

Performance and Finance Scrutiny Sub-Committee AGENDA

DATE: Tuesday 21 January 2014

TIME: 7.30 pm

VENUE: Committee Rooms 1 & 2,
Harrow Civic Centre

MEMBERSHIP (Quorum 3)

Chair: Councillor Sue Anderson

Councillors:

Chris Mote
Anthony Seymour (VC)

Graham Henson

Mano Dharmarajah

Reserve Members:

1. Amir Moshenson
2. Marilyn Ashton

1. Jerry Miles
2. Phillip O'Dell

1. Zarina Khalid

Contact: Manize Talukdar, Democratic & Electoral Services Officer
Tel: 020 8424 1323 E-mail: manize.talukdar@harrow.gov.uk

AGENDA - PART I

1. ATTENDANCE BY RESERVE MEMBERS

To note the attendance at this meeting of any duly appointed Reserve Members.

Reserve Members may attend meetings:-

- (i) to take the place of an ordinary Member for whom they are a reserve;
- (ii) where the ordinary Member will be absent for the whole of the meeting; and
- (iii) the meeting notes at the start of the meeting at the item 'Reserves' that the Reserve Member is or will be attending as a reserve;
- (iv) if a Reserve Member whose intention to attend has been noted arrives after the commencement of the meeting, then that Reserve Member can only act as a Member from the start of the next item of business on the agenda after his/her arrival.

2. DECLARATIONS OF INTEREST

To receive declarations of disclosable pecuniary or non pecuniary interests, arising from business to be transacted at this meeting, from:

- (a) all Members of the Sub-Committee;
- (b) all other Members present.

3. MINUTES (Pages 1 - 8)

That the minutes of the meeting held on 6 November 2013 be taken as read and signed as a correct record.

4. PUBLIC QUESTIONS *

To receive any public questions received in accordance with Committee Procedure Rule 17 (Part 4B of the Constitution).

Questions will be asked in the order notice of them was received and there be a time limit of 15 minutes.

[The deadline for receipt of public questions is 3.00 pm, <DATE>. Questions should be sent to publicquestions@harrow.gov.uk

No person may submit more than one question].

5. PETITIONS

To receive petitions (if any) submitted by members of the public/Councillors under the provisions of Committee Procedure Rule 15 (Part 4B of the Constitution).

6. REFERENCES FROM COUNCIL AND OTHER COMMITTEES/PANELS

To receive any references from Council and/or other Committees or Panels.

7. CHAIR'S REPORT (Pages 9 - 18)

Report of the Divisional Director of Strategic Commissioning.

8. REVENUE AND CAPITAL MONITORING Q2 (Pages 19 - 52)

Report of the Director of Finance and Assurance.

9. PROGRESS AGAINST THE RECOMMENDATIONS OF THE REPORT ON THE STANDING SCRUTINY REVIEW OF THE HOUSING REVENUE ACCOUNT BUDGET (Pages 53 - 66)

Report of the Divisional Director of Housing.

10. UPDATE ON PRIVATE RENTED SECTOR (Pages 67 - 72)

Report of the Divisional Director of Housing.

11. TOWARDS EXCELLENCE UPDATE (Pages 73 - 78)

Report of the Divisional Director, Business and Service Development.

12. ANY OTHER BUSINESS

Which the Chairman has decided is urgent and cannot otherwise be dealt with.

AGENDA - PART II - NIL

*** DATA PROTECTION ACT NOTICE**

The Council will audio record item 4 (Public Questions) and will place the audio recording on the Council's website, which will be accessible to all.

[**Note:** The questions and answers will not be reproduced in the minutes.]

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PERFORMANCE AND FINANCE SCRUTINY SUB-COMMITTEE MINUTES

6 NOVEMBER 2013

Chair: * Councillor Sue Anderson

Councillors: * Graham Henson * Chris Mote
* Zarina Khalid (1) * Anthony Seymour

* Denotes Member present
(1) Denotes category of Reserve Members

150. Attendance by Reserve Members

RESOLVED: To note the attendance at this meeting of the following duly appointed Reserve Member:-

Ordinary Member

Reserve Member

Councillor Mano Dharmarajah

Councillor Zarina Khalid

151. Declarations of Interest

RESOLVED: To note that the following interests were declared:

Agenda Item 10 – Corporate Equalities Objectives

Councillor Sue Anderson declared a non-pecuniary interest in that her son was a NEET (not in Employment or Education or Training) and was in receipt of Adult Social Care from Harrow and of care from Mental Health Services at the Central and North West London NHS Foundation Trust. She would remain in the room whilst the matter was considered and voted upon.

Agenda Item 8 - Procurement Strategy Update; Agenda Item 9 - Business Continuity Update; Agenda Item 13 – ICT Service

Councillor Graham Henson declared a non-pecuniary interest in that he had been the relevant Portfolio Holder when the above projects had been initiated and agreed. He would remain in the room whilst the matters were considered and voted upon.

152. Appointment of Vice-Chairman

RESOLVED: That Councillor Anthony Seymour be appointed the Vice-Chairman of the Sub-Committee for the 2013/14 Municipal Year.

153. Minutes

RESOLVED: That the minutes of the meeting held on 30 September 2013 be taken as read and signed as a correct record.

154. Public Questions & Petitions

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

155. References from Council and Other Committees/Panels

RESOLVED: To note that no References were received.

RESOLVED ITEMS

156. Procurement strategy update

The Sub-Committee received a report of the Corporate Director of Resources, which set out a position statement following the first 6 weeks of implementation of the revised Commercial, Contracts and Procurement Division structure and the programme of work to the end of the current financial year.

The Divisional Director, Commercial, Contracts & Procurement advised that:

- the Service had been operating with a number of interim members of staff for a number of years and that a revised structure and programme of work had been implemented and work was underway to fill all posts with permanent full-time staff as quickly as possible. It was intended that the new structure would be in place by January 2014;
- a £500k procurement savings target, to be achieved by March 2014 had been identified;
- a number of savings, efficiencies and income generation measures were being investigated and implemented as appropriate and included the following:

- establishing a trading organisation for the Council;
- greater exploitation of assets;
- improvement and rationalisation of systems, tools and processes related to the procurement function;
- re-writing of the Contract Procurement Rules;
- a category management approach to all third party spend;
- development of a commercial strategy;
- implementation of a Tollgate system for large value contracts, which would have a pre-analysis process and ensure good governance and early engagement with Directorates;
- improved use of the existing contracts register as an effective planning tool;
- better contract management to ensure that consistent standards and identified benefits were realised.

A Member stated that the Procurement Strategy Board had been set up to ensure contracts were value for money and asked how the Council's agenda for ethical procurement and its equality objectives would feed into this. The Divisional Director advised that Harrow had a good record in this area and officers had a good awareness of issues related to sustainability, equalities, using local businesses and providers and this culture was well embedded across the Council. He added that contracts should be awarded to SMEs in an open and transparent manner and contract yields should look at benefits in the round. There was some flexibility in the Council's current procurement rules as dispensations were permitted. It was important that officers worked closely with Finance officers to evaluate the overall benefit of a contract to both the Council and the Community.

A Member asked what the current position on the £500k procurement savings target was. The Divisional Director advised that he was not able to confirm this at the moment. He was seeking clarity regarding cashable and non-cashable savings and was working closely with the Finance Business Partners to identify what savings had been achieved to date. He undertook to provide a further report to the Sub-Committee regarding the position on the savings target.

A Member asked to know the process for renewing and/or re-tendering contracts. The Divisional Director advised that the central contracts register would enable pre-planning and would flag up contracts that were due to expire. It was important that officers began reviewing a contract at least 18 months before expiry. This would allow them to evaluate the current contract, the market, other possible suppliers, and look at what other authorities were doing under similar circumstances.

The Member asked about the format of the contracts register and whether Directorates had been made aware of the pre-planning measures detailed above. The Divisional Director stated that the contracts register was maintained as an excel spreadsheet. He added that a robust structure was

being developed to flag up those contracts which were due to expire and that this process would be cascaded to Directorates.

A Member asked whether the school expansion programme which was due to be completed by September 2015 was a realisable target. The Divisional Director advised that there was a single company framework agreement in place with Keepmoat Apollo, the Council's building contractors, which would end in April 2014 but that orders for the schools works could be ordered off the framework up to that time. The Council was considering other potential providers for the Teachers' Centre project and would continue to monitor Keepmoat Apollo's performance throughout the term of the programme. He added that, in his view, the timescales for completion of the School Expansion Programme were extremely tight but achievable.

RESOLVED: That the report be noted.

157. Business Continuity Update

RESOLVED: That

Agenda item 9, 'Business Continuity Update' be deferred and a revised report entitled 'Business Continuity and IT Disaster Recovery', be submitted at the next meeting of the Sub-Committee on 21 January 2014. This was because the report submitted did not encompass all of the issues that had been previously requested by Members.

158. Corporate Equalities Objectives - Annual Progress Report

The Sub-Committee received a report of the Divisional Director of Strategic Commissioning which provided an update on progress against the Council's Equality Objectives which had been adopted by Cabinet in April 2012 and progress against the Excellent Level of the Equality Framework for Local Government (EFLG).

An officer stated that the Equality Act 2010 introduced a range of rights, powers and obligations and imposed a new Public Sector Equality Duty (PSED) on public authorities in the exercise of their functions. The Council's performance in this area was evaluated through a series of existing performance scorecards and this data was set out in detail in the appendices to the report. Updated versions of this report would be submitted annually to the Sub-Committee.

A Member asked how equalities objectives were aligned with the budget-setting process. The Divisional Director of Strategic Commissioning advised that provided a strong evidence-base. He added that the overall effectiveness of carrying out an EqIA on the budget-setting process would need to be reviewed and incorporated appropriately.

The Member queried the fact that the percentage of adults in contact with secondary mental health services, living independently with or without support had increased but was not within targets set and had been RAG rated as Red. He added that this issue had been flagged up as a priority at the

February budget-setting meeting. An officer advised that although this objective was rated Red, Harrow compared well with neighbouring authorities and other authorities in London. Mental health services in Harrow were provided by Central and North West London NHS Foundation Trust. A robust monitoring process was in place and the Council would continue to monitor and improve performance in this area. She added that there were no issues related to Mental Health currently identified in the Medium Term Financial Strategy (MTFS) and no areas of growth had been identified. She undertook to circulate more detailed information regarding this to Members of the Sub-Committee.

The Member asked why data from the SAP system had been used to compile data regarding the increase in the proportion of disabled employees working at the Council. He added that recent staff surveys had flagged up a higher proportion of disabled staff than identified by the SAP system. The Divisional Director advised that the staff survey did not have a hundred percent completion rate, whereas the SAP system accurately reflected all staff. In his view, it was important staff should feel comfortable about revealing their disability status, which was the reason for using SAP data.

Referring to the X16 Work experience and job readiness programme, which was aimed at 16-25 year-old clients who were not in employment or education or training (NEETs), and in receipt of services from Harrow Children and Families Service, the Chair asked why those aged over 18 years of age would be in receipt of services from the Children and Families Service. An officer advised that young people identified as having a learning disability or those leaving the care system were entitled to receive services from Children and Families up to the age of 25. He added that there were also a number of other agencies supporting these young people to ensure their readiness for work and offer additional support and guidance.

The Chair asked whether the increase in the percentage of people with 'learning difficulties' living in their own homes or with families, should read people with 'learning disabilities'. An officer advised that the sentence should read 'learning disabilities' and referred to those individuals who were receiving a service from the Council.

The Chair queried the target that more children and young people with disabilities would be participating in sport through the provision of training and support to 100% of PE teachers. An officer advised that there was a dedicated post in the School Support Service in relation to PE, which provided support to schools. He added that a report compiled by the Director of Public Health was due to be submitted to the Health and Wellbeing board on the subject of obesity in young people and the promotion of healthy living among the young.

The Chair asked for clarification regarding the increase in the number of workless residents who were supported to access employment and training programmes generated through planning gain. She added that the commentary relating to this target which stated that the number of clients was not an accurate measure of trends because the client group changed with the

funding stream, was not clear. An officer undertook to provide clarification to Sub-Committee members regarding this commentary.

A Member asked whether there were plans to introduce more green gyms in the borough. An officer stated that these were popular and well-used, however, he was not aware of any additional funding available for more of these to be built.

A Member asked whether the target of having 2000 Neighbourhood Champions was achievable. An officer advised that there had been discussions about revising this target and it was intended that local groups such as Harrow Association of Disabled People and Harrow Senior Residents Association would be contacted regarding the initiative.

A Member asked why the Corporate Equalities Objectives had changed since 2012. An officer advised that the overarching objectives, which had been defined by the PSED for a period of four years had remained the same, however, the Key Performance Indicators (KPI) for 2013/14 were new. The Member stated that the data provided in the appendices to the report would be easier to follow if they were combined into a single table which set out the targets, KPIs and results. The officer undertook to ensure that future reports followed this format.

The Chair requested more information about the Community Engagement team. An officer advised that the recruitment and selection process for posts within the team was ongoing and he expected the team to be in place by mid-December 2013. The Chair asked about the Council's Community Cohesion Strategy. An officer stated that a lead officer for this area had been identified and undertook to circulate the Strategy to Members of the Sub-Committee.

RESOLVED: That the report be noted.

159. 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>
13.	ICT Service	Information under paragraph 3 of Part I of Schedule 12A to the Local Government Act 1972, relating to the financial or business affairs of any particular person (including the authority holding that information).

160. ICT Service

The Sub-Committee received a report of the Director of Customer Services and Business Transformation which set out the current position with regard to the IT service, which had been outsourced to Capita in November 2010.

A Member asked about the ITO Transformation Programme. An officer advised that the programme included things such as rolling out the Citrix platform which would enable the use of thin client devices, faster logging in, increased data security and the roll out the of the Mobile and Flexible Working programme.

RESOLVED: That the report be noted.

(Note: The meeting, having commenced at 7.30 pm, closed at 8.52 pm).

(Signed) COUNCILLOR SUE ANDERSON
Chair

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**REPORT FOR: PERFORMANCE AND
FINANCE SCRUTINY
SUB-COMMITTEE**

Date of Meeting:	21 st January 2014
Subject:	Report of P&F Chair's briefing for Quarter 2 2013-14
Responsible Officer:	Alex Dewsnap – Divisional Director Strategic Commissioning
Scrutiny Lead Member area:	Cllr Sue Anderson, Chairman Performance and Finance sub committee Cllr Anthony Seymour, Vice-chair Performance and Finance sub committee
Exempt:	No
Enclosures:	Appendix A: Notes P&F Chair's briefing held on 27 th November Appendix B: Watch list of items selected for further monitoring at Q3

Section 1 – Summary and Recommendations

This report sets out issues considered by the Chairman and Vice-chair since the last meeting of the Performance and Finance scrutiny sub-committee.

Recommendations:

To note the report.

Section 2 – Report

Introductory paragraph

This report outlines the items considered by the Chair & Vice-Chairman at their briefing on performance and finance information for Quarter 2 2013-14.

A number of items were considered at the briefing:

- Revenue and capital monitoring report Quarter 2 2013-14
- Watch list of items identified for further monitoring at the previous briefing
- Corporate scorecard Quarter 2 2013-14

Notes of the briefing are available in Appendix A and the watch list is available in appendix B.

Financial Implications

This report deals with matters of financial throughout.

Performance Issues

This report deals with matters of service performance throughout.

Environmental Impact

There is no environmental impact associated with this report.

Risk Management Implications

There are no risk management implications associated with this report.

Equalities implications

An Equality Impact Assessment was not carried out as the report includes no proposals for service change.

Corporate Priorities

The work of the sub-committee addresses all of the council's corporate priorities.

Section 3 - Statutory Officer Clearance

Not required for this report.

Section 4 - Contact Details and Background Papers

Contact: Lynne Margetts, Service Manager Scrutiny, 020 8420 9387

Background Papers: No

Appendix A

P&F CHAIR'S BRIEFING – Version 1 WEDNESDAY 27TH NOVEMBER 2013

Attending:

Councillor Sue Anderson (Chair P&F),

Simon George, Director of Finance and Assurance

Martin Randall, Senior Professional Corporate Performance and Planning

Lynne Margetts, Service Manager Scrutiny

NOTES

Revenue and Capital Monitoring report Quarter 1 2013-14

The Director and Finance and Assurance briefed Cllr Anderson on the revenue and capital monitoring report. At Quarter 2 the council is forecasting an outturn position overspending by roughly £1.88m by the end of the financial year – a Directorate overspend of £2.6 m reduced to £1.88 m after accounting for corporate items.

He highlighted the following:

The HRA surplus is improving to £660k after the external decorations programme has been rolled up into other projects

Public Health budget is forecasting an underspend. As this is a new responsibility for the council, officers are being cautious not to over-commit resources. There is also concern regarding the potential impact of legacy debt from the PCT. A public health reserve fund will be set up at the end of the year from this underspend.

The capital budget of £80.42m has a projected spend of £61m. It is expected that this spend will reduce.

Cllr Anderson clarified that the Director of Finance and Assurance is anticipating a healthy underspend at the end of the financial year. He commented that whilst this is expected to be the case, it will not be as good as the previous financial year which saw the council set aside significant sums to deal with anticipated redundancy funding. The financial risks associated with redundancies are not expected to be as significant as they had been.

Cllr Anderson was advised that with regard to central contingency, the significant issues are

- Staff overspend in Children and Families Services – the result of increasing case load pressure on social workers – and
- Placement costs in Adults Services

Watch list of items selected for further monitoring/Corporate Scorecard Quarter 2

The following performance indicators should be deleted from the watch list:

- 'Average time taken to re-let LA housing '
- 'Percentage of household waste sent for re-use, recycling and composting'
- 'Proportion of web forms and web visits as a percentage of overall contact'
- '% forecast variation from budget: capital expenditure'
- 'Accident incident rate; and reportable injury frequency rate'

Following consideration of the Corporate Scorecard, Quarter 2, it was agreed that the following indicators will be added to the watch list:

- 'Timeliness of assessments, percentage completed in 45 working days' – the indicator which this replaces 'Assessments completed in 35 days' is already on the watch list
- 'Number of smoking quitters'
- '% of new starters who completed the mandatory Equality and Diversity e-learning module within 6 months of commencing employment'

In addition the Chairman requested the following:

- Comparative information to be included in the watch list with respect to young people leaving care not in education employment or training
- An item on the provision of private rented accommodation in the light of increasing homelessness to be added to the agenda for the committee meeting on 21st January 2014
- A separate briefing on the increasing incidence of domestic violence be arranged to include the scrutiny leads for Children and Families and Community Health and Well Being
- An officer to attend the next briefing with regard to the percentage of food establishments compliant with food hygiene law
- Rate of proven re-offending to be covered at the 18th February meeting of the committee as part of the Corporate Director of Children and Families Services presentation of performance information from the Children and Families Directorate
- The report to the Communications, Performance and Resources Portfolio Holder with regard to staff sickness to be shared with chair and vice chairman of the committee.

Appendix B - Indicators brought forward for further monitoring at P&F Chair's briefing (Watch List) - Updated following meeting on 27 November 2013

Indicator	Selected for monitoring	Q2 status	Update at Q2	Comments and actions from Q2 meeting	Keep on Watch List?
Supporting and protecting people who are most in need					
Care leavers not in education, employment or training at age 19	Q2, 2013/14	-	No RAG status as target to be determined on the basis of 2013/14 being the baseline year. 49 out of 57 former care leavers are in suitable accommodation (5 deported, 6 not in suitable accommodation) YTD. 18 out of 57 former care leavers are NEET (of whom 1 are deported, 2 missing and the remaining 36 are EET) YTD. See also update issued on 20/09/2013.	Comparative data for London authorities requested.	Yes
Assessments completed within 35 days	Q1, 2013/14	LR	New indicator from DfE: Timeliness of assessments, percentage completed in 45 working days (year to date) . This measure combines Initial and Core Assessments into a single measure. First reported at Q2 2013/14, but, Q1 RAG status has been determined retrospectively as Amber.		Yes
Homelessness - number of households we assist with housing in the private rented sector (Housing scorecard)	Q2, 2011/12 (as a suite)	HR	Q2 2013/14 return is 117 against a target of 160 (year to date). Procurement increasing due to incentives. Delay in signing leases means the improvement will show in Q3. From Directorate scorecard as not reported in Corporate scorecard.	Update in relation to private rented sector to be provided at January 2014 meeting of P&F Sub-Committee.	Yes
- No. of households in B&B at end of quarter - snapshot (Housing scorecard)		LR	Q2 2013/14 return is 107 against a target of 100. Increase in B&B mainly caused by difficulties in procuring Private Rented Sector properties. From Directorate scorecard as not reported in Corporate scorecard.		Yes

Indicator	Selected for monitoring	Q2 status	Update at Q2	Comments and actions from Q2 meeting	Keep on Watch List?
ex-BV 212 Average time taken to re-let LA housing (days) (Housing scorecard)	Q2 2012/13	HG	Q2 2013/14 return is 15.23 days against the target of 18 days. Significant improvement in performance. From Directorate scorecard as not reported in Corporate scorecard.	Performance improved, remove from watch list.	No
Number of smoking quitters	Q2, 2013/14	HR (Q1)	Newly added	Add to watch list	Yes
Keeping neighbourhoods clean, green and safe					
Repeat incidents of domestic violence (also Violent Crime)	-	R	For Violent Crime, see interim update issued on 16/10/2013. Repeat incidents of Domestic Violence return in Q2 2013/14 is 15%, same as Q2. Falls outside target range hence RAG status. Seventy-five cases were discussed at MARAC in Q2, the highest number of cases discussed in any quarter in Harrow. The number of repeat referrals, 11, was only marginally above the average for the last two years. The combination of a very high number of cases discussed, with a relative average number of repeat referrals, created a low repeat victimisation rate. A low repeat victimisation rate should usually be seen as a positive development.	Briefing to be arranged for Chair and Vice-Chairman with Service Manager (Policy and Partnerships) and Violence Against Women and Girls Co-ordinator. Scrutiny Leads for Children & Families and Adults also to be invited. Decision to be made following that meeting on referring to P&F Sub-Committee.	Yes

Indicator	Selected for monitoring	Q2 status	Update at Q2	Comments and actions from Q2 meeting	Keep on Watch List?
NI 184 Food establishments in the area which are compliant with food hygiene law	Q2 2012/13	LR	Q2 2013/14 return is 70% against a target of 76%. Quarterly figures continue to hover around the 70% compliance mark. As mentioned in previous reports, new premises added to the database and not inspected this year are considered "non compliant". The service proposes to record two measures in future: the current figure (all premises, inspected or not), and the percentage compliant out of those inspected, which will give an indication of the actual situation experienced by inspectors and an overall view of food hygiene compliance in Harrow.	An officer from the service to be asked to attend the January 2014 Chair's briefing to give further explanation.	Yes
NI 192 Percentage of household waste set for recycling and composting	Q4 2012/13	LG (Q1)	Q2 2013/14 return is 52% against a target of 50%.	Performance improved, remove from watch list.	No
Improved street and environmental cleanliness: - NI 195a – litter - NI 195b – detritus - NI 195c – graffiti	Q2, 2011/12 (litter/detritus); Q4, 2010/11 (graffiti)	HR LG HR	Q2 2013/14 returns are 14% against a target of 6% for litter (NI195a), 9% against a target of 9% for detritus (NI195b) and 8% against a target of 3% for graffiti (NI195c). Litter and graffiti are reported in the Corporate scorecard, but detritus is from the Directorate scorecard. The NI 195 scores show a deterioration in performance this quarter. Litter (NI 195a) in particular has gone up from 7% in tranche 1 to 14% in tranche 2 (the survey is conducted in 3 tranches during the year) against a target of 6%.		Yes

Indicator	Selected for monitoring	Q2 status	Update at Q2	Comments and actions from Q2 meeting	Keep on Watch List?
			<p>These scores reflect the impact of the MTFS savings. This is the first tranche of inspections that has incorporated the full effect of a six weekly cleansing cycle, the reduced coverage to shopping areas, industrial areas and recreational areas, and the results reflect the extended cleansing cycle that was being undertaken at the time of the inspection - this trend should be reversed with the recent investment into the service. In terms of graffiti, we are adversely affected by the amount of graffiti on private property which, although we are not responsible for removing it, does negatively impact on our score – the measure is defined to include any graffiti or fly-posting visible from the transect area.</p>		
ited and involved communities: a Council that listens and leads					
Visits to libraries - number of physical visits	Q4 2012/13	LR	<p>Note: as of Q1 2013/14 the composite measure "Participation in cultural services" is reported against the Corporate Priority "United and Involved Communities". Q2 2013/14 return for physical visits to libraries is 294,945 against a target of 312,500. There has been a slight decrease in the number of visits in Q2 compared to Q1. Q1 is traditionally the period of highest use due to the use of the libraries for studying by students. Civic Centre Library also merged with Gayton Library in August 2013. From Directorate scorecard, as not reported in Corporate scorecard.</p>	To be raised via CHW Scrutiny Leads' meeting.	Yes

Indicator	Selected for monitoring	Q2 status	Update at Q2	Comments and actions from Q2 meeting	Keep on Watch List?
Percentage of new starters who completed the mandatory Equality & Diversity e-learning module within 6 months of commencing employment	Q2, 2013/14	HR	Newly selected.	Add to watch list	Yes
Supporting our town centre, our local shopping centres and businesses					
None this quarter.					
Effective & Efficient Organisation (formerly Customer & corporate health; and Resources)					
% household planning applications approved	Q1, 2012/13 (former measure selected Q2 2011/12)	HR	Q2 2013/14 return is 73% against a target of 90%. Whilst below target levels the Council's 100% appeal success rate on householder applications over this quarter would suggest that the refusals are robust. Information on the impact of pre-application advice is that where advice is followed subsequent applications are generally approved. Officers are considering how to further promote this service to improve approval rate.		Yes
Proportion of web forms and web visits as a percentage of overall contact	Q1 2013/14	A	Q2 2013/14 return is 69% against a target of 70%		No
Staff sickness - average days per FTE excluding schools	Q1 2013/14	HR	Q2 2013/14 return is 9.39 days against a target of 8.18 days. Overall performance (including schools) is unchanged since Q1. However the performance excluding Schools has further declined. A plan for improving this was agreed at CSB in October.	Request for sight of report analysing causes of absence.	Yes

Indicator	Selected for monitoring	Q2 status	Update at Q2	Comments and actions from Q2 meeting	Keep on Watch List?
Workforce with IPAD in last 12 months	Q1 2013/14	LR	Q2 2013/14 return is 86% against a target of 95%. Performance has risen significantly since Q1. HRD Business Partners are continuing to work with Directorates to improve performance.		Yes
% forecast variation from budget: capital expenditure	Q4 2012/13	-	No longer reported in Directorate or Corporate scorecard. Refer to Budget Monitoring report.		N/A
Overall current tenants' rent arrears (£k)	Q4 2012/13	HR	Q2 2013/14 return is £496k against a target of £440k. Figure calculated immediately prior to direct debit run which would result in a credit of approximately £24k (which would reduce arrears to £472k). Detailed analysis of the impact of spare room subsidy is ongoing and resources targeted at those cases requiring intensive support. From Directorate scorecard as not reported in Corporate scorecard.		Yes
Accident incident rate; and Reportable injury frequency rate	Q1 2013/14	HG HG	Q2 2013/14 returns are 16 against a target of 1,355 and 0 against a target of 0.5 respectively. See also update issued on 20/09/2013.		No

REPORT FOR: CABINET

Date of Meeting:	12 December 2013
Subject:	Revenue and Capital Monitoring for Quarter 2 as at 30 September 2013
Key Decision:	Yes
Responsible Officer:	Simon George, Director of Finance and Assurance
Portfolio Holder:	Councillor Tony Ferrari, Portfolio Holder for Finance
Exempt:	No
Decision subject to Call-in:	No, as the decision is for noting only
Enclosures:	Appendix 1 - Revenue Directorates Summary Appendix 2 - MTFS Tracker Appendix 3 - Debt Management

Section 1 – Summary and Recommendations

This report sets out the Council's revenue and capital monitoring position as at 30 September 2013:

Recommendations:

1. To note the revenue and capital forecast outturn position at the end of Quarter 2 (September 2013);
2. To note the Capital virement detailed in paragraphs 49 to 50.

Reason (for recommendation)

To ensure that Cabinet is updated on the forecast revenue and capital financial position for 2013/14 and budget virements are agreed in line with Financial Regulations.

Section 2 – Report

Introduction

1. The 2013-14 quarter 2 revenue financial monitoring is reporting a pressure to the revenue outturn position of £1.88m overspend. This represents an adverse variance of 1.0% against the approved budget of £181.06m as summarised in the table below. This is an improvement of £0.32m since quarter 1.

Directorate	Quarter 2 Revenue Variance £m	Quarter 1 Revenue Variance £m	Change £m
Resources	(0.18)	0.25	(0.43)
Environment and Enterprise	0.80	0.72	0.08
Community, Health & Wellbeing	1.18	0.66	0.52
Children and Families	0.81	0.57	0.24
Directorate Subtotal	2.61	2.20	0.41
Corporate/Below the Line	(0.73)	0.00	(0.73)
General Fund Total	1.88	2.20	(0.32)

2. The main areas of the £1.88m variance are summarised below :-
 - Resources directorate – Customer services & legal savings behind schedule offset by savings on the Harrow Help scheme and pension augmentation costs
 - Environment and Enterprise directorate – Public realm services savings delayed due to the pause of the PRISM restructure, partially offset by additional parking income
 - Community, Health & Wellbeing – Vacancy, agency & procurement savings plans still being developed and the delayed decision on the outsourcing of library services
 - Children and Families – The Teachers’ Centre is facing pressure on achieving income targets and Targeted Services is experiencing additional demand for placements & referrals
3. Due to the challenging financial environment and the risks around service demands & delivery, directorates face a challenging time to manage and contain existing and emerging issues. Management teams continue to take actions to mitigate these pressures which are monitored and reported in a timely way.

Directorates’ Position

4. The Quarter 2 forecast shows a potential net budget overspend of £2.61m on directorate budgets, and £1.88m overall after accounting for corporate items.

RESOURCES–UNDER SPEND OF £0.18M

5. At quarter 2, a forecast under spend of £181k is anticipated, a reduction of £431k from the quarter 1 forecast. The key reasons for this are;

- Under spend on Customer Services due to lower than anticipated take up on the Harrow Help Scheme (£231k).
- Finance and Assurance under spend as a result of monthly pension augmentation payments being less than budgeted for (£100k).
- HRD & Shared Services under spend as a result of delay in developing a corporate financial management learning and development programme. Approval for carry forward to 2014-15 will be sought (£50k).
- Legal & Governance overspend of £50k due to a delay in establishing an expanded practice resulting in the budgeted income not being realised in the current year (£100k), Mayoralty (£50k) offset by over recovery of Land charges income by £100k. £50k start-up costs to expand the practice to another borough were funded from MTFs implementation

ENVIRONMENT AND ENTERPRISE – OVERSPEND £0.80M

6. At Quarter 2, Environment & Enterprise are reporting a projected overspend of £800k, over the total net controllable budget of £23.6m. This is an increase of £80k from the quarter 1 forecast.
7. The key reasons for this increase are;
 - £139k increase in the shortfall of planning and building fee income.
 - £100k increase in property services costs in relation to MTFs savings associated with minimum standard cleaning due to contract being re-tendered and no savings materialising.
 - £47k increase in Community safety costs associated with the additional staffing costs to achieve parking income.
8. These increases are offset by;
 - £100k Directorate management overspend reported at Quarter 1 will be funded by one-off carry forwards from 2012-13 year end.
 - £105k Transformation monies in relation to opening & locking gates (£70k) and dog waste collection (£35k) have been agreed. At Q1, these were reported as overspends.
9. Unachieved MTFs savings [red rated] of £3,480k have been partly offset by additional forecast parking revenue £1,297k, vacancies held circa £500k and overachieved income including rents £99k, capital recharges £506k, recoverable expenses £85k and licences £90k.
10. The budgets are being robustly monitored by the service and other opportunities are being explored in order to reduce the forecast further by the end of the financial year.

COMMUNITY, HEALTH AND WELLBEING – OVERSPEND £1.18M

Adult Services

11. Adults Services are reporting a projected overspend of £154k against a net controllable budget of £56.235m. This is an increase on quarter 1 of £14k. Pressures of £0.5m have been identified around the achievement of the MTFs savings for Day Care and Residential Strategic Reviews, although the savings will be achieved in full over the two year period.
12. There are still concerns about the values of the NHS transfer grant to be negotiated with the CCG.
13. A significant part of the pressures in year are being alleviated by the early achievement of the 14-15 Supporting People savings, together with a review of income on the Placement budget. The service is achieving a virtually balanced budget except for the late savings allocation. Those in relation to vacancy management and agency are proving difficult to achieve.

14. The majority of Adults budgets are demand led and Harrow Council has a statutory duty to meet vulnerable adults' needs. It is therefore challenging to strike a balance between safeguarding adults against harm and abuse and balancing the budgets at the same time however.

Community And Culture

15. Community and Culture are reporting a projected overspend of £780k against a total net controllable budget of £4.437m. A significant part of the forecast overspend is due to the delayed decision making for outsourcing Library and Leisure services. The estimated impact of this is £545k in 2013/14.

16. A request for an allocation from the Council's general contingency will be made later in the year when the figure can be finalised following confirmation of the start date of the new contract. Other material pressures relate to; unachievable MTFS income targets at Harrow Arts Centre (£110k), unachievable MTFS savings against employee budgets across the Directorate (£113k), of which £52k relates to late corporate savings.

Housing General Fund

17. The Housing General fund is reporting a projected overspend of £9k against a total net controllable budget of £3,898k.

18. B&B net expenditure is expected to be lower than budget despite a number of families reaching 101 as at 24 Sep 2013. The additional resources required for the procurement of Private Sector Lease agreements has been addressed following the realignment of £340k from B&B budgets agreed at period 04.

19. Additional risks have been identified but not included in forecast outturn. There remains uncertainty around the impact of the Welfare Reforms and the situation continues to be monitored

20. Due to welfare reform, landlords are now very nervous about housing benefit dependant households, and there is increasing competition between councils who are offering large incentive payments. We have now reached the point where we must now also offer more generous financial packages as the only way for us to effectively procure sufficient properties to stabilise and then reduce B&B use.

Housing Revenue Account

21. The forecast surplus for the year at quarter 2 is £633k which is £177k more than the budget. This is due mainly to lower than expected spend on the external decorations programme which will be delivered as part of the wider enveloping capital scheme.

	Revised Budget	Forecast Outturn	Quarter 2 Variance	Quarter 2 Variance	Quarter 1 Variance
	£000	£000	£000	%	£000
Balance b/f	-3,469	-3,175	294	-8	294
(Surplus)/ Deficit	-456	-633	-177	39	189
Balance c/f	-3,925	-3,808	117	-3	483

Public Health

22. It is likely that there will be larger than anticipated balances at the end of the financial year. Expenditure to date is lower than anticipated, largely due to delays in providers submitting

invoices for payment as a result of contract finalisation but also staff vacancies, delays in commencing some of the investment projects, together with prudent assumptions made around contingencies and liabilities to avoid over committing the grant.

23. These balances will be carried forward within specific Public Health reserves and will enable the funding of expenditure committed in 2013/14 and provide capacity for additional one-off projects to be delivered (subject to the relevant approvals).

24. NHS England have recently announced the extension of the ring-fenced grant for a further year to 31st March 2016. A risk of approx. £115k remains around the payment of the legacy invoices – it is assumed that these will be funded nationally or by the CCG, although further guidance is awaited.

Transformation

25. (£229k) overspend - principally reflecting the additional procurement savings across the division notionally held in this area. A number of projects are underway which it is hoped will enable this saving to be achieved but this will be monitored and reduced when the programme has been quantified with more certainty.

CHILDREN & FAMILIES - OVERSPEND £0.81M

26. As at period 6 the Children and Families Directorate is forecasting to be overspent by £815k on Council funded areas. The main areas of pressure are Childrens' Placements £217k, Social Worker Staffing £111k, Teachers Centre shortfall of income £250k, Special Needs Transport £66k and Children with Disabilities clients and staffing £173k. The main movements from the previous period are increases in pressures in Special Needs Transport of £66k, Children with Disabilities of £63k and Childrens' Placements of £66k.

CORPORATE BUDGETS

Interest and Finance Charges

27. We are currently estimating a £0.730m under spend largely attributable to savings on minimum revenue provision. This is a result of the slippage that occurred on the 2012-13 capital programme.

Central Contingency

28. The 2013/14 Central Contingency is £3.17m and is set aside to fund unforeseen pressures arising in-year. To date directorates have identified potential draw downs of £960k from the contingency.

Levies.

29. These are forecast to be on budget.

MTFS Implementation Tracker

30. The 2013-14 budget includes approved MTFS net savings of £22.8m.

31. Appendix 2 attached lists the position on implementation against all of the savings and growth included in 2013-14. Red rated savings items (those unlikely to be delivered in-year) in 2013-14 total £5.574m. The table below summarises the position across directorates for the savings items included.

SAVINGS TRACKER SUMMARY					
	Resources	Environment & Enterprise	Community, Health and Wellbeing	Children & Families	Total
	£000	£000	£000	£000	£000
Red	81	3,480	1,711	302	5,574
Amber	1,821	925	1,285	478	4,509
Green	2,602	3,085	3,711	2,381	11,779
Total	4,504	7,490	6,707	3,161	21,862

32. A number of the savings rated red, but not all, have an ongoing impact in 2014-15. The MTFS refresh process will have addressed a number of these issues.

33. Officers continue to work to deliver the MTFS savings.

Inflation and Corporate Items

34. The April 2013 pay award of 1% has been implemented and an inflation allocation of £925k has been made to service directorates.

Carry Forwards and Earmarked Reserves

35. The cabinet approved 2012-13 carry-forwards of £3.268m have been included within individual directorate budgets.

36. Earmarked reserve balances including the Local Authority Area (LAA) Grant £339k and the Housing Benefit PFI grant £41k have been included within the directorate's budgets.

37. The balance on the Transformation and Priority Initiatives Fund (TPIF) brought forward from 2012-13 was £1.117m. The following draw downs against the fund have been approved:

- £100k Welfare Reform
- £100k Reversal of wilderness parks saving
- £80k Rapid response cleansing and volunteer support service
- £50k Neighbourhood champions scheme
- £60k Rapid response parks maintenance service
- £90k Community engagement recycling support team
- £75k Beat sweeper support to secondary shopping areas
- £70k Opening and locking gates in parks and cemeteries
- £35k Dog waste collection

In addition the following commitments had previously been made:

- £300k Circles of Support
- £154k Filling potholes

This leaves a balance of £3k on the fund.

Reserves and Provisions

38. The Council must hold adequate provisions and reserves balances against known and anticipated events and in respect of its statutory duties as appropriate. General non earmarked balances stand at £8.646m. All the provisions are reviewed on a quarterly basis. As at

quarter 2 the Council has adequate provisions in respect of Insurance, Litigation and Employment cases.

Grants

39. The balance on unringfenced grant has been increased by £168k due to additional Education grant to be received in 2013-14 and this has been included within the directorate's budgets.

Debt Management

40. The latest position on Council Tax, NNDR and Housing Benefits bad debts provisions is included within Appendix 3.

Capital Programme

41. The 2013/14 capital programme agreed by Council in February 2013, adjusted for slippage from 2012/13 outturn and other budget movements totals £80.2m at Quarter 2. The revised budget as at Quarter 2 period includes £30.4m slippage from 2012/13 and additional grant funded expenditure of £0.6m.

	£m	%
Total capital budget for the year	80.2	
Total spend forecast in the year	61.2	76
Variance against the budget	(19.0)	(24)

The main reasons for variances are as follows:

Children and Families (6.77m)

42. The programme is being reprofiled in line with the additional grant funding made available by DfE for the School expansion programme.

Community, Health and Wellbeing (£2.05m)

43. The largest element of this is slippage at Headstone Manor while the Heritage Lottery funding is confirmed (£850k). MOSAIC implementation has been delayed due to delays in the release of software by the supplier (£350k). Slippage is occurring on a number of other projects within the directorate.

Resources (£1.64m)

44. Spend is slipping to 2014-15 on a number of IT and BTP projects. Some projects, e.g. Mobile and Flexible working had delayed starts, pending approval, SAP improvements has been delayed due to a change freezes while SAP is upgraded. The Waste hardware refresh has been deferred as the equipment does not need to be replaced yet.

Environment and Enterprise (£1.30m)

45. Harrow Card is no longer progressing (£460k). Pinner Park Farm has slippage of (£460k) and the Carbon Reduction Programme (175k). High Priority Plan Maintenance Corporate Property has a saving of (£72k) as a result of escalating costs at the Harrow Arts Centre leading to the work being stopped.

Housing revenue Account (0.611m)

46. The variance reflects a number of minor unders and overs within the housing programme.

Below the Line Items (£6.6m)

47. The underspend of (£6.6m) represents budget not being required in respect of land acquisitions (£4.5m), potential BTP projects not being developed (£1.6m) and funding for the school expansion programme not being required from Harrow resources (£0.5m) as grant funding has been obtained from the DfE.

The table on the next page shows the totals by directorate.

Capital Programme

Directorate	Original Programme	CFWD's	Adjustments	TOTAL BUDGET	Forecast	Forecast Variance	CFWD's
Community, Health & Wellbeing	3,545	2,543	1,961	8,048	5,998	-2,050	2,050
Children & Families	6,404	11,997	4,811	23,212	16,440	-6,772	6,772
Environment & Enterprise	13,798	7,007	-348	20,456	19,154	-1,303	681
Resources	5,390	8,059	0	13,449	11,814	-1,635	1,635
TOTAL GENERAL FUND	29,137	29,605	6,424	65,166	53,406	-11,760	11,138
HRA	7,634	757	0	8,390	7,779	-611	0
TOTAL GENERAL FUND & HRA	36,770	30,362	6,424	73,556	61,185	-12,371	11,138
BELOW THE LINE ITEMS	12,411	0	-5,818	6,593	0	-6,593	0
TOTAL CAPITAL PROGRAMME	49,181	30,362	607	80,149	61,185	-18,964	11,138
NOTE: General Fund Funding:							
Grant	-8,747	-14,076	-4,961	-27,784	-21,356	6,428	-6,400
Section 106		-427	-12	-439	-432	7	-8
RCCO		-63	-47	-110	-47	63	-65
Capital Receipt	-12,000	0		-12,000	-2,575	0	0
Borrowing	-8,390	-15,039	-1,404	-24,833	-28,996	5,262	-4,666
TOTAL GENERAL FUND	-29,137	-29,605	-6,424	-65,166	-53,406	11,760	-11,138
HRA Funding:							
Grant		-42		-42	-42	0	0
DRF	-7,633	-715		-8,348	-7,737	611	0
TOTAL HRA	-7,633	-757	0	-8,390	-7,779	611	0

48. At this stage it is anticipated there will be no need to call on below the line items.

Virement

49. The following virement has been approved under delegated authority within the HRA capital programme:

Transfer from	External decorations	-£133,510
Transfer to	Cyclical maintenance	+£133,510

50. The reason for the virement is to ensure adequate funding for cyclical programme in 2013-14. External decorations are being delivered as part of the wider enveloping programme within HRA Capital schemes.

Legal Implications

51. There are none directly related to this report.

Financial Implications

52. Financial matters are integral to the report.

Performance Issues

53. Good financial performance is essential to achieving a balanced budget. The financial performance is integrated with the strategic performance of the Council through quarterly Improvement Boards for each Directorate where the financial position is considered at the same time as performance against key projects, service KPIs (including customer data and complaints) and workforce. Monitoring of finance and performance is reported regularly to the Corporate Strategic Board and Cabinet and is also considered by the Council's Performance and Finance Scrutiny Sub- Committee.

54. The overall projected percentage variance from the general fund revenue budget is 1.0% overspent, £1.876m. Further detail at service level is shown in appendix 1.

55. MTFs Implementation. Appendix 2 details progress on the investment and savings items approved as part of the 2013-14 budget. The overall position on savings is that 54% of the savings are RAG rated as green, 21% RAG rated amber and 25% RAG rated red.

56. There is a performance target of 90% of the approved capital programme for 2013-14 being spent in year. The current projection is for spend excluding below the line items to be 83% of budget. Actual to date is 19%, with a further 15% of purchase orders raised.

57. Council Tax Collection. The collection rate is slightly below the target profile at 56.76% against a profile of 57%. This is a worse position by 0.8% than the same time last year when 57.56% was achieved. This reflects non or under payments by the 12,000 working age recipients of council tax support, who previously did not pay Council Tax. The position is being monitored and recovery action taken as appropriate.

58. Business Rates Collection. The collection rate is -2.62% below profile at 58.38%. Payments have been delayed in relation to the properties included within the leisure and libraries contract. This is pending finalisation of the charitable status of the new taxpayer and mandatory relief granted.

Environmental Impact

59. There are none directly related to this report.

Risk Management Implications

60. The risks to the council and how they are being managed are set out in the report:

Risks included on Directorate risk registers? Yes

Equalities Implications

61. There are no direct equalities impacts arising from the decisions within this report.

Corporate Priorities

62. This report deals with Revenue and Capital monitoring which is key to delivering the Council's corporate priorities.

Section 3 - Statutory Officer Clearance

Name: Simon George	<input checked="" type="checkbox"/>	Chief Financial Officer
Date: 2 December 2013		
Name: Jessica Farmer	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 18 November 2013		

Section 4 – Performance Officer Clearance

Name: Alex Dewsnap

on behalf of the
Divisional Director Strategic
Commissioning

Date: 30 November 2013

Section 5 – Environmental Impact Officer Clearance

Name: Andrew Baker

on behalf of the
Corporate Director
(Environment & Enterprise)

Date: 13 November 2013

Section 6 - Contact Details and Background Papers

Contact: Dawn Calvert: dawn.calvert@harrow.gov.uk

Background Papers: [Agenda for Cabinet on Thursday 14 February 2013, 7.30 pm](#)
[Agenda for Cabinet on Thursday 12 September 2012, 6.30pm](#)

**Call-In Waived by the
Chairman of Overview and
Scrutiny Committee**

NOT APPLICABLE

*[Call –in does not apply to decisions
that are for noting only]*

Appendix 1: Revenue Directorates Summary

	Revised Budget	Forecast Outturn	Quarter 2 Variance	Variance	Quarter 1 variance
	£000	£000	£000	%	£000
Resources					
Controllable Budget					
Director of Resources	944	1,051	106	11.3%	(13)
Customer Services	5,607	5,405	(202)	(3.6%)	71
Finance & Assurance	5,051	5,019	(32)	(0.6%)	(15)
HRD & Shared Services	(1,780)	(1,813)	(33)	1.9%	9
Legal & Governance	1,360	1,410	50	3.7%	151
Procurement	(77)	(64)	13	(16.3%)	90
Strategic Commissioning	1,567	1,483	(84)	(5.3%)	(43)
Total Controllable Budget	12,672	12,491	(181)	(1.4%)	250
Uncontrollable Budget	17,439	17,439	0	0.0%	0
Total Directorate Budget	30,111	29,930	(181)	(0.6%)	250
Environment and Enterprise					
Controllable Budget					
Directorate Management	594	594	0	0.0%	100
Community Safety	(4,084)	(4,956)	(872)	(21.4%)	(919)
Property & Infrastructure	8,722	8,716	(6)	(0.1%)	(162)
Public Realm Services	17,896	19,303	1,407	7.9%	1,562
Enterprise	451	722	271	60.1%	139
Total Controllable Budget	23,579	24,379	800	3.4%	720
Uncontrollable Budget	14,944	14,944	0	0.0%	0
Total Directorate Budget	38,523	39,323	800	2.1%	720
Community, Health and Wellbeing					
Controllable Budget					
Adult Services	56,235	56,389	154	0.3%	140
Community and Culture	4,347	5,127	780	17.9%	380
Housing General Fund	3,898	3,907	9	0.2%	-93
Public Health	626	626	0	0.0%	0
Transformation	192	421	229	119.3%	228
Total Controllable Budget	65,298	66,470	1,172	1.8%	655
Uncontrollable Budget	13,137	13,137	0	0.0%	0
Total Directorate Budget	78,435	79,607	1,172	1.5%	655
Children and Families					
Controllable Budget					
Management & Business Support	3,526	3,526	0	0.0%	0
Early Intervention Services	5,160	5,132	(28)	(0.5%)	0
Targeted Services	16,503	16,831	328	2.0%	262
Commissioning & Schools	2,857	3,133	276	9.7%	250
Special Needs	7,925	8,164	239	3.0%	60
Schools	37	37	0	0.0%	0
Total Controllable Budget	36,008	36,823	815	2.3%	572
Uncontrollable Budget	10,047	10,047	0	0.0%	0
Total Directorate Budget	46,055	46,870	815	1.8%	572
Total Directorate Budgets	193,124	195,730	2,606	1.3%	2,197
Corporate Items	-11511	-12241	-730	0%	0
Total Budget Requirement	181,613	183,489	1,876	1.0%	2,197

MEDIUM TERM FINANCIAL STRATEGY 2013-14 IMPLEMENTATION

Appendix 2

	2013-14 £000	2013-14 RAG	Comments	Officer Lead
	Status			
RESOURCES				
Investment in Services				
Customer Services				
Web development & licences	10	G	On Track	Jonathan Milbourn
IT & text alerts	50	G	On Track	Jonathan Milbourn
Helpline Income shortfall	80	G	On Track	Jonathan Milbourn
Card Payment System	92	G		Jon Turner
IT / PMO				
BTP Contract Indexation	60	G		Rahim
Transfer from capital - Microsoft annual licence costs more economic than buying	88	A	Actual costs unknown - Capita still in discussions with Microsoft	Rahim
Strategic Commissioning				
Local Information System Licences and Running Costs	18	G		Alex Dewsnap
Reduction in DAT contribution due to PCT budget reductions (reversal of one off growth in 2012-13)	-25	G		Alex Dewsnap
Experian & LIS	3	G		Alex Dewsnap
Refresh of Residents Panel	10	G		Alex Dewsnap
HRD				
Cashiers Service Resilience	50	G	needed and being used	Fern
Corporate services savings shortfall	20	G		Jon Turner
Increased Resources in Payroll	35	G		Jon Turner
Reduced WLWA SLA Income to Payroll	20	A	Position subject to use of service which is being negotiated	Jon Turner
Legal and Governance				
Legal Expansion of Child protection	120	G		Hugh
Individual Electoral Registration	100	G		Hugh
Finance				

MEDIUM TERM FINANCIAL STRATEGY 2013-14 IMPLEMENTATION

Appendix 2

	2013-14 £000	2013-14 RAG Status	Comments	Officer Lead
Finance Transformation Project	200	A	Transition plan still being developed. Will be dependent on agreement to carry forwards from 2012-13, otherwise scope will need to be reduced.	Simon George
Finance - Ending Service to WLWA	23	A	Position subject to use of service which is being negotiated, firming as to end point currently unclear	Simon George
Reduced Schools SLA Income	20	G		Simon George
Risk Audit and Fraud				
Internal Audit - loss of income from ending service to WLWA	17	G	No loss of income anticipated as WLWA intend to continue to use Harrow Internal Audit Services for 2013/14 - currently in process of agreeing plan including audit days.	Susan Dixon
Collections and Benefits				
Additional Staff-Revenues CTS collection	150	G	needed and being used	Fern
Harrow HELP scheme	100	G	needed and being used	Fern
PFI Grant Reduction	38	G	occurred so needed and being used	Fern
DWP HB Reduction in Admin Grant	298	G	DWP budget announcement for 13-14 reduced subsidy so needed	Fern
Funding for Localised CTB consultation & Implementation (reversal of one off growth in 2012-13)	-100	G	One off in 12/13 only so budget removed in 13/14	Fern
Procurement				
Investment in Procurement Team to restore size of team to that for 2011/12	140	A	New structure consulted on has £130k budget gap, plus recruitment costs dependent on carry forward.	Terry Brewer
Total Investment in Services	1,617			
Savings				
Customer Services				
Move landlords online with F2F by appointment only on fixed days	-90	G	On track - Appointment system live changes in place	Jonathan Milbourn
Reduction in staff hours to meet demand through fewer full time posts	-60	G	On track to make savings	Jonathan Milbourn
Use of Artificial Intelligence to divert switchboard calls	-60	G	On track - Project live	Jonathan Milbourn
Restructure of Reception to ensure all day cover	-10	G	On track - complete	Jonathan Milbourn

MEDIUM TERM FINANCIAL STRATEGY 2013-14 IMPLEMENTATION

Appendix 2

	2013-14 £000	2013-14 RAG Status	Comments	Officer Lead
Reconfigure One Stop Shop	-50	G	On track - Appointment system live changes in place	Jonathan Milbourn
IT / PMO				
Deletion of Project Manager	-48	G		Rahim
Datacentre to remain at the Civic Centre	-250	G		Rahim
Recharge utility costs for computer room to Capita - allocated to Resources	-95	A	Saving was overstated and alternative savings have been identified to replace this item	Rahim
Reduction in Telephony Costs utilising SIP	-200	A	Overstated by £50k. No significant progress from Capita on procurement	Rahim
Strategic Commissioning				
Delete post of Senior Professional SIMS	-60	G	delivered	Alex Dewsnap
Performance, Research & Analysis Business Case and New Operating Model Strategic Commissioning	-132	A	CSB considered the aggregation business case at its meeting on 27th March. Aspects of this affecting policy delivery will now be delivered to coincide with a new Administration in May 2014. Therefore, the saving for 2013/14 will need to be delivered via changes in staffing plus underspend within the Division, which is currently on track. The £97k is on track to be delivered along with the £93k in line 61 for 2014/15 plus the structural budget changes necessary to enable the remainder of the £132k to be taken out of the base budget on a permanent basis in 2014/15. Saving is therefore amber only on the basis of the structural savings not being delivered in year but there will be no adverse budget position due to delivering an underspend position across the Division.	Alex Dewsnap
Merger of Consultation Officer into Communications team	-40	G	delivered	Alex Dewsnap
Communications - reduction in number of campaigns	-46	G	delivered	Alex Dewsnap
HRD				

MEDIUM TERM FINANCIAL STRATEGY 2013-14 IMPLEMENTATION

Appendix 2

	2013-14 £000	2013-14 RAG Status	Comments	Officer Lead
Re-negotiate L&D managed service contract fees	-38	G	Delivered	Lesley Clarke
Reduction in TU facility budget	-30	G	Will be delivered. £22k per annum income from Unison.	Lesley Clarke
Print Contract Savings	-350	A	Still working through rollout and may need to revisit budgets consolidated.	Jon Turner
Cessation of External recruitment Advertising	-25	R	IOB considered options for permanent recruitment (including external recruitment) for implementation in 2014/15. Delay puts at risk the savings in 2013/14	Lesley Clarke
Risk Audit and Fraud				
CORPORATE ANTI-FRAUD TEAM				
Proceeds of Crime Act - pursue recoveries of fraudulent gains in partnership with Brent, plus additional income recovery	-20	G	1 FTE post saving for 13/14 amounting to £50K plus expected income from other sources in 13/14 & 14/15.	Justin Phillips
INTERNAL AUDIT				
Delete vacant post in audit	-30	G	Post deleted.	Susan Dixon
CORPORATE HEALTH & SAFETY SERVICE				
Delete 2 posts in Health and Safety	-82	G		Jon Turner
CIVIL CONTINGENCIES TEAM				
Joint working opportunity with other boroughs	-35	G	1 FTE post kept vacant for 6 months amounting to £17k, plus expected income from Schools SLA in 13/14 of £18k, giving total of £35k. There will be a continuing pressure in 2014/15 as the SunGard contract can only be cancelled in August giving a 6-month notice period, and the WL BC Accommodation proposal is still in draft with the legal teams.	Kan Grover
INSURANCE SERVICE				
Reduced broker fees through more in-house handling and increased income on third party insurance schemes	-2	G	On target through increased in-house handling of motor and injury claims	Karen Vickery

MEDIUM TERM FINANCIAL STRATEGY 2013-14 IMPLEMENTATION

Appendix 2

	2013-14 £000	2013-14 RAG Status	Comments	Officer Lead
Future trading with Academies	-25	A	Academies cannot benefit from the Council's self-insurance arrangements hence the appetite from academies to purchase their insurance through the Council is low, however we are working with the Insurance London Consortium to develop a product specifically designed for academies	Karen Vickery
Phase 2 restructure, reduced assistant post from claims handling transfer to Access Harrow / further LEAN efficiencies	-20	G	Posts deleted in July 2012	Karen Vickery
Reduction of 1FTE Anti Fraud Investigator Post	-50	G		Justin Phillips
Reprocurement Occupational Health	-70	G	delivered	Jon Turner
Deletion of Corporate Risk Management Support Service	-30	G		Simon George
Cross Council Insurance Claims	-30	A	On track to make saving LEAN review of motor claims commenced March 2013 and tree root protocol is under development, however new processes may take time to embed	Karen Vickery
Deletion of Divisional Director post as part of Resources Directorate restructure	-118	G	delivered	Tom Whiting
LEGAL AND GOVERNANCE				
Legal Practice				
Legal Practice staffing	-28	G		Hugh
Shared Service efficiencies	-75	G		Hugh
Expansion of Legal Practice Shared Service	-100	A	Decision by potential partner delayed until November, will not deliver saving in 13-14	Hugh
Registrars				
Share/reduce management costs	-75	G		Hugh
Elections				
E-canvass Project	-20	G		Hugh
Reduced Number and Frequency Formal Committees	-30	R	Agreement has not been reached on reducing meetings and hence implementation of the savings required.	Hugh
Efficiency savings in Mayor's office	-26	R	Agreement has not been reached on implementation of the savings required.	Hugh
Scaled Back Councillor Investigation Process	-50	G		Hugh

MEDIUM TERM FINANCIAL STRATEGY 2013-14 IMPLEMENTATION

Appendix 2

	2013-14 £000	2013-14 RAG Status	Comments	Officer Lead
Increase to Registrars Fee Income Target	50	A	Green 2013-14, Amber 2014-15	Hugh
Corporate Finance				
Audit fees reduced	-160	G	consistent with fee proposal from auditors	Hasina Shah
London Boroughs grant scheme – reduced levy	-74	G	delivered	Steve Tingle
Treasury Management - increased investment income	-939	A	Dependent on interest rates. These have moved against us since saving proposed.	Hasina Shah
Procurement				
Collections and Benefits				
Deletion of 2 FTE posts in Revenues - Council Tax and NNDR	-60	G		Fern
Deletion of 1 post in Parking Back Office	-25	G		Fern
Concessionary Travel - Changes to TfL grant distribution	-105	G	Green 2013-14. Dependent on continuation of current level of funding from TFL and no further methodology changes	Fern
Withdraw Discretionary Rate Relief from Charity Shops in 2013-14 and end in 2014-15	-25	G	Not now stopping DRR altogether but funding can still be saved due to the way it is accounted for under Business Rates retention	Fern
Funding Administration of Emergency Relief Scheme from Grant	-85	G		Fern
Restrict the issuing of taxi cards to only that which is available through TFL funding	-200	G		Fern
Cross Council Efficiencies not delivered in 2012-13	215	G		Tom Whiting
Late Savings				
Vacancy management	-148	G	£160k pro rata allocation across salaries budgets. Rest contained within Revenue and Benefits as one off savings	Tom Whiting
Agency	-157	G	on HIB payment over recovery and additional grant.	Tom Whiting
Procurement	-205	G	Inflation allocation restricted to pension augmentation and Capita contract with a small balance held on Corporate director's code.	Tom Whiting
Inflation	-86	G		Tom Whiting

MEDIUM TERM FINANCIAL STRATEGY 2013-14 IMPLEMENTATION

Appendix 2

	2013-14 £000	2013-14 RAG Status	Comments	Officer Lead
Total Resources Savings	-4,504			
Net Resources Directorate	-2,887			
ENVIRONMENT AND ENTERPRISE				
Investment in Services				
PRS - Vehicle early termination payments	295	G	The termination costs have been confirmed at £85k. The remaining balance will be use to offset revenue overspends.	Dave Corby / Mick Wynne
Transformation growth	163	G		Philip Hamberger
Parking review	261	A	Full cumulative impact up to 14/15 can range between -£568k if free parking is not introduced to +938k if free parking is introduced (additional growth of +£370k), dependant on decision at cabinet in November.	David Eaglesham
Additional Harrow Town Centre cleaning following from OLF2	87	G	Ongoing funding.	Dave Corby / Mick Wynne
CRC/EA increase in cost of CRC scheme	93	G		Andrew Baker
Welfare to work Xcite:	108	G	Recruitment implemented.	Mark Billington
WLWA Levy	1,218	A	Risk of additional levy, possibly mitigated by lower PAYT tonnages	Alan Whiting
Procurement related pressures due to change in market price and profit share for Dry recyclables	256	G	Risk whether the growth is sufficient dependant on recycling performance	Alan Whiting
Maintenance of CCTV cameras	71	G	Implemented	Andy Appleby
Total Investment in Services	2,552			
Savings				
Additional income				
Introduce differential charging policy for planning applications to provide for fast track income generation	-15	G	Additional income is being achieved by increasing the provision of pre-application advice.	Stephen Kelly
Increase Income and rental from Corporate Estate	-80	G	Income lease signed.	Philip Loveland-Cooper

MEDIUM TERM FINANCIAL STRATEGY 2013-14 IMPLEMENTATION

Appendix 2

	2013-14 £000	2013-14 RAG Status	Comments	Officer Lead
Increasing the level of fees recharged for adaptations undertaken using Council or DFG funding. Business as usual	-75	A	Proposal submitted to Housing to bring the fees up to the level of private sector providers, however this is not yet agreed by Housing. There is an increase in income for adaptations in general, which helps meet the income budget.	Andy Parsons
Introduction of Civic Centre staff car parking charges and other free car parks	-135	R	Consultation documents prepared and EQIA completed, awaiting approval to progress.	Andy Parsons
Licensing - scope for additional income	-40	G	On target, to be achieved.	Finlay Flett
SLA Income - HIRA, Schools & Other Bodies.				Andrew Baker
Increased income from revised SLA with schools	-19	G	SLA signed.	
Textile recycling	-10	G	New contract now signed with a better price per tonne as a result of favourable market prices for textile. On track of achieving additional income subject to actual tonnage.	Andrew Baker
ADDITIONAL INCOME TOTAL	-374	0		0
Environment Savings				
PRISM growth and efficiencies (2012-13 reversal)	-200	G	12/13 growth budget carried forward to match rephasing of project spend	Philip Hamberger
Property Co/FM growth and efficiencies (2012-13 reversal)	-100	G	The budget has been carried forward to 13/14 to match the rephasing of project spend (the procurement of IT building maintenance system).	Andy Parsons
Towards Excellence	-1,500	R	Project pause and restart means that savings will be realised from April 2014.	Philip Hamberger
Property Co/FM growth and efficiencies	-251	G	FYE of Phase 1 Property Services restructure - fully delivered.	Andy Parsons
Review of loss making car parks	-150	R	Alternative project underway (P&D) to secure income from alternative car parks.	Andy Appleby
Management Efficiencies	-75	G	Delivered.	Caroline Bruce
Parking permit charge increase	-40	G	On target, to be achieved.	Finlay Flett

MEDIUM TERM FINANCIAL STRATEGY 2013-14 IMPLEMENTATION

Appendix 2

	2013-14 £000	2013-14 RAG Status	Comments	Officer Lead
Returning Parks to Open Space	-350	R	Change in priorities following the recent change in administration - more formal maintenance regimes reinstated in most parks originally identified to becoming naturalised areas.	Dave Corby / Mick Wynne
Trading Standards and Proceeds of Crime Act savings (linked to review of SLA with Brent Trading Standards)	-50	A	14/15 growth bid prepared. 13/14 one-off £100K corporate funding confirmed to reinstate service.	Finlay Flett
Climate Change - Flexible retirement and consumables budget	-31	G	Subject to successful prosecution of criminal activities, but likely to achieve this year's saving based on existing cases.	Andrew Baker
Environment Consumables	-100	G	Likely to be achieved and is subject to commencement of phased retirement	ALL
Further management reductions in Environment	-100	G	Delivered.	Philip Hamberger
Reduce highways maintenance budget	-273	G	13/14 saving delivered. Alternatives to be identified to realise 14/15 saving as part of MTFs refresh.	Dave Masters
Public Realm service reduction	-644	R	Delivered, by changing response times.	Dave Corby / Mick Wynne
Traffic & Highways post reductions	-251	G	Proposals linked to PRISM and the deliverability of some of these is unlikely in 13/14. Also change in priorities following the recent change in administration - Reinstatement of sweeping in some non town centres, parks maintenance, gates locking in parks & cemeteries and dog waste collection. 14/15 growth bids prepared. 13/14 one-off corporate funding confirmed to reinstate services.	David Eaglesham
Consolidation of property services within old Environment and Enterprise Directorates. Transformation Project	-180	G	Delivered, by changing response times	Andy Parsons
Cost reduction of maintaining parking equipment	-30	G	Staff consultation completed and new structure now confirmed. Although the restructure was delayed, the staff costs would be contained within existing budgets of Property Services.	Andy Parsons
Establishing the Harrow Home Improvement Agency as a stand alone organisation. Transformation Project	-75	R	Achieved.	Andy Appleby
			Not proceeding with the proposal. Alternative savings to be identified as part of MTFs refresh.	Andy Parsons

MEDIUM TERM FINANCIAL STRATEGY 2013-14 IMPLEMENTATION

Appendix 2

	2013-14 £000	2013-14 RAG Status	Comments	Officer Lead
Soft Market testing of statutory animal services and review of commercial animal services	-60	R	Not achieved.	Finlay Flett
Review operations of the CCTV control room during the night	-30	R	Not achieved. Alternative saving to be identified as part of the MTFs refresh.	Finlay Flett
Review Brent-Harrow Trading Standards consortium and / or provide Trading Standards on a reduced scale.	-140	A	No actuals processed, awaiting for confirmation of agreement, currently forecast to be on track	Finlay Flett
Review Trade Waste	-220	R	The option to cease trade waste is not pursued, instead seeking to retain and develop the service. A detailed business case is being developed. Budget reinstated in 13/14 to give time to develop the service, and deliver a phased saving in future years.	Alan Whiting
Undertake maintenance and cleaning of corporate premises only to the minimum standard necessary for statutory compliance.	-100	R	The anticipated saving from the re-tender of cleaning contract did not materialise. To adopt a corporate landlord approach, effort is being made on identifying alternative savings from building maintenance through budget aggregation.	Andy Parsons
TOTAL ENVIRONMENT SAVINGS	-4,950			0
ENTERPRISE SAVINGS:				
Residual from Major Projects budget	-25	G	Delivered.	Stephen Kelly
Procurement savings on Northgate contract	-6	G	Delivered.	Stephen Kelly
Enterprise Post Deletions	-1,083	G	Delivered.	Stephen Kelly/Caroline Bruce
Enterprise Consumables	-93	G	Delivered.	Stephen Kelly/PLCC
TOTAL ENTERPRISE SAVINGS	-1,207	0		0
Procurement Savings - others	-140	R	Procurement yet to identify possible targets	Venetia Reid-Baptiste

MEDIUM TERM FINANCIAL STRATEGY 2013-14 IMPLEMENTATION

Appendix 2

	2013-14 £000	2013-14 RAG Status	Comments	Officer Lead
Procurement - Transport Review	-350	A	DoV with FRAIKIN now signed. Part year saving £319K achieved in 13/14. £263K in E&E with the rest realised in Childrens Services.	Philip Hamberger
Existing procurement Total	-490			0
Total Environment and Enterprise Savings	-7,021			0
Additional Targets Reallocated Cross Council				
Procurement - Category Management savings	-76	R	Source of savings to be identified	Procurement (Paul Smith)
Agency Staff - reduction in usage	-160	A	Savings Allocation from Corporate based on historical actuals that were higher due to transition and implementation of MTFs and transformation projects savings. Double count with savings above. Action in train to deliver as much as possible in 13/14. It is anticipated that saving will be delivered in 14/15.	Philip Hamberger
Staffing - Vacancy management	-150	A	Savings Allocation from Corporate based on historical actuals that were higher due to transition and implementation of MTFs and transformation projects savings. Double count with savings above. Action in train to deliver as much as possible in 13/14. It is anticipated that saving will be delivered in 14/15.	Philip Hamberger
Recharge utility costs for computer room to Capita	-83	G	New recharge and will be based on actual utility cost. A meter to be installed to measure the consumption separately. Capita will be invoiced once a good sample of data is obtained and agreed with Capita.	Andy Parsons
Net Environment and Enterprise	-469			0
COMMUNITY, HEALTH AND WELLBEING	-4,938			0
Investment in Services				

MEDIUM TERM FINANCIAL STRATEGY 2013-14 IMPLEMENTATION

Appendix 2

	2013-14 £000	2013-14 RAG Status	Comments	Officer Lead
Homelessness [100 families & anticipated B&B HB changes]	-250	A	£150k flagged up as unachievable in 2013/14 and additional savings made elsewhere as part of commissioning panel proposals to cover this amount. Saving then re-instated by members due to delay in implementation of universal credit, but still not considered to be achievable on a permanent basis by officers, although it may be deliverable in the short term. In 2013/14 compensatory savings likely to avoid this being overspent.	Jon Dalton
Homelessness	1,000	A	Impact of welfare reform not yet known. We believe we can meet from within these figures, but delay in implementation may result in movement between years.	Jon Dalton
Invest to Save in PSL	289	A	Due to the impact of welfare reform, it has proven more difficult than anticipated to source new private-sector properties to lease as landlords are increasingly concerned about the potential for loss of income. This initiative is in the process of being reviewed to make it more attractive, but we anticipate that we will use this budget by the end of 2014-15.	Jon Dalton
Housing General Fund	1,039			
Demographic Growth	2,800	A	High risk demand-led budget requiring on-going monitoring; this excludes potential Continuing Care shifts which are assumed to be covered by the Corporate Contingency.	Visva Sathasivam
Mental Health Properties	50	G		Visva Sathasivam
West London Alliance	10	G		Chris Greenway
Adults	2,860			
Cultural Strategy Review growth and efficiencies	-150	G	Growth in 12/13 now reversed.	?
London Youth Games	8	G	Contribution agreed with London Councils.	?
Under One Sky	25	G	Plans in place to fully utilise this funding.	?
Support for specialist welfare advice services	90	G	Plans in place to fully utilise this funding.	?
Community & Culture	-27			

MEDIUM TERM FINANCIAL STRATEGY 2013-14 IMPLEMENTATION

Appendix 2

	2013-14 £000	2013-14 RAG Status	Comments	Officer Lead
Total Investment in Services	3,872			
Savings				
Housing Needs - Private Sector Leasing Scheme		G		Jon Dalton
Housing Service Efficiency Review		G	Partial savings (c.50%) identified, with the remainder still to be found. We believe it will be possible to deliver this.	Alison Pegg/Jane Fernley/Jon Dalton
Reallocation of staff time from GF to HRA	-215	G		Alison Pegg/Jane Fernley/Jon Dalton
Deletion of vacant Enabling Project Officer Post	-36	G	Already implemented	Alison Pegg/Jane Fernley
Invest to Save - cash incentives	-48	G	Post already deleted.	Jon Dalton/Jane Fernley
Affordable PSL accommodation	-240	A	Due to the impact of welfare reform, it has proven more difficult than anticipated to source new private-sector properties to lease as landlords are increasingly concerned about the potential for loss of income. This initiative is in the process of being reviewed to make it more attractive, but we anticipate that we will generate the required savings by the end of 2014-15.	Jon Dalton
Reduced costs at Travellers Site	-10	G		Toni Burke
Late savings - vacancy management	-16	R	Unlikely to be delivered via this route but expected to be delivered through management of compensatory savings across the directorate	All
Late savings - agency costs	-17	R	Unlikely to be delivered via this route but expected to be delivered through management of compensatory savings across the directorate	All
Late savings - reduced inflation allocation	-6	G	Probably containable but not yet allocated to specific areas.	All

MEDIUM TERM FINANCIAL STRATEGY 2013-14 IMPLEMENTATION

Appendix 2

	2013-14 £000	2013-14 RAG Status	Comments	Officer Lead
Empty Homes Initiative		G	Based on previous experience, this should be achievable.	Alison Pegg
Housing General Fund	-587			
Contract Management - managing inflation	-100	G	Achieved	Chris Greenway
Contract Management - efficiencies	-150	G	Achieved	Chris Greenway
Contract Management - Home care providers	-900	G	Achieved	Visva Sathasivam / Chris Greenway
WLA Joint Procurement: APC Residential Care	-150	G	Uncertain that continuing to place at APC rates will deliver the required level of saving. However, we believe it is likely given the part-year effect of 2012/13 placements. This needs to be monitored throughout the year.	Visva Sathasivam
CNWL: Mental Health Efficiencies	-100	G	This saving is dependent on CNWL managing within existing budget and containing any pressures that arise from placements in the year. In addition, there are historic issues regarding CNWL's ability to deliver services within the approved financial envelope.	Visva Sathasivam
Residential Care Strategic Review	-1,550	R	It is anticipated that a new structure will be in place by 1 January 2014 and 3/12 mths of savings will be achieved of	Jonathan Price
Investment in Community Based Services	775	R	There are pressures in the delivery of this saving as consultation delayed due to feedback; In addition staff notice periods etc will need to be factored in to the timescales thus delaying the implementation date and therefore the savings; Some savings to date however, have been recognised within the existing services and further savings are dependent on the closure of Bentley Day Centre by 31.12.2013	Jonathan Price
Day Care Strategic Review	-300	G	Plans to achieve this are in place, but will need ongoing monitoring alongside other purchasing budgets as these can be very volatile.	Jonathan Price
Reablement	-900			
Cessation of Funding for Transport Clubs	-75	G	Funding for transport stopped November 2012	Jonathan Price

MEDIUM TERM FINANCIAL STRATEGY 2013-14 IMPLEMENTATION

Appendix 2

	2013-14 £000	2013-14 RAG Status	Comments	Officer Lead
Secure further earmarked investment from CCG in Adult Social Care	-500	A	Dependent on further discussions with the CCG to agree that the additional grant funding can support existing rather than new service provision. There is however a risk around the ongoing relationship with the CCG.	Carol Yarde
Decommission Greenview Services	-230	G	Actioned in 2012/13	Visva Sathasivam
Occupational Therapy	-230	A	Capitalisation of staff costs may be a risk and this is currently being reviewed with Technical Finance to avoid future audit challenge.	Visva Sathasivam
Late savings - vacancy management	-69	R	Unlikely to be delivered via this route but expected to be delivered through management of savings across the directorate	All
Late savings - agency costs	-73	R	Unlikely to be delivered via this route but expected to be delivered through management of savings across the directorate	All
Late savings - reduced inflation allocation	-197	G	Probably containable but interlinked with performance on overall purchasing budget.	All
Adults	-4,749			
Community Development review of structure and service provision	-48	G	The relevant salaries budgets have been reduced and this saving will be achieved.	
Libraries Transformation 2	-25	G	This will reduce the budget available for outsourcing the project.	
Cultural Strategy Review efficiencies - savings subject to tender with Ealing & Brent	-200	A	It is anticipated that the contracts will commence on 1/9/13. Due to the lateness of implementation and the significant costs of extending the Leisure contract, no savings will be made in 13-14 and at Period 3, a forecast overspend of £229k on Libraries and Leisure is reported. Additionally, some funding will be required for mobilisation costs, particularly IT costs i.e. uncoupling the IT from the Council. Approximate cost for this is £145k. This cost has not been included in the revenue position at Period 3.	

MEDIUM TERM FINANCIAL STRATEGY 2013-14 IMPLEMENTATION

Appendix 2

	2013-14 £000	2013-14 RAG Status	Comments	Officer Lead
Reduce Adult Learning Subsidy	-73	G	Kenton Learning Centre have agreed to fund the running costs £24k. Plans are in place for the Service manager to be funded from the grant from September 2013.	
Reduce subsidy to harrow young musicians	-28	G	Alternative funding is available to Harrow Young Musicians; grant reduced by 50% in 13/14.	
Share responsibility for Community Cohesion across Council	-63	R	The saving assumes the deletion of 1 FTE with effect from 1/4/13. However, the consultation has only commenced and due to notice requirements only part year effect will be achieved in 13/14. Period 3 assumes the post is deleted 30/12/13. Unlikely to be achieved.	
Commercialisation Hatch End Pool, Arts Centre, Museum & Bannister stadium	-117	R	The income targets agreed by Members, ahead of the development of the business case were extremely challenging, and as a result not considered achievable for either the Museum [which will be closed until potentially November 2014 due to Tithe Barn works] or the Arts Centre. A Commercialisation project has been set up to develop further and indicate that this saving may be deliverable in a longer time frame, requiring compensatory savings to be identified in the shorter term.	
Review main grants budget	-69	G	This reduces the SLA grant budget by 10% to £600k. Grants have been allocated for 13/14 in line with the funding available.	
Reduce officer support for grants	-40	A	There are currently 2 FT staff in 1.5 PT posts. One staff member may wish to move to PT working, however the employee is currently on long term sick leave. If this does not happen, a mini restructure is anticipated. Period 3 presumes one staff member will be PT from 1/9/13.	
One off support for commissioning for voluntary sector	-40	G	Growth in 12/13 now reversed	
Libraries Transformation 2 -reversal of one off investment in 2012-13	-150	G	Growth in 12/13 now reversed	

MEDIUM TERM FINANCIAL STRATEGY 2013-14 IMPLEMENTATION

Appendix 2

	2013-14 £000	2013-14 RAG Status	Comments	Officer Lead
Combine Gayton & Civic Centre Libraries	-75	A	Delay in History Library to Museum and combining Gayton and Civic Centre Libraries.	
Late savings - vacancy management	-25	R	Unlikely to be delivered via this route given low level of vacant posts but expected to be delivered through management of compensatory savings across the directorate	
Late savings - agency costs	-27	R	Unlikely to be delivered via this route given that the agency spend in this area is lower than the target allocated. Expected to be delivered through management of compensatory savings across the directorate.	
Late savings - reduced inflation allocation	-11	G	Achieved	
Community & Culture	-991			
	-150	G		
Public Health	-150			
Procurement Savings	-229	R	Plans still to be developed	
Total Savings	-6,857			
Net	-2,985			
CHILDREN & FAMILIES				
Investment in Services				
Increase in CLA placement budgets reflecting growth in child population and changing demographic	178	G		MC
Increase in CWD client costs reflecting growth in child population	82	G		RR
Increase in staffing costs reflecting growth in child population and changing demographic	153	G		MC
Loss of Youth Justice Board funding	90	G		MC
Transfer of duties in respect of new duties for young people on remand	270	G		MC
SEN post to undertake new statutory duties	50	G		RR
Qualified Social Worker - Recruitment & Retention Market Supplement	150	G		MC

MEDIUM TERM FINANCIAL STRATEGY 2013-14 IMPLEMENTATION

Appendix 2

	2013-14 £000	2013-14 RAG Status	Comments	Officer Lead
Creation of Advanced Practitioner SW posts	310	G		MC
Principal Social Worker role - post-Munro	70	G		CD
Health Co-ordinator post at NWP	50	G		MC
Youth Scrutiny Proposals	70	G		RS/WB
Project Management Costs including SNT, Children's Centre remodelling and developing new transformation projects	97	G		RR
Shortfall in targeted savings from business support model	185	G		CD
Corporate Indexing Scanning (CIS) Staffing	45	G		CD
Total Investment	1,800			
Savings				
Integrated Children's Services - Remaining staffing savings	-100	G		CD
Consolidation of staffing structure including proposed deletion of 1 Divisional Director post	-167	G		CD
Deletion of Head of ESSO	-50	G		CD
Reconfiguration of Early Intervention Service to support the Families First Programme	-150	A	Staffing not deleted. Saving supported by Troubled Families Grant	RS/WB
Children's Centres remodelling	-373	G		RS/WB
Special Needs Transport II - demand management including Independent Travel Training	-56	G		RR
Special Needs Transport III - full market engagement	-40	G		RR
Introduction of Charging for non Statutory Educational Psychology	-125	G		RR
Review of semi supported provision including potential closure of Honeypot Lane	0	G	Facility to close 31/10/13. Early achievement of Saving.	MC
	-120	G	Placements £120k	MC
	-155	G	Allocated to Services £155k	
	-95	A	Plans in place, not yet allocated £95k	CD
	-250	R	No plans identified £250k	CD
Procurement Savings including placements				

MEDIUM TERM FINANCIAL STRATEGY 2013-14 IMPLEMENTATION

Appendix 2

	2013-14 £000	2013-14 RAG Status	Comments	Officer Lead
Savings from commissioning budgets including connexions, parenting support, drugs & alcohol and clinic in a box	-835	G		CD/RS/WB
Recommissioning of Respite Care for CWD	0	G		RR
Consolidation of Early Years training functions	-100	G		CD/RS/WB
Business Support Savings	-260	G		CD
Total of Children and Families Savings	-2,876			
£1.92m ADDITIONAL SAVINGS - Children's Allocation				
Prices	-105	A	Built into budgets. Total Budget forecasting an overspend.	CD
Vacancy Rate 0.5%	-62	A	Built into budgets. Total Budget forecasting an overspend.	CD
Agency savings	-66	A	Built into budgets. Total Budget forecasting an overspend.	CD
Procurement	-52	R	No plans identified	CD
Sub total	-285			
Net Children's Services	-1,361			
TOTAL ALL DIRECTORATES	-12,171			

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Council Tax

Currently, bad debt provisions (BDP) of £3.493m exist [£3.849m- £0.356k; w/offers done 01/04/13-30/09/13] for Council Tax against a potential BDP of £3.433m for debts accrued to 31 March 2013.

COUNCIL TAX	Arrears as at 1 st of April	Arrears as at Qtr 2	BDP	BDP as at Qtr 2
	£000	£000	%	£000
Pre 2010-2011	2,041	1,785	100	1,785
2011-2012	1,128	872	75	654
2012-2013	2,688	1,657	60	994
Total	5,857	4,314		3,433

National Non Domestic Rates (NNDR)

Currently, bad debt provisions of £1.95m [£2.2m- £0.248k; w/offers done 01/04/13 to 30/09/13] exist for business rates (NNDR) against a potential BDP of £1.840m. Under Business Rates retention, the effect on the local authority is 30% of any surplus or deficit.

NATIONAL NON DOMESTIC RATES (NNDR)	Arrears as at 1 st of April	Arrears as at Qtr 2	BDP	BDP as at Qtr 2
	£000	£000	%	£000
Pre 2012-2013	750	610	100	610
2012-2013	2,320	1,641	75	1,230
Total	3,070	2,251		1,840

Council Tax and Business Rates Court Cost

Currently, bad debt provisions (BDP) of £710k (CT £620k+ NDR £90k) exists for Court Costs against a potential BDP of £1.0m. From previous years trends, this amount of provision will be adequate and in line with our overall provisions policy.

Court Cost	Arrears as at 1 st of April	Arrears as at Qtr 2	BDP	BDP as at Qtr 2
	£000	£000	%	£000
Pre 2011-2012	605	511	100	511
2012-2013	453	337	75	253
2013-2014	0	507	50	254
Total	1,058	1,355		1,018

Housing Benefits

Currently, bad debt provisions of £3.157m [£3.258m - £0.101k w/off's 1/4/13 to 30/09/13] exist for Housing Benefit overpayment debt against a potential BDP of £4.076m (£2,795 + £1,281 = £4.076m). The under provision is anticipated to be funded from improved collection on overpayments although there is a potential risk that there may be a balance that will need to be met from revenue.

Housing Benefit DEBTORS	Outstand as at 1 st of April	Outstand as at Qtr 2	BDP	BDP as at Qtr 2
	£000	£000	%	£000
Pre 2011-2012	1,169	1,011	100	1,011
2011-2012	822	787	100	787
2012-2013	1,529	898	50	449
2013-2014	0	1,370	40	548
Totals	3,520	4,066		2,795

Housing Benefit LIVE CASES	Outstand as at 1 st of April	Outstand as at Qtr 2	BDP	BDP as at Qtr 2
	£000	£000	%	£000
Pre 2011-2012	241	162	100	162
2011-2012	492	366	75	275
2012-2013	1,451	858	50	429
2013-2014	0	1,037	40	415
Totals	2,184	2,423		1,281

**REPORT FOR: PERFORMANCE AND
FINANCE SCRUTINY
SUB-COMMITTEE**

Date of Meeting:	21 January 2014
Subject:	Progress against the Recommendations of the Report on the Standing Scrutiny Review of the Housing Revenue Account Budget
Responsible Officer:	Lynne Pennington, Divisional Director of Housing
Scrutiny Lead Member area:	Barry MacLeod-Cullinane, Deputy Leader and portfolio holder for Adults and Housing
Exempt:	No
Enclosures:	Appendix 1 – Response to the recommendations contained within the Report on the Standing Scrutiny Review of the HRA Budget

Section 1 – Summary and Recommendations

This report sets out the progress made against each of the recommendations contained within the Report on the Standing Scrutiny review of the HRA Budget

Recommendations:

Members are recommended to note the progress made to date, and the proposals for further action set out within this report.

Section 2 – Report

Introduction

1. The final report from the Scrutiny Review of Self Financing in the Housing Revenue Account (HRA) was reported to Cabinet on 13th December 2012. It was an important and welcome report investigating the Council's approach to the Self Financing arrangements with a view to ensuring that the interests of both the Council and its residents have been safeguarded as a result of the decisions made.
2. The Standing Review focused on three key areas in respect of the Self Financing HRA:
 - Implications of the HRA taking on 50-year debt
 - Capacity of the HRA to support long-term repayment, particularly in the context of increased sales under Right-to-Buy
 - Future rent strategy
3. The review report welcomed the move to a self-financing HRA, but felt there were several areas where further work would be necessary. The report therefore set out a number of recommendations/observations as follows:
 - a. The Standing Review welcomed the cross-organisational co-operation described by officers intended to address increased housing need in Harrow, especially increased housing need for affordable housing options. The Standing Review also supported the continued provision of affordable homes in partnership with other organisations, especially housing associations, subject to our ability to secure nomination rights.

The Standing review did, however, feel that the Council should be more vigorous and innovative in developing and implementing a Hidden Homes strategy for Harrow.
 - b. The Standing Review was interested to learn about Harrow developing financial incentives – such as cash incentive deposit schemes – to assist tenants qualifying for Right-to-Buy to move on to home ownership but without the permanent reduction in the Council's housing stock that their exercise of RTB would cause.
 - c. The Standing Review urges that officers continue to monitor the impact of stock loss and deterioration with a view to periodically revisiting their analysis of the option to divest to ensure that the best investment and service decisions are taken for tenants and the borough.

- d. The Standing Review believes that the issue of shared services has not been sufficiently explored or clearly defined by the administration across the Council, potentially undermining Housing's efforts to develop policy and service options. Given the size of the financial and service challenges the Council faces, this needs to be rectified swiftly, and should draw upon the experiences of other boroughs within London and elsewhere that are developing shared service options.
 - e. The Standing Review was informed that the administration was exploring the possibility of revaluation of the Council's housing stock, which could result in higher rents and therefore in more rent being collected and its complete retention locally by the Council.
 - f. The Standing Review was keen to stress the need to monitor and understand the impact of the Government's welfare reforms on rents and tenants' indebtedness, with a concern that the Council take steps to address any problems or difficulties that arise.
4. The progress that has been made in respect of each of these points is set out in Appendix 1.

Financial Implications

5. Many of the actions detailed in the responses have revenue costs, primarily through existing staff resources and budgets. Bids for new proposals where there is no existing budget either have already or will be made through the appropriate commissioning channels.
6. Bids for capital to continue with existing initiatives or commence new ones will be made through the Capital Forum.
7. It is acknowledged that the availability of new resources is very limited and therefore utilising external funding opportunities and partnership working with the private sector will be key to delivering our objectives, particularly in respect of the provision of new affordable housing.

Performance Issues

8. There are no specific performance issues arising directly from the proposed decision.

Environmental Impact

9. There are no specific environmental impact issues arising directly from the proposed decision. The potential impact of each of the initiatives will need to be considered as part of the approval process for that initiative.

Risk Management Implications

10. Risk assessment will be undertaken for specific projects as recommended by Scrutiny Committee and risk registers maintained for major projects.

Equalities implications

11. Outline Equalities impact assessments were produced for some of the initiatives outlined in the original response as part of Housing's Commissioning Panel submissions. Further detailed assessments either have already been or will be produced for each of the proposals as they are developed.

Priorities

12. This report does not in itself contribute towards the administration's priority to deliver a cleaner, safer and fairer Harrow, but the Cabinet reports for the individual proposals will have set out how each one would contribute towards delivering the priorities in place at the time of the report.

Section 3 - Statutory Officer Clearance

13. Not required in this case as the necessary clearances will have been sought in respect of the respective Cabinet reports.

Section 4 - Contact Details and Background Papers

Contact: Dave Roberts
Finance Business Partner – Housing Services
0208 420 9678
x5678

Background Papers: Standing Scrutiny Review of the Budget – Report on the Self Financing of the Housing Revenue Account, presented to Cabinet 13 December 2012

Standing Scrutiny Review of the Budget – Self Financing Housing Revenue Account

Following the Scrutiny review of the self-financing Housing Revenue Account, the report produced by the Committee contained a number of recommendations and/or comments in respect of the Housing Revenue Account. A response was produced which set out the actions Housing proposed to take, along with a list of the officers responsible for taking these actions forward, and this was reported in January 2013. The report now being considered is a follow-up report setting out the steps Housing has taken to deliver against the action plan.

There were six key recommendations arising from the Scrutiny review, and these are set out below, along with the actions Housing has taken and outcomes where applicable:

1. The Standing Review welcomed the cross-organisational co-operation described by officers intended to address increased housing need in Harrow, especially increased housing need for affordable housing options. The Standing Review also supported the continued provision of affordable homes in partnership with other organisations, especially housing associations, subject to our ability to secure nomination rights.

The Standing review did, however, feel that the Council should be more vigorous and innovative in developing and implementing a Hidden Homes strategy for Harrow.

Response:

Significant progress has been made with regard to developing new affordable housing on existing Council land. A review of housing land assets was commissioned in December 2012 and completed in April 2013.

The study, undertaken by Sector, considered the capacity for new development within the Council's existing HRA estate and the different options for how an initial development programme could be resourced and internal capacity built to deliver future programmes. It identified an initial small scale development programme that could be taken forward relatively quickly.

The Garage Strategy Steering Group (comprised of Members, officers and resident representatives) had already assessed the capacity for new development on existing garages sites, especially those currently vacant or with low levels of occupancy and requiring refurbishment. The Sector study identified a number of additional small infill development sites. In total the potential capacity is for around 170 units. The garage sites/infill opportunities were prioritised to establish a first phase 50 unit development programme.

The potential for the Council to directly fund the infill developments through the HRA was modelled. This concluded that a development programme of up

to 150 new build homes over the next four years could be funded from HRA resources and the Affordable Housing Pot, although any development proposals would need to be the subject of detailed feasibility work and costings before numbers could be finalised. We also have obtained some funding from the Mayor's Housing Covenant¹ to support the building of 10 shared ownership homes as part of this programme. Building the new homes and retaining them within the HRA improves the financial position of the HRA over time due to the impact of the additional net rental stream from the new units. This means that more resources would be available to put towards additional HRA development or other service initiatives in subsequent years.

The Sector study also carried out a high-level assessment of the potential to provide additional housing through redevelopment/regeneration of existing housing estates by looking at current densities; potential density, Council ownership and consequent buy back costs, build costs and house prices. On approximately half of the estates, the Council's ownership is less than 60% and therefore redevelopment is not viable taking into account the acquisition of freehold and leasehold interests. Many others have no potential for intensification because of existing densities.

8 estates were shortlisted for further investigation. The high level assessments indicated that between 49 and 339 additional affordable homes may be delivered through estate regeneration and intensification. However, on some of the estates the majority of new homes developed would need to be for private sale to produce a viable business plan. In some cases additional public subsidy would need to be levered in to allow them to break even as was the case with the Rayners Lane and Mill Farm estate regeneration schemes. These will require consideration of different delivery models to ascertain the optimum solution.

The outcomes from the Sector study were reported to Cabinet in June 2013 with recommendations approved to:

- Take forward HRA funded direct delivery of new affordable homes on the identified garage/infill sites. As the Council has no recent experience of undertaking new build housing development, that delivery of the first phase programme should be supported by procurement of a development management service. An essential element of the service procured will be to develop internal capacity through training, coaching and mentoring so that further phases can be managed internally.
- Take forward detailed feasibility studies on the identified estates to establish the potential for a realistic and deliverable regeneration

¹ On 28 September 2012 the Mayor launched a new housing covenant to provide homes for working Londoners. This came in two parts with up to £100m of capital investment and a commitment to improve working Londoner's intermediate housing options through deregulating the market and cutting red tape.

programme, subject to resident consultation following the best practice principles already established for the Mill Farm and Rayners Lane estate regeneration schemes.

Garage sites/infill sites progress

A procurement exercise to appoint a development management service through a selected tender list including a range of technical consultancy firms and housing associations completed in September 2013. Unfortunately only one tender was received for the service and this was not considered sufficient to make an appointment. Feedback from suppliers was that they did not have the capacity to provide such a service due to the high level of similar work in London working to GLA driven deadlines for grant take-up.

In order to move the programme forward, a temporary Project Manager has been appointed and we are in the process of procuring technical consultants including architects with the intention to draw up plans and submit planning applications for the prioritised sites by April 2014. A PPA is being agreed with Planning Services to provide planning advice on these and the estate redevelopment/regeneration feasibility studies.

Estate redevelopment/regeneration feasibility studies progress

Grange Farm estate has now been added to the list of estates to be investigated further, making a total of 9 estates.

A procurement exercise to appoint design and financial appraisal consultants was conducted in autumn 2013 and PRP, a leading architectural and multi-disciplinary practice was appointed in December to take forward the detailed feasibility studies, which are due to complete in April 2014. Kicking off in January 2014, we will be visiting the estates and holding consultation events with residents to start the design option process. Residents will be involved throughout the study and have the opportunity to influence the outcomes.

Strategic Delivery options

The Sector report concluded that affordable housing development on a significant scale beyond the first phase development programme will require a different strategic approach. With regard to the HRA this will be necessary because its capacity is limited by the debt cap. Although the government has recently provided some more flexibility with regard to the debt cap, it will not be sufficient to assist Harrow finance a larger development programme. Various partnership approaches were identified to be explored further to consider how both HRA assets and corporate land assets can most effectively be used to increase the supply of housing. This included the Council taking a role in leading the development of new build private rented housing in the borough. Cross directorate discussions around the potential for these opportunities are ongoing.

2. The Standing Review was interested to learn about Harrow developing financial incentives – such as cash incentive deposit schemes – to assist tenants qualifying for Right-to-Buy to move on to home ownership but without the permanent reduction in the Council's housing stock that their exercise of RTB would cause.

Response:

Grants to Move Scheme (financial incentives for council tenants):

Scheme outline

The Grants to Move scheme was approved at the Cabinet meeting on 20th June 2013 and the scheme itself was launched on 30th September 2013. Prior to the launch, publicity at events and via Homing In led to three tenants coming forward and being accepted as pilot cases.

The scheme offers council tenants grants to vacate their council home and move in one of three ways:

- 1) Downsizing to a smaller council or housing association property
- 2) Moving to a private rented property
- 3) Buying a home privately

The scheme is entirely voluntary and officers offer support and advice to prospective movers, and carry out checks to ensure the proposed moves are sustainable in the longer term, and that they meet the objective of freeing up homes to be allocated to households in high priority need.

Progress as at 12 December 2013

To date 2 private rented moves have been completed. Both released two bedroom properties and the tenants have moved out of Harrow for family reasons. The total cost of the two grants and associated removal costs has been £10,000. These grants have allowed the council homes vacated to be allocated to families on the waiting list, and have resulted in two families leaving B & B accommodation. The average net cost to the council of a family in bed and breakfast is currently in excess of £8,000 per year.

One home ownership grant, which would have released a 3 bedroom parlour house, was being actively pursued but has fallen through due to complications with the conveyancing process which became protracted and costly for the tenant, and led to him withdrawing his application.

Since the launch we have received over 40 enquiries via telephone, Grants2Move email and referrals from Housing Management Officers. Applications can now be made directly through the Harrow council website.

There are currently 6 home ownership grants and 4 grants to moves to private rented accommodation in the pipeline and a further 7 grant cases have been closed for various reasons (not eligible/ withdrawn/ referred for fraud investigation). Officers continue to work with tenants wanting to downsize, although there have been no moves yet under the enhanced scheme offered as part of the Grants to Move launch.

Next steps

Officers propose to carry out further publicity for the Grants to Move scheme in January/ February 2014 both to tenants and internally to council officers, and we are recruiting another officer to help follow up on enquiries. We will also review how the scheme is working after 6 months (end March 2014) to consider whether any adjustments are required to the way it works.

More information is available at www.harrow.gov.uk/grants2move

3. The Standing Review urges that officers continue to monitor the impact of stock loss and deterioration with a view to periodically revisiting their analysis of the option to divest to ensure that the best investment and service decisions are taken for tenants and the borough.

Response:

Impact of RTB sales on the HRA

Cabinet received a report in June 2013 that set out the 30-year business plan for the HRA. The business plan was supported by a draft Asset Management Strategy and an Affordable Housing strategy, and set out a 30-year forecast of the income and expenditure anticipated to occur within the HRA, based on an agreed set of assumptions.

The starting point for the business plan was the HRA budget and Medium Term Financial Strategy (MTFS) approved by Cabinet in February 2013, and the first four years of the plan mirrored the MTFS. Thereafter, a set of fairly prudent assumptions were used to project income and expenditure for the remainder of the 30-year period. The cash flows resulting from the projections indicated that the HRA was in a very sound position and was forecast to generate significant balances over the life of the business plan.

The business plan was intended to form a framework within which future budgets would be set, so for the purposes of producing a draft budget and

MTFS the assumptions used were largely in line with the forecasts contained within the business plan approved in June. Some minor variations have resulted from additional Right-to-Buy sales above the levels previously assumed (resulting from significantly increased discounts), changes in inflation used to calculate rent increases, and from pressures within some of the budgets. This is to be expected, as the business plan should be a guide to future budgets, and must retain the ability to flex to meet changing requirements.

The draft HRA Budget and MTFS presented to Cabinet in December continues to reflect the significantly improved position reported in last year's budget as a result of HRA reform. Since that time, however, it has become apparent that RTB sales are likely to exceed the increased numbers we had previously assumed, and sales are now forecast to be in the region of 30 units in 2013-14, with the potential for the number of sales to increase still further in subsequent years. We are therefore currently re-forecasting the HRA outturn and budget to reflect these increases, and will need to present a revised set of budgets and MTFS estimates to Cabinet in February 2014.

As has been indicated previously, RTB remains one of the more significant risk areas for the self-financing HRA, and whilst we do not envisage any short-term viability issues as a result of increased RTB sales, over the longer term we must ensure that cost levels remain in line with stock, and therefore income, levels. This will require both a focus on reviewing operating costs and a consideration of how best to use the receipts from sales to re-provide affordable housing for our residents and tenants.

Active Asset Management:

Now that the Asset Management team are operating effectively within housing, and customer satisfaction with both responsive repairs and the improvement programme is improving, we are in a position to move towards an active asset management approach. This approach is developing and will include:

- Extending the planning process for the capital programme so that by March 2014 we will have a detailed and validated 4 year investment programme. As well as enabling us to plan delivery more effectively we will be in a better position to consult in a more timely way and have opportunities to achieve further procurement savings.
- Moving towards an area based approach to delivery of the programme, so that we can map out where improvements are due throughout the 4 years and where practical undertake a number of improvements together. This approach minimises disruption to tenants and offers further opportunities for both procurement savings and attracting more

local companies to tender (as individual contracts may be smaller area based refurbishments, rather than larger contracts for individual elements pepper potted across the borough)

- Undertaking options appraisals on any homes where extensive repairs and refurbishments are needed, or do not meet the current demand for the stock to determine whether disposal of the property, and re-investment of the receipt in alternative housing supply may be a better solution. To date 3 options appraisals have been completed ranging from a small block of flats where subsidence is an issue, to a 200 year old house converted to 3 flats that is in a poor state of repair.
- In moving towards an options appraisal-based investment approach, it would seem sensible for there to be a corporate approach towards the potential disposal of property under the Council's (corporate) disposal policy in the context of active asset management, e.g. it may be more beneficial overall for Housing to acquire non-housing land and/or properties than they be disposed of on the open market.

In keeping with the Active Asset Management approach, Housing are currently undertaking regeneration option appraisals in respect of a number of our estates to determine the long-term viability of these estates and whether there would be potential to either build additional properties within the estates or to regenerate all or part of them to provide additional housing. One of the key factors will be the financial viability of any proposal, although it may be beneficial to consider a number of schemes together with a view to assessing viability at a higher level than just one estate.

4. The Standing Review believes that the issue of shared services has not been sufficiently explored or clearly defined by the administration across the Council, potentially undermining Housing's efforts to develop policy and service options. Given the size of the financial and service challenges the Council faces, this needs to be rectified swiftly, and should draw upon the experiences of other boroughs within London and elsewhere that are developing shared service options

Response:

It is fair to say that this is an area where not much success has been achieved to date, although Help2Let is a notable exception, with more authorities now becoming interested in this service.

Efforts have been made in the past to investigate some shared service approaches, e.g. in respect of leasehold services at a West-London level, but

there has been a lack of appetite from potential partners to progress potential solutions. To an extent this has been low on the list of priorities for housing as a service over recent years, largely as a result of the need for the Housing Ambition Plan to be more internally-focused. This has been necessary both to deliver the necessary service improvements in response to the HQN review (HAP 1 & 2) and to structure the service to deliver the improvements possible as a result of HRA reform and meet the challenges of localism, changing legislation and welfare reform (HAP 3 & 4)

Planning is now underway for HAP 5, and for this plan, the focus is much more external, with selling our services and commercialisation being key themes throughout the plan. Areas within the plan include:

- Marketing services to Private Landlords - Private landlords buy increased range of services from Department and increase in those using Help2Rent
 - Marketing services to other Registered Providers – Housing department acts as managing agent for Housing Associations within Borough
 - Maximising income by:
 - Improve income collection from leaseholders
 - Effectively recharging repairs
 - Full-cost recovery of service charges where possible
 - Meeting housing need and long term viability of HRA with reducing stock levels from RTB by developing new housing stock both within and outside of the HRA, leading to savings in the General Fund
5. The Standing Review was informed that the administration was exploring the possibility of revaluation of the Council's housing stock, which could result in higher rents and therefore in more rent being collected and its complete retention locally by the Council.

Response:

At its meeting in February 2013, Cabinet approved an increase in the property values used for rent-setting purposes by 7.5% reflect the significant levels of investment in the stock since the time of the original valuations in 2001. This was a one-off increase in the valuation to effectively re-base the property element of the target rent calculation.

The property element of the target rent calculation equates to approximately 30% of the calculated rent, with the remainder being based largely on local average earnings and the number of bedrooms. The impact of the 7.5% increase in property values was therefore an increase in average target rents of 2.85% (or approximately £3 per week).

The new target rents were used to calculate 2013-14 rent increase and are assumed to be used to calculate the increase for 2014-15, in line with the current council rent-setting policy. In broad terms, this means that after the 2014-15 increase the HRA should be collecting approximately £2 per property per week more as a result of the increased target rents than would have otherwise been the case had the property values not been increased.

The Government is now consulting on proposals to change national rent policy from 2015-16 onwards, which means that we may not be able to complete the process of converging actual rents with target rents. This would mean that income within the HRA would be less than had previously been assumed for business planning purposes, although the HRA is still forecast to generate significant surpluses over the life of the business plan. We have responded to the consultation highlighting the potential for a fairly significant loss in income if national rent policy is changed in line with the Government's proposals, and pointing out that the calculation of debt for self-financing purposes assumed completion of rent convergence.

In response to the rent policy proposals, many other councils are only now considering increasing property values for target rent purposes as a possible means to recoup some of the income likely to be lost if the policy is implemented. The fact we have already done this, and will have had the benefit of two years of additional income by the time rent policy changes, means that we are in a much better place than we would otherwise have been, and in a much better place to cushion the impact of the changes than many other Councils.

6. The Standing Review was keen to stress the need to monitor and understand the impact of the Government's welfare reforms on rents and tenants' indebtedness, with a concern that the Council take steps to address any problems or difficulties that arise.

Response:

The Welfare Reform Governance structure, which includes the multi-agency Community Reference Group, is monitoring the impact of the welfare reforms which includes the levels of debt across the Council. One of the key difficulties we are experiencing is establishing how much of any given debt can be said

to have arisen as a direct result of benefit changes due to welfare reform, and there is inevitably a degree of subjectivity in any calculation, particularly for those tenants already in rent arrears.

Welfare Reform Awareness sessions have been carried out, both internally within the Council, and externally with the Voluntary Sector, Community Groups, GPs and Head teachers of local schools. The Council is hoping that, through some of this activity, it will be able to gain feedback on the impacts of the changes and the level of debt within the community.

This information sharing will enable the Council and its partners to understand whether the mitigations that are being put in place are effective and whether any further mitigations need to be put in place. Continuous partnership working will enable this activity to be taken forward effectively.

The Housing Service is also represented on the West London Welfare Reform Group which is a forum specifically established to share lessons learnt, processes and procedures and good practice, and in addition has extended a project that funds the CAB to target households identified by the service as in need of priority advice and support.

The draft Vulnerability Criteria was updated to reflect the views of Councillors at Overview and Scrutiny Committee on the 4th June 2013, and processes have been put in place to ensure that, where possible, vulnerability is identified at an early stage. Services such as Children's (younger people leaving care and Families First), Concessionary Travel, Housing and Adult Social Care, are working with the Council Tax Recovery Service to share vulnerability information. This has enabled services to put a flag (person alert) on their system prompting identification of vulnerability at key points in the collection process.

All services have agreed that checkpoints will be put in place at key stages of their debt collection processes to enable the relevant officer to identify that the person may be vulnerable and then consider the case before action is taken.

To enable the vulnerability information to be shared effectively across the Council it was necessary to develop a Data Sharing Agreement and put in place processes to share the information on a regular basis.

**REPORT FOR: PERFORMANCE AND
FINANCE SCRUTINY
SUB-COMMITTEE**

Date of Meeting:	21 January 2014
Subject:	Update on Private Rented Sector
Responsible Officer:	Lynne Pennington, Divisional Director of Housing
Scrutiny Lead Member area:	Cllr Sue Anderson Chair of Performance and Finance Scrutiny Sub-Committee
Exempt:	No
Enclosures:	None

Section 1 – Summary and Recommendations

This short report sets out the current activity in procuring private rented accommodation.

Recommendations: To note the report.

Section 2 – Report

Background

The majority of potentially homeless households have always been assisted to avoid becoming statutorily homeless. We achieve this by either resolving issues so they can stay in their current accommodation, or by assisting them to obtain alternative private rented accommodation

Welfare reform has made homelessness prevention far more difficult. We are still generally able to keep families in their home, often through paying rent top ups. The main change is that households are increasingly unable to obtain alternative private rented accommodation before they become homeless.

There have been a number of benefit changes through welfare reform that have affected Housing Benefit (HB). In 2011 HB was tied to the lowest 30th percentile rents instead of the median. In 2012 the link with rent rises was changed to a link with C.P.I and only adjusted annually, and now it is only 1% rise. The overall household benefit cap of £500 started in 2013.

Difficulties in procuring Private Rented accommodation

The supply has been more difficult to obtain because the housing market in London is overheated. Rents are rising faster than HB payments and a significant gap has opened up that means very few properties coming on the market are affordable at HB rates. All councils are facing these pressures, some of whom have large budgets for paying incentives and there is considerable competition between councils for these few affordable properties. Although there are protocols in place to limit competition, this has not stopped large incentive payments being paid by some councils.

Landlords are also very concerned that benefit recipient tenants may soon not be able to afford the rent because of welfare reform, (and so end up in arrears). Consequently they prefer working families not dependant on HB. As there is a squeeze on household incomes, there is no shortage of working households wanting lower cost property at the lower end of the private rented sector.

Procurement of private rented accommodation dropped because of all of these reasons.

Our response

We didn't want to increase incentives and inflate the market and so held the line for a long time. Our procurement was still quite successful based on the service and support we give landlords, rather than cash payments. However we weren't procuring at a fast enough rate to meet demand and B&B was rising. So we reluctantly decided to put more resources into procurement, both staff and incentive payments. Our incentives are now similar to payments that most London councils have to make

This has been quite successful with our procurement increasing, and our Private Sector Leasing (PSL) schemes are particularly popular. This is where the council takes over as landlord and the owner receives a guaranteed rental payment. There is quite a time lag on agreeing terms with a landlord and actually signing the lease (and moving a family in). There was also a backlog in this administration and we have funded another post to tackle this. The kinds of incentives and services we now offer are set out below.

Range of incentives and services that can be offered to landlords. December 2013

The actual offer made is tailored to the individual landlord. No landlord would be offered all of these.

TENANT FINDING SERVICE

- Arrears bond
- Services of Account Manager
- Housing Benefit paid direct to the landlord
- Deposit and/or Rent in Advance and reasonable admin fees
- Cash Incentive

PRIVATE SECTOR LEASING

Guaranteed rent paid quarterly by the council in advance based on a percentage of January 2011 Local Housing Allowance (LHA) rate
Incentives can be paid to keep the rent below the relevant LHA rate.
Full management service with Harrow acting as landlord.

BUY2LEASE – NEW HELP2LET LEASING SCHEME

Available for landlords buying a new rental property in Harrow or Watford.
Offer is to encourage growth of private rented sector in the locality.

Only available for 2 bedroom or large 1 bedroom properties.

Financial help with a proportion of legal fees / cost of buying

- Includes full management service - we are the landlord
- Guaranteed lease payments quarterly in advance for 5 years
- Regular inspections
- 5 year lease

We inspect prior to a landlord buying a property.

Rent paid to the landlord is a proportion of LHA rate for the area.

REPAIR TO LEASE

Grants are available to bring a property up to standard prior to us leasing it.

Financial Implications

A lot of the demand for and difficulty in obtaining private rented properties arises from Welfare Reform; especially the Household Benefit Cap that started in Harrow in August/September. So the extra costs are being covered by budget set aside for this. Insufficient procurement causes a rise in the use of Bed and Breakfast accommodation which is expensive. So the

procurement initiatives are really an investment to save, and to do nothing would be far more expensive.

Performance Issues

Current Performance.

We have a target of 350 units of private rented accommodation to be obtained in 13-14.

This will not be achieved which has resulted in more use of Bed & Breakfast accommodation.

Procurement in 13-14 to date is as follows (December's figures are not currently available and are not representative of the trend because of the Christmas/New Year period. It will be reported at the meeting):

April	23
May	23
June	7
July	14
August	24
September	27
October	24
November	31
TOTAL to 30th November	173

For comparison, our procurement in 12-13 was as follows:

April	20
May	21
June	22
July	29
August	26
September	15
October	20
November	30
December	25
January	15
February	9
March	16
TOTAL	248

Procurement dropped markedly in the early part of the year. We reacted by increasing incentives as outlined above and procurement has improved. We expect to reach 275+ this financial year. This is higher than 12-13. (Polarity, higher equals better)

Bed and Breakfast has now fallen below 100 in first week of January 2014. (Polarity, lower equals better). This is over 15% lower than the peak in 13-14.

B&B at month end 13-14

April	57
May	61
June	83
July	82
August	100
September	107
October	106
November	107
December	115

Environmental Impact

There is no environmental impact.

Risk Management Implications

The departmental risk register records the risk of not meeting our statutory homelessness duties within budget.

Equalities implications

No specific Equalities Impact Assessment was undertaken for procurement of Private Rented Sector accommodation. EqIAs for the Private Sector Housing Strategy and Homelessness Strategy were undertaken prior to their approval by Cabinet in April 2013, which set out the strategy for use of private rented accommodation.

Section 3 - Statutory Officer Clearance

No statutory officer clearance needed for this information report.

Section 4 - Contact Details and Background Papers

Contact: Jon Dalton
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Background Papers: None.

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**REPORT FOR: PERFORMANCE AND
FINANCE SCRUTINY
SUB-COMMITTEE**

Date of Meeting:	21 January 2014
Subject:	Towards Excellence Update
Responsible Officer:	Philip Hamberger, Divisional Director, Business and Service Development
Scrutiny Lead Member area:	Councillor Phil O'Dell, Performance Lead Member and Yogesh Teli, Policy Lead Member
Exempt:	No
Enclosures:	None

Section 1 – Summary and Recommendations

This report provides an update for members on progress in delivering the Towards Excellence Programme, which incorporates the project previously known as PRISM (Public Realm Integrated Services Model).

Recommendations:

Members are asked to note the report.

Section 2 – Report

Introductory paragraph

In October 2012, following a decision at Cabinet in September 2012 which resulted in call-in, Cabinet approved the detailed business case for the PRISM (Public Realm Integrated Services Model) project. This was a major transformation programme within the newly formed Environment & Enterprise directorate.

In the summer of 2013, and in light of some concerns about the project, the Chief Executive took advantage of a natural break in the project timeline to take a pause for reflection and to review how the project was being delivered.

The project was re-started later in the summer with a new name – Towards Excellence - and with the addition of two new projects (service review and operational improvement projects). The original three projects: restructure, new ways of working and technology remained. This report focuses mainly on the three original projects.

What is the Towards Excellence Programme?

The vision for the programme is simple:

- Great leadership
- Confident staff
- Services we can be proud of

The first four objectives listed are original PRISM objectives and objectives 5 and 6 are new programme objectives.

1. To deliver improved customer services by sharing more information with residents and businesses through the website and Access Harrow. e.g. potholes, tree works and progress on resident requests for service
2. To bring together community engagement work for the directorate into one team to provide local communities greater opportunities to get involved in helping plan and deliver our environmental services
3. To enable the development of multi-skilled teams that will be able to monitor, report and deliver a variety of street-based activities
4. To enable Managers to make more informed decisions about delivering and improving services.
5. To define delivery options for services within Environment and Enterprise from 2015 onwards based on a robust analysis of performance information, benchmarked comparisons, learning from the best, commercial nous, customer intelligence and market understanding.

6. To deliver short to medium term service improvements through a focus on initiatives aimed at a step-change in performance and/or delivery of complex MTFs savings.

Timescale

Following the pause, the timeline for the three projects that were part of the original PRISM moved to full completion by 31 March 2014. There were some benefits in this delay as it meant that the technology and new ways of working could be delivered together and at the same time as new teams were formed.

The technology part of the programme was always likely to be a challenge and has proved to be the case.

As an example, during the summer and early autumn 2013, service requirements were identified that were essential but which had not formed part of the originally agreed specification. More work has been required to ensure that the new technology can fully meet the requirements of the service.

There are also dependencies outside of the control of the programme which have impacted on delivery, for example a planned upgrade of the Council's back-office systems which support our contact with customers.

The timeline for go-live of the technology is programmed to commence in May 2014 and finish in July 2014, and CAPITA have reaffirmed this date, but this remains open to robust challenge from Harrow's Programme Director, Sponsor and senior management team.

The other two projects (service review and operational improvement projects) are longer term projects and will take us past the election and will support the incoming Administration in delivering their priorities and financial strategy.

Financials

The £2.8m cost of delivering the full PRISM business case was approved by Cabinet in October 2012.

There are additional costs both for the extended timescales and because the scope has been widened through the two new projects. The latter will be covered within the Directorate using existing funds as part of on-going service improvement.

As well as incurring additional cost, the revised timeline has also delayed the financial benefits. There is a commercial, contractual arrangement with CAPITA, but the terms of the contract are focused on outputs rather than successful outcomes and there is no link between the payment mechanism and the timely delivery of benefits. Robust commercial challenge is being brought to bear against the original deliverables, but there is limited scope in which to do this. A change request for additional costs has been submitted by

CAPITA and is close to resolution. All financial risk related to the restructure falls to the Council.

The original financial benefits, £1.5m in 2013/14 (with a full year effect of £1.85m in 14/15) were mostly related to staffing and these will be met from 2014/15. The Directorate is working hard to contain any overspend in 2013/14 as a result, and this is being reported through the usual budget monitoring. The challenge should not be underestimated, and managers are working hard to contain the pressure as far as possible.

Position statement

Staffing (restructure)

The restructure element of Towards Excellence, being delivered by Harrow Council staff, is progressing well and is almost concluded. Initially, almost 90% of staff were assimilated/job matched (332 out of 373), and the remainder ring-fenced to various posts. The ring-fenced staff were given a two week period to apply for allocated roles. Interviews for staff ring-fenced to existing posts were completed before the 31st December 2013, as planned.

As a result, the total number of staff assimilated/matched/appointed to roles rose to 92% (342 out of 373).

The project teams worked closely with joint trade unions during the role evaluations. Their successful collaboration was recognised with a nomination for a CREATE award, for which they received 2nd place.

Where possible, staff will be redeployed to suitable alternative roles and given training to meet the requirements of these roles, in order to avoid redundancy.

New Ways of Working

The New Ways of Working project has a Harrow Council project manager and is supported by Capita. The project is focused on enabling professional staff to concentrate on delivering their service and establishing robust technical support and community engagement teams.

The project team is working closely with service managers. A series of 'Service Definition Documents' for each team are almost finalised. These will provide the blueprint for the future operation of the service teams and their relationship with other teams and partners.

Training for staff is being designed and tailored for each service area. The transition process has begun; led by the new managers, and is aiming to 'go live' with the new structure and new ways of working in February 2014.

Technology

The technology project will reduce the number of IT systems used by the service and improve customer services by sharing more information with

residents and businesses. Whilst there is a Harrow Council project manager in place, the key supplier in this project is Capita. The software suppliers are contracted to Capita.

This project is the most challenging element of the Towards Excellence Programme. New software is being developed specifically and staff and service managers have been involved in ensuring that this software will meet the needs of the service.

Design documents are over 96% complete and development of the software is being monitored closely by Capita. The implementation timetable has been rescheduled and is due to be completed by July 2014.

Once the software is available to Harrow, significant testing will be undertaken to ensure that system is suitable and resilient before it is deployed.

Service review and operational improvement

These projects are being managed completely by Harrow Council staff from within existing resources. A pilot review of Arboriculture Services is being carried out. This review is focusing on the current strategy and resources (workforce, systems and finance) used to deliver the service and how aspects of these can be redesigned to mitigate current operational issues in a sustainable manner.

Operational Improvements are being looked at across a number of services with developing the service offer for Trade Waste among the priority reviews.

Financial Implications

N/A

The financial implications of this programme were set out in the report that was approved by Cabinet in October 2012 and are also covered in the main body of this report..

Performance Issues

N/A

The performance implications of this programme were set out in the report that was approved by Cabinet in October 2012.

Environmental Impact

N/A

The environmental implications of this programme were set out in the report that was approved by Cabinet in October 2012.

Risk Management Implications

Risk included on Directorate risk register? Yes

Separate risk register in place? Yes

Equalities implications

Was an Equality Impact Assessment carried out? Yes

Corporate Priorities

N/A

Section 3 - Statutory Officer Clearance

Not required

Section 4 - Contact Details and Background Papers

Contact: Philip Hamberger, Divisional Director, Business and Service Development, (direct telephone number 0208 420 9298)

Background Papers: None