

LONDON BOROUGH OF HARROW

GOVERNANCE, AUDIT AND RISK MANAGEMENT COMMITTEE

19 JANUARY 2011

REFERENCE FROM CABINET – 15 DECEMBER 2010

Capital Programme

Cabinet received a report of the Chief Executive, advising of an overspend in the Children's Services Capital Programme. The report also summarised how the overspend had arisen and the steps taken to avoid any repetition. It was noted that an independent financial investigation had been undertaken by Rita Greenwood, Independent Financial Consultant and formerly Director of Finance, London Borough of Havering, and Pricewaterhouse Coopers (PwC) in this regard.

The Chief Executive invited Ms Greenwood to address the meeting in respect of her investigation into the financial management of the projects and the capital programme. Ms Greenwood stated that the investigation had related to two flagship projects and that, together with PwC, she had been appointed to ensure a transparent and open approach to the investigation. She had interviewed a number of officers and reviewed numerous documents as part of her investigation. A number of recommendations had been made and that the Council had shown a commitment to implementing the recommendations and to ensure that the whole of the organisation learnt from this experience.

The Chief Executive apologised to residents and Councillors for the mistakes of a small number of staff and assured Members that all the recommendations made by the investigation would be taken on board. He added that the Council's Governance, Audit and Risk Management Committee would be charged with reviewing progress made in relation to the recommendations and that Internal Audit would monitor compliance in six months' time. He proposed that the Overview and Scrutiny Committee be asked to carry out work on how projects were monitored.

The Chief Executive stated that there would be no impact on the services provided to residents or the Council Tax levied; as a result of this overspend.

The Leader of the Council also apologised to residents and stated that they, and the Councillors and staff had been badly let down. He reiterated that the overspend would not impact on front-line services or Council Tax. The investigations had been open and transparent.

The Leader added that he had kept the Chairmen of the Governance, Audit and Risk Management and the Overview and Scrutiny Committees, including the Leader of the Opposition, fully informed throughout. He did not want to score party political points about this matter. However, in case anyone did want to, for the record, these problems had not occurred on his 'watch'. The Leader stated that the Council needed to learn from its mistakes to ensure that such a situation never occurred again.

RESOLVED: That

- (1) the report and the actions already being taken be noted;
- (2) **the Governance, Audit and Risk Management Committee be requested to monitor and report on the implementation of the recommendations within agreed timescales;**
- (3) the Overview and Scrutiny Committee carry out development work on how the Council monitored its projects.

Reason for Decision: To understand the issues in the Council's Capital Programme and their impact going forward.

FOR CONSIDERATION

Background Documents:

Report considered by Cabinet held on 15 December 2010.

Minutes of Cabinet held on 15 December 2010.

Contact Officer:

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