

# **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