

BUDGET PANEL

22 JUNE 2011

Present: Councillor J Dhindsa (Chair)
Councillor T Poole (Vice-Chair)
Councillors S Counter, G Derbyshire, S Greenslade, P Jeffree,
R Martins, M Meerabux and S Rackett

Also present: Councillor Andy Wylie, Portfolio Holder for Finance and
Shared Services

Officers: Head of Strategic Finance
Executive Director Resources
Corporate Projects Section Head
Housing Section Head
Consultant
Committee and Scrutiny Officer

1 APOLOGIES FOR ABSENCE/COMMITTEE MEMBERSHIP

The Committee and Scrutiny Officer informed the Panel that Councillor Meerabux would be permanently replacing Councillor Mortimer.

There was a further change of membership: Councillor Jeffree replaced Councillor Watkin for this meeting.

2 ELECTION OF VICE-CHAIR

The Committee and Scrutiny Officer informed the Panel that as a Vice-Chair had not been elected at Annual Council it was necessary to seek nominations for the post. She advised that the convention was that an Opposition Councillor was the Vice-Chair of Budget Panel.

Councillor Dhindsa nominated Councillor Meerabux as Vice-Chair, which was seconded by Councillor Rackett.

Councillor Derbyshire noted that Councillor Rackett had declined the position at Annual Council. He said that he felt it was too early for Councillor Meerabux to undertake the role, as he was still a fairly new Councillor. Councillor Derbyshire then nominated Councillor Poole.

The Chair commented that the role should be based on a person's ability rather than their length of service. His understanding was that the roles of Chair and Vice-Chair of Budget Panel were taken by Opposition Members and if the current nomination had taken place at Annual Council this would have been the case.

Both nominations were put to the Panel and Councillor Poole was declared the Vice-Chair.

RESOLVED –

that Councillor Tony Poole be elected Vice-Chair of the Budget Panel for the 2011/12 Municipal Year.

3 DISCLOSURE OF INTERESTS (IF ANY)

There were no disclosures of interest.

4 MINUTES

The minutes of the meeting held on 14 March 2011 were submitted and signed.

5 CORPORATE PROCESS IMPROVEMENT PROGRAMME

The Panel received a report of the Executive Director of Resources setting out the processes put in place to identify further efficiency savings whilst either maintaining or improving current levels of service delivery.

The Executive Director Resources informed the Panel that the report highlighted the 12 projects put in place to deliver improvement in key processes. A benefits analysis would be carried out to assess their value and key milestones would be reported to Members. Once these 12 projects had been completed, more would be added to the programme. The Council needed to constantly look at the way it worked and to deliver efficiencies going forward.

Following a question from the Chair regarding the Consultant employed to assist with the programme, the Head of Strategic Finance advised that the Consultant had been working at the Council for six months and would be continuing until September. This role was an integral part of the service programme. He added that the Consultant was not paid if he was on holiday or on sick leave. The approximate cost was £20,000. He confirmed that this would be offset by the savings identified.

A Member stated that this was a long-term process and asked what would happen once the Consultant left and where the strategic leadership would lie. The Member added that the performance of revenues and benefits had been inconsistent and enquired what implications the changes would have on this. He also referred to the Government's proposed changes to the benefits system.

The Executive Director Resources said that there were two key projects which were crucial to the revenues and benefits shared service. The first was to ensure that both Watford and Three Rivers staff were working on the same system and version of the software. Once this had taken place the processes would be harmonised and the Customer Service Centre trained to answer some

queries. It was hoped this would be in place by the end of December 2011. The service was continually improving. There would be further changes in the future.

The Executive Director Resources informed the Panel that as the Council progressed through the first phase of the programme; dialogue would start and consider what the Council could do in 2012/13. The strategic overview came from the Programme Delivery Board, with leadership from the Managing Director and both Executive Directors.

Planning projects – Data Cleansing

A Member asked for clarification about the annual savings referred to in the report.

The Corporate Projects Section Head explained that the savings of £19,830 were gross. The cost of data cleansing was £20,000. In the current financial year this cost had been covered by savings from a vacant post. The savings would be shown in the next and subsequent years. The data cleansing was currently in progress and the expected completion date was July or August. A data sample had been sent back to the Council for checking. It was important to ensure that no new errors were created.

Corporate projects – Channel Shift

The Corporate Projects Section Head confirmed that this project referred to methods of communication with customers. This looked at the feasibility and if there were any benefits to the Council of customers being able to use other channels to interact with officers. A benefit could be 24/7 access. The nature of some queries would not be suitable to cheaper communication channels.

The Executive Director Resources stated that, before the Council undertook any new ways of delivering services to customers, consultation with the public would take place. Officers were aware that some people liked the availability of self-service facilities. Any consultation results would be reported to Members and officers would also demonstrate any new channels to Members prior to implementation.

A Member said that he was reassured to hear that officers would be consulting on this issue. He commented that customers liked to be able to talk to 'real people'.

General comments

A Member asked whether the Council looked at the input and output of departments. He said that as an example the average cost of planning would increase as fewer applications were submitted. Whereas Housing demand was increasing, but there appeared to be reduction in the service. He was concerned how clients were being treated. He also felt that Housing was an easy target.

The Executive Director Resources explained that the planning projects included in the programme were just the first stage. A wider review of the planning service would need to be carried out but not in the current year.

The Head of Strategic Finance added that in 2010/11 the income from planning fees had fallen. The service, however, had kept £100,000 of vacancies.

The Consultant advised that a planning review would look at the processes, costs and staffing structure.

The Head of Strategic Finance assured Members that there were no protected services within the Council. The Executive Director Resources added that following the transfer of the Council's housing stock the Council needed to look at the housing strategic function. The housing review had been an outstanding piece of work which needed to be carried out.

The Chair referred to the backlog of benefits claims. He understood that agency staff had been used to get it up to date.

The Executive Director Resources said that service had improved and that currently the service had the lowest number of outstanding benefit claims of four weeks in duration for some time. The head of service would be able to provide Members with the exact number of cases. At the recent Shared Services Joint Committee Members had agreed to a contract with a company who would help clear the backlog of benefit claims. The contract would only be instigated as required, it was not ongoing. The company would be doing intense work over the next six weeks. The Shared Services Joint Committee would review the situation at its meeting in September. The Shared Services Joint Committee had agreed to a maximum of £25,000 for the contract.

The Portfolio Holder for Finance and Shared Services explained that the company's staff would have access to the revenues and benefits system. There was uncertainty in the benefits world regarding the changes proposed to take place between 2013 and 2017. Previously, agency staff had not been found to be satisfactory. The cases related to Watford residents tended to be more complicated when compared to Three Rivers applications, as there was a more transient population in Watford. In addition, the Shared Services Joint Committee had stated that once the current backlog had been resolved, application should be completed within three to five days. Officers were unable to assess applications when there were repeat calls about outstanding applications. A flexible solution had been required to resolve the peaks and troughs of applications.

The Committee and Scrutiny Officer informed the Panel that all Members should have received an email including all reports presented to the Shared Services Joint Committee.

A Member commented that he represented Watford Borough Council on the Shared Services Joint Committee. He said that the Joint Committee Members were satisfied that there had been an improvement.

Following a question from the Chair about the cost of the contract, the Member advised that the contract was with an external company to meet the peaks and troughs in the service. There had not been a commitment to purchase a fixed amount of time. The approval had been for a total expenditure of £25,000 (60% falling to Watford and 40% falling to Three Rivers), but the full amount would not necessarily be spent.

The Executive Director Resources confirmed the Member's comments and said that the Head of Service was required to report to the Shared Services Joint Committee in September on the amount of expenditure for a six-week period and on what the contract had achieved.

A Member suggested that if the Panel felt that this were a performance issue, the Overview and Scrutiny Committee could possibly request a Task Group be set up.

The Chair was concerned that the Council would be spending £10,000 per month over the next six weeks to make savings.

The Head of Strategic Finance informed the Panel that the previous Parking Services Manager had asked the Consultant to negotiate with Vinci as they wanted an increase. The Consultant looked into the figures and as a result there was the equivalent of £39,000 in savings on this piece of work alone.

A Member said that provided the Consultant generated savings more than their cost and made substantial gains then the role was justified.

The Portfolio Holder informed the Panel that the cost of agency staff for previous years, in both councils, had been substantial. Shared Services had tried to reduce the use of agency staff. The service had been streamlined but the work had increased. The service was trying to become more cost efficient. Following a question from the Chair about the different attitude between agency staff and permanent staff, the Portfolio Holder advised that it had been difficult to keep a full team in benefits. He referred to the annual benefit claims that had to be submitted to the Government. If any errors were found a proportion of the benefit reimbursement was withheld and the Council then had to claw it back. It was important to be assured of the quality of the service being provided.

A Member said that it was important the Council's money was spent well. If it was necessary to spend money then it should be spent to help vulnerable people.

A Member asked how the Council would measure whether the work streams set out in the report were worthwhile.

The Executive Director Resources advised that the reason for bringing the Corporate Process Improvement Programme to Budget Panel was because officers had wanted to show Members the areas of work that were currently being carried out. There was ongoing work to capture the benefits of the

projects. The steering group met on a monthly basis and would be working out how to assess the benefits. Officers would be able to provide a further report on progress in October.

RESOLVED –

that Budget Panel's comments be noted.

6 **HARLOW VALUE FOR MONEY STUDY**

The Panel received a report of the Head of Strategic Finance setting out an introduction to the Harlow Value for Money Study. A presentation was given incorporating the comparisons between Watford Borough Council, Stevenage Borough Council and Harlow Council.

The Head of Strategic Finance explained that the benchmarking process tried to compare costs and activities with other local authorities. The figures used for the study were the 2009/10 outturn figures. The figures would not include the efficiency savings identified through service prioritisation. Harlow Council had included other authorities, but the Leadership Team had discounted them due to the size of populations.

The presentation showed the comparative statistics for the three authorities, which included population; the 2009 CAA overall performance result, indices of deprivation rank, population density and ethnicity. The key comparisons highlighted were revenue expenditure, environment expenditure, planning expenditure, parking costs per head, culture and community costs, benefits and taxation and the corporate and democratic core costs.

Members were invited to ask questions about the comparisons.

The Chair asked how much each authority charged for Council Tax. As this information was not available it was agreed that this would be circulated to Members.

A Member commented that Watford had a high Council Tax and high expenditure. He felt this was due to the quality of service. He added that Watford had maintained a weekly bin collection which was valued by residents. This was bound to be more expensive than fortnightly collections.

A Member commented that the benchmarking exercise did not give a true picture, as it was a standard form which was completed.

The Consultant advised that this was a proven method to compare unit costs of authorities. He acknowledged that comparison based on unit costs alone would never be the full story and that the benchmarking did not show how an authority delivered a service. It would be difficult to find an authority exactly the same. The information would help Members decide whether further investigation was needed into a service.

Following a question from the Chair about comparisons, the Consultant advised that the calculations had been based per head of population and had not factored in visitors to the town.

The Consultant advised that the Planning costs for Watford were higher than the other two authorities, but it was amongst the best performing authorities in the country. The calculation had not been assessed on an application basis. There had been a recent benchmarking study which had compared per application. Watford was still high in comparison.

The Portfolio Holder referred to the parking net income. He said that some of the income would be within the Property service. The parking account was net nil.

The Panel considered the Culture and Community expenditure. The Head of Strategic Finance said that, based on the comparisons, it might raise the question whether the Council had too many parks or grass pitches.

The Chair said that he was unsure the reference to 77 grass pitches and 30 parks was correct and asked that details were circulated to the Panel.

The Portfolio Holder said that if Cassiobury Park was excluded, the density statistics for Watford would be higher. Watford was a small geographical area but it provided facilities for people outside the Council's geographical area. The cost of visitors to the area was not compensated by the Government but by the local residents.

A Member said that the information did demonstrate that Watford was a high cost Council and it should not be complacent. The Council needed to continue to be rigorous in its service prioritisation exercise. It was important the Council did not get into the position where it needed to borrow money.

The Chair stated that he did not agree with the Member's comments.

A Member said that she had found the study interesting. It was necessary to consider whether people wanted to pay for the services provided. The key thing to be considered was the service provided to the customer.

Another Member said that he considered it was possible to identify efficiencies, but he did not want the Council to lose the good things it was known for. The quality of service needed to be maintained.

The Head of Strategic Finance informed the Panel that the housing comparisons had not been included as both of the other authorities still had a Housing Revenues Account. He said that the conclusion he could identify from the study was that Watford had a high cost and provided a high quality service. It would be possible to find efficiencies without decimating services.

A Member suggested that the Panel needed to look at the income generated by services. For example, whether bookings were from Watford residents or those

outside of the Borough. The cost impact of licensed premises. The demand for services and whether they were a fair price.

The Chair thanked the officers for the presentation and Members for their contributions.

RESOLVED –

1. that the Council Tax for the three authorities be circulated to Members.
2. that a list of all grass pitches and parks be circulated to Budget Panel.

7

HOUSING VALUE FOR MONEY REVIEW PHASE 1

The Panel received a report of the Head of Community Services which had been presented to Cabinet at its meeting on 6 June 2011. The Housing Value for Money Review aimed to achieve savings targets for 2011/12 and 2012/13, which were part of the Service Prioritisation Programme. The report set out the process and the recommendations to achieve the Phase 1 savings proposals. The proposals for Phase 2 were due to be presented to Cabinet in September. An external consultant had been used to provide an external challenge.

The Chair noted that the officer had referred to a consultant being used and asked that a report was provided with a breakdown of consultants' costs spent in the whole Council.

The Chair commented that due to changes in housing benefits there was likely to be more pressure on local housing. He had noted that there were 14 families being accommodated in bed and breakfast premises. He asked what plans were in place for the long term. He also asked for information about housing staff costs, particularly as it was proposed that £150,000 saving needed to be found in the second phase.

The Housing Section Head replied that the consultant had cost £18,000 and had carried out their work over a month. With regard to families being accommodated in bed and breakfast accommodation, the Housing Section Head said that this was a huge concern. Officers were working hard to resolve this situation. They were looking at a number of options, including discussions with other local authorities and the Housing Trust; reviewing hostels which were no longer in use by the service; linking with the private sector and homeless prevention. It was possible that there would be an increased pressure due to people moving out of London. Housing officers were working with Housing Benefits to track interest in moving to the area.

The Housing Section Head advised the Panel that in order to find £150,000 savings it was likely staffing levels would be affected. She referred Members to the housing budget document included with the report. There were four teams in housing with a total of 20.43 staff although this included a 0.5 full time equivalent post which had been deleted as part of Phase 1. Each role would be looked at; what work was done and whether it could be done differently.

The Portfolio Holder informed the Panel that the Budget Book was available on the Council's website. All expenditure was broken down. The Housing Service was on pages 75 to 85. The figures also included agency and consultancy costs.

A Member commented that the Citizens Advice Bureau (CAB) provided money advice. She asked whether there was any overlap between the two services.

The Housing Section Head responded that the CAB did a great job but would not necessarily have the capacity to deal with urgent cases threatened with homelessness. The clients seen by the Council had urgent demands. Whilst carrying out the review she would be looking to see whether the Council provided services which were also provided by another organisation.

A Member asked whether the Housing Team carried out casework, the same as the CAB. For example, were the officers able to process debt relief orders?

The Housing Section Head explained that officers did case work in connection with homelessness and advice. It was acknowledged that officers did not have the expertise or capacity to carry out detailed money advice. Officers could alert people to the services available, for example benefits.

Following a question about the statement in the consultant's report about the Council having a high rate of homelessness acceptances, the Housing Section Head clarified that this did not necessarily mean higher numbers coming to the Council as homeless compared to other authorities. What it meant was that where people actually applied under the homelessness legislation (i.e. when it had not been possible to prevent their homelessness), the majority were cases who would later be accepted as owed a duty under the legislation. This demonstrated good performance as it showed effective use of resources and appropriate advice being given rather than a large volume of applications which would ultimately not be accepted and where other options would have been more appropriate for the client.

A Member asked whether the efficiency savings measures being put in place had been assessed for the impact they would have on different groups, for example the disabled or ethnic groups.

The Housing Section Head replied that was one of the tasks she would be carrying out. When any proposal was put forward it was necessary to identify any impact on clients and staff. It was important to ensure that vulnerable people were given the right support. She assured Members that Housing staff shared their concerns. It was acknowledged that human contact was important. The Equality Impact Assessment included with the Cabinet report referred to the first phase of savings. A further assessment would be carried out on the second phase proposals.

A Member commented that the Consultant's report made recommendations of savings totalling approximately £90,000. He noted the officer's

recommendations did not include all the suggestions and asked why the remainder had not been adopted. He also questioned whether officers were confident they could meet the further savings required for 2012/13.

The Housing Section Head informed the Panel that the Consultant provided an external challenge. Staff and stakeholders were spoken to about the service. The target of £50,000 had been set for this year and it would be possible to achieve this in a different way from the Consultant's recommendations. Officers had the role of challenging the recommendations to test how appropriate and achievable they were within timescale. A number of the recommendations were dependent on other factors which would need to be put in place before they could be achieved. Officers had tested the actions which could be achieved immediately. The first year's savings would be achieved and they were now working to identify second year's savings.

The Member commented that he did not feel the Consultant would have made recommendation which were not achievable.

A Member noted that one of the agreed recommendations was the deletion of the Partnership Support Officer post. He asked who would be dealing with the partnership working.

The Housing Section Head replied that she would be doing this. It would be necessary to consider the Council's involvement in the various partnerships. Any savings carried risks.

A Member noted comments about restructure and said that it was important this was carried out over time as there was still a service to be provided. She said that she was happy with the progress if the savings were met.

The Portfolio Holder advised that the County Council's Supporting People service had an impact on the Housing service. He added that the Council had explored the possibility of the CAB carrying out the remaining advice functions; however, there would have been a significant cost to the CAB due to the Watford Borough Council staff costs including pensions. A small organisation would not be able to run the local authority pension scheme, even for two members of staff.

It was noted that this report had already been presented to Cabinet and agreed. The Portfolio Holder suggested that Budget Panel may wish to look at Phase 2 prior to it being considered by Cabinet. Recommendations could then be submitted from the Panel.

RESOLVED –

that the report be noted.

8

BUDGET PANEL WORK PROGRAMME 2011/12

The Panel received a report of the Legal and Democratic Section Head including a draft work programme for 2011/12.

A Member suggested that meeting 2 to be held in July was overcrowded. He recommended that the review of Controlled Parking Zones should move to September. He also suggested that the Panel should review income generation in September prior to the fees and charges report.

The Head of Strategic Finance confirmed that Budget Panel had previously looked at the trade refuse service in depth and a similar exercise on income generation in September would be timely.

The Committee and Scrutiny Officer reminded the Panel that it had been suggested that a report regarding the cost of consultants could be presented at the next meeting.

The Chair clarified that it should also incorporate agency staff costs and should cover 2010/11 and the current year.

The Portfolio Holder referred Members to the Budget Book as it contained all the information set out by departments.

It was agreed that this would be circulated to the Panel rather than as an item on the agenda.

The Committee and Scrutiny Officer informed the Panel that the Housing Value for Money Phase 2 report was due to be presented to Cabinet in September. She advised that Budget Panel was due to meet to day after Cabinet.

It was suggested that either an informal meeting could be set up to review the second phase of the Housing Value for Money review.

RESOLVED –

1. that the draft work programme be updated
2. that an informal meeting be set up to consider the Housing Value for Money Review Phase 2.

9

DATES OF NEXT MEETINGS

- Monday 18 July 2011
- Tuesday 27 September 2011
- Tuesday 25 October 2011

Chairman

The Meeting started at 7.00 pm
and finished at 9.35 pm