

**REPORT FOR:**

**PERFORMANCE AND  
FINANCE SCRUTINY  
SUB-COMMITTEE**

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<b>Date of Meeting:</b>	20 September 2010
<b>Subject:</b>	Chair's report
<b>Responsible Officer:</b>	Alex Dewsnap, Divisional Director, Partnership Development and Performance
<b>Scrutiny Lead</b> <b>Member area:</b>	Councillor Sue Anderson (Chairman) Councillor Barry Macleod-Cullinane (Vice-Chairman) of the Performance and Finance sub-committee
<b>Exempt:</b>	No
<b>Enclosures:</b>	Appendix A – Note of briefing held on 17 August 2010

## **Section 1 – Summary and Recommendations**

This report sets out issues considered by the Chair since the last meeting of the Performance and Finance scrutiny sub-committee.

### **RECOMMENDATIONS:**

The sub-committee is requested to:

1. Note and endorse the content of the report
2. Identify any potential issues for Performance and Finance to investigate in the future.

## **Section 2 – Report**

### **Introductory paragraph**

This report outlines the work of the chair and vice-chairman since the last meeting of the sub-committee.

### **Background**

A briefing for the chair and vice-chairman was held on 17 August 2010. Members of the sub-committee were also invited to attend.

The purpose was to receive a finance briefing from the Corporate Director of Finance on the council's financial position in order to inform the future work of the sub-committee.

A note of the briefing is attached as Appendix A.

As a result of the briefing received, the sub-committee agenda was agreed as follows by the chair and vice-chairman:

- 1) Revenue and Capital Monitoring to 30 June 2010  
To include specific discussion of:
  - a) Parking income trends
  - b) Children's services benchmarking data
  - c) Impact of PCT finances on the council
- 2) Future funding gaps
- 3) Corporate scorecard for Q1

### **Financial Implications**

There are no specific implications arising from this report.

### **Performance Issues**

This report deals with matters of financial and service performance throughout.

### **Environmental Impact**

Not applicable.

### **Risk Management Implications**

Not applicable.

### **Corporate Priorities**

The work of the sub-committee addresses all of the council's corporate priorities.

- Deliver cleaner and safer streets
- Improve support for vulnerable people
- Build stronger communities

## **Section 3 - Statutory Officer Clearance**

Not required for this report.

## **Section 4 - Contact Details and Background Papers**

**Contact:** Heather Smith, Scrutiny Officer, 020 8420 9203,  
[heather.smith@harrow.gov.uk](mailto:heather.smith@harrow.gov.uk)

**Background Papers:** See footnotes to Appendix A.

## **Appendix A – Note of Briefing – 17 August 2010**

A briefing meeting was held on 17 August. It was attended by:

- Councillor Sue Anderson, Chair
- Councillor Barry Macleod-Cullinane, Vice-Chairman
- Councillor Sachin Shah, committee member
- Councillor Tony Ferrari, committee member
- Myfanwy Barrett, Corporate Director, Finance
- Martin Randall, Senior Performance Officer
- Heather Smith, Scrutiny Officer

### **1. 2009/10 Outturn**

The Corporate Director gave a briefing based on the 23 June Cabinet report.<sup>1</sup> She added that forecasting by directorates had improved.

### **2. In year financial performance**

Following discussion, it was agreed that the revenue and capital monitoring report be included on the agenda for 20 September.

Major in-year pressures were falling parking income and increased expenditure in children's services. Members also discussed in-year cuts<sup>2</sup> and the decision to share the cuts between directorates on a pro-rata basis calculated against controllable budget.

Members debated the potential for savings to be made from the reduction in compliance costs following the abolition of the Comprehensive Area Assessment. The Corporate Director indicated that the council would still need to pay auditors' fees and that the Audit Commission is intending to do some work on Use of Resources for the purposes of audit comment.

Members also requested a report on the future funding gap faced by the council and details of the scenarios considered by the council in planning to address the funding gap.

### **3. Primary Care Trust (PCT) finances and the impact on the Council**

Members discussed the potential for the council to face cost pressures as a result of funding cuts made by the health sector.

### **4. Preparations for the spending review**

The Comprehensive Spending Review (CSR) is scheduled for 20 October. It is not yet clear when the Local Government Settlement will follow but it is expected to be a two-year settlement. The spending review covers a four year period.

Consultation is underway with regard to the Formula Grant, specifically to the Area Cost Adjustment.<sup>3</sup> Government sets a "floor" or lower limit to any

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<sup>1</sup> <http://www.harrow.gov.uk/www2/mgConvert2PDF.aspx?ID=68646&J=8>

<sup>2</sup> A report on in year funding cuts was considered by Cabinet on 15 July.

<http://www.harrow.gov.uk/www2/mgConvert2PDF.aspx?ID=69160&J=9>

<sup>3</sup> Local Government Finance Formula Grant Distribution: Consultation paper

<http://www.communities.gov.uk/publications/localgovernment/formulagrantdistributionconsult>.  
This consultation closes on 6 October 2010. The Area Cost Adjustment (ACA) is the element

authority's change in Formula Grant allocation year-on-year.<sup>4</sup> Any change could potentially have an adverse effect on London local authorities. It is unclear whether the floor will remain and the impact could be significant if other changes were also made to the Area Cost Adjustment.

Reform to the Housing Revenue Account is going ahead but the timeframe is not known at this stage.

Consultation is also underway on the proposal to introduce local referendums to veto excessive council tax increases.<sup>5</sup> The proposal is for a maximum allowable increase; if a council planned to breach it a "shadow budget" would need to be produced and then a referendum held. The Corporate Director commented that recently London authorities had made low increases so would be unlikely to be affected.

The LGA publication on place based budgets was also alluded to.<sup>6</sup> Proposals for GP commissioning and academies possibly imply that the policy agenda is taking a different direction.

The CSR is also awaited with regard to the future of the inspection regime.

**5. Next steps – agenda for P&F sub-committee meeting – 20 September 2010**

Members discussed the agenda based on the briefing received.

1) Revenue and Capital Monitoring to 30 June 2010

This will include discussion of:

- a) Parking income trends
- b) Children's services
- c) PCT finances

2) Future funding gaps

3) Strategic Performance Report Q4

A Member also requested that officers look at identifying whether there are regulatory requirements that directorates considered that they could do without. The Scrutiny Officer agreed to take this forward. Members also discussed the committee's role going forward, including considering how the organisation is monitoring itself in the light of reduced external inspection.

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of the relative needs formulae which reflects particular variations in the costs of service delivery around the country (*Ibid*, p. 176). The Relative Needs Formulae take account of an authority's relative need by considering a number of factors which appear to explain variations in the cost of providing services (*Ibid*, p. 3).

<sup>4</sup> *Ibid*, p. 208

<sup>5</sup> Local referendums to veto excessive council tax increases: Consultation paper <http://www.communities.gov.uk/publications/localgovernment/vetocounciltaxincreasesconsult>. This consultation closed on 10 September 2010.

<sup>6</sup> <http://www.lga.gov.uk/lga/publications/publication-display.do?id=12294112>