

PERFORMANCE AND FINANCE SCRUTINY SUB-COMMITTEE MINUTES

20 MARCH 2017

Chair:	* Councillor Phillip O'Dell	
Councillors:	* Barry Macleod-Cullinane	† Aneka Shah-Levy
	* Primesh Patel	* Bharat Thakker
In attendance: (Councillors)	Richard Almond	Minute 87
	Sue Anderson	Minute 86

- * Denotes Member present
- † Denotes apologies received

82. Attendance by Reserve Members

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

83. Declarations of Interest

RESOLVED: To note that the following interests were declared:

Agenda Item 8 – Information Report – 2016/17 Revenue and Capital Monitoring for Quarter 3 as at 31 December 2016

Councillor Barry Macleod-Cullinane declared a non-pecuniary interest in that he was employed by the Citizens' Advice Bureau at a national level. He would remain in the room whilst the matter was considered and voted upon.

Agenda Item 8 – Information Report – 2016/17 Revenue and Capital Monitoring for Quarter 3 as at 31 December 2016

Councillor Bharat Thakker declared a non-pecuniary interest in that he was a landlord with properties in Harrow. He would remain in the room whilst the matter was considered and voted upon.

84. Minutes

RESOLVED: That the minutes of the meeting held on 7 December 2016, be taken as read and signed as a correct record.

85. Public Questions, Petitions and References

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

RESOLVED ITEMS

86. Community Grants Scheme 2015/16

The Sub-Committee received a report which set out information on the monitoring of projects which had been awarded Council grant funding in 2015/16. It sought to assess the outcomes delivered to and for the community of Harrow.

The Portfolio Holder for Community, Culture and Resident Engagement introduced the report and apologised for the delay in its submission which had originally been scheduled for December 2016. She advised that this delay was partly attributable to requests from the voluntary sector for an extension of time due to capacity issues in responding to the Council's consultation on support to voluntary and community organisations in Harrow during the same period. It was noted that the Chair and Vice-Chair of the Sub-Committee had therefore agreed to the submission of the report to this meeting which was nearly 12 months from the closure of the delivery year. The 2016/17 monitoring report would be available for the next meeting of the Sub-Committee.

The Divisional Director, Strategic Commissioning informed the Sub-Committee that further monitoring information was available and would be circulated to the Sub-Committee. As a result of queries raised by Members, the officers would ensure that the information in the summary table aligned with the individual monitoring reports. Feedback from the Sub-Committee would be taken into account in the preparation of the 2016/17 monitoring report.

A Member enquired as to the position concerning those organisations who had reported under or overspends and what percentage under or over spend triggered an investigation. Members were advised that organisations were liable for any overspends and, provided a project had been delivered more efficiently, a roll forward was an option or retention of the funding for use elsewhere in the Council. Investigations were not on the basis of meeting a percentage threshold but on whether the organisation had clearly indicated that the delivery objectives had been met.

In response to a question as to the emphasis on the number of target beneficiaries from organisations applying for a grant in the scoring system and whether variances in the actual beneficiaries resulted in an investigation, Members were informed that investigations took place on a risk basis and a return quoting the exact number of beneficiaries could also be a trigger to

investigate. Small organisations sometimes found data management challenging and officers needed to be confident that good governance arrangements existed.

Members noted that the capacity to undertake monitoring was stretched following the reduction in staffing resources. The termination of the small grants programme mid year had resulted in the focus on Outcome Based Grants which were larger sums. Although the scheme had been discontinued, the officers were pursuing certain organisations for information and the outcomes would be monitored. A Member questioned whether the available capacity was adequate for the 2016/17 monitoring and suggested that an investigation be undertaken as to whether staff resources were sufficient to ensure the expenditure was properly managed. The Divisional Director, Strategic Commissioning responded that it was important to put into context the size of the spend and that arrangements were in place in order to monitor grants.

With regard to ongoing schemes, the Sub-committee was advised of the replacement of the current arrangements whereby over 30 organisations were in receipt of grants with a single tender for advice and information services, an infrastructure service, and devolution to Harrow Community Action (HCA) of £100k for year one and £50k for two years. The new arrangements would free up some existing staff capacity in the relevant team. The situation had, however, been challenging due to a reduction in staff and sickness. In response to a question, it was noted that performance indicators would be agreed as part of the contracting model.

Having agreed that further monitoring information provided by organisations and list of organisations visited by the Grants Officer be circulated to the Sub-Committee, it was

RESOLVED: That

- (1) the report be noted;
- (2) Cabinet be requested to consider whether the available staffing capacity was sufficient for the monitoring of the current grants process and for the new arrangements in order to ensure that grants expenditure was properly managed.

87. INFORMATION REPORT - 2016/17 Revenue and Capital Monitoring for Quarter 3 as at 31 December 2016

The Sub-Committee received a report of the Director of Finance on the Council's revenue and capital monitoring position for Quarter 3 as at 31 December 2016 which had been considered by Cabinet on 16 February 2017. It was noted that the movement between quarter 2 and quarter 3 was £1.285k.

A Member expressed the view that financial information was received too late for meaningful comment and enquired what form the monthly financial information that had been previously agreed with effect from the next financial year would take. In terms of timeliness of the information, the Director of

Finance pointed out that the Quarter 3 information was reported to Cabinet six weeks after the period end which was timely. The Director of Finance advised that the monthly reporting would comprise a brief update, on an exception basis after period 1.

A Member enquired whether the capacity to achieve targets had been considered in the initial budget considerations and was it realistic to find resources elsewhere to balance variances as the Leader of the Council had suggested. The Sub-Committee was informed that each saving was tracked quarterly and, as part of a budget refresh, unachievable savings had been removed and alternatives substituted. Checks would take place to ensure that 'red savings' were actioned in future years. Due to the size of the budget and number of savings required it was inevitable that substitution would be required.

A Member requested clarification on the position regarding capital receipts and reference was made to the scrutiny review which recommended better understanding of capital. The Director of Finance advised on the current position. A report had been taken to Cabinet in November 2017 which detailed the proposals for asset disposals, the capital receipts from which would be applied under the new flexibility arrangements. The 2017/18 budget report showed that capital receipt flexibilities of £3.039m were being applied to the 2017/18 budget and the balance, if required, would be applied in 2016/17. There was no prescribed limit in the regulations, allowing flexibility where legitimate revenue costs could be demonstrated. The Council could not borrow capital to fund revenue overspend and, at the time of the Sub-Committee, the Council was not planning on drawing down from reserves other than that detailed in the Quarter 3 monitoring report, with the exception of redundancy costs.

A Member drew attention to the overspend arising from the negotiation on the IT contract with Capita and requested information on the final settlement, for example the outstanding invoice amount. The Director of Finance undertook to provide further information.

A Member stated that the outturn indicated about £9.8m excess spending, and asked what the bottom line was for earmarked reserves and contingencies compared to the previous year. The officer advised that reserves were included in the report that there was an on going revenue contingency of £1.329m built into the budget. There were no plans currently to draw down further from contingencies and earmarked reserves, with the exception of redundancy costs.

In response to questions regarding specific items of expenditure, responses from the Director of Finance were as follows:

- an invoice for £75,162.97, regarding works to make a dangerous structure safe due to health and safety concerns, had been written off subsequent to legal advice. Write-offs took place for a variety of reasons and it was not considered to be a control issue;

- the SEND transport pressure had arisen due to increased demand, particularly the extension of eligibility to 25 years of age, savings that had proved difficult to achieve and the challenges of route planning;
- should the settlement reached with Keepmoat on the School Expansion Programme be in excess of the available funding in the current year, a review of current provision in the capital programme would be undertaken in preference to additional funding in the budget;
- the People's Directorate were under further financial pressure and, as with all directorates, were reviewing all non-essential spend. The budget pressures on Children's Services continue to increase and initiatives included tight control over placements, actions to stem demand, Stepdowns and early interventions. Support had been received from the Local Government Association and a review by People Too indicated that costs were lower than the statistical average. Information was awaited on how the additional funding for adult social care would be spent and on government monitoring;
- work had been undertaken to ensure that capitalised regeneration expenditure was in accordance with financial regulations. There was a revenue effect of £1/2m of expenditure that could not be charged to capital;
- slippage in the regeneration budget was easier to predict on Council owned land. Reasons for slippage elsewhere included withdrawal from a large assembly deal due to due diligence, renegotiation of a site taking longer than anticipated particularly due to sub tenants, and planning delays on Haslam House which had not been predicted but were now resolved;
- the reduction in public health expenditure was balanced by expenditure on wider determinates of health.

Having agreed that the reasons for slippage would be included in future text, and that information be circulated on: the number of properties purchased to date under the Housing Property Purchase Initiative, the financial settlement with Capita on the IT contract, and how much IT finance would be drawn down, it was

RESOLVED: That the report be noted.

88. Report of the Scrutiny Review into Social and Community Infrastructure

The Sub-Committee received a report which updated Members on officer feedback in response to the Scrutiny Review into the Social and Community Infrastructure review report and relevant recommendations.

The Divisional Director Regeneration, Enterprise and Planning introduced the report, drawing particular attention to the recommended initiatives arising from the scrutiny review, the responses to those recommendations and an update on implementation progress. A report on the strategy for attracting and

retaining employment uses in Harrow that recognised the Borough's advantages would be submitted to the next meeting of the Major Developments Panel and further detailed briefings would be available. The Chair stated that a briefing on the Economic Development Needs Assessment (EDNA plan) would be useful.

In response to a question it was advised that the £1.75bn of private and public sector investments that comprised the programme was the gross development value.

With regard to the consultation undertaken on the Byron Quarter development, a Member commented that access difficulties could arise as one of the two entrances led to a Transport for London (TfL) controlled road, and weekend use of the nearby civic amenity site regularly blocked the site entrance.

A Member expressed the view that there was not a clear strategy for regenerating business expansion in Harrow and that other parts of London had been more successful in attracting large businesses. The emphasis on start ups had implications for business rates.

In response the officer stated that whilst the advice was for Harrow to nurture and grow small businesses, the strategy was nevertheless looking at opportunities to attract larger scale businesses and proposals in the town centre were under consideration.

With regard to comments on the hospitality sector and the affect of the evening closure of St Anns on the night time economy, the Sub-Committee was advised that the town centre had a strong footfall and a low vacancy rate. However, it was recognised that there was a need to reinforce the hospitality sector. The development at 51 College Road included a new public square with a significant food and beverage offer and discussions were taking place with major retailers on opportunities to enable expansion of current businesses.

With regard to the programme to support a strategy for attracting and retaining employment uses in Harrow that recognised the Borough's advantages, it would be a combination of a strategic approach and working site by site. Given the number of sites there was the opportunity for substantial control and influence over the area to make a palatable affect.

In response to a question, the Sub-Committee was informed that consultation events were generally well attended with the drop in model working well. The officer undertook to circulate statistics on attendance.

RESOLVED: That the report be noted.

(Note: The meeting, having commenced at 7.30 pm, closed at 9.35 pm).

(Signed) COUNCILLOR PHILLIP O'DELL
Chair