

## HARROW COUNCIL

CABINET – 11 FEBRUARY 2010

REFERENCE FROM OVERVIEW AND SCRUTINY COMMITTEE – 28 JANUARY 2010

### Question and Answer Session with the Leader of the Council and the Chief Executive

The Leader of the Council introduced the budget for 2010/11 and informed the Committee that despite a difficult economic climate, the budget had been balanced whilst allowing for a 0% increase in Council Tax. Savings of £7.3 million had been achieved via an efficiency programme and the Council had invested £4.3 million in priority areas. The Leader added that despite numerous efficiency savings, the budget setting process had successfully minimised the risk to frontline services. He stated that there was a funding gap of £15.9 million in the budget for 2011/12 and £13.8 million in 2012/13, and that this represented a challenge for the future.

Introducing the Corporate Plan, the Leader stated that, following consultation with residents, the Council had rolled forward the three 2009/10 corporate priorities. These were:

- To deliver cleaner and safer streets;
- To improve support for vulnerable people;
- To build stronger communities.

It was explained that the Corporate Plan set out the Council's Flagship Actions against which the Council could be assessed. The Leader stated that the results of the recent Comprehensive Area Assessment (CAA) demonstrated that the Council was continuing to improve services for residents. However, despite these successes, the Council faced future challenges. The Leader explained that as considerable savings had already been made, it was becoming increasingly difficult to identify further efficiency savings, especially as demand for services was increasing. Furthermore, the Local Government Settlement offered by Central Government for 2010/11 was down to 1.5% in its final year, and the three year concessionary fares package, announced by Central Government in 2008 to help local authorities cover the cost of providing free off-peak bus travel in London, was being changed retrospectively, and would likely cost the Council around £1 million.

Following questions, the Leader of the Council, Chief Executive, Portfolio Holder for Performance, Communication and Corporate Services and the Corporate Director of Finance responded as follows:

**Q - Given that many local public bodies such as the PCT, the Police and neighboring authorities are facing the same financial difficulties as the Council, has the Business Transformation Project given consideration to how these bodies can work collaboratively to overcome these shared financial concerns?**

A – The Leader stated that the Council was interested in the concept of Total Place, a new initiative that looked at how a 'whole area' approach to public services could lead to better services at less cost. Total Place sought to identify and avoid overlap and duplication between organisations, delivering service improvement and efficiency savings at the local level. The utilisation of building assets would also be reviewed, with an emphasis on co-locating certain services to reduce the need for multiple buildings and offices. In addition to working with other public bodies, the Leader stated that the Council needed to reconsider its relationship with residents by exploring the concepts of civic duty and citizenship.

**Q – Do you feel that the Council’s partners are willing to engage with the concept of “Total Place”?**

A – The Leader stated that whilst all organisations naturally sought to protect their own interests, there was a growing necessity to work collectively. The Chief Executive stated that all public bodies strived to provide good services and it was becoming increasingly apparent that many could not do this alone. As seeking efficiency savings was no longer a lone sustainable option, a cultural change was needed to remove organisational borders and work collaboratively. The Portfolio Holder for Performance, Communication and Corporate Services added that many areas had successfully implemented the concept of Total Place and that the Council needed to draw on the experiences of these authorities.

**Q – Over the coming years, which services are likely to put the most strain on the budget?**

A – The Leader stated that the number of vulnerable people utilising Council services was expected to increase. In addition, landfill costs were rising and this was an issue that required London-wide investment. With the number of children expected to rise, the cost of providing sufficient school places was also expected to put increased pressure on the budget. Whilst it was hoped that the Building Schools for the Future Programme might assist with the financing of new buildings, the future of the scheme remained uncertain. The Corporate Director of Finance stated that the yearly Capital Programme would also need to be financed but, as the financial position strengthened, the pressure to add to reserves and provisions might reduce. The Council would need to carefully consider the size of the capital programme and how much pressure it would tolerate on the Revenue Budget.

The Chief Executive added that there was some concern that the Government intended to protect certain public bodies and that this would result in other bodies being disproportionately affected by grant reductions.

**Q – Has the Council taken interest rate fluctuations into account and the impact such changes would have on outstanding loans?**

A – The Leader informed the Committee that potential fluctuations had been considered when preparing the budget. In addition, it was expected that there might be some cases where local authorities would be given the opportunity to renegotiate existing loans. The Leader added that following the high profile collapse of major Icelandic banks, the Council had withdrawn its investments from other countries. Whilst this resulted in reduced returns, the Council’s priority was to safeguard public finances.

**Q – Can you provide details of where further savings could be made?**

A - The Chief Executive stated that whilst the Council would continue to make efficiency savings the process became increasingly more difficult each year as many of the obvious opportunities had already been identified. The transformation programme provided an opportunity to look at areas in a more fundamental way. In particular, through the Cross Council Efficiency Programme, the Council was considering the way in which a number of processes might be simplified or standardised. A number of areas had been identified where efficiencies might result, including customer contact and assessment processes across the authority. The Portfolio Holder for Performance, Communication and Corporate Services added that anticipated savings from the Business Transformation Programme had not been included in the budget for the next financial year and therefore any savings delivered would be a bonus to the Council.

**Q - We note the awarding of the major works projects contract to Apollo. Can you give us any further detail about the background of this company and why the decision has been taken to change provider and how much have we saved by this change?**

A – The Committee were informed that the contract with Apollo was taken following a formal tendering process, during which the credentials of the company were thoroughly examined and scrutinised to ensure that the organisation had sufficient capacity to fulfill its contractual obligations. It was added that the new contract would result in a cost reduction of 5% in comparison to the previous contract.

**Q - Given the substantial funding gaps identified in 2011/12 and 2012/13, what will the likely impact on services be?**

A – The Leader stated that whilst he was confident that the Council would be able to cover the funding gaps, the way in which the Council provided services would need to change dramatically. However, he anticipated that recipients of Council services would not notice any decline in services.

**Q – What impact will the budget constraints have on Harrow Libraries?**

A – The Leader stated that Harrow's libraries were held in high regard and, aside from being expected to run more efficiently, no changes had been confirmed. However, the Council could not rule out any options and would ultimately choose the most efficient method of providing any given service. If the Council considered selling property assets, libraries were unlikely to be affected as most of the buildings they occupied were leased.

**Q - Following the Government's decision to review its concessionary fares package, what impact is this likely to have on the budget?**

A – The Leader stated that with the loss of the concessionary fares package, the Council would need to add just under £1 million to the budget, and had done so.

**Q - Has the Council considered the way in which it procures services?**

The Corporate Director of Finance informed the Committee that the West London Alliance, which comprised Brent, Ealing, Hammersmith and Fulham, Harrow, Hillingdon and Hounslow councils, had agreed to establish a joint procurement unit for Residential and Domiciliary Care Services. Similar joint procurement arrangements had also been utilised when securing the Council's occupational health contract. The Chief Executive added that joint procurement could be extended in the future to include other common contracts. However, the Leader stated that it was important that the Council did not neglect local suppliers when considering procurement opportunities.

The Committee were informed that procurement was a key strand of the Business Transformation Project and the Council was working closely with PricewaterhouseCoopers (PwC) to identify new opportunities. The Chief Executive added that the Council was eager to pursue pan-London procurement opportunities and that by procuring services together, local authorities could achieve better deals.

**Q – Given that Council resources are not utilised equally by all residents, has any consideration been given to factoring service usage into the calculation of Council Tax?**

A – The Leader stated that although there were many families in Harrow that consumed a disproportionately large amount of the Council's resources, the Council had no immediate plans to differentiate between service users. The Portfolio Holder for Performance,

Communication and Corporate Services stated that it was important that the Council did not lose the 'moral contract' it had with residents and that the development of a resident compact, although complicated, would be useful.

**Q – Can you reassure the Committee that the efficiency programme will not negatively affect Children’s Services, particularly the Parent Partnership Service?**

A - The Leader stated that the Corporate Director of Children’s Services had been fully consulted on all proposed efficiency savings within his directorate and that safeguarding children was very important to the Council. In addition, additional resources had been put into certain areas of Children’s Services. The Corporate Director of Finance stated that all the political groups had been provided with a comprehensive breakdown of the proposed efficiency savings and that Members could consult these documents if they required further information.

The Portfolio Holder for Performance, Communication and Corporate Services stated that, as outlined in the Corporate Plan, it was the Council’s ambition to be recognised as one of the best London Councils by 2012. In order to achieve this, the Council would need to achieve a 4 star rating for Children’s Services and consolidate the improved performance in Adult’s Services. He added that he was confident that no service would be significantly affected by efficiency savings.

**Q – Are there any plans to review parking charges in the Borough?**

A – The Leader stated that there were no immediate plans to review car parking charges.

**Q – In cases where services were outsourced, would the Council aim to have existing staff re-deployed?**

A – The Chief Executive stated that staff understood the financial position of the Council and, on the whole, accepted that difficult decisions would need to be made. The Portfolio Holder for Performance, Communications and Corporate Services added that the results of the recent staff survey indicated that individuals were proud to work for the Council.

A Member stated that though the Council faced many challenges, it was important that the Committee recognised the successes that had been achieved. In particular he congratulated the Leader and the Chief Executive on the results of the Comprehensive Area Assessment and the proposed budget. The Member added that he hoped the Council’s partners would be willing to work collaboratively in the future to overcome financial challenges.

The Chairman thanked all for participating in the Question and Answer Session. The Committee also thanked the Leader of the Council, who had decided to stand down at the next election, for his hard work.

**RESOLVED:** That the comments of the Overview and Scrutiny Committee be referred to the Cabinet meeting on 11 February 2010 for consideration as part of discussions relating to the budget.

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Background Papers:

Draft Corporate Plan considered by the Overview and Scrutiny Committee on 28 January 2010