	<p style="text-align: center;">Budget and Finance Overview & Scrutiny Committee 4th December 2012</p> <p style="text-align: center;">Report from the Director of Strategy, Partnerships & Improvement</p>
Wards Affected: ALL	
One Council Programme Finances	

1.0 Summary

- 1.1 This report provides an update to the Budget and Finance Overview and Scrutiny Panel on the One Council Programme and the way it fits in with the Medium Term Financial Strategy.
- 1.2 The One Council Programme, which was launched in 2009, is designed to fundamentally change the way the council carries out its business. Its initial target was to deliver savings of £50m anticipated over 4 years, but the funding settlement, following the Comprehensive Spending Review in 2010, meant that the target for savings over the four year period was revised upwards to between £90m and £100m.
- 1.3 The aim of the One Council Programme is to significantly improve the way the council organises itself and delivers services, whilst limiting the impact of budget reductions on Brent residents. The Programme provides a robust framework to deliver complex change quickly and effectively.
- 1.4 Overall the Programme delivered financial benefits of £11.7m in 2010/11 and a further £29.5m in 2011/12, leading to cumulative benefits of £41.2m per annum from the end of 2011/12. The forecast of additional financial benefits for 2012/13 is £13.4m, which will take cumulative benefits to £54.6m per annum. By 2014/15, cumulative benefits are budgeted at £77.9m per annum.
- 1.5 This report addresses the financial benefits and costs of the One Council Programme. The separate report on the One Council Overview and Scrutiny

Committee agenda on 5th December addresses progress on delivery of the Programme and non-financial benefits.

2.0 Recommendations

2.1 Budget and Finance Overview & Scrutiny Committee is asked to note and consider the contents of this report.

3.0 The One Council Programme

3.1 The One Council Programme is the approach the council takes to delivering organisational efficiency and service improvement as part of the council's overall Corporate Strategy. It is designed to target reduction in the operating costs of the council while minimising the impact on front line services to the public.

3.2 A diagram showing the current Programme and proposed new projects in the Programme is attached as Appendix 1. The Programme consists of cross council projects, single directorate and multi-directorate projects, and partnership projects.

3.3 Appendix 2 includes details of the current monitoring position on financial benefits of the Programme against the Programme's base year (2010/11). Appendix 3 shows the savings in 2013/14 and beyond against the 2012/13 base budget. Appendix 4 shows the costs of the Programme.

3.4 The following sections of this report cover:

- a. Section 4 - One Council financial benefits in 2012/13
- b. Section 5 - One Council financial benefits from 2013/14 onwards
- c. Section 6 – One Council Programme costs.

4.0 One Council Programme financial benefits in 2012/13

4.1 Forecast One Council financial benefits by the end of 2012/13 are £54.648m.

4.2 Examples of financial benefits that have been delivered through the Programme include:

- a. Structure and Staffing reviews: £14.5m per annum
- b. Review of Employee Benefits: £2.9m per annum
- c. Future Customer Services: £1.5m per annum
- d. Strategic Procurement: savings of £2.1m per annum plus a further £6m per annum through cost avoidance (in addition to amounts delivered within service budgets)
- e. Income maximisation: £4.4m per annum
- f. Process reviews in services: £1.9m per annum in Revenues and Benefits, £0.9m per annum in Housing Needs (with a further £0.4m from 2013/14), and £1.2m per annum from the Adult Social Services Customer Journey
- g. Commissioning in social care and related services: £5.9m per annum in Adults' Commissioning, £1.8m per annum from Supporting People (with a further £1.6m per annum from 2013/14), and £1m per annum from cost avoidance in children's social care

- h. Changing models of service provision: waste and street cleansing service - £2.8m per annum; learning disability day services - £1.1m per annum; libraries - £0.8m per annum; School Improvement Services - £0.7m per annum (with a further £0.6m per annum from 2013/14)
- i. Structural and policy changes to minimise additional costs: new model of delivery for children with disabilities transitioning to adult life and policy changes to reduce additional costs of temporary accommodation.

4.3 Forecast financial benefits of £54.648m by 2012/13 are £1.111m short of budgeted benefits of £55.759m. The reasons for this variance are as follows:

- a. Future Customer Services – a part-year saving of £55k was included for implementation of the Digital Post Room in the budget for 2012/13. In practice these savings are now incorporated in the Realignment of Corporate and Business Support project and therefore will no longer be achieved through the Future Customer Services project. There is a full year shortfall of £110k from 2013/14 onwards.
- b. Review of Employee Benefits – there is a £379k shortfall against budgeted savings in 2012/13. There are two main reasons for this. First, the implementation of the core contract is from January 2013 so there are only part-year savings from changes introduced as part of it. Second, there is a shortfall in the amount that can be taken out of budgets for reductions in overtime. There is a full year shortfall of £242k from 2013/14 onwards.
- c. Waste and Street Cleansing – there is a forecast £560k shortfall in the saving from the waste and street cleansing project. The budget included very challenging targets on waste reduction (from 103,000 tonnes in 2011/12 to 97,000 tonnes in 2012/13). Whilst tonnages have come down, the reduction has been less than targeted. In addition, achievement of savings was affected by temporary closure of the Seneca waste site in Hannah Close. Higher than targeted tonnages, combined with the effect of increases in landfill tax (going up from £64 per tonne in 2012/13 to £72 per tonne in 2013/14), are forecast to impact on savings from the One Council Programme from 2013/14 onwards. At present the shortfall against targeted savings from 2013/14 onwards is estimated at £871k.
- d. Transitions to Adult Life – there is in-built budget growth as children with disabilities transition to adult life. The introduction of new arrangements for transitions – including the setting up of a transitions team for 14-25 year olds - was intended to reduce the growth required and £550k was taken out of provision for growth on this basis. The new team became operational in March 2012 and it was an ambitious target that savings would be delivered in 2012/13. In practice this has not been achieved.
- e. One Print – there is a saving of £433k from this project in 2012/13. This saving has been used to partially offset the shortfalls listed above.

5.0 One Council Programme financial benefits from 2013/14 onwards

5.1 Appendix 3 shows the One Council financial benefits built in to the council's budget strategy from 2013/14 (the budgeted figures) and the current assessment of what will be delivered. All benefits in this appendix are measured against the 2012/13 base budget.

- 5.2 Overall, current One Council financial benefits built into the medium term financial strategy are £10.337m in 2013/14 and £22.095m by 2014/15. Delivery of these financial benefits is through:
- a. Realignment of Corporate and Business Support in advance of the move to the Civic Centre;
 - b. Significant procurement activity tied in with service remodelling: Parking, Highways Operations, Public Realm, Supporting People;
 - c. Managing down cost of supplies across the organisation through improved procurement systems and capacity;
 - d. Managing down demand through the Waste Management project, the on-going impact of the changes to the Transitions Service, and policy responses to welfare reform;
 - e. Fundamental change to service provision working in partnership with others – integration of Health and Social Care and Working with Families;
- 5.3 Officers have been reviewing the One Council Programme financial assumptions and have identified a forecast shortfall of £1.029m in 2013/14, rising to £2.371m by 2014/15. The following measures are being looked at to address the gap:
- a. Procurement - There is currently £800k included for procurement savings in 2013/14 which has not been allocated to specific services with a further £1.5m for 2014/15. A list of potential savings which can be set against these items has been identified but not fully quantified. At present we are assuming no additional procurement savings over and above amounts already allocated to projects (including parking, highways operations, public realm, supporting people, and children's placement savings within Working with Families).
 - b. Waste – paragraph 4.3(c) above set out reasons why there is a potential shortfall of £871k in 2013/14 against target savings/cost avoidance for waste. A number of measures are being taken to address this potential shortfall as part of the Improving Waste Management project. The aim of these is to further reduce the amount of waste households produce and increase recycling. The council is also tendering disposal of dry recyclables in order to reduce gate fees paid when disposing of recyclables. At present the full £871k shortfall has been built into forecasts.
 - c. Realignment of Corporate and Business Support – currently a £1m per annum saving from review of business support and a further £1.5m per annum saving from corporate support services is included. Further work is being carried out to identify whether this project could deliver additional savings from corporate support areas.
 - d. All other projects are subject to on-going review to identify additional opportunities for savings.
- 5.4 The most significant risk areas are as follows:
- a. Health and Social Care Integration – a saving of £2.2m has been included from 2014/15 for this project on the basis of analysis carried out when the original business case was developed. Discussions with health

colleagues are continuing and officers are confident that significant financial savings will be achieved if integration goes ahead. This still remains an uncertain area. Alternatives for delivering the savings, should the integration not go ahead, are being reviewed.

- b. Working with Families – a total saving of £900k is forecast for 2013/14 with a further £1.1m from 2014/15. These savings are a combination of:
- measures being taken in conjunction with the West London Alliance to reduce the cost of social care placements;
 - the impact of additional Family Support workers, funded from the government's Troubled Families initiative, on number of children going into care; and
 - a review of aligned services that support children in need aimed at ensuring they work more efficiently and effectively both to deliver savings and target the needs of young people at risk. The saving originally intended to come from the review of services for young people is now incorporated within the overall Working with Families saving so that can be part of a more strategic review of how aligned services collectively can best meet the needs of children and young people in the borough.

Whilst the council has successfully reduced the number of children in care and ensured that total costs of children in the care system have not increased, it is not possible at this stage to fully assess the impact of improved early help services on care costs. Target savings from this element of the project are therefore ambitious and will need to be closely monitored.

- c. Housing Needs policy – one strand of the Housing Needs project, which delivered £1.3m full year savings from review of the Housing Needs function, was to develop policies to minimise the impact of the increasing cost of temporary accommodation to the borough. To reflect this, growth allowed in budget projections for increased costs of housing homeless people was reduced from £1m per annum to £500k per annum and this was shown as cost avoidance within the One Council Programme. This has been overachieved in 2012/13 and the council is now projecting a £500k underspend in 2012/13 on its temporary accommodation budget. However, the impact of welfare reform means there is going to be significant pressure on this budget in 2013/14 and beyond. Whilst policy changes that have been implemented will reduce the impact of these changes, in practice there are likely to be significant additional costs to the council as a result of government policy changes. These additional costs are currently being reviewed.

6.0 One Council Programme costs

- 6.1 Appendix 4 shows the costs of the One Council Programme. Total costs in the current year are estimated at £3.870m with the largest costs being the implementation of new Finance, Procurement, HR and Payroll systems as part of Project Athena and costs of preparing for the move to the Civic Centre. The council's budget projections include funding of £2.870m in 2013/14 and £1.870m in 2014/15 to meet the costs of the Programme.

7.0 Financial implications

7.1 There are no additional financial implications other than those set out in the body of the report.

8.0 Legal Implications

8.1 There are no legal implications from this report.

9.0 Diversity Implications

9.1 The equality and diversity implications at a project level vary with the nature of each project and its objectives. The Programme Management Office continue to maintain oversight of individual project assessments and a number of completed Equality Impact Assessments, are now available for general viewing on the Brent Council website.

9.2 An initial assessment of the overall impact of the Programme has also been completed by the Programme Management Office, and was reviewed by the One Council Programme Board early in 2012/13.

10.0 Staffing/Accommodation Implications

10.1 None

Background Papers

Contact Officers

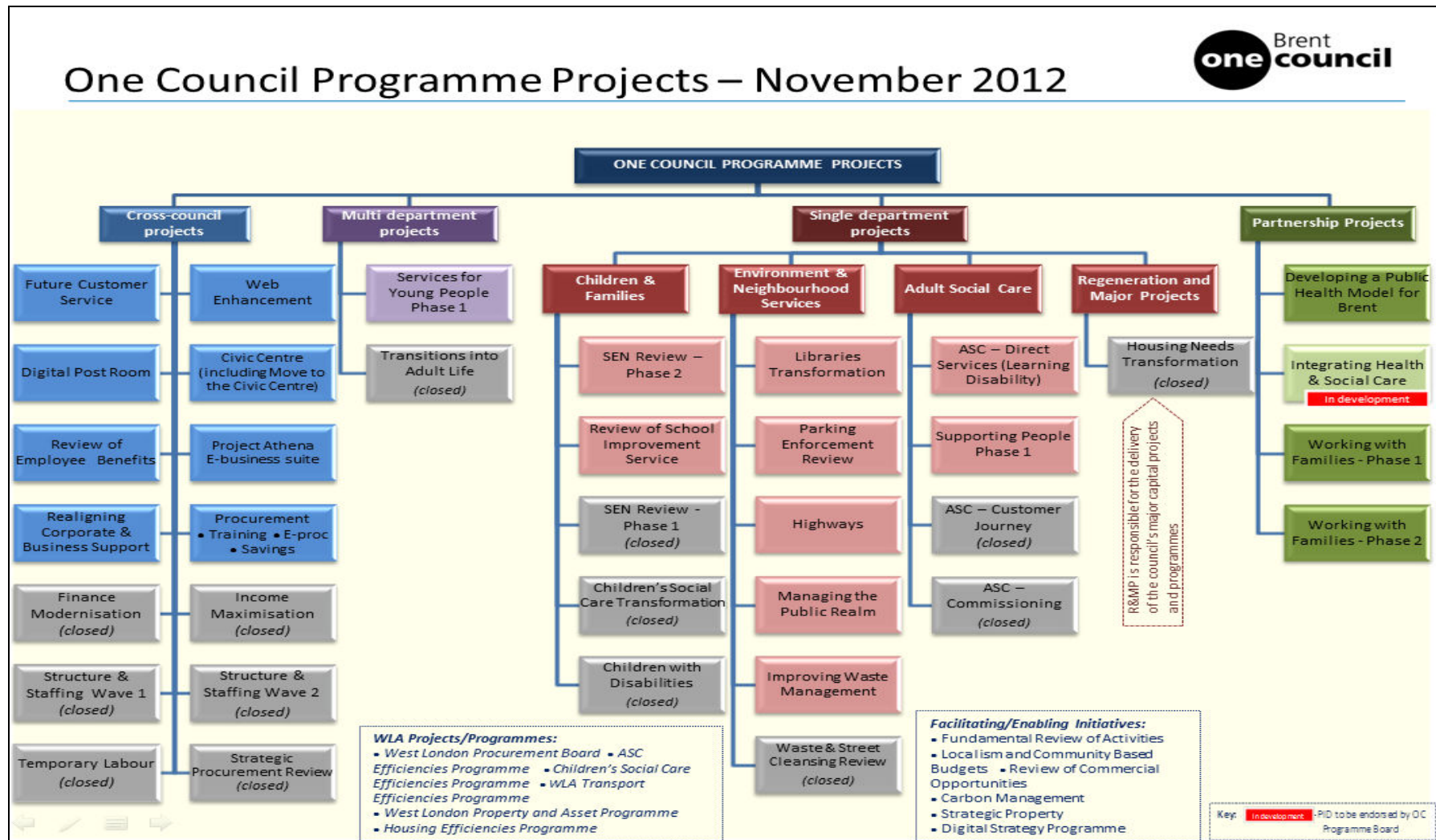
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Appendix 1 – One Council Projects - November 2012



Appendix 2 – One Council Programme financial benefits against 2010/11 baseline

ONE COUNCIL PROGRAMME OPERATIONAL BENEFITS - AGAINST THE 2010/11 PROGRAMME BASELINE								
(NET OPERATIONAL SAVINGS)	Saving/ cost avoid	2010/11 Actual £'000	2011/12 Actual £'000	2012/13 Budget Forecast £'000 £'000		Variation £'000	2013/14 Budget £'000	2014/15 Budget £'000
	Cross-cutting projects							
Structure and Staffing	Saving	6,591	13,770	14,468	14,468	0	14,468	14,468
Review of employee benefits	Saving	1,000	2,035	3,239	2,860	-379	3,239	3,239
Future Customer Services	Saving	0	686	1,496	1,441	-55	1,634	1,634
Finance Modernisation	Saving	400	1,505	1,505	1,505	0	1,505	1,505
Realignment of Corporate and Business Support	Saving	0	0	0	0	0	1,500	2,000
One print project	Saving	0	0	0	433	433	450	600
Strategic Property Review -	Saving	496	681	1,211	1,211	0	676	676
Strategic Procurement - savings	Saving	1,249	2,147	2,147	2,147	0	2,947	4,447
Strategic Procurement - cost avoidance	Cost avoid	0	3,000	6,000	6,000	0	9,000	12,000
Income Maximisation	Saving	213	4,355	4,355	4,355	0	4,355	4,355
Recruitment advertising	Saving	150	150	150	150	0	150	150
Cross-cutting projects total savings		10,099	28,329	34,571	34,570	-1	39,924	45,074
Service projects								
Benefits	Saving	560	708	708	708	0	708	708
Revenues	Saving	0	1,200	1,200	1,200	0	1,200	1,200
Housing Needs Transformation - process	Saving	0	18	950	950	0	1,300	1,300
Housing Needs Transformation - policy	Cost avoid	0	0	500	500	0	1,000	1,500
Waste and street cleansing - budget savings	Saving	42	1,595	2,952	2,392	-560	2,952	2,952
Waste and Street Cleansing - cost avoidance	Cost avoid	0	0	446	446	0	1,119	1,866
Public realm - contract in 2014	Saving	0	0	200	200	0	200	1,515
Libraries	Saving	0	317	816	816	0	816	816
Parking contract	Saving	0	11	277	277	0	588	588
Highways operations	Saving	0	0	300	300	0	200	200
Environment Regulatory Services	Saving	0	0	50	50	0	100	150
Adults Customer Journey	Saving	988	1,165	1,165	1,165	0	1,165	1,165
Adults Direct Services	Saving	0	635	1,068	1,068	0	1,068	1,068
Adults Commissioning	Saving	0	4,941	5,866	5,866	0	5,866	5,866
Supporting People	Saving	0	1,200	1,800	1,800	0	3,400	3,400
Health and Social Care Integration	Saving	0	0	0	0	0	0	2,200
Transitions to Adult Life	Cost avoid	0	0	550	0	-550	500	1,000
Children with Disabilities	Saving	0	0	60	60	0	60	60
Children's Social Care	Cost avoid	0	1,035	1,050	1,050	0	1,050	1,050
Working with Families	Saving	0	0	0	0	0	1,000	2,034
SEN and adults transport	Saving	0	0	380	380	0	480	580
School Improvement Service	Saving	0	0	700	700	0	1,250	1,412
Traded Services to Schools	Saving	0	0	150	150	0	150	150
Service projects total savings		1,590	12,825	21,188	20,078	-1,110	26,172	32,780
Cross-cutting project total		10,099	28,329	34,571	34,570	-1	39,924	45,074
TOTAL PROGRAMME SAVINGS		11,689	41,154	55,759	54,648	-1,111	66,096	77,854

Appendix 3 – Comparison of future years' benefits against 2012/13 budget

ONE COUNCIL PROGRAMME OPERATIONAL BENEFITS -FUTURE YEARS COMPARED AGAINST 2012/13 BUDGET							
(NET OPERATIONAL SAVINGS)	Saving/ cost avoid	2013/14		Variation £'000	2014/15		Variation £'000
		Budget £'000	Forecast £'000		Budget £'000	Forecast £'000	
Cross-cutting projects							
Review of employee benefits	Saving	0	-242	-242	0	-242	-242
Future Customer Services	Saving	138	28	-110	138	28	-110
Realignment of Corporate and Business Support	Saving	1,500	2,000	500	2,000	2,500	500
One print project	Saving	450	494	44	600	702	102
Strategic Property Review -	Saving	-535	-535	0	-535	-535	0
Strategic Procurement - savings	Saving	800	0	-800	2,300	0	-2,300
Strategic Procurement - cost avoidance	Cost avoid	3,000	3,000	0	6,000	6,000	0
Cross-cutting projects total savings		5,353	4,745	-608	10,503	8,453	-2,050
Service projects							
Housing Needs Transformation - process	Saving	350	350	0	350	350	0
Housing Needs Transformation - policy	Cost avoid	500	500	0	1,000	1,000	0
Waste and Street Cleansing - cost avoidance	Cost avoid	673	-198	-871	1,420	549	-871
Public realm - contract in 2014	Saving	0	0	0	1,315	1,315	0
Parking contract	Saving	311	311	0	311	311	0
Highways operations	Saving	-100	450	550	-100	450	550
Environment Regulatory Services	Saving	50	50	0	100	100	0
Supporting People	Saving	1,600	1,600	0	1,600	1,600	0
Health and Social Care Integration	Saving	0	0	0	2,200	2,200	0
Transitions to Adult Life	Cost avoid	-50	-50	0	450	450	0
Working with Families	Saving	1,000	900	-100	2,034	2,034	0
SEN and adults transport	Saving	100	100	0	200	200	0
School Improvement Service	Saving	550	550	0	712	712	0
Service projects total savings		4,984	4,563	-421	11,592	11,271	-321
Cross-cutting project total savings		5,353	4,745	-608	10,503	8,453	-2,050
TOTAL PROGRAMME SAVINGS		10,337	9,308	-1,029	22,095	19,724	-2,371

Appendix 4 – One Council Programme costs

ONE COUNCIL PROGRAMME COSTS						
	2010/11	2011/12	2012/13	2013/14	2014/15	Total
(COSTS)	Actual	Actual	Forecast	Forecast	Forecast	Forecast
	£'000	£'000	£'000	£'000	£'000	£'000
Cross-cutting projects						
Review of Employee Benefits	0	0	40	0	0	40
Move to Civic Centre	0	215	582	365	0	1,162
Future Customer Services	173	657	171	0	0	1,001
Web enhancement	0	41	293	0	0	334
Digital post-room	0	0	224	0	0	224
Strategic Procurement Review	795	185	110	0	0	1,090
Project Athena	0	50	1,225	526	0	1,801
Realigning Corporate and Business Support	0	16	165	0	0	181
Service projects						
Transitions into adult life/CWD	0	24	6	0	0	30
Integration of Public Health	0	15	65	0	0	80
Parking	0	0	84	0	0	84
Improving the Public Realm	0	6	150	200	150	506
Health and Social Care Integration	46	101	139	36	0	322
Services to Young People	0	0	82	0	0	82
Working with Families- <i>project costs</i>	0	16	300	0	0	316
Working with Families- <i>other costs</i>	0	0	705	910	240	1,855
Working with Families- <i>government funding plus other contributions</i>	0	0	-1,005	-910	-240	-2,155
Other costs						
Projects completed before 12/13	2,372	508	0	0	0	2,880
One Council PMO	876	361	370	370	370	2,347
Communications	28	0	75	10	0	113
Enabling fund	0	0	89	1,363	1,350	2,802
TOTAL PROJECT AND PROGRAMME DELIVERY	4,290	2,195	3,870	2,870	1,870	15,095
Less: Costs met within service budgets	876	361	370	370	370	2,347
DELIVERY COSTS MET BY THE ONE COUNCIL PROGRAMME	3,414	1,834	3,500	2,500	1,500	12,748