

January 2010

Overview and Scrutiny Committee

Scrutiny Standing Review of the Budget Report from Phase Two

Members of the Standing Review

Councillors

Cllr Stanley Sheinwald (Chairman)

Cllr Brian Gate

Cllr Thayya Idaikkadar

Cllr Manji Kara

Cllr Anthony Seymour

Cllr Dinesh Solanki

Cllr Yogesh Teli

Co-optees from the Open Budget Panel

Elizabeth Hugo

Cliff Lichfield

Philip Morrish

TABLE OF CONTENTS

CHAIRMAN'S INTRODUCTION & ACKNOWLEDGEMENTS	1
RECOMMENDATIONS	2
BACKGROUND	4
OBSERVATIONS	5
The management of capital assets	5
Strategy for maximising revenue	8
Shared Services	10
CONCLUSION	12
APPENDIX ONE: NOTES FROM VISITS TO OTHER BOROUGHES	13
APPENDIX TWO: STANDING SCRUTINY REVIEW OF THE BUDGET	27
QUESTIONNAIRE	27
RECOMMEDATIONS MATRIX	29

CHAIRMAN'S INTRODUCTION & ACKNOWLEDGEMENTS

In September 2008, the Standing Scrutiny Review of the Budget delivered its interim report. That report considered best practice in the setting of a council budget and made a number of recommendations to the Council's Cabinet in this regard¹.

This is the second phase of the review and we have received information from a number of people from both within and outside of the council, for which we are grateful. I would specifically like to thank:

- Cllr David Ashton, Leader of the Council
- Councillor Tony Ferrari, Portfolio Holder for Major Projects and Property
- Myfanwy Barrett, Corporate Director of Finance
- Mike Brown, Service Manager, Asset Management & Facilities
- David Corby, Service Manager, Public Realm Maintenance
- John Edwards, Divisional Director, Environmental Services
- Allen Gibbons, Head of Capital and Education Property Developments
- Phil Greenwood, Senior Professional Major Projects & Design
- Jennifer Hydari, Divisional Director of Finance & Procurement
- Phil Loveland-Cooper, Head of Corporate Estates and Place Shaping
- Josephine Mahaffey, Head of Education Project Programming
- John Pennells, Interim Head of Service, Libraries and Culture
- Nathan Elvery, Director of Finance, LB Croydon,
- Ian Nichol, West London Alliance
- Jane West, London Borough of Hammersmith and Fulham

Our deliberations have yet again seen us meet with 'the best performers' in pursuit of the innovative thinking that can help the Council resolve some of its financial difficulties. We would also like to thank the Leaders and officers from Wandsworth, Newham, Hillingdon and Camden for giving up their time to help with this project and for providing us with evidence that innovative approaches to capital management in difficult times can deliver real benefits.

The review has enabled us to understand a number of very complex issues and our research has helped us to identify what we feel are helpful suggestions for the Council. We trust that the cabinet and senior officers find our efforts of assistance at what is a very challenging time for the organisation.

We are reaching the end of the current administration and obviously, it is beyond the remit of this group to determine the future work programme of our successors. However, we have found this process to be a very useful way for Scrutiny to consider the intricacies of the Council's financial processes and, as such, we would recommend that a similar group continues under the next administration.

On behalf of the Standing Review of the Budget, I commend this report.

Cllr Stanley Sheinwald
Chairman Standing Scrutiny Review of the Budget

¹ This report is available from the scrutiny team on 020 8420 9387 or download it at http://www.harrow.gov.uk/info/10058/scrutiny/1811/past_scrutiny_project_reports_pre-may_2006

RECOMMENDATIONS

- *We urge officers to ensure that the Borough's sustainable community strategy is at the core of all of our property proposals and drives a coherent and ambitious borough-wide strategy for asset management/development.*
- *We urge the Council to develop its asset management proposals in partnership with other public sector organisations. The work of this review and other Scrutiny projects has identified the opportunities offered through capital developments and we remain unsure that all of the opportunities for sharing resources are being exploited. We appreciate that this is difficult but nonetheless we would urge officers to continue to identify joint objectives.*
- *Whilst we commend the work of the Place Shaping directorate and its ambitions regarding the management of the asset base, we would suggest that there is still more that could be done. In particular, we would recommend that the detailed area planning profiles as adopted in Camden are developed in Harrow. This will ensure that the needs of a local area, its asset base, both public and private and the views of its residents about the local character can be at the heart of development as we emerge from recession.*
- *We also suggest that the detailed planning profile also includes information and intelligence on not only the Council's asset base but partners' assets co-located with our own. The recession offers us the opportunity to make innovative proposals around the asset base through reduced property prices which can in turn offer innovative solutions to property issues for ourselves and partners. We would suggest that discussions with Hillingdon Council would be helpful in this context.*
- *We recommend that the council diversifies its asset options along the lines of the recommendations above in order to diffuse the impact of the recession on the key asset management proposal – the redevelopment of the Civic Centre – and to ensure we hit the ground running as the economic situation improves*
- *We urge the Council to ensure that all potentially viable assets, of which we are precluded from disposing at the present time due to the recession, are assessed for their letting potential in order to maintain a revenue stream. In particular, we would urge the Council to consider how such premises might be beneficially let to the Third Sector or to small businesses at reduced (or zero?) rents to support these organisations through the recession.*
- *We recommend that*
 - *the charging framework be reviewed to ensure that it gives a corporate steer to*
 - *Using charges to influence demand*
 - *Assessing the impact of the charge for one service on another*
 - *the framework be launched formally;*
 - *training on the framework be provided to all relevant services;*
 - *the framework be made easily accessible to managers, via the hub*
 - *that consideration be given to Scrutiny supporting the annual review of charging policy.*

- *We recommend that the 'Better Deal for Residents' proposals are considered further by our successor body should that be agreed*
- *We recommend that further work is undertaken to investigate the viability of the establishment of an 'Invest to Save' fund.*
- *We recommend to the next Overview and Scrutiny committee that a body similar to the Standing Review of the Budget be established in the next administration*

BACKGROUND

The Scrutiny Standing Review of the Budget was established at the end of 2007 to enable Scrutiny to take a longer-term view of the budget setting process in Harrow. For many years, Scrutiny's engagement in the process was to receive information from the portfolio holder and Director of Finance at a set meeting of the committee. This did not provide a real opportunity to contribute to the budget or indeed to offer a robust challenge to the assumptions behind it.

In 2006/7, the Overview and Scrutiny committee commissioned a challenge panel to consider the budget preparations. The allocation of 3 hours specifically to the consideration of the budget was a considerable step forward in terms of financial scrutiny but it was still lacking in real understanding and challenge from which the budget setting process would benefit.

Thus, in October 2007, the Scrutiny Standing Review of the Budget came into being with a specific remit to:

'support the Council to develop a robust budget that is prepared in the full understanding of the changing local government financial environment and the changing policy environment for service delivery'

This is the second phase of the investigations of the review. The project has concentrated on the following issues:

- The management of our capital assets;
- Our strategy for maximising revenue; and
- The extent to which we are making use of the opportunities to provide services in partnership with other boroughs or indeed on their behalf.

In order to investigate these issues, the group has received presentations from a number of different officers from within the Council, it has undertaken a number of best practice visits and it has surveyed units to understand practice across the Council. A number of round table discussions with the Leader of the Council and the Director of Finance have taken place at which the results of our investigations have been shared. This has enabled us to make the observations included in this report and develop the proposals therein.

The group's deliberations have also been able to contribute to scrutiny's consideration of the annual budget and questions emanating from the investigations have been used in discussion with the Leader and Chief Executive at our annual question and answer session.

The following pages summarise the group's observations and recommendations.

OBSERVATIONS

The management of capital assets

We are pleased to have received copies of the Council's asset management plan and welcome the cross referencing in this document to the Council's corporate vision and the local area agreement. We welcome the spirit of this document. However, during the lifetime of this project, the world economy slumped and Britain entered a significant recession, which has put on hold a number of the capital ambitions for the borough and delayed the implementation of the strategy. We heard how the majority of the potential solutions to some of our capital difficulties were being shelved because of the fall in property values. This is, of course, the harsh reality of a recession: the potential solutions offered by property disposals and imaginative deals with property developers cannot be realised in the short term. However, whilst this does create significant difficulties, we would urge the Council not to become the victim of harsh economic circumstances and would suggest that it could do more to try to control its own destiny. We are, however, very pleased to be advised of the Council's consideration of its Future Operating Model and 'Total Place', the analysis of the total public sector spend in an area, and would offer the following observations which we hope will assist.

Ironically, the property recession offers an opportunity to the Council, which a more vibrant market might not. In order to get the 'best value' from our property portfolio, it is critical that there is a clear understanding of what we have, what we need and how to use what we have to meet this need. This is not simply an exercise for the Council, it must involve partners and it must reflect a real and detailed understanding of the local area and plans for its future development. Our investigation, impressed upon us the importance of a level of detail which needs to be gleaned to ensure sustainable development for an area. We were advised of the existence of 'local planning briefs' for the borough, and whilst this is a welcome and important component of a vibrant development policy, we feel that something more directional than guiding would be of benefit for the borough. We would emphasise the need to plan now in order to hit the ground running as the economy emerges from the recession. The 'downturn' gives the Council the breathing space to undertake this detailed strategic exercise.

In this context, we commend the work of both Hillingdon and Camden Councils, who have a clear understanding of their resources and a blue print for each of their local areas and have taken brave decisions to take advantage of the recession and develop properties to maximise the long term return for their councils. A detailed report from each of the councils visited is attached as Appendix One but the key points are summarised below.

Our visit to Hillingdon revealed the following:

Their starting point was a clear understanding from detailed analysis of the asset base of the council. Not just the Council's sites, but the components of the sites and the value of the surrounding plots. The asset register is corporately held in order that THE COUNCIL, not just individual departments, are fully aware of the total capacity and can thus maximise usage. Whilst there has always been an asset register, its accuracy has been significantly improved in recent years and this has enabled the development of a more strategic approach to asset management and disposal.

The council maximises rental income opportunities in order to keep new assets in good condition and also to fund future borrowing costs. For example the council has just refurbished two swimming pools and is ensuring that income from this is set at a level which can ensure its sustainability

The council is developing sites on a multi-purpose basis. For example a new library development also houses an adult learning facility and 6 residential properties. The flats have been sold and have paid for the development. In an extension of this process, Hillingdon is now considering the possibility of not just the redevelopment of individual assets but the purchase of adjacent assets in order to maximise the development opportunities and thus income generated from this development. For example, by purchasing land adjacent to an existing site, the council can increase the capacity to build residential properties for sale. The cost of purchasing the land is significantly outweighed by the income that can be generated by the sale of the properties. For example, the council has estimated that the cost of building 27 properties on an acquired site would be £2.6m. Based on the £1.6m raised from the sale of the 6 properties sold in the library development, the development of 27 properties could generate approximately net profit of £5m. A strategic approach to all developments such as this is being taken.

In a similar vein, **in Wandsworth** the group was advised about the 'Hidden Homes' scheme. Under this scheme, assets are 'extended' to make homes for example on top of launderettes or to replace a cluster of garages. The Registered Social Landlord would get the asset (which was not being optimally used) while the council gets the letting. It is highly likely that even with Harrow's limited housing stock there may still be the potential to sell assets which can then return a capital receipt which can then be invested back into the remaining housing stock. The principles of 'hidden homes' could present a very good way of raising funds.

In Camden, the core of their strategic approach is the area review whereby a comprehensive review of all of the council's land and property assets is undertaken on a geographical basis, with ward councillors, not just in relation to the assets themselves but on the nature of the area and the need of the local community. The area review offers an opportunity to rationalise and improve facilities within a given area using existing assets to generate the required investment and to develop a single access point for each area. This is based on a detailed asset data base and detailed local knowledge amongst the property team – not just what is where but also who owns and uses the properties and surrounding properties – the human side. The improved intelligence gathering process has been supported by the new head of property who has shifted away from simple data collection to the introduction of area reviews, the development of the accommodation strategy and a more innovative approach to asset management. The area review is a catalyst for change as much as offering a financial solution.

Whilst not directly related to the management of capital assets, **in Newham**, the review group learned of the 'Local Fund for Newham'. Under this scheme, ward councillors hold discussions with the community to gather their views on what they felt the budget should be spent on, not just the usual suggestions like pot holes but also key issues such as their views on how for example road layouts could be improved. Resident's views are taken on board and if they fall in line with the councils overall vision and are robust they are taken forward. The process is very popular with electorate and the 'Local Fund' has led to a positive feel good factor which has been evident in the outcomes of the citizen's survey. The process also provides the opportunity for all ward members to be involved in the budgeting process. This process allocates 50% of the capital budget, the remaining 50% of

the budget is based on the technical and formal requirements that the council must deliver and both amounts to a total of £24 million.

The review group also received information with regard to the ambitious proposals of Newcastle City Council, which has bought the Northern Rock headquarters building to house its own services and for letting to others

Harrow Council's property decisions must be driven by a robust vision of the borough as a whole, not only the individual service providers operating within it. The neighbourhoods and the service needs of our residents must be at the core of our proposals. We were advised of discussions and ambitions and of the difficulties of finding cross organisational solutions, but we reassert the centrality of partnership – for example, why build polyclinics, extend schools or set up safer neighbourhood teams in isolation from each other: a clear view of the needs of a local area, the assets or potential developments available **must** form the foundation.

Finally, during our investigations, the centrality of the redevelopment/disposal options for the Civic Centre and the subsequent impact of the property downturn have been highlighted. Whilst this is a real problem for the Council, we would suggest that options such as those identified above will help the Council through this difficult time and help ensure that a number of viable options are available to the council as the economy recovers. Focussing on the difficulties encountered as the result of the concentration on one specific project may not be helpful in the longer term. We would observe that difficult times require radical solutions. Whilst recession complicates issues, it doesn't mean that nothing can be achieved and certainly, the experience of other boroughs offers innovative opportunities.

Recommendations

- *We urge officers to ensure that the Borough's sustainable community strategy is at the core of all of our property proposals and drives a coherent and ambitious borough-wide strategy for asset management/development.*
- *We urge the Council to develop its asset management proposals in partnership with other public sector organisations. The work of this review and other Scrutiny projects has identified the opportunities offered through capital developments and we remain unsure that all of the opportunities for sharing resources are being exploited. We appreciate that this is difficult but nonetheless we would urge officers to continue to identify joint objectives.*
- *Whilst we commend the work of the Place Shaping directorate and its ambitions regarding the management of the asset base, we would suggest that there is still more that could be done. In particular, we would recommend that the detailed area planning profiles as adopted in Camden are developed in Harrow. This will ensure that the needs of a local area, its asset base, both public and private and the views of its residents about the local character can be at the heart of development as we emerge from recession.*
- *We also suggest that the detailed planning profile also includes information and intelligence on not only the Council's asset base but partners' assets co-located with our own. The recession offers us the opportunity to make innovative proposals around the asset base through reduced property prices which can in turn offer innovative solutions to property issues for ourselves and partners. We would suggest that discussions with Hillingdon Council would be helpful in this context.*

- *We recommend that the council diversifies its asset options along the lines of the recommendations above in order to diffuse the impact of the recession on the key asset management proposal – the redevelopment of the Civic Centre – and to ensure we hit the ground running as the economic situation improves*

Maximising income from asset base

A thorough audit of the state of our asset base will give a clear understanding of its potential and actual use. The asset management plan provides a clear and comprehensive assessment of our assets and we welcome this, we were also advised that the plan is **regularly**, updated though we were not advised how often constitutes 'regularly'. We would urge that this continues. We were advised that the recession has meant that a number of our assets earmarked for disposal or development have been 'mothballed'. In some circumstances, for example the Gayton Road library building, the state of repair of this property makes mothballing the only real option for the Council in the current economic climate. We accept that in some circumstances, this will inevitably be the case. However, mothballing obviously has implications for the future viability of premises and also on the revenue that can be raised by the Council. During these difficult times, for both the Council, our partners in the community and the voluntary sector, it is important that we work collectively to present sensitive and supportive property options to maximise both revenue to the Council and support our 3rd sector organisations.

Recommendation

- *We urge the Council to ensure that all potentially viable assets, of which we are precluded from disposing at the present time due to the recession, are assessed for their letting potential in order to maintain a revenue stream. In particular, we would urge the Council to consider how such premises might be beneficially let to the Third Sector or to small businesses at reduced (or zero?) rents to support these organisations through the recession.*

Strategy for maximising revenue

The Council has undertaken a specific investigation of the options that might be explored to maximise the opportunities from revenue generation afforded to local authorities by the new charging and trading powers introduced by the Local Government Act 2003. This work was undertaken by PriceWaterhouseCoopers as the Revenue Income Optimisation Project (RIO). The group has considered the detail of the RIO project and whether there are significant untapped opportunities for the Council to raise revenue with a more strategic approach to levying fees and charges and a more co-ordinated approach to concessions.

This work is welcomed and the group is heartened to be advised that the Council is looking to secure a more proactive and innovative approach to levying charges than simply relying on inflationary increases.

We were appraised of the very real difficulties the Council faces in modernising its approach to revenue maximisation:

- The delivery of public services in what are realistically uncommercial areas, e.g., libraries;
- The balance that must be struck between revenue maximisation, accessibility and the impact of charges on residents, especially the vulnerable;
- The complex decisions to be made around concepts, such as 'full cost recovery'.

In the context of the difficulties in raising charges in uncommercial areas, we are pleased to see that budget proposals for 2010/11 include options for providing additional services [photobooths and drinks machines] in libraries which were raised during our discussions with officers.

The RIO project revealed a number of opportunities and we were pleased to learn that the Council has developed a more strategic approach to revenue optimisation. We were advised on a number of occasions that a fees and charging framework had been produced to guide services' decisions in this area. We have noted the content of the charging framework, which we endorse, but we seek reassurance that the full detail of the proposals is being implemented. In particular, the reference to an 'annual review of income generation opportunities by Officers and Elected Members considered as part of the budget setting process' is welcome though it is not clear whether or not this has been introduced. This is perhaps something which the Scrutiny function could support going forward.

The group decided to undertake a short piece of work to try to establish the extent to which the framework is influencing decisions regarding charging. Whilst this was only a small survey, it suggests that there is still some way to go to ensure a corporate and strategic approach is embedded across the organisation. The questionnaire is attached as Appendix Two

Whilst not conclusive, the survey raised concerns for the group:

- The responses suggest that respondents are not generally aware of any 'corporate' guidance on setting charges;
- It is uncertain that the Council can be confident that guidance is being followed across the Council
- There is uncertainty that services/departments have a clear understanding of the total costs of their services, the general competitiveness of this cost in the external market and the impact their charges have on other parts of the Council

We have observed that the guidance is not easily accessible, something which will obviously minimise its impact.

In the absence of any certainty regarding the accessibility of the charging framework, the group is also unclear as to whether there is a connection between the Council's corporate objectives and the charging framework. In this context, we are also concerned that the links and impact between individual charging approaches of services may not be appreciated. For example, is the impact of parking charging policy on the town centre redevelopment understood and mitigated, particularly in the context of the current recession and do we fully

understand the implications of leisure charging policy on our ambitions for the health and fitness of residents.

Recommendations

- *The charging framework be reviewed to ensure that it gives a corporate steer to*
 - *Using charges to influence demand*
 - *Assessing the impact of the charge for one service on another*
- *The framework be launched formally;*
- *Training on the framework be provided to all relevant services;*
- *The framework be made easily accessible to managers, via the hub*
- *That consideration be given to Scrutiny supporting the annual review of charging policy.*

Shared Services

The Shared Service agenda is essentially the investigation of options for Councils to enter into arrangements with other boroughs for the provision of services previously provided on an individual authority basis. The policy framework from which the shared services agenda emanates is “**Strong and Prosperous Communities – The Local Government White Paper 2006 Efficiency – Transforming Local Services**” which highlighted the importance of more collaboration between authorities and other public bodies in the provision of services;

The white paper suggests that authorities improve the quality and efficiency of services through joint working and ‘unlock these potential benefits by delivering more services in collaboration with each other, with other local public service providers and the private or Third Sector’.

This to be achieved by:

- Joint commissioning with other boroughs, i.e., aggregating demand;
- Local public service boards
- Shared services

The **National Procurement Strategy for Local Government** states that: ‘... To prosper, local authorities must collaborate in innovative ways and not just with other Councils but with other public bodies to procure and deliver citizen-focussed services at a cost the public purse can afford ...’

The group considered the Council’s performance in this area and was advised of the investigations that have been undertaken with regard to human resources delivery and also of the legal implications of the Local Authorities Mutual Ltd. However, Shared Services options have not been pursued in either of these projects because the costs of combining the delivery of human resources services offered no savings to the Council; while the latter fell because the Court of Appeal ruling determined that the arrangement was outside the statutory powers of the local authorities involved (though this is now subject to review).

The group also heard of the concerns of the Council regarding the impact on our own services, should the decision be taken to provide services on behalf of other boroughs. The particular example alluded to was the temptation to offer a high-performing service to other authorities only to perhaps see the service's performance adversely affected. The risks associated with any such venture need to be clearly weighed in order to ensure that our own residents don't suffer. Our best practice visits also elicited differences of opinion as to the acceptability of shared services and the willingness of councils to hand responsibility for their service delivery and thus their reputation to '3rd parties'. The benefits of strong contract management were emphasised, particularly by Wandsworth Council, in this context.

The extent of our work in this area has been limited. However, during the group's consideration of this component of the review, we were advised of the very detailed work that has commenced as part of the 'Better Deal for Residents' programme, in particular the 'Future Operating Model' workstream and 'Total Place'. This is considering the future configuration of public services in Harrow as a whole and is likely to make transformational proposals as to how services, in particular the back office operations relevant to all organisations, are delivered. We welcome this move as a truly challenging approach to the consideration of the way services are being provided. We trust that innovation and modernisation remain the driving force of emerging proposals.

We recommend that these proposals are considered further by our successor body should that be agreed

Other issues

Invest to save options

These are challenging times for the organisation and the sector as a whole, in which we must fundamentally examine our purpose, processes and assets. Some of the solutions to the Council's difficulties require an initial investment in order to deliver longer term benefits. For example, the group is aware of limited capacity in the procurement team which prevents the Council from reaping the considerable benefits of a robust procurement process. As the organisation attempts to transform itself for the future, we anticipate examples of this nature will increase as initiatives require up front investment in order to upgrade systems and processes which can then deliver improved performance and savings. . We would suggest that the Council consider the viability of the development of an 'Invest to Save' fund to support the development of such proposals. The group is particularly interested in the Invest to Save model operated in Brent whereby investment is made in projects which can secure long-term savings. This investment is repaid by the service receiving the investment over an agreed period. This is a model the council might like to investigate.

CONCLUSION

The council is facing significant challenge as it weathers the storm of recession and transforms its process, practices and procedures to deliver a modern organisation, fit for purpose in the 21st century. Our deliberations have revealed a number of opportunities which the council might like to investigate further: the asset management strategies of Camden and Hillingdon, the Invest to Save scheme in Brent. The council is making significant strides to improve its financial and budgetary performance and the review group would like to place on record its appreciation of the work that has been done so far. We hope that the recommendations in our report support this work and help the council to achieve its ambitions.

Looking to the future, we feel that the standing review has offered an excellent opportunity to investigate the council's financial systems and to support the improvement journey. We would like to recommend to our successors that this work continues and that scrutiny continues to play a role in supporting the improved financial performance of the council.

Members of the Standing Scrutiny Review of the Budget

APPENDIX ONE: NOTES FROM VISITS TO OTHER BOROUGHES

Notes of meeting at Camden Council

Present

- Camden Cllr Ralph Scott, Portfolio Holder for Resources, Leader of the Council; Mike O'Donnell, Director of Finance
- Harrow Cllr Stanley Sheinwald, Cllr Yogesh Teli, Cllr Manji Kara, Elizabeth Hugo, Cliff Lichfield, Philip Morrish, Lynne Margetts

Mike O'Donnell had prepared a presentation for the visit which outlined Camden's capital planning process. The community strategy and the corporate plan are the starting points for capital planning. The capital strategy reflects the priorities in each of these strategies to ensure that capital resources are focussed on key issues. The priorities within the capital strategy are:

- Promote environmental sustainability
- Create sustainable social infrastructure
- Improving housing opportunities
- Increase access to skills and employment
- Improve support for independent living
- Make Camden Town a better place
- Enhance attractiveness of the borough
- Promote Camden as a cultural centre
- Provide effective and enabling support services.

There are clear roles and responsibilities in relation to the capital budget.

There is an evaluation mechanism for scheme selection which includes the following:

- High priority in community strategy or Camden Plan
- Whole life costing option appraisal
- Feasibility study undertaken
- Consultation with stakeholders
- Planning consent obtained or likely
- Designed, specified and ready for tendering
- Supported by Suitability and Sustainability assessments in accordance with the Asset Management Plan and/or
- Supported by formal property review and/or
- Supported by condition survey
- Compliance with environmental and energy efficiency standards
- External funding or leverage

The council has a particular problem in delivering the Decent Homes standard. In 2003 council tenants rejected an option to become an ALMO. This meant that the council lost access to £283m of funding for the housing stock. Around half of the housing stock is below standard and in the absence of any additional funding, decent homes standard will not be achieved until 2030 at the earliest and possibly never, investment of £242m over 5 years is required. In order to resolve this they have proposed the sale of 2% of the housing stock – there is a very substantial base – to fund the capital requirements. This is highly controversial but the council has no real alternative options. The housing that is being earmarked for sale is particularly rundown and would require substantial investment to bring it up to standard. However, it would still yield a significant return for the housing renewal.

They are also proposing an estates renewal programme, with a number of mixed developments to support the programme.

The property strategy is 'a comprehensive strategy to improve the effective use and efficiency of the Council's property portfolio'. The principles include;

- Ongoing review of under-performing assets
- Higher performance of civic accommodation
- Minimisation of revenue costs
- Generation of capital receipts for reinvestment in the council's priorities
- Sustainable and energy efficient portfolio
- Continual assessment of buildings used by the council to deliver as fit for purpose by 2012

A key component of the strategy is the accommodation strategy. There is no longer an option to do nothing in terms of civic accommodation and money must be spent either to renew or repair the portfolio. The policy is designed to reduce current sites from 4 to 1 with accommodation provided on officer to desk ratio of 7:4. A new civic amenity to be provided based on the property receipts. It will also provide accommodation for partners. Camden is in a particularly fortuitous position in that some of its portfolio can/will provide substantial return – Bidborough House and proximity to St Pancras International Station.

A further component of the strategy is the area review, whereby a comprehensive review of all of the council's land and property assets is undertaken on a geographical basis, with ward councillors, not just in relation to the assets themselves but on the nature of the area and the need of the local community. The area review offers an opportunity to rationalise and improve facilities within a given area using existing assets to generate the required investment and to develop a single access point on an area basis. This is based on a detailed asset data base and detailed local knowledge amongst the property team – not just what is where but also who owns and uses the properties and surrounding properties – the human side. The improved intelligence gathering process has been supported by the new head of property who has shifted away from simple data collection to the introduction of area reviews, the development of the accommodation strategy and a more innovative approach to asset management. The area review is a catalyst for change as much as it offers a financial solution.

The council has a large commercial property portfolio which delivers an income stream it also buys and sells regularly. The council reviews the success of the shop fronts that it owns, in order to improve a local community, possible development of shops into residential properties has been considered. It seems that Camden has not been hit too badly by the recession and the fall in property values. It was confirmed, that like other boroughs, Camden would not consider selling below the optimum value.

Properties are not being mothballed but projects like estate regeneration are being phased to avoid potential problems. The recession is not resulting in a deferral of expenditure, which is being used to support the local economy. Investing in the local community is a safer option for the council's resources given the difficulty in finding reliable banking options.

Revenue and capital options are very closely linked – it is critical that the revenue implications of capital decisions are properly understood.

The council had to some extent anticipated the impact of the recession through its MTFS process. There are still some big capital issues on the horizon – Decent Homes and school places – and the council will still need to find more ways of raising funding.

The council does not need to borrow at the moment and is wary about depositing money. The biggest concern regarding borrowing relates more closely to the impact on developers in PFI/PPP deals who are unable to resource their commitments to projects.

The council is keen to ensure that its proposed developments link closely to those of other developers e.g. Kings Cross redevelopment. Similarly, the council works closely with public sector partners to complement their developments.

Housing repairs are funded from the HRA balances and are delivered on a partnership basis – the council is ‘politically agnostic’ regarding in house/out sourcing debate. What works is what matters.

The establishment of a detailed and accurate property database is absolutely critical to the delivery of a successful asset management strategy. This must also include information on running costs of the properties.

The council is also actively pursuing a programme of asset transfer, in line with the Quirk review.

The council’s reserves policy is also linked into its 5-year capital strategy

Building Schools for the Future is its biggest capital project but Decent Homes is the biggest internally funded capital project. The council is selling 2 out of its 4 adult residential homes in order to fund the development of 2 excellent replacements – they have been able to involve service users in the design and development of these projects – securing buy-in to a potentially controversial decision.

The council has participated in PFI arrangements.

Lynne Margetts
Service Manager Scrutiny

Notes of meeting at Hillingdon Council

Present

Hillingdon Cllr Ray Puddifoot, Leader of the Council; Chris Neale, Director of Finance Paul Whaymand, Head of Accounting

Harrow Cllr Stanley Sheinwald, Cllr Yogesh Teli, Elizabeth Hugo, Cliff Lichfield, Lynne Margetts

The council reiterated its commitment to its residents and its disinterest in chasing targets. They also commented on their lack of confidence in the best practice from Department of Communities and Local Government as cited in the question plan. As such, a general discussion ensued, focussing on the specific approach of Hillingdon to its capital processes.

Cllr Puddifoot emphasised that capital has become more important than ever and he welcomes the growing interest of councillors in the capital budgeting process. The major source of capital funding is the sale of assets, with some additional funds available from grants. The lack of assets to sell and the impact of the recession mean that there is increased pressure on the capital budget – council's wish to continue to improve their assets but are experiencing significant difficulties in finding the funding to deliver this. In his view it is unlikely that there will be significant additional funding for the public sector in the future. Hillingdon therefore is approaching the issue in a creative way.

In his view the starting point has to be a clear understanding and analysis of the asset base of the council. Not just the sites, but the components on the sites and also the value of the surrounding plots. The asset register is corporately held in order that THE COUNCIL not just individual departments are fully aware of the capacity and can thus maximise usage. Whilst there has always been an asset register, its accuracy has been significantly improved in recent years which has enabled the development of a more strategic approach to asset management and disposal.

The council maximises rental income opportunities in order to safeguard the maintenance of new assets and also to fund future capital borrowing costs. For example the council has just refurbished two swimming pools and is ensuring that income from this is set at a level which can ensure its sustainability

A significant number of new projects are being funded – swimming pools, libraries, youth centres and significant projects of renewal in each of the town centres.

The council is developing sites on a multi-purpose basis. For example a new library development also houses an adult learning facility and 6 residential properties. The flats have been sold and have paid for the development. In an extension of this process, the council is also now considering the possibility of not just the redevelopment of individual assets but the purchase of adjacent assets in order to maximise the development opportunities and thus income generated from this development. For example, by purchasing land adjacent to an existing site, the council can increase the capacity to build residential properties for sale. The cost of purchasing the land is significantly outweighed by the income that can be generated by the sale of the properties – the cost of building an 27 properties is estimated as £2.6m, the 6 properties sold in the library development generated £1.6m. A strategic approach to all developments such as this is being taken. Properties are sold only to Hillingdon residents, with a proviso that they can only be sold on to Hillingdon residents. The process is also

providing work for local businesses. The council is both building property to buy or to rent to support the stock but is also using the process to fund future projects.

These opportunities have derived from the council's comprehensive review of its asset base. The first stage of this review involved gathering the opinions of a number of experts – planners, valuers, architects and surveyors on the viability of sites

In a similar approach to its new developments, the council is ensuring more effective use of its existing assets through a more strategic approach to sharing premises with partners. For example the PCT shares the Civic Centre premises

The council is also trying to free up valuable land assets occupied by voluntary groups (scouts/guides). By spending resources on improved premises which a number of groups can share, they are able to persuade these groups to vacate current prime sites which can then be disposed of

All of this is obviously dependent upon a fairly buoyant property market, which is not currently the case. Harrow thus cannot necessarily take any immediate action along these lines but the council could begin the process of identifying a strategic approach to property/asset management along these lines in order to hit the ground running when the property market picks up.

The recession has obviously disrupted the council's approach to asset management, Hillingdon will not dispose of assets at a loss. However, they do not mothball redundant properties and prefer to rent them out to local groups at a peppercorn rent in order that they don't fall into disrepair – there is also an associated cost to mothballing properties in respect of security and deterioration.

In terms of how the council prioritises its capital programme, Cllr Puddifoot commented that the essentials are done first and that thereafter the political priorities of the council are delivered which reflect residents' wishes. The council's capital and revenue programmes both include contingency funds.

The council will only undertake initiatives at the point when it can afford them and it takes the residents along with it

The council's reserves are £12m, they rose to £16m but will be reduced to £12m as this is deemed the most appropriate level. The council will not contemplate service cuts but will utilise resources to cover this. As a result of the Icelandic Banks crisis, the council is likely to lose £2 - £3m but the process of identification of strategic savings means that this loss will be covered. In this context, the procurement process is key, Hillingdon has a highly competent and professional procurement team which 'pays for itself'

With regard to housing repairs, the council has an ALMO and the repairs are arranged contract by contract – Cllr Puddifoot commented that the HRA does not perform well and that the council must focus on delivering value for money out of the HRA

The council is not involved in any PFI. It may get involved in the Building Schools for the Future programme, dependent upon the resource commitment from the council that will be required.

Cllr Puddifoot outlined how the council had turned itself around. In 2005 the Director of Finance was a solicitor by profession. By changing the staffing at the most senior level of the organisation, the council has been given a clearer and more effective direction. Cllr Puddifoot undertook a line-by-line analysis of the budget and was able to identify where services were either over or under-resourced. The council has introduced business practices into its processes and has also introduced business benefits – e.g. if the levels of sick pay are reduced to 7.5 days per year, officers will benefit from BUPA private health care.

Lynne Margetts
Service Manager Scrutiny

STANDING REVIEW OF THE BUDGET
Visit to Wandsworth Council – Wednesday 20 May 2009

Wandsworth Council representatives present:
Councillor Maurice Heaster – Deputy Leader (MH)
Gerald Jones – Chief Executive (GJ)
Chris Buss – Director of Finance (CB)

Scrutiny Review team present:
Councillor Stanley Sheinwald (SS)
Councillor Yogesh Teli (YT)
Cliff Lichfield (CL)
Elizabeth Hugo (EH)
Nahreen Matlib (NM)

(LBW = London Borough of Wandsworth)

Notes of question and answers covered at the meeting – questions are taken from the questioning plan.

A. How the council identifies the areas in which it wishes to make capital investment.

- MH: Much of this is driven by maintenance requirements.
- CB: The process is to identify the amount available, followed by the services bidding for allocations by identifying appropriate schemes – these are often large scale improvements. All proposed schemes are put into a matrix and assessed against corporate priorities and whether they save money. The matrix is scored, with more points scored if the capital scheme is supported by the department's revenue commitments. This is then considered by directors and the Leader and Deputy Leader. Cabinet then agrees which schemes to put into the capital programme. These are also looked at by the relevant service overview and scrutiny committees.
- Key to this is that the size of the capital pot does not change (budget) and what is up for discussion is which schemes make up this pot.
- CL asked whether capital projects are ever refused on the grounds of the attached revenue implications. CB: yes – all schemes are assessed on a project-by-project basis.

B. How the council quantifies the amount of capital it wishes to invest in these projects.

- The basic premise for LBW's borrowing is not to borrow to fund anything in the capital budget.
- LBW is debt-free therefore if LBW wants to fund any capital projects, this needs to be covered by existing resources:
 - i. Sales from assets – surplus assets are still being identified
 - ii. Government grants
 - iii. Revenue contributions

C. How does the council prioritise this programme?

See Question A.

D. How this capital budget is resourced.

- The non-housing capital programme equates to £30m and the housing capital programme is a further £30m. This is not supplemented by borrowing.
- LBW is fortunate to have a large housing stock with about 35,000 properties, half of which are leaseholders.

E. What balance the council strikes between the capital budget and the revenue required to support it.

- CB: The considerations around which schemes to fund are twofold – considering the amount available for capital resources and the cost in revenue to support the capital resource.
- F. What the council considers an appropriate size for the capital budget.
- G. How does the council determine if its borrowing is ‘prudential’?
- H. Does the council feel that it is able to influence the decisions made by central government departments regarding capital allocations (PFI credits/capital grant)?**
- MH: LBW never uses PFI as it is deemed too costly. CB: even on Building Schools for the Future projects which involved building a new school, LBW still would not use PFI.
 - MH: The Council recognises that sometimes PFI is the only option available to fund schemes but luckily LBW is in a position to be able to release assets to fund projects rather than use PFI.
- I. How does the council think this influence can be increased?**
- GJ: In terms of influencing central government allocations, a skill in this area is to be able to anticipate some of the arguments for needing supportive grants. Planning in advance is very important, as is the ability to know when to play hardball and when not.
- J. How is the capital budget increased year on year?**
- CB: The capital budget has stayed at roughly £30m for the past years. In the past, LBW had very vigorous housing sales so the amount was previously greater.
- K. How is the capital budget approved?
- L. How is the capital budget monitored?**
- CB: There is monthly reporting to the Directors Board and quarterly reports to the overview and scrutiny committees on a scheme by scheme basis, which also goes to the Executive bodies. These reports identify delays and any overspends.
 - GJ: Monitoring can be undertaken in a post-mortem style especially where exceeding budgets or timeframes are concerned - the tolerance level is set at 10%. There are many learning points to be gained from assessing projects against their initial project specifications.
- M. How is the development of the capital budget scrutinised?**
- YT asked what is received by way of the budget by overview and scrutiny throughout the year. CB responded that all projects above £100k. Any projects added to the capital budget go to the Executive.
 - MH: Nothing goes through Cabinet until it has been considered by scrutiny. This process is quite different to many other boroughs.
- N. What difficulties is the council experiencing with regard to its capital budget, particularly in the light of the recession?**
- CB: LBW did not have any money deposited in Icelandic banks! It got a decent deal with a bank for 40% of its budget at a 2.5% interest rate. This is secured by government backing.
 - The Council is one of the very few authorities not to use external advisers and it has a very firm policy on how much it will invest in particular institutions, based on robust criteria – this is one of the reasons Icelandic banks were never considered.

- LBW 'landbanks' sites – sites that would have been disposed of are not sold as in the current economic climate they will not achieve their full value. This represents a lack of capital receipts for the Council.
- O. How are these being overcome?

Other areas discussed

- Housing repairs – about half of these are undertaken in-house (the team is of about 80 people). The rest is contracted out to small/medium size firms. LBW did not go down the route of one large all-inclusive contract. LBW did investigate the option but decided against it deeming it as not offering value for money. LBW performance in housing repairs is in the top quartile in London.
- MH: LBW has always historically ensured that bids for all housing repair works include one from the in-house team, based on standard specifications. The competitiveness of contracts is regularly tested. Most tenders are now for 5-7 years. However, all in-house contracts are put out to tender every 3 years so as to keep the service on their toes – check competitiveness and maintain quality.
- SS asked about zero-based budgeting for revenue budgets. GJ said that these exercises had not been fruitful in the past. Councillors can find the process quite defensive in nature in that people have to adopt defensive positions to argue for any expenditure.
- CB: In a way, each new tender is zero based in that they have to start from scratch to justify costings.
- SS asked about dealing with a position of no reserves. MH: this is not the position of LBW but a worry for any new administration wouldn't primarily be a position of no reserves but rather having the confidence of being able to work with senior management to address the position. The Chief Executive is paramount, as is organisational culture. The top 40% of LBW's managers are on performance related pay. LBW pay good salaries and get quality results in return. Members provide a healthy challenge to officers.
- CL pursued the issue of LBW's position on reserves. MH responded that LBW had a contingency reserve of £12.5m to cover the risk of recession and a couple of potential problem schemes – problems that have not materialised in reality. LBW had provision for £10m reserves for the last 10 years. This has only increased in the last year.
- EH asked for any advice LBW could offer to other boroughs, the most telling points in being successful at financial management. MH responded that the best piece of advice would be to set objectives and stick to them. They may not be public but the major group and Chief Executive need to be working to the same ends. A problem with steadfastly following objectives is changing rules from government. In terms of budgets, 3-year plans are no longer flavour of the month. Grants are used as levers and authorities need to demonstrate flexibilities.
- Another piece of advice is not to leave the difficult decisions/implementations until Year 3 or 4 of the administration. For example, if it has been identified that a library needs to be closed down, do so in Year 1 – the sooner the savings come on stream, the more benefits that are reaped over the course of the remaining years of the term.
- GJ advised that there should be a permanent list of key issues that feed into directors' objectives – progress on these should be continuously reviewed. Monitoring should concern expenditure but also policy decisions which can have a tendency to get 'lost'.
- CL asked about staff absenteeism and ways of addressing high levels of this. MH said that LBW had recently implemented a 'work back, pay back' clause into the contracts of new staff. This is a term and condition of employment – that if a trend in absenteeism is

spotted, the member of staff is required to either work back the absent days or pay them back.

- YT asked about 'hidden homes' - LBW will send on more details (policy paper) about this. CB: the 'hidden homes' are about 300 properties worth on average £100k each. The policy concerns building on assets to make homes for example on top of launderettes or to replace a cluster of garages. The RSL would get the asset (which was not being optimally used) while the council gets the letting. It is highly likely that even in Harrow's limited housing stock there will still be the potential to sell assets which as capital receipt can then be invested back into the estates. The principles of 'hidden homes' could present a very good way of raising funds.

STANDING REVIEW OF THE BUDGET

26 June 2009

Report on the visit to Newham Council

The review group members Councillor Sheinwald (Chairman); Councillor Teli and Elizabeth Hugo – Open Budget Panel Co-optee met with Bob Heaton – Executive Director of Resources, Newham Council.

Councillor Sheinwald explained that the review group is keen to find how the council identifies areas to make capital investment?

Bob Heaton explained that it is still highly regulated and influenced by the government for example with decent homes, Housing PFI's, Building Schools for Future (BSF), 2 stand alone PFI's and a school IT PFI's. 60-65% of the capital programme is schools (BSF). Bob Heaton advised that once you have decided to enter into the BSF, it is then important to ensure you get value for money and as much out of it as possible.

The Mayor of Newham has a three year rolling plan of action and the key issue faced by him when coming into power was, how capital investment would support his plans and vision. The areas that are key to the plan includes creating the place and public realm especially around town centres and maintaining the infrastructure especially as these always feature in local government cuts. The borough is now trying to change this.

Councillor Sheinwald enquired over how much property the council owns? Bob Heaton said there are roughly 18,000 homes, 700-800 industrial buildings and care homes, 2 depots and 2 town halls. The authority used to be split between East Ham and West Ham and some of the older buildings still remain as there is an emotional attachment to them.

Councillor Teli enquired over the situation with repairs and maintenance for the capital programme.

Bob Heaton explained that there have been a number of improvements with their repairs and maintenance services but this was fuelled by a number of complaints in the period after the heavy snowfall and the realisation that budgets couldn't continue to be cut for repairs maintenance and emergencies.

As an outcome of the dissatisfaction amongst the electorate, the authority developed a new approach to the budget. Ward councillors were used to hold discussions with the community to gather their views on what they felt the budget should be spent on besides the usual suggestions like pot holes but on key issues like their views on how for example road layouts could be improved. Resident's views are taken on board and if they fall in line with the councils overall vision and are tested within reason they are put forward. This participative, bottom up budget process is called the 'Local Fund' in Newham.

The process is very popular with electorate and the 'Local Fund' has led to a positive feel good factor has been evident in the outcomes of recent citizen's survey. The process also provides the opportunity for all ward members to be involved in the budgeting process. This process amounts to 50% of the budget, the remaining 50% of the budget is based on the technical and formal requirements that the council must deliver on and both amount to a total of £24 million.

Bids for the local fund were originally oversubscribed by 2 to 1, though a few areas in the borough were ruled out such as Stratford 2012 as there is already planned investment in this area.

Councillor Teli enquired over whether the £24 million is capital or revenue? Bob Heaton responded that it is capital and they ensure that they are careful in how finance figures are described in the budget.

Councillor Sheinwald enquired if the repairs and maintenance is carried out by local contractors or through a big company? Bob Heaton explained that they have an ALMO arrangement and the repairs that are carried out as part of the decent home programme are predominantly local. They also have regional clauses on how they are sub-contracted. There has been less success in trying to make the conditions restricted to local contracts; there has been more success in terms contracting out to larger companies but the clause to use local people instead. Capital works are outsourced and architects are both internal and external.

In reference to an enquiry about the current Newham Council Town Hall, it was explained that the current town hall was purchased in 2007 and was originally planned to be a commercial let. The new building has helped to change the way business is supported and has improved the atmosphere and moral amongst staff. 2, 200 staff are currently located in the building. There are still a number of local service centres and in a bid to centralise some of these services, it was found that social care services for adults and children proved to be particularly challenging as some teams are ideally required to be based in an area office.

Councillor Sheinwald enquired over whether the current town hall building has led to savings, Bob Heaton explained with every one located in one building, savings of £2 million have been made in respect of the property costs and there has been an additional saving of £2 million for support activities.

Elizabeth Hugo enquired over whether it is really feasible to have all services located in one building. Bob Heaton explained that he is aware that customer access and the need for some localised services makes this unrealistic. At the moment the authority is also looking into the feasibility of customer access in local supermarkets, partly in response to the awareness that they can't get all services in one place. The council has 27 building all in varying conditions that were and built at various times.

Elizabeth Hugo enquired over whether all the council buildings had been sold. Bob Heaton explained that they are currently trying to get out of a number of leaseholds, some of the freeholds e.g. Stratford is still valuable despite the recession. The 2012 Olympics is aiding a number of assets to be kept propped up.

Councillor Sheinwald enquired over whether the council was mothballing or letting assets? It was explained that the council is they are trying to let a number of properties though in his view half of the properties ought to be destroyed.

The council has a 5 year capital programme of £1 billion. Councillor Sheinwald enquired over how much of this figure is borrowed? Bob Heaton explained that they apply a prudential borrowing test which involves assessing whether the money can be borrowed without it having adverse effects on council tax rates, if it does then they do not borrow. The authority has the lowest council tax band in outer London. The prudential borrowing test also involves looking at the levels of capital receipts. Looking at the possible influence of large scale projects like the

2012 Olympics and liaising with the Olympic Delivery Authority with regards to capital investment opportunities and liaising with TfL with regards to highways funding.

Councillor Teli enquired over the % of capital increase and how it is monitored? Bob Heaton explained that the BSF is heavily regulated and much of this is dictated by the government. The primary capital programme is an annual government allocation.

The test for the remaining capital programme involves looking at the overall level of new investment, looking at whether the funding is committed or un-committed; with regards to committed contracts this also encompasses partnership arrangements as well. We also regularly test our commitments, whether they are relevant and, if its value for money and deliverable.

When looking at specific projects a business case analysis is employed looking at what we want to achieve and if it is delivering against performance, the corporate plan and the Mayor's vision. Whether there will be an impact on revenue and if there are potential issues with match funding is also considered. The authority aims that through investment the returns are doubled. The various projects are then ranked in order of their importance.

Councillor Teli enquired over whether all programmes are put through the rank testing or if there is flexibility for departments to take some decisions internally? Bob Heaton explained there is a big drive to ensure everything is put through that specific process, around 90% of the councils programmes are put through the process.

Councillor Sheinwald enquired over whether the borough was receiving extra funding for the eminent 2012 Olympics. Bob Heaton explained that as the Olympics will have substantial implications on the borough, along with numerous opportunities there will also be implications on the boroughs infrastructure and services.

The Chair of the review group enquired about the budget scrutiny process in Newham. It was explained that the standard budget monitoring reports presented to scrutiny along with updates on revenue savings. Scrutiny is given the opportunity to scrutinise the budget before it is presented to the Executive. A report is usually presented to scrutiny in the November of the given year, the budget and scrutiny working party then works on either side of Christmas to decide on what area they will scrutinise in more depth. Key questions are then formulated and put to the relevant director. The scrutiny working party then develops a full report with observations and recommendations and this is put forward to the Mayor in February. The Mayor then formally responds back to scrutiny.

Elizabeth Hugo enquired over whether the expenditure of capital and income was even and whether the council uses its reserves? The review group heard that reserves amounts to 5% of the budget; around £15 million is set aside as reserves and this amount is not spent.

Elizabeth Hugo enquired about the political structure and how this reflects on the day-to-day work with Executive Directors? Bob Heaton explained that the relationship between the Chief Executive and the Mayor is very good as the Mayor has a mandate and leads but on the advice of the Chief Executive and Executive Directors and all key decisions are made in the formal Cabinet setting, always involving himself and the Head of Legal Services. Bob Heaton expressed the view that the Mayoral system ensures that there are lots of checks and balances and in turn good governance.

Councillor Sheinwald enquired over whether the majority of the budget goes on vulnerable people to which the review group heard that 60% of the budget goes on children and young people's services and adults. Newham has a very young population and amongst the adults residing in the borough, there is large population turnover and this in turn has negative implications on the council tax incomes raised.

Councillor Sheinwald enquired over what the population of the borough was. The ONS puts the figure at 250, 00 but within the borough it is believed that the figure is more along the lines of 270, 00.

The review group thanked Bob Heaton for his time.

APPENDIX TWO: STANDING SCRUTINY REVIEW OF THE BUDGET QUESTIONNAIRE

1. How is the level of charging for your services determined?
2. Which costs do you take into account when setting charges?
3. How do LBH charges compare with adjoining boroughs?
4. Do you use the charging process to influence demand?
5. If so, how and what policy determines how demand is to be influenced?
6. Have you assessed the potential impact of your charging decisions on other areas of Council/partner activity?
7. Are concessions offered?
8. If so, who receives concessions and why?
9. How is the level of concession determined?
10. How are charges changed and how frequently?

11. How are charges collected and if they aren't collected before or at the point of delivery of the service, does this impact the amount collected?

12. Do you think that all possible charging opportunities are being exploited?

13. If not, what prevents you from charging?

14. How far do you consider national policy/best practice in determining charges/concessions?

15. Are there any proposals to increase charges in the next 6 months?

Please make any additional comments below.

Many thanks for taking the time to complete this questionnaire

RECOMMENDATIONS MATRIX

The aim of this matrix is to allow members to monitor the implementation of the recommendations they are making.

Prioritisation –
(TS) Requiring action immediately: S.
 Requiring action in medium term: M
 Requiring action in long term: L

Incorporated information - *Evidence received from officers* O
(Info) Evidence received from “best practice” BP
 Evidence received from local people LP
 Evidence received from vol gps VG

Recommendation	TS	Identified officer/ member/ group to action	Info	P/ship (Y/N)	Action taken (6 months or 1 year)	Measure of success
<i>We urge officers to ensure that the Borough’s sustainable community strategy is at the core of all of our property proposals and drives a coherent and ambitious borough-wide strategy for asset management/development</i>	M	AT	O	Y		Action making demonstrable contribution to the delivery of the HSP objectives
<i>We urge the Council to develop its asset management proposals in partnership with other public sector organisations. The work of this review and other Scrutiny projects has identified the opportunities offered through capital developments and we remain unsure that all of the opportunities for sharing resources are being exploited. We appreciate that this is difficult but nonetheless we would urge officers to continue to identify joint objectives.</i>	M	AT	O	Y		Development of cross organisational property solutions

<p><i>Whilst we commend the work of the Place Shaping directorate and its ambitions regarding the management of the asset base, we would suggest that there is still more that could be done. In particular, we would recommend that the detailed area planning profiles as adopted in Camden are developed in Harrow. This will ensure that the needs of a local area, its asset base, both public and private and the views of its residents about the local character can be at the heart of development as we emerge from recession</i></p>	M	AT	BP	Y		Area profiles in development/developed
<p><i>We also suggest that the detailed planning profile also includes information and intelligence on not only the Council's asset base but partners' assets co-located with our own. The recession offers us the opportunity to make innovative proposals around the asset base through reduced property prices which can in turn offer innovative solutions to property issues for ourselves and partners. We would suggest that discussions with Hillingdon Council would be helpful in this context</i></p>	M	AT	BP	Y		Property proposals being developed along the lines of Hillingdon model

<p><i>We recommend that the council diversifies its asset options along the lines of the recommendations above in order to diffuse the impact of the recession on the key asset management proposal – the redevelopment of the Civic Centre – and to ensure we hit the ground running as the economic situation improves</i></p>	M	AT)	Y		Asset options diversified
<p><i>We urge the Council to ensure that all potentially viable assets, of which we are precluded from disposing at the present time due to the recession, are assessed for their letting potential in order to maintain a revenue stream. In particular, we would urge the Council to consider how such premises might be beneficially let to the Third Sector or to small businesses at reduced (or zero?) rents to support these organisations through the recession</i></p>	M	AT	O	Y		Vacant properties let to 3 rd sector organisations/SMEs
<p><i>We recommend that</i></p> <ul style="list-style-type: none"> • <i>the charging framework be reviewed to ensure that it gives a corporate steer to</i> <ul style="list-style-type: none"> ○ <i>Using charges to influence demand</i> ○ <i>Assessing the impact of the charge for one service on another</i> • <i>the framework be launched formally;</i> • <i>training on the framework be provided to all relevant services;</i> • <i>the framework be made easily accessible to managers, via the hub</i> • <i>that consideration be given to Scrutiny supporting the annual review of charging policy</i> 	S	MB	O			Framework reviewed Framework launched Training on framework offered

<i>We recommend that the 'Better Deal for Residents' proposals are considered further by our successor body should that be agreed</i>	M	LM/Overview and Scrutiny Committee	O	N		Better Deal for Residents included in scrutiny work programme
<i>We recommend that further work is undertaken to investigate the viability of the establishment of an 'Invest to Save' fund</i>	M	MB	BP	N		Invest to Save fund options considered Invest to Save fund established
<i>We recommend to the next Overview and Scrutiny committee that a body similar to the Standing Review of the Budget be established in the next administration</i>	M	LM/Overview and Scrutiny Committee	O	N		Re establishment of Standing Review of the Budget considered by 2010 – 2014 Overview and Scrutiny Committee