

LONDON BOROUGH OF HARROW

CABINET

13 JANUARY 2011

REFERENCE FROM OVERVIEW AND SCRUTINY COMMITTEE – 12 JANUARY 2011 – QUESTION AND ANSWER SESSION WITH THE LEADER OF THE COUNCIL AND CHIEF EXECUTIVE

The Chair welcomed the Leader of the Council, the Chief Executive and Corporate Director of Finance to the meeting, which would concentrate on the Council's Budget and priorities. He indicated that Members should refer to the Cabinet report of 15 December 2010 and outlined the timings for individual Members to ask their questions. He also drew attention to a tabled list of questions prepared by the Scrutiny Leadership Group. The Chair advised that these questions would form the basis of the meeting and that any questions asked outside of these areas might not be answered as fully.

The Corporate Director of Finance and Leader of the Council explained the background to the draft budget and outlined developments since the December Cabinet report had been produced. They also reported on the issues facing the Council.

Members asked a series of questions, challenged responses received and the availability of information to Members.

Question: How has the Government grant changed this year?

The Corporate Director of Finance reported that the Council had previously received support in 3 different ways. Under the old system, the Council had received Formula Grant (£67m), Area Based Grants (£30m) and Specific Grants (£30m). Specific Grants were ring fenced grants mainly in the areas of adult and children's services. Within the settlement, money from the Area Based grants had moved to the Formula Grant and some Specific Grant areas had moved to the Early Intervention Grants.

The Corporate Director reported that under the new system, the Council would receive £78m Formula Grant, which would reduce to £70m. It would receive £17.5m Specific Grant but some of this would be moved to the Dedicated Schools Grant. There remained 1 or 2 grants to be announced. She explained that part of the difficulty in preparing the budget had been determining baseline figures as well as the uncertainty in relation to the £2.6m health improvement grant which had been paid directly to the Primary Care Trust's (PCT). It remained unclear as to whether or not this money would be available to support existing activity.

Question: What are the results of "Let's Talk", how have these influenced the Council's thinking and what impact are they having on the budget?

The Leader of the Council reported that 1,500 surveys had been received and that the Council was working to establish a new relationship with residents. The draft priorities had received strong support. He added that difficult decisions would need

to be made and that more analysis of the results was required prior to inclusion in the budget.

Question: In terms of the provision for inflation in the budget, has the Leader of the Council read the Bank of England's inflation report?

The Corporate Director of Finance acknowledged that a 2% provision for inflation was less than the current Consumer and Retail Price Indices. She explained that the purpose was to effectively enforce efficiency savings on departments. She added that other boroughs were taking a similar line whilst some made no provision for inflation.

Question: What is the value of procurement savings required?

The Corporate Director of Finance advised an estimated total saving of £2m with a net figure of £1.5m. Officers were being cautious in their approach and that there were 3 parts to the plan; commercial skill/negotiation, compliance with systems and end to end procurement. A detailed analysis of the categories was being undertaken.

In response to a challenge by a Member, the Chief Executive stated that the assumptions that underpinned the budget were sensitive and he assured the Member that he had also challenged those assumptions. In terms of procurement, there was evidence to suggest that there were significant potential savings that could be achieved by buying from accredited suppliers, approaching the Council's top 50 suppliers to see if an improved price could be gained and, finally, through category management.

Question: Can you explain the increase in the Mayor's budget?

The Corporate Director of Finance advised that this budget had been out of kilter and that the increase was a correction to an imbalance. The Leader of the Council added that the ceremonial activities carried out by the Mayor brought communities together.

A Member challenged this response indicating that it was not right or proper that this budget should be increased, referring to extravagance, overtime and the increased costs incurred by attending out of borough events.

Question: Can you explain the PCT costs and funding?

The Corporate Director of Finance reported that the budget settlement had included an additional £2.6m funding to support health and re-enablement. Officers were trying to establish if this funding would support the Council's budget or have to be spent on activities not currently being done. Officers were in regular discussion with the PCT and it was likely that this funding would support the PCT in terms of hospital admissions. She added that the majority of other London Boroughs had assumed that this funding would not support their Council's budget.

The Member expressed concern at the financial situation of the PCT and the possibility that their financial deficit could be passed to the Council. There was nothing in the draft budget in relation to contingency around the PCT and he referred to the intervention made by Chief Executive at the last meeting of the Harrow Strategic Partnership.

In response, the Chief Executive advised that there was an acute problem in terms of Health in Harrow and that he had discussed this matter with Ruth Carnall, Chief Executive of NHS London. She had indicated that PCTs could not use the additional £2.6m for health improvement in relation to their deficits. With this in mind, the Chief Executive had started discussions with the PCT and he advised that he hoped to have a report from them in 5-6 weeks.

Question: In relation to page 19 of the Cabinet report, why was there no investment in older people and mental health?

The Corporate Director of Finance reported that the growth pressures put forward by Adult Services were supported by their analysis of demographic trends. The Member challenged the response, indicating that prevention would drive down costs.

Question: Is the Trading Standards Services coming in-house?

The Leader of the Council advised that there were 2 alternatives, either of which would save £200,000. There were on-going discussions with Brent. In response, the Member emphasised the need to give Brent notice if the service was to move in-house and stated that the report was misleading.

Question: Can you confirm that we will not reduce funding for the town centre police?

The Leader of the Council indicated that he could not give such an undertaking and that discussions with the police were taking place. The contract was currently being looked at.

Question: Following on from the previous question, what is the impact of the budget proposals on teenagers?

The Leader of the Council advised that specific grants for this area had been cut. There was, however, a strategy for early intervention.

The Member sought clarification that early intervention related to the teenage population as prevention was key. The Leader indicated that particular groups would be targeted but that the work could not be done on the same scale. The Chief Executive added there needed to be a focus on prevention and better targeting of resources. There would also be discussions with the Youth Parliament to seek their views as to how resources should be used.

Question: What is the impact of the cuts in the police budget?

The Leader of the Council stated that co-location with the police could save money. The Chief Executive advised that there was a need to look at the impact on communities due to some of the potential ramifications from the issues around the previous question. There were issues in relation to joining up police and Council support services and whether there was further scope to pool resources.

Question: What is the financial impact on the Council of the Magistrates' Court closure, such as increased travel costs to other sites?

The Leader of the Council stated that there had been a scrutiny report on this matter which had identified an additional £80,000 cost. The Divisional Director of Collections and Housing Benefits was reviewing the budget to identify an additional impact.

Question: Referring to pages 24 and 25 of the budget report, Gayton Library premises costs and Local Development Framework investment seem to balance each other out. Is this a coincidence?

The Corporate Director of Finance reported that there was a one off saving in 2011/12 of £185,000 in relation to the library and that the additional staff resource for the LDF was only required for a year.

Question: In relation to investment in IT, £1.6m is included in 2011/12 but nothing in subsequent years. Why?

The Corporate Director of Finance reported that the cost of the contract varied each year and that this would be set out in report to Cabinet in February.

The Member questioned the reductions in buildings referred to in the report to Cabinet in September. The Corporate Director advised that some savings would arise through mobile and flexible working but that the business case was still being worked on.

Question: What is the impact on children's services areas where there is a 50:50 funding and this has been taken away?

The Leader of the Council advised that there was little impact as there few such arrangements.

Question: Your manifesto states that you will defend Safer Neighbourhood teams but you have said that you are reviewing the Town Centre policing. Why?

The Leader of the Council responded that the administration would defend the Safer Neighbourhood teams and there were discussions on-going with the police. There would be difficult decisions to make, some of which would depend on the Mayor for London.

Question: Referring to page 21 of the budget report, can you outline the proposal for the rationalisation of buildings?

The Leader of the Council advised that a report would be submitted to Cabinet in March.

Question: Over a couple of years, the Chief Executive has stated that there has been enough of salami slicing. Leader, have you been offered large scale cuts and what are you going to cut out of the 700 services that will make a difference?

The Leader of the Council stated that a balanced budget would be possible but that there would be severe cuts.

The Member challenged this response stating that £660,000 already identified as a saving in public realm would destroy front line services. The Leader responded that whilst savings were being made in public realm, in many ways services were being enhanced.

Question: At the Major Developments Panel on 6 January 2011, Members were presented with a report on the cost of the LDF in 2012/13 showing £44,000 overspend. Why was this not included in the draft budget?

The Corporate Director of Finance stated that she would need to look at the report referred to and would respond to the Member.

Question: Referring to page 25 of the budget report, please can you explain the staffing reductions in planning services?

The Leader of the Council undertook to provide a detailed answer to the Member. He added that the Divisional Director of Planning had advised the challenge panel as to how this could be achieved. The Corporate Director of Finance added that draft Regulations in relation to planning charges had been published since the draft budget had been prepared and were likely to have an impact.

The Member stated that the Divisional Director had indicated that current levels were appropriate but, without detailed information, it was difficult for Members to challenge.

Question: Would it be possible to provide a statement setting out which items in the budget were Gershon efficiencies and which were cuts?

The Corporate Director of Finance stated that there were insufficient resources to do this work and that it would not be productive.

Question: In terms of equality, can we be assured that any budget cuts will not adversely affect one section of residents?

The Leader of the Council advised that the templates would provide this information and that the administration were mindful of Equality Impact Assessments. All Portfolio Holders would be attending a training course to supplement the training already undertaken.

Question: Can you provide clarification in relation to the Housing Revenue Account (HRA) and the proposed rent rises?

The Leader of the Council advised that the Tenants' and Leaseholders' Consultative Forum were considering draft proposals as the HRA was currently dysfunctional.

The Member questioned the planned overspend for the HRA which had increased from £670,000 to £1.5m and sought clarification as to who was responsible for housing. He also questioned why money owed to the HRA had not been recovered. The Leader responded that there was an ambitious housing plan to get the department back on track that the Council had a good Director of Housing, Portfolio

Holder and Assistant. Consultation was underway with tenants, leaseholders and freeholders in relation to the HRA and a line would be included in budget report submitted to Cabinet in February.

Question: In terms of presentation, it was not helpful to have all items that were a reduction listed as efficiency savings. In order to have a more structured debate, could different terminology be used?

The Leader of the Council stated that the terminology used was the same as that used in the previous 4 years. The Member concerned stated that the previous Administration had detailed those items that were efficiencies and those which were savings.

Question: How does the reduction of £75,000 to Harrow in Business align with the manifesto pledge to protect businesses?

The Leader of the Council stated that review of funding to Harrow in Business was underway and that value for money had to be considered.

Question: How can I, as Leader of the Opposition, make suggestions or challenge the budget without all the relevant information?

The Leader of the Council advised that the opposition had received the information at the same time as his Group had received it in opposition and that the templates would be produced as quickly as possible.

The Chair thanked the Leader of the Council, Chief Executive and Corporate Director of Finance for their attendance and responses to the questions put. He advised that the minutes of the meeting would be submitted to Cabinet the following evening and that he and the Vice Chair would be making a brief presentation to that meeting.

RESOLVED: That the Cabinet be requested to consider the questions raised and comments made by the Committee in relation to the budget.

FOR CONSIDERATION

Background Documents:

Report considered by Cabinet held on 15 December 2010.

Minutes of Cabinet held on 15 December 2010.

Contact Officer:

Alison Atherton, Senior Professional, Democratic Services
Tel: 020 8424 1266
Email: alison.atherton@harrow.gov.uk