

MINUTES OF THE BUDGET PANEL

Wednesday 11 November 2009 at 7.30 pm

PRESENT: Councillor Mendoza (Chair), Councillor V Brown (Vice-Chair) and Councillors Butt, Cummins, Gupta and Van Kalwala

ALSO PRESENT: Councillor Lorber (Leader), and Councillors Dunwell, John and Wharton (Lead Member, Children and Families)

1. **Declarations of personal and prejudicial interests**

None declared.

2. **Deputations**

None received.

3. **Minutes of the previous meeting**

RESOLVED:

that, subject to recording the closing time of the meeting as 9.20 pm (amended from 8.20 pm), the minutes of the previous meeting held on Tuesday 13 October be approved as an accurate record of the meeting.

4. **Matters arising**

None raised.

5. **First reading debate on the 2010/11 to 2013/14 budget**

The Chair welcomed Councillor Lorber, Leader of the Council, who introduced the Executive's draft report *Priorities of the Executive*. Councillor Lorber informed the Panel that the budget was always a challenge, with work starting as soon as the previous one was approved. The Council faced internal and external challenges, but the underlying principle was to achieve continuous improvement, provide better value and ensure that services to local residents were the best they could be. The Council's improvement and efficiency agenda, including the planned move to a new Civic Centre, was an opportunity for positive work on efficiency and the creation of one Council. The administration had set itself the objective of helping local residents by freezing council tax, and efficiency was also focussed on this.

Duncan McLeod (Director, Finance and Corporate Resources) introduced the draft budget report setting out the financial forecasts for the next four years. The budget gap for 2010/11 had decreased since the July 2009 meeting of the Executive, mainly because the assumptions around inflation had changed. The reduced level of inflation also affected the Council's projected pay award and the medium-term financial strategy. It was hoped to achieve a surplus from the 2009/10 budget, although this would be difficult. Services were already identifying savings as part of the managing the current budget, and where these were permanent changes, ongoing benefits for future years would be provided. The greatest scope for closing the remainder of the budget gap lay in the implementation of the improvement and efficiency strategy. This was the type of approach being followed by every public and private sector company in the country, given the economic conditions. There

were particular budget pressures on Children and Families as a consequence of the continuation of the recession, and there had been an increase in demand for housing benefit. Officers would be looking to verify figures and take a view on any additional resources that needed to be put into the budget. This would take place in the next two to three months.

Duncan McLeod added that an additional pressure would be caused by the government's proposed change in funding of concessionary fares, and the report would need to be amended to reflect this. While there was a relatively large increase in the amount schools in Brent would receive, this did not appear as part of the Council's overall budget requirement, and was treated separately from spending on other services. An announcement was expected in relation to the Housing Revenue Account, and the report would be updated when this was known. The proposed level of capital spending was at a level similar to that in the current budget, but it was a question of how it would be allocated. The Council was awaiting a decision on Building Schools for the Future (BSF), which would be key to the formation of a long-term programme to address school capital needs.

Duncan McLeod drew members' attention to the timetable for finalising the budget, pointing out that there would be three further Budget Panel meetings before the Executive made its decisions on the budget on 15 February 2010.

Asked about the current assumption that there would be no increases in fees and charges under the Council's control, Duncan McLeod informed the Panel that some charges would increase because they were statutory. There were options for members to increase charges and a report on this would go to the Executive in February 2010.

In answer to a question on the effect of the upturn in the housing market on income from land charges, Duncan McLeod reported that the Information Commissioner had recently ruled that requests for information around land charges could not be charged for under the Environmental Information Regulations, but that the Council was nevertheless required to provide the service. Duncan McLeod reported that the Local Government Association (LGA) was seeking a ruling on this, but that the issue was unlikely to be resolved before the budget was set.

In response to comments that some of the festivals organised by the Council, for example, the Eid Festival and Black History Month, were not providing good value for money, Councillor Lorber agreed that the Eid Festival needed improving, and informed the Panel that the possibility of a month of celebration of Eid, as opposed to a single festival, was currently being explored.

Asked whether there was anything with which he was dissatisfied since coming to power in 2006, Councillor Lorber informed the Panel that the recession had clearly not been helpful, and the initial shock of the dispute with the PCT had had a devastating impact on health services to local people, as well as an ongoing financial impact. However, nothing had diverted the administration from its overriding strategy of focussing on the environment and young people. He looked forward to the future and the challenges and opportunities to improve the way the Council provided services. The financial environment was frustrating and would not be easy in the future, whoever won the next General Election. The improvement and efficiency strategy was therefore crucial. Councillor Lorber pointed out that the budget gap did not differ greatly from those in the recent past, and that the Council needed to be ambitious in making the organisation as efficient as possible. The move to the Civic Centre would not only save up to £2m as a result of the move

from 14 leased properties, but also act as a catalyst to generate substantial efficiency savings beyond the property costs. In addition, the West London Partnership was in the process of tendering to seek to make existing contracts as productive as possible and improve services to residents. There were also a number of other projects in the Council's improvement and efficiency action plan, which was a four-year programme.

Responding to a question of whether there was disappointment at the level of savings achieved by the *invest to save* strategy, Phil Newby (Director, Policy and Regeneration), informed the Panel that some of the *invest to save* programmes in Children and Families had achieved planned savings, but he acknowledged that in some areas there had been problems. However, the concept would be pursued. Indeed, the whole improvement and efficiency strategy was predicated on it, and the Council was already getting better at managing this process.

Asked whether the current method of drawing up budgets was fit for purpose, Councillor Lorber told the Panel that the current approach, in line with the improvement and efficiency strategy, was to look at and improve services, while in the past there had been the option of either cuts or growth, without a full understanding of the implications. A prime example of the approach of looking at services and improving them at a lower cost was the meals on wheels service, which was now providing a better choice of good quality meals and costing £250,000 less than previously.

Duncan McLeod added that setting budgets had become more straightforward since the introduction of three-year settlements, but that a situation had arisen where issues were being considered at the margin, with savings targets having been set and offset against growth. The Panel itself had noted that most of the budget was not being scrutinised, and this was perhaps why it had become difficult to achieve savings targets. A fundamental analysis needed to be carried out of exactly what money was being spent on, and the recession had provided the driver to do this.

Responding to a question about staff morale in the context of the structure and staffing review, Councillor Lorber informed the Panel that a series of roadshows had been organised to explain the improvement and efficiency strategy to staff. Staff understood the situation in which the Council found itself. They could see what was happening in the wider world and understood the need for improvement and efficiency. The proposed reduction of around 300 full-time posts – 10% of the workforce – was to be carried out over four years. With staff turnover currently at 16%, it should be possible to achieve the reduction without recourse to large-scale compulsory redundancies. Duncan McLeod added that he had attended two sessions with staff in Finance and Corporate Resources the previous week, and that staff accepted the need for change. While there was some concern about jobs, it was believed that the reduction could be implemented without compulsory redundancy. Staff would be involved in the changes and their skills would be expanded as a result. In general, the mood was upbeat. Asked about the level of staff morale in streetcare, Duncan McLeod reported that he did not have this information currently, but would be attending a service planning day the following week.

Asked about the impact on the 2010/11 budget of a possible income shortfall in the current year, Duncan McLeod informed the Panel that one of the main areas of shortfall was the parking account, which was around £1m down on the budgeted figure, partly as a result of a reduction in illegal parking and possibly also as a result

of increased charges. Another area of likely shortfall was that of planning fees. The overall gaps would need to be calculated and assessments made nearer the time.

Answering a question about the level of balances, Councillor Lorber reported that the level was similar to that reported at a similar stage in previous years. It was likely that the various departments and units charged with getting overspends under control would emerge with balances similar to or better than those budgeted. Duncan McLeod added that he believed this would happen, but that if there were any overspends, they would indeed have an impact on the level of balances for next year.

The Chair thanked Councillor Lorber for attending the meeting and answering questions from members.

RESOLVED:

that the draft reports to Council on the 2010/11 budget first reading debate be noted.

6. **Children and Families budget issues and service transformation**

John Christie (Director, Children and Families) gave a verbal presentation on current budget issues and service transformation in the Department of Children and Families. Touching on the issue of staff morale, discussed under the previous agenda item on the 2010/11 budget first reading debate, John Christie reported a mixed picture. While staff were affected by change and external pressures at an already difficult time for social care and social workers nationally, there was also an element of positive thinking, and the results of the Council's staff survey showed that the level of satisfaction at working in Brent had increased slightly. John Christie was positive about the *invest to save* programmes and the focus on child protection and the prevention of abuse, and was encouraged by the results of the staff survey. He was confident that the Building Schools for the Future (BSF) bid would be successful, and had been encouraged by the feedback so far.

Responding to members' comments on the situation at Copland Community School, John Christie informed the Panel that the first priority had been to stabilise the school. An Interim Executive Board (IEB) had been appointed and disciplinary action had been taken against the relevant staff, who had either resigned or been dismissed, with further action to come. The Council now needed to review what had happened and learn lessons. The situation had arisen as a result of a combination of things, for example, the permitted independent auditing arrangements and the submission of returns that did not declare certain payments. As soon as the Council had the information that something was amiss, it had taken action. A report would be written on what had happened, and this would cover the issue of governance and interests.

Turning to the budget, John Christie reported that, while Council revenue had been squeezed on the whole, the Dedicated Schools Grant (DSG) had grown, and the schools had agreed to use £750,000 of the DSG to fund the employment of Common Assessment Framework (CAF) officers for the next year.

John Christie reported a general increase in social care activity, with a rise – as follows – in child protection referrals under section 47 of the Children Act 1989:

2006/07	2007/08	2008/09	2009/10
2763	3100	3434	5456 (projected).

The number of section 47 enquiries over the same period was:

2006/07	2007/08	2008/09	2009/10
528	720	830	900 (projected).

The number of children subject to child protection plans was projected to rise to 230 in 2009/10. While the number of looked after children showed a downward trend, other regulatory aspects had increased, and this had combined with increasing demand in the wake of the Haringey inquiry.

The cost of social care placements over the same four-year period, was as follows:

	2006/07	2007/08	2008/09	2009/10
budget	£14.4m	£16.2m	£16.3m	£16.3m
actual	£18.4m	£18.2m	£17.6m	£18.5m

The effect of the *invest to save* strategy was demonstrated by calculations, which showed that, without it, the actual figures would have been as follows:

	2006/07	2007/08	2008/09	2009/10
	£18.4m	£19.2m	£19.9m	£20.5m

The overall budget figures, as follows, showed that expenditure was being contained, and had gone down in real terms:

	2007/08	2008/09	2009/10	2010/11
	£59.605m	£59.923m	£59.002m	£58.862m

Asked about budgeting for the future, John Christie drew the Panel's attention to the increasing proportion of young people in the borough, the increase in the birth rate and movement into the borough. Increased awareness of social care issues had also led to increasing numbers of referrals. For example, there had been a large increase in domestic violence referrals by the police, in part as a result of increased awareness from training they had undergone. It was difficult to predict demand for social care, although it was known from experience that demand tended to peak after an event such as the Haringey inquiry. The Council had already put an extra £1m into social care, and increased the number of social workers. Audit and quality control had been strengthened, and the number of placements was monitored regularly. Specialist staff had been appointed to review cases with staff, and they reported that things were as good as they could be in what was a difficult area of making the judgement whether to place a child in care.

The issue of savings needed to be balanced with coping with increased demand. Estimates were being made of the gap between the amount proposed in the budget and what was needed to cope with predicted demand.

While a 2009/10 overspend of £2.5m in had been predicted in May 2009, this had now been reduced to a predicted £400,000. The department was working on reducing it further, but success would depend on the cost of placements. Two main areas of concern were the underlying issue of covering the budget for children with disabilities with virements from other areas, and the future impact of the Southwark judgement by the House of Lords, which had ruled that looked-after child status should extend to 16 and 17-year olds. The impact of this judgement was a national issue, with the cost previously met by central government now falling to local government. It affected all local authorities, and would cost between £800,000 and

£1.6m. While there had been no financial impact so far this year, it was clear that there would be in 2010/11 and beyond.

The department would therefore be bidding for an extra £600,000 for the children with disabilities budget, £1.4m to cover the cost of social care placements and £800,000 in 2010/11, rising to £1.6m in 2012/13, to cover the impact of the House of Lords judgement.

The department was still working on the *invest to save* strategy, which was a gold project in the Council's improvement and efficiency action plan. While the *invest to save* programme had been revised and recalibrated, some justified growth was needed to respond to the pressures identified.

One area the department was still working on was to increase the number of in-house Brent foster carers. John Christie informed the Panel that he had commissioned an independent review on why this had not been successful so far. Asked about the assessment process for foster carers, John Christie acknowledged that it was difficult and challenging for applicants, but it was important that the right people were recruited. Brent was competing for foster carers with other boroughs and independent fostering agencies. The issue for carers was not just the financial reward, but also the support package provided, which Brent wanted to improve.

Responding to questions about the shortage of school places in Brent, John Christie reported that the BSF bid and academies programme were key elements of providing secondary school places. The big issue was the increasing demand for primary school places. While the government had announced funding of £20m nationally to meet demand in the current year, Brent had not qualified, because the threshold was 15% growth, while Brent's had been 12.5%. The situation was being dealt with by opening extra classes and introducing temporary classrooms. Year on year the authority had managed to contain demand, but the real pressure would come over the next few years. Councillor Wharton (Lead Member, Children and Families) added that the peak would be in 2013, largely as a result of the increase in the birth rate.

Asked why the gymnasium behind the Gwenneth Rickus building had not yet been developed, John Christie informed the Panel that the refurbishment would cost £500,000 and that the department could not afford this in the current financial climate. However, alternatives and more cost-effective solutions would be sought.

The Chair thanked John Christie for his very clear and forthright presentation and for answering questions from the Panel.

RESOLVED:

that the verbal presentation by the Director of Children and Families be noted.

7. **Date of next meeting**

The Panel noted that the next meeting would take place on Wednesday 2 December 2009 at 7.30 pm.

The meeting closed at 9.15 pm

A MENDOZA
Chair