

Meeting:	Special Cabinet
Date:	4 September 2006
Subject:	Referral from Call-In Sub Committee - Financial Position
Responsible Officer:	Director of Financial and Business Strategy
Contact Officer:	Paula Foulds
Portfolio Holder:	Cllr David Ashton
Key Decision:	Yes
Status:	Part I

Section 1: Summary

Decision Required

- To confirm the original decision as agreed by Cabinet on 3 August 2006 in relation to 5 of the items detailed in the report.
- In respect of Item 44, (para 2.15) - Public Realm Maintenance - Parks Locking - to confirm the decision to cease locking of parks by the Council, but to implement the decision on the 2 January 2007, instead of 1 October 2006.

Reason for report

The original decisions were taken as part of the savings plan agreed by Cabinet on 3 August 2006.

Members called-in 13 items (12 call in notices were received), which were considered by the Call-In Sub Committee on 22 August 2006 of which 6 items have now been referred back to Cabinet. A copy of each of the call-In requests is shown in Appendix 1. The minutes of the Call-In Sub Committee meeting are shown in Appendix 2.

Benefits

To ensure that the savings target of £19m in 2006/2007 is achieved.
To establish a balanced budget for 2006/2007 as another step towards restoring financial stability within the Council.
To ensure that key services are protected

Cost of Proposals

The savings attributed to each of the items referred back to Cabinet are detailed in the report.

Risks

The Council only has £2.5m in general balances and given the level of savings built into the budget and other risks and pressures identified there is a high risk of overspend this year. Agreeing these items as part of the overall savings plan is critical to mitigating this risk and protecting other services.

Implications if recommendations rejected

Failure to achieve the savings target and a balanced budget for 2006/2007. Requirement to find further savings if implementation of the items within this report are delayed due to further consultation. Potential for the Council to spend beyond its means in 2006/2007 and further reducing its already extremely low level of reserves.

Section 2: Report

Background

2.1 The Council is currently facing considerable financial difficulties. The Council's financial position was set out in detail in the report to Cabinet on 29 June. The reasons for the financial difficulties include;

- economic drivers
- growing demand for services
- poor government settlement and reductions in specific grants

- over optimistic income projections
 - the level of capital investment
 - failure to achieve savings.
- 2.2 These factors meant that there was a net overspend in the order of £3m in 2005-06 and reserves at the end of March 2006 were reduced to £2.5m. **Consequently the Council cannot afford to overspend this year.**
- 2.3 The factors described in paragraph 2.1 also contributed to a very challenging budget process to arrive at the 2006-07 budget and council tax in February 2006. Many of the issues were addressed in the budget setting process (for example, the investment income target reduced).
- 2.4 The report on 29 June to Cabinet explained that in total the Council needed to save £19m this year. This included:
- Allocated savings of £10m
 - Planned but unallocated savings of £5m (£3m BTP and £2m corporate procurement)
 - New risks and pressures of £4m
- 2.5 Cabinet considered a further report on 3 August 2006, which set out how the Council plans to save £9m to deal with the unallocated savings and new risks and pressures. **The Council must save this money one way or another.**
- 2.6 The Savings Plan included a variety of measures such as:
- Reduced subsidies and increased fees and charges
 - BTP savings
 - Reductions in staff costs
 - Harrow Saves
 - Items in each Directorate
- 2.7 A lot of detailed work was completed to develop this plan at officer level and in conjunction with the administration. Each proposal was considered in some detail and evaluated in terms of impact etc.
- 2.8 Three of the items within the savings plan are subject to a 12 week statutory consultation period. Consultation with staff and unions has taken place with comments presented to Cabinet with the report on 3 August and our partners have been kept informed of our plans.

Items referred back to Cabinet

- 2.9 Of the 6 items where the call-in decision has been up held and referred back to Cabinet for reconsideration all are on the grounds of inadequate consultation with stakeholders prior to the decision.
- 2.10 Whilst it is desirable to consult widely on changes arising from budget pressures prior to decisions being taken there has been a need in this

difficult financial situation to find a balance between full consultation on each item and achieving the required savings in the time available.

- 2.11 Given the very low level of the Council's reserves any deferral in the original decision for further consultation will put even greater pressure on the budget and require even more savings to be found to cover the shortfall.
- 2.12 Each of the items referred back to Cabinet for reconsideration on the grounds described above are briefly discussed below.
- 2.13 Item 17 – Focus Clothing Grants on Real Need**
This item involves focusing clothing grants to those in real need and saves £85k in 2006/2007 and £170k in 2007/2008.

Inadequate consultation with stakeholders prior to the decision

Clothing grants are currently provided within a discretionary power. In the past Harrow has been the most generous Authority in London. It would be possible for schools to provide this grant in the future. Although no consultation with schools or parents had been made prior to the decision it is the Council's intention to honor any clothing grant requests from Parents received prior to 3 August 2006 and to continue to provide grants to year 8 pupils for 2006/2007. Schools have now been advised of the changes.

- 2.14 Item 76 – Cease Music Teaching Subsidy**
This item involves ceasing the music teaching subsidy and provides a saving of £25k in 2006/2007 and £50k in 2007/2008.

Inadequate consultation with stakeholders prior to the decision

Prior consultation to the decision was not considered, as the cuts will not affect music teaching delivery until Sept 2007. The in year cuts will be made through other funding sources. A detailed timetable of consultation is attached at Appendix 3. There is no likelihood of redundancies and the staffing structure is such that it allows for variations in contracts from schools.

- 2.15 Item 44 – Public Realm Maintenance – Parks Locking**
This item involves ceasing the locking of parks from 1 October 2006 and originally provided for a net saving of £30k in 2006/2007 and £60k in 2007/2008.

Inadequate consultation with stakeholders prior to the decision

Due to timescales to prepare cost saving it was not possible to hold pre-emptive consultations prior to submitting proposals.

There is a well-established User Group network and a number of meetings have now been arranged, to enable a new approach based on community involvement for the operation of some park gates, to be developed and implemented. To date meetings have been arranged with Bentley Priory,

Harrow Rec, Roxeth Rec, Canons Park, Weald Village and Little Common user groups.

The Police are a key partner in the management and control of ASB. Discussions with the Senior Police Officers have found that the Police would like to see park gates continuing to be locked. The Police have indicated that they would wish to be involved in the development of any new approach to this activity.

A letter of objection has been received from the Roxborough Road Residents Association, in respect of the proposal to cease the locking of parks.

A resident and neighbourhood watch coordinator at The Croft, Pinner has expressed her concerns and the concerns of local residents regarding the proposal.

Colleagues from Environmental Health Service have also recorded a number of calls from concerned residents regarding this proposal

At this stage, it is recommended that the decision to cease the locking of parks should be upheld by Cabinet, but the implementation of this decision should be postponed to 2 January 2007, to provide sufficient time to enable a new approach for the operation of some park gates to be developed with community groups and residents.

The saving in 2006/07, will therefore reduce from £30k to £15k, the £15k being found from within Public Realm Services Group budget in the current year.

The full year 2007/08 saving of £60k will still be realised.

2.16 Item 77 – Cancel involvement in Community Sports Coaching Scheme

This item involves ceasing involvement in the Community Sports Coaching Scheme and saves £13k in both 2006/2007 and 2007/2008.

Inadequate consultation with stakeholders prior to the decision

The scheme began in April 2006 and the coaches have been working within schools, local clubs and community groups to develop the squad that recently represented the borough at the London Youth Games in July. This programme of activity is now complete.

This provision was identified as part of the savings as the planned activities were due to start in Sept 2006. It is difficult to consult on activities that have not yet started.

2.17 Item 35 – Peel House Car Park Wealdstone – reduce opening hours to 8.30pm

This item involves reducing the opening hours of the car park from 7.30 to 23.00 Monday to Saturday to 7.30 to 20.30 Monday to Saturday and saves £20k in both 2006/2007 and 2007/2008.

Inadequate consultation with stakeholders prior to the decision

The reason for the extended opening hours was in response to a request from the partners who were going to occupy the Wealdstone Centre. They have been consulted about the proposed earlier closure and 5 of the 6 partner organisations have no objection.

The PCT has indicated that it has some late evening use at present but, on the basis of information they have provided only very recently, the overall use of their facilities at the Wealdstone Centre is expected to increase by up to two or three-fold in the future as a result of the closures of 2 local clinics. Their preference is for the car park to remain open until 22.00 hrs. However, the car park usage figures indicate that it does not create any significant parking demand at present and therefore it is uncertain whether any increase in the future will justify staying open beyond 20.30 hrs, given that alternative parking is generally available in Wealdstone at that time.

The recent extensive consultation on the review of the Wealdstone CPZ has raised no issues regarding the car park.

2.18 Item 47 – Reduce Agency Staff in Development Control and reduce contract and permanent staff within conservation and design

This item involves reducing agency staff in Development Control and saves £60k in 2006/2007 and £90k in 2007/2008 and reducing the cost of contract and permanent staff within Conservation and Design and saves £100k in 2006/2007 and £130k in 2007/2008.

Inadequate consultation with stakeholders prior to the decision

Consultation by officers on all the budget proposals took place with both Unison and the GMB on 25 July and 2 August 2006. There was also detailed consideration of the budget proposal for Urban Living at the Urban Living Joint Consultative Committee on 2 August 2006. A meeting also took place on the 9 August 2006 with officers and the Finance Portfolio holders as which the implementation issues arising from the Cabinet decisions were discussed.

Senior managers were advised of the budget proposals at a meeting on 25th July and managers provided with a briefing pack to advise their staff of the proposals.

All permanent and agency staff have been made aware of the need to make savings by both the Service managers and the Group Manager at team meetings. It was confirmed at these meetings that no permanent

members of staff are affected this financial year. Agency staff were consulted as a group and those that will remain in key positions have been advised on potential lengths of contracts.

Further consultation with staff, Unison and GMB will take place when required, as the service looks at repositioning itself to meet future key objectives.

2.19 Consultation

The consultation on each of the items discussed within this report was the main focus of the call-in. Whilst it may be desirable to consult before the called-in decisions are implemented, given the Council's very difficult financial situation this has to be balanced against achieving the required savings in the time available.

2.20 Financial Implications

This is a report of the Director of Financial and Business Strategy and deals with financial matters throughout.

2.21 Legal Implications

It is a matter for Cabinet to determine whether to now implement the called-in decisions. There is no formal or statutory requirement to consult before implementing the decisions in question.

2.22 Equalities Impact

There are no further impacts identified as a consequence of this report.

2.23 Section 17 Crime and Disorder Act 1998 Considerations

N/A

Section 3: Supporting Information/Background Documents

Appendix 1 – Call-In Notices

Appendix 2 – Minutes of Call-In Sub Committee 22 August 2006

Appendix 3 – Music Teaching Subsidy Consultation Timetable

[Note: the reports on the Financial Position considered by Cabinet on 3 August 2006 and the Call in Sub-Committee on 22 August 2006 have not been re-circulated but may be viewed on the Council's website – www.harrow.gov.uk]