

LONDON BOROUGH OF BRENT

MINUTES OF THE BUDGET PANEL

Wednesday 2 December 2009 at 7.30 pm

PRESENT: Councillor Mendoza (Chair) and Councillors Gupta, C J Patel and Motley

Apologies were received from: Councillors V Brown and Cummins

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 11 November 2009 be approved as an accurate record of the meeting.

4. **Matters arising**

Item 5 – First reading debate on the 2010/11 to 2013/14 budget

Duncan McLeod (Director of Finance and Corporate Resources) informed the Panel that Brent had been successful in being included in the next wave of Building Schools for the Future (BSF) funding. He added that it had also been announced that the Council would receive around £15m to fund additional primary school places in 2010/11.

Duncan McLeod also reported that the Office for National Statistics (ONS) had launched a consultation on Brent population statistics. In its 2008 mid-year estimate, ONS had amended Brent's population down to around 261,000. The Council's own estimate, as well as the GLA's, both arrived at independently, indicated a population of around 280,000. All the indications from the number of households, school pupils and demand for services were that the population was increasing, rather than decreasing. The final ONS figure would necessarily affect the level of funding of the Council and partner agencies. While there would be no major impact on the 2010/11 budget, this would be felt in 2011/12. In the meantime, the Council was lobbying and commissioning its own studies, and it would be important to get the best possible return from the next census.

5. Environment & culture budget issues

Richard Saunders (Director, Environment & Culture) gave a presentation and answered questions from Councillors on the department's budget position and service transformation. He pointed out that the department covered a wide and complex range of services, from libraries to planning and road safety, together with a significant number of corporate services. Turnover in the current year was £90m-£100m. The current budget pressures, amounting to a total of £2.2m, were driven mainly by the recession. For example, the parking account would be £1m short of the forecast figure of £11m. The number of penalty notices issued had gone down as a result of increased compliance and possibly also as a result of the recession. Fortunately, in some services income and expenditure were linked, but this was not the case in others – land charges, for example. Zero-budgeting exercises had taken place in libraries and streetcare, and it had been possible to take action to rebalance the budget in those areas. Service units had been asked to contribute a total of £600,000 but there remained a residual predicted shortfall of around £600,000. While the department was still working on reducing this, it was proving intractable.

Pressures on the 2010/11 budget included the continuing reduced parking account, pressure on regulatory income, and uncertainty following a ruling from the Information Commissioner that, under the Environmental Information Regulations, requests for information around land charges might no longer be charged for. The success of the organic waste collection meant that extra costs would be incurred, and waste disposal costs in general were uncertain, with costs rising as the recession drew to an end.

Service transformation was taking place in line with the Council's Improvement and Efficiency Strategy, with waste and recycling a key gold project. Another of the department's key gold projects was the Civic Centre project and the introduction of new ways of working. Floor space in Brent House was being reorganised in preparation for new ways of working, and Internet Protocol (IP) telephony was being piloted in preparation for flexible working and hot-desking. Key silver and bronze projects included income maximisation and the review of the Veolia contract. The Council had engaged in competitive dialogue with Veolia and, while the contract specification had seemed ambitious, targets had been met. There had been an improvement in street cleaning, and Local Area Agreement (LAA) targets had been met. The Residents' Attitude Survey (RAS) had reflected significantly increased levels of satisfaction since the introduction of the contract. The RAS had also shown increases in satisfaction with other services provided by the department and, while satisfaction with refuse collection had increased by only 6%, this – at 86% – remained one of the highest satisfaction ratings. The performance of recycling was improving, but was also costing more.

Asked about the speed of parking enforcement at weekends, Richard Saunders reported that actions at the weekend should be as effective as at other times and any reports of reduced productivity could be investigated.

In answer to a question about the use of camera systems for the issuing of penalty notices, Mike Read (Assistant Director, Policy & Regulation) informed the Panel that significant investment would be needed to introduce this, and that the Council would need to be able to take action on moving traffic offences, as well as parking offences, before these powers could be transferred from the police. He agreed to

contact the contractor about a member's concern at the difficulty of parking enforcement in Harlesden.

Answering a question on the level of grant funding received by the department, Mike Read reported that very little was received in grants. For example, in the current year £275,000 – out of a maximum of around £400,000 – had been received as housing and planning delivery grant (HPDG). However, he was confident that more would be received in the following year, as the grant would be more based on the provision of housing.

Asked about the possibility of reducing street cleaning in some areas in order to address the predicted budget shortfall, Richard Saunders informed the Panel that this was being considered, although there were areas where, even with cleaning three times a week, there were complaints. However, there were also areas where a reduction to twice a week would have minimal impact. The contractor did not use mechanical pavement sweepers, as these were not suited to narrow pavements with trees or street furniture. In general, the state of the pavements was such that their use was limited. Damage to pavements by contractors working for residents was a serious problem. While deposits were taken for Council-licensed skips, it was difficult to prove who caused damage, even when the Council took photos both before and after work had taken place. While officers checked, and residents or contractors sometimes paid up, this was not easy to enforce.

In answer to a question about parking enforcement around Wembley Stadium, Richard Saunders reported that the original Section 106 funding had been for the introduction of controlled parking, and not its maintenance. Maintenance needed to be funded from the parking account. The arrangements of signs and lines in some areas were now being reviewed, following a ruling from the adjudicator that they did not comply.

Pressed about the likelihood of being able to bridge the identified £600,000 gap, Richard Saunders informed the Panel that, while progress was often made in addressing this, it tended then to be offset by the need for funding elsewhere. Overtime and the use of agency staff was constantly under review, for example, but there were essential areas in which these were necessary. He added that, should the economic upturn come more quickly than expected, this could help increase income.

The Chair thanked Richard Saunders and Mike Read for attending the meeting and answering members' questions.

RESOLVED:

that the presentation be noted.

6. Structure & Staffing Review Implementation

Graham Ellis (Director of Business Transformation) presented the report and answered questions from members on the implementation of the Structure and Staffing Review, a gold project in the Council's Improvement and Efficiency Strategy action plan. Graham Ellis informed the Panel that this was one of the most important projects, with several purposes. For example, it would set the shape of the future Council alongside design principles, with the Chief Executive as the project sponsor. A minimum staffing reduction of 10% would be needed over the next four years. Discussions were taking place with staff, who were aware of the

economic situation. An example of how the Council needed to modernise was the issue of spans of control. These were currently at too low a ratio with, for example, too many cases of one manager managing one or two members of staff. An industry-standard average of one to six had been cited by PricewaterhouseCoopers (PwC). PwC had also drawn attention to the number of layers in the organisation, and in-depth reviews were taking place to address this.

Asked about staff morale, Graham Ellis told the Panel that what concerned staff was not knowing what was happening. It was the job of managers to talk to them, to minimise the impact of change and to keep looking to improve services. Managing change and engaging staff was not easy, but engagement was vital, and tools were available to monitor whether the necessary messages were being communicated.

Graham Ellis reported that the Council was looking at end-to-end services, and that the Chief Executive had talked about dealing with the economic pressures in a rational, intelligent way. Everyone understood that the future would not be the same as the past, and this was an opportunity to address issues and improve services. The more that could be done to plan, the more the Council would be in control of its own destiny. The review was still at the design stage, and Deloitte were helping with the programme management. The scope of the review might well change on advice from Deloitte.

Asked how quickly the projected savings of £8.5m could be quantified, Graham Ellis reported that this would be clearer after the feedback from Deloitte, in all likelihood before Christmas.

Addressing the issue of what could go wrong, Graham Ellis informed the Panel that most local authorities did not have experience of managing big change, and this was one of the reasons why the Council needed consultants such as Deloitte. Specific expertise was needed, and the scale of the project meant that it could not be done as part of managers' day jobs. The challenging financial climate continued to be a risk, with some projects requiring investment, at the same time as aiming to make big savings. The Council had no illusions about the scale of the task.

Responding to specific questions about waiting times in the One Stop Service and delay in the assessment of a disabled person, Graham Ellis agreed to investigate issues brought to his attention.

Asked about the PwC view that the proportion of frontline staff was low, Graham Ellis told the Panel that the Council was aiming for a 50-50 split, but that it was important to rationalise customer access points and avoid duplication of the work of frontline staff. He recognised that there were sensitive services that could not be reduced, but took the view that elements of even those could be streamlined and rationalised. Services needed to be based around residents and customers. Services around children should have a family focus, for example. The aim was to give residents a better service at one access point.

The Chair thanked Graham Ellis, commending the review as a bold and necessary project.

RESOLVED:

that the report be noted.

7. Strategic Procurement Review

Terry Osborne (Borough Solicitor) presented the report and answered questions from members on the Improvement and Efficiency Strategy gold project on the Review of Procurement, for which she was project champion. Terry Osborne informed the Panel that the main issue was that procurement was highly devolved within the Council, with minimal use of collaborative contracting and framework agreements. The recent report from PricewaterhouseCoopers (PwC) had indicated that, in addition to the equivalent of nine full-time staff employed by the Corporate Procurement Unit, a further 145 staff were involved in procurement in one way or another. More work was needed to verify the figure, which seemed high, and to establish how the work being carried out by these members of staff contributed to the delivery of the procurement function. External support was needed to analyse the situation and to restructure procurement to make best use of available opportunities. Category management – a radical change – would be used to ensure that goods and services were procured in the best possible way across the organisation. Savings targets were ambitious and not yet firm. The current view was that investment of around £2.825m over the next four years would be offset against £11.8m in savings over the same period, producing a net saving of approximately £8.975m.

Asked about the risks to the project, Terry Osborne reported that quantifying the savings from improved procurement was difficult, as was the timing of achieving any real savings, given the nature of the procurement process and the timescales involved. The processes were long, and realising the savings would take some time. Firmer information was more likely to be known within six months to a year.

In response to members' questions, Terry Osborne informed the Panel that some contract reviews, of the Veolia contract, for example, had started before the Improvement and Efficiency Strategy, as part of good practice. Duncan McLeod (Director of Finance and Corporate Resources) reported that, whilst some reviews of contracts had taken place in the past, with areas of good practice, they had not necessarily been carried out in a methodical or planned way. The proposal now was to carry out reviews in a more systematic and structured way.

Answering further questions from members, Terry Osborne informed the Panel that there was no intention for the central procurement team to carry out all procurement, although the current view was that the centre needed strengthening. One of the objectives of the project was to make better-informed decisions, taking account of all options, including establishing new or tapping into existing or emerging collaborative arrangements.

The Chair thanked Terry Osborne for attending the meeting and answering questions from members.

RESOLVED:

that the report be noted.

8. **Date of next meeting**

The Panel noted that the next meeting would take place on Wednesday 13 January 2010.

The meeting closed at 9.30 pm

A MENDOZA
Chair