

Overview and Scrutiny Committee (Special)

Minutes

10 January 2023

Present:

Chair: Councillor Amir Moshenson

Councillors: Dan Anderson
June Baxter
Dean Gilligan
Eden Kulig
Vipin Mithani
Samir Sumaria

Voting Co-opted: (Voluntary Aided) (Parent Governors)

Non-voting Co-opted: Harrow Youth Parliament Representative

In attendance (Councillors): Councillor David Ashton

Apologies received: Councillor Govind Bharadia Councillor Phillip O'Dell

2. Attendance by Reserve Members

RESOLVED: To note the attendance at this meeting of the following duly appointed Reserve Member:

Ordinary Member

Councillor Govind Bharadia
Councillor Philip O'Dell

Reserve Member

Councillor Matthew Goodwin-Freeman
Councillor Antonio Weiss

3. **Declarations of Interest**

RESOLVED: To note the declarations of interest, if any, as published on the Council's website prior to the meeting.

4. **Question and Answer Session with the Leader of the Council and the Chief Executive**

Councillor Paul Osborn, the Leader of the Council, in his introduction, explained that the draft budget was published in December and the final budget, though presently undergoing consultation would be published in February and he was happy to present it to the Committee for further comments. He also gave the following highlights on the budget and corporate plan:

- The previous budget had planned on using 14 million pounds of reserves this year. This would have resulted in a budget gap of 16 million pounds for year 2. The problem with the use of more reserves was the potential like other Councils of issuing a section 114 notice within 18 months.
- The budget had to deal with significant inflationary pressures. This year had £5.6m budgeted for pay inflation and the provision for non-pay inflation had been on the basis that inflation would be at 4% but was now 12% which would have led to a projected gap of £21m in next year's budget but was reduced to £10.9m.
- The full final budget next month would have to be a balanced budget; efforts were being made this year to limit the use of reserves budgeted for in the original budget. This would result in an overspend of only £9bn which was an underspend of £5 billion from the previously budgeted £14bn.
- There would be an underspend of about £3-5m this year from the £14bn pounds of reserves. This would improve the resilience of the organisation and ensure that availability of sufficient resources when needed.
- The corporate plan was being developed alongside the budget and there were several performance indicators and measures on the delivery of priorities. There were several flagship actions that would be related to those priorities such as, the delivery of more electric charging points, cycling projects and other projects that would make a significant difference to people, the environment and Harrow.
- The corporate plan would be published next month as part of the budget and would be presented at Cabinet and Council but could also be presented at overview and scrutiny committee for comments and recommendations.

Members asked the following questions:

- A Member questioned if assurances could be given that in the final budget that council tax would be frozen. The Leader responded that the proposed increase in council tax was out for consultation.
- A Member asked what the planned percentage of staffing reductions was to help balance the budget. The leader responded that there were plans to streamline the senior management structure within the organisation. The Chief Executive explained that there was a target aim to reduce the management expenditure by 10% and plans to explore specific options around service provision as part of the budget. Apart from that, there was no other target set for staff reduction. He said that however, there could be some marginal implications of other proposals later but not a targeted reduction. The restructuring process would commence next month and continue into next year, and efforts would be made to avoid duplications. The leader explained further that there was an extremely high level of agency spend due to some long interim agency staff and the plan was to reduce that in future.
- A Member questioned if the planned management restructure would include consultants. The Chief Executive explained that the council was spending about £30m which was about 25% of the budget, on consultants, interim and bank staff. He said that the replacement of consultancy type leadership roles with actual Harrow staff had begun. Such as the recent recruitment of the Director of Housing and the Director of Environment Services.
- A Member asked for further explanations on the use of reserves and another asked about council tax freeze. The Leader explained that the previous budget had planned to use £14m from the reserves which would have created a gap of £16m. The plan was to balance the budget over three years. Though the third year might be a struggle due to inflation and funding uncertainties in having a two-year settlement, but efforts were being made to deliver a balanced budget over the medium term. The leader further explained that it was Council tax freeze by the end of the current administration remained an aspiration. The Portfolio Holder for Finance, Councillor David Ashton, also explained that the situation on the reserves, was very challenging and the additional commitment of utilisation in the following year meant that the Council may run out of reserves in two years.
- A Member commended the recent Chief Executive's staff briefing and asked if there had been any feedback from staff. The Chief Executive responded that the feedback had been overwhelmingly positive, and efforts had been made to ensure the briefings were open and honest even when challenging messages had to be delivered such as budget cuts and restructuring.
- A Member questioned if the early reduction of agency staff would not cost more and if so, how much? The Chief Executive responded that the

aggregate from replacement of senior management staff and consultants would result in savings for the Council. The Leader explained that as senior interim staff were being replaced with permanent Harrow Council staff, equally investment was being made through various schemes such as apprenticeships to ensure staff development.

- A Member questioned if there would be costs for releasing staff early. The Leader responded that apart from the usual short notice period, no extra costs were anticipated.
- A Member questioned how the cost of parking and bulky waste collection would be offset now extra collections were anticipated due to the scheme. The Leader explained that that provision had been made in the budget for a loss of income of £140k and this would also be built into next year's budget. In terms of parking, a reduction of £450k in revenue was expected. It is assumed that the same would apply to off-streets parking but benefits such as extra footfall to Harrow district and town centres was important as was the support to local businesses.
- A Member asked if increase in recruitment of staff was anticipated for waste collection and the Leader responded that there was enough capacity within the current staffing levels to deliver the service but if needed, staffing levels could be increased.
- Another Member questioned that had any consideration been given to the fact that the bulky waste collection, may lead to less fly tipping and had that been taken that into account in the budget. The leader responded that he was wary of making assumptions because if unrealised, could lead to difficulties in the of that service.
- A Member asked what the challenges were in making the savings proposals necessary for Harrow to become a more prudent organisation. The Leader explained that overwhelming majority of the budget was mandatory statutory services, but savings could be made in non-statutory services such as in the Environment Place department. He said that efforts were being made to get the right management structure for the organisation, to avoid recruitment of interim staff and duplication in senior management positions. He said that while it was important to have permanent members of staff in key services, exceptions could be made for positions that add value such as providing good advice thereby making great savings for the Council. The Portfolio Holder for Finance explained that there was a huge amount of inconsistency in terms of several people reporting to the various levels of management, which sometimes could not be justified so a greater degree of consistency was needed as there were substantial savings to be made in the use of agency staff.
- A member asked about the cost of recruitment of the director of environment and the impact of recent decisions on staff morale. The Leader explained that the Council was required to publish the salaries of senior management staff and informed the committee about the

establishment of a design authority, chaired by the Leader to examine senior management structures.

- A Member questioned if there were concerns about the loss of specialist knowledge because of the rapid reduction in consultants. The Chief Executive responded that there was a cost at risk of unintended consequences, but the Council had been very clear to target recruitment to go hand in glove with that that loss so, senior leaders were recruited systematically where the high cost of an interim had to be removed.
- A Member asked if the Leader had managed to secure any concrete commitments and actions from the Conservative, national government, or local political representatives to help Harrow's finances. The Leader explained that proposals to repurpose money from central government, to spend it more effectively and avoid a potential overspend would be presented to cabinet in a few weeks' time. The Council would be bidding for more, but there was not a huge pot of money available, and the situation would not be any different were the government to change nationally.
- The Chair asked the Leader that with all the difficult decisions that had to be made with regards to the council tax and savings, what were the Council's plans to safeguard the most vulnerable people in Harrow. (B) With the household support fund, ending in March, were there any plans to replace the fund or support low-income households in that way. The Leader explained that the government was announcing various new support schemes for households such as the new government package of support to combat rising energy prices. He said that the Council would make every effort to support the community by ensuring that places such as the leisure centres and projects such as the community kitchen are sustained and supported. He did however stress that the ability to do this was reliant upon funds from the government. A reduction in the funds would have an impact but a lot of work had gone into helping these community schemes adopt self-sustaining models and encouragement given in the usage of the voluntary sector for the improvement of services and profitability.
- A member commented that it would be good for the Committee to see a report on the cost benefit analysis of these policies and schemes and their impact on local businesses and community. The Leader explained that the plan was to disaggregate the challenges from other economic impacts and use of benchmarking against other Councils to assess the schemes and suggested that the Overview and Scrutiny Committee could help review the impact of the changes around on and off-street parking and the newly introduced App.
- A Member asked if consideration had been given to the fact that free parking scheme could lead to an increase in car usage in harrow and wondered if this was not a trade-off and asked what was being done to encourage active transport choices. The leader explained that there was determination to massively increase the Council's support of clean driving

and need to make walking more attractive. He said that the introduction of more cycle lanes was not the answer as there were many under-used cycle lanes in Harrow due to design issues. He said, instead, more thought would be given to the maintenance of existing lanes, increasing the number of charging points across the borough, boosting active walking, cycle security and storage due to funding streams available to the Council.

- A Member asked if it was the Leader's plan was to build a more connected cycle network across the borough in 3 years. The Leader explained that he would like a successful scheme not just on paper but functional with input from cyclists. He said that the transport strategy would be presented to Cabinet and Portfolio Holder for Transport would be happy to present it to the Committee for comments and recommendations.
- A Member asked the Chief Executive, to explain how the Council planned to engage with the recently announced government scheme - £32m fund from Active Travel England for local authorities to hire and retain skilled professionals to deliver specialised training as it was a funding pool and local authorities were allowed to bid. The Chief Executive explained that while he did not have the information in front of him, the Council was in the process of developing the transport plan and the right professionals were needed to drive through the schemes therein.
- The Chair asked if the inflation forecast for 2023/24 was built into the budget, especially the forecast about half of Q4 2022 inflation and into the second half of the year. The Portfolio Holder for Finance explained that wage inflation of 4.5%, was an estimate. Although there was an expectation that inflation would come down, but it was also clear that it was going to still remain relatively high by historical standards. So, a middle ground was adopted in terms of the estimated rate (4.5%).

The Chair thanked the Leader, the Portfolio Holder for Finance and the Chief Executive for their attendance and detailed answers to the Members' questions.

4. Any Other Business

There was none.

(Note: The meeting, having commenced at 7.30 pm, closed at 8.57 pm).