

THE EXECUTIVE COMMITTEE

23rd January 2007

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.

2. Recommendations

- 2.2 That the Executive consider the recommendations contained in this report made by the Overview and Scrutiny Committee, as part of the Council's budget making process.

Report authorised by: Chair of Overview and Scrutiny Committee

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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 a 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,
18 December 2006, and 10 January 2007.**

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 Executive Portfolio Members were invited to Overview and Scrutiny Committee to explain the rationale behind, and to justify their proposals. The proposals were in respect of investment and efficiency proposals in relation to both Capital and Revenue expenditure for the four year planning period commencing in 2007/8

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

7. 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.

7.1 Council Targets and Departmental Priorities

As part of the budget scrutiny process the Committee wished to weigh the relative impact of the proposals put forward overall, on Council services.

The Committee came to the conclusion that the method of setting a blanket target for efficiencies was not totally satisfactory as it did not necessarily take account of the impact on front line services to the most needy local people. These are areas that the Council should seek to protect when achieving efficiencies. It was felt that the proposals impacted disproportionately across departments and that as a result some of the proposals were for reductions in services to the most needy and vulnerable local people. For this reason the Committee was not in favour of some of the proposals put forward by the Executive Member for Health and Social Care.

However the Committee was mindful that to request that the Executive reconsider its proposed efficiencies, would require the burden to either fall elsewhere in the same department, the impact of which might be even less palatable, or to shift the burden on to other departments. The Committee found itself in a dilemma about asking the Executive to reconsider specific efficiency proposals, as to do so may increase the financial “gap”. The Committee did not feel it had the level of knowledge required to recommend specific efficiencies in other areas to compensate, or to suggest a shift in the level of burden between departments. However I did think a case could be made to do so and that the Executive was in a position to consider it..

The Committee accepted that the stark choice was, less investment, greater efficiencies and perhaps weighted departmental efficiency targets. However, it recognised that budget setting was too far advanced to change the process this time round, but the Committee would like to suggest to the Executive that for future years a more sophisticated method of setting differential efficiency targets for departments be considered.

Recommendation 1

That the use of differential and individual departmental efficiency targets be considered for future years.

Another area which the Committee found challenging was making sound judgement on the merits and relative priority to the Council of the specific proposals put forward. The written impact assessment in the PBPR documents was brief in the extreme and, although there was rigor in the questioning of Executive Members on some specific items, others were not covered. Currently there is no systematic and objective way to weigh the merits of one proposal against those of another. The Committee was of the view that a very simple ranking system, that rated the priority of the proposal to the department, would be of great assistance.

Recommendation 2

A very simple ranking system be developed to indicate the priority a department puts on a specific proposal.

7.2 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 the budget 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, despite specific requests for information from the Committee, the detail of what these are was not given in many instances .

The Committee 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 efficiencies likely to accrue in future years as a result of proposed investments. To assist in this regard, a retrospective analysis of the benefits accrued from past spending would be very useful.

Recommendation 3

That all future Capital and Revenue stream investment bids for ICT matters be shown together in one place in the budget and that more information be provided in the PBPR documents on the benefits and efficiencies likely to accrue as a result.

7.3 Homes for Haringey (HfH)

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 instances departments will need to budget accordingly. It does however raise 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.

Recommendation 4

The Executive give an indication of how great they perceive the risk of withdrawal of HfH funds to be for corporate overheads, services and systems and sets out its contingency plan to deal with significant marginal increases in overheads and their impact on business units.

Recommendation 5

That Homes for Haringey contribute a realistic and market rate for Council services provided to it.

7.4 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 (understood to be a 3.6% budget top-slice by the London SHA) 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 PCT, nevertheless it recognises that local need cannot be ignored. It accepts 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. At the same time it was anxious that every effort is made to strengthen partnership working with the PCT.

Recommendation 6

The Executive continue to make the strongest representations to Government, the London Strategic Health Authority and HTPCT 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.

7.5 Executive Portfolios and Departmental Responsibilities

Currently Executive portfolios and Departmental responsibilities do not match entirely as some portfolio areas are cross departmental. The Committee was of the view that it would be advantageous and bring greater clarity to the budget process if a match could be achieved.

Recommendation 7

Consideration be given to the feasibility of providing a match between Executive Portfolio areas and departmental responsibilities, where practical.

8. ENTERPRISE AND REGENERATION - EXECUTIVE PROTFOLIO AREA

8.1 Regeneration

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.

Recommendation 8

That the proposed level of investment for Wards Corner redevelopment be reconsidered and/or re-profiled.

8.2 Communications**- efficiencies**

The Committee noted the proposed cumulative efficiencies 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 currently 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.

Recommendation 9

That all efforts be made to ensure that local businesses are making a realistic and appropriate funding contribution to Town Centre Management.

8.3 Planning Policy and Performance**- efficiencies**

The Committee noted the proposed cumulative efficiencies of £410k. It welcomed the fact that consultancy and temporary agency staff had been further reduced and are 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 so that redundancy would be kept to a minimum. It noted that planning 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

10.1 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 wish to refer these proposals back to the Executive with a recommendation that the proposals be reconsidered.

Recommendation 10

That the proposed efficiencies in relation to the Youth Offending Service be reconsidered.

- investments

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

Recommendation 11

That the proposed investment in relation to the Youth Offending Service be supported.

10.2 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.

Recommendation 12

That Pest Control fees reflect the ability to pay and that there be free treatment for disabled and elderly persons who are in receipt of means tested state benefit.

Recommendation 13

That Pest Control fees for all commercial premises reflect the full market rate.

- 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.

Recommendation 14

That Homes for Haringey contribute a realistic and market rate for Noise Control and Enforcement services provided to it.

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. They wished to see more advertising income generated to offset the costs of production and delivery.

Recommendation 15

That more advertising income be generated by the sale of space in Haringey People.

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

Recommendation 16

That the proposed level of investment in support posts to the Haringey Strategic Partnership be reconsidered and that funding be secured from 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.

Recommendation 17

That the proposed level of investment to support the Value for Money programme be reconsidered.

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 and that 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.

Recommendation 18

That the proposed level of investment to support the SAP system be reconsidered and/or re-profiled.

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.

Recommendation 19

That the proposed level of investment for essential maintenance of Council building be reconsidered and/or re-profiled.

-efficiencies

Were noted

13.1 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.

Recommendation 20

That the proposed level of efficiency in Customer Services be reconsidered and/or re-profiled.

14. ORGANISATION DEVELOPMENT – EXECUTIVE PORTFOLIO

14.1 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. This was considered to be a prime example of the type of area where the Council should be setting tough departmental strategies and targets to bring about reductions to below the national average.

Recommendation 21

That HR and line managers collectively reduce the absentee rate to below the level of the national average.

14.2 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.

14.3 **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 significant lack of information on how and where money would be spent and, more importantly, what benefits would accrue to the council in terms of efficiencies and to residents in terms of better value for money services. It therefore requested that Member briefing sessions be arranged by the IT Department to explain.

Recommendation 22

That the IT Department run a seminar for Members to provide information on how and where investments will be made and the likely efficiencies and service improvements that can be expected as a result.

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

15.1 **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.

15.2 **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.

Recommendation 23

That the Executive minimise the savings in Health and Social Care at the expense of, firstly, new growth and ,secondly, more savings from elsewhere

Recommendation 24

That the proposed efficiencies proposed as a result of the Merger of The Winkfield Road and Haven Road Centres are not supported and are requested to be reconsidered.

The committee raised concern on the proposals for Keston Road Centre

Recommendation 25

That the proposed closure of the Keston Road Centre be reconsidered.

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.

Recommendation 26

That the proposal to reduce the Meals on Wheels subsidy be reconsidered.

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 regime and its support for and treatment of Haringey on this issue.

Recommendation 26

That the proposed investment in the Asylum team be reconsidered.

18. CHILDREN'S & YOUNG PEOPLES – EXECUTIVE PORTFOLIO

18.1 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.

18.2 Youth Service

The Committee welcomed the proposed investment in the youth service.

18.3 Schools

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

ADDENDUM

19. ENTERPRISE AND REGENERATION - EXECUTIVE PORTFOLIO

19.1 Policy & Regeneration

- **efficiencies**

The Committee was concerned at the proposal to achieve efficiencies of £73k in respect of funding to the Voluntary Sector, as it was of the opinion that it would impact on some of the most vulnerable and disadvantaged members of our community.

Recommendation 27

That the proposed level of efficiency in Voluntary Sector funding be reconsidered.

The Committee was also concerned at the proposed efficiencies of £15k in respect of the employment skills training programme. Although this is a small amount the Committee thought it was hard to justify as it may potentially lead to a loss of matched funds and in effect be to double the impact on the unemployed who were seeking training or retraining.

Recommendation 28

That the proposed level of efficiency in respect of employment and skills programme be reconsidered.

20. CRIME AND COMMUNITY SAFETY – EXECUTIVE PORTFOLIO**- efficiencies****20.1 Enforcement**

The committee supported the proposal to achieve efficiencies of £52K in respect of street wardens. However it wished to query whether the Pest Control Service could become fully self financing from fee income and thereby negate necessity to achieve the efficiency of £28k proposed. It was keen to ensure a full market rate was charged to commercial and HfH.

Recommendation 29

That the proposed level of efficiency in respect of Pest Control be reconsidered.

21. ENVIRONMENT AND CONSERVATION – EXECUTIVE PORTFOLIO**- efficiencies****21.1 Streetscene**

An increase in the revenue from parking permits charges and parking fees and increasing pay and display bay of £300k over 4 years, profiled as £75K in 2007/08 and £225k in 2008/09, has already been proposed. The Committee would query whether a further 20% increase in charges and the generation of a further £136K in 2007/08 is sustainable.

Recommendation 30

That the proposed efficiency in respect of increased income from parking permit charges be reconsidered.

The proposed efficiencies of £113K by restricting the Community Clear Up scheme to NRF areas would seem on the face of it to be counter productive. It may lead to more fly tipping and less clean streets in those non NRF areas. The community clear up scheme is valued by residents and has been successful.

Recommendation 31

That the proposed efficiencies to The Community Clear Up Scheme be reconsidered.

21.2 Planning, Policy and Performance

The Council has a good record in respect of dealing with planning applications. The Committee has previously been informed of the issues of recruitment and retention (R&R) of experienced planning officers. It is of the opinion that the proposal to achieve efficiencies of £50K by reducing the number of planning posts and increasing the workload of those posts remaining is likely to adversely effect R&R and the processing of planning applications.

Recommendation 32

That the proposed efficiency to the Planning (Development Control) Service be reconsidered.

21.3 Recreation

There was no explanation on the impact that efficiencies of £100K in respect of Maintenance and Planting would have on our parks and green open spaces. Open space renewal is a council priority and commitment. It is a strand of the greenest borough strategy and is linked with the proposed Local area Agreements.

Recommendation 33

That the proposed efficiency to the Planting and Maintenance of parks and green open spaces be reconsidered.

22. FINANCE – EXECUTIVE PORTFOLIO

- efficiencies

22.1 Benefits and Local Taxation

The Committee is of the opinion that it would be counter productive for efficiencies of £36k to be made, that may have a high risk of delaying Housing Benefit support to claimants (many of whom are vulnerable members of the community). It is mindful of the impact this may have on homelessness, indebtedness and to a lesser extent landlords.

Recommendation 34

That the proposed efficiency to the Benefits and Local Taxation Service be reconsidered.

22.2 Property Services

The Committee view the internal courier post collection/delivery service to all council building as an important and intrinsic part of the council's communication network. Although there are now many alternative electronic means of communication and processing there still remains a significant traffic in hard copy. The Committee would like users of the service to be consulted on the level of service they require and the impact on their services before a final decision is taken.

Recommendation 35

That service users be consulted and there views be considered before a decision on the proposed efficiency in the internal post collection/delivery is taken.

23 HEALTH AND SOCIAL SERVICES – EXECUTIVE PORTFOLIO

- efficiencies

23.1 Social Services

The council has experienced recruitment and retention problems in the social work area in the past. As part of the solution to this problem the trainee scheme was developed to attract staff and to ensure that the training they experienced was not only extensive but also relevant and tailored to local circumstances.

Recommendation 36

The proposed efficiency to the Social Work Trainee Scheme be reconsidered.