



LONDON BOROUGH OF BRENT

MINUTES OF THE BUDGET PANEL Thursday, 11 February 2010 at 7.30 pm

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

Also Present: Councillor Blackman (Lead Member for Resources), Councillor Detre (Lead Member for Regeneration and Economic Development, and Councillors Dunwell, Fox, John OBE, Malik, J Moher and C J Patel)

1. Declarations of Personal and Prejudicial Interests

None declared.

2. Minutes of the Previous Meeting held on 14 January 2010

RESOLVED:-

that the minutes of the previous meeting held on 14 January 2010 be approved as an accurate record of the meeting.

3. Matters Arising

None.

4. Report on the 2010/11 Budget

Councillor Blackman (Lead Member for Resources) introduced the report and delivered a PowerPoint presentation to the Panel. He confirmed that the report would be presented to the Executive on 15 February 2010 before being put to the Full Council meeting on 1 March 2010 for approval. Councillor Blackman then provided the Panel with details of the main aspects of the 2010/11 Budget. He began by outlining the Budget Strategy and he confirmed the commitment to a 0% increase in Council Tax for 2010/11. Members heard that significant national financial constraints meant that a pro-active and planned strategy was required to meet both the short and medium term challenges and it was anticipated that local authorities would face challenging financial conditions in future years. Despite the difficult circumstances, it was intended to protect and enhance front line services and to provide sufficient growth to deliver the corporate strategy where resources allow, however most funding would be sought from existing resources or additional grants. The Panel noted that increases in income from fees and charges would be minimised apart from those that had been statutorily determined. A robust stance on debt collection would continue and Councillor Blackman confirmed that the

highest rate of Council Tax collection was likely to be recorded since the present system had been introduced. Efforts would continue to ensure that budgets did not overspend, to maintain a reasonable level of balances based on realistic risk assessments, to minimise use of one-off resources and to meet on-going commitments.

Councillor Blackman advised the Panel that the Improvement and Efficient Strategy was the main policy being pursued to balance the budget in 2010/11 and the subsequent three years. Although there would be no actual increase in staff pay, an inflation and National Insurance allowance of 0.75% had been provided. There would be a 0% general inflation allowance outside major contracts, whilst all priority growth would be funded from area based grants, performance reward grants or growth in other specific grants. The Adult Social Care budget would contain demographic growth pressures through delivery of its Transformation Programme. Councillor Blackman then referred to the proposed General Fund Revenue Budget, which for 2010/11 totalled £265.469m. Breaking down the funding sources for 2010/11, £143.6m would come from Business Rates, £101m from Council Tax and £20.9m from the Revenue Support Grant. Councillor Blackman referred to the breakdown of figures to bridge the Budget Gap from the First Reading Debate which had reduced the General Fund Revenue Budget by £8.878m. In relation to growth for mainstream funding, the Panel heard that there had been an increase in referrals for children looked after placements, whilst the increase in organic waste collection would lead to a corresponding increase in costs. The West London Waste Authority had increased their charges, placing more importance on the need to increase waste recycling rates, whilst the growth in concessionary charges was primarily as a result of a reduction in the Government grant.

Councillor Blackman advised that a total budget reduction of £5.082m, excluding the Improvement and Efficiency Strategy, was proposed and he referred to the reductions for each service area. With regard to the Improvement and Efficiency Strategy, an informed review of all services would be undertaken as opposed to 'salami slicing, whilst building on success and lessons of previous and current transformation programmes, such as reducing unnecessary customer contact, would need to be undertaken. Much importance would be placed on ensuring delivery and pace of change for approximately 30 projects that were under the Improvement and Improvement Strategy. Members noted that it was proposed that the Improvement and Efficiency Strategy would deliver £4.4m savings in 2010/11, and with regard to savings in staffing and structure, some of this would be achieved through not replacing staff in vacant posts. However, Councillor Blackman felt that the £4.4m savings was a cautious estimate and it was possible that greater savings could actually be made. Councillor Blackman stated that it was intended to freeze Council Tax levels for the next four years and it was likely to be the 17th lowest out of the 20 outer London boroughs in 2010/11 at Council Tax Band D.

Councillor Blackman highlighted some of the main risks to the Budget, including demographic pressures, economic considerations such as fees and charges income, interest rate fluctuations and inflation rises, the prospect of a new Government and mid-year changes to funding, new legislation with financial burdens and the delivery of the Improvement and Efficiency Strategy. Members noted the savings required for 2011/12, 2012/13 and 2013/14 and also that Revenue Support Grant was expected to fall in future years. The Panel was also provided with a breakdown of spending concerning the Capital Programme.

Councillor Blackman informed the Panel that it was proposed that the level of prudential borrowing would be contained within previously agreed levels, whilst the Schools Capital Programme would receive funding of £85m from the Building Schools for the Future programme and £23.2m from the Primary Capital Programme and additional provision for new places. With regard to the Dedicated Schools Budget, a 4.7% increase per pupil was proposed, above the national average of 4.3%. In relation to the Housing Revenue Account (HRA), a 1.09% increase in rent was proposed in light of the Government's rent restructuring guidance.

Councillor Blackman then responded to each of the Budget Panel's recommendations made in its First Interim Report. He confirmed that he supported the Panel's recommendations and highlighted those that had been addressed in the proposed budget.

The Panel then raised a number of issues concerning the proposed 2010/11 Budget. The Chair commented that much was expected of the Improvement and Efficiency Strategy and there was an assumption that it would deliver. In view of this, he referred to recommendation 7 in the Budget Panel's First Interim Report concerning detailed scenario planning considering the likely reductions in Government spending and asked if there was a risk that the anticipated savings from the Improvement and Efficiency Strategy was overly optimistic. He enquired what areas would actually need more funding in order to improve services. With regard to recommendation 15 in the Panel's report, the Chair asked if there were any areas of the Corporate Strategy that had not been met. The Chair noted that whilst overspending had been deemed unacceptable, this had occurred in two areas and he sought further explanation for this.

Councillor Cummins commented that there was some spending that could not be anticipated, such as that required as a consequence of the recent weather conditions resulting in increased energy consumption in Council buildings and action being needed to address potholes and he asked how such situations were contained within the Budget. Councillor Van Kalwala enquired what measures would be taken if inflation was higher than expected. He stressed the need that all services provide value for money regardless of the Improvement and Efficiency Strategy and queried whether some services may not be fit for purpose. Councillor Butt asked how savings would impact on the Children and Families budget and would this result in reductions in staff. He also enquired if bad debts, such as the deposits made to Icelandic banks, had been budgeted for and whether the Civic Centre would affect borrowing.

The Chair then invited contributions from councillors who were not members of the Panel. Councillor J Moher suggested that the Budget was overly positive and that there were too many uncertainties, such as an over reliance on the effectiveness of the delivery of the Improvement and Efficiency Strategy and an assumption that inflation would remain low. He enquired that in event of targets not being met or a change in economic circumstances that had not been anticipated, whether an increase in Council Tax would still not be considered.

Councillor John commented that the Council remained in the same position in the London boroughs' Council Tax levels league table as it was in 2008. She suggested that Council Tax levels were fairly typical compared to other London

boroughs, adding that many others had frozen their Council Tax too. Disappointment was expressed that the performance target for adult participation in sport had not been met and she sought comments with regard to school places. Councillor John felt that only a relatively small increase in the recycling rate had been achieved and that the waste collection and recycling service needed to be re-costed, adding that many areas did not have access to recycling facilities, such as flats in Chalkhill that were not on the ground floor. She commented that staff morale was also low in some areas, particularly because of concern about possible staff cuts and she asked what was being done to improve morale. Councillor John sought clarification as to where the second travellers site would be located and how had it been budgeted for, stating that the existing one was not being managed adequately.

Councillor Dunwell asked what measures were being undertaken to recover money as a result of overpayments in Housing Benefits and whether staff would be re-trained to minimise mistakes in assessing and processing claims. He enquired why the full subsidy for claimant payments was not shown in the Budget. In noting that housing targets were set by the Mayor of London and that there were differences of opinion concerning Brent's population projections which would impact upon housing and schools, he asked if a risk assessment had been undertaken to take variations and future demographic pressures into account. Councillor Dunwell also sought views on new technology and approaches in addressing the economic recession and the impact it has on the Council and the community. Councillor Fox enquired if residents would have reason to believe that the Council Tax would remain frozen for the next four years in light of it being increased in 2007 after similar pledges. Councillor Malik enquired about the source of funding concerning preventing violent extremism.

In reply to the issues raised, Councillor Blackman stressed that the Budget's proposals were based on the information and advice presently available and that adjustments would be made where circumstances changed. Although the Council faced one of its biggest challenges as a result of the difficulties faced in public spending, he felt that the expertise and experience gained by officers would ensure that a prudent Budget had been proposed. He advised that the Improvement and Efficiency Strategy aimed to deliver £50m savings over four years. However, rather than saving £12.5m each year, a different approach was required meaning larger savings being needed at different times. Some savings could be made immediately, whilst others could be made during the financial year. Other savings would start to take effect at a later time and Councillor Blackman suggested that a £4.4m saving in the first year would be translated into bigger savings in subsequent years. For 2010/11, the savings target was relatively easy to attain and for this reason he felt that the £4.4m savings proposed was a cautious estimate. He acknowledged that difficult decisions would need to be made in the coming years concerning achieving savings and he warned that the Government would continue to review spending in the coming years. However, the Government and the Greater London Authority would be lobbied to provide a clearer picture in order to help the Council plan for the future. A 2.5% reduction in the Revenue Support Grant was expected and an assumption of the Budget was that there would continue to be year-on-year reductions.

The Panel heard that in some areas there would be growth in funding to improve services, including Children's Social Care and Adult Social Care which were priority

areas. Whilst some services were still being provided in a traditional way, the Improvement and Efficiency Programme challenged whether these were the best way and methods of customer contact were being looked at Council-wide, with an emphasis on reducing the handling time for each customer. This had already been achieved following a review undertaken in Revenue and Benefits, where reducing unnecessary customer contact had led to a more efficient service for customers. Consideration of whether to provide in-house or to outsource was another factor and a fundamental review of each service area would need to be completed. It was expected that the move to the Civic Centre would result in significant savings and increases in efficiency.

Areas where the Corporate Strategy's objectives had not been met included those where targets had not been met to attain performance reward grants, such as adult participation in sport and some health targets, some of which were also attributable to the Brent Primary Care Trust, including the smoking cessation target. Councillor Blackman advised that where overspends had occurred in demand led services where demand had exceeded predictions, these could be accommodated in the Budget. The consequences of the review following the Baby P case had also affected spending, as it had with all other London boroughs. However, Councillor Blackman was more concerned where costings had been increased but the level of service had not improved and much effort would be made to ensure that spending remained within the Budget. Members noted that despite best efforts, the number of looked after children had remained greater than anticipated, although 22 of 24 projects overall in Children and Families had yielded improvements. Councillor Blackman advised that with regard to potholes, consideration would be given into bringing forward funding for road resurfacing programmes in order to provide a longer term solution to this problem. The Property and Asset Management Team were reviewing each Council building to make them more energy efficient.

Councillor Blackman informed Members that even relatively smaller increases in Council Tax compared to other boroughs was sufficient to maintain Brent's Council Tax as one of the lowest amongst the 20 outer London boroughs. The Panel heard that Council Tax rises had been necessary in 2007/08 due to additional expenditure incurred as a result of Brent PCT's difficulties at the time. There had been detailed discussion on the need for a second travellers' site and a decision on its location was anticipated in approximately a year's time. It was acknowledged that there needed to be improvements in the management of the existing site. There were a number of people on the existing site and consideration needed to be given as to who should be residing on these sites. Councillor Blackman felt that overall the principles of the Improvement and Efficiency Strategy had been embraced by staff and there was recognition that this would lead to better services. He acknowledged that there was concern in the public sector generally about jobs because the recession was now impacting on the public sector and would continue to do so in the next few years. Whilst staff had been provided a true picture of the Council's position, one of the key objectives was to safeguard services and jobs as well as producing savings. Councillor Blackman agreed that there was a need to improve recycling rates, otherwise the Council and residents would face the financial and environmental implications of not doing so. He also accepted that there was a need to provide more widespread recycling facilities, including for flats and he emphasised the need to educate residents of the importance of recycling, especially those in short term let properties. The Panel heard that there was a clear strategy with regard to school places and there would be increases in the number of

forms of entry for primary schools where there were demographic pressures to do so and 16 additional forms overall were required in Brent, some of which had already been added this year. Re-building of schools would take place where funding was available and in the next few years Brent would require at least one more secondary school and four more primary schools. Councillor Blackman added that two additional primary schools would be funded through the Wembley Regeneration Scheme, however he advised that building schools was expensive and required Government funding. It was noted that the allocation of expenditure for preventing violent extremism was funded by the Government.

Councillor Blackman advised that a number of Council buildings' leases were due to expire which would provide the opportunity to help finance the move to the Civic Centre. The economic circumstances in acquiring the Civic Centre site were favourable to the Council and it was anticipated that building costs would be lower because of the present economic climate and its impact on the construction industry. Borrowing to date to acquire the Civic Centre had been obtained at good interest rates and the deposits to Icelandic banks were gradually being recovered, subject to the due legal processes and local authorities continued to lobby to have these deposits returned. Councillor Blackman informed the Panel that Housing Benefit overpayments were as a result of either administrative error or fraudulent claims and in each case efforts would be made to recover the money. Measures included deductions from other claims residents may be making, or deducting from their salaries, however it was noted that recovering money from those in short term lets was more difficult. Training of staff with regard to verifying claims and other aspects of the process had led to significantly less mistakes being made.

Duncan McLeod (Director of Finance and Corporate Resources) added that most Housing Benefits overpayments were as a result of the Council not being informed of, or late notification of, a change in circumstances for the customer concerned. He advised that overpayments were not fully funded by the Government grant and the Government required that a comprehensive set of measures were in place to minimise overpayments. However, the Council's verification process was thorough and helped to prevent overpayments occurring. Duncan McLeod explained that a new 30 year business plan in respect of the HRA was under consideration, however this would be subject to a review of the Government's Council Housing Finance and guidelines as a result of the external consultation were awaited. A broad approach to housing needs was adopted and took into account demographic changes in deciding how to provide such services. Duncan McLeod advised that it was possible that not all Icelandic bank deposits would be recovered, however this will be managed as and when it impacted upon the Budget, in accordance with prescribed accounting practice.

The Chair thanked Councillor Blackman for the presentation and his responses to the issues raised.

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

The Chair asked for a response with regard to recommendation 3 in the Second Interim Report concerning the need to assess long term budgetary and service delivery risks. Councillor Van Kalwala enquired what would happen if the Improvement and Efficiency Strategy did not achieve its objectives. Councillor Butt sought comments with regard to the Gershon review.

With the permission of the Chair, Councillor Dunwell addressed the Panel. Councillor Dunwell asked that if any of the £4.4m savings proposed for 2010/11 were not met, would a corresponding amount need to be raised through increases in Council Tax.

In response, Duncan McLeod advised that once the next Comprehensive Spending Review had been undertaken, a clearer picture would emerge with regard to assessing long term budgetary and service delivery risks. However, a broad approach was being taken and a number of scenarios had been envisaged and consideration of what the Council's response would be to these had been undertaken, as had been recommended by the Panel. He stressed that a risk based approach would be needed and that there should be sufficient funds in reserve in case of unexpected circumstances and a detailed plan would be in place in time for the new administration in 2010/11. Duncan McLeod felt that the Improvement and Efficiency Strategy had much more potential to make greater savings than the £4.4m proposed for 2010/11, however if none of these savings were made, the loss would be manageable, whilst there was also a 40% risk adjustment built-in. The Panel was advised that once the Budget had been approved, no changes to the Council Tax could be made and if the savings target from the Improvement and Efficiency Strategy was not met for 2010/11 then savings would need to be identified elsewhere. Duncan McLeod confirmed that the Gershon review had shown what savings were being made and helped facilitate a much tighter system of control.

Members then agreed to the Chair's suggestion that an additional recommendation be added to the report that the Council pursues the accurate reflection of the population of Brent in the 2011 census.

RESOLVED:-

that the recommendations on the Panel's Second Interim Report be agreed and to include an additional recommendation that the Council pursues the accurate reflection of the population of Brent in the 2011 census.

6. Date of Next Meeting

It was noted that the next meeting of the Budget Panel would be confirmed at the annual Council meeting in May 2010.

7. Any Other Urgent Business

None.

The meeting closed at 9.40 pm

A MENDOZA
Chair