

BUDGET AND COUNCIL TAX REPORT 2006/07

VALUE FOR MONEY

1. This section of the report sets out the measures the council is taking to improve value for money through the delivery of its Efficiency Programme.
2. The background to the Efficiency Programme is as follows:
 - It arose from the Gershon Review which reported as part of the Chancellor's 2004 Spending Review;
 - Target gains from efficiency measures have been set by central government. Brent's target is £20.6m by 2007/08 (£10.3m cashable, £10.3m non-cashable);
 - An Efficiency Board, chaired by the Director of Finance and Corporate Resources, was set up early in 2005 to deliver these efficiency gains and to ensure a more strategic view is taken of efficiency across the council and across work carried out with our partners.
3. The council's record on delivering efficient services is good:
 - The council forward looking annual efficiency statement (AES) produced in April 2005 and backward looking AES produced in July 2005 showed the council on line to achieve the government efficiency targets, and this was confirmed by the mid-year monitoring report;¹
 - The council achieved a level 3 – 'consistently above minimum requirements' - in the value for money element of the CPA Use of Resources judgement;
 - The council can demonstrate from existing information that we are delivering value for money. Brent's services are amongst the fastest improving in the country and the level of council tax is one of the lowest in outer London – 17th out of 20 outer London boroughs;
 - The council is on target to deliver its Round 1 Local Public Service Agreement efficiency target – an 8% real improvement in efficiency between 2003/04 and 2005/06.
4. The Efficiency Board has developed a programme of projects under the four main Gershon headings:
 - more effective procurement;
 - making support services more efficient and effective;
 - reviewing the way the council carries out transactions and manages the customer interface; and
 - making more productive use of staff time.

¹ The backward looking AES for 2004/05 showed Brent as having the third highest efficiency gains in the country as a proportion of budget.

5. The work of the Efficiency Board is supported by a £250k 'spend to save' fund, agreed as part of the 2005/06 budget. The Executive on 14th November 2005 agreed to allocate the funds as follows:
 - £68k directly to projects
 - £60k to support programme and project management
 - £20k to fund IT support for projects
 - £50k to fund work on procurement projects
 - £52k not currently allocated but subject to further bids.

6. Section 5 of this report set out target savings that the council expects to make centrally from efficiency projects in 2005/06 in addition to the 2% efficiency savings within service area budgets. Target central efficiency gains are £590k in 2006/07 which allow £90k of the 'spend to save' funds to be repaid in 2006/07, with a further £500k targeted saving for each of 2007/08, 2008/09 and 2009/10. Cumulative annual savings are forecast at £2.090m by 2009/10.

7. Projects that will deliver savings in 2006/07 are the Vendor Managed Service for agency staff, purchase of IT equipment, the review of the council's insurance arrangements, improvements in cash flow for VAT claims, and reviews of the council's storage and security arrangements. Other areas where significant gains are expected in subsequent years are: use of new technology to allow remote working, e-learning, and more efficient and effective customer contact; a new approach to the council's social care commissioning arrangements; changes to our processes including for example income collection; and more effective use of modern procurement techniques. These projects will contribute to achievement of the 2% annual efficiency targets for services, and produce additional savings that will be used to achieve the central efficiency gain targets.

8. A key element of the council's work on delivering improved value for money is reflected in work with partners. Delivering the required value for money improvements in social care commissioning depends on joint working with the tPCT, some of which is through formal Section 31 partnership agreements. In addition, the council is already working closely with other boroughs in the West London Alliance to ensure a common approach toward increases for social care placements, and this has meant no growth (above inflation) is required in budgets for price increases, unlike previous years. The council is also using the Local Area Agreement as a way of pooling budgets to make sure resources are used more efficiently and effectively, for example, in crime and disorder work. The draft Local Area Agreement also includes a stretch value for money target, achievement of which will depend on effective joint working with partners.

9. Value for money is not just about savings; it is also about better ways of doing things. An example is the work the council is doing with the Carbon Trust to reduce carbon emissions and achieve reductions in energy bills. It is estimated the council could reduce carbon emissions by 20%, with an equivalent saving on

energy costs², by 2010 if it implements changes to the way it manages its buildings. The council has been successful in its bid to be in Phase 4 of the Carbon Trust scheme to support public and private sector organisations deliver such changes. Capital funding is likely to be required but the cost of borrowing would be more than offset by savings. The capital cost would therefore be funded under the council's prudential borrowing 'spend to save' scheme.

10. The Efficiency Board is only one aspect of the council's work on value for money. The Deputy Leader, and Lead Member for Finance and Resources, takes the lead on efficiency issues within the Executive, and has made sure that efficiency is high on the Executive's agenda. Lead Members take responsibility for ensuring the delivery of efficient and effective services within their respective portfolios. A High Level Monitoring (HLM) Group, chaired by the Leader of the Council and including the Deputy Leader and the Chief Executive, takes oversight of council services that are identified as not providing value for money through best value reviews, inspection or Vital Signs processes. The council has used the HLM and other processes to turn round weak services, including the benefits service, sports and leisure, and waste management. Scrutiny panels identify and challenge areas of poor performance and Member led scrutiny task groups investigate specific topic areas. For example, Performance and Finance Select Committee has had a key role in overseeing improvements in the council tax service, including a turnaround in in-year collection performance from under 90% in 2002/03 to over 93% now.

²Unit prices for energy are currently increasing rapidly. The cost saving on energy would come from reduced consumption and mean costs would be 20% lower than they would otherwise have been.