



Budget Panel

Thursday 11 February 2010 at 7.30 pm

Committee Rooms 1 and 2, Brent Town Hall
Forty Lane, Wembley HA9 9HD

Membership

Members

Councillors:

Mendoza (Chair)

V Brown (Vice-Chair)

Butt

Cummins

Gupta

Van Kalwala

First alternates

Councillors:

Detre

Corcoran

Coughlin

Bessong

Leaman

Beswick

Second alternates

Councillors:

H M Patel

Motley

Crane

C J Patel

Anwar

Jones

For further information contact Toby Howes, Democratic Services Officer
020 8937 1307 toby.howes@brent.gov.uk

For electronic copies of minutes, reports and agendas, and to be alerted when the minutes of this meeting have been published visit www.brent.gov.uk/committees

The press and public are welcome to attend this meeting

Agenda

Introductions, if appropriate.

Apologies for absence and clarification of alternate members

Item	Page
1 Declarations of personal and prejudicial interests	
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	
3 Minutes of the previous meeting	1 - 6
4 Matters arising	
5 Report on the 2010/11 budget	to follow
The Budget Panel will discuss and make recommendations on the draft budget in the 2010/11 budget and council tax report, tracking proposals made during the first reading debate. Councillor Blackman, Lead Member for Corporate Resources and Deputy Leader of the Council, will provide a presentation on the draft budget and answer questions from members. While the Panel will lead the discussion, this meeting is intended to give all non-Executive members the opportunity to participate in the budget scrutiny process and raise any questions or comments they may have on the draft budget. Members may wish to take particular note of the following sections within the budget report:	
<ul style="list-style-type: none">• executive summary• the budget-making process• 2010/11 revenue budget requirement• the future and medium-term forecast• the capital programme 2010/11 to 2012/13• value for money.	
Copies of the draft budget report will be circulated to the Budget Panel members prior to the meeting.	
6 Discussion on the Budget Panel's second interim report	7 - 20
Members will have the opportunity to finalise their discussions on the content and format of the budget Panel's second interim report before it is submitted to the meeting of the Executive on Monday 15 February 2010.	

A copy of the Panel's first interim report is attached for information.

7 **Date of next meeting**

The date of the next meeting of the Budget Panel is to be confirmed at the relevant meeting of Full Council in May 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.



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.
- Catering facilities are on the first floor near the Paul Daisley Hall.
- A public telephone is located in the foyer on the ground floor, opposite the Porters' Lodge

This page is intentionally left blank

LONDON BOROUGH OF BRENT

MINUTES OF THE BUDGET PANEL

Thursday 14 January 2010 at 7.30 pm

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

1. **Declarations of personal and prejudicial interests**

None declared.

2. **Deputations**

None received.

3. **Minutes of the previous meeting**

RESOLVED:

that the minutes of the previous meeting, held on Wednesday 2 December 2009, be approved as an accurate record of the meeting.

4. **Matters arising**

None raised.

5. **Update on budget position**

Duncan McLeod (Director of Finance and Corporate Resources) briefed members and answered questions on fundamental changes to the budget since its first reading on 23 November 2009. He reported that the provisional local government finance settlement, announced on 26 November 2009, had confirmed a 1.5% increase in formula grant, and that other grants had been set as expected as part of the three-year comprehensive spending review. However, the government had also sent a strong message about the capping of council tax increases. The expectation was that the capping level was likely to be set below 5%.

Two major new issues had arisen – concessionary fares and the Personal Care at Home Bill. The government had been seeking to change the funding scheme with a view to redistributing £29m of grant from London to other parts of the country. If this went ahead, Brent would lose around £1.1m. An announcement was expected at the end of January. A more surprising announcement had been the consultation on the Personal Care at Home Bill. Brent was already aiming to implement the aims of the bill, to help more people with high care needs to stay in their homes as long as possible, but the timing and financial implications were a challenge, with the government looking to pass bill in the current session and implement from October 2010. The government anticipated providing a grant of two-thirds of the cost, with councils to fund one-third from efficiency savings. The cost to Brent was not yet clear, as the number of people was not known, nor were their needs. In terms of

efficiency savings, these had already been calculated and allocated, and it would not be possible to deliver further savings in the timeframe. Based on government estimates, up to £635,000 would be needed in 2010/11. This was a very late change and would require a late decision.

A potential gap around £8.9m, with a range of options to close it, had been set out at the first reading of the budget. These options included the use of any surplus from the 2009/10 budget and any additional savings identified as part of managing the 2009/10 budget. Reviews of spending on central items and of inescapable growth were also taking place, and there were options to increase fees and charges. In addition, efficiency savings would be delivered as part of the Council's improvement and efficiency strategy, and any increase in council tax would provide extra revenue. The 2009/10 outturn was improving from that originally forecast, and additional savings had been made, in particular around West London Waste, where a projected price increase of 22% had been reduced to around 13%, in particular as a result of the increase in recycling. The deficit of the parking account had also been reduced. Specific proposals would be put to the Executive on 5 February 2010.

As expected, the GLA precept included a 0% rise in council tax, to be agreed by the London Assembly on 10 February 2010.

The Housing Revenue Account (HRA) was key area of uncertainty, with government proposals having been made for the restructuring of rents for 2010/11. The net impact of the proposals would be that Brent could lose both rental and grant income. This was a complex situation, and would be explained in a full report to the Executive on 5 February 2010. Duncan McLeod informed the Panel that the future of the HRA was not viable on this basis and currently it was unclear how to move forward. The real issue was reform of the HRA, which would now become a post-election issue.

The increase in the schools budget would be as announced in the comprehensive spending review – 4.7% per pupil in Brent. The new capital programme would run from 2010/11 to 2013/14, and was being updated in the light of recent government announcements – around £85m for Building Schools for the Future (BSF) and £14.7m for additional primary school places.

Aside from the 2010/11 budget, the major issue was what would happen in future years. In view of the need for the government to reduce its budget deficit, Brent would need to prepare for further financial constraint by addressing big decisions early in the financial year. The improvement and efficiency strategy meant that the Council was better prepared for this than in the past.

The government's pre-budget report had provided little firm information about levels of resources for local government from 2011/12, but this would become clearer after a general election. Members recommended planning for the future, with scenario planning.

The next stage in the budget process would be the publication of the Executive's budget proposals on 5 February 2010 and consideration by the Budget Panel on 11 February 2010, with all councillors invited. On 15 February 2010 the Executive would consider the budget and council tax, rents, the schools budget and fees and

charges, as well as the Budget Panel's second interim report. The budget and council tax would be determined by Full Council on 1 March 2010.

Asked where savings could come from to bridge the budget gap, Duncan McLeod informed the Panel that these would involve political decisions, but that the improvement and efficiency strategy was a planned way to reduce the size of the organisation and to re-engineer processes in order to deliver them in a better way.

In answer to the question whether there was a way of bridging the budget gap without affecting frontline services, Duncan McLeod reported that in most cases this would be possible.

Asked how Brent's deficit compared with those of other London boroughs, Duncan McLeod informed the Panel that virtually all authorities were carrying out the same kind of operation, and that the levels of deficit – £50m, for example – were not uncommon. He added that Brent's budget gap for 2010/11 as currently projected was not out of step with budgets in previous years.

RESOLVED:

that the verbal update be noted.

6. The work of Deloitte on Brent Council's improvement and efficiency action plan

Cathy Tyson (Assistant Director, Policy) briefed members and answered questions on the work with Deloitte on the Council's improvement and efficiency programme. She reported that the action plan had been launched in September 2009, and contained 32 projects to meet the two objectives of improvement and efficiency. Particularly strong emphasis was on customer access, with the use of face-to-face contact to be reserved for people with the most complex level of needs. A lot of research had been carried out on the staffing structure, which was central to identifying opportunities for streamlining. Work had also been carried out around benchmark performance and costs. Internal processes had been reviewed, for example, procurement, which was a very complex project. In view of the fact that the Council had not carried out service transformation on this scale in the recent past, it was felt that it did not have all the right project management skills or capacity for this. A competitive tendering exercise was conducted to seek an external partner to work with the Council to develop a Programme and Project Management Office as a corporate resource for managing the programme. Part of the role was to ensure standardisation, promote challenge, ensure appropriate governance and, most critically, have benefits realisation. Deloitte were the successful bidders. One of the major components of the tender invitation related to skills transfer and the training and development of staff so that the Programme Management Office (PMO) would be run by the Council itself within six months.

Cathy Tyson informed the Panel that the contract with Deloitte consisted of four work streams – leadership of change, project activity, establishing the PMO and operating systems, and training activity. Deloitte had started work on site in November 2009, reporting to the Director of Policy and Regeneration, but working on a daily basis with other directors and reporting on progress to the Chief Executive and the Council's Corporate Management Team. An important focus was to ensure that appropriate information was available and that the right decisions in

were taken in the right place. The Deloitte team had carried out a health check on the gold projects, identifying five focal projects critical to the success of the improvement and efficiency strategy – the transformation of customer contact, the strategic property review, the streamlining of financial management, [the strategic procurement review and the implementation of the structure and staffing review].

The PMO was working on designing staffing, with core functions and job descriptions, as well as developing templates for reporting and a communication strategy. Most of the staff in the PMO were internal, apart from three senior posts about to be advertised. An initial two-day training project had focussed on skills and capability self-assessment. Over all, Cathy Tyson informed the Panel, Deloitte had made significant progress in ensuring the right management infrastructure for major change, an issue with which the Council had struggled in the past.

Asked about the cost of Deloitte's involvement, Cathy Tyson reported that this depended on the number of consultants involved on a given day. However, the overall investment had been planned as proportionate to what would be achieved in efficiency savings. Duncan McLeod added that the average cost per consultant was around £800 per day. Cathy Tyson informed the Panel that the contract was for six months and that, within that period, stages of handing over control to the Council were built in so that, over the six month period, the role of Deloitte would diminish and the Council's role would increase. She added that additional benefits of using Deloitte related to the challenge and discipline offered, and the support in prioritising and sequencing actions. With experience of carrying out change programmes in other organisations, the Deloitte team was able to alert Brent to potential problems, and the project leads had found this aspect of Deloitte's work very helpful.

Asked whether Deloitte had sufficient autonomy to assess and challenge the Council's progress, Cathy Tyson informed the Panel that independent scrutiny was very clearly part of the brief for Deloitte. Duncan McLeod added that Deloitte's work was robust and independent. This independence was also reinforced by the fact that the Director of Policy and Regeneration, to whom the Deloitte team reported, was not responsible for any of the projects in the Council's improvement and efficiency action plan.

RESOLVED:

that the verbal update be noted.

7. **Progress Report on Corporate Strategy 2006-2010**

Cathy Tyson (Assistant Director, Policy) briefed the Panel on the progress of the Corporate Strategy 2006-2010, setting out achievements under the following headings, relating to aspects of the vision and priorities set out in the strategy.

A great place – there was a total of 212 individual targets around this strand of corporate vision, of which 31% had been achieved, 62% were in progress and 7% were unlikely to be achieved or were no longer relevant. With the environment as a major focus, there had been significant achievements on reducing enviro-crime. For example, performance had been good on the removal of abandoned vehicles and graffiti removal, and 96% of street lights working. Crime and community safety was a major area of improvement, with a 21% reduction in crime. The level of fear of

crime had also come down, and satisfaction rates on how police and the Council dealt with crime had gone up up to 97% (target 81%). The number of domestic fires and road accidents was also down.

A clean place – Local Area Agreement (LAA) targets on the cleanliness of roads had been achieved. While 16 accessible toilets had been installed, this was below target. The target for recycling waste was now up to 31%, a major achievement, and recycling had been extended to schools and Council offices. Two new district parks had been created, and play pitches improved in existing parks and 3129 new trees had been planted.

A lively borough – sports provision and participation had been a significant focus, and 87% of young people were taking part in sport for at least two hours a week at school. Library satisfaction rates had exceeded the target of 77%

Borough of opportunity – areas of achievement included:

- over 1000 residents had gained jobs through Brent in2Work
- public consultation on North Circular Road and Wembley regeneration had been kept on track
- significant improvements in adult social care with more people able to remain in their own homes, the introduction of direct payments, and reduction in delayed discharges from hospital
- progress of the transformation of adult social care
- 2000 new homes built and 283 private homes returned to use
- decent homes target met ahead of schedule
- 13 children's centres and extended schools programme rolled out
- 80% of children's facilities assessed as satisfactory or better by Ofsted
- significant investment in educational achievement had led to 72% of pupils achieving five A-Cs at GCSE, significantly above average and well above average in comparison with statistical neighbours
- educational achievement at key stages 1 and 2 was above average, with a high proportion of schools rated good or better
- the mechanism for the new Civic Centre was in progress, with partners involved
- the latest residents' attitude survey had showed improved levels of satisfaction with the area in general – now 83%
- gains had been made in the speed of assessments, which were currently down to an average of 21 days for council tax and housing benefit
- £26.4m of efficiency savings had been made, and a high level of council tax collected – 95%
- The majority of LAA stretch targets had been achieved and the level of council tax increase over the period had been 17th lowest in London.

Turning to challenges still faced, and answering questions from members, Cathy Tyson reported disappointment around the level of adult participation in sport, informing the Panel that, where sports facilities had been made available, adults had used them. However, finding investment opportunities in this area had been a challenge. She added that the Council would also have liked to achieve more in improving roads and pavements.

While the number of looked after children was down from 400 to 350, the stability of placements was not ideal, and not as many in-borough carers had been recruited as the Council would have liked. This was largely because of the ongoing issue of independent foster agencies and carers, with independent agencies recruiting successfully, partly because they were able to offer better support than the Council.

Progress on some of the health and wellbeing targets, reducing the number of teenage pregnancies, for example, had been disappointing, as had progress on some services for carers, for example, assessments for respite care.

Challenges for the future included the ongoing low levels of adults' skills and qualifications, with the ensuing impact on poverty and income levels. The demand for school places would also continue and, although good progress had been made around housing, this area would be an increasing challenge in the future, and the Council needed to be more creative in involving the private sector in this area.

Asked how much it would cost to bring pavements and roads to the desired standard, Duncan McLeod reported that this could cost up to £10m a year. In view of the importance of this issue to residents, the Panel agreed to add a recommendation on prioritising footways to its interim report.

The Chair thanked Cathy Tyson for her comprehensive briefing.

RESOLVED:

- (i) that the verbal update be noted
- (ii) that, in view of its important to residents, the issue of prioritising the improvement of footways be added to the Panel's interim report as a recommendation.

8. Budget Panel's first interim report

The Panel noted the content of its first interim report and had agreed – during discussion of agenda item 7 on the progress of the Council's Corporate Strategy – that, in view of its important to residents, the issue of prioritising the improvement of footways be added to the Panel's interim report as a recommendation.

9. Date of next meeting

The Panel noted that the next meeting had been changed to Thursday 11 February 2010, when Councillor Blackman, Lead Member for Corporate Resources, would attend to present and answer members' questions on the draft budget 2010/11. Members agreed to encourage fellow group members to attend.

The meeting closed at 8.45 pm

A MENDOZA
Chair



Budget Panel

First Interim Report

January 2010

Membership

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

Index

1. Introduction	3
2. Recommendations	4
3. Methodology	5
4. Discussion – first interim report	
Budget Gap	6
Budget Pressures	7
Improvement & Efficiency Action Plan	9
Housing Revenue Account	11
Delivering the Corporate Strategy.....	14

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 first interim report of the Budget Panel and contains the Budget Panel's recommendations to executive members prior to the publication of the executive's draft budget. 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.
- 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.

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.