

LONDON BOROUGH OF HARROW

CABINET

Thursday 18 DECEMBER 2008

Standing Scrutiny Review of the BudgetReference from the meeting of the Overview and Scrutiny Committee held on
4 November 2008

The Committee received an interim report of the Scrutiny Standing Review of the Budget in response to a growing recognition of the need to improve scrutiny's response to the budget. The Review Group had considered a range of evidence regarding the Council's processes and examined national best practice. The Members of the Review Group had also visited a number of London boroughs to discuss their management of finances.

The Chairman of the Review Group introduced the report, which set out a number of recommendations on the Council's budget setting process as part of the First Phase of the Project. The next Phase would consider some of the long-term issues, which would help improve the Council's financial performance.

The Chairman of the Review Group stated that the Review had focused on the way the Council set the budget and had spent time considering best practice in other boroughs, such as Wandsworth, Ealing, Hillingdon and Hounslow. Information gathered from these visits had formed the core of the Review Group's recommendations. He added that, in recognition of the realisation that local authorities were unlikely to be able to either increase Council Tax, or receive an increase in grant, the Review Group had looked at ways of reducing costs and joint provision of services. The Review Group also hoped to consider the Council's Charging Policy.

Phase 2 of the Review was about to get underway and some of the proposed projects for inclusion in this phase were included in the appendix to the report. The Review Group was also meeting with the Chairman and Vice Chairman of the Performance and Finance Sub-Committee in December 2008 to plan ahead for the special meeting with the Leader of the Council and the Corporate Director of Finance, which would consider the 2009/10 Budget.

In response to a query from a Member regarding the Strategy for the Disposal of Assets, the Scrutiny Manager stated that the Executive was being recommended to have one in place. She added that informal discussions on the proposed recommendations of the Review Group with some of the Members of the Executive had already taken place. Another Member congratulated the Review Group on the work undertaken, which he was confident would assist the Executive in improving the budget process.

RESOLVED: That (1) (a) progress towards the achievement of the '9-point plan' and the subsequent Council Improvement Programme be monitored by the scrutiny function;

(b) political direction/clarity of purpose be welcomed and, in accordance with recommendations relating to service and budget planning, the Review Group would seek to contribute to the determination and monitoring of these objectives;

- (c) further work be undertaken to examine the robustness of the service and budget planning process, using case studies in particular service areas;
- (d) the process for scrutiny's engagement in the service and budget planning, as outlined in the report, be referred to the Executive for comment;
- (e) that the opportunity for Overview and Scrutiny to contribute to and comment on the development of Directorate Service Plans be identified and built into the Overview and Scrutiny Work Programme;
- (f) the Performance and Finance Sub-Committee and the Overview and Scrutiny Committee contribute to the monitoring process and pay particular attention to the quality of information being presented through the management information system and how it was being acted upon. In this context it was noted that the possible investigation of the performance management process being considered was part of the Performance and Finance Sub-Committee's Work Programme for the forthcoming year and which might support the monitoring process;
- (g) the Council investigate the potential of introducing a zero-based budgeting process to ensure that the limited funds were being effectively targeted at real need and that the most effective means of meeting these needs were adopted;
- (h) further work to investigate the potential offered via shared services be undertaken by the Review Group during the 2nd Phase;
- (i) learning from this Review and the Review on 'Delivering a Strengthened Voluntary and Community Sector' be shared to ensure that the Council makes the most effective use of its budgets and partnerships;
- (j) the Council ensure that the most appropriate areas were selected for inclusion in the fundamental service review programme and that the methodology followed was robust enough to deliver a root and branch analysis of the effectiveness of the service;
- (k) selection of reviews for either fundamental service review or for scrutiny consideration should follow a similar rationale and the two programmes should not duplicate each other.
- (l) whilst the delivery of 'quick wins' was an attractive element of the fundamental service review process, there could be potential pitfalls in this. As such, it was recommended that scrutiny be engaged in determining the programme of reviews, their scoping and in the consideration of the proposals made. Lead Councillors should also participate in the process either as Members of reviews or by being invited to provide evidence to a project group;
- (m) the every effort be made to ensure that use of financial management information becomes a cornerstone of the management competencies of the Council. In particular, the Council must ensure that managers become expert in the use of the SAP financial reporting systems;
- (n) progress toward the delivery of the action plan derived from the financial effectiveness review be monitored by the Performance and Finance Sub-Committee;

- (o) the Council ensure that the budget setting process was ongoing;
 - (p) the Executive assure that a formal strategy for the disposal of assets would be in place, that this safeguards the value of the Council's assets and was cognisant with/of the changed economic context for development;
- (2) the proposed programme of activity for Phase 2 of the Review be agreed;
- (3) the report be referred to Cabinet;
- (4) a further report on completion of the activities included in Phase 2 be submitted to Committee in Summer 2009.

FOR CONSIDERATION

Background Documents:

Report considered by the Overview and Scrutiny Committee and Draft Minutes of the Overview and Scrutiny Committee held on 4 November 2008.

Contact Officer: Daksha Ghelani, Senior Democratic Services Officer
Tel: 020 8424 1881
Email: daksha.ghelani@harrow.gov.uk