

## CABINET – 8 DECEMBER 2016

### COUNCILLOR QUESTIONS (ITEM 5)

Written Responses to Questions 22 – 33 not reached at the meeting.

22.

**Questioner:** Councillor Barry Macleod-Cullinane

**Asked of:** Councillor Adam Swersky, Portfolio Holder for Finance and Commercialisation

**Question:** “How much of the administration’s overspend, reported in item 17, is attributable to failures to make departments’ planned savings and efficiencies, delays in doing so, or from higher than budgeted implementation costs?”

**Written Response:** The pressures that are being reported largely relate to additional pressures that are unrelated to the savings built into the 16/17 budget.

The Quarter 2 Monitoring report show’s good performance against the £17.553m savings target built into the 2016/17 budget. 36% of savings have already been banked (blue), 56% of savings are on track or partially achieved (green & amber) with only 8% flagged as not achievable (red).

The monitoring report clearly shows that the in year pressures are largely related to homelessness and front line demand pressures for both adults and children’s social care:

The **homelessness** pressure is currently forecast at £2.8m. The property purchase initiative saving (CH9 £230k) is reported as amber. There is a slight delay in finding suitable homes to buy but any shortfall is being mitigated by the acceleration of the Home Improvement Agency saving therefore saving CH9 is not contributing to the overall reported pressure.

For **Adult Social Care** £3.18m of pressures are reported. The directorate are reporting two red savings (PA2 Supporting People and PA7 Kenmore NRC) which are not related to the social care pressures.

For **Children’s Social Care**, pressures of £4.6m are reported, reducing to £2.8m after mitigating actions. The savings trackers shows good performance against savings with many flagged as banked in full. Savings have reduced the social care placements budget (which are flagged as

amber) but the report is very clear that the in year pressures are materialising from additional demands and complexities in 2016/17. Additional vulnerable children require our support and in Qtr 2, 2 additional high cost residential placements have been required along with 6 additional external fostering placements. The number of referrals is increasing which is putting pressure on both the front line staffing budgets and back office support. Families with no recourse to public funds are having to be supported by the council (£700k).

The one area that will be contributing the pressure is SEN Transport. A saving of £257k was taken from the 16/17 budget and is not being achieved.

23.

**Questioner:** Councillor Barry Macleod-Cullinane

**Asked of:** Councillor Adam Swersky, Portfolio Holder for Finance and Commercialisation

**Question:** “Given the overspends reported in Q1 and Q2 across most of the Directorates, how credible were/are the savings and efficiencies promised in the administration’s 2016/17 budget?”

**Written Response:** The response to question 22 details how the pressures reported in 2016/17 are largely not related to the £17.5m savings built into the budget. Pressures are arising from an increase in complexity and demand. Therefore the 2016/17 budget remains credible.

24.

**Questioner:** Councillor Barry Macleod-Cullinane

**Asked of:** Councillor Adam Swersky, Portfolio Holder for Finance and Commercialisation

**Question:** “Given the overspends reported in Q1 and Q2 across most of the Directorates, how credible were/are the administration’s 2016/17 budget assumptions about the scale of demand-led pressures on service costs, including those resulting from welfare reforms and demographic

changes?”

**Written  
Response:**

The 2016/17 budget was based on a set of credible assumptions and growth was allocated to key identified pressure areas:

In terms of **homelessness** £2m of funding was set aside to meet this pressure in 2016/17. £1m was earmarked as part of the 2015/16 outturn process and £1m was reallocated from the London Local Enterprise Partnership (LEP), funding previously top sliced from the Council's New Homes Bonus (the top slicing arrangement ceased in 2016/17). At the time pressures were estimated at £2m. Pressures are currently estimated at £2.8m and there are positive signs that the homelessness pressure is reducing as a result of Council initiatives. It is hoped the pressure will decline further by year end.

At 2015/16 outturn the **Adults social care budget** was reporting underlying pressures of £1.9m, which in 2015/16 was partly mitigated by £1.3m of Care Act Funding. When setting the 2016/17 budget, growth of £2.025m was allocated (funded by the Adults Social Care precept). At Q2, the Adults budget is reporting pressures of £2.4m. What is very disappointing is that the 2016/17 settlement chose to change the allocation methodology for the Revenue Support Grant and Harrow Council was the sixth hardest hit in London, losing £6.4m of central government funding which could have been allocated to supporting vulnerable residents.

In respect of **Children's Social Care** there were pressures at 2015/16 outturn against this budget. Despite actions taken to mitigate these pressures, they have continued into 2016/17 as a result of continuing complexity and increase in demand. These pressures have been addressed through the 2017/18 budget setting process.

25.

**Questioner:**

Councillor Barry Macleod-Cullinane

**Asked of:**

Councillor Adam Swersky, Portfolio Holder for Finance and Commercialisation

**Question:**

“Given how quickly the 2016/17 budget went out of shape, with a failure to achieve planned savings in the planned timescale, with a failure to properly provide for demographic changes and other demand-led pressures, or to properly

meet regulatory requirements, how much credibility should we give to the draft budget for 2017/18?"

**Written  
Response:**

I do not accept your premise regarding the 2016/17 budget. Performance against the 2016/17 savings target of £17.5m is good. Demographic changes and demand led pressures were provided for within the financial constraints but were not helped by a poor financial settlement for the Borough.

The 2017/18 is a credible budget that provides for growth in demand-led services in line with anticipated need. Irrespective of funding reductions, the demand for frontline Council services continues to increase and there is a very real appreciation that the underlying pressures must be addressed to ensure the budget is robust and financially sustainable as the Council moves forward. That is why growth of £10.6m has been proposed in 2017/18, £9.4m of which is allocated to meeting the needs of vulnerable adults and children and the homeless.

26.

**Questioner:**

Councillor Barry Macleod-Cullinane

**Asked of:**

Councillor Adam Swersky, Portfolio Holder for Finance and Commercialisation

**Question:**

"The Peer Review noted that "revenue resources need to be identified to enable the engagement work to be undertaken with appropriate capacity and experience, so that all stakeholders are effectively engaged"; how much has the administration earmarked for this purpose in the draft budget for 2017/18?"

**Written  
Response:**

No new money has been set aside for this purpose. The Regeneration Report, approved by Cabinet in May 2016, detailed that the Regeneration Programme is deliverable using the resources generated as a result of the change in methodology for calculation of Minimum Revenue Provision. Such expenditure will be managed within the Regeneration Finance Model funded as detailed above. Please refer to the response for question 34.

27.

**Questioner:** Councillor Barry Macleod-Cullinane

**Asked of:** Councillor Adam Swersky, Portfolio Holder for Finance and Commercialisation

**Question:** “According to the Peer Review, “the economic line of sight that underpins the Regeneration Plans (particularly in terms of increasing future business rates) and how the local economy can impact on or influence the wider regional context was not clear”; can you provide that “economic line of sight”, including how much will the administration’s Regeneration Plans increase business rates both within the regeneration areas and across the rest of the borough as a direct consequence of that regeneration activity?”

**Written Response:** The Peer Review team said: “LB Harrow has ambitious regeneration plans that are looking to maximise housing and future income opportunities, which are underpinned by strong enthusiasm from both Cabinet and officers across Directorates. Key partners – including Leisure, Harrow College, Police, colleagues from health organisations, the GLA and TfL – are involved in the regeneration programme, and there are clear governance arrangements in place, including the Harrow Regeneration Board with Cabinet representation.

Regeneration ambitions are self-financing and regeneration finances have been independently audited and regularly reviewed against current market costs, for example construction and borrowing costs.”

The Council’s regeneration programme is very focused on the delivery of local economic benefits and the component schemes will deliver a variety of new workspace within the Opportunity Area. This will compensate for the recent loss of employment space in the Borough, as the Government’s new permitted development rights have fuelled extensive conversion of occupied business space to residential use. The Council has a clear economic development strategy based on fostering small business growth, working with the exceptionally high levels of new start-ups to provide advice, support and access to incubation and move-on space.

We take on board the Peer Review team’s feedback on the need to focus more intensively on business rates. It is not possible at this stage to quantify the impact of the regeneration programme on business rates, but a community impact model has been developed and this data

will become available as scheme details are finalised across the programme.

28.

**Questioner:** Councillor Barry Macleod-Cullinane

**Asked of:** Councillor Adam Swersky, Portfolio Holder for Finance and Commercialisation

**Question:** “The Peer Review team questioned “whether the overall financial aspiration for commercialisation that is underpinning the Medium Term Financial Strategy is deliverable”, specifically noting “it was not clear to the peer team that there is a ‘Plan B’”; so, what is ‘Plan’ for the administration’s commercialisation strategy?”

**Written Response:** The Peer Review team said: “‘Commercialisation’ has been clearly defined by the council, with a high degree of understanding and ‘buy-in’ across the authority at all levels, and there is a real pace and confidence in pursuing this path. Furthermore, there is work underway to sustain momentum through identifying ‘Phase II’ opportunities.

Several major projects (for example Phoenix and Infinity) have the potential to make a meaningful financial contribution to help meet the Council’s financial challenge.”

We have taken on board the Peer Review team’s feedback regarding the need to test sensitivities in business cases and continually assess alternative options where projects do not hit targets. We scrutinise our commercial programmes robustly and continually monitor their performance to assess the need for course correction.

29.

**Questioner:** Councillor Barry Macleod-Cullinane

**Asked of:** Councillor Adam Swersky, Portfolio Holder for Finance and Commercialisation

**Question:** “Why wasn’t indexation of the libraries contract not included in the base budget for 2016/17?”

**Written Response:** This has been addressed in the 2017/18 budget.

30.

**Questioner:** Councillor Barry Macleod-Cullinane

**Asked of:** Councillor Adam Swersky, Portfolio Holder for Finance and Commercialisation

**Question:** “Given the cost involved in ensuring Watkins House achieves regulatory compliance, how much provision needs to be made for regulatory and legislative compliance across the whole council?”

As you will be aware, there are a number of regulations which the Council needs to comply with, and which the Council makes suitable and appropriate provision for.

Watkins House is owned by the Council as part of its housing stock, so is an asset of the Housing Revenue Account. From an adult social care perspective, interim enhanced care management arrangements were put in place from January 2016 to ensure the care needs of the residents were being met effectively following the non-renewal of the contract with the previous service provider. In order to comply with registration and legislative requirements for the care element, a registered manager was recruited in the interim to ensure compliance in meeting the requirements of the Care Quality Commission for Watkins House. These were specific requirements for Watkins House and were related to the unique nature of this scheme.

In relation to registered care homes that are directly managed within Harrow Council, because these are specialised establishments, designed and managed to meet the needs of the residents, the infrastructure is already in place to ensure regulatory and legislative compliance is met, with these costs already being factored into the respective establishment budgets.

31.

**Questioner:** Councillor Barry Macleod-Cullinane

**Asked of:** Councillor Adam Swersky, Portfolio Holder for Finance and Commercialisation

**Question:** “How much will the “management actions” (such as route optimisation, the review of administrative support and recycling campaigns) save to offset the expected £1.3m of

unrealised savings from the administration's changes to food and garden waste?"

**Written  
Response:**

The environment team has delivered the most successful food and garden waste scheme in West London in its first year of operation.

Clearly, there have been some financial pressures because of an income shortfall against the original target for garden waste (which was set prior to the final agreed regime for garden waste service), and additional operational costs.

However, action has already been taken to reduce the level of administrative support, with a reduction of 5 posts across Access Harrow and Depot administrative functions; the optimisation of routes has seen a reduction of 1 crew in our food waste collection, with garden waste also being reduced by 1 crew during the peak summer service (with a further reduction of 2 vehicles following the end of the summer service), realising full year savings of £150k for every round.

Work is on-going on both the integration and route optimisation of the garden waste service to address the IT issues which resulted in the required additional resource and the service will continue to monitor and manage operational costs.

32.

**Questioner:**

Councillor Barry Macleod-Cullinane

**Asked of:**

Councillor Adam Swersky, Portfolio Holder for Finance and Commercialisation

**Question:**

"Owing to his own comments, the Leader's confusion of "capital" and "revenue" has become a standing joke but the Q2 monitoring report notes how his administration has tried to misclassify £633k of regeneration revenue expenditure as capital: how did this happen, what steps have been taken to prevent this happening again, and how does it affect the council's ability to fund the revenue costs associated with the administration's Regeneration Plans?"

**Written  
Response:**

You have not read the Q2 monitoring report correctly. There is no misclassification. What the report states is that the Council has reviewed revenue and capital regeneration expenditure against the Council's Capitalisation Guidance to ensure expenditure classification is in accordance with the



guidance. £505k (net) expenditure does not meet capital requirements and hence will be funded within the Regeneration Model as revenue. This revenue expenditure is already part of the Regeneration Financial model.

33.

**Questioner:** Councillor Barry Macleod-Cullinane

**Asked of:** Councillor Adam Swersky, Portfolio Holder for Finance and Commercialisation

**Question:** “Do you think that the current overheads (administration, staff and IT costs represent 30% of the current budget) revealed in the running of the Council’s Emergency Relief Scheme indicate a failure to control the Council’s own costs to the detriment of residents?”

**Written Response:** 30% is a significant overstatement of the overhead cost for the scheme. The two staff members who run the service not only administer cash payments, but provide advice and referrals to applicants, help assess Discretionary Housing Payment claims, and liaise with the Housing Department regarding wider issues affecting claimants.

However, this scheme is currently under review. A key priority going forward will be to reduce administration costs so we can ensure as much money as possible flows to those who need it.