

MINUTES OF THE BUDGET PANEL
Tuesday, 21st November 2006 at 7.30 pm

PRESENT: Councillor Mendoza (C) and Councillors Pagnamenta (VC), John, J Moher and Shah.

Apologies for absence were received from Councillor Cummins.

Also present was the Leader of the Council (Councillor Lorber).

1. Declarations of Personal and Prejudicial Interests

There were none.

2. Deputations

There were none.

3. Minutes of Last Meeting – 26th October 2006

RESOLVED:-

that the minutes of the meeting held on Tuesday, 26th October 2006 be received and approved as an accurate record.

4. Matters Arising

Those present were informed that, following the request made at the previous meeting, a further meeting of the Budget Panel had been arranged for Wednesday, 21st February 2007 in order to give members sufficient time to scrutinise the draft Budget.

5. Change to the Order of Business

The Chair agreed a change to the order of business to take Item 9, the Corporate Strategy 2006-10, after Item 6.

6. Adults Social Care Budget Issues

Following a request from the Panel at the previous meeting, Martin Cheeseman (Director of Housing and Community Care) attended to update members on current budget issues facing Adult Social Care, and the extent to which these could be controlled. He informed members that the Lead Member of Adult, Health and Social Care, was unfortunately not able to attend the meeting as planned. Those present were advised that with a net expenditure of £70.6 million, Adult Social Care accounted for a significant proportion of the

Council's overall spend, and that significant improvements in recent years had resulted in the service area achieving a 2 star rating (out of 3 stars) in the most recent Commission for Social Care Inspection judgement.

Members heard that following a £1.8k overspend in the Adult Social Care budget for 2005/06, an overspend of £2.79 million was estimated for the current financial year. The Panel were informed about the range of measures currently being taken to control the service area budget. It was, however, stressed that in the longer-term it would be necessary to examine the Council's current eligibility criteria for service provision in order to address budget issues. Circulating information on the definitions of each, it was explained that the government used four bands for defining the criteria for eligibility for social care; *critical*, *substantial*, *moderate* and *low*. In line with other local authorities facing cost pressures, Brent had taken the decision to use the *critical* and *substantial* bands when determining the eligibility of an individual for social care, and the criteria was applied equally across all services. The type and quantity of services provided by the Council, and the efficiency with which services were purchased, were also highlighted as areas of future enquiry. Citing the problems associated with long-term demographic changes in the borough, it was also explained that the budget was demand led, and that anticipated changes in the government definitions of health care and social care would have a likely impact on the Council.

Martin Cheeseman confirmed that the current financial problems of the Brent Primary Care Trust (Brent PCT) represented the largest potential risk to the Council's budget. He outlined that the PCT was currently being required by central government to make £31 million savings in the financial year 2007/08. Although 7.5 per cent of savings had been identified, in order to address these significant budgetary problems, it was likely that the PCT would have to discontinue services where there was no statutory requirement for provision. It was currently estimated that the costs to Council of taking up additional responsibilities and services could total up to £9 million. The Panel were also advised that this £9m was on top of the impact of previous decisions by the PCT on council spending in 2006/07 and projections for 2007/08.

Members expressed concern about the potential impact of the PCT situation in relation to the Council's budget. They were advised that the overall position would be clearer following the PCT Board meeting later that week on Thursday, 23rd November 2006. Nevertheless, it was already clear that the PCT would have to either agree the current proposals or identify others that would achieve the same level of savings. In response to a question raised, it was advised that it was easiest to make short-term savings in preventative health, and therefore cuts in this area were inevitable.

One member questioned whether the PCT had been forthcoming with the Council regarding its financial problems. Whilst acknowledging this point, Mr Cheeseman commented that it was evident that the PCT had only become aware of the extent of its problems after commissioning an external consultant to examine its financial position. Consequently, a Turnaround Director had been brought in to implement the savings package and prioritise spending on core health provision, and an Interim Chief Executive had also been

recruited. It was confirmed that the £9 million estimate would be subject to the outcome of the PCT Board meeting. Furthermore, those present were informed of the possibility that the PCT might be required to make further savings in the future.

The Leader of the Council (Councillor Lorber) added that both he and the Director of Housing and Community Care had attended a meeting with representatives from the PCT the previous day to discuss the situation. Noting the need for the savings programme to take into account its effect on partner agencies, he stressed that the overall result of the PCT's current financial situation would be a loss of services and resulting significant impact to the Council's budget.

In response to a question from the Chair, it was confirmed that whilst a cautious approach had previously been taken towards commissioning of services, block buying was currently being explored as a means of reducing costs. In terms of joint working between local authorities, Mr Cheeseman also highlighted that since 2005, the West London Alliance authorities had reached an agreement regarding external service provider rates. Whilst it had not been possible to keep to the agreed 2 per cent increase in all cases, the consortium had been successful in limiting cost increases. Furthermore, the Council was working with the West London Alliance to identify further savings options, as well as looking at other internal measures to reduce costs.

7. Budget Trends

At the first meeting of the Budget Panel on Tuesday, 26th October 2006, members had requested further information on spending over the past three years to identify any patterns of overspending and underspending within individual Council services. Peter Stachniewski (Deputy Director of Finance and Corporate Resources) introduced the report, noting the consistent pattern of overspends in Children's Services and underspends on capital financing charges over the past three years. It was further noted that there had been less consistency in both Adult Social Care and Environment and Culture during this period, with budget targets having been met in some years but not in others. Particular attention was drawn to the significant overspend in Adult Social Care for the financial year 2005/06. Mr Stachniewski also commented that there had been a general trend in recent years for overspends in some service areas to be offset by underspends in other areas, particularly capital finances and charges.

Attention was drawn to the graph in Appendix B of the report illustrating the outturn for the three year period. Members heard that the significant growth in spending on Environment and Culture during this period reflected the Council's commitment to funding street care, particularly initiatives such as the 'Big Brent Clean Up'. The Chair conclude by thanking Mr Stachniewski for his presentation, and noting that the information provided would be of use to the Panel when considered the 2007/08 budget proposals.

8. Budget First Reading Debate

Members had before them a report on the Budget First Reading Debate for 2007/08, which was due to be presented at the meeting of Full Council on Monday, 27th November 2006. Duncan McLeod (Director of Finance and Corporate Resources) provided a presentation outlining some of the main issues arising from the report, and linking these to possible areas of consideration for the Panel. Details of the current PCT financial problems had not been available at the time of drafting the report, and members were advised that as a result, these problems were underestimated in the document. Furthermore, as the financial implications of the situation were not yet clear, it was noted that it was difficult at this stage to quantify the full costs that would be incurred by the Council.

The Panel were reminded that in September 2006 the Executive had agreed, with some exceptions, to build 2 percent savings into the base budget. However, given that these savings would not fully address the budget gap, each service area had been asked to find additional savings options. It was clarified that the additional savings options outlined in Appendix 2(a) and 2(b) of the First Reading Report were officer proposals not yet agreed by the Council. Consequently, the Budget Panel would have the opportunity to scrutinise these savings options prior to any decisions being taken.

It was stressed that the estimated £12.9 million spending allocation for Corporate Strategy priorities would not be realistic once the additional PCT costs were factored into the budget. It was also noted that whilst most of the Corporate Strategy priorities had been timetabled for the first year of the administration, inevitably some priorities would have to be carried over to subsequent years. Panel members were reminded that at this point they could make a valuable contribution to the budget process through discussion on the decisions that would be required around prioritising spending. It was suggested that members might want to examine the various options available for closing the budget gap, such as reducing and phasing priority growth and also possibly reducing the Capital Programme.

As the Lead Member for Resources (Councillor Blackman) would be attending the next meeting of the Budget Panel on 7th December 2006, members were advised that this would be a good opportunity for the Panel to examine further issues around the budget gap. It was also pointed out that, if necessary, other officers could be asked to attend to comment on this issue. Duncan McLeod agreed to put together a report for this meeting illustrating the key themes emerging from the budget proposals. It was also suggested that a copy of the Budget First Reading debate should be circulated prior to the meeting, and members were urged to make the department aware of the specific additional savings options (Appendix 2(a)) they required additional information on prior to the meeting.

RESOLVED:-

that at the next meeting of the Budget Panel on Thursday, 7th December 2006, the following items would be considered:

- (i) the possible implications that the current financial position of the Brent PCT would have on the Council's 2007/08 budget;
- (ii) the measures required to address the current budget gap for the financial year 2007/08, including the additional savings options outlined in Appendix 2(a) of the First Reading Report for the 2007/08 budget;
- (iii) the current overspend for the Children and Families budget (as requested at the Budget Panel meeting on 26th October 2006, the Director of Children and Families and Lead Member had been asked to attend for this item).

9. **Corporate Strategy 2006-10**

Members had received a copy of the draft Corporate Strategy 2006-10, which was due to be considered at the meeting of Full Council on Monday, 27th November 2006. It was noted that, as in previous years, the Leader of the Council would submit a report to this meeting outlining the key priorities for the administration in its first year. Phil Newby (Director of Policy and Regeneration) introduced the item, noting that the document was based on the Community Strategy that had been agreed by the Local Strategic Partnership (LSP).

Councillor Lorber then proceeded to outline the key areas of focus including street cleaning and plastics recycling, car permits, school places, housing, community safety and the ongoing Wembley redevelopment. However, he reiterated the concerns raised in the previous item, that the forthcoming financial decisions of the PCT could have potentially serious consequences for the Council budget. Aside from the anticipated costs of taking on PCT services, attention was also drawn to the fact that the PCT owed substantial debts to the Council which were not currently being repaid. Members were reminded that this in turn would have a detrimental effect on the Council's level of reserves.

Following members' questions, it was confirmed that the level of debt owed was currently £9.7 million gross, but this figure was being disputed by the PCT. Duncan McLeod (Director of Finance and Corporate Resources) pointed out, however, that the external auditors from PricewaterhouseCoopers (PwC) had agreed the debt figures supplied by the Council when signing off the 2005/06 accounts. The Chair asked why this debt had not been collected to date and heard that this was in part due to the dispute over the figures, as well of the difficulties in seeking legal redress from an organisation with whom the Council worked in partnership.

Members raised a number of questions regarding the plans for delivering on Corporate Strategy key priorities (p.17-33), given the current financial climate. It was acknowledged that it would not be possible to deliver on all key priorities in the first year of the Strategy, and it was therefore necessary to concentrate on certain areas, such as the waste contract and car permits during this period. Councillor Lorber further asserted that many of the priorities involved major efficiency savings, and also stressed the importance of joint commissioning and working. Nevertheless, he expressed disappointment at the way in which the financial problems were being dealt with by the PCT, and confirmed that whilst it would be possible for the Council to take on increased responsibilities, the main issue of concern was whether this would be matched by increased funding to cover costs.

One member queried how indicators such as reducing fear of crime could be reliably measured. Phil Newby (Director of Policy and Regeneration) responded that such information could be provided through the use of surveys. He drew attention to the 1 in 5 Household Survey, which had been carried out in Brent for a number of years, and asserted that this had been useful in showing the impact of the Council's work in areas such as reducing the fear of crime.

Finally, further to a question about future plans for a new Civic Centre, Councillor Lorber advised that a report on this issue was due to be considered by the Executive in December 2006. It was noted some Council buildings were not currently in a good state of repair, and therefore officers had been asked to examine whether efficiency savings could be achieved through moving these to a new facility.

10. Date of Next Meeting

It was noted that the next meeting of the Budget Panel would take place on Thursday, 7th December 2006.

11. Any Other Urgent Business

There was none.

The meeting ended at 9.42pm

Councillor Mendoza
Chair