

## SECTION 13

### 13. VALUE FOR MONEY

13.1 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.

13.2 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 original target was £20.6m by 2007/08 (£10.3m cashable, £10.3m non-cashable). This has been increased to £22.6m as one of the stretch targets in the Local Area Agreement;
- 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.

13.3 The council's record on delivering efficient services is good:

- The council is on target to have achieved £24.1m in efficiency savings under the Gershon initiative by 31<sup>st</sup> March 2007 (details are in Appendix Q);
- The council has achieved a level 3 – 'consistently above minimum requirements' - in the value for money element of the CPA Use of Resources judgement two years running;
- 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 – 17<sup>th</sup> out of 20 outer London boroughs;
- The council delivered its Round 1 Local Public Service Agreement efficiency target – a 21% real improvement in efficiency between 2003/04 and 2005/06 against a target of 8% - .

13.4 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.

- 13.5 The key focus of the Efficiency Programme has been the development of a more strategic approach to delivery of efficiency across the council. This has led to the development of a number of invest to save projects – for children’s care, customer care, IT and HR transactional services – which are detailed in Section 5. In addition to improving service delivery, these projects will pay back investment within a maximum of two years and deliver additional savings, as follows:
- children’s care investment will stem growth in children’s spending and provide full-year revenue savings of over £0.5m per annum from 2009/10;
  - the customer care project will deliver full-year revenue savings of over £0.3m per annum by 2010/11;
  - the IT investment programme will deliver minimum full-year revenue savings of £180k by 2010/11 on top of a £350k saving already included in the 2007/08 budget for IT procurement and related savings and significant savings expected in future years through business transformation of services;
  - the HR transactional services project (People Centre) will deliver a minimum of £200k savings each year by 2009/10 on top of £102k payroll savings in the 2007/08 budget.
- 13.6 Further invest to save projects are being developed for adult services, libraries (on top of investment as part of the customer care project), and financial processes.
- 13.7 Each invest to save project is subject to detailed analysis using a Return on Investment tool jointly developed by the council and RSE consultancy which profiles investment costs, savings, other benefits and risks, and acts as a monitoring tool for delivery of the project.
- 13.8 A number of specific savings have been or are in the process of being delivered under the umbrella of the Efficiency Programme. These include a lot of the savings which have been included within service area budgets and listed at Appendix D(ii). They also include corporate efficiency savings included within central items of £1m. £700k of these savings have already been identified as follows:
- £300k from the introduction of the Eden Brown vendor managed service for agency staff;
  - £100k from saving on the purchase price of computers (on top of £50k savings included in the F&CR budget savings list for 2007/08);
  - £80k on insurance (on top of savings built into central items for insurance);
  - £70k cash flow savings on submission of VAT claims to Her Majesty’s Revenues and Customs (HMRC);
  - £150k cash flow savings as a result of moving from 12 to 10 direct debit instalments for council tax payments.

The balance of £300k will come from other projects currently being developed under the Efficiency Programme umbrella, including: home and remote working; rationalisation of procurement eg stationery, photo-copiers, computer peripherals, external storage space, job advertising; review of security; and better use of consultants.

- 13.9 A key element of the council's work on delivering improved value for money is reflected in work with partners although continuing financial pressures on the PCT has made this more difficult. Nevertheless, the council is working jointly with the PCT, as follows: closure of the integrated equipment store agreed at the Executive on 12<sup>th</sup> February will deliver £184k per annum revenue savings, together with a capital receipt; the council and PCT recently agreed a new pooled budget arrangement for procurement of support for people with mental illness or substance abuse problem which delivered a more efficient service; and there has been joint work through the Local Area Agreement on the Partnership with Older People Project (POPP), the early intervention programme in Stonebridge and the healthier lives strategy. Other examples of partnership working to deliver increased efficiency/value for money include the setting up of a partnership board as part of the new waste contract, plans to amalgamate town centre warden teams with the Metropolitan Police's safer neighbourhood teams, and on-going work with the Carbon Trust to reduce carbon emissions and achieve reductions in energy bills, with a recent announcement of a £600k programme of investment 50% funded by the Carbon Trust and 50% self funded.
- 13.10 The West London Alliance (WLA) has commissioned PricewaterhouseCoopers to identify opportunities for delivering savings from shared services across the 6 WLA partners plus the Royal Borough of Kensington and Chelsea. PWC have reported their initial findings and are now focusing on developing more specific proposals for shared services for HR, adult services, children's care, and a joint approach to procurement of agency staff.
- 13.11 Providing better value for money is also at the core of the council's proposals for a new civic centre, which were reported to the Executive in December 2006. The civic centre would enable the council to vacate old and inefficient buildings, bring staff and partners together to work in a more integrated way, provide more flexible working options, and be more accessible for the public. Demonstrating improved value for money will be fundamental to the final decision whether or not to proceed with the civic centre.
- 13.12 Members have a leading role in overseeing the delivery of the efficiency programme. The Deputy Leader is the council's efficiency champion, taking a leading role in challenging the efficiency of services in his role as Lead Member for Resources. Other Lead Members play an active role in ensuring services for which they are responsible are efficient. Performance and Finance Select Committee scrutinises key areas where performance has been weak such as council tax collection and will be able to increase focus on efficiency matters following change in its remit as a result of the setting up of the Audit Committee. These mechanisms are replicated at officer level, with

the Director of Finance and Corporate Resources taking an overall lead on efficiency, through chairing the Efficiency Board, responsibility at service level resting with service directors, and the Chief Executive leading the High Level Monitoring Group, which monitors progress in performance hot-spots, including waste management and adults' and children's social care.