

# PERFORMANCE AND FINANCE SCRUTINY SUB-COMMITTEE MINUTES

## 7 DECEMBER 2016

<b>Chair:</b>	* Councillor Phillip O'Dell	
<b>Councillors:</b>	* Barry Macleod-Cullinane	* Aneka Shah-Levy
	* Primesh Patel	* Bharat Thakker
<b>In attendance: (Councillors)</b>	Richard Almond	Minute 75 and 79
	Susan Hall	Minute 75 and 79
	Varsha Parmar	Minute 75 and 79
	Norman Stevenson	Minute 75 and 79
	Adam Swersky	

\* Denotes Member present

### 71. Attendance by Reserve Members

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

### 72. Declarations of Interest

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

### 73. Minutes

**RESOLVED:** That the minutes of the meeting held on 13 July 2016, be taken as read and signed as a correct record.

#### **74. Public Questions, Petitions and References**

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

#### **RESOLVED ITEMS**

#### **75. Revenue and Capital Monitoring 2016/17 - Quarter 2 as of 30 September 2016**

The Sub-Committee received a report of the Director of Finance on the Council's revenue and capital monitoring position as at Quarter 2 2016/17 as at 30 September 2016, which was due to be considered by Cabinet at its meeting on 8 December 2016.

Following an overview of the report by the Director of Finance, Members asked the following questions and received responses from the officer and Portfolio Holder:

Q - What was the reason for two items previously charged to the Housing Revenue Account now being charged to the General Rate Fund? (paragraph 2.30)

A – The expenditure was for a Social Worker focussing on families in social housing.

Q – A report on the Multi Agency Safeguarding Hub had been submitted at the beginning of the financial year so should the budget pressure have been foreseen?

A – In addition to funding for the known pressure, provision for growth had been built into the budget arising from an increased number of children in placements.

Q – There was already a £1.3m variation from the first two quarters for waste management. What action was being taken as a result of the failure to take into account the cost implications of incorrect assumptions including the take up of the brown bin service, reduction in recycling figures, fly tipping, and the rising cost of residual waste? Route optimisation had resulted in much less saving as residents had been opting in and out of the service and the technology had not been successful. Is the Director of Finance satisfied with the assumptions made by the Corporate Director Community and is a robust plan for waste in place? What was the involvement in the pricing of the service as Harrow had one of the highest charges for waste collection in the country?

A- Series of actions had been put into place to positively address the underlying financial pressures. There had been a cumulative reduction in the rate support grant for Harrow of 93% and contractor costs had risen. A business case, including prices based on different scenarios, had been agreed for garden waste prior to implementation and subsequent challenges required flexibility in the scheme. The current Director of Finance had not been in post when the original business case was done. 26,000 residents had signed up for the garden waste scheme which was approximately £500,000 down against income

target. There was a need to improve forecasting particularly with regard to revenue and cost implications.

All new business cases were robustly challenged, including examination by the Commercialisation Board. All schemes were expected to generate value for contracts and customers, cover costs and make a maximum return on investment.

It was agreed that a Member receive a copy of the waste services business case and marketing strategy, to include documentation on pricing and possible take up.

The service was confident that improvements would be made for the next year such as direct debit payments, and reductions through route optimisation.

The Chair reported that the environment scrutiny leads had examined information regarding tonnage. A challenge panel could take place on the revised plans if necessary

Q – The previous Portfolio Holder for Finance and Major Contracts had expressed the opinion that provided the overall budget was in order he was relaxed about individual components so if a shortfall occurred in one area compensatory reductions would be made other areas or reserves would be drawn down. Does the current Portfolio Holder support this approach?

A – How service operation in the current year would affect the following year would be analysed, realistic income projections would be made for 2017/18 and plans made to generate new income in other areas

Q – Is it intended that the reductions to address the variance from £8.5m to £3.8m would not be reversed and if the situation continued where would the reserves be found?

A – The £8.5m arose from the huge demands on the council, about £11m growth and compensatory action taken elsewhere. Corporate items had been included for contingencies and this year some had been brought forward without use of core reserves.

## 76. Motion to exclude 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>Agenda Item No</u>	<u>Title</u>	<u>Description of Exempt Information</u>
7.	Appendix 5 to Revenue and Capital Monitoring 2016/17 – Quarter 2 as of 30 September 2016	Information under paragraph 3 of Part 1 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).

**77. Appendix 5 to Revenue and Capital Monitoring for Quarter 2 as at 30 September 2016**

The Sub-Committee considered the appendix and the officer responded to questions.

**78. Motion to re-admit the Press and Public**

**RESOLVED:** To re-admit the press and public to the meeting for the remainder of business

**79. Revenue and Capital Monitoring 2016/17 - Quarter 2 as of 30 September 2016 (continued)**

Q - Given the stated pressures on the Housing Revenue Account (paragraph 2.16), is Harrow Council the right organisation to expand the number of properties under its control? How robust is the budget when the first quarter was so at variance with planned expenditure? Would savings from an expansion of the Housing Needs Team be more beneficial in the short term than longer term initiatives such as the purchase of new homes or buy to let?

A – The budget situation remains robust, all budgets experience change and it is inevitable that assumptions must be made. The budget pressures being experienced had not arisen due to difficulty in meeting the £17m savings. Smart Lettings had been set up by Harrow Council to manage the PRS stock and this took a two to three year view. The budget outturn line of £2m forecast for homelessness in the previous year had informed the budget. This sum had increased before reducing to £500,000 in the first two quarters. The inclusion of additional staff would result in savings. A wide range of actions on homelessness were taking place which would generate future savings.

Q – What were the pressures of the compulsory upgrade of IT systems (para 2.17), keeping pace with legislative changes, and ensuring compliance by IT officers?

A - There was a rolling programme for IT programmes: Directorate indexation on contracts was contained in the inflation provision. It was agreed that a member would receive the project initiation document and business case for the Northgate IT upgrade.

Q – What is the reason for the rise in demand for Children’s Services?

A – New pupils and the age range has been extended to 25 for SEN.

Q – The forecast capital spend at quarter 2 was 66% of the total capital programme. What was the target spend?

A – There was no set benchmark, the need to undertake work on capital profiling was accepted. Slippage was not ideal but it was more important to spend properly and in accordance with decisions.

Q – Was there a maximum investment that the Council was prepared to make available to an in-house commercial venture prior to its feasibility being established?

A – Business cases were regularly reviewed and commercial ventures were required to be income creative. The Director of Finance undertook to speak to the Corporate Director Resources and Commercial regarding the maximum investment question. Loans for such investments were held against reserves so could be seen to be accountable. The Chair stated that the resources scrutiny leads would take forward any questions on behalf of the Sub-committee on the commercial companies, would keep them informed and feedback to the scrutiny leadership.

Q – How often were budget updates reported to Cabinet?

A – Formal quarterly reports were submitted to Cabinet with ongoing monitoring such as weekly meetings between the Director of Finance and the Portfolio Holder for Finance and Commercialisation who was constantly made aware of variances and the interventions to correct

Q – How regularly was information on the brown bins monitored?

A – Whilst there was regular monitoring for commercial undertakings, other budget queries were dealt with as they arose. The intention was to produce templates for individual areas to feed into budget monitoring reports. The general ledger provided information on income received.

Q – It was almost the end of quarter 3, could Members receive more timely, up to date information, for example a draft or monitoring form, including changes since the previous quarter? This would prevent discussion on out of date information and could result in a different response.

A – This was a valid observation and the Director of Finance would work with Directorates although it would be a challenge to ensure all information was 'live' at the time of report circulation.

**RESOLVED** : That the report be noted.

## **80. Draft Revenue Budget 2017/18 and Medium Term Financial Statement 2017/18 - 2019/20**

The Sub-Committee considered the draft Revenue Budget 2017/18 and Medium Term Financial Strategy 2017/18 to 2019/20 which were due to be considered by Cabinet on 8 December 2016.

Following an overview of the report by the Director of Finance, Members asked the following questions and received responses from the officer and Portfolio Holder:

Q – What were the proposals for the use of capital receipts?

A – A decision on the implementation of the flexibility given by the government on the use of capital receipts would be made by Cabinet in February.

Q - What assumptions were being made for an increase in council tax? Was any flexibility built into the increase in the tax base to take into account additional property that did not come to fruition, for example where planning permission was not granted?

A – The draft budget assumes Council Tax increase at 1.99%. The tax base took account of developments in the borough which were supported by a valuation list and any intelligence that suggested amendment was required would be addressed. The 2017/18 base had been close to that forecasted.

Q – Could clarification be given as paragraph 1.17 referenced savings of £4.7m for 2017/18 that would not be taken forward but table 2 indicated £5.3m?

A – This would be checked. The value of the savings being removed from the budget as not being taken forward was £4.7m, with £1.1m from additional commercialisation savings remaining in the budget.

Q – What was in place to reverse the slide in business rate income which had been of concern to the Peer Review? How would the regeneration programme reverse the trend and how would it be resourced?

A – A report on the regeneration plan was scheduled to be submitted to Cabinet and would include the response to the questions made.

Q – Would the identification of £6.374m net growth result in the need for additional savings?

A – The need to fund the gap was acknowledged and compensatory action were shown in the draft budget including savings, precept or Council tax. A refresh process resulted in the removal or reprofile of savings that had not been achieved or had been late.

Q – How would the revised gap of £3.039m for 2017/18 in table 2 be dealt with? Would Members be provided with information as to the proportion of the disposal programme to be spent on capital flexibility. Sums spent in this manner restricted their use on transformation projects or in reducing the council tax.

A – The report to Cabinet indicated that application of the capital receipts flexibility would offset the £3.039m. The individual sums received via the disposal programme would not be publically available. The use of the capital flexibility was a one off opportunity. Any ideas from Members regarding transformation projects would be welcomed.

**RESOLVED:** That the report be noted.

## **81. Corporate Equalities Objectives - Annual Progress Report 2015/16**

The Sub-Committee received an update on the progress made on the Council's Equality Objectives which had been adopted in April 2012. The annual progress report 2015/16 set out the key work undertaken in Harrow to meet the Council's Corporate Equality Objectives in 2015/16, the performance against the related targets, and what areas would be prioritised in 2016/17.

Following an overview of the report, Members asked the following questions and received responses from the officers:

Q – Would some targets be difficult to realise due to the small pool in the banding? Could one person changing jobs result in the overall 'RAG' status for the indicator becoming red instead of green?

- A – This point had been raised previously and would be discussed in January during the formatting of the 2017/18 targets.
- Q – How was it proposed to achieve a more comprehensive social identity profile of the workforce?
- A- Whilst the provision of social identity information was not a mandatory requirement, staff had been encouraged to update their profiles by means including campaigns, induction and the Chief Executive's newsletter. Some staff did not have access to the SAP ESS data recording system which was a barrier to self reporting.
- Q – What steps were being taken to increase the use of the DisabledGo Access Guide?
- A – A publicity campaign would be undertaken to promote the Access Guide. The number of hits on the DisabledGo site had quadrupled in the past year. The Guide also referred to external venues across the borough and service users did not necessarily live in the borough.
- Q – What was the context of the number of cases where positive action was taken to prevent homelessness and what was the impact on the budget?
- A – The indicator was a corporate equality measure and not a financial indicator. However, the budget report outlined the pressures on housing and the proposed initiatives including support outside the borough and the purchase of one hundred homes. The bed and breakfast rates had decreased since the last quarter. A revised performance indicator had been proposed which would provide a more measureable target. It was agreed that information would be circulated to the Sub-Committee on the target and actual 2015/16 numbers as percentages.

**RESOLVED:** That

- (1) the progress made against the Corporate Equalities for 2015/16 be noted;
- (2) the new Corporate Equality Objectives for 2016-2020 and the Action Plan for 2016/17 be noted.

(Note: The meeting, having commenced at 7.30 pm, closed at 9.48 pm).

(Signed) COUNCILLOR PHILLIP O'DELL  
Chair