

OVERVIEW & SCRUTINY COMMITTEE
*On 18th December 2006***Report title: BUDGET SCRUTINY – PRE BUSINESS PLAN REVIEW DOCUMENTS****Report of: Chair of Overview and Scrutiny Committee****Ward(s) affected** ALL**1. Purpose**

- 1.1 To report on the issues raised by the Overview and Scrutiny Committee on departmental Pre Business Plans and Executive budget proposals.
- 1.2 To comment on some general themes identified in respect of the budget scrutiny process.
- 1.3 To allow the Committee to further debate on the above and to take an overview in relation to the distribution of efficiencies and investments between departments.
- 1.4 To agree the comments that the Committee will make to the Executive as part of their budget setting process.

2. Recommendations

- 2.2 That the Overview and Scrutiny Committee agree the comments it will forward to the Executive regarding the budget proposals under consideration and the areas where the Committee would like the Executive to take account of the Committee's recommendations.

Report authorised by: Chair of Overview and Scrutiny Committee**Contact officer:** Trevor Cripps – Overview and Scrutiny Manager

Telephone: 020 8489 6922

3. Executive Summary

3.1 The report contains the results from detailed scrutiny of Pre Business Plan Review documents and proposals for budgetary savings and investments for 2007/08. The detailed work has been completed by the Overview and Scrutiny Committee and the report is an accurate reflection of the issues raised.

4. Reasons for any change in policy or for policy development

None

5. Access to information:

Local Government (Access to Information) Act 1985

5.1 The background papers relating to this report are:

**Financial Strategy 2007/8 to 2010/11, report of Director of Finance
Pre Business Plan Reviews 2007/8
O&S Committee, minutes for meetings on 20th, 28th and 29th November 2006**

Copies are available on request, from Jeremy Williams, Members Services (non executive Committees), on telephone 020 8489 2919.

Report

6. BACKGROUND

Pre Business Plan Reports 2007/08 were released by the Executive in early November 2006. The approach adopted was of pre decision scrutiny, where the Executive Portfolio Holders were invited to Overview and Scrutiny Committee to explain the rationale behind, and to justify their proposals as necessary. The proposals were in respect of growth and savings bids in relation to both Capital and Revenue expenditure for the four year planning period commencing in 2007/8. Many questions of clarification were asked and addressed by the appropriate Executive Member and/or officers. These are reported in the minutes of individual meetings, attached as an Appendix A.

As part of the scrutiny process some issues have been identified that the Committee wished to bring to the attention of the Executive. This report identifies items which the Committee considered and wished to make comment on the proposals, or where the Committee would like the Executive to take account of the Committee's recommendations.

The Committee wished to have further debate in respect of the distribution of investment and efficiency proposals across portfolios, to ensure that in balance they reflected the Councils stated aims and objectives. The result of this debate would also form part of the feedback to the Executive regarding the budget proposals made.

7. DISTRIBUTION AND COUNCIL AIMS AND PRIORITIES

It is legitimate, as part of the budget scrutiny process, to have a responsible debate on the budget proposals and to take an overview of the likely impact on departments and individual services and to make a judgement on how well they match the needs of residents and the aims and priorities of the Council. The Committee may choose to comment on whether, in its view, the proposals in the PBPR documents reflect an appropriate and reasonable proposition, or whether they would like the Executive to consider a shift in the priorities or the level of efficiencies or investment between departments.

It is important when having the debate that Committee Members are mindful that any recommendation to reject for example, a saving will increase the financial “gap” and that recommendations will not increase the overall net figure. Any changes suggested must be supported by sound reasoning and identify potential benefits and consequences. The whole Council position in relation to revenue budget investments and efficiencies is attached at Appendix B.

8. GENERAL ISSUES IDENTIFIED

In carrying out the budget scrutiny exercise the Committee has assimilated a large amount of budgetary information and there are issues and risks that have become apparent as a result. The Committee wishes to draw these to the attention of the Executive.

Information Technology Investment Bids.

One of the main issues in the Technology Refresh project was the discovery of many unsupported and outdated IT systems that were in use throughout the council. As part of this scrutiny process the Committee has encountered, peppered throughout departmental Capital and Revenue investment bids, items for new or replacement systems, systems upgrades and system support not provided centrally. The Committee understands that there is central control and that a business case will have been made and that systems must be technically compatible etc. However it makes it difficult to determine the relevant priority and total in year investment proposals in Information Technology. Many of the bids allude to improved service provision or potential efficiency savings in future as a result, however in many instances the detail of what these are has not been given.

The Committee may wish to suggest to the Executive that in future years the possibility of presenting all the investment bids together in one place, under the Corporate IT budget proposals be considered. Also that there be much more information given on the benefits and detail of savings likely to accrue in future years as a result of proposed investments.

Several departments have identified risks attached to the withdrawal of funding of posts by HfH. The Committee understands that HfH is carrying out Value for Money Reviews and as a result is fully entitled to choose not to use Council provided services and to switch to more competitive suppliers. In most instance departments will need to budget accordingly. It does however throw up the question of fixed overheads and the fact that any significant withdrawal of HfH funding will lead to increased overheads for corporate support services and systems e.g. SAP for other council services.

The Committee may like an indication from the Executive of how great they perceive the risks to be.

Haringey Teaching Primary Care Trust (PCT) – budget reductions

The Committee was informed that as a direct result of withdrawal of funding by the PCT there will be an overspend to the Social Services budget this year. Next year, further withdrawal of funding will have a significant impact on Social Services provision and to a lesser extent on Children's Services.

The Committee is concerned that the Council is picking up an additional burden in providing support to local people, as a result of action by the PC, nevertheless it recognises that local need cannot be ignored. It also recognised that the gross PCT budget shows a small increase, the budget overall growth was smaller than anticipated. The Committee would like to be assured that the Executive is making the strongest possible representations to the PCT and Central Government, to ensure that either the appropriate funding level to the PCT is maintained, or to recognise that the Council requires additional funding to deal with resultant unmet need.

9. ENTERPRISE AND REGENERATION - EXECUTIVE PROTFOLIO AREA

Communications

- efficiencies

The Committee noted the proposed cumulative saving of £107k in respect of Town Centre Management. It heard that this was achievable by the deletion of the Wood Green Deputy Manager post which was vacant, with some work disappearing and other being redistributed. The Committee was very keen to ensure that local businesses were making an appropriate funding contribution to a service which benefited them. They were assured that the Council was seeking a greater contribution from those businesses directly benefiting from Town Centre Management. The Committee wished a further briefing on the outcome and if funding had been secured.

Planning Policy and Performance

- efficiencies

The Committee noted the proposed cumulative savings of £410k. It welcomed the fact that consultancy and temporary agency staff had been further reduced and were now at a very low level. The Committee sought and was given assurance that the proposals to reduce planning support staff would not be detrimental to planning performance and were pleased to note that the redeployment procedure would be used for displaced staff and that redundancy would be kept to a minimum. It noted that fees were set nationally.

- investments

The Committee welcomed the securing of £14.2m growth funds for infrastructure projects in respect of Tottenham Hale and Haringey Heartlands and noted the £350k revenue growth proposed delivery in these areas.

In respect of the revenue and capital growth bids for Information Technology systems, equipment and support, the Committee noted the proposals but would like to see all bids in future directed through IT. There is general comment on IT issues earlier in the report.

10. CRIME AND COMMUNITY SAFETY – EXECUTIVE PORTFOLIO AREA

Safer Communities

- efficiencies

The Committee was informed that the service was heavily reliant on external funding. The point was made that savings targets were imposed on the net level of spend and that there was limited scope to spread the savings. Therefore they would have a detrimental impact on service delivery. The Committee was unhappy with the cumulative savings proposals of £69k in the Youth Offending Service, as it was viewed as counter productive and would impact on performance of a vital and effective service. They therefore wished to refer these proposals back to the Executive with a recommendation that the proposals be reconsidered and savings be found elsewhere.

- investments

For similar reasons the Committee supported the cumulative revenue growth bids of £115k for this service.

Enforcement

- efficiencies

The Committee noted the proposed cumulative savings of £100k in respect of Pest Control, by removal of the subsidies in preparation for market testing in 2009. While supporting the proposal the Committee was concerned that the charging policy, which had yet to be developed, needed to reflect the ability to pay. It sought free treatment for disabled and elderly persons who were in receipt of means tested state benefit with charges, possibly banded, which reflected the ability to pay. It also wished all commercial premises to be charged a full market rate for any work carried out.

- investments

The Committee raised concern over the proposed growth of £300k in respect of the Out of Hours service. It was informed that Homes for Haringey were reviewing its investment in this service. While the Committee supported the further investment in this service it was of the opinion that HfH must contribute a realistic market rate for the service in respect of noise control and enforcement. It wished the Executive to ensure this was the case.

The Committee was also concerned to see another item of revenue growth of £100k and a Capital bid of £405k for IT systems upgrade and support.

11. LEADER OF THE COUNCIL - PORTFOLIO AREA

- efficiencies

All savings proposals were noted.

- investments

The Committee was concerned at the proposed revenue bid for £31k in respect of postage costs in relation to Haringey People, which was explained as necessary due to the introduction of new Royal Mail size based postage charges. This comes on the back of an £161k increase last year. The Committee wished for the postage charge to be checked and if correct, the feasibility of reducing the size of Haringey People to avoid any increases, be assessed. They also wished to see more advertising income generated to offset the costs of production and delivery.

The Committee was also concerned at the bid for £150k for support posts to the Haringey Strategic Partnership. It recommends to the Executive that this be reduced and funds to support the partnership be secured from the other partnership agencies.

12. FINANCE – EXECUTIVE PORTFOLIO

- Investments

The Committee expressed concern over the Capital bid of £2m to support the Value for Money programme. It was informed that the bid was to cover a 2 year budget gap and that external resources were required to ensure the council set up and was delivering value for money studies. After this period the programme would be supported in house. It was anticipated that the studies would achieve savings in excess of the investment made, although there was no detail at this stage of how or where. The Committee was sceptical that this large level of investment (equivalent of 12 senior accountants), was necessary and would like the Executive to revisit it.

The Committee queried the necessity for the proposed Capital bid of £2m for ongoing investment in the SAP IT system. It was informed of the benefits SAP brought the and the level of savings in excess of £1.5k achieved. SAP was not considered to be exploited to its maximum potential and could bring further future savings. The level of saving or where they may accrue was not identified. The Committee called for a briefing note that further justified this level of investment and detail on specific projects that it would cover and any benefits that would accrue.

The Committee recognised that well maintained council buildings are desirable, but wished to ensure that the level of Capital investment of £2m was for essential works. It was informed that the bid was made as a result of detailed property condition surveys that had been carried out on the Councils building portfolio and that the bid covered essential works to that portfolio. The Committee thought there might be some room to manoeuvre here and wished the Executive to revisit this bid.

-efficiencies

Were noted

13. COMMUNITY INVOLVEMENT – EXECUTIVE PORTFOLIO

Neighbourhood Management

The Committee raised concerns over the proposed Capital bid of £6m for Wards Corner. It was informed of the strategic importance of the site that the council had been trying to develop the site since 2003 but that there were major challenges. The site was in multiple ownership, straddled the tube line and was likely to need complete demolition and rebuilding. The site needed investment of £60/70m in total and would not be redeveloped without public subsidy. The £6m reflected the worst case scenario as alternate funding sources may develop. The Committee queried the need for the £6m in one year and how it would be spent and when. The Committee wished the Executive to revisit this bid to be sure that the level of investment by the Council was essential and that as a minimum, the bid should be profiled over a longer period.

The Committee welcomed the fact that all regeneration would be brought together in one service under the new Council structure.

Customer Services

Customer Services was identified as a area where the potential withdrawal of HfH from the call centre or customer services centres could have significant implications for those services. The Committee raised a query regarding the responsibility of HfH funding and were informed that the Leader was investigating and that it was important to establish the correct relationships. In terms of the £562k of saving identified, it would seem that this was not without risk. The Committee suggested that a re-profiling of the saving over 3 or 4 years might be beneficial.

14. **ORGANISATION DEVELOPMENT – EXECUTIVE PORTFOLIO**

Human Resources

The Committee was informed that up to 30% of posts within the Council may be vacant at any one time, but the only way that this would show on the budget would be as an under-spend or by increased use of temporary or agency staff.

The Committee noted the savings identified in respect of improved absence management and welcomed further initiatives to reduce the employee absence average figure of 10.4 days per year, to 8 or less.

Legal Services

The Committee was informed of the likely loss of income from Land Charges search fees. The service makes a surplus and currently contributes £600k to the council's budget. There was no figure in the budget to reflect this and it is unclear how any reduction to income would be made up in future.

HfH was a large customer of Legal Services, if HfH ceased to use council provided services, the Legal Department would need to downsize and restructure accordingly.

Although there were service level agreements in place the Committee was informed that HfH could opt out of these. The Committee asked if binding contracts could be used, and it was informed that service level agreements gave the same level of protection.

Information Technology

The Committee was informed that the council must continue to invest in ICT for the foreseeable future if it wished to take advantage of future developments, which when implemented would potentially increase performance. The Committee asked what would happen if we didn't invest at the proposed level. The effect for a number of services was highlighted. The Committee was mindful that it had just commissioned a Scrutiny review Panel to look at the service. However, it felt there was a lack of information on how and where money would be spent and it therefore requested that Member sessions be arranged by the IT Department to explain.

15. **ENVIRONMENT AND CONSERVATION – EXECUTIVE PORTFOLIO**

Recreation & Leisure

The Committee noted the high level of Capital and Revenue investment proposed some of which attracted match funding from other sources. It recognised that investment in this area had been neglected in the past. The proposed Leisure Transfer was felt to be a pragmatic method to achieve savings estimated at £ 404k . The Committee noted a revenue investment bid of £176k for IT&S upgrades.

Streetscene

The Committee noted an revenue investment bid of £167k for IT projects.

16. **HOUSING – EXECUTIVE PORTFOLIO**

The main issue was HfH and the need for a speedy resolution to Service Level Agreements being in place and the increased corporate costs and overheads that will result from any withdrawal of HfH income to other council services.

Also to ensure that HfH had the level of support required and would achieve it's goal of being evaluated as a 2 star service at the March 2007 inspection, by the Audit Commission.

17. **HEALTH AND SOCIAL CARE –EXECUTIVE PORTFOLIO**

The Committee welcomed the fact that the proposal to achieve savings by the closure the Drop In centres and Luncheon Clubs had been withdrawn.

It noted the impact that the Primary Care Trust proposals were likely to have for the council, although it had no sense of whether this would have any effect on clinical outcomes for residents.

After a delegation and public debate at the proposals to merge the Winkfield and Haven Day Centres, the Committee did not support the merger and would like the Executive to consider further it's proposal to achieve savings by this action.

The Committee would also like the Executive to reconsider it's proposal to reduce the subsidy to Meals on Wheels as it felt this would affect take up and hit those in poverty the hardest.

The Committee did not support the proposed revenue investment bid of £225k for the Asylum Team. It did not wish to see the team re-established as it had been disbanded and the functions have been mainstreamed. It did, however, express concern at the Government's funding and treatment of Haringey on this issue.

18. **CHILDREN'S & YOUNG PEOPLES – EXECUTIVE PORTFOLIO**

Children & Families

The Committee was informed that the proposals put forward were not without risk and that they would be monitored closely. The Committee noted risk to the savings proposed if foster care and adoption was not increased and children were taken into care.

Youth Service

The Committee welcomed the proposed investment in the youth service.

Schools

The Committee noted that a large proportion of the budget was ring-fenced directly to schools, however they welcomed the investments proposed.