

PERFORMANCE AND FINANCE SCRUTINY SUB-COMMITTEE MINUTES

20 SEPTEMBER 2010

Chair: * Councillor Sue Anderson

Councillors: * Tony Ferrari * Jerry Miles
* Barry Macleod-Cullinane * Sachin Shah

In attendance: * Graham Henson Minute 13
(Councillors)

* Denotes Member present

8. **Declarations of Interest**

RESOLVED: To note that the following interest was declared:

Agenda Item 12 - Revenue and Capital Monitoring for Quarter 1 – as at 30 June 2010

Councillor Sue Anderson declared a personal interest in that she worked for NHS Harrow. She would remain in the room whilst the matter was considered and voted upon.

9. **Attendance by Reserve Members**

RESOLVED: To note that there were no Reserve Members in attendance at this meeting.

10. **Minutes**

RESOLVED: That the minutes of the meeting held on 19 July 2010, be taken as read and signed as a correct record.

11. Public Questions, Petitions and Deputations

RESOLVED: To note that no public questions were put, or petitions or deputations received at this meeting.

RESOLVED ITEMS

12. Chair's report

The Sub-Committee received a report of the Divisional Director of Partnership Development and Performance that set out issues considered by the Chair since the last meeting of the Performance and Finance Scrutiny Sub-Committee. An officer stated that Appendix A to the report included notes of the briefing meeting for the Chair and Vice-Chairman held on 17 August 2010.

Following a request by Members, the Sub-Committee agreed that the notes of the briefing meeting be amended to include:

- the Council strove to hold £5-7 million in reserves;
- the funding gap for 2011/12 was approximately £16-18 million.

RESOLVED: That the report be noted.

13. Council Performance at Quarter 1 - 2010/11

A report that provided performance information for Quarter 1 of 2010/11 (April to June) with historic comparisons against Quarter 1 and Quarter 4 in 2009/10 was presented to the Panel.

The Divisional Director of Partnership Development and Performance advised that:

- information relating to Quarter 1 and Quarter 4 in 2009/10 allowed comparisons on changes in performance for these periods to be made. The Strategic Performance Report for Quarter 1 2010/11 was being developed and would be finalised for presentation at the Cabinet meeting on 28 October 2010;
- the Council's Corporate scorecard was designed to present how the Council was performing for residents, Councillors and officers. The scorecard helped to set out what good performance levels were and included monitoring information to assist in the delivery of the Council's priorities. Many of the measures used in the scorecard included recognised National Indicators (NIs) prescribed under the previous Government as part of Comprehensive Area Assessment (CAAs). Following the abolition of the CAAs by the existing Government, the position relating to the use of performance related NIs in the Corporate Scorecard was unclear. It was felt that the Comprehensive Spending Review, due to be published in October 2010, would provide a better

framework regarding the use of NIs in the future. Given these changes, officers were reviewing the set of indicators used to manage the Council's business. The corporate scorecard would be refreshed for Quarter 3 and members of scrutiny were invited to take part;

- data collected from the Council's Corporate Scorecard performance was relatively strong although officers had identified that particular areas faced some performance challenges;

In response to questions raised by Members, officers confirmed that:

- following the Baby P case, the department had experienced an increase in the number of contacts and referrals received by front of house services, leading to pressure on the teams responsible for assessing children. This was not dissimilar to the number of cases received by other local authorities. In order to meet demands in this particular service area, a number of measures are being introduced. These include the recruitment of two additional staff members. Following the revision of existing timescales by Central Government, the original guideline of 7 days to complete an initial assessment had been increased to 10 days. It was noted that although meeting timescales was important, the quality of assessments was more critical and that improving the quality had been the immediate focus. The aim was to meet monthly targets for the second half of the 2010/11 financial year;
- there were examples of major growth in both the number of referrals and financial support relating to the safeguarding and placement of vulnerable children across London. It was understood that the Council was one of the lowest spenders in this area and had zero growth from 2009-10 to 2010-11. A comparison against the performance of other local authorities could be conducted following publication of the Chartered Institute of Public Finance and Accountancy (CIPFA) benchmarking data;
- the number of planning applications received and processed in Quarter 1 was within target. The number of major planning applications may have been delayed as any decisions on major applications received during this period could not be taken until they had been considered by the Planning Committee. The general elections in May 2010 and the change in administration at a local level had meant that a Planning Committee meeting had not taken place in May 2010. This may have been factored into the planning process in order to meet performance targets;
- the percentage of employees declaring that they met the Disability Discrimination Act 1995 (DDA) definition of "disability" was lower than expected. According to the staff survey, the reported percentage of disabled staff was 8% of the total workforce. There was a possibility that some staff did not consider that they had a disability under the DDA or may not have declared their disability in the survey. The

results were being considered by the Human Resources Department, in order to assess the most appropriate way forward. These considerations would be included as part of the current consultation on the Single Equalities Scheme report due to be presented at the Cabinet meeting on 15 December 2010;

- the percentage of invoices paid on time had fallen slightly below the target of 95%. This was due to a mid-year change in how invoices were recorded. The previous system had been amended so that invoices were recorded according to the date the invoice had been issued as opposed to the date it had been received. The Central Payment team had sole responsibility for recording and processing invoices. This was intended to provide a more efficient service and enhance the speed of payments to suppliers and service providers. Due to the financial climate, payment terms for local small business suppliers had been reduced from 30 to 10 days;
- failure to record budget information in the database, SAP, had contributed to variances in the reported Quarter 1 budget and resulted in performance fluctuations. In response, senior officers had closely monitored the timeliness of such reporting and would continue to do so until results improved;
- the proportion of working days lost to sickness absence across the organisation had increased slightly. This may have been influenced by the period of job and financial uncertainty currently experienced by public sector employees. Officers would consider how potential trends in sickness absence could be included to in the delivery of the Council's Transformation Programme.

RESOLVED: That the report be noted.

14. Scrutiny Recommendations Monitoring 2009/10

An officer presented a report of the Divisional Director of Partnership Development and Performance which set out progress against recommendations made by the Performance and Finance and Health Scrutiny Sub-Committees through review reports in 2009/10.

The officer stated that three key projects had been identified as requiring future monitoring by scrutiny Members in 2010/11. These were:

- the standing review of the budget;
- Sustainability review;
- the review of delivering a strengthened voluntary and community sector.

In response to Member questions, the officer advised that:

- monitoring of the Sustainability review could include focus on unemployment;
- the standard review of the budget had been programmed for discussion at the October 2010 Overview and Scrutiny Committee meeting as part of the programme report. A response to the recommendations had been given at the Cabinet meeting in March 2010. It was recommended that progress against these be followed by Scrutiny.

RESOLVED: That

- 1) the report be noted;
- 2) the Performance and Finance Scrutiny Sub-Committee monitor recommendations arising from the:
 - (a) standing review of the budget;
 - (b) sustainability review; and
 - (c) delivering a strengthened voluntary and community sector review.

15. Future Funding Gaps

The Corporate Director of Finance presented a report that outlined funding gaps in future years and the underlying assumptions.

The Sub-Committee were advised that:

- future funding gaps had been identified in the Medium Term Financial Strategy (MTFS) approved by Cabinet in February 2010. The funding gaps for 2010/11, 2011/12 and 2012/13 were £16 million, £14 million and £13 million respectively;
- finance officers continuously reviewed the assumptions outlined in the MTFS as funding gaps would continue to shift where new issues arose. Since February 2010 a number of developments, including a potential reduction in parking income, the recommendation to outsource the Council's IT services and the financial pressure faced by Harrow Primary Care Trust (PCT) had been identified. To plan for any future issues, all Directorates had been requested to focus on saving opportunities. The implications of a potential reduction on the grant received following the Comprehensive Spending Review would be considered alongside the increasing potential financial pressures faced by the Council;
- analysis of the emergency budget published in June 2010 suggested that public sector spending would be reduced by an average of 25% over 4 years. The Institute of Fiscal Studies (IFS) had reported that

local government should expect a reduction of 33%. As a result, some departments had made budgetary provisions in anticipation of a 40% reduction;

- calculations in the current MTFs were based on a 2% Consumer Price Index (CPI). Best and worst case scenarios outlined in the appendix to the report were based on 1% and 3%. Allowances for new investment and a prudent view of the Council Tax position for 2011/12 had been included in the final calculation for the middle case scenario of £17.25 million.

Members of the Sub-Committee asked a number of questions, to which the Corporate Director of Finance responded as follows:

- all funding arrangements would continue to be tracked through monitoring reports. In order to minimise levels of overspend, departments had been encouraged to renegotiate contract terms with suppliers and services providers;
- uncertainty relating to the proposed freeze on Council Tax in 2011/12 had been factored into calculations. The finance team had worked on the assumption that Council tax and the amount of grant received from Central Government to cover any shortfall in Council tax income would not increase for 2011/12 financial year;
- an extra £1 million had been allocated from Council funds to address outstanding issues in the Children's Services Directorate. Funding costs of outsourcing IT services had also placed an additional demand on existing funds;
- the cost of providing concessionary travel to residents was higher than other London Boroughs. Officers had reviewed this service and would be preparing a report for consideration at a future Cabinet meeting;
- officers anticipated that the Comprehensive Spending Review (CSR) would provide clarity on future funding gaps. The results of the CSR would enable the Council to plan for future years.

RESOLVED: That the report be noted.

16. Revenue and Capital Monitoring for Quarter 1 - as at 30 June 2010

A report of the Corporate Director of Finance that set out the Council's revenue and capital monitoring position as at 30 June 2010 was considered by the Sub-Committee.

The Sub-Committee were advised that:

- following a review of the Council's budget in the current quarter, a saving of £700,000 had been identified. This had reduced the forecast

total overspend by the Council in 2010/11 from £3.1 million to £2.4 million;

- the main areas of pressure on the total budget included an increased demand on Social Care services and a potential reduction in parking income;
- in response to these financial pressures, directorates were continuing to develop action plans to mitigate against these by controlling the number of existing job vacancies and managing expenditure. The Council's Corporate Strategy Board monitored all measures taken by Directorates on a monthly basis.

A number of Members raised concerns relating to the potential cuts to services in some Directorates and the additional financial pressures that the Council could face following the outcome of the Comprehensive Spending Review. In response, the officers reported that:

- Harrow was amongst the lowest spenders per head of its child population compared to its statistical neighbours;
- following a review of Special Educational Needs (SEN) transport, savings had been made. It was anticipated that a review of transport provided to adult services would also provide further saving opportunities. Even though savings were projected for 2010/11 and 2011/12, transportation services would continue to face budgetary pressures as more children become eligible for this particular service;
- rates of children with protection plans were similar to the Council's statutory neighbours. The rate of children looked after by the council was comparatively low. Officers believed that this was partly due to high number of children being adopted or placed in special guardianships and preventative work;
- officers in the Children's Services directorate would monitor what impact the age of transfer to secondary schools for the 2010/11 academic year had on the net outflow of children attending schools outside of the borough;
- an outline of central costs for Children's Services Directorate following a benchmarking exercise would be completed later in the 2010/11 financial year. This would be completed once new data relating to Strategic Management and Access was made available;
- new dual purpose cameras that monitored community safety and parking matters had been introduced throughout the borough. In Quarter 4 of 2009/10, it was anticipated that this would offer efficiencies and generate additional income as more offences would be recorded. However, during the first quarter of 2010/11, Harrow had experienced a decline in parking income. This could be partly attributed to the ongoing road works in central Harrow that had made

existing parking controls temporarily unenforceable. There was also a presumption that motorists had become more careful and reduced the amount of car journeys taken. The decline in parking income appeared to be London-wide. Figures published by London Councils reported a decline in the amount of income generated by the enforcement of parking controls;

- senior officers in the Adults and Housing Services directorate had recently met with Harrow Primary Care Trust (PCT) to discuss concerns relating to the stability of the PCT and to agree future plans. Officers had written to the PCT confirming details of the discussion that had taken place and were awaiting a response. Some allowances for any resulting expenditure incurred by the Council had been included in the 2009/10 budget as part of the bad debt provision. The Council had managed to contain the budgetary pressures arising from the PCT's management of continuing care cases in 2010/11. It was likely that Adults and Housing Services would improve upon the £655,000 overspend originally forecast for 2010/11.

RESOLVED: That the report be noted.

(Note: The meeting, having commenced at 7.30 pm, closed at 9.57 pm).

(Signed) COUNCILLOR SUE ANDERSON
Chair