



Budget Panel

Tuesday, 13 July 2010 at 7.30 pm

Committee Room 4, Brent Town Hall, Forty Lane,
Wembley, HA9 9HD

Membership:

Members

Councillors:
A Choudry (Chair)
Ashraf (Vice-Chair)
Green
Mashari
Sheth
Van Kalwala

first alternates

Councillors:
Mrs Bacchus
Brown
Cummins
Harrison
Denselow
S Choudhary

Second alternates

Councillors:
Chohan
Lorber
Beck
Hector
Gladbaum
Daly

For further information contact: Anne Reid, Democratic Services Officer
020 8937 1359 anne.reid@brent.gov.uk

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The press and public are welcome to attend this meeting

Agenda

Introductions, if appropriate.

Apologies for absence and clarification of alternate members

Item	Page
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1	Declarations of personal and prejudicial interests	
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Members are invited to declare, at this stage of the meeting, any relevant financial or other interest in the items on this agenda.

2	Deputations	
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3	Minutes of the previous meeting	1 - 8
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4	Matters arising	
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5	The Budget context	
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The Director of Finance and Corporate Resources will give a presentation of some of the main factors which will influence the budget process. This will include details of the recent government announcements on funding for local government and likely service pressures. Members will be able to use the question and discussion session to help set the future work programme for the panel.

Ward Affected: All Wards; **Contact Officer:** Duncan McLeod,
Director of Finance and Corporate
Resources
Tel: 020 8937 1424
duncan.mcleod@brent.gov.uk

6	Budget Panel 2010/11 - Work Programme	9 - 34
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This report provides a brief overview of the work of the Budget Panel in 2009/10. It also aims to assist the members with their discussions about the Budget Panel's work programme for 2010/11. A copy of the Budget Panel's report from 2009/10 is attached for information.

Ward Affected: All Wards; **Contact Officer:** Jacqueline Casson,
Policy and Regeneration
Tel: 020 8937 1134
jacqueline.casson@brent.gov.uk

7 Date of next meeting

The next meeting of the Budget Panel is scheduled to take place on 15 September 2010.

8 Any other urgent business

Notice of items to be raised under this heading must be given in writing to the Democratic Services Manager or his representative before the meeting in accordance with Standing Order 64.

(Reminder: Arrangements have been made for a budget training session for members to take place at 5.30pm).



Please remember to **SWITCH OFF** your mobile phone during the meeting.

- The meeting room is accessible by lift and seats will be provided for members of the public.
- Toilets are available on the first and second floors.
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- A public telephone is located in the foyer on the ground floor, opposite the Porters' Lodge

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LONDON BOROUGH OF BRENT

MINUTES OF THE BUDGET PANEL Thursday, 11 February 2010 at 7.30 pm

PRESENT: Councillor Mendoza (Chair), Councillor V Brown (Vice-Chair) and Councillors Butt, Cummins, Gupta and Van Kalwala

Also Present: Councillor Blackman (Lead Member for Resources), Councillor Detre (Lead Member for Regeneration and Economic Development, and Councillors Dunwell, Fox, John OBE, Malik, J Moher and C J Patel)

1. **Declarations of Personal and Prejudicial Interests**

None declared.

2. **Minutes of the Previous Meeting held on 14 January 2010**

RESOLVED:-

that the minutes of the previous meeting held on 14 January 2010 be approved as an accurate record of the meeting.

3. **Matters Arising**

None.

4. **Report on the 2010/11 Budget**

Councillor Blackman (Lead Member for Resources) introduced the report and delivered a PowerPoint presentation to the Panel. He confirmed that the report would be presented to the Executive on 15 February 2010 before being put to the Full Council meeting on 1 March 2010 for approval. Councillor Blackman then provided the Panel with details of the main aspects of the 2010/11 Budget. He began by outlining the Budget Strategy and he confirmed the commitment to a 0% increase in Council Tax for 2010/11. Members heard that significant national financial constraints meant that a pro-active and planned strategy was required to meet both the short and medium term challenges and it was anticipated that local authorities would face challenging financial conditions in future years. Despite the difficult circumstances, it was intended to protect and enhance front line services and to provide sufficient growth to deliver the corporate strategy where resources allow, however most funding would be sought from existing resources or additional grants. The Panel noted that increases in income from fees and charges would be minimised apart from those that had been statutorily determined. A robust stance on debt collection would continue and Councillor Blackman confirmed that the

highest rate of Council Tax collection was likely to be recorded since the present system had been introduced. Efforts would continue to ensure that budgets did not overspend, to maintain a reasonable level of balances based on realistic risk assessments, to minimise use of one-off resources and to meet on-going commitments.

Councillor Blackman advised the Panel that the Improvement and Efficient Strategy was the main policy being pursued to balance the budget in 2010/11 and the subsequent three years. Although there would be no actual increase in staff pay, an inflation and National Insurance allowance of 0.75% had been provided. There would be a 0% general inflation allowance outside major contracts, whilst all priority growth would be funded from area based grants, performance reward grants or growth in other specific grants. The Adult Social Care budget would contain demographic growth pressures through delivery of its Transformation Programme. Councillor Blackman then referred to the proposed General Fund Revenue Budget, which for 2010/11 totalled £265.469m. Breaking down the funding sources for 2010/11, £143.6m would come from Business Rates, £101m from Council Tax and £20.9m from the Revenue Support Grant. Councillor Blackman referred to the breakdown of figures to bridge the Budget Gap from the First Reading Debate which had reduced the General Fund Revenue Budget by £8.878m. In relation to growth for mainstream funding, the Panel heard that there had been an increase in referrals for children looked after placements, whilst the increase in organic waste collection would lead to a corresponding increase in costs. The West London Waste Authority had increased their charges, placing more importance on the need to increase waste recycling rates, whilst the growth in concessionary charges was primarily as a result of a reduction in the Government grant.

Councillor Blackman advised that a total budget reduction of £5.082m, excluding the Improvement and Efficiency Strategy, was proposed and he referred to the reductions for each service area. With regard to the Improvement and Efficiency Strategy, an informed review of all services would be undertaken as opposed to 'salami slicing, whilst building on success and lessons of previous and current transformation programmes, such as reducing unnecessary customer contact, would need to be undertaken. Much importance would be placed on ensuring delivery and pace of change for approximately 30 projects that were under the Improvement and Improvement Strategy. Members noted that it was proposed that the Improvement and Efficiency Strategy would deliver £4.4m savings in 2010/11, and with regard to savings in staffing and structure, some of this would be achieved through not replacing staff in vacant posts. However, Councillor Blackman felt that the £4.4m savings was a cautious estimate and it was possible that greater savings could actually be made. Councillor Blackman stated that it was intended to freeze Council Tax levels for the next four years and it was likely to be the 17th lowest out of the 20 outer London boroughs in 2010/11 at Council Tax Band D.

Councillor Blackman highlighted some of the main risks to the Budget, including demographic pressures, economic considerations such as fees and charges income, interest rate fluctuations and inflation rises, the prospect of a new Government and mid-year changes to funding, new legislation with financial burdens and the delivery of the Improvement and Efficiency Strategy. Members noted the savings required for 2011/12, 2012/13 and 2013/14 and also that Revenue Support Grant was expected to fall in future years. The Panel was also provided with a breakdown of spending concerning the Capital Programme.

Councillor Blackman informed the Panel that it was proposed that the level of prudential borrowing would be contained within previously agreed levels, whilst the Schools Capital Programme would receive funding of £85m from the Building Schools for the Future programme and £23.2m from the Primary Capital Programme and additional provision for new places. With regard to the Dedicated Schools Budget, a 4.7% increase per pupil was proposed, above the national average of 4.3%. In relation to the Housing Revenue Account (HRA), a 1.09% increase in rent was proposed in light of the Government's rent restructuring guidance.

Councillor Blackman then responded to each of the Budget Panel's recommendations made in its First Interim Report. He confirmed that he supported the Panel's recommendations and highlighted those that had been addressed in the proposed budget.

The Panel then raised a number of issues concerning the proposed 2010/11 Budget. The Chair commented that much was expected of the Improvement and Efficiency Strategy and there was an assumption that it would deliver. In view of this, he referred to recommendation 7 in the Budget Panel's First Interim Report concerning detailed scenario planning considering the likely reductions in Government spending and asked if there was a risk that the anticipated savings from the Improvement and Efficiency Strategy was overly optimistic. He enquired what areas would actually need more funding in order to improve services. With regard to recommendation 15 in the Panel's report, the Chair asked if there were any areas of the Corporate Strategy that had not been met. The Chair noted that whilst overspending had been deemed unacceptable, this had occurred in two areas and he sought further explanation for this.

Councillor Cummins commented that there was some spending that could not be anticipated, such as that required as a consequence of the recent weather conditions resulting in increased energy consumption in Council buildings and action being needed to address potholes and he asked how such situations were contained within the Budget. Councillor Van Kalwala enquired what measures would be taken if inflation was higher than expected. He stressed the need that all services provide value for money regardless of the Improvement and Efficiency Strategy and queried whether some services may not be fit for purpose. Councillor Butt asked how savings would impact on the Children and Families budget and would this result in reductions in staff. He also enquired if bad debts, such as the deposits made to Icelandic banks, had been budgeted for and whether the Civic Centre would affect borrowing.

The Chair then invited contributions from councillors who were not members of the Panel. Councillor J Moher suggested that the Budget was overly positive and that there were too many uncertainties, such as an over reliance on the effectiveness of the delivery of the Improvement and Efficiency Strategy and an assumption that inflation would remain low. He enquired that in event of targets not being met or a change in economic circumstances that had not been anticipated, whether an increase in Council Tax would still not be considered.

Councillor John commented that the Council remained in the same position in the London boroughs' Council Tax levels league table as it was in 2008. She suggested that Council Tax levels were fairly typical compared to other London

boroughs, adding that many others had frozen their Council Tax too. Disappointment was expressed that the performance target for adult participation in sport had not been met and she sought comments with regard to school places. Councillor John felt that only a relatively small increase in the recycling rate had been achieved and that the waste collection and recycling service needed to be re-costed, adding that many areas did not have access to recycling facilities, such as flats in Chalkhill that were not on the ground floor. She commented that staff morale was also low in some areas, particularly because of concern about possible staff cuts and she asked what was being done to improve morale. Councillor John sought clarification as to where the second travellers site would be located and how had it been budgeted for, stating that the existing one was not being managed adequately.

Councillor Dunwell asked what measures were being undertaken to recover money as a result of overpayments in Housing Benefits and whether staff would be re-trained to minimise mistakes in assessing and processing claims. He enquired why the full subsidy for claimant payments was not shown in the Budget. In noting that housing targets were set by the Mayor of London and that there were differences of opinion concerning Brent's population projections which would impact upon housing and schools, he asked if a risk assessment had been undertaken to take variations and future demographic pressures into account. Councillor Dunwell also sought views on new technology and approaches in addressing the economic recession and the impact it has on the Council and the community. Councillor Fox enquired if residents would have reason to believe that the Council Tax would remain frozen for the next four years in light of it being increased in 2007 after similar pledges. Councillor Malik enquired about the source of funding concerning preventing violent extremism.

In reply to the issues raised, Councillor Blackman stressed that the Budget's proposals were based on the information and advice presently available and that adjustments would be made where circumstances changed. Although the Council faced one of its biggest challenges as a result of the difficulties faced in public spending, he felt that the expertise and experience gained by officers would ensure that a prudent Budget had been proposed. He advised that the Improvement and Efficiency Strategy aimed to deliver £50m savings over four years. However, rather than saving £12.5m each year, a different approach was required meaning larger savings being needed at different times. Some savings could be made immediately, whilst others could be made during the financial year. Other savings would start to take effect at a later time and Councillor Blackman suggested that a £4.4m saving in the first year would be translated into bigger savings in subsequent years. For 2010/11, the savings target was relatively easy to attain and for this reason he felt that the £4.4m savings proposed was a cautious estimate. He acknowledged that difficult decisions would need to be made in the coming years concerning achieving savings and he warned that the Government would continue to review spending in the coming years. However, the Government and the Greater London Authority would be lobbied to provide a clearer picture in order to help the Council plan for the future. A 2.5% reduction in the Revenue Support Grant was expected and an assumption of the Budget was that there would continue to be year-on-year reductions.

The Panel heard that in some areas there would be growth in funding to improve services, including Children's Social Care and Adult Social Care which were priority

areas. Whilst some services were still being provided in a traditional way, the Improvement and Efficiency Programme challenged whether these were the best way and methods of customer contact were being looked at Council-wide, with an emphasis on reducing the handling time for each customer. This had already been achieved following a review undertaken in Revenue and Benefits, where reducing unnecessary customer contact had led to a more efficient service for customers. Consideration of whether to provide in-house or to outsource was another factor and a fundamental review of each service area would need to be completed. It was expected that the move to the Civic Centre would result in significant savings and increases in efficiency.

Areas where the Corporate Strategy's objectives had not been met included those where targets had not been met to attain performance reward grants, such as adult participation in sport and some health targets, some of which were also attributable to the Brent Primary Care Trust, including the smoking cessation target. Councillor Blackman advised that where overspends had occurred in demand led services where demand had exceeded predictions, these could be accommodated in the Budget. The consequences of the review following the Baby P case had also affected spending, as it had with all other London boroughs. However, Councillor Blackman was more concerned where costings had been increased but the level of service had not improved and much effort would be made to ensure that spending remained within the Budget. Members noted that despite best efforts, the number of looked after children had remained greater than anticipated, although 22 of 24 projects overall in Children and Families had yielded improvements. Councillor Blackman advised that with regard to potholes, consideration would be given into bringing forward funding for road resurfacing programmes in order to provide a longer term solution to this problem. The Property and Asset Management Team were reviewing each Council building to make them more energy efficient.

Councillor Blackman informed Members that even relatively smaller increases in Council Tax compared to other boroughs was sufficient to maintain Brent's Council Tax as one of the lowest amongst the 20 outer London boroughs. The Panel heard that Council Tax rises had been necessary in 2007/08 due to additional expenditure incurred as a result of Brent PCT's difficulties at the time. There had been detailed discussion on the need for a second travellers' site and a decision on its location was anticipated in approximately a year's time. It was acknowledged that there needed to be improvements in the management of the existing site. There were a number of people on the existing site and consideration needed to be given as to who should be residing on these sites. Councillor Blackman felt that overall the principles of the Improvement and Efficiency Strategy had been embraced by staff and there was recognition that this would lead to better services. He acknowledged that there was concern in the public sector generally about jobs because the recession was now impacting on the public sector and would continue to do so in the next few years. Whilst staff had been provided a true picture of the Council's position, one of the key objectives was to safeguard services and jobs as well as producing savings. Councillor Blackman agreed that there was a need to improve recycling rates, otherwise the Council and residents would face the financial and environmental implications of not doing so. He also accepted that there was a need to provide more widespread recycling facilities, including for flats and he emphasised the need to educate residents of the importance of recycling, especially those in short term let properties. The Panel heard that there was a clear strategy with regard to school places and there would be increases in the number of

forms of entry for primary schools where there were demographic pressures to do so and 16 additional forms overall were required in Brent, some of which had already been added this year. Re-building of schools would take place where funding was available and in the next few years Brent would require at least one more secondary school and four more primary schools. Councillor Blackman added that two additional primary schools would be funded through the Wembley Regeneration Scheme, however he advised that building schools was expensive and required Government funding. It was noted that the allocation of expenditure for preventing violent extremism was funded by the Government.

Councillor Blackman advised that a number of Council buildings' leases were due to expire which would provide the opportunity to help finance the move to the Civic Centre. The economic circumstances in acquiring the Civic Centre site were favourable to the Council and it was anticipated that building costs would be lower because of the present economic climate and its impact on the construction industry. Borrowing to date to acquire the Civic Centre had been obtained at good interest rates and the deposits to Icelandic banks were gradually being recovered, subject to the due legal processes and local authorities continued to lobby to have these deposits returned. Councillor Blackman informed the Panel that Housing Benefit overpayments were as a result of either administrative error or fraudulent claims and in each case efforts would be made to recover the money. Measures included deductions from other claims residents may be making, or deducting from their salaries, however it was noted that recovering money from those in short term lets was more difficult. Training of staff with regard to verifying claims and other aspects of the process had led to significantly less mistakes being made.

Duncan McLeod (Director of Finance and Corporate Resources) added that most Housing Benefits overpayments were as a result of the Council not being informed of, or late notification of, a change in circumstances for the customer concerned. He advised that overpayments were not fully funded by the Government grant and the Government required that a comprehensive set of measures were in place to minimise overpayments. However, the Council's verification process was thorough and helped to prevent overpayments occurring. Duncan McLeod explained that a new 30 year business plan in respect of the HRA was under consideration, however this would be subject to a review of the Government's Council Housing Finance and guidelines as a result of the external consultation were awaited. A broad approach to housing needs was adopted and took into account demographic changes in deciding how to provide such services. Duncan McLeod advised that it was possible that not all Icelandic bank deposits would be recovered, however this will be managed as and when it impacted upon the Budget, in accordance with prescribed accounting practice.

The Chair thanked Councillor Blackman for the presentation and his responses to the issues raised.

5. Discussion on the Budget Panel's Second Interim Report

The Chair asked for a response with regard to recommendation 3 in the Second Interim Report concerning the need to assess long term budgetary and service delivery risks. Councillor Van Kalwala enquired what would happen if the Improvement and Efficiency Strategy did not achieve its objectives. Councillor Butt sought comments with regard to the Gershon review.

With the permission of the Chair, Councillor Dunwell addressed the Panel. Councillor Dunwell asked that if any of the £4.4m savings proposed for 2010/11 were not met, would a corresponding amount need to be raised through increases in Council Tax.

In response, Duncan McLeod advised that once the next Comprehensive Spending Review had been undertaken, a clearer picture would emerge with regard to assessing long term budgetary and service delivery risks. However, a broad approach was being taken and a number of scenarios had been envisaged and consideration of what the Council's response would be to these had been undertaken, as had been recommended by the Panel. He stressed that a risk based approach would be needed and that there should be sufficient funds in reserve in case of unexpected circumstances and a detailed plan would be in place in time for the new administration in 2010/11. Duncan McLeod felt that the Improvement and Efficiency Strategy had much more potential to make greater savings than the £4.4m proposed for 2010/11, however if none of these savings were made, the loss would be manageable, whilst there was also a 40% risk adjustment built-in. The Panel was advised that once the Budget had been approved, no changes to the Council Tax could be made and if the savings target from the Improvement and Efficiency Strategy was not met for 2010/11 then savings would need to be identified elsewhere. Duncan McLeod confirmed that the Gershon review had shown what savings were being made and helped facilitate a much tighter system of control.

Members then agreed to the Chair's suggestion that an additional recommendation be added to the report that the Council pursues the accurate reflection of the population of Brent in the 2011 census.

RESOLVED:-

that the recommendations on the Panel's Second Interim Report be agreed and to include an additional recommendation that the Council pursues the accurate reflection of the population of Brent in the 2011 census.

6. Date of Next Meeting

It was noted that the next meeting of the Budget Panel would be confirmed at the annual Council meeting in May 2010.


7. Any Other Urgent Business

None.

The meeting closed at 9.40 pm

A MENDOZA
Chair

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	<p>Budget Panel 13 July 2010</p> <p>Report from the Director of Policy and Regeneration</p>
<p>Wards affected: ALL</p>	
<p>Budget Panel 2010/11 – Work Programme</p>	

1.0 Summary

- 1.1 This report provides a brief overview of the work of the Budget Panel in 2009/10. It also aims to assist the members with their discussions about the Budget Panel's work programme for 2010/11. A copy of the Budget Panel's report from 2009/10 is attached for information.

2.0 Recommendations

- 2.1 That Members discuss the Budget Panel's work programme for 2010/11.

3.0 Detail

Budget Panel 2009/10

- 3.1 The Budget Panel was established in September 2006 as part of the review of Brent Council's overview and scrutiny structures. 2009/10 was the fourth full year of operation for the Budget Panel and Panel members were keen to build on experience and knowledge and enable more members to become involved in the budget scrutiny process. The Panel's remit was to examine the budget and assess whether or not it was realistic and could deliver on the main priorities in the Corporate Strategy. The remit included:

- Examining the principles for budget setting
- The robustness of the budget and the ability to deliver savings
- The impact of 'invest to save' projects
- The impact of service transformation
- Key revenue budget outputs and decisions

- Key capital budget outputs and decisions
- The Medium Term Financial Strategy

3.2 During the course of its work the Budget Panel took evidence from a number of sources. These included:

- The Leader of the Council
- The Lead Member for Finance and Resources
- A number of service directors
- A number of 'One Council' project leads

3.3 Once the administration's draft budget was published the Budget Panel had the opportunity to question the lead member for resources on key elements of the proposals. This provided the opportunity for the Panel to make recommendations prior to the draft budget being agreed by the Executive. The Budget Panel also encourages all members to attend this meeting and time was allocated for questions from the floor.

3.4 During the budget scrutiny process the Budget Panel had three opportunities to make its views known. These were:

- **The First interim report** – prior to the draft budget being published.
- **The Second interim report** – this built on the first report and included recommendations on the draft budget prior to it being agreed by the Executive.
- **The Final report** – this report went to Full Council built on the second report and included recommendations on:
 - The Executive's final budget prior to it being debated at Full Council;
 - The budget process; and
 - The budget scrutiny process

3.5 A copy of the Budget Panel Report 2009/10 is attached.

Work Programme for 2010/11

3.6 The attached work programme template (appendix a) is designed to assist members in planning what they would like to cover at each meeting and deciding what evidence they would like to receive.

4.0 Financial Implications

4.1 None

5.0 Legal Implications

5.1 None

6.0 Diversity Implications

6.1 None

7.0 Staffing/Accommodation Implications (if appropriate)

7.1 None

Background Papers

Budget Panel Final Report 2009/10

Contact Officers

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PHIL NEWBY
Director of Policy and Regeneration

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Budget Panel Work Programme 2010/11
Chair Cllr A Choudry

Date of Meeting	Purpose of Agenda item	Requested Information / Evidence	Invited witnesses	Notes
13th July 2010	<p>To receive the report on the 2010/11 budget process.</p> <p>To discuss the work programme for 2009/10</p>	<ul style="list-style-type: none"> • Work Programme discussion 		
15 th September 2010				
12 ^h October 2010				

10 th November 2010	To gain a clear understanding of the issues that will be discussed at the First Reading Debate at Full Council	<ul style="list-style-type: none"> First Reading Debate Reports 		
7 rd December 2010				
11 th January 2011	To agree the Panel's first interim report			
10 th February 2010	To discuss and comment on the administration's draft budget.	<p>All Members will be invited to attend this meeting</p> <ul style="list-style-type: none"> A presentation on the administration's draft budget from the lead member To include a response to the recommendations contained in the first interim report 	<ul style="list-style-type: none"> Councillor Butt 	

	To agree the Panel's second interim / final report.	<ul style="list-style-type: none"> The aim of this report is to respond to and make recommendations about the administrations draft budget prior to the Executive 		
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Budget Panel

Final Report

March 2010

Membership

Councillor Mendoza (Chair)
Councillor V Brown (Vice Chair)
Councillor Butt
Councillor Cummins
Councillor Gupta
Councillor Van Kalwala

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Chair's Foreword

It is with great pleasure that I introduce the final report of the Brent Council Budget Panel.

In this fourth year of the Budget Panel's operation, the Panel's members continued to build on their expertise developed in scrutiny and inquiry in order to test the premise that the 2010/11 Budget put before us was robust, realistic and able to deliver the priorities in the Council's Corporate Strategy. With the lessons and experience of previous years providing a blueprint for progress, members were able to utilise diverse methodologies in order to provide a system of checks and balances for the Executive to note during the Budget making process.



This has of course been a particularly difficult financial year given the impact of the recession nationally. Brent has of course not

been immune from the effects of negative economic growth, and the Budget Panel was able to provide a forum for discussion on matters such as the continued effect of the loss of parking and planning revenues occasioned by the financial crisis. We were also able to assess the effects of changes in government policy – such as the Personal Care at Home Bill – on departments' abilities to stay within budget, and their impact on Brent's Budget strategy as a whole. I would like to think that the cumulative effect of having to prepare for and present reports to the Panel helped both the Executive and Service Heads adjust to the rapidly changing circumstances. Their efforts to mitigate adverse economic conditions and unexpected policy transformations have been duly noted.

My colleagues and I took evidence from a wide range of witnesses in the course of our enquiries. On behalf of the Panel I would therefore like to thank those officers and Executive Members who took the time to prepare presentations and attend our meetings in order to assist the Panel with its work:

Executive Members Councillor Lorber, Leader of the Council and Councillor Blackman, Lead Member for Resources.

- Martin Cheeseman Director, Housing and Community Care
- John Christie Director, Children & Families
- Richard Saunders Director, Environment & Culture
- Phil Newby Director, Policy & Regeneration
- Graham Ellis Director, Business Transformation
- Michael Read Assistant Director, Environment & Culture
- Terry Osborne, Borough Solicitor
- Cathy Tyson Assistant Director Policy

I would also like to take this opportunity to thank our Panel members for their efforts during the course of our deliberations. Their dedication and proactivity ensured a lively and productive overview and scrutiny process:

- Cllr Valerie Brown
- Cllr Muhammed Butt
- Cllr Mark Cummins
- Cllr Pawan Gupta
- Cllr Zaffar Van Kalwala

Particular thanks must also go to Mr Duncan McLeod and Mr Mick Bowden, the Director and Deputy Director of Finance and Corporate Resources, and Ms Jacqueline Casson of the Policy and

Regeneration Unit, for their support of the Panel's work. We particularly welcomed Mr Bowden's contribution in the first year of his new position at a particularly challenging time for the Borough.

As has become customary, the recommendations set out in our report fall into three major areas: generic recommendations reiterated from 2009/10, requests for further action on recommendations carried forward from 2009/10, and specific and thematic short and medium term recommendations for the Council to work towards in 2010/11 and beyond. Continuing the trend of co-operation that has been seen during the Panel's period of existence, I am pleased to say that the Executive has responded positively to all of our suggestions over the course of the reporting process, as reiterated by Cllr Blackman at the final meeting of the Panel this year. We therefore look forward to continued progress in their implementation over the course of the coming year.

I must also highlight two particular areas of concern and one area of special interest for the Panel.

The first of these is in the field of scenario planning after the next general election, which is due by June 2010 at the latest. The Panel is aware that a new government, of whatever political hue, will need to take remedial steps to curb public expenditure in order to tackle the financial deficit. Local government is likely to be an appealing target for any such action and the Panel would like officers to consider detailed plans in advance of this possibility in order to be prepared for any cuts in government expenditure well in advance of their announcement.

The second area of concern is that the Council's Improvement & Efficiency Strategy – which we greatly welcome on a conceptual level in order to transform the way that services and savings are delivered - will need very careful monitoring in order to ensure that the benefits mooted by its introduction can actually be delivered. Given the requirement to make vast savings over the coming four year cycle, and the imperative to improve services for residents, the Strategy outlined is a very ambitious one and does not leave much room for manoeuvre in case of implementation difficulties. While we are satisfied that the Executive and officers are alert to the risks and have learned the lessons of past implementations of new far-reaching strategies, we would still urge particular attention to be given to the practical difficulties of introducing any new programme of this size and scope.

The Panel also thought it particularly relevant for this round of scrutiny to consider how successfully this administration's Corporate Strategy objectives had been delivered over the four year period of their lifetime. We heard that of the 212 priorities contained within the Corporate Strategy 31% have been completed, 62% were still in progress but on course for completion and 7% were either not achieved or were no longer required. While a 93% success rate on such a diverse and wide-ranging set of objectives is to be commended, the Panel always aspires to perfection and hopes that the next administration will learn from some of the structural difficulties encountered in the latter category.

Finally, I would like to thank those Councillors who attended our special Budget presentation meeting this year and took the opportunity afforded to engage in free and frank questioning and discussion with Cllr Blackman on the Budget's implementation and aims. The Panel appreciated both their efforts and also Cllr Blackman's willingness to respond so fully and candidly.

Cllr Alan Mendoza
Chair Budget Panel

1. Introduction

The Budget Panel was set up in September 2006 during the first year of the current administration. The aim of the Panel was to develop the budget scrutiny process to enable a more in depth review of the budget than had previously taken place, and to allow more members to become involved in the budget scrutiny process, the issues and the options. As this is the final year of this administration and the seminal year for the implementation of Brent Council's Improvement and Efficiency Strategy, the role of the Budget Panel in challenging the administration and leading officers about the implementation of Brent's Corporate Strategy during the life of the administration and future plans is of increased importance.

Following the launch of the Improvement and Efficiency Strategy in September 2008 the Budget Panel spent some time looking at the deliverability and impact of service transformation on the council's three big service departments. Since then the consequences of the financial situation nationally, the recession locally and the prospects of serious financial constraint coupled with rising customer expectations has meant that the council has had to take a more fundamental review of how the organisation operates and what it delivers. Detailed research, analysis and consultation with staff and members has resulted in the development of Brent's Improvement & Efficiency Action Plan 2010 – 2014, which was launched in September 2009. The Action Plan, how it is being implemented and the council's capacity to deliver the targets set out in the plan, has been the key focus of the Budget Panel this year.

The overall aim of the Budget Panel is to undertake an in-depth review of the key budgetary issues facing the council and influence the development of the administration's budget proposals. Then, using the knowledge and understanding gained through this process, to scrutinise and make recommendations on the administration's draft budget prior to it being agreed at Full Council. In addition we also see our role as a source of easily understandable information for all non executive members enabling robust challenge and debate on the administration's budget proposals.

Our remit is to examine the budget and assess whether or not it is realistic, and can deliver the main priorities in the corporate strategy. The terms of reference include:

- Examining the principles for budget setting
- The robustness of the budget and the ability to deliver savings
- The impact of 'invest to save' projects
- The impact of the Improvement & Efficiency Action Plan
- Key revenue budget outputs and decisions
- Key capital budget outputs and decisions
- The Medium Term Financial Strategy

We have opportunities to make our views known to the administration and to the council as a whole. These are:

- **First interim report** prior to the draft budget
- **Second interim report**, which builds on the first report and includes recommendations on the draft budget prior to it being agreed by the Executive
- **Final report**, which builds on the second report and includes recommendations on:

- the Executive's budget prior to it being debated at Full Council;
- the budget process; and
- the budget scrutiny process.

This report is the final report of the Budget Panel and contains the Budget Panel's recommendations on the draft budget as agreed by the Executive. The recommendations in the report fall into the following categories:

- Recommendations in our previous (February 2008) report in relation to the 2008/09 budget which need to be reiterated in relation to the 2009/10 budget.
- New recommendations which have come out of our work on the 2010/11 budget.

2. Recommendations

A. Recommendations reiterated from 2009/10 Budget Review

- 1) That balances should be set at an adequate level. In deciding what the adequate level is, the Budget Panel strongly advise the administration to be guided by the Director of Finance and Corporate Resources.
- 2) That long term budgetary and service delivery risks should be assessed and explained when making decisions on savings.
- 3) That the budget should be robust, realistic and predictive of future demand to avoid overspends.
- 4) That there should be no increases in planned levels of unsupported borrowing given the impact this has on the longer term financial prospects of the authority.
- 5) That all members be encouraged to attend future meetings of the budget panel to raise awareness of the items within the budget and feed into the budget scrutiny process. The budget panel proposes that one of its meetings or a portion thereof be earmarked for the purpose of taking submissions from other members and that they be invited accordingly.

B. Recommendations from 2010/11 Budget Review

- 6) Given the current budget challenges and demands facing the council and future financial constraints facing the public sector, the administration should ensure that in setting a budget for 2010/11 future budgets are not further strained by the excessive use of one-off resources.
- 7) Given that there is likely to be reductions in government spending after the general election regardless of the political orientation of the new government, the council should undertake detailed scenario planning prior to the local and general elections on how it will address the need to make such savings taking account of the main policies of all major political parties in order to assess where likely funding problems might arise.

- 8) That the overview & scrutiny function plays a key role in the governance of the Improvement and Efficiency Strategy and Action Plan.
- 9) That savings targets identified in the Improvement & Efficiency Action Plan are profiled and monitored, and that the lessons learned from the previous Invest to Save programme - both positive and negative - are brought to bear in ensuring that the ambitious efficiency targets are met. This information should be regularly reported to the Budget Panel.
- 10) That the council ensures that it learns from the experience of other local authorities undertaking improvement and efficiency programmes and shares our experience with others.
- 11) That the effectiveness of the council to deliver large scale change as set out in the Improvement and Efficiency Action Plan is assessed, and any weaknesses are addressed.
- 12) That the council lobbies the government on the currently proposed changes to concessionary fares and on any future changes that will have a detrimental effect on our local community and council finances.
- 13) That the council lobbies the government to ensure that sufficient funds are provided to meet all additional costs that arise from the proposals in the Personal Care at Home Bill.
- 14) That the council develops a long term sustainable Housing Revenue Account business plan and continues to lobby for changes to the current national housing finance system.
- 15) That at the end of the current administration a review is undertaken to assess where priorities in the Corporate Strategy have not been delivered and the reasons for this. This will provide the new administration with the necessary information to decide whether the items should be included in the new Corporate Strategy, as well as indicating whether the priority became obsolete or was not funded as other priorities were deemed more urgent.
- 16) That the future Corporate Strategy contains clear costs and risks set out against each priority. This should be used as a framework for comprehensive mapping of the risks faced by the council and new administration.
- 17) That members receive regular information on performance against the corporate strategy.
- 18) That an assessment is made of the impact on the capital programme of improving the standard of roads and footways in Brent to the upper quartile of London boroughs.
- 19) That the council pursues the accurate reflection of the population of Brent in the 2011 census.

3. Methodology

The budget scrutiny process mirrors that of the budget setting process and started in July 2009. At our first meeting we received information on the provisional revenue outturn, the budget process for 2009/10 and the implementation of the recommendations the Panel made last year. The resulting discussions helped to inform the development of our work programme and highlighted the evidence we would need to receive. So far we have taken the following evidence:

- The Director of Finance & Corporate Resources provided a report on the budget strategy 2010/11 – 2013/14. In addition he provided regular updates on the budget process, budget gap and future financial prospects of the council.
- The Director of Policy & Regeneration provided detailed information on the impact of the recession in Brent.
- A report outlining the key issues and latest developments concerning the Housing Revenue Account (HRA).
- The Assistant Director of Policy provided a detailed presentation on Brent's Improvement & Efficiency Action Plan and achievements against the Corporate Strategy.
- The Director of Housing and Community Care provided information on the Adult Social Care budget and forecast for 2009/10, longer term budget pressures and service transformation both nationally and locally.
- Councillor Paul Lorber, Leader of the Council, set out the administration's priorities.
- The Director of Children and Families provided information about the budget and forecast for 2009/10, longer term budget pressures and the impact of service transformation.
- The Director of Environment & Culture provided information on their budget pressures and risks, budget solutions and how the service would contribute to delivering the Improvement and Efficiency Action Plan
- The Director of Business Transformation provided an overview of the project initiation document for the structure and staffing review (Gold Project)
- The Borough Solicitor provided an overview of the project initiation document for the strategic procurement review (Gold Project)

Discussion – First Interim Report

4.0 Budget Gap

- 4.1 At our first meeting in July 2009 we received a report on the medium term financial strategy. This set out assumptions about resources available to the council and presented the projected budget gap for the next four years on the assumption of a 0% Council Tax rise. The 2010/11 gap was identified as £14.1m. We heard that although this was within the range of previous years, the cumulative figure of £53.7m by 2013/14 supported the argument for a move away from an incremental approach to saving and budget setting to a more radical approach focusing on securing efficiencies, reducing waste and duplication and increasing income generation.
- 4.2 By the time the figures were reported to Full Council as part of the First Reading Debate in November 2009 the budget gap, assuming a council tax freeze, had been reduced to £8.9m. The main reasons for this were a reduction in the assumptions for pay and prices due to the low levels of inflation and an increase in the estimated council tax base.
- 4.3 The First Reading Debate report also set out measures that could be taken to reduce the gap. The main ones were:
- *Surplus carried forward from 2009/10* – work is being undertaken to identify a surplus. We heard that this had happened in previous years so was achievable though difficult.
 - *Identifying additional savings* – permanent changes would provide benefits for 2010/11 and future years.
 - *Fees and Charges* – members may wish to consider rises in specific areas.
 - *The Improvement And Efficiency Strategy* – the implementation of this via the action plan provides the greatest scope for closing the gap this year and in future years.
- 4.4 We were concerned that the report highlighted that, based on budget monitoring report to the end of September, the forecast level of balances at 31st March 2010 was £5.6m, which is below the £7.5m target set in 2009/10. The leader of the council told us that this was a similar level to that reported at a same stage last year. The Director of Finance and Corporate Resources stated that he believed that as departments got their overspends under control balances would return to the budgeted level, but any remaining overspends would impact on the level of balances.
- 4.5 The Panel questioned whether the *invest to save programmes* had delivered the projected savings in previous years. While it was acknowledged that some projects like that in Children and Families had delivered savings, others had been less successful in freeing up resources. We were informed that the invest to save concept was being pursued and the council had learnt from these programmes and was already getting better at managing the process.
- 4.6 We explored how robust the new approach to budget setting is. We heard that budget setting had become more straightforward since the introduction of a three year settlement. However the Budget Panel itself has previously raised concerns that large parts of the budget were not being scrutinised in any depth and changes to the budget were largely being made at the margins. This Improvement and Efficiency Strategy allowed for a fundamental analysis of what the council was spending money on and what was being delivered.

- 4.7 Given the importance of the implementation of the Improvement and Efficiency Strategy and Action Plan to the council's future ability to set realistic budgets, reduce costs and deliver services on behalf of our local community, a large part of the Budget Panel's work programme has focussed on the Action Plan and this is reflected later in this report.

5.0 *Budget Pressures*

- 5.1 The Panel has spent some time exploring the budget pressures facing the council. We were keen to explore medium and longer term issues as well as some of the immediate pressures facing our services. In particular we were keen to hear about:
- The local impact of the recession
 - Inescapable growth
 - Government funding decisions.
- 5.2 The Director of Policy & Regeneration informed us that economic data indicated that the impact of the recession in Brent had been mixed. The biggest impact was on our most deprived wards, which were also the council's priority for regeneration. Unemployment has seen a steep rise, and the take up of housing and council tax benefit has increased. Acquisitive crime had increased, in particular burglaries. However, the level of street crime had decreased.
- 5.3 A number of actions were being taken to mitigate the effects of the recession which included a benefits take up project and an income maximisation project. However we heard that difficult decisions would need to be taken in relation to successful projects like Brent in2 Work given the reduction in funding available via the Working Neighbourhoods Fund.
- 5.4 The Director of Environment and Culture told us that his service's budget pressures, which amounted to a total of £2.2m, were mainly driven by the recession. A drop in land charges amounted to £150k in 2009/11. Future income levels are uncertain following a recent ruling from the Information Commissioner meant that under the Environmental Information Regulations requests for information about land charges could no longer attract a charge. The biggest budget pressure in 2009/10 was the £1.1m shortfall in the parking account. We were told that the number of penalty notices had reduced as a result of increased compliance and possibly as a result of the recession. This reduced income could continue to be a pressure on the 2010/11 budget.
- 5.5 In some areas income was related to expenditure, so it was easier to adjust costs, such as staffing levels when income fell. In other areas, such as land charges, this correlation did not exist so reducing expenditure was not possible. Measures were being taken by the department to reduce the projected overspend which included a zero based budget exercise in Libraries and StreetCare, holding posts vacant, reducing the use of agency staff and service unit target savings. There remains a predicted residual shortfall of £600k which was proving intractable.
- 5.6 The Budget Panel explored ways in which the shortfall could be reduced, in particular the suggestion that street cleaning could be reduced in some areas. The Director of Environment & Culture said that this was being explored and there were areas where a reduction to once or twice a week would have minimal impact, though the Director stated that in other areas a reduction in service would generate complaints. We pressed for other options for reducing the shortfall. We were informed that the use of overtime was being examined. We were also told that a quicker than expected economic upturn would have a positive impact.

- 5.7 The Director of Housing and Adult Social Care told us that the projected overspend for the Adult Social Care budget was relatively small at £127k. Work was being undertaken to reduce this but he emphasised that this budget was volatile and demand led. Key longer term budget pressures identified were:
- Demographics – more people living longer with more years of dependency. An increase in transition cases from young people to adults
 - Possible legislative changes – Adult Social Care Green Paper
 - Managing the personalisation agenda – cost of choice, twin tracking of types of provision and ensuring the service remains in the overall budget envelope.
- 5.8 The main strategy for reducing the shortfall and tackling the longer term budget pressures was service transformation both nationally and locally. Nationally the focus of transformation was on preventing need, providing choice and maximising the independence of service users. Locally this is being picked up as a gold project in the council's Improvement and Efficiency Action Plan.
- 5.9 The Department of Health has recently issued a consultation paper on the Personal Care at Home Bill. We heard that this focuses on helping more people with care needs to stay at home for as long as possible and could guarantee free personal care for up to 400,000 people nationally. If agreed this will be funded via a specific revenue grant from October 2010. The grant will cover extra cost relating to loss of income from charges and additional service users who currently do not receive publically funded care. Some of the funding, 37%, is planned to come from local government efficiency savings. Initial calculations by the Government estimate that for Brent this would be between £497k and £635k in 2010/11. As implementation is planned for 1st October 2010 this figure will at least double in 2011/12. We would therefore like to ensure that the council lobbies for sufficient funding to meet new demand.
- 5.10 The Director of Children and Families informed us that an overspend of £2.5m for 2009/11 had been predicted in May 2009, but by November this had been reduced to £400k. Without the current invest to save project the projected overspend would have been much worse. However, the department was still working to increase the number of in-house foster carers in Brent and had commissioned an independent review into this as an increase would not only generate significant savings but would provide a better outcome for children. The children's services transformation had now become a gold project in the Improvement and Efficiency Action Plan.
- 5.11 The Director told us that there had been a general increase in social care activity, for example referrals under section 47 of the Children Act 1989 were predicted to be 5,456 in 2009/10, this compared with 3,434 in 2008/9. Increased awareness following Baby P and on issues such as domestic violence had contributed to this. The council had put an extra £1m into children's social care, which has been used to increase the number of social workers and specialist staff for audit and quality control of cases.
- 5.12 Other budget pressures outlined to the Budget Panel included an increase in the proportion of young people, an increasing birth rate and greater movement into the borough. In addition there was concern about the impact of the Southwark judgement by the House of Lords, which ruled that looked-after child status should be extended to 16 and 17 year olds. This would cost Brent Council between £800k and £1.6m. While there had been no significant financial impact this year, it was clear that there would be in 2010/11 and beyond.
- 5.13 The First Reading Debate papers published in November 2009 revised the itemised inescapable growth to £2.038m from £1.849m identified in March 2009, leaving £1.811m

within the general provision for inescapable growth. It was reported that any new inescapable growth above this figure would increase the budget gap.

- 5.14 The Budget Panel was concerned to hear that potential changes to how the government grant for concessionary fares will be allocated could result in an additional cost to the council of £1.1m.
- 5.15 Given the Budget Panel's previous interest in the population figures and what that means to the council in terms of government grant we were alarmed to hear that the Office for National Statistics (ONS) 2008 mid-year population estimate amended Brent's population down to 261,000. Brent Council's own estimate and the GLA's estimate both indicated a population of around 280,000. This would not affect the 2010/11 budget, but it would impact on the 2011/12 budget. The council would be responding to a consultation on this and would be lobbying to change the figure. This underlines the importance of ensuring a good return on the next census.

6.0 *Improvement & Efficiency Action Plan*

- 6.1 The Budget Panel received a presentation of Brent's Improvement and Efficiency Action Plan, which was developed to implement the Improvement and Efficiency Strategy. The economic situation had given the Improvement and Efficiency Strategy added significance emphasising the need for a more radical approach to future budgets while removing costs from the base budget. The Action Plan sets out a programme of projects designed to reconfigure the way in which the council provides services to the public, at the same time as achieving substantial efficiencies and effective service delivery. The projects contained in the action plan cover a balance of cross cutting and individual services and are aligned to at least one of the following savings strands:

- Service transformation and review
- Civic centre and property management
- Better procurement, commissioning and contract management
- Delivering the One Council proposals
- New and more flexible ways of working
- Stopping lower priority activities
- Increased income generation
- Independent review of structure and staffing.

The projects have been categorised as gold, silver and bronze depending on their strategic importance, organisational impact or complexity and capacity to deliver savings. Savings targets and timescales have been included in the Action Plan. The total savings target is a minimum of £50m, but equal emphasis is on improving service delivery.

- 6.2 We heard that the Improvement and Efficiency Strategy and Action Plan ensured that the council could deliver other strategies. The savings target had been arrived at using a range of methods including benchmarking with other London councils, the PricewaterhouseCoopers (PwC) staffing and structure review and the development of detailed business cases as with, for example, the financial management review. However, some targets in the Action Plan were provisional and independent validation and external consultants will be used to firm these up.
- 6.3 The Budget Panel heard that in developing this Action Plan, Brent Council took the view that it was possible to address improvement and efficiency without destabilising services. The

Budget Panel explored what risks could derail the implementation of the Action Plan. We heard that the main risks were:

- Keeping up the pace of change
- Effective project management
- Capacity, and
- Staff engagement

6.4 Members of the Budget Panel believe that this is an interesting approach in addressing the need for improvement and efficiency. We were therefore keen to follow the progress of the Action Plan and in particular the Structure and Staffing Review gold project and the Strategic Procurement Review gold project.

6.5 The Director of Business Transformation informed us that the Structure and Staffing review was one of the most important projects as it is likely to influence or impact on all of the other projects within the Action Plan. It has two main objectives. Firstly to transform Brent's organisational design by ensuring that the shape of the council reflects future need. Secondly it will reduce the workforce by at least ten percent and in doing so will streamline management structures, removing layers of management and addressing the current narrow spans of control. The PwC staffing review, undertaken earlier this year had provided evidence that a relatively small number of full time equivalent (FTE) post were engaged in 'front line' service delivery (29%) compared with 71% engaged in enabling front line delivery and other back office functions. The council would be aiming for a 50-50 split by the end of this project. We were told that Deloitte's are currently helping with the overall programme management and are scrutinising the project to help to clarify the projected savings of £8.5m and profile when the savings could be realised.

6.6 Key issues that will be addressed by this project include:

- Reducing the workforce by a minimum of 10% over 4 years
- Reducing the layers of staffing and broadening the ratio of staff to managers
- In-depth reviews of departmental structures and staffing
- Monitoring/encouraging other gold, silver and bronze projects to contribute to this work
- Ensuring downsizing is done in an intelligent, rational and creative way with minimal impact on frontline jobs and services, but
- Ensuring that both front line and support services are properly scrutinised.

6.7 The Budget Panel was concerned about how this would impact on staff morale. We heard that communication was key to ensuring that all members of staff understood the need for change and how that change would come about. Engaging staff was not easy, but vital to success and tools were available to monitor whether or not messages were getting through. The recent staff survey would provide more detailed information about how staff feel once the results had been analysed.

6.8 We were keen to explore the risks that might prevent the council successfully completing this project. The Director told us that most local authorities didn't have much in house experience of managing change on this scale and this was one of the reasons that the council needed external consultants like Deloitte. The challenging financial climate would continue to be a risk, particularly as some projects would require investment at the same time as aiming for big savings.

6.9 The Borough Solicitor, project champion for the Strategic Procurement Review, informed us that the main issue the project was trying to address was the highly devolved nature of the function which meant that there was limited use of collaborative contracting and framework agreements. The PwC work had indicated that as well as the nine full time staff employed in the Corporate Procurement Unit, a further 145 FTE were involved in procurement in one way or another across the council. Further work needed to be done to verify this figure and external support was needed complete the project. Issues that will need to be addressed include:

- Devolved procurement approaches
- Duplication of procurement effort
- Procurement strategy should address Community, Equalities and Sustainability in greater detail
- Need for greater focus on cost management in procurement projects and contract management

6.10 To complete the project a range of actions will be taken. These are:

Review staffing structure – determine the most appropriate staffing levels and structure to support a cohesive, unified approach to procurement across the organisation. Deliver cost reductions highlighted above and minimise the risk inherent in a fragmented procurement.

Switch to category management approach – Benefits include: cost reductions due to aggregation of demand and spend, collaborative working, long term planning, Risk reduction due to use of cross-functional teams addressing all relevant issues and the establishment of a high-level decision making board.

Update core strategy and create sub-strategies related to Community, Equalities and Sustainability ensuring that key areas of legislation/drivers are uniformly applied across all our procurement processes and that community partners are able to benefit from appropriate procurement opportunities.

6.11 We heard that the savings targets for this project were ambitious. The current estimate was that around £2.8m would need to be invested over the next four years to achieve a saving of over £11m. Contract reviews would produce further savings but it was too early to set savings targets for these.

6.12 In exploring the risks to this project we were told that quantifying and profiling the savings from improved procurement was difficult and the processes were long. It would be six months before firmer information was known.

6.13 Given some of the risks outlined above we wanted to explore further the mechanisms that were being put in place to ensure effective delivery of the Improvement and Efficiency Strategy. We therefore received an update on the council's programme management partnership with Deloitte.

6.14 The contract with Deloitte will be delivered over a six month period and is composed of four work streams:-

- Leadership of change
- Project activity
- Establishing a programme
- Training activity

- 6.15 The leadership work stream aims to embed appropriate governance at an operational and strategic level, ensuring timely and effective decision making and detailing the type of information that is required for each level of governance.
- 6.16 The project activity work stream is designed to ensure that the thirty two individual project within the programme are robustly scoped and designed and are able to meet their objectives. From this work five 'focus projects' have been identified that are central to delivering efficiency savings across the whole council. These include the Staffing and Structure Review and the Procurement Review discussed above.
- 6.17 We were informed that the establishment of a Programme Management Office (PMO) is critical to both effective delivery of the programme and sound governance. Actions undertaken to date include:
- Design of the PMO staffing, core function and service offer
 - Development of standard templates for reporting, risk management, benefits realisation and project design
 - Development of a communications strategy
- 6.18 A small number of posts for the PMO will be advertised externally but all other posts will be filled internally on a secondment basis. This expenditure has been factored into the efficiency targets for the programme.
- 6.19 The training activity work stream is designed to gain maximum benefit through skills transfer in programme and project management. Activity has included a two day project management training course provided to all 40 project leads and a skills and capability self assessment. Further training will be delivered over the next four months and individual support and coaching is provided.

7.0 *Housing Revenue Account*

- 7.1 The task group was informed about the key issues around the Housing Revenue Account (HRA), the HRA business plan, consultation on the reform of public housing finance, and a forecast based on current outturn
- 7.2 We heard that the HRA business plan 2009 had modelled income and expenditure over a 30 year period and had shown a significant long term shortfall, which is in the region of £518m. This raised issues how investment needs and decent homes standards could be funded in the long term and the sustainability of the HRA.
- 7.3 One of the main causes of the problem was the way in which the national finance system for public housing works. Currently two thirds of councils contribute to the surpluses to the government and one third, including Brent, gained subsidies.
- 7.4 The government has recognised the problems with the current system and is in the process of consulting local authorities on proposals to move to a self financing system. This would mean that the debt of those that currently receive subsidy would be transferred to those that currently contribute to the system. This would bring significant resources to Brent
- 7.5 Although the government would like to negotiate an agreement there is currently some resistance from those authorities that would have to take some of the debt. If a negotiated settlement could be agreed it could come into force in 2010. If not, the government would need to introduce legislation, which would be unlikely to happen before 2012/13.

8.0 Delivering the Corporate Strategy

- 8.1 Given that we are coming to the end of the current administration and this is the fourth year of the Budget Panel we were keen to look in detail at how many of the Corporate Strategy priorities have been delivered.
- 8.2 We heard that of the 212 priorities contained within the Corporate Strategy 31% have been completed, 62% were still in progress but on course for completion and 7% were either not achieved or were no longer required.
- 8.3 Key successes outlined to us included:
- Improved educational attainment
 - An increased recycling rate
 - The majority of LAA targets achieved
 - Crime and community safety – crime reduction of 21%, and
 - Gains achieved through improved speed of assessment for council tax and housing benefit.
- 8.4 There had been a number of key challenges. These included:
- Adult sports participation
 - Recruiting in-house Brent foster carers
 - Low levels of adult skills and qualifications, and
 - Demand for school places
- 8.5 We explored further why the 7% of targets were unlikely to be achieved. One of the reasons given was that the council was unable to find external funding, for example to build new sports facilities. In relation to roads and pavements it was because the council was unable to fund the work to a sufficient level.
- 8.6 The Budget Panel is keen that in future the Corporate Strategy contains clear cost and risks against each priority. We would also like to ensure that members receive regular information about performance against the Corporate Strategy.

Discussion – Second Interim Report

9.0 The Draft Budget

- 9.1 The final phase of the Budget Panel's work was to examine the administration's draft budget and question the Deputy Leader of the Council, Council Blackman, on key elements of the budget proposals. Our recommendations relating to the draft budget have been included in this report which will go to all Executive members prior to the budget being agreed.
- 9.2 One of the Budget Panel's key focuses has been the level risk to the budget, particularly in the current economic circumstances, uncertainty around future levels of government funding and the deliverability of the council's Improvement and Efficiency Strategy.
- 9.3 Councillor Blackman was questioned about the risk of assuming £4.4 million savings from the Improvement and Efficiency Strategy in balancing the budget. We heard that in his view the Improvement and Efficiency Strategy and Action Plan offered the council the best option for delivering the savings necessary for the council's future. There was a clear programme,

clear targets and a programme management system. Councillor Blackman thought that £4.4 million was a conservative estimate and that it was possible that more than that could be saved during the year.

- 9.4 There was some concern about the number of assumptions made in developing the budget and what would happen if some of those assumptions were incorrect. We heard that there always has to be assumptions around areas like levels of inflation, interest rates and demand for services. Best advice was always taken, for instance when assuming inflation the predictions of the Governor of the Bank of England are taken in to account. The national financial situation, forthcoming general election, and potential emergency national budget meant that assumptions around government funding have to be cautious. The administration has therefore included assumptions of a 2.5% year on year reduction in formula grant in its future projections.
- 95 The Budget Panel believes that following the local elections any new administration would need to monitor population and demographic changes in order to manage the assumptions made in the budget and any overspends that tend to occur in the services that are subject to changes in demand levels. The council will also need to pursue the accurate reflection of the population of Brent in the 2011 census.
- 9.6 Questions were raised about whether the administration's desire for a 0% council tax rise means that they have ruled out any possibility of council tax rises in later years even if changing circumstances mean some of the assumptions made in the budget are incorrect. Councillor Blackman said that he thought that the budget was prudent and that as usual any in year difficulties would be managed. He personally would not anticipate any council tax rises over the next four years.
- 9.7 Councillor Blackman was questioned about areas of unexpected expenditure such as the increased number of pot holes on the roads following the recent snow. Councillor Blackman explained that in that particular instance the administration are keen not to resort to temporary fixes and are focusing on expenditure to fund longer term solutions.

Background papers

Budget Papers Full Council 23rd November 2009

Draft Budget Executive 15th February 2010

Budget Panel Minutes: 27th July 2009, 23rd September 2009, 13th September 2009, 13th October 2009, 11th November 2009, 2nd December 2009, 14th January 2010, 11th February 2010

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