

PERFORMANCE AND FINANCE SCRUTINY SUB-COMMITTEE MINUTES

23 JULY 2018

Chair: * Councillor Ghazanfar Ali

Councillors: Jeff Anderson * Ajay Maru
* Nitesh Hirani * Pritesh Patel

* Denotes Member present

1. Attendance by Reserve Members

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

2. Declarations of Interest

RESOLVED: To note that there were no declarations of interests made by Members.

3. Appointment of Vice Chair

RESOLVED: To appoint Pritesh Patel as Vice-Chair of the Sub-Committee for the 2018/19 Municipal Year.

4. Minutes

RESOLVED: That the minutes of the meeting held on 19 March 2018 be taken as read and signed as a correct record.

5. Public Questions

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

6. References from Council and Other Committees/Panels

RESOLVED: To note the Reference from Cabinet.

RESOLVED ITEMS

7. Equalities Annual Report 2018/19

The Sub-Committee received a report of the Divisional Director, Strategic Commissioning which set out the Council's performance and work towards advancing equality of opportunity and the equality of service provision.

Members asked the following questions and officers provided the following responses:

- Had the 100 homes property acquisition programme received approval?

The Director of Finance advised that the properties had been purchased and that the business case for the acquisition of an additional 50 homes was being drafted.

- Were there plans to include the issue of Communities and Regeneration into the annual Scrutiny work programme?

An officer stated that the work programme was being re-drafted and updated and this issue would be included. During a recent visit to the Council, a representative from the Ministry of Housing, Communities and Local Government had looked at the impact of transient, migrant populations on areas such as council services, HMOs (House of Multiple Occupation) enforcement notices, fly tipping, rough sleeping and community cohesion. The MHCLG had issued a Green Paper on Communities and Harrow had provided a response to this. Both the Council and MHCLG were committed to tackling these issues and there were pots of funding available this year to this end. Harrow would be putting in a bid for this.

The Chair expressed concern that the figures for the number of women taking up apprenticeships and vocational training was significantly lower than that for men. An officer advised that this may be because the apprenticeship programmes were largely focussed on the construction industry. However, the Council would work to increase the number of female participants in those programmes.

RESOLVED: That the report be noted.

8. **INFORMATION REPORTS: Revenue and Capital Outturn 2017/18 & 2018-19 Revenue Monitoring as at 31st May 2018 (Submitted at Cabinet on 12.7.2018)**

The Sub-Committee considered the following reports of the Director of Finance: Revenue and Capital Outturn 2017/18 report to Cabinet 21 June 2018 and 2018-19 Revenue Monitoring as at 31st May 2018 - Report to Cabinet 12 July 2018.

Members asked the following questions and officers responded accordingly:

- Following on from Q1, how has such a large projected overspend (Adult Services) figure been reached so quickly. £2.521 vs £2.072 previously. Does this indicate a weakness in the budget setting process?

The Director of Finance advised that the £2.4m figure in 2017/18 related to People Services (this had included both Children and Adults), whereas in 2018/19 the figures related to Adults only. The projected overspend was due to increasing demand for Adult services, and the increased complexity and unpredictability of that demand.

- Underspends of £7.476M were shown in the Corporate Budgets and additional income. These budgets are now showing a balanced position. Where has the difference in these figures been allocated to in the budget?

The Director of Finance stated that, on the whole, Corporate budgets would not be forecast as underspends. The interest on borrowing, costs on levies and pay inflation were forecast to be spent at this stage in the year. It would be unusual to forecast Corporate budgets accurately so early on in the financial year and this was the reason for the discrepancies in the two sets of figures.

- a) Why are the figures in Table 5 not reflected in Table 1 to represent a total view of the Revenue Budget?
- b) What is the total figure for the Contingency and Reserves based on Table 5?
- c) How much of a concern is the Central Contingency forecast so early in the year and is it a forecast which can reasonably be expected to reduce as the year goes on?

The Director of Finance stated that the three year MTFS which was set in February 2018 would be updated and reported to Cabinet in December 2018. The Council was obliged to set a balanced budget in year 1 (2018/19) and the only process for changing this was through the virement process and for this to be subsequently reported to Cabinet. The final budget report was set out in tables in order to show all the adjustments that had been made. Table 1 set out the ongoing Revenue budget. Reserves on contingencies tended to

be one-off pots of money (which were replenished as and when required), and as they were not allocated to a specific year they could be carried forward.

Members stated that the term 'Revised' Budget could cause confusion and that in the interests of clarity and transparency, future reports should be set out so that it would be easier to track progress. For example, why could the earmarked contingencies not be included in table 1 as this would provide a clearer overall picture of the current financial position.

The Director of Finance undertook to ensure that the tables in future reports were more comprehensive and clarified the above issues raised by Members.

- Spending Control Freeze
 - a) Is the £0.6M in section 2.10 Adult Services, for mitigating actions different in nature from the spending controls in other directorates in Table 6? If so, how?
 - b) Has any areas for spending controls already been identified and has any implementation started? In general, how soon does all that need to happen for the £1.1M figure to be realised?
- How seriously would you rate that risk currently? Are there any specific maintenance or improvement schemes which have already been scrapped?

The Portfolio Holder for Housing responded that robust monitoring of the risks associated with the Housing Revenue Account would be crucial in closing the £1.8m projected gap. This was being done through cost reduction and income generation measures, for example, the 100 homes initiative. He added that following the Grenfell Tower tragedy in 2017, many leaseholders and tenants had raised a number of health and safety concerns regarding their properties. Consequently, an extensive safety audit focussed on identifying hazards was ongoing. No projects had been postponed, but a number of them had been re-programmed and the programme of repairs and replacement was ongoing.

The Director of Finance added that there was a 3-year rolling programme of works relating to the Housing stock.

- Depending on the outcome of the Business Plan review, what is the range of projected numbers of new properties that could be affected during each of the next 4 years? Were grants received dependant on receiving planning permission?

The Portfolio Holder for Housing stated that the Grange Farm scheme comprised some 750 properties which were offered under a mixture of tenures. The Council's Homes for Harrow programme would see an additional 500 properties on its books. In the meanwhile, the Council would continue to lobby Central Government regarding how the Council used its right to buy receipts. He added that the Mayor of London had recently

launched a new Housing scheme and Harrow had successfully bid for funding from this. The Housing Regeneration Team worked closely with planning officers for early identification of any issues relating to proposed schemes and would take appropriate action to ensure that the schemes received planning permission.

- What arrangements had been made to relocate Grange Farm tenants?

The Portfolio Holder for Housing advised that some tenants had accepted new tenancies and around 140 of them had been accommodated in vacant properties on a temporary basis.

- With regard to technical and Corporate Adjustments, the table showed that these to be in a balanced position?
- There seems to be a significant change in figures in Table 1 from the report presented at Cabinet 21st June 2018 to the current Table 1, 2018-19 Revenue Monitoring report as at 31st May 2018.
- Why has the baseline i.e. the revised budget changed so significantly over a period of 2 months? Recommend that baselines should not change, as this negates any meaningful comparisons in order to manage and track progress according to initial estimates and plans. The forecast can change, but the baseline should remain until the end of the period for which the budget process was considered i.e. 3 MTFS.
- Was the 3-year MTFS rigidly applied?

The Director of Finance stated that the 3-year budget included any grant funding and proposed investments. The Portfolio Holder Finance stated that any new proposals for savings would mean changes being made to the MTFS, for example, £1.5m saving had been applied to the Addiction Service in 2015 after the budget had been set. He added that the funds in the Revenue Contingency were earmarked for specific purposes. The Director of Finance added that the annual contingency was included in the figures related to Corporate items. If there were no calls on the contingency funds, then at year end any underspend would be added to the budget planning reserve.

RESOLVED: That the report be noted.

(Note: The meeting, having commenced at 7.30 pm, closed at 8.20 pm).

(Signed) COUNCILLOR GHAZANFAR ALI
Chair