



Scrutiny Committee

6 January 2016

Report from the Chair of Scrutiny

For Action

Wards Affected:

ALL

Report from the Budget Scrutiny Panel

1. Introduction

- 1.1 A Budget Scrutiny Panel was put together by Brent's Scrutiny Committee Chair, Councillor Matt Kelcher, in December 2015, to analyse and scrutinise the proposed budget for Brent Council for the financial year beginning in April 2016.
- 1.2 The Panel was chaired by Councillor Kelcher, with Councillor Suresh Kansagra representing the opposition. Other members of the Scrutiny Committee to sit on the Panel were Councillors Janice Long, Shama Tatler and Sam Stopp.
- 1.3 Backbenchers were further represented on the Panel by Councillors Neil Nerva and Wilhelmina Mitchell-Murray.
- 1.4 The Panel met twice formally and further corresponded by email and telephone when producing this report. The Panel interviewed the Council's Chief Executive and Chief Financial Officer in person. Further information on various issues was also sought and delivered from officers.
- 1.5 This report is the beginning, and not the end, of the budget scrutiny process. It is not designed to be a comprehensive account of all of the Panel's concerns and queries about the draft Council budget. Instead, it summarises some of the Panel's broad thoughts about the direction and content of this budget.
- 1.6 This is designed to provoke a discussion and further debate at future meetings of the Scrutiny Committee, where all Councillors will be able to question the Deputy Leader of the Council, and senior officers, about any aspect of the budget.
- 1.7 We also confirm that from our investigations we believe that the draft budget presented is lawful.

The budget papers referred to in this report were submitted to the Brent Cabinet meeting for 14 December 2015 and can be found on the ModernGov application or on the Councils web site here:

<http://democracy.brent.gov.uk/ieListDocuments.aspx?CId=455&MId=2768&Ver=4>

2. Recommendations

Members of the Scrutiny Committee are recommended to:-

- 2.1 Note the comments of the Budget Scrutiny Panel regarding budget proposals for the period 2016 and future years.
- 2.2 Request that future budget scrutiny activity is started earlier in the budget setting process from September onwards and engages scrutiny members in the development of proposals.
- 2.3 Request that the Scrutiny Committee considers the future review of income generation activities following work being undertaken by the Chief Executive to develop proposals.
- 2.4 Request that a direct debit scheme is put in place for the green bin service.
- 2.5 Request that the Cabinet reconsiders the proposed saving in relation to road and pavement repairs and considers alternative ways of maintaining safe roads and pavements.
- 2.6 Request that the Council consider raising council tax levels by the maximum 2 per cent allowably by the government with a focus on providing additional resources to protect services for the most vulnerable. As part of this the Council should review the Council Tax support scheme to ensure that the impact is minimised for those in financial hardship.

3. Role of Scrutiny

- 3.1 The Panel hopes that in future years that the Scrutiny Committee will have a more prominent role in the drafting and setting of the Council budget.
- 3.2 We note with concern that the “budget setting timetable” set out on page 30 of the cabinet report does not mention the scrutiny process, or the fact that the Panel has been scheduled to produce this report for January’s Scrutiny meeting for some time.
- 3.3 The Panel recommends that in subsequent years a Budget Scrutiny Panel should be established much earlier (September at the latest) and question each Cabinet Member or Head of Service about how the proposed savings and cuts within their portfolio will work in practice. This will allow full scrutiny of each and every proposal in the budget.
- 3.4 In the meantime, we look forward to the Deputy Leader of the Council attending the next meeting of the Scrutiny Committee on Wednesday 6 January to speak to this report. At this meeting all members of the Committee and other Councillors who sat on the Panel will be invited to expand upon the themes in this report and question the relevant Cabinet Member and officers on any aspect of the budget.

Agreed Savings

- 3.5 Appendix 1 of the cabinet report outlines the savings agreed as part of a two year budget set in early 2015. Due to the time plan built into this package, many of these savings are yet to be realised, and the Panel was keen to learn about the progress being made in their implementation.
- 3.6 With the Chief Finance Officer we went through each of the savings in the list to analyse progress made so far. We were pleased to see that around 95 per cent of predicted savings have been achieved in this financial year and that the majority of longer term savings are making good progress with three months to go until the final target for savings.
- 3.7 Without such reassurance we would be less confident in the predicted savings contained elsewhere in the report, though we still sought to scrutinise each of these assumptions as closely as possible.
- 3.8 We do note with concern that there remain some agreed savings which are some way from being achieved.
- 3.9 We recognise, that these include savings not within the exclusive gift of the authority, for example a review of funding to London Councils, which requires a two-thirds majority vote by members of London Councils' Grant Committee to change.
- 3.10 However, they also include projects managed by the Council which have not yet been fully realised. The Scrutiny Committee will continue to review these areas moving forward, for example the implementation of a local lettings agency.
- 3.11 More broadly, the Panel supports the Council's plan of delivering efficiencies where possible now, to allow more time later in the period for difficult cuts, savings and income generation strategies to be worked through.

4. New savings

- 4.1 The budget report also sets out new proposed savings to be implemented in the coming financial year and beyond. The Panel discussed each of these and sought further information from officers where necessary.
- 4.2 Specific questions about each of these plans may be asked by members of the Scrutiny Committee and others at the meeting attended by the Deputy Leader and others in January 2016.
- 4.3 It was noticeable that the proposals put forward in this year's package contain fewer items which will be immediately noticeable to the entire population of Brent – for example a charge for garden waste, or the closure of a public centre. However, as a Panel we are just as concerned about "invisible cuts" to services not used by the majority of the public, such as adult social care, and believe a budget should always ensure the most vulnerable are protected.

- 4.4 Our main broad critique of the package is that it lacks a common thread or philosophical story. The package instead appears to be a collection of disparate ideas brought together in order to reach the final figure required.
- 4.5 A clear example of this would be in the DOE001 proposal to increase the take up of direct payments for home care and community support. This is simply presented as a savings proposal rather than as part of the Council's long-term vision of how to deliver care.
- 4.6 We feel that setting out the Council's concrete vision at the start of the process, and ensuring that each proposal made aids progress towards that vision, rather than stalling it, would be an approach which would better ensure this continuity of purpose in future years.
- 4.7 Likewise, DOE001 helpfully illustrates the different attitude taken towards equality impact screening in many of the proposals. For this item it is asserted that there is no potential for disproportionate adverse impacts to take place on any protected group, even the disabled and people in older age groups. Other items, which do not propose as significant a change to the care provided to vulnerable people, take a much more cautious approach to impact screening, adding to the sense that this is one package with many authors.
- 4.8 In addition, we feel that wherever a service is withdrawn, a signpost to an alternative – even if not provided by the Council or the wider public sector – should be provided.

5. **Income generation**

- 5.1 The Panel was very interested in future plans for income generation within the Council. We have an obvious preference for raising new sources of revenue, over cutting existing services, but also feel that if the government proceeds with its long term plan to devolve local authority funding and withdraw central grants, Brent Council will have to find as many ways as possible to stand on its own two feet financially.
- 5.2 With this in mind, we have two general observations about the income generation plans within the budget.
- 5.3 Firstly, we feel that some of the estimates in the report may be overly ambitious. For example, item CE002 contains an aspiration to increase the amount of income generated from sport and recreation to the outer London average. This would be a significant increase in income of nearly £0.75 million.
- 5.4 However, Brent Council currently only owns three leisure centres, whereas other outer London authorities have more. For example, the London Borough of Barnet runs six leisure centres with its partners, according to their website. We find it difficult to imagine how Brent can generate as much income from leisure services as those boroughs with twice as many services to offer.
- 5.5 Likewise, we feel that more information should be provided on how the Council plans to reach this target. Members of the Committee reported receiving complaints from residents about the shortened opening hours for swimming at the Willesden Sports

Centre, and feel decisions like this could lead to local people using private facilities instead and undermining our income generating opportunities.

- 5.6 Secondly, we feel that the report does not cover the full range of income generation possibilities in the Council. We were pleased to learn that wider review will be undertaken by the new Chief Executive, and have asked that this report comes to the Scrutiny Committee for pre-scrutiny before it reaches cabinet.
- 5.7 Most notably, we feel that the Council should have a clear goal of increasing the proportion of Civic Centre weddings who afterwards use the Drum facilities for receptions. It was suggested that in particular the size and location of the Grand Hall room would be ideal for large Asian and Jewish weddings, which were particularly popular at the old Brent Town Hall. There seem to be some restrictions on the catering which can be brought in for events at our civic centre and so we would like officers to examine these rules closely to see if they are prohibitive to certain religious communities who may wish to use specialist caterers for their events.
- 5.8 Likewise, the facilities on site should be highly suitable for other large events, such as birthday parties, corporate away days and company AGMs. The Council should develop a further strategy to target these events.
- 5.9 Further, two members of the panel also recently sat on a Scrutiny Task Group examining CCTV provision in Brent. Through this investigation it was learned that there are many ways to monetise a local authority's CCTV infrastructure, for example ducts and wireless networks. This convinced members of the Panel that many more departments within the Council would find income generation possibilities if they were tasked with actively seeking them out.
6. **Spend to save**
 - 6.1 It was felt that some of the savings the Council is pursuing, or will pursue in future, may incur more costs than necessary as they proceed, and therefore may fail in the long term. We feel there are other options which could work better on a spend-to-save rationale.
 - 6.2 For example, we are extremely concerned that a direct debit service – with incentives to encourage payment through this method – was not set up when the Green Bin Charge was introduced in last year's budget. We believe this will undermine the long term savings generated by this policy change as the Council will be investing resources at the start of every financial year to ensure residents who want to keep their bin have paid up again for the next twelve months. A direct debit system would make it easier for residents to pay and for the Council to collect and we recommend that one is set up as a matter of priority.
 - 6.3 Similarly, we are very concerned about proposal MGF002, which proposes to cut the core budget for core highways maintenance by 10 per cent. It was noted that the list of potential risks associated with this item was longer than many others, something particularly alarming in light of the overall saving being relatively low at £50,000.
 - 6.4 The report notes openly that this cut will lead to fewer active repairs, something which could be dangerous for residents, but also severely damage the reputation of

the Council, particularly at a time when Council charges and taxes may be set to increase. It also risks additional costs in litigation arising from possible accidents arising as a result of poorly maintained roads and pavements.

- 6.5 We recommend that this proposal be dropped and that instead the Council examines if alternative ways to repair the street scene will decrease the need for reactive action in the long term.
- 6.6 For example, it was noted that tarmacking or concreting pavements leads to more even surface than paving slabs and does not give space for plants to grow upwards and damage the surface. Prioritising such alternatives may help to save the authority in the long term rather than always replacing paving stones on a like-for-like basis.
- 6.7 Another idea raised was to seek an outside partner to doggedly pursue illegal rubbish dumpers in the borough. The partner would be incentivised by being able to keep a large percentage of fines generated but the Council would realise long term savings as levels of illegal rubbish dumping – and associated clean-up costs – decrease. A similar approach could also be taken to people who drop litter or who do not clean up after their dogs.

7. Council Tax

- 7.1 The minimum legal requirement on the Council this year is to set a balanced budget and a level of Council Tax for the forthcoming financial year. As noted above, we are satisfied that they will do the former, but we anticipate much further debate around setting the level of the latter.
- 7.2 During the last Parliament, the government offered a freeze grant to local authorities who froze or reduced their basic level of Council Tax. This was the equivalent to a 1 per cent increase in Council Tax in each financial year. Along with most local authorities, Brent accepted this grant in every year of the last Parliament and never increased its level of Council Tax.
- 7.3 The advantage of this policy was that the Council were able to receive some additional funds without asking local people to contribute any more through the Council Tax system.
- 7.4 This disadvantage was that the Council's overall tax base would decline each year, as the additional funds provided could not increase cumulatively. Accordingly, The Chartered Institute of Public Finance and Accountancy (CIPFA) has estimated that had Council Tax risen in line with the Retail Prices Index measure of inflation of the course of the last Parliament, average council tax bills would be £168 higher next year, yielding an extra £2.8bn in funding for local authorities. This amount is equivalent to the entire road maintenance budget for the UK or the public health grant for local authorities.
- 7.5 In their Local Government Settlement announced before Christmas, the government announced both that the freeze grant would henceforth be abolished, and that Councils would continue to only be able to raise Council Tax up to 2 per cent without having a run a referendum.

- 7.6 We feel that these dual announcements leave the Council with little option but to increase Council Tax by the maximum allowed in this budget. It is understandable that the Council has decided not to increase Council Tax in previous years to protect residents, but in accepting the freeze grant, Brent has left its Council Tax base at a level several years out of date, and if action is not taken soon this baseline will be far behind what is required to run services in the future.
- 7.7 We also understand that this will have an impact on our residents. We therefore recommend that the Council reviews its Council Tax support scheme including any potential increase which might need to be made to protect the most vulnerable in the borough.
- 7.8 Likewise, the government have also announced that they will allow Councils to increase Council Tax by a further 2 per cent if the money is ring fenced to spend on social care. We feel that this option should also be carefully considered by the Council as a way to prevent the most drastic of cuts in this area.
- 7.9 If these policies are followed with this budget, and those subsequent budgets due in this Council period, around £12 million extra will be raised by the end of the period 2018/19.
- 7.10 The nature of the cuts to the Council's overall grant is so severe that this additional money will not be enough to save the Council from the need to make huge savings, but it could protect some services upon which our most vulnerable residents rely.

Government grant

- 7.11 The local government finance settlement was announced on Thursday 17 December. The initial headline RSG allocation for Brent is lower than previously assumed. This highlights the issue raised in previous Cabinet reports about the problems this uncertainty causes for Brent in its financial planning. The merits of longer-term settlements is something to which the scrutiny panel will return at a later date.

Councillor Matt Kelcher
Chair of Scrutiny Committee and Budget Panel

Members of the Budget Scrutiny Panel
Councillor Janice Long
Councillor Shama Tatler
Councillor Sam Stopp
Councillor Neil Nerva
Councillor Wilhelmina Mitchell- Murray