



LONDON BOROUGH OF BRENT

MINUTES OF THE BUDGET PANEL

Tuesday, 13 July 2010 at 7.30 pm

PRESENT: Councillor A Choudry (Chair), Councillor Ashraf (Vice-Chair) and Councillors Green, Mashari and Sheth

An apology for absence was received from: Councillor Van Kalwala

1. Declarations of personal and prejudicial interests

None.

2. Minutes of the previous meeting

RESOLVED:-

that the minutes of the previous meeting held on 11 February 2010 be approved as an accurate record.

3. The Budget context

The Director of Finance and Corporate Resources gave a presentation on the 2011/12 budget and the medium term financial strategy. He referred to the 2010 outturn and the reasons behind underspends and overspending for example in adult social care. He advised that current savings targets were similar to those projected in March 2010 with the exception of adjustments for anticipated reductions in government grant levels. The Director advised of various government spending announcements released following the election of the coalition government in May 2010 which advised of imminent funding reductions. Performance Reward grant funding had been withdrawn, an emergency budget announced in June advised of a further £30bn public sector cuts by 2014 on top of £44bn previously announced and housing benefit changes were expected to seriously affect a significant number of households. Additionally, councils were expected to freeze council tax levels. The result was that those local authorities with the higher levels of deprivation were worst affected. Detailed information was still awaited and a Comprehensive Spending Review would be announced in October. On the capital programme spending cuts would adversely affect school building programmes and other projects including Roundwood Youth Centre and St Raphael's housing development but to halt the schemes would not be good value for money as premises were deteriorating. Other potential budget pressures were the shortage of primary school places for which building should commence but no

funding guarantees. Additionally changes to the funding formula meant the local authority would get less funding.

Taking all into account, the Director summarised that in the medium term, the council was looking at a sizeable potential budget gap even with a 3% council tax rise and decisions were needed on services and how to deliver the corporate strategy. The budget strategy aimed set out how this gap could be addressed a key driver of which was the One Council programme which aimed to deliver significant cost reductions. Other strategies included ensuring strict control of overspends and new commitments, minimising inescapable growth, reviewing all central items, reducing the capital programme and decisions needed to be made on how to proceed in the absence of area based and specific grants. The Director outlined the budget timetable and the opportunity the Panel would have to feed into the budget debate.

Members recognised that a lot of effort would be required to address current financial situation and agreed that lead members should called on to explain expenditure in their service areas. A number of factors contributed to the over spending in adult and social care however it was hoped that controls would be increased by the finance director now reporting directly to the Director of Finance and Corporate Resources and the introduction of the new financial management system. Members also recognised the tension between the need for fundamental changes and dealing with demand led services for vulnerable people. Members also considered the role of staff in identifying cost saving measures and whether there was the potential for savings through departmental amalgamation.

Members then discussed the likely impact on the borough's residents of housing benefit reductions and the Director commented that central government's proposals to change housing benefits particularly adversely affected London boroughs and lobbying both formal and informal was taking place. Members agreed that all avenues should be explored and agreed to give support where possible. Members also questioned the likely effectiveness of early intervention policies for example in child care and noted the difficulty in budgeting for demand led services hoped to still have confidence that long term planning was taking place. On housing and social care and the potential for any unexpectedly high costs in the future and also demographic changes the Director responded that usually any impact would be spread over the current year and the next, Additionally capital financing charges were significant. Regarding adult social care, clients with increasingly severe needs were in need of care and the high turnover of clients also increased costs. Unfortunately, central government funding was based on official population figures which in Brent were significantly understated with the result that the council loses large amounts of funding. The Director stated that this was fundamental problem over which the council had little influence. The 2001 census, while expensive for the council help maximise take up, was more accurate however it was unlikely that this could be repeated as hands-on input from local authorities was now limited.

4. Budget Panel 2010/11 - Work Programme

The report from the Director of Policy and Regeneration provided an overview of the work of the Budget Panel in 2009/10. It also aimed to assist discussions about the Budget Panel's work programme for 2010/11.

In considering the work programme for the year, members agreed that service directors should be invited to attend meetings to assisting in discussions on the background to the budget in particular on the One Council programme and adult and social care. Members agreed to give advance notice of any specific questions or lines of enquiry so that officers would be able to give full answers. Members also agreed on the need for cross party consensus on lobbying and that it would be useful to receive a short paper on lobbying strategies. On financial forecasting, members noted that detailed information comparing year on year performance was within the remit of the Performance and Finance Select Committee and asked to receive information on performance against the full year budget, highlighting any exceptional data.

RESOLVED:

- (i) that the draft 2010/11 work programme be noted;
- (ii) that the following be discussed at the next meeting:
 - One Council programme
 - adult and social care risks
 - lobbying strategy
 - budget plan - position statement

5. Date of next meeting

It was noted that the next meeting would take place on 15 September 2010.

6. Any other urgent business

None.

The meeting closed at 8.55 pm

A CHOUDRY
Chair