

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 council has a good record of delivering efficiencies under the national Gershon efficiency programme which started in 2005/06 and finishes at the end of 2007/08. The council is on target to have achieved £25.9m in efficiency savings under the Gershon initiative by 31st March 2008. This is £5.3m more savings than the original Gershon target of £20.6m and £3.3m more than the £22.6m stretch target included as part of the Local Area Agreement agreed at the beginning of 2006. Details of the savings are in Appendix Q (i). The council also continues to have one of the lowest council taxes in outer London – 17th out of 20 boroughs in 2007/08. It has done this whilst achieving improvements in performance against a majority of the national performance indicators.
- 13.3 The council now faces a tougher target over the next three years. The government has announced its expectation that councils will achieve 3% cashable efficiency savings each year over the next three years (compared to 2.5% efficiency savings each year under Gershon of which half could be non-cashable). Individual boroughs have not been set targets though the government will monitor performance. But in practice the council has to deliver efficiency savings of greater than 3% each year if it is to continue to deliver improving services, given the budget pressures faced and real terms reductions in grant. In addition delivery of improved value for money will be key to the new Use of Resources judgement as part of the Comprehensive Area Assessment.
- 13.4 The council has a firm foundation to build on. In addition to the savings achieved under the Gershon initiative and the below average council tax, the council overachieved against the Local Public Service Agreement target for cost effectiveness which preceded Gershon, has achieved a '3 out of 4' on the existing Use of Resources judgement on value for money ('consistently above minimum standards'), has delivered efficiency savings each year as part of the annual budget process, and has delivered a large number of successful efficiency projects.¹ The major transformational programmes in children's care, adult care, customer care and human resources are also beginning to have an impact. The work in children's care – aimed at preventing children coming into care if possible and, if that is not possible, ensuring that the council secures the right placements at the right price (by for example using skilled in-borough foster carers rather than expensive out-of-borough

¹ Case studies of some of the successful efficiency projects are on the council's website, including learning disabilities placements, equipment stores for people with disabilities, changes to the cemetery service, changes to the arrangements for storing furniture for people in temporary accommodation, e-auction for IT equipment, procurement of agency staff, the setting up of the London Authorities Mutual insurance service, and changes to the cashiers' service.

residential placements) – has led to costs for children’s placements in the first 9 months of 2007/08 being almost £1m less than in the equivalent period in 2006/07. Further savings are now projected for 2008/09. The adult care transformation programme led to £1m of savings in 2007/08 and is projected to deliver another £1.642m in 2008/09, offsetting to some extent the additional costs resulting from demographic pressures and transfer of continuing care cases. The customer contact work is leading to the development of improved customer access at less cost by combining customer access points (as in Kingsbury with the combined library and one stop shop) and improving access over the internet and by telephone. And the consolidation of HR transactions in the People Centre has led to 10% savings in the 2008/09 budget with further savings projected for future years. These transformation programmes are aimed at providing a better service at less cost, not reductions in service levels.

- 13.5 The council is also working jointly with partners to secure improvements in value for money. The achievement of savings through the London Authorities Mutual insurance company (LAML), e-auctions, and the procurement of agency staff were all pan-London initiatives. The council has recently agreed joint arrangements with Harrow for the management and maintenance of Carpender’s Park cemetery, building on the joint trading standards service the two boroughs have had for a number of years. The council jointly tendered the integrated equipment stores with the PCT and has also worked with the PCT on the Partnerships for Older People (POPP) project aimed at preventing older people coming into care. These initiatives supplement existing partnership arrangements with the PCT for the learning disability service and the mental health service. The PCT is also represented at a senior level on the council’s adult social care transformation board. Work with the Metropolitan Police has led to the integration of the street wardens’ service into Police Community Support Teams. The council is also working with the Carbon Trust, a government sponsored organisation, to deliver more efficient use of energy.
- 13.6 The West London Alliance (WLA), with financial support from the London Centre of Excellence, 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 reported their initial findings at the beginning of 2007 and there has been further work since on developing more specific proposals for shared services for HR, adult services, and children’s care. The HR project is particularly far advanced with an outline business case produced for a shared service centre and proposals being considered for the production of a detailed business case. The council has to consider whether this is the best way forward to secure efficiencies or if alternative approaches to delivering efficiencies in HR could be taken forward. The council is also working closely with other WLA authorities on a major housing initiative, involving the conversion of temporary market rented properties into permanent affordable properties (report on this agenda of the Executive). There is also good joint working at WLA level on finance, property, procurement and IT as well as HR, aimed at learning from each other and looking to secure other opportunities for joint efficiencies.

- 13.7 The development of shared objectives as part of the Local Area Agreement and the pooling of resources as part of the Area Based Grant and in other ways provide the opportunity to work with local partners to deliver services in more effective ways. Work on the joint delivery of efficiencies with other local public service providers is at an early stage of development but the closer working that the LAA requires is expected to provide further opportunities.
- 13.8 The council's up-dated efficiency strategy, agreed at the Executive in April 2007, brings these strands together, and sets out the governance arrangements for efficiency within the authority, including the respective roles of Members and officers. A diagram setting out the links to the council's overall performance management framework is attached as Appendix Q (ii).
- 13.9 The efficiency initiatives across the council and within individual services are leading to real savings within the budget. The budget savings in Appendix D (ii) arise from services doing things more efficiently rather than reductions in services. They will be achieved in the context of the council planning to deliver improvements overall in the services provided to Brent residents. In addition, the budget includes a corporate efficiency target of £1.5m, up from £1m in the 2007/08 budget. The £1m achieved in 2007/08 consists of savings on the Matrix contract for agency staff, insurance savings from the Local Authorities Mutual, savings from the e-auction for computers, and additional cash-flow income as a result of more efficient processing of VAT claims, changes to the timing of council tax direct debit payments and improved council tax collection. The additional £0.5m targeted for 2008/09 will be achieved from a combination of tendering of security contracts, introduction of the corporate procurement card, central procurement of staff travel, the impact on cash flow of further improvements in council tax collection, and other cross-council efficiency initiatives developed during 2008/09.
- 13.10 The government has put together a National Improvement and Efficiency Strategy to support local authorities in delivering efficiencies. Funding has been set aside within the Comprehensive Spending Review to fund this and Regional Improvement and Efficiency Partnerships are being set up which will support local authorities at a local level, joining up work previously carried out by Regional Centres of Excellence and local Improvement Partnerships. The government sees Local Area Agreements as a key driver of these improvements and is also keen for local community involvement in transformation programmes. A number of efficiency improvements the council has already made – e-auctions, the LAML, the work on WLA shared services – have been supported by the London Centre of Excellence. In addition, the council has been working closely with the Department of Health's Care Services Efficiency Delivery (CSED) team on delivery of its adult care transformation programme. It is however too early to assess the extent to which the additional funding and strengthening of regional support mechanisms will help deliver further improvements.