking for pest control services was aimed at reducing the significant proportion of aborted visits.

7. Discussion on the Budget Panel's Second Interim Report

Members had before them the Budget Panel's First Interim Report and discussed what further recommendations could be added for the Second Interim Report. Councillor Beswick commented on the desirability that all areas of Fees and Charges, including Cemetery Charges and Care Charges, be considered by the Panel at the same stage next year. Peter Stachniewski advised that Care Charges had not been included as it had been decided to extend the consultation period, whilst a review of Cemetery Charges was needed because the council had taken over responsibility for the whole of the Carpenders Park cemetery although there was no intention to increase the overall charges in this area. Nevertheless, the Budget Panel agreed to Councillor Beswick's suggestion that this recommendation be added to the Second Interim Report. Agreement was made that a recommendation be added that all other Overview and Scrutiny Committees should hold at least one meeting each year when all members have the opportunity to question the Lead Members. The Panel agreed to the Chair's recommendation that the Budget should include processes to allow it to react swiftly to changing economic circumstances in terms of expenditure, resourcing and service provision priorities. There was discussion on whether full use had been made of the Schools Budget and Duncan McLeod advised that the Council had maximised the powers it had to utilise this budget. Members then agreed that a recommendation be added for the Council to lobby for more influence over the use of school funding.

The Chair reminded Members that the Panel would not meet until again after the Executive meeting where the Budget would be considered. In view of this, the Panel agreed to the Chair's suggestion that the next meeting be cancelled and that Members consult each other by e-mail with regard to any other changes or additions to recommendations before the final Budget Panel Report was prepared. Members also agreed to the Chair's suggestion that the item on the LAA that had been scheduled for the next meeting be deferred to the July 2009 meeting.

8. Date of Next Meeting

Following the cancellation of the next meeting scheduled for Wednesday, 25th February 2009, it was noted that the date of the next meeting would not take place until the next municipal year 2009/10, the date of which was yet to be confirmed.

9. Any Other Urgent Business

Duncan McLeod announced that this would be Peter Stachniewski's last Budget Panel meeting as he would shortly be leaving the Council. The Panel expressed their thanks for the work Peter Stachniewski had done on their behalf over the years and indicated their wish that this also be recorded in the Budget Panel report.

The meeting ended at 10.00 pm.

A MENDOZA

Chair