



Haringey Council

Agenda Item

OVERVIEW & SCRUTINY COMMITTEE 10 January 2008 CABINET 22 January 2008
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Report title: BUDGET SCRUTINY 2008/09 – PRE BUSINESS PLAN REVIEW

Report of: Chair of Overview and Scrutiny Committee
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Ward(s) affected ALL

1. Purpose

1.1 To agree the comments and recommendations that the Committee will make to the Cabinet as part of their budget setting process.
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1.2 To report to Cabinet on the issues raised by the Overview and Scrutiny Committee on departmental Pre Business Plans and Cabinet budget proposals.

2. Recommendations

2.2 That the Overview and Scrutiny Committee agree the comments it will forward to the Cabinet regarding the budget proposals under consideration and the areas where the Committee would like the Cabinet to take account of the Committee's recommendations.
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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 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 2008/9 to 2010/11, report of Director of Finance
Pre Business Plan Reviews 2008/9
O&S Committee, minutes for meetings on 10th and 13th December 2007 and
07th January 2008.**

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 Cabinet in November 2007. The approach adopted was of pre decision scrutiny, where the Cabinet Portfolio Holders were invited to Overview and Scrutiny Committee to explain the rationale behind their proposals as necessary. The proposals were in respect of growth and savings bids in relation to pre agreed savings and Revenue expenditure for the three year planning period commencing in 2008/9. A separate meeting to discuss capital budget proposals was held on 7th January 2008.

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

7. GOVERNMENT GRANT SETTLEMENT

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 recognises that the council budget has, by necessity, been re-profiled as a result of unachieved pre agreed efficiency savings. For planning purposes a settlement figure of zero growth in each of the three years was assumed.

The Government grant settlement for the next financial year once again left this council

(and 27 other London Boroughs) with “at floor” settlements, however, overall the Council will receive £2.7m more than last year in formula grant. The reasons for the low settlement were discussed by the committee and it is strongly recommended that the council produce accurate demographic evidence to justify lobbying the Government for more money. Local MP’s should also be asked to support any request for a higher settlement.

Recommendation 1.

That the Cabinet continue to press the case for a more favourable settlement for Haringey with appropriate Government Ministers and to seek the support of local MP’s.

8. CHILDREN’S & YOUNG PEOPLES – CABINET PORTFOLIO

Children & Families

The Committee was informed that the saving proposals put forward were not without risk and that they would be monitored closely.

Savings accruing to a review of transport were identified. The committee noted that transport was an area identified in other portfolios as an area of saving and suggest that a corporate review of council-wide transport provision would be likely to provide greater integration, flexibility and efficiency, rather than each directorate doing its own review.

Recommendation 2.

That the Cabinet commission a corporate review on its transport provision.

The committee was concerned at the £125k saving identified as part of the integration of services as the Children’s networks develop and whether these could actually be achieved in the coming year. The committee was of the view that a deferral of the saving to the financial year 2009/10 was more achievable.

Recommendation 3.

That the Cabinet defer the £125k efficiency saving identified in respect of the integration of services as the Childrens’ networks develop until financial year 2009/10.

It was also concerned over savings relating to children with Special Educational Needs.

The committee supported the introduction of Direct Payments which would eventually produce savings.

Schools

The Committee noted that a large proportion of the budget was ring-fenced (the Dedicated Schools Grant) directly to schools, however they noted that some of the savings identified would place additional burden on school budgets.

9. LEISURE, CULTURE AND LIFELONG LEARNING – CABINET PORTFOLIO

The committee supported the proposal to increase revenue by growth of the customer base. They also supported the pricing policy as long as the focus remained on the ability to pay. The committee did not support concessions given to staff and non Haringey residents.

Recommendation 4.

That Haringey staff and non residents should be charged the full premium rate for their Leisure cards.

There was concern at the efficiencies to the Parks Constabulary and the Committee wished to be informed if there was potential funding from the Mayor of London and requested a breakdown of the current funding sources for this service.

The identified saving of £35k dependent on capital funding bid should not be agreed, as it was unclear whether the Capital bid for Parks R&M (Greenflags) had been successful.

Recommendation 5.

That the Cabinet do not accept the £35k new revenue saving attached to the Capital bid for Parks R&M (Greenflags).

The committee was concerned at the proposed review of staffing levels within libraries and wished the Cabinet to explore all avenues to replace libraries savings with external funding.

The committee wished the Cabinet to note its concern at the lack of parks investment.

10. ADULT SOCIAL CARE AND WELLBEING – CABINET PORTFOLIO

The committee recognised the significant pressures on the budget and the projected level of overspend. The committee recognised the potential benefits as the council moved away from more direct delivery of services to a commissioning based approach.

Recommendation 6.

That the Cabinet set a more rigorous target than £400k over 3 years in relation to the move to a more commission based approach.

There were items regarding efficiencies on transport and the committee would like these included as part of a corporate review.

The committee wished to express its concern on efficiencies to the Learning Difficulties budgets and wished the Cabinet to make every effort to maintain the current expenditure in this area. This needed to be looked at in conjunction with LD in Children and Young People's budget.

11. HOUSING – CABIBET PORTFOLIO

In respect of pre agreed savings the committee was concerned at the level of back loading to year 2009/10.

The committee was concerned of the need for a speedy resolution to Service Level Agreements with Homes for Haringey and their potential impact on corporate costs and overheads resulting from any withdrawal of HfH income.

The committee was concerned at the level of absence and agency costs and on the services ability to achieve the figure identified.

The committee was concerned at apparent high levels of temporary staff and wished the Cabinet to set a limit on the number of temporary staff employed in Housing.

Recommendation 7.

That the Cabinet set a limit on the number of temporary staff held against permanent posts.

12. URBAN ENVIRONMENT AND CONSERVATION - CABINET PORTFOLIO

The committee wished to express its concern to the Cabinet at the state of repair of some of the boroughs roads and that a revenue bid would be supported.

The committee questioned the conservative level of potential efficiencies identified as part of the letting of a new integrated waste management and transport contract. It was confident that with a little more rigor, more could be achieved.

Recommendation 8.

(1) That the Cabinet set a more challenging savings target resulting from the letting of a new integrated waste management and transport contract and (2) that the cabinet support a 2008/09 bid for additional repairs to the Borough's roads.

13. COMMUNITY COHESION AND INVOLVEMENT – CABINET PORTFOLIO

The committee noted there were no revenue investment proposals

The committee noted that neighbourhood management posts were funded via various sources mainly by grants about to expire. Until the level of grant funding through the LAA's become apparent, it was difficult to assess the efficiency savings identified. The committee wished to delay the savings until there was a fuller picture and the effect of the proposals would have for Neighbourhood Management

Recommendation 9.

That the Cabinet delay the efficiencies to Neighbourhood Management until the grant funding position was clear.

The committee welcomed the proposals in relation to Print.

In respect of Haringey People magazine the committee wished an external advertising agency to give an estimate of the potential income that would result from the sale of advertising space.

Recommendation 10.

That the Cabinet obtain an estimate from a external advertising agency of the likely advertising income selling space in Haringey People.

14. LEADER OF THE COUNCIL - PORTFOLIO AREA

The committee received an assurance that there was no cross subsidy as a result of SLA arrangements with Homes for Haringey.

The committee was of the opinion that the proposed efficiency savings in Legal could be achieved earlier.

Recommendation 11.

That the cabinet bring forward the staffing efficiency savings identified for Legal in 2009/10.

15. RESOURCES – CABINET PORTFOLIO

The committee noted the position in respect of Alexandra Palace.

The committee made a number of requests for further information as detailed in the Committee Action List which is attached as an appendix to this report.

The committee would like to see the investment proposal of £65k in respect of Lymington Avenue, recouped as part of the regeneration of that site.

Recommendation 12.

That the investment proposal of £65k in respect of Lymington Avenue be recouped as part of the regeneration of that site.

The committee discussed the procurement of energy and wish to recommend that a council wide energy usage and purchase audit be carried out.

Recommendation 13.

That the Cabinet commission a council-wide energy audit.

The committee noted that £5m of saving was identified in one line on the budget summary in relation to the Achieving Excellence Programme. There was no detailed explanation on how this may be achieved. The committee requested the Cabinet Member for Resources produce a briefing and come back to the Committee outside the budget process, in February 2008, to identify where specific savings will be made.

Recommendation 14.

That the Cabinet Member for Resources report back to the O&S Committee in February 2008 to identify where specific savings will be made as part of the Achieving Excellence Programme.

16. REGENERATION AND ENTERPRISE - CABINET PORTFOLIO

All proposals were noted and there were no recommendations to the Cabinet.

17. ENFORCEMENT AND COMMUNITY SAFETY – CABINET PORTFOLIO

All proposals were noted and there were no recommendations to the Cabinet.

18. **CAPITAL BUDGET PROPOSALS**

The committee received information on the capital expenditure proposals received where there was choice on how resources could be allocated. It did not receive information on all capital schemes, as some are ring fenced due to the requirements of the Capital grants received and therefore there was no discretion as to where and on what the investment could be made.

The committee noted that there were limited capital resources available and that there was an approximate £14m shortfall between bids received and funding available. The committee was informed that the majority, but not all, of bids had been scored and subsequently placed in priority order by officers from Corporate Finance. The committee requested information on the scoring mechanism and evaluations used to prioritise the bids.

The committee sought and was given further explanation and information on many of the bids by the Cabinet Members and Officers present.

General issues

The committee identified the following:

- Many of the bids received clearly had potential revenue savings or service delivery benefits which had not been identified or quantified, either in monetary terms or in increased outcomes. This should be done in future.
- As a general rule The Cabinet may wish to consider a higher priority for those bids which attract match funding, where there was a risk that the match funding would not be available in future and therefore opportunity would be lost.
- The cabinet should consider adopting a payback principle over a period of 5 years for suitable IT Capital bids. It would be helpful if the bid identified whether it was a service priority or an efficiency project.

Comment to Cabinet on Capital Bids Received

Based on the information available and answers received from Cabinet Members and Officers, the Overview and Scrutiny Committee has attempted to give the Cabinet an indication below of its views on the capital bids received. Where the committee could not reach an opinion or where there was none, no comment has been made. For simplicity only two categories have been used:

- a) bids that were supported as a priority or in principle (some with a proviso).
- b) bids not supported or not deemed a sufficient priority.

Bids supported as a priority or in principle

Recommendation 15.

Item 8 – the bid of £9m for Street Lighting

The committee would, however, question the level of investment proposed and would propose a lesser amount. It would also like to know if there are any revenue or service implications e.g. saving on power, safer streets.

Recommendation 16.

Item 10 – the bid of £175k for Thermal Efficiency

The committee would, however, question the level of investment proposed and would propose a lesser amount. It would also like to know if there are any revenue or service implications.

Recommendation 17.

Item 21 – the bid for £10.5m for Borough Road and Footways improvements

The committee would, however, question the level of investment proposed and would propose a lesser amount.

Recommendation 18.

Item 25 – The bid of £4.5m for Flood Relief including gullies and gully pots

The committee question the need for the level of investment proposed and consider it inappropriate to spend at the proposed sum in year 2008/09.

Recommendation 19.

Item 35 – the bid of £2.003m for Strategic Renewals of Leisure Centres

Recommendation 20.

Item 29 – the bid of £150k for Belmont Recreation Ground play area improvements

And

Item 32 – the bid for £190k for Stationers Park Fort

Agreed in principle but the Committee would like to see if a greater percentage of match funding could be achieved.

Recommendation 21.

Item 45 – the bid for £450k for Bury Road Car Park

The committee was strongly of the view that local shops, who would benefit as a result of this investment should be requested to make a contribution.

Recommendation 22.

Item 50 – the bid for £150K for Energy Management

The committee would however like to see revenue budget savings of the measures to be introduced.

Recommendation 23.

Item 51 - the bid for £120k for Payment Kiosks.

Recommendation 24.

Item 60 – the bid for £2m for Contribution to BSF Programme.

Bids not supported or not deemed of sufficient priority

Recommendation 25.

Item 4 – bid for £400k for Major Works Voids (HRA)

And

Item 58 – bid for £1.0m for Major Works Voids (Part 2) (HRA)

The committee was of the opinion that there should be one bid with a rigorous business case provided in support.

Recommendation 26.

Item 6 – the bid for £340k for Commingled Recycling Bring Sites

The committee was not convinced of the need identified.

Recommendation 27.

Item 15 – the bid for £1.624m for Burial Village at all cemeteries.

The committee thought this item should be self financing and not subsidised by the Council.

Recommendation 28.

Item 16 the bid for £60k for Upgrade to Civica

And

Item 52 – the bid for £150k for Authority Traffic Upgrade to Civica

These should be funded from within the requested resource for the IT Capital Programme.

Recommendation 29.

Item 19 – the bid for £250k for Council Office Recycling

The case presented did not convince the Committee.

Recommendation 30.

Item 26 – the bid for £1.5m for Open Space Improvement Programme.

This is in addition to the current spending of £250k per year on improvements. The case presented did not convince the Committee.

Recommendation 31.

Item 34 – the bid for £1.5m for Private Sector Housing Activity

The case presented did not convince the Committee.

Recommendation 32.

Item 43 – the bid for £300k for single Business Account

Need to consider the possibility of joint working opportunities. The case presented did not convince the Committee.

Recommendation 33.

Item 55 – the bid for £1.0m Redundancies in Homes for Haringey.

Redeployment should be used, probability that there will be no redundancies.

Recommendation 34.

Item 48 – the bid for £9.452m for IT Capital Programme

The committee did not have sufficient information to form an opinion. The Committee agreed, however, that the current proposed methodology for approving individual bids by judging each proposal on its own merits as appropriate. Additionally, the Committee felt that individual IT proposals should have a 5 year

payback period.

19. LEGAL AND FINANCIAL IMPLICATIONS

The Council is under a statutory duty to set a balanced budget having regard to the report of its Chief Financial Officer as to the robustness of the estimates and the adequacy of proposed financial reserves. This must be preceded by robust and comprehensive financial planning.

20. EQUALITIES IMPLICATIONS

These are considered as part of the pre business plan review documents.

21. CONSULTATION

This report forms part of the consultation on the business and financial planning process.

22. USE OF APPENDICES

Appendix 1: Summary of Capital Proposals 2008/09 – 2010/11.