

LONDON BOROUGH OF HARROW

CABINET – 14 FEBRUARY 2013

REFERENCE FROM OVERVIEW AND SCRUTINY COMMITTEE (SPECIAL) – 16 JANUARY 2013

QUESTION AND ANSWER SESSION WITH THE LEADER AND CHIEF EXECUTIVE ON THE BUDGET 2013/14

The Chair welcomed the Leader of the Council, Portfolio Holder for Finance, the Chief Executive and an officer to the meeting and outlined the process to be followed for the asking of questions.

The Leader of the Council gave a brief introduction and confirmed that, whilst not happy with the current position, his Group had agreed that Council Tax be increased by 2%, subject to approval by Council. In the previous year, the budget gap had been £11 million and this year it was £28 million. There had been a 35% increase in the number of children aged between 0-4 and the Council also faced additional pressures due to the increase in the number of older people. There were also implications arising as a result of the localisation of Council Tax benefits.

The Chief Executive stated that the budget process had been tough and that the savings target had increased significantly due to factors outside the Council's control as has been mentioned by the Leader. The commissioning process had highlighted that many of the Council's services were low cost. The changes in terms and conditions had been difficult for staff and a number of employees had left the organisation which had an impact on capacity. He wished to place on record his gratitude to those staff for their service whilst there were more financial challenges ahead. He added that he remained optimistic that there would be opportunities for the organisation ahead eg regeneration/growth agenda, community budgets etc.

Members asked a series of questions and received responses as follows:

Can you provide an update on the impact of the Local Government Financial Settlement in particular on the level of Council Tax?

The Leader stated that whilst Harrow was an outer London borough it had inner London problems as advised in his introduction. The Portfolio Holder added that the late receipt of the settlement on 19 December 2012 had made decision making in relation to the budget difficult.

What is the residual budget gap? In the context of the comments that services which are important to residents will be safeguarded, how does the Council intend to bridge this funding gap?

The Portfolio Holder advised that the budget would be published for the February Cabinet but that it would balance over 2 years. In years 3 and 4 there would be a £30 million budget gap.

Have you seen the Local Authorities (Executive Arrangements) (Meetings and Access to Information) Regulations 2012 which has a section on access to

documents by members of the Overview and Scrutiny Committee? Are the Commissioning papers in the control of the Executive and do they relate to business transacted at a council meeting? How do you expect this Committee to scrutinise the budget if it could not see the options considered by the Administration?

The Chief Executive responded that the Regulations provided for greater transparency and access to documents and, whilst he was aware of the request for information from the Member, the advice from Legal Services was that it was a matter for the Executive to determine whether they wished to release the commissioning papers. The Executive, he understood, had indicated that it would not provide the papers at this stage but would after the budget had been set. His view, which was supported by the Information Commissioner's Office, was that officers should also have a private space to discuss issues without putting these into the public domain and therefore avoiding raising concerns unnecessarily.

The Member stated that he had yet to receive a formal response from the Monitoring Officer to his request and that that was a breach of the Regulations.

At what point did you decide to propose to increase Council Tax by 2%?

The Leader responded that he had discussed it with the Finance Portfolio Holder but the final decision had remained with his Group. The final decision would be taken by full Council but until that time amendments could be made.

You have assumed a 70% collection rate of Council Tax. How did you decide on that figure and what are you going to do to fill the funding gap if, like the rest of London, you only manage to collect 30%?

The Leader responded that this figure was based on the results of consultation and the experience of officers. The Chief Executive referred to the scrutiny review on debt recovery and advised that the figure was supported by a better approach to debt collection. There was a need to work sensitively with the vulnerable who could not, rather than would not, pay. The Council was working with Northgate, an IT company, in order to identify the most vulnerable and therefore avoid getting bailiffs involved. He also hoped those in need could be signposted to extra help before they got into further difficulty.

The Portfolio Holder advised that monitoring of the collection rate would be done. In addition to this, the Harrow Help Scheme had been launched and various groups, including Bailiffs and the Citizens' Advice Bureau had been meeting to discuss assistance. Contingency of £2 million had been included in next year's budget and £1 million in the base budget for welfare reform in the wider sense. He would welcome further dialogue with scrutiny on debt recovery.

The budget statement talks of the Council's ambition to attract £1 billion worth of investment into the borough over the next 10 years. What progress has been made in this regard and how are you going to measure it?

The Chief Executive advised that the Local Development Framework had been agreed by the Greater London Authority and that Harrow now had a designated intensification zone. It was hoped that the Area Action Plan would be adopted in April/May 2013. He outlined a number of sites for development and investment that

now had planning permission including the Kodak site, Colart, St Johns and Lyon Roads. There was a significant opportunity in terms of investment in our social infrastructure and to provide community facilities from this regeneration programme eg the Kodak site and there were also financial benefits in terms of the Community Infrastructure Levy.

In terms of measuring progress, the intention was to set targets in relation to the number of homes and jobs. The Chief Executive stated that he would be happy to report back on the progress made.

There has been much talk of the impact of demographic changes on demand for Council services. What is the Council doing to address the impact?

The Chief Executive reported that Harrow had a growing population with an increase of 15% in the last 10 years to 239,000. The Council was of the view that it received insufficient grant to deal with this growth (£1,608 per head in Harrow compared to £3,317 per head in Brent). In addition, as had already been mentioned, the borough had an ageing population with 1,000 more residents that were aged 80+. Whilst £1 million had been included in the budget to address this growth, additional amounts totalling £1.3m in 2013/14 and £1.1m in 2014/15 had been included. There had also been a significant increase (33%) in the 0-4 age group which, in turn, had an impact on school places. An additional £26.2 million had been included in the capital budget over the next 5 years in order to extend schools and build temporary classrooms. Most of this would be funded by government

In response to the Member's comment that 53% of Harrow's population was from minority ethnic groups, the Chief Executive advised that all budget proposals were the subject of an Equalities Impact Assessment to ensure that they did not adversely affect a particular community, age group, gender or disability. In addition, the budget as a whole was subject to an Equalities Impact Assessment.

What progress is being made with regard to the transfer of public health budgets to the Council?

The Chief Executive advised that the public health budget had been reduced prior to transfer to the Council. The public health financial settlement had been based on historic spend rather than need and although the settlement had been slightly better than expected it was still the second lowest in London. As a consequence, the Chief Executive was concerned at the Council's ability to discharge the public health function. He added that by ensuring that public health was linked to other services eg leisure and by working with Barnet, with whom the Council also shared a Director of Public Health, it was hoped that benefits would arise in the procurement of public health contracts and our money would go further.

In the context of reduced service levels or the increased indebtedness, the Council is presumably looking to the voluntary sector to fill some of the gaps which are left. What changes are proposed in the support provided by the Council to the voluntary sector?

The Portfolio Holder responded that one of the key principles of the budget was to work with the Council's partners and the voluntary sector. The reality was, however, that a 28% cut in budget would impact on the grants given to the voluntary sector.

What progress is being made in terms of the development of community budgets which would see the consolidation of community budgets across the public sector and more effective use of finances?

The Chief Executive responded that community budgets provided a significant opportunity and that if public sector resources were pooled within Harrow it would result in a £2 billion budget. He was, however, frustrated by the slow progress in this area from national government. The Council had assisted nationally with the development of community budgets at one of the 4 pilots being trialled.

In terms of progress within Harrow, the Corporate Director of Community Health and Wellbeing was running a pilot in 6 neighbourhoods integrating health and social care, the results of which would be analysed in the spring. In addition, the Corporate Director of Children and Families was progressing work relating to the most troubled families in the borough. Whilst the Council was initially slow to start this work a paper would be submitted to the Harrow Strategic Partnership. He referred to a case where a troubled family had been transformed as a result of a relatively small investment which in turn had led to a significant saving for the Council but more importantly to a significant improvement in that family's quality of life.

In terms of preventative measures, how did the Council address debt collection from those residents who did not speak English?

The Portfolio Holder responded that this had been raised at the steering group and that he would welcome advice. The Chief Executive added that this was still work in progress and that work was being done with the voluntary sector.

In terms of debt collection, what is the anticipated impact of channel migration in Access Harrow for Public Realm Services?

The Chief Executive acknowledged that this was a sensitive proposal which would be continuously reviewed as it progressed. 85% of households had access to broadband internet. Many residents currently paid parking fines online and it was proposed that residents report issues such as fly tipping online. WiFi was being installed in the boroughs libraries for those that did not otherwise have access. It would assist the Council and save it money if residents did their transactions online.

The Member expressed the view that a small change could have a significant impact and referred to the transaction figures for December which indicated that 78% (79,000) were done by telephone. In addition, 16,000 had visited the one stop shop. He was concerned that Councillors would effectively become the call centre as residents would not be able to telephone the Council in order to raise issues/complaints. Complicated transactions and problems did not suit being dealt with online. The Member advised that he had requested a detailed plan on how the proposal was going to be delivered but had yet to receive it. Another Member added that many residents over the age of 80 did not want to begin learning to use the internet.

The public realm figures of £673,000 are cuts and what do they relate to?

The Portfolio Holder advised that much of the savings were due to efficiencies, however, there would be some reductions in street cleansing, some parks would not be locked at night and some parks would be returned to open space. There would be no change to bin collections. The Leader indicated that he would provide the Member with a written response to outline the breakdown of the proposed £600,000 savings.

The Member requested that details of those parks that would no longer be closed and a breakdown of the £350,000 savings be included in the written answer and stated that this would impact on the crime figures. She stated that Opposition Members should be given access to the detailed budget figures to enable assessment of and response to the budget proposals. The Portfolio Holder responded that the crime figures would, in fact, be affected by the 20% reduction in police numbers rather than keeping parks open.

How successful has the commissioning panel process been and how does it differ from the previous budget development process?

The Portfolio Holder responded the process had achieved a two year balanced budget for the first time and that the focus could now be on outcomes. The Chief Executive advised that the process had also led to an increase in cross directorate working and a formal quality assurance process.

In response to the Member's supplemental question in relation to shared services and the strategic approach, the Chief Executive stated that one size did not fit all and that there was no strategic alliance with any authority in place. Harrow's arrangements were driven by what was in the best interests of residents. There was work underway with the West London Alliance (WLA) and this had changed significantly from its starting point. He had requested a governance audit of the WLA and a report on the WLA accord would be reported to Cabinet on 22 January 2013.

The Member requested that scrutiny be factored into the governance arrangements and that a power to summon officers to be held to account was included. Access to documents and officers should also be given to scrutiny. This approach was supported by the Portfolio Holder. The Chief Executive acknowledged the importance of accountability and transparency and welcomed any advice from Members on the accord.

The Leader thanked the Committee for the questions and undertook to take the comments on board and to make improvements where necessary. The Chair thanked the Leader, Portfolio Holder and Chief Executive for their attendance and responses.

RESOLVED: That the Committee's comments be forwarded to Cabinet for consideration.

FOR CONSIDERATION

Background Documents:

Draft minutes of the Overview and Scrutiny Committee (Special) – 16 January 2013

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