



**MINUTES OF THE RESOURCES AND PUBLIC REALM SCRUTINY COMMITTEE
Held in the Conference Hall. Brent Civic Centre on Wednesday 17 July 2024 at
6.00 pm**

PRESENT: Councillor Conneely (Chair), Councillor Kennelly (Vice-Chair) and Councillors Moghaddam, S Butt, Dixon, Georgiou, Long, Mitchell, Molloy and Shah

Also Present: Councillor Muhammed Butt (Leader of Council and Cabinet Member for Housing) and Councillor Mili Patel (Deputy Leader and Cabinet Member for Finance & Resources)

1. **Apologies for absence and clarification of alternate members**

Councillor Conneely (as Chair) took the opportunity to welcome all newly appointed members of the Scrutiny Committee to their first meeting of the new Municipal Year, including Councillor Kennelly as Vice-Chair.

Apologies for absence were received from Councillor Maurice and also Councillor Kansagra (who it was reported had been appointed to attend as a substitute).

2. **Declarations of interests**

No declarations of interests were made at the meeting.

3. **Order of Business**

The Chair agreed to vary the order of business on the agenda to enable the Scrutiny Progress Update – Recommendation Tracker (Agenda Item 7) to be considered as the first main item of business on the agenda. The minutes therefore reflect the order in which the items were dealt with at the meeting.

4. **Minutes of the previous meeting**

It was **RESOLVED** that the minutes of the previous meetings held on Tuesday 23 April 2024 be approved as a correct record.

5. **Matters arising (if any)**

The Chair informed members that due to the General Election, the final scrutiny work programme planning session for the Committee had needed to be rescheduled and would now take place on Monday 22 July 2024. The Committee's 2024-25 work programme would therefore be presented to the September meeting for final endorsement.

No other matters arising were raised at the meeting.

6. **Deputations (if any)**

There were no deputations considered at the meeting.

7. **Scrutiny Progress Update - Recommendations Tracker**

Councillor Conneely (as Chair) introduced the report presenting an updated version of the Resources & Public Realm Scrutiny Committee recommendations Tracker.

Members were invited to comment on the updates provided, with the following issues raised:

(a) Budget Scrutiny Task Group Findings 24-25 & 25-26: Establish a strategic approach to income generation

Having noted the initial response provided on 9 July 2024, as detailed within the report, a further update was requested on the remit of the Income & Debt Board and whether this would include the ability to review strategic commissioning and procurement arrangements across the Council as part of the approach towards income generation. In response, Councillor Muhammed Butt (as Leader of the Council) supported by Minesh Patel (Corporate Director Finance & Resources) advised that strategic commissioning and procurement had been included within the scope of the Board supported through the newly appointed Director of Strategic Commissioning & Capacity Building. In terms of the collection of individual income and debt, whilst these would remain the responsibility of the relevant Directorates the Board would retain an overview on performance with the process supported by the Council's Ethical Debt Collection Policy.

(b) Budget Scrutiny Task Group Findings 24-25 & 25-26: Climate Action commitments

Whilst noting the response provided on 9 July 2024, further details were sought on the specific proposals relating to adoption of a "green budget" outlining the climate and environmental implications arising from specific budget proposals. In response, Councillor Muhammed Butt (as Leader of the Council) reminded members of the inclusion, now required within all decision reports, of a section outlining relevant climate and environmental considerations relating to the proposed decision. Whilst the Council remained committed to addressing climate and environmental implications within schemes being brought forward for consideration members were advised of the need to recognise the impact which the ongoing financial pressures being experienced by the Council would have in terms of delivery and need to also assess plans against the approach of the new Government.

As no further issues were raised it was **AGREED** to note the updates provided within the Scrutiny Recommendation Tracker.

8. **Budget update - Medium Term Financial Strategy**

Councillor Mili Patel (as Deputy Leader and Cabinet Member for Finance and Resources) was invited to introduce a report providing an update on Brent's overall financial position including the Financial Outturn for 2023-24 (attached as Appendix 1 to the report), Q1 Financial Forecast 2024-25 (attached as Appendix 2 to the

report) and Medium Term Financial Strategy (attached as Appendix 3 to the report), which members noted also formed part of the Committee's role in undertaking budget scrutiny throughout the year.

In presenting the report, Councillor Mili Patel highlighted the detail provided within the Q1 Financial Forecast 2024-25 on the current Q1 position regarding the General Fund (GF) revenue budget, Housing Revenue Account (HRA), Dedicated Schools Grant (DSG) and Capital Programme with the Council's revised GF revenue budget for 2024-25 totalling £387m. As at Q1, members were advised the forecast had identified an overspend of £10m against the revenue budget which, if not addressed, would potentially involve a carry forward into the following year. As a result, the Council had introduced a number of mitigating measures in an effort to contain the identified pressures, which included the implementation of a range of spending controls and were in addition to the £8m worth of savings already approved for delivery during 2024-25. In terms of both the immediate and the medium-term financial outlook, Councillor Mili Patel highlighted the challenging financial environment in which the Council continued to operate given the uncertain funding environment and the lack of clarity around long term funding for social care. In addition, significant spending pressures were continuing to be experienced in relation to demand-led services with a particular focus on homelessness and ongoing pressures as a result of the cost-of-living crisis. Whilst the Medium Term Financial Strategy had included growth to help alleviate some of the pressures identified, the Committee were advised that these continued to present a significant budget risk particularly in relation to demographic pressures, the increasing demand for housing and cost of provision for temporary accommodation and wider economic climate, with the Council therefore continuing to take a prudent approach in terms of managing a sustainable budget position given the nature of risks and pressures identified.

Councillor Conneely (as Chair) thanked Councillor Mili Patel for presenting the report and then opened up discussion on the information provided with the following comments and issues discussed.

- In recognising the nature of financial challenges and pressures identified the Committee began by querying the reference to the £0.2m underspend identified within Communities & Regeneration as referenced within the 2023-24 Financial Outturn Report which it was reported was partially linked to a pause in some spending on communications pending development of a new Communications Strategy. Focussing on wider communications activity, details were sought on plans being developed to support the promotion of key messages with different stakeholders around the Council's budget and overall financial position as part of the budget consultation process.

In response, Minesh Patel (Corporate Director of Finance & Resources) advised of the plans for the upcoming budget consultation process, which were due to be finalised once the final financial settlement from central government had been provided. This had included a review of different engagement and consultation models and channels (recognising the different approaches taken by other local authorities) with the aim of focussing on the key messages to be provided regarding the Council's overall financial position in support of the budget proposals and technical way in which the information was presented to ensure it was as clear and easy to understand as possible.

Councillor Muhammed Butt (Leader of the Council) also took the opportunity to highlight the work undertaken with London Councils, who had been keen to review the approach taken towards budget consultation within Brent as well as recognise the important role of local ward councillors in the consultation and engagement process.

Following up, members felt there was also a need to recognise the value in developing more regular avenues of communication and engagement between local residents, key stakeholders and the Council's leadership as well as ward councillors in order to address issues such as the financial pressures being faced by the Council, which the Leader advised the Council had been keen to develop through not only the Brent Magazine and Your Brent e-bulletin but also initiatives such as the Brent Hubs day.

- As a further issue raised in relation to communication activity, members were also keen to seek details on the way in which outcomes were measured given the level of funding committed and wider financial pressures facing the Council. In response, Councillor Mili Patel, supported by the Leader, felt it important to recognise the reductions made in the Council's communication budget and work being undertaken (given the point raised about developing more regular avenues of communication) to assess and focus on the most cost-effective methods of engagement that were valued by local residents as a means of accessing information. Reference was also made to the recommendation made by the Budget Scrutiny Task Group regarding budget communication activity with the Committee, as a result of the issues highlighted, advising of the intention to review the metrics used to assess impact and cost effectiveness of budget communications activity to specifically support the budget consultation process as part of the Budget Task Group process. This would also include consideration of the budget communication plan being developed to support the 2024-25 consultation process, once finalised and promotion of key messages and information in as clear and easy to understand format as possible.
- The Chair then moved on and referring to the MTFs sought details on the current health and resilience of the Council's reserves given the identified budget gap of £16m in 2025-26 and level of budget cuts already delivered and identified as required moving forward, in terms of the Council's overall financial sustainability, risk of having to issue any s.114 notice and concern at the impact of the forecast overspend identified within the Q1 2024-25 budget monitoring report totalling £10m. In response, Minesh Patel confirmed that based on current funding allocation and assumptions the estimated budget gap for 2025-26 had been identified as £16m rising to a cumulative £30m by 2027-28. Whilst it was felt the Council had taken a prudent approach towards management of its budget this had required the draw down from the Future Funding Risks Reserve of £13.5m in 2023-24 to bring the General Fund to a breakeven position and a further £2.4m to top up the General Reserve to 5% (£18m) of net revenue budget in 2024-25 in order to provide the minimum level of reserves considered sufficient to maintain the Councils' financial stability. Given the current forecast overspend during 2024-25 and lack of certainty around future funding settlements and economic climate, the Council was therefore looking to identify and deliver savings of £16m (in addition to those already delivered) in order to set a balanced budget for 2025-26 and

also ensure that the reserve fund was built up and maintained at a sufficient level to manage any additional in year pressures. Whilst members were advised the Council was not at immediate risk of any s.114 notice, it was recognised that this process would involve a number of difficult decisions needing to be taken about which services to prioritise and protect and which to reduce in order to continue to deliver affordable and sustainable budgets and seeking to protect the most vulnerable. In terms of the choices available, members noted the increasing challenge in seeking to identify and deliver savings and in balancing the need to deliver the statutory duties placed on the Council against those which, whilst important to local residents, were non statutory in nature supported by the need for a clear and fairer funding regime for local government which recognised these pressures. Whilst noting the uncertainties and risks involved it was highlighted that the Council had sought to develop its financial plans based on an assessment (pending further clarification and refinement of the estimates involved) of a range of possible scenarios rather than await the outcome of the next Local Government Financial settlement in December 2024.

In response to further clarification being sought about use of reserves, details were provided on the current model with use to address the ongoing pressures identified in relation to the increase in homelessness and cost in provision of temporary accommodation but which, over the longer term, it was noted would, require a more sustainable funding solution to be identified by the Government, recognising the ongoing impact on local authority budgets. Lobbying to enable more flexible use of Community Infrastructure Levy (CIL) reserves was also queried as a possible alternative option to support the general reserve. In response, both Minesh Patel and Councillor Muhammed Butt (as Leader) felt that the more sustainable option would be to lobby for a longer-term funding solution and reform of the local government finance system, given the reliance on the generation of CIL receipts around delivery of future development schemes. which had also been impacted by current economic uncertainty and the important use of CIL in support of wider community initiatives. In noting the new government's intention to reform the current planning system and encourage further development (particularly across the housing sector) the Committee were keen to support continued lobbying efforts for the urgent reform of local government finance and in seeking to extend and allow more flexible use of CIL funding supported by the provision of detail on overall level of CIL funding and balances available to support current infrastructure projects. Councillor Muhammed Butt advised he was due to meet with other Council Leaders across London shortly so could ensure the need for a coordinated and collaborative approach towards the lobbying of central government on these issues and approach to dealing with the wider financial challenges outlined was raised.

- As a separate issue, further assurance was then sought on the accuracy of the £16m budget gap currently forecast for 2025-26 given the reference within the Financial Outturn report to the potential for this to widen and the current estimate for savings of up to £30m being required for 2027-28. In response, Minesh Patel advised that the current forecast represented the best estimate

currently available recognising the current economic climate, uncertainty around future funding provision and ongoing pressures in relation to demographic changes and the impact on demand led service provision with the key risk and driver for these pressures remaining the increase in homelessness and reduction in supply of suitable accommodation. Whilst the use of Section 21 No Fault evictions remained an issue, the Committee were advised that the increase in households presenting as homeless involved a range of factors including the cost-of-living crisis and availability of suitable alternative affordable accommodation, including within the private rented sector, with work ongoing to ensure the projections were as accurate as possible in order to support the programme of works established to focus on containing the position.

- As an additional issue raised in relation to the savings identified for delivery, reference was made to the update on the savings delivery tracker included within the Q1 Financial Forecast 2024-25 with members keen to explore the trend in terms of savings on which delivery was flagged as “Amber” and feasibility of these being achieved, given the potential impact on the overall robustness of the budget position. Whilst highlighting the increasing challenge in being able to identify savings, given the cuts already delivered in relation to the budget, Rav Jassar (Deputy Director Finance) outlined the process undertaken to assess all savings proposals supported by the Budget Assurance Panel, with the amber RAG rating designed to flag when risks had been identified with the delivery of individual proposals. In noting members concerns relating to savings proposals currently identified as not achievable, the Committee was advised of the work being undertaken to explore alternative proposals within the related service area.
- As a more general issue, further detail was sought on the way in which risks relating to ongoing volatility in the energy market (referred to within the Q1 Financial Forecast 2024-25 update) were being reflected within the budget planning process alongside the options being explored to reduce the Council’s exposure to these risks. In response, members were advised of the measures in place to monitor the recognised volatility in the energy market against budget assumptions with the position also supported by the existing consortium arrangements the Council had entered into to forward purchase energy supplies over the medium term. In noting the newly elected governments plans for the introduction of a new publicly owned Great British Energy Company the Committee advised they were also keen to ensure the necessary action was undertaken to prepare the Council in seeking to take advantage of any potential impact in terms of the provision of energy supplies and work to develop more sustainable sources of energy including heat networks.
- The Committee then moved on to focus on the significant areas of overspend identified within the Financial Outturn Report 2023-24, which specific reference to the £11.2m overspend identified in relation to the increase in homelessness and cost of Temporary Accommodation within Resident Services that had been identified as a significant ongoing pressure and risk within the Q1 Forecast and MTFS. In recognising the mitigating measures established to focus on addressing and containing the pressures identified, members were also keen to explore what, if any, lessons it had been possible

to learn from other local authorities and how the strategies and measures in place were being developed and adapted to ensure they were as effective as possible. In terms of lessons learnt, Minesh Patel advised that whilst the position and approach adopted within other local authorities was continuing to be monitored the pressures identified were being experienced on a national scale with London having been particularly impacted. Whilst London Councils had undertaken analysis and benchmarking designed to support peers, the pressures being experienced in terms of the increase in households presenting as homeless, number of households in temporary accommodation and demand on supply were being experienced on a London wide basis making it difficult to learn any specific lessons. In recognising the complex nature of the issues driving the current housing crisis the Council had looked to develop a range of workstreams focussed not only on schemes designed to increase the supply of affordable housing but also on the affordability and supply of Temporary Accommodation and assessment of need. The opportunity was also taken to highlight the role of the Budget Assurance Panel in seeking to monitor the delivery and effectiveness of these workstreams alongside the work being undertaken in relation to the demand led pressures identified within Adult and Childrens and Young People Social Care.

- Following on from the previous question, details were sought on the extent to which the increase in Local Housing Allowance Rates (announced as part of the Chancellors 2023 Autumn Statement) had assisted in the reduction of housing costs. In response, the Committee was advised that whilst homeless households placed in temporary accommodation who were entitled, were able to claim housing benefit towards their housing costs, local authorities were required to pay the cost of that housing benefit upfront before being paid back by the Department for Work and Pensions (DWP) through subsidy arrangements. Although households received full housing benefit the amount the Council was able to claim back remained limited to 90% of the Local Housing Allowance (LHA) meaning that if the cost of the housing benefit claim was higher than that rate, the local authority would lose money with the council effectively bridging the gap between rent and the amount it was allowed to recover in housing benefit subsidy from the Department of Works and Pensions. Whilst the increase in LHA had therefore been welcomed, the cap on subsidy that could be claimed back remained an issue in terms of affordability with the total subsidy loss to the Council in 2023-24 being £10.4m.
- Details were also sought on the reasons the overspend within the Care, Health and Wellbeing Department totalling £1.9m had only been identified within Q4 2023-24 (Financial Outturn Update). In response Rav Jassar, referred to the detailed narrative provided within section 4 of the Financial Outturn report which had outlined the basis of the overspend and reason for it not having been identified prior to Q4 and, he felt, also highlighted the challenging nature of the forecast process particularly given the demand led nature of services being provided across Adult and Children's Social Care and in-year pressures experienced as a result. Attention was also drawn to the controls and mitigating measures put in place by the Department as a result of the specific issue raised designed to ensure that similar pressures were not experienced during the current financial year with assurance also provided in relation to the wider concerns raised regarding the unexpected overspends

identified within Care, Health & Wellbeing and Children & Young People regarding the robust nature of the forecasting process and work being undertaken to support departments in ensuring this remained as accurate as possible.

- As a further issue highlighted, clarification was provided on the background to the mid-year withdrawal of the supplier from the Community Equipment contract, given the associated budgetary impact and cost pressures identified within the section 4.1.3 of the Financial Outturn Report 2023-24. In outlining the reasons, Members were advised that a new provider had subsequently been found with controls in place to continue monitoring performance and trends in spending and the contract expected to stabilise during its second year of operation with the new arrangements also involving an increased range of local suppliers.

The Committee also took the opportunity, at this stage in the discussion, to seek further views on the potential available to generate income and avoid exposure to additional costs through the insourcing as opposed to contracting out of services. Councillor Muhammed Butt (as Leader of the Council) advised that whilst the potential to insource services was an option considered as part of most large procurement processes there were a range of factors needing to be considered in terms of evaluating its cost effectiveness given the need to ensure the necessary infrastructure and staff were in place to deliver the service and also associated economies of scale. Whilst recognising the issues highlighted, the Committee advised they were keen to explore the opportunities available to support lobbying (through London Councils) for the development of a more co-ordinated pan London approach towards the commissioning of services across London local authorities in order to deliver enhanced economies of scale, generate further potential insourcing opportunities and ensure best practice in seeking a value driven and mission led approach towards future procurement activity that was also designed to minimise the ability for private sector companies to seek to exploit demand led pressures in areas such as Children and Adult Social Care.

- The Committee then moved on to focus on issues identified within section 4.2.4 of the Financial Outturn Report 2023-24 relating to the ongoing financial pressures being experienced as a result of the challenge in the recruitment and retention of social workers within Children & Young People and Adult Social Care and associated reliance on Agency Staff. In response, members were advised of the importance in recognising this as a national and regional rather than Brent specific issue. Whilst a range of measures had been introduced within Brent to improve the recruitment and retention of social workers, including the provision of key worker accommodation, specific recruitment drives and training and incentive packages the measures being taken also involved a coordinated regional approach and, Councillor Muhammed Butt highlighted, would also need to be supported by the provision of adequate funding and reform of the social care sector.
- Following on from the previous issue, details were also sought regarding the interventions identified within section 4.2.12 of the Q1 Forecast Report 2024-25 around growing the in-house Fostering Service (designed to increase the number of in-house Brent Foster carers and reduce the reliance on

Independent Fostering Agencies) and promotion of care leavers independence. In responding, Minesh Patel supported by Councillor Mili Patel (as Deputy Leader and Cabinet Member for Finance & Resources) highlighted the work being coordinated through the Corporate Director CYP and the Placements Commissioning Strategic Group in relation to both areas, which also involved a regional approach aimed at seeking to reduce the associated financial pressures whilst also meeting the requirements within the agreed offer to care leavers in relation to step down provision. Members advised they would be keen to receive further details (as a request for information arising from the review) on the work and interventions being coordinated through regional networks to address financial pressures in relation to the Fostering Service, including supply of Foster Carers and following on from the comments already made in relation to procurement also highlighted their support for lobbying of central government to end the privatisation of children's social care services.

- As a further matter raised for consideration, the Committee then turned their attention to the position regarding the Dedicated Schools Grant and management of the legacy deficit totalling £15.1m identified within the Q1 Forecast Report 2024-25 to ensure schools continued to be protected and risk mitigated. In response, Minesh Patel confirmed that this represented a cumulative deficit brought forward from 2023-24 with Members advised that the deficit carried forward since 2022-23 had been disclosed as an earmarked unusable reserve in line with DfE regulations (the School and Early Years Finance (England) Regulations 2023) which required the deficit to be carried forward and held separately from in-year surpluses, funded from future years' funding and/or recovery plans agreed with the DfE. The significant proportion of the deficit was related to pressures being experienced in relation to the High Needs Block within the DSG for which a Deficit Recovery Management Plan had already been established led by a Task Group including the Corporate Directors CYP & Finance and Resources. Action to reduce costs had included managing demand for Education, Health and Care Plans (EHCPs) through adopting a graduated approach framework, improving sufficiency of places through increasing the amount of special provision within the borough, particularly for secondary phase pupils and 16–25-year-old SEND students and financial management to identify efficiencies and ensure full cost recovery from other local authorities that placed pupils in Brent Special Schools with a combination of these longer-term recovery actions and anticipated funding increases expected to achieve continued reduction in the deficit. In addition, members were advised of Brent's participation in the DfE's Delivering Better Value (DBV) in SEND programme aimed at supporting the identification, funding and delivery of a range of initiatives designed to support management and a reduction in expenditure against the High Needs DSG Block. Whilst not specifically established to address the historic deficit it was anticipated that the current Management Plan and changes embedded as a result of the DBV programme may enable funds to be released to address historic deficits.

Although a balanced budget had been set for the High Needs Block, members were advised of the ongoing risk identified in relation to the growth of EHCPs (recognised as both a national and regional trend) and pressures created as a result of DfE funding not having been increased in line with this continued

growth or to reflect the risk of high inflationary costs, which would continue to impact deficit balances. Whilst the statutory override set out in the School and Early Years Finance (England) Regulations 2021, which required local authorities to either carry forward any cumulative DSG deficit to set against the DSG in the next funding period or carry forward some or all the deficit to the funding period after that, was expected to end in 2022-23 this had now been extended for another three financial years from 2023-24 to 2025-26. Without this arrangement, members were advised the risk remained that the local authority would be required to absorb any accumulated deficit from the DSG using General Fund reserves. In response to an additional issue raised in relation to patterns identified in the management of deficits within individual schools, members were advised this would include a range of different factors including pupil numbers, inflationary costs and management of ECHPs with members (as an information request arising from the review) requesting the provision of details, further context and any identified patterns regarding schools that had managed to successfully move out of financial deficit and how any lessons learnt as a result had been utilised to support other schools facing financial challenges. In addition, members advised they would be keen to be provided with access to the report due to be considered by Audit & Standards Advisory Committee (24 July 24) as part of their review of key risks identified on the Strategic Risk Register, on the progress in delivery of the DSG Deficit Recovery Plan.

- The Committee then moved on to consider current performance in relation to the collection of Council Tax and Business Rates, as detailed within section 4.7 of the Q1 Forecast Report 2023-24 with details sought on the effectiveness of measures in place to enhance performance given collection rates had not yet returned to pre-covid levels. As background, members were advised that a decision had been taken in December 2023 to increase the long-term collection rate for budget setting back to the pre-pandemic target of 97.5% (having been reduced in December 2021 to account for the anticipated increase in uncollectable debts arising from the economic impact of the pandemic and the resulting recession) but had struggled to recover. Whilst recognised as a risk to the budget, members were advised that this had been identified as a longer-term trend which had been exacerbated by a number of other factors such as the ongoing cost-of-living crisis. The Budget Assurance Panel was continuing to undertake detailed analysis to determine the wider causes for the decline and ensure the current assumptions within the MTFs were kept under review supported by a range of service led initiatives to enhance collection. These included not only enforcement action (focused around the Council's Ethical Debt Recover Policy) but also the promotion of direct debit payments; debt collection activity; access to open banking; enhanced engagement activity with residents and use of Hub Advisors and the provision of advice and support to residents in financial hardship. In considering the approach outlined, members were advised of the distinction that needed to be drawn between those struggling to pay as a result of financial hardship and those seeking to evade or refusing to pay, which the Budget Assurance Panel was also taking an active interest in reviewing alongside measures introduced by other local authorities to enhance collection rates. Members noted that the current Medium Term Financial Strategy assumption retained a 97.5% Council Tax collection rate for all years but should the effect of the review in relation to the long-term forecast for Council

Tax collection determine any adjustment needed to be made, this would impact on the funding available for the General Fund. Having highlighted the distinction and given concerns raised about the longer term impact any reduction in collection rates would have on the Council's overall budget position, the Committee (as a request for information arising from the review) asked for further details to be provided on the breakdown of cohorts identified as struggling to pay Council Tax or Business Rates (as a result of financial hardship) and the correlation to areas of deprivation across the borough alongside the % and approach being taken towards tackling those individuals who were seeking to evade or refuse to pay Council Tax or Business Rates. As an additional suggestion for improvement, the Committee advised they would also be keen to support a wider review of the plans in place to address and enhance Council Tax and Business Rate collection rates including relevant strategies for debt collection to ensure robust interventions were in place to target those evading Council Tax/Business Rates. In response to an additional suggestion made at the meeting, it was felt this should also include a review of the protocol in place to engage local councillors and to utilise their local knowledge in identifying those avoiding the payment of council tax or business rates. In recognising the concerns highlighted during the meeting the Leader also took the opportunity to advise the Committee of the renewed focus that would need to be given to the way in which support (including that available through the Council Tax and Resident Support Schemes) was being provided for residents moving forward, in order to ensure (given the financial challenges faced) that this continued to be targeted effectively on those in most in need.

Whilst focussing on the financial resilience of the Council, members were advised that some of the pressure experienced as a result of the reduction in collection rates had been mitigated by higher than average tax base growth, driven by the regeneration work ongoing within the borough. It was, however, recognised that the extent this growth could be expected to continue remained uncertain given the impact of the current economic climate on the building sector with a prudent approach therefore being taken towards the budget assumptions and work continuing to assess the growth in the Council Tax base, to feed into the budget setting for 2025-26.

In considering the collection of Business Rates, members also noted the advantages arising from Brent's participation in the London Local Authority Business Rates Pool given the ability to operate as single entity from a business rates perspective and the ability to retain more of the income generated locally. In noting that the London Borough of Camden and City of Westminster were not currently participating in the pooling arrangements, members felt it would be useful to explore in more detail the possibility of encouraging them to consider joining arrangements, which the Leader advised he would be willing to raise at a pan London level.

- Referring to the Q1 Financial Forecast 2023-24 the opportunity was also taken to highlight the potential budget pressures identified in relation to the Housing Revenue Account (HRA) as a result of the savings required following the rent limitations imposed by the government over previous years and increased demand and costs associated with repairs. As part of the approach identified members queried what was felt to be a focus within the HRA on reactive

rather than planned maintenance (including cyclical works and upgrades to existing stock) given the costs involved, with members advising they would be keen to explore (as a further request for information arising from the review) whether it might be more cost effective for investment to be targeted towards planned repairs in order to reduce the more uncertain nature of demand and costs associated with the delivery of reactive repairs. Whilst noting that the HRA was currently forecasting a breakeven position, members also sought assurance regarding the adequacy of the HRA reserve and as a further request for information arising as an outcome of the review asked for details to be provided on the benchmark figure for HRA reserves along with a comparison between other London Boroughs on costs associated with the servicing of HRA debt and interest payments on tenants.

Whilst recognising that any review of HRA performance would fall under the remit of the Community & Wellbeing Scrutiny Committee Councillor Conneely (as Chair) advised of the intention to include consideration of the HRA Business Plan and strategic investment decisions as part of the review to be undertaken by the Budget Scrutiny Task Group. This would include, given inclusion of reference to the Warm Homes Plan within the recent Kings Speech, plans to address the wider strategy in relation to the delivery of investment to support energy efficiency and retrofit works across the housing stock. Whilst confirmation was provided in relation to the planned programme of investment for maintenance work across the HRA, the Leader felt it important to highlight the scale of additional investment required to support delivery of the additional objectives outlined and associated financial support that would be required for which, the Committee advised, they had identified a need to work in partnership with the Mayor for London and to explore potential sources of alternative investment including Investment Funds (subject to the necessary financial modelling being undertaken in support). The need to ensure the right skills and experience were available within the workforce to support the programme of energy efficiency works was also highlighted as an issue of concern, which the Leader assured members was being addressed separately through initiatives supported through the Brent Skills Strategy.

Given the time remaining and in seeking to bring consideration of the item to a close, the Chair thanked officers and members for their contributions towards scrutiny of the Council's current forecast budget position and Medium Term Financial Strategy and as a result of the outcome of the discussion the requests for additional information and suggestions for improvement identified as a result were **AGREED** as follows:

Recommendations to the Executive

- (1) To continue lobbying efforts for the urgent reform of local government finance that provides local authorities with greater options for how they raise and spend their resources (e.g. fiscal devolution options leading to more freedoms over local revenues such as 100% business rates retention and flexible use/spend of community infrastructure levy (CIL) monies).
- (2) As part of work with London Councils, lobby for a greater co-ordinated approach between local authorities in the commissioning of services that curbs profiteering by private companies, creates new insourcing opportunities,

enables mission-led procurement outcomes, and that delivers greater cost efficiencies overall.

- (3) Lobby the government to end the privatisation of Children's social care services.

Suggestions for Improvement to Council Departments

- (1) In order to address low Council Tax and Business Collection rates to review relevant strategies for debt collection to ensure robust interventions are in place designed to target those evading Council Tax/Business Rate payments. This to include a review of the protocol in place to engage local councillors and to utilise their local knowledge in identifying those avoiding the payment of Council Tax or Business rates.

Information Requests

- (1) To provide detail on the metrics used to assess the effectiveness and impact of the Council's budget communications campaigns, along with the performance scorecard/evaluation from the last communications campaign for the 2024/25 and 2025/26 Budget.
- (2) To provide information on the number of agency staff (social workers) in Children & Young People's Services who have transitioned to permanent employment contracts over the past two years.
- (3) To provide information on the number of agency staff (social workers) in Adult Social Care who have transitioned to permanent employment contracts over the past two years.
- (4) To provide further detail on the effectiveness and impact of the "Growing the In-house Fostering Service and "Promoting Care Leavers Independence" workstreams in alleviating the financial pressures faced by the Council.
- (5) To provide details, context and any identified patterns regarding schools that have successfully moved out of financial deficit and explain how these insights have been utilised to inform strategies for supporting those schools remaining in deficit.
- (6) To provide a breakdown on the percentage of those struggling to pay Council Tax and Business Rates due to financial hardship and those evading or refusing to pay.
- (7) To provide insight as to whether additional investment in planned housing repairs could reduce the need and associated costs for responsive repairs and the potential cost effectiveness of this as an approach over the longer-term.
- (8) To provide benchmark figures for HRA reserves along with a comparison of costs related to servicing HRA debt and interest payments to tenants across other local authorities.

9. Any other urgent business

No items of urgent business were identified, prior to the meeting ending.

The meeting closed at 8.57 pm

COUNCILLOR RITA CONNEELY

Chair