

EXTRACT FROM THE MINUTES OF THE OVERVIEW AND SCRUTINY COMMITTEE MEETING
HELD ON 29 JANUARY 2007

Revenue Budget and Capital Programme 2007/08

The Chairman welcomed the Portfolio Holder for Finance and Business Matters on this item.

The Committee received a presentation from the Director of Financial and Business Strategy on the Council's budget proposals for 2007/08 to 2009/10. The Director circulated details of her presentation and corrected a typographical error. She summarised the activities taking place in the budget process, which would culminate in a report to the Cabinet meeting scheduled to be held on 15 February 2007 and the Council meeting on 22 February 2007, which would set the Council Tax for 2007/08.

The Chairman of the Budget Panel introduced the findings of the Panel and thanked all those involved, including the Portfolio Holders, for their participation in the process. He asked officers to ensure that the scopes for future Challenge Panels were circulated to all parties involved in the process.

The Portfolio Holder for Finance and Business Matters welcomed the recommendations of the Budget Challenge Panel. He could not support some of the comments made in the findings of the Budget Challenge Panel in relation to Council Tax and stated that the administration would not deviate from its Medium Term Budget Strategy (MTBS).

The Portfolio Holder commented on the methodology and the processes as follows:-

- scrutiny should subsume the role of the Budget Review Working Group;
- in order to add value to the budget process, scrutiny should get involved in the challenging process in September; otherwise it would merely provide a 'health' check in the budget;
- scrutiny should not play an adversarial role and that both scrutiny and the Executive should work together with scrutiny acting as a 'check and balance' on the Executive;
- there was a noticeable lack of matters being referred to scrutiny from the Executive;
- the outcome of the negotiations between North West London Chief Executives on Shared Services would be reported to the Overview and Scrutiny Committee;
- the cost of redundancies as a result of organisational review(s) had been built in the budget;
- he did not anticipate industrial action;
- the budget would not contain any unallocated savings.

The Portfolio Holder identified additional pressures on the budget and stated that the report to the February 2007 meeting of the Cabinet would set out the changes since the Cabinet last considered the matter in December 2006.

The Chairman thanked the Director of Financial and Business Strategy and the Portfolio Holder for their contributions. She stated that scrutiny would explore its relationship with the Executive.

RESOLVED: That (1) the presentation be received and noted;

(2) the report of the Budget Challenge Panel be noted and its findings and recommendations be agreed;

(3) the report be referred to the 15 February 2006 meeting of the Cabinet for consideration, as part of the budget meeting process;

(4) the budget process be included in the Scrutiny Work Programme for July 2007 and subsequent years.

EXTRACT FROM THE MINUTES OF THE HARROW STRATEGIC PARTNERSHIP BOARD
MEETING HELD ON 11 JANUARY 2007

59. Revenue Budget 2007-08 to 2009-10:

The Board received a presentation from Myfanwy Barrett (Director of Financial and Business Strategy, Harrow Council). The Director tabled details of her presentation and highlighted the key aspects. She drew attention to the report circulated with the agenda, which set out the Council's draft revenue medium term budget strategy (MTBS) for 2007-08 to 2009-2010.

The Board was informed that:-

- for a variety of reasons, the Council was facing a complex and a challenging financial situation which required addressing;
- an overspend arising from pressures in 2005-06 and the risks associated with holding low levels of reserves needed to be addressed;
- the demands (i) for social care were significant and were due to demographic changes (ii) for additional services from government had resulted in pressures on the budget (iii) placed as a result of changes by the PCT had been significant;
- various actions would have to be taken to address the Council's poor financial situation and that a number of unpalatable decisions were likely;
- the Deputy Leader, accompanied by the Acting Chief Executive and the Director of Financial and Business Strategy, had met with the Minister for Local Government and Community Cohesion to discuss the grant received by Harrow in comparison with other London boroughs. It was noted that the meeting had been useful and that the Minister had listened carefully to the case made;
- attendance at the budget public meetings had been disappointing;
- Harrow was a low spending authority and was struggling to make savings;
- the provision of care was a national issue and required government intervention;
- any future property revaluation would affect some residents adversely.

The Board members commented as follows:-

- revisions to the 'Fairer Charging Policies for Home Care and other non-residential Social Services' Criteria would lead to an increase in the number of people coming to Accident and Emergency (A & E) thereby shunting the costs to the health service;
- the voluntary and community sector representatives could not agree/support the savings proposed;
- the reduction in the grants' budget, which would adversely impact on the voluntary sector, was in excess of £90k;
- the voluntary and community sector did not have large budgets or the protection afforded to both the Council and the PCT;
- the impact of the proposals on the voluntary sector was demoralising;
- clarity was required on the consultation period and that a breakdown on the savings proposed was necessary in order to fully assess their impact on the voluntary sector;

- consultation undertaken was not in the spirit of the Service Level Agreements (SLAs);
- the police required details of cuts in posts at an early stage in order to assess their impact on its own service.

In response to questions from some members of the Board, the Director and Councillor David Ashton (Deputy Leader) stated that:-

- substantial changes to the proposed budget were not expected, that all costs would be allocated and that the staffing structure would be revised;
- health impact assessments would be carried out on some of the savings proposed;
- the shunting of costs between the Council and the PCT was worrying and that this matter, together with the conflicting and competitive demands on both the organisations, had been recently discussed with the Local Government and Community Cohesion Minister;
- there was no mechanism between the Council and the PCT to subsume each others costs for the benefit of the clients;
- some of the care proposals in the budget would be subject to a 3-month consultation period;
- the proposed increase in the day care and domiciliary care charges would not adversely affect the most vulnerable as charges were related to the ability to pay;
- there was a revenue cost associated with the capital budget, as a result of which the capital budget had been reduced;
- the money allocated for Arts Culture Harrow (ACH) would be used for funding various other arts projects in Harrow and that it would not be available to supplement general voluntary sector grants;
- Harrow had relatively low levels of asylum seekers with a positive decision on their status (grant was only payable for the 25th case and above) but relatively high levels of asylum seekers with a negative decision (where there was no formal grant mechanism);
- Harrow was looking into various grant streams available.

Some members of the Board suggested the need for the HSP to find a way forward to ensure effective engagement, protect the Compact and the Partnership in order to ensure that the impact of the proposals by the Council and the PCT was minimised and less damaging. It was suggested the HSP ought to lead the way and lobby the government.

AGREED: That (1) the discussion in the preamble above be noted;

(2) Myfanwy Barrett (Director of Financial and Business Strategy, Harrow Council) ascertain whether it was proposed to reduce the Carers Grant by a further amount over and above the savings agreed in August 2006;

(3) Andrew Trehern (Executive Director, Urban Living) meet with the Bob Carr (Borough Commander) to discuss the savings in his Directorate and the impact on the police service;

(4) the voluntary and community sector representative identify areas in which they required a break-down of the figures and present these to Myfanwy Barrett (Director of Financial and Business Strategy, Harrow Council).

[See also Minute 60].

60. Draft Capital Programme 2007-08 to 2009-10:

Myfanwy Barrett (Director of Financial and Business Strategy, Harrow Council) stated that the Council had reduced its Capital Budget considerably to reflect the Council's challenging financial position. The Director drew the Boards' attention to the report circulated with the agenda. She referred to the discussion under minute no. 59 above where the Capital Programme/Budget had also been discussed.

In response to a question from Mike Coker (Voluntary and Community Sector Representative) regarding the Bessborough Road site, Myfanwy Barrett stated that re-provision would be made on another site. She undertook to verify this and inform Mike Coker.

The Director outlined the consultation process on the budget and invited Partners, particularly the voluntary and community sector, to submit their comments on the proposals.

Councillor David Ashton stated that where savings had been proposed which impacted on the Council's Partners, he had expected the relevant officers to have informed the partner directly.

Julia Smith (Chief Executive, HAVS) requested that officer(s) dealing with grants and social care briefs attend the Voluntary Sector Forum meeting.

AGREED: That (1) the discussion in the preamble above be noted;

(2) Myfanwy Barrett (Director of Financial and Business Strategy, Harrow Council) request the relevant officers to attend the Voluntary Sector Forum schedule to be held on 6 February 2007 at 10.00 am;

(3) that the Council's Partners notify Myfanwy Barrett (Director of Financial and Business Strategy, Harrow Council) of their comments in relation to the savings proposed with a view to discussing these with the relevant officers.

[See also Minute 59]

In response to the discussion, a Member requested that a report reconciling the early years of the HRA business plan with outturn be provided, together with an explanation of brought-forward balances, and brought to the next meeting of the Forum.

RESOLVED: That the report be noted.

EXTRACT FROM THE MINUTES OF THE EDUCATION CONSULTATIVE FORUM MEETING
HELD ON 30 JANUARY 2007

EDUCATION CONSULTATIVE FORUM

30 JANUARY 2007

Chairman:	* Councillor Miss Christine Bednell	
Councillors:	* Mrs Camilla Bath * B E Gate * Manji Kara	* Janet Mote * Raj Ray * Bill Stephenson
Teachers' Constituency:	* Mrs D Cawthorne Ms C Gembala * Mr Allan Jones	* Ms J Lang * Ms L Money Ms L Snowdon
Governors' Constituency:	† Ms H Henshaw * Mrs C Millard	† Mr N Rands Ms H Solanki
Elected Parent Governor Representatives:	* Mr R Chauhan	* Mrs D Speel
Denominational Representatives:	† Mrs J Rammelt	† Reverend P Reece

* Denotes Member present

† Denotes apologies received

PART I - RECOMMENDATIONS

PART II - MINUTES

37. **Draft Budget for Consultation:**

The Forum considered a report of the Director of Financial and Business Strategy, which set out the draft revenue medium term budget strategy for 2007-08 and 2009-10.

An officer presented the segments of the draft budget that related to education. She explained that the Council's grant increase for 2007/2008 was 2.7% and that given there were inflation and other pressures exceeding this sum as well as reserves being very low significant savings across the Council needed to be made.

During the discussion on the report, members of the Forum expressed the following views:

- Concern was expressed that the cut in education welfare service would affect the most vulnerable individuals;
- Ceasing to be a provider of youth services and commission from other bodies could be detrimental to the personal development of youths;
- To cease Music Teaching Subsidy by increasing charges or reducing expenditure could prevent gifted pupils from a less wealthy background from developing their talent;
- The proposed cut in the Focus Harrow Young Musicians grant on Harrow residents was considerable and would negatively impact on the organisation;
- The fear of crime could increase if no services were provided for youths;
- Concerns were also raised over SLA charges, the focus on the clothing grant, school meals administration and legal support;
- The reduction of extended schools funding would lead to long term difficulties;

- It would be helpful if the draft budget stated for each item what percentage the change represented;
- There was a general concern over how realistic year on year cuts were and whether they were achievable and desirable considering the impact on services they might have;
- The budget as presented should not be considered the base budget. Were the Council's financial position to improve, levels of funding should be restored.

RESOLVED: That the above comments be forwarded to Cabinet.

EXTRACT FROM THE MINUTES OF THE EMPLOYEES' CONSULTATIVE FORUM MEETING
HELD ON 31 JANUARY 2007

Minute 38

The Forum received a report of the Director of Financial and Business Strategy to enable consultation with the Trade Unions on the proposals in the Draft Revenue Budget and Capital Programme for 2007/08 to 2009/10 agreed by the 14 December 2006 Cabinet.

An officer outlined the budget and the pressures facing the Council and asked the Trade Unions to comment on the report.

The Trade Unions:-

- raised concern at the impact of the Primary Care Trust (PCT) deficit on the Council;
- queried Members' allowances;
- expressed the view that services should remain in-house;
- asked for clarification on whether the Civic Centre would be sold and if so, why refurbishment was taking place and whether it was necessary;
- queried why there would be no Council Tax increase in 2009/10;
- queried whether there would be further reductions in the union budgets;
- expressed the view that officers should not decide that there should be a Joint Secretary for UNISON and the GMB as the unions should manage themselves;
- queried the level of compulsory redundancies in the Organisational Review and how redundancies would be funded;
- raised concern at the cost incurred by using consultants.

The Forum discussed the points raised and the Leader of the Council stated that:

- the PCT deficit was approximately £20 million and that in order to recover this position, pressure to fund services was being transferred to the Council;
- Members' allowances had not increased in 2006/07, they were the lowest of any London Borough and would increase by the same percentage as employees' pay in 2007/08;
- there were no plans to sell the Civic Centre and that work was required to comply with health and safety and disability legislation. Open plan offices would mean employees in other buildings could be moved to the Civic Centre, thus reducing rent currently being paid on other buildings;
- although there were no plans for a Council Tax increase in 2009/10, this could change depending on the level of grant received from the government;
- it was hoped that any redundancies could be accommodated through voluntary means but there might be a need for compulsory redundancies. The numbers of redundancies was not yet known as there was a need to determine the revised structures;
- the use of consultants had been minimised and they were only used where their expertise was necessary.

In addition, officers advised that:-

- the budget cut of £60,000 in relation to the Unions had been implemented in the August 2006 savings plan and there would be no further reductions in 2007/08;
- in the past there had been a Joint Secretary and this facilitated consultation and effective use of the budget. The unions could decide how the position of Joint Secretary was filled;
- The Council could apply to the Department for Communities and Local Government (DCLG) to have the statutory element of redundancy costs capitalised.

RESOLVED: That (1) the comments made by the Trade Unions be reported to the Cabinet and the Council for consideration;

(2) the Leader of the Council provide a breakdown of the costs of the refurbishment works to the Civic Centre, to the GMB representative, as requested.

EXTRACT FROM THE MINUTES OF THE HARROW BUSINESS CONSULTATIVE PANEL
MEETING HELD ON 1 FEBRUARY 2007

HARROW BUSINESS CONSULTATIVE PANEL

1 FEBRUARY 2007

Chairman: * Councillor Manji Kara

Councillors: * Mrinal Choudhury * Susan Hall
* Keith Ferry

* Denotes Member present

PART I - RECOMMENDATIONS - NIL

PART II - MINUTES

34. **Budget Proposals 2007/08:**

The Panel received a presentation from the Group Manager, Corporate Finance, setting out the Council's Budget proposals for 2007/08. The presentation contained discussion of the following points:

- The Council's financial history had meant pressures on the budget had accumulated, including an overspend in 2005-2006, historical debts that required provision, and Primary Care Trust (PCT) spending. As a result, Council reserves had been reduced to £1.8 million at the end of 2005-2006;
- A savings plan had been agreed in August 2006 to deliver some £9m of savings. The plan was currently proceeding on target, although there would be no contribution to reserves in the 2006/07 financial year;
- Five strategic projects had been undertaken, looking at such areas as value for money and fees and charges, which would be followed with a review of the organisational structure and related staffing structures;
- There would be a Council tax increase of 4.9%;
- There remained funding gaps to be addressed in 2008-2009 and 2009-2010 and the intention is that fundamental service reviews will deliver efficiencies to bridge these gaps;
- It was noted that the Borough received one of the lowest government grants in London, which was set to increase by 2.7% in 2007/08;
- The Council's reserve strategy required that reserves be increased to a minimum of £3.5 million by 2008/09.

On opening the item to questions, it was queried whether cuts in Council services would affect the business community. The Panel heard that all budgets would be under review, but that savings from other areas might mitigate any potential impact.

The level of potential bankruptcies in the Borough for the forthcoming year was discussed, with reference to keeping businesses stable. A Member responded that there needed to be stable underlying conditions in this regard, and that it was potentially too easy to acquire credit in order to start businesses. A representative of the business community commented that current support arrangements tended to focus on the early stages of a business, whereas they might be better targeted at around 3 years into development, as this was often a difficult time.

The Panel heard that collection rates for Council tax, averaged over a five-year period, stood at approximately 99%, although the Council budgeted for a lower figure.

RESOLVED: That the above be noted.

35. **Business Rates 2007/08:**

The Panel received a presentation of the Group Manager, Revenues, discussing business rates for 2007/08. The presentation contained the following points:

- Both standard and small business rates would increase in line with the September 2006 Retail Price Index, a figure of 3.6%;
- In the year 2006/07, 803 small businesses in Harrow had received small business rate relief, worth approximately £486, 000;
- Rate relief was obtained through an application process, and measures to increase the number of applications were necessary, as funds were given by central government for this purpose;
- Changes to legislation now meant that businesses were only required to apply for relief once in a 5-year period between revaluations of commercial property – organisations applying in 2007/08 would not necessarily need to re-apply until 2010/11;
- Information regarding rate relief would be distributed with rate bills, and adverts would be placed in the local press and 'Harrow People';
- Knowledge of the appeals process for rate relief seemed to be low amongst members of the business community.

On opening the item to questions, the Panel heard that new small businesses were sent information about rate relief, along with information on bills and payments generally. It was added that businesses that failed to pay rates were sent two reminders before a summons was issued, in line with best practice.

A Member queried whether the timescales involved in making an application for relief, particularly during December 2006, might have discouraged applications. An officer responded that whilst this may have been the case, further information on applying was due to be distributed in March 2007, which would allow for possible rebates in April 2007.

A representative of the business community queried whether, in cases of significant roadworks, organisations conducting maintenance might be able to contribute something to compensate for any disruption to trade. Officers stated they would investigate this.

In response to a query as to how business rates for different properties were calculated, the Panel heard that the calculations were based on a number of factors, all of which were available through the Valuation Office Agency website.

RESOLVED: That the above be noted.