

PERFORMANCE AND FINANCE SCRUTINY SUB-COMMITTEE MINUTES

29 JANUARY 2013

Chairman:	* Councillor Sue Anderson	
Councillors:	* Tony Ferrari	* Barry Macleod-Cullinane
	* Ann Gate	* Jerry Miles
In attendance: (Councillors)	Keith Ferry	Minute 111
	Sachin Shah	Minute 111
	Stephen Wright	Minute 111, 114

* Denotes Member present

104. Attendance by Reserve Members

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

105. Members' Right to Speak

RESOLVED: In accordance with Committee Procedure Rule 4.1 – Part 4B of the Constitution, the Panel agreed that the following Members could speak at the meeting:

Councillors Keith Ferry, Sachin Shah and Stephen Wright.

106. Declarations of Interest

RESOLVED: To note that the following interests were declared during the course of the meeting:

Agenda Item 8 – Revenue and Capital Monitoring for Quarter 2 as at 30 September 2012

Councillor Sue Anderson declared a disclosable pecuniary interest in that she was employed by the NHS. She would leave the room during the discussion and decision making on this item.

Agenda Item 7 - Chair's Report

Councillor Barry Macleod-Cullinane declared a non-pecuniary interest in that he was a Member of Cabinet when the Smartwater initiative had been approved. He would remain in the room while the matter was considered and voted upon.

Councillor Tony Ferrari declared a non-pecuniary interest in that he was a Member of Cabinet when the Smartwater initiative had been approved. He would remain in the room while the matter was considered and voted upon.

107. Minutes

RESOLVED: That the minutes of the meeting held on 6 November 2012 be taken as read and signed as a correct record.

108. Public Questions and Petitions

RESOLVED: To note that no public questions were put, or petitions received.

109. References from Council and Other Committees/Panels

RESOLVED: To note that no references were received.

RESOLVED ITEMS

110. Chair's Report

The Sub-Committee received a report which set out issues considered by the Chair since the last meeting of the Performance and Finance Scrutiny Sub-Committee.

A Member expressed concern that the report indicated that there was no evidence to suggest that the use of Smartwater had reduced the incidence of residential burglaries in the borough. He asked how many Smartwater kits remained to be distributed. An officer stated that a third of the kits remained and that these were being promoted to residents by local Safer Neighbourhood Teams.

RESOLVED: That the report be noted.

111. Revenue and Capital Monitoring for Quarter 2 as at 30 September 2012

The Sub-Committee received a report of the Corporate Director of Resources, which had been previously considered at Cabinet on 13 December 2012. The report set out the Council's revenue and capital monitoring position for Quarter 2 as at 30 September 2012.

A Member stated that the Sub-committee had requested documents relating to the implementation of the SAP system three months ago and queried why this had not yet been circulated to the Committee and when these would be circulated. The Corporate Director clarified that the request was not made by the Sub-Committee but individually by the Vice-Chairman at a Chairman's Briefing Meeting. The Corporate Director stated that she had sought advice from the Monitoring Officer regarding disclosure of these documents. The Member expressed concern that it had been necessary to seek advice from the Monitoring Officer and that this was contrary to the openness and transparency required by the scrutiny function. The Corporate Director stated that she believed she had valid concerns about the sharing of these particular documents and that she would contact the Vice-Chairman of the Sub-Committee about this once she had fully considered the advice from the Monitoring Officer.

The Corporate Director stated that much of the data in the Quarter 2 report had been superseded by the Quarter 3 report, which was due to be considered at Cabinet in two weeks' time. With regard to the Quarter 2 report, the Corporate Director stated that there had been a forecast overspend and spending protocols had been put in place to address this. Strategic targeting had resulted in an under spend now forecast at just under £2m, and she expected this figure to improve further. This had been due in part to the favourable results of treasury management and increased income from parking enforcement. However, the ongoing PCT debt remained an area of concern and this issue featured in the Quarter 3 monitoring report.

A Member asked for an update about the costs of homelessness and also about the costs relating to the transfer of Public Health services to the Council. The Chair left the room during discussion of the transfer of Public Health services to the Council. In the absence of the Chair, the Vice-Chairman acted as Chair.

The Corporate Director responded that:

- the transfer of Public Health services to the Council would take place in April 2013;
- the funding allocation from the Department of Health (DOH) was not expected to cover the anticipated costs associated with the transfer. The Council was in negotiations with the PCT for additional contributions to finance the transition costs which entailed a number of risks, and these had been included in the Corporate Risk Register;

- homelessness spend was known to be difficult to forecast, however, the Housing Needs costs had levelled off since the end of Quarter 2.
- A Member requested that figures relating to the costs of public health transition and expected running costs be circulated to the Sub-Committee. The Corporate Director undertook to arrange for the Project Manager to circulate the relevant information to the Sub-Committee.

The Chair returned to the room at the conclusion of the discussion regarding discussion of the transfer of Public Health services to the Council.

A Member asked whether there had been any calls on the £1.184m earmarked for the Transformation and Priority Initiatives Fund (TPIF). The Corporate Director advised that there had been a bid of £50k to research and implement a Harrow Card and a second bid was in the pipeline which had received approval by the Portfolio Holder for Finance and was being considered by the Leader. She added that no further bids had been received at the end of Quarter 3. The Member asked how the remainder of the ring fenced TPIF monies would be used. The Corporate Director stated that the current strategy was to hold back on utilising further TPIF monies until after the year-end position was clarified, as a considerable underspend was needed this year to fund the costs of change, including redundancy costs. This strategy had been agreed by both the Leader and the Finance Portfolio Holder.

A Member stated that, in his view, this was another ring fenced reserve account. He added that his question submitted to December Cabinet meeting had not been answered and asked to know how much of the £850k savings had been realised in the current financial year. The Portfolio Holder for Finance stated that this question had not been answered due to insufficient time at the Cabinet meeting and undertook to provide the Member with a written response.

A Member asked what measures were being taken to recover the PCT debt and ensure that this situation did not recur in the future. The Chair left the room during discussion of the PCT debt. In the absence of the Chair, the Vice-Chairman acted as Chair.

The Corporate Director advised that the largest item within the PCT debt was just under £2.5m and formed part of a Section 256 agreement. The Council was vigorously pursuing payment and the Finance Director of the PCT had given assurances that this would be paid by 6 February 2013. The Corporate Director provided a confidential verbal update on the various other components of the debts outstanding from the PCT and the status/concerns in relation to each of them. The closure of the PCT on 31 March and the establishment of the new Clinical Commissioning Group (CCG) which would be taking over from the PCT added additional complexity and risk. These issues were reflected in the corporate risk register.

A Member, who was not a Member of the Sub-Committee, expressed concern about carrying the PCT debt over to the new CCG and asked what contingency plans were in place to mitigate against the risk of non-payment. The Corporate Director advised that the debts were being chased vigorously.

In the event the PCT failed to pay the debts, then the Council would have the option of taking legal action. However, the PCT/CCG was one of the Council's partner organisations and it was important to maintain a good relationship with it.

The Chair returned to the room at the conclusion of the discussion regarding the PCT debt.

A Member stated that the report did not specify what proportion of the gross Capital Programme Spend of £61.7m was funded by Harrow and what proportion was grant funded and therefore what the financing cost impact was for Harrow. The Corporate Director undertook to try to include this level of information in monitoring reports in the new financial year, as part of the planned reporting improvements within the Finance Transformation Project. The Member questioned whether Harrow was getting a better deal on interest or was it spending less overall. The Corporate Director responded that it was both and added that the Council had benefited from a favourable variance with respect to Treasury Management.

The Member sought clarification regarding schools Capital funding and requested that a detailed report regarding the school expansion programme be provided to the Sub-Committee at a future meeting. The Corporate Director advised that the Children and Families Directorate were awaiting a DfE decision regarding the schools funding allocation for 2013/14 and that this information had been included in the Quarter 3 report.

A Member asked whether the £446k forecast overspend in the Community, Health and Wellbeing Directorate had come to pass. The Corporate Director stated that the report was out of date and had been superseded by the Quarter 3 report, and that several of these forecast overspends were in fact significantly lower than previously predicted, or were now in an underspend situation. In response, a Member stated that as the Quarter 2 report contained out of date information, the Corporate Director should provide a detailed verbal update of Quarter 3 report to the Sub-Committee and the room be cleared of press and public for reasons of confidentiality, if necessary. The Corporate Director stated that there were clearly set out reporting and monitoring structures and processes which she was obliged to follow. The quarterly monitoring reports were considered by Cabinet in the first instance and it was Cabinet's responsibility to decide what action, if any, was required if they were not satisfied with the actions management were already taking. Therefore, it would not be appropriate that the contents of the report be revealed to the Sub-Committee prior to its consideration by Cabinet, even if the room was cleared of press and public.

The Chair stated that the long gap between publication of the quarterly monitoring reports and their submission to the Sub-Committee had been a long standing issue and future Sub-Committee meeting dates should be reviewed to take this into consideration and in order to ensure that the Sub-Committee considered these reports as soon as possible after publication.

RESOLVED: That the report be noted.

112. Draft Annual Report

The Sub-Committee received a report which provided a summary of the issues considered and work undertaken by the Performance and Finance Scrutiny Sub-Committee in 2012/13 for inclusion in the Scrutiny Annual Report.

RESOLVED: That the report be noted.

113. Report on Progress - Council's use of Performance Information Scrutiny Review

The Sub-Committee received a report of the Divisional Director, Strategic Commissioning which provided an update on the progress on the Council's use of the Performance Information Scrutiny Review. An officer highlighted the main areas of the report as follows:

- the majority of recommendations made by the Sub-Committee had been implemented;
- areas identified for monitoring in the future would be fed back at the Chair's Briefing sessions – this could, for example, include the ongoing work on disseminating performance information to the public.

A Member asked if Councillors would be updated regarding the launch of the Local Information System (LIS) to residents in Harrow. The officer advised that the LIS system had gone live and data was constantly being added, including recent census data. Details of the arrangements for a briefing for Members would be circulated.

It was noted that Recommendation G on page 56 of the agenda should state that the scrutiny of police and crime fell within the remit of the Environment and Enterprise leads and not the Community, Health and Wellbeing leads, as stated in the report.

RESOLVED: That the report be noted.

114. Review of Planning

The Sub-Committee received a report of the Divisional Director of Planning which set out the approach to continuing service improvement in the Development Management Service and the progress on the current LEAN programme of Process Re-engineering.

An officer highlighted the following areas of the report:

- the LEAN review which had been launched in August 2012 and incorporated both Access Harrow and Planning was ongoing;

- a raft of measures such as improving the quality of the information available on the Council's website, more effective reporting systems and standardisation of training and officer manuals had been successfully implemented. The Council was collaborating with the "Red Quadrant" Service Transformation Academy on a review of the planning service.

A Member asked for details regarding the recent significant IT issues relating to the Vaughan and Marlborough Schools online consultations which had resulted in the consultation pages being removed from the council website and asked why these had been omitted from the report and how residents' complaints relating to these were being dealt with.

The officer responded that the remit of the report had been to focus on performance of householder applications but the above issues relating to the two consultations would be reported to a future meeting of the Sub-Committee. The Portfolio Holder for Planning and Regeneration advised that the validation of householder planning applications process fell within the remit of Access Harrow and not the Planning section.

A Member asked whether any measures were being implemented to reduce the number of invalid planning applications and what the target for reducing these was. The officer advised that the issue of invalid planning applications was a common problem across all local authorities and not specific to Harrow. No target had been set for these yet, however, the following measures were being implemented to make the process more effective:

- information on the Council's website relating to householder planning applications was being simplified to make it more accessible;
- local validation requirements for planning applications were being reviewed and a revised local list developed following consultation with agents.

A Member, who was not a Member of the Sub-Committee, asked whether the information in the report included building control, how the processes were being documented and whether further staffing reductions in the Planning service were envisaged as part of the LEAN process.

The officer advised that the procedure, which was being re-written only applied to householder applications and not to building control. She stated that the procedure focussed on the validation process being carried out by Access Harrow and added that she anticipated further staff reductions as part of the Medium Term Financial Strategy.

A Member asked what proportion of staff involved in the validation process were from Access Harrow and what proportion from the Planning Service. The officer responded that she did not have the exact figure, but that the Access Harrow team dealing with Planning enquiries were multi-functioning and dealt with both validation of planning applications and other Planning related issues. The Member requested that the exact number of staff, the

level of resources available to them, and the outcomes for each team be circulated to Members of the Sub-Committee. The officer undertook to do this.

The officer advised that she was satisfied with the current level of performance, and that a new Service Level Agreement with Access Harrow was in the pipeline.

RESOLVED: That the report be noted.

115. Exclusion of the Press and Public

RESOLVED: That, in accordance with Part I of Schedule 12A to the Local Government Act 1972, the press and public be excluded from the meeting for the following item for the reason set out below:

<u>Item</u>	<u>Title</u>	<u>Reason</u>
9.	Contracts and Procurement Savings – Year End Report	Information under paragraph 1 (contains information relating to the financial or business affairs of any particular person (including the authority holding that information))

116. Contracts and Procurement Savings - Year End Report

The Corporate Director of Resources presented a report which set out the progress in advancing the Council's Procurement Transformation Programme since its launch in October 2010. The Corporate Director highlighted the following areas of the report:

- £4.6m of savings had been achieved in 2011/12 from procurement activity, both in terms of revenue and capital and in the Housing Revenue Account;
- a sustainable procurement policy which included local business and community and regeneration goals had been implemented.

She added that the following improvements had been implemented with regard to the SAP system:

- better governance through the Strategic Procurement Board and greater enforcement of compliance with corporate procedure rules;
- greater involvement of the Central Procurement Team to engender a culture change among managers and requisitioners;
- training to raise awareness of best practice and a reduction in the number of requisitioners;
- a streamlined waiver process;

- a procurement toolkit would be rolled out shortly;
- a greatly expanded contracts register.

The interim Divisional Director, Commercial and Procurement added that:

- progress on phase two of the transformation programme which began in November 2012 had been variable;
- supply chain management processes had been improved;
- a consultation exercise was underway regarding a new permanent structure for the Central Procurement Team and a new post of Divisional Director of Commercial and Procurement was being created;
- the case studies included in the appendix to the report relating to procurement activity were good examples of the savings achieved during phase 1 of the procurement transformation programme.

A Member asked about the number of procurement waivers and whether these were expected to reduce. The Interim Divisional Director responded that the system had highlighted that in the past, the Council had not recorded these fully but that this would be done in the future.

A Member stated that the figures quoted in case study 3, which related to the Leisure contract were unclear. She stated that a previous report submitted to the Sub-Committee had indicated that although income from the leisure centre had reduced the level of services and visitor numbers had improved. The case study contradicted the Quarter 2 report which indicated that Community and Culture were reporting an adverse variance of £0.27m which principally related to a shortfall in leisure centre income.

The Interim Divisional Director advised that the case study had been compiled in June 2011 when the contract had initially been awarded to GLL, since which time there had been a shortfall in income and some unanticipated costs at the leisure centre. A Member asked whether the income levels were expected to increase under the new contract. The Interim Divisional Director stated that the possibility of a tri-borough libraries and leisure services contract was being considered and initial reports suggested that both income and service levels would improve under this proposed scheme. The Corporate Director of Resources added that under the GLL contract there had been some improvement in visitor numbers, pricing and income.

A Member asked what risks were associated with the proposed tri-borough scheme and what measures were envisaged to mitigate against these. The Interim Divisional Director advised that the figures given to the tenderers had been thoroughly costed, and that some of the risk would lie with the successful contractor. The Corporate Director of Resources added that there was a savings target in the MTFs in relation to the contract, which had been

calculated on the basis of market forces. As with all budget savings, a risk assessment had been carried out and some contingencies had been built into the budget accordingly. The Member asked whether the savings targets were sufficiently realistic, for example, income from the dry recyclables market, which was subject to seasonal and market forces had not lived up to expectations. He asked what the uncontrollable variables with regard to the leisure contract were.

The Corporate Director of Resources advised that the savings targets were realistic and were based on the expertise and knowledge of procurement professionals. The Interim Divisional Director added that this was a new area for the council, with managers increasingly being expected to focus on income generation rather than simply cost management and would require a culture change.

A Member stated that the success of case studies 4,5,6 and 11 which related to dry recyclables, housing capital programme procurement and housing and corporate repairs and maintenance respectively were due to advantageous opportunities in the market rather than due purely to enhanced procurement activity. He asked whether the savings achieved in these areas would impact on service delivery and whether the management of an increased number of smaller procurement contracts would lead to increased workloads and whether there was a process for monitoring these. The Interim Divisional Director stated that this would be managed through better governance of procurement activity and staff training to ensure better commercial understanding. Smaller contracts with local providers would be easier to manage, for example, recent bid submissions from housing contractors had taken into account residents needs and the future performance of successful bids would be monitored against these criteria. The Corporate Director of Resources advised that spending fell into the following categories, core, semi-core and non-core. The cost of managing a contract was being built into the overall cost of the service when calculating the net procurement savings.

A Member asked whether the savings made as indicated in case study 10, which related to the Child and Adolescent Mental Health service had reduced the quality of the service. The Interim Divisional Director stated that he did not have this information to hand and undertook to circulate this information to Members after the meeting.

A Member asked whether other public sector bodies such as the West London Alliance had been consulted regarding the future of shared services. He added that the report did not provide information regarding social care, specifically the personalisation of budgets, the pressures on day care centres and asked how this information would be captured. The interim Divisional Director advised his service area did not have this information and that the personalisation of budgets was currently being reviewed by those responsible for commissioning. The Corporate Director of Resources added that in order to ensure services bought by residents were value for money, the council would negotiate the best possible pricing arrangements with its suppliers and those with personal budgets may choose to top up for the extra cost of additional care, or alternative provision, if that was what they preferred.

RESOLVED: That the report be noted.

(Note: The meeting, having commenced at 7.34 pm, closed at 9.50 pm).

(Signed) COUNCILLOR SUE ANDERSON
Chair