

Performance and Finance Scrutiny Sub-Committee Agenda

Date: Tuesday 29 March 2022

Time: 6.30 pm

Venue: Virtual Meeting - Online

Membership (Quorum 3)

Chair: Councillor Kiran Ramchandani

Labour Councillors: Kairul Kareema Marikar
Ajay Maru

Conservative Councillors: Nitesh Hirani
Pritesh Patel

Labour Reserve Members:

1. Niraj Dattani
2. Dean Gilligan
3. David Perry

Conservative Reserve Members:

1. Ameet Jogia
2. Amir Moshenson

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Agenda publication date: Monday 21 March 2022

Agenda - Part I

1. Attendance by Reserve Members

To note the attendance at this meeting of any duly appointed Reserve Members.

Reserve Members may attend meetings:-

- (i) to take the place of an ordinary Member for whom they are a reserve;
- (ii) where the ordinary Member will be absent for the whole of the meeting; and
- (iii) the meeting notes at the start of the meeting at the item 'Reserves' that the Reserve Member is or will be attending as a reserve;
- (iv) if a Reserve Member whose intention to attend has been noted arrives after the commencement of the meeting, then that Reserve Member can only act as a Member from the start of the next item of business on the agenda after his/her arrival.

2. Declarations of Interest

To receive declarations of disclosable pecuniary or non pecuniary interests, arising from business to be transacted at this meeting, from:

- (a) all Members of the Sub-Committee;
- (b) all other Members present.

3. Minutes (Pages 5 - 12)

That the minutes of the meeting held on 13 December 2021 be taken as read and signed as a correct record.

4. Public Questions

To receive any public questions received in accordance with Committee Procedure Rule 17 (Part 4B of the Constitution).

Questions will be asked in the order in which they were received. There will be a time limit of 15 minutes for the asking and answering of public questions.

[The deadline for receipt of public questions is 3.00 pm, 24 March 2022. Questions should be sent to publicquestions@harrow.gov.uk

No person may submit more than one question].

5. Petitions

To receive petitions (if any) submitted by members of the public/Councillors under the provisions of Committee Procedure Rule 15 (Part 4B of the Constitution).

6. References from Council and Other Committees/Panels

To receive any references from Council and/or other Committees or Panels.

7. Revenue and Capital Monitoring Report 2021/22 (Q3) (Pages 13 - 66)

8. Final Revenue Budget Report 2022/23 and Final MTFs Report 2022/23 to 2024/25 (Pages 67 - 162)

9. Vote of Thanks to Chair

10. Any Other Business

Which cannot otherwise be dealt with.

Agenda - Part II - NIL

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[**Note:** The questions and answers will not be reproduced in the minutes.]

Councillor Kairul Kareema Marikar declared non-pecuniary interests in that she was a director in a care company, and those items dealt with care agencies.

74. Minutes

RESOLVED: That the minutes of the meeting held on 22 March 2021, be taken as read and signed as a correct record.

75. Public Questions

RESOLVED: To note that no public questions were received at the meeting.

76. Petitions

RESOLVED: To note that no petitions were received.

77. References from Council and Other Committees/Panels

RESOLVED: To note that there were none.

Resolved Items

78. Revenue and Capital Monitoring 2020/21 - Final Outturn, Draft Revenue Budget 2022/23, Draft Medium Term Financial Strategy 2022/23 to 2024/25, and Draft Capital Programme 2022/23 to 2024/25

Members received the Revenue and Capital Monitoring 2020/21 – Final Outturn, the Draft Revenue Budget 2022/23 and the Draft Medium Term Financial Strategy 2022/23 to 2024/25, and the Draft Capital Programme 2022/23 to 2024/25, which were presented by the Director of Finance and Assurance.

Members were informed that the purpose of the draft Capital Programme report was to set out the Council's additional capital proposals for investment over the years 2022/23 to 2024/25 which had been proposed as part of the Annual budget setting process. The proposals were over and above the existing Capital Programme agreed by Council in February 2021. The final Capital programme report, which would contain new proposals as well as the existing Capital Programme would be presented to Cabinet in February 2022.

The revenue budget in 2021/22 was £179.442m which was net of central Government and other specific grants. A list of external grants was shown at Appendix 3 of the report. The general fund capital programme budget in 2021/22 was £113.027m. The net forecast position on the capital budget at Q2 was £88.826m, which represented 79% of the total capital programme budget. The variance of £24.201m was made up of proposed slippage of £19.721m and an underspend of £4.480m.

A Member was concerned that there was no breakdown on a line-by-line basis on how the grants from the Government were spent, arising from coronavirus (Covid-19) disbursements.

It was advised that grants were spent across Council directorates, with the larger proportion going towards grants to businesses, and other monies being spent on the NHS “test-and-trace” and other programmes within the Council.

The Member asked about wage costs, and whether each directorate accounted for their employees, as reflected in the outturn figure. It was advised that each directorate did account for their staff, and the purpose of the outturn was also for monitoring.

The Member also asked how slippages were managed in the Capital Programme, and what lessons had been learned from that. It was advised that there had been deviations from the Capital Programme, such as funds for commercial investments, which had not been spent or completed. A number of the larger programmes have since been removed from the programme which has reduced reported slippages. The details had been covered in the report for the reasons of the slippages.

A member was asked about Appendix 3 of the Draft Revenue Budget 2022/23 and draft Medium Term Financial Strategy 2022/23 to 2024/25, paragraph 26-27, which showed a high needs need budget deficit of £5m. Given that the recovery plan would not clear it, what options were there for Harrow Council, as the Government would not give money for that.

It was advised that there was money to fund the high needs block, and the Council could move money between the various blocks. The deficit was not expected to build up. The Department of Education would send a spending plan. It was envisaged that the deficit would be brought under control. The Council was still lobbying for extra cash, however, that may not be enough to clear the deficit.

The member also asked if the amount of £750 00 allocated for SEN transport was adequate.

It was advised that it was, and that there was need to control demand.

The member queried whether the 2% inflation pay award was sufficient, and what whether the unions were content with that.

It was advised that there was a pay award coming through during the financial year, with 2% having been budgeted for. It was not known whether the unions would accept it as they were balloting their members. Furthermore, there was 2.75% budgeted for non-pay award.

The member also wanted to find out about any LIBOR (London Interbank Offered Rate) debt owed by Harrow Council. Was the Council engaging with its lenders about swapping this for PWLB (Public Works Loan Board) loans?

It was advised that Harrow Council had one LIBOR loan of £20m, and could swap for lower rated PWLB loans if it was cost-efficient. However, the Council's exposure to LIBOR loans was limited, and the situation was kept under constant review.

The member further asked how concerned the Council was about having a financial deficit, and was whether this would be sustainable going forward. Was the Council apprehensive about taking money out of reserves?

It was advised that it was not an ideal situation to have a deficit, and having to use money in reserve to cover it. However, there was money in reserves, which could be used to cover any deficit. This would mean the Council did not have to borrow. There was sufficient money in reserves to keep the council going for the next 3-4 years. Most of the Council's spending was on social care.

Members thanked the Director of Finance and Assurance for the reports and the clarification to their questions.

RESOLVED: That the reports be noted.

79. Children and Families Services Complaints Annual Report 2020/21

Members received the Children and Families Services Complaints Annual Report 2020/21, which was presented by the Complaints Manager (Adults and Children's Complaints).

In the discussion that ensued, the following were highlighted:

- the report followed the first national lockdown arising from the outbreak of the coronavirus (Covid-19) pandemic in March 2020. Covid-19 had had a significant impact on how public services were provided and how organisations adapted to ensure the most vulnerable were adequately supported, together with their families;
- the priority of the directorate and the local authority was to ensure essential services continued to be delivered and as such resources were prioritised to deliver this objective;
- there were higher contacts (177) actioned by the Complaints Service in 2020/2021 than in 2019/2020 (156). There were some 177 "transactions¹" within the complaints process during the year, that is, representations, formal complaints, members enquiries and referrals to the Local Government Ombudsman;
- during 2020/2021, of the 4,016 children open to Children's Social Care in the year, 53% were male and 46% were female and 1% were unborn/not known. The cohort's ethnic breakdown was predominantly black minority ethnic (BME) with a quarter being of white ethnicity;

- on the last day of the financial year (31 March 2021), a total of 1,720 children were receiving a service from Social Care with the rest having ceased throughout the year;
- a total of 2,605 referrals were received in 2020/2021 by Children's Social Care with the most common referral source being Police and Schools, both accounting for 59% of referrals received. The Service completed 2 569 assessments;
- a total of 1,280 child protection investigations were initiated in the period with 424 leading to an initial child protection conference. There were 657 Child Protection Plans (CPP) active at some point during 2020/2021, 384 new plans were started and 361 ceased during the year. As at 31 March 2021, 296 children were being supported and monitored through a Child Protection Plan;
- a total of 295 Children were Looked After (CLA) at some point during 2020/21, 117 children became newly looked after and 118 stopped being looked after. As at 31 March 2021, Harrow had 182 looked after children;
- as at 31 March 2021, Harrow had 76 approved fostering households offering 124 placements;
- during 2020-21, about 3,304 families accessed the Cedars and Hillview Early Support hubs and 160 young people accessed the Wealdstone Early Support hub;
- the overall Complaint Activity was that between 1 April 2020 and 31 March 2021, the Council received 100 representations, that is, potential statutory complaints that did not lead to a formal complaint investigation. The council processed 10 Stage 1 complaint investigations, 4 Stage, 2 complaint investigations, and no (zero) Stage 3 complaint were received (no panel hearings); and there was one Local Government Ombudsman (LGO) complaint; and
- additionally, there were 62 MP and Councillor enquiries managed by the Complaints Service. In comparison, 43 enquiries were received last year. This increase had likely come with the trend noted across Adult Social Care, as well as more reliance on members for raising concerns throughout the Covid-19 period.

Members thanked the Complaints Manager for the presentation, and noted the details in the report.

RESOLVED: That the report be noted.

80. Adults Services Complaints Annual Report (social care only) 2020/21

Members received the Adults Services Complaints Annual Report (social care only) 2020/21, which was presented by the Complaints Manager (Adults and Children's Complaints).

During the discussion that ensued, the following were highlighted:

- the report followed the first national lockdown arising from the outbreak of the coronavirus (Covid-19) pandemic, which had had a significant impact on how public services were provided and how organisations adapted to ensure the most vulnerable were adequately supported as well as their families;
- the priority of the directorate and the local authority was to ensure essential services continued to be delivered and as such resources were prioritised to ensure this;
- there were slightly higher contacts (207) actioned by the Complaints Service in 2020/2021 than in 2019/2020 (200). The 207 "transactions¹" were made up of representations, formal complaints, member enquiries and referrals from the Local Government Ombudsman;
- during 2020/21, the number of clients that received Long Term services was 4, 238; whilst 407 clients received Short Term Reablement service, and 2,337 clients received either Short Term (other) or on-going Low-Level services;
- during 2020/21 Adults Social Care Services received 7,985 requests for social care support from potential service users and provided information and advice (including referrals to other organisations that could assist) to 755 clients;
- a total of 407 clients received home based short term Reablement services, and an additional 2,337 clients received other forms of short-term support in response to their request, this included support like mental health counselling;
- a total of 4,238 clients received some form of long- term support, which included personal budgets, direct payments, residential and nursing care during the year. 2,991 of those clients were actively in receipt of such services on 31 March 2021;
- a total of 539 carers were assisted during the year. This included 135 instances of information and advice, 324 direct payments to the carer and 81 temporary support packages delivered to the cared-for person (for example, to give the carer a break from their caring responsibilities);
- there was high level of representations (101) which were received as potential complaints but are attempted to be resolved informally. This made up most of the contacts and was not all negative in nature (some

were service or information requests). This was significant in showing that the Council could listen to concerns expressed and practically work to internally resolve them;

- between 1 April 2020 and 31 March 2021, the Service dealt with 101 representations, that is, potential complaints that did not lead to a formal complaint investigation. The Council processed 6 Stage 1 complaints, 4 complaints progressed to the second stage; and the Ombudsman made decisions on 4 formal cases during the period; and
- additionally, there were 91 MP and Councillor enquiries managed by the Complaints Team (in comparison to 70 from the year before and 52 the year before that).

Members thanked the Complaints Manager for the presentation, and noted the details in the report.

RESOLVED: That the report be noted.

(Note: The meeting, having commenced at 6.30 pm, closed at 7.54 pm).

(Signed) Councillor Kiran Ramchandani
Chair

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Report for: Cabinet

Date of Meeting:	10 February 2022
Subject:	Q3 Revenue and Capital Monitoring 2021/22
Key Decision:	Yes
Responsible Officer:	Dawn Calvert, Director of Finance and Assurance
Portfolio Holder:	Councillor Natasha Proctor - Deputy Leader and Portfolio Holder for Finance and Resources
Exempt:	No
Decision subject to Call-in:	Yes
Wards affected:	All wards
Enclosures:	Appendix 1 – Summary of 2021/22 Revenue Budget Forecast by Directorate Appendix 2 – Summary of Reserves Appendix 3 – Summary of Grants Appendix 4 – Savings Tracker 2021/22 Appendix 5 – Capital Programme 2021/22 Appendix 6 – Trading Company Update 2021/22

Section 1 – Summary and Recommendations

This report sets out the Council's final revenue and capital outturn position for 2021/22.

Recommendations:

1. That Cabinet notes the revenue and capital forecast positions set out in paragraphs 1.2 and 1.3.
2. That Cabinet approve the proposed addition to the Capital Programme as set out in paragraphs 3.45 to 3.47
3. That Cabinet note the Council's Trading Update as detailed in Appendix 6.

Reason: (For recommendations)

To report the 2021/22 financial forecast position at Q3 and to update Cabinet on trading company performance.

Section 2 – Report

1.0 INTRODUCTION

- 1.1 This is the third budget monitoring report for 2021/22.
- 1.2 The revenue budget in 2021/22 is £179.441m which is net of government and other specific grants. A list of external grants is shown at Appendix 3. The net forecast position on the revenue budget at Q3 is an underspend of £776k, after the planned use of reserves which are largely applied to fund one-off projects and cross divisional adjustments.
- 1.3 The general fund capital programme budget in 2021/22 is £113.725m. The net forecast position on the capital budget at Q3 is £62.349m which represents 55% of the total capital programme budget. The variance of £51.376m is made up of proposed slippage of £46.680m and an underspend of £4.696m.
- 1.4 The Housing Revenue Account capital programme budget is £102.645m. The net forecast position on the HRA capital budget at Q3 is £40.678m which represents 40% of the total HRA capital programme budget. The variance of £61.967m is made up of proposed slippage of £60.950m and a net underspend of £1.017m.

2.0 REVENUE MONITORING

- 2.1 The net forecast position on the revenue budget at Q3 is an underspend of £776k.
- 2.2 This is a reduction of £877k from the position reported at Q2 which is largely due to forecast reductions in People Services. These are covered in more detail further in the report.
- 2.3 The summary of the outturn by each division is set out in Table 1 with a more detailed breakdown at Appendix 1:

Table 1: Summary of Revenue Budget Monitoring Forecast – Q3 2021/22

Directorate	Revised Budget	Forecast	Variance due to BAU	Contribution/ Drawdown From reserves	Cross Divisional Adjustments	Use of one off funding / management actions	Revised Outturn	Variance to budget	Q2 Variance to budget	Movement
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Resources	39,062	43,670	4,608	(885)	(2,361)	0	40,424	1,362	1,426	(64)
Community										
Environmental Services	19,248	21,129	1,881	(322)	0	0	20,807	1,559	1,648	(89)
Directorate Management	5,340	5,122	(218)	(113)	0	0	5,009	(331)	(14)	(317)
Housing General Fund	4,510	3,803	(707)	778	(70)	0	4,511	1	0	1
Enterprise and Planning	1,375	1,527	152	(82)	0	0	1,445	70	70	0
Cultural Services	2,434	2,433	(1)	0	0	0	2,433	(1)	(229)	228
Regeneration	0	1,250	1,250	0	(1,250)	0	0	0	0	0
Total Community	32,907	35,264	2,357	261	(1,320)	0	34,205	1,298	1,475	(177)
People										
Adults Services	71,553	70,252	(1,301)	1,300	0	(592)	70,960	(593)	0	(593)
Public Health	(1,667)	(1,667)	0	0	0	0	(1,667)	0	0	0
Children's Services	35,458	40,354	4,896	(2,702)	(71)	(757)	36,824	1,366	1,564	(198)
Total People	105,344	108,939	3,595	(1,402)	(71)	(1,349)	106,117	773	1,564	(791)
Total Directorate Budget	177,313	187,873	10,560	(2,026)	(3,752)	(1,349)	180,747	3,434	4,465	(1,032)
Corporate Items	4,931	5,011	80	0	0	0	5,011	80	80	0
Investment Income	(2,876)	(2,796)	80	0	0	0	(2,796)	80	80	0
Transformation Savings	(1,000)	0	1,000	0	0	0	0	1,000	1,000	0
Covid Grants	(6,051)	(6,051)	0	0	0	0	(6,051)	0	0	0
Controlling Outbreak Mgmt Fund (20/21)	0	(1,503)	(1,503)	0	0	0	(1,503)	(1,503)	(1,503)	0
Controlling Outbreak Mgmt Fund (21/22)	0	(2,100)	(2,100)	0	0	0	(2,100)	(2,100)	(2,100)	0
Covid Compensation for loss of income	(500)	(700)	(200)	0	0	0	(700)	(200)	(200)	0
Corporate Contingency	1,248	0	(1,248)	0	0	0	0	(1,248)	(1,248)	0
Technical and Corporate Adjustment	10,530	13,106	2,576	(2,893)	0	0	10,213	(318)	(473)	155
Total Controllable Budget	6,282	4,966	(1,316)	(2,893)	0	0	2,073	(4,209)	(4,364)	155
Uncontrollable Budget	(4,154)	(4,154)	0	0	0	0	(4,154)	0	0	0
Total Corporate Budget	2,128	812	(1,316)	(2,893)	0	0	(2,081)	(4,209)	(4,364)	155
Total Budget Requirement	179,441	188,686	9,245	(4,919)	(3,752)	(1,349)	178,666	(776)	101	(877)

RESOURCES

- 2.4 As at Q3 the directorate is reporting a net overspend of £1.362m after a draw down from reserves and cross divisional adjustments.

Period	Budget £'000	Forecast £'000	Variance £'000
Q2	£38,795	£40,221	£1,426
Q3	£39,062	£40,424	£1,362
Variance	£267	£203	-£64

2.5 This is a reduction since Q2 of £64k which is largely due to delayed recruitment.

2.6 The main variances at Q3 are detailed in the following paragraphs.

- **Business Support** – net overspend £18k. This relates to a scanning project which was scheduled in the previous financial year but delayed due to Covid-19
- **Customer Services/Access Harrow** – net overspend £350k. This reflects unachieved savings of £350k (£175k 2020/21 and £175k 2021/22). Cabinet agreed to close the telephone lines for Council Tax and Benefits resulting in a saving in staffing costs. The closure was due to take place from 1 October 2020 however Covid-19 prevented to the start of the programme of work required to shift to digital channels. The delays are due to the team working on supporting CEV residents, the Community Hub, Track & Trace, Testing and the Revenues service, and virtual meetings as well as a lack of capacity within the service to support discovery and testing. Further decisions will be made in relation to the future of this project.
- **Management** – net overspend £13k. This is due to additional subscription costs.
- **Strategy** – net overspend £583k. £572k is funded from the COMF grant which is held corporately.
- **Finance & Insurance** – net overspend £88k. This is due to a loss of income as several schools have jointed the Government's Risk Protection Arrangement insurance scheme.
- **Revenues & Benefits** – net overspend £306k. This is due to increased workloads due to Covid-19 and additional resource spend on post-pandemic recovery work to decrease backlogs which built up. In addition, there are extra pressures to a 40% increase in working age council tax support applications over the last 12 months.
- **Legal & Governance** – net underspend £8k. This relates to Land Charges and Registration of Births, Deaths & Marriages where the income is expected to exceed the budget. The variance also includes the additional GLA election cost of £188k which is contained within the Legal & Governance budget.
- **HR** – net overspend £52k. Of this £92k relates to project staffing costs. This partially mitigated by an underspend on the agency employment contract rebate which is in excess of the budgeted income.
- **ICT** – net overspend £35k. This largely relates to costs associated with hybrid commitment meetings equipment.

- **Procurement** – net underspend £45k. This is a one-off underspend due to delayed recruitment.
- **Internal Audit & Fraud** – net underspend £75k. This is a one-off underspend due to delayed recruitment.

COMMUNITY

2.7 As at Q3 the directorate is reporting a net overspend of £1.297m after a draw down from reserves and cross divisional adjustments. It should be noted that whilst it's assumed that Covid-19 related measures will cease in the financial year 2021/22 the expectation is that the legacy of these restrictions will continue to have an impact on the Council's financial performance.

Period	Budget £'000	Forecast £'000	Variance £'000
Q2	£33,147	£34,622	£1,475
Q3	£32,907	£34,204	£1,297
Variance	-£240	-£418	-£178

2.8 The variance has reduced by £178k from Q2, due mainly to the following reasons:

- Traffic Highways & Asset Management - £196k increased cost pressure against the energy budget for street lighting.
- Facilities Management - £170k increased overspend against the budget for reactive repair works, further expenditure on interim staffing arrangements and rent refund.
- Harrow Museum - £141k additional staffing costs incurred for maternity cover and forecast overspend on maintenance and service overheads.

This is partially offset by the following reductions:

- Waste Management - £245k increased underspend against MDR disposal costs because of falling net gate fees and a forecast underspend against the budget for bin purchases.
- Network Management - £125k overachievement in revenue generating service and a forecast underspend in staffing costs owing to vacant posts
- Planning services - £134k reduction in the forecast loss of Building Control income
- Harrow Museum - £120k reduction in forecast loss of income following the award of Cultural Recovery Fund Round 3
- Harrow Arts Centre - £84k reduction in pressure on cleaning and income losses which is covered by the award of Cultural Recovery Fund Round 3
- Parking Services - £52k reduction in the assumed loss of income, driven by an increase in parking activities.

2.9 Environmental Services – net overspend £1.559m

2.10 Estates & Facilities Management

- **Facilities Management** – net overspend £1.427m. This is due to a forecast overspend on the Depot operational costs of £320k. The budget for reactive repair works for the Council's corporate sites is estimated to overspend by £237k. Interim staffing arrangements across the service area is projected to increase staffing costs, resulting in a net overspend of £138k. The Civic Centre complex is forecast to overspend by £76k driven by a reduction in room hire/rent income. In addition there is Covid-19 related expenditure of £656k including works resulting from fire risk assessments as the Civic Centre, enhanced cleaning, fogging and security.
- **Corporate Estates** – net overspend £198k. This is due to under recovery of rental income across the Council's corporate property portfolio of £119k. In addition, employee costs are forecast to overspend by £79k owing to interim staffing arrangements.
- **Head of Facilities and Estates** – net overspend £26k due to staffing costs as a result of interim staffing arrangements.
- **Catering** – net overspend £62k. This is made up of a net pressure of £79k against the Adult Catering Service following the cessation of service provision to LBHF in August 2021. This is partially offset by additional SLA income generated within the Schools Catering Service.

2.11 Parking and Network Management

- **Parking Services** – income is expected to be lower than pre-Covid-19 levels however this is largely offset by budget growth in the MTFs to reflect the losses of income. As a result of the services no longer being considered viable, there is expected to be a shortfall of cash collection SLA income totalling £44k.
- **Traffic & Highways Asset Management** – net overspend £196k. This relates to street lighting energy.
- **Network Management** – net underspend £169k. This is due to overachievement of income of £133k. In addition there is a forecast underspend on staffing of £36k owing to vacant posts.

2.12 Divisional Director

- **Staffing** – net underspend £97k. This is due to 2 vacant divisional director posts which at present are being covered by an interim member of staff

2.13 Licensing & Enforcement

- **Covid-19 Marshalls** – net overspend £480k. In addition, £52k pressure relates to advertising and legal costs attributed to a manslaughter case.

2.14 Strategy, Development & Performance

- **Community Engagement** – net underspend £136k. This is due to vacant posts across the Community Engagement and School Crossing Patrol teams.
- **Contracts Management** – net underspend £14k. This is as a result of a forecast overspend on the Public Mortuary SLA of £13k which is partially offset by a small underspend on staffing costs of £15k and service overheads of £12k.
- **Business Performance** – net overspend £16k. This is due to staffing costs.

2.15 Transport and Environmental Operations

- **Transport** – net overspend £56k. This is made up of an overspend of £35k relating to vehicle expenditure, including leasing and maintenance. In addition, there is a £21k overspend on staffing costs in the Fleet Management team
- **Head of Transport and Environmental Ops** – net overspend £66k. This is due to interim staffing arrangements.
- **Waste Management** – net underspend £645k. This is due to a reduction in the monthly gate fee driven by current market conditions for dry recyclables, has resulted in a forecast underspend of £550k on waste disposal costs. In addition, there is a forecast underspend of £95k against the budget provided for the purchase of bins.

2.16 The Covid-19 related expenditure reported in Facilities Management and Licensing & Enforcement above (£656k and £480k respectively) is being funded from the one-off Controlling Outbreak Management Fund (COMF) which sits corporately. More details of this are included in the Corporate & Technical section of this report.

2.17 Directorate Management – net underspend £331k

2.18 Covid-19 is expected to continue to result in losses of income in 2021/22. As part of the MTFs process budget growth of £5m was added to the Community directorate budget to recognise anticipated losses of income. This £5m growth is held within Directorate Management and the monthly forecast will assess if this represents the level of income loss as a direct result of Covid-19. As at Q3 it is anticipated that the losses of income due to Covid-19 will be £4.669m which is £331k lower than the budget growth.

2.19 Enterprise and Planning – net overspend £70k

- In the Planning service a public inquiry on the planning application decision of Canons Park Station is estimated to result in £70k of counsel and consultant costs. There is a risk that this may increase if the Council is liable for appellant's costs.

2.20 Cultural Services – net underspend £1k

- **Harrow Museum** – net underspend £138k. A one-off payment of £325k has been received from the National Heritage Lottery fund. This relates to the final 10% of the grant award for the Headstone Manor refurbishment project as the grant condition only allows that this funding is released after the final monitoring and evaluation report has been submitted and approved. This is partially offset by a pressure of £58k due to sunk costs in relation to proposals for a new funding application for Headstone Manor, £78k in staffing costs relating to cover staff on maternity leave and £51k in maintenance, security and rates cost pressures.

In addition, there is a further £12k of additional Covid-19 costs.

- **Harrow Arts Centre** – balanced position. This is due to the receipt of grant monies from the Arts Council for Round 2 and Round 3 of the Culture Recovery Fund.
- **Libraries** – net overspend £125k. There is an underspend of £41k on staffing costs owing to vacant positions across the library portfolio. In addition, there is a forecast underspend of £21k on miscellaneous items and service overheads. These have been partially offset by a £17k overspend on vehicle related expenditure. There is a further £170k assumed additional Covid-19 costs relating to enhanced cleaning spend. This is being met from the one-off Controlling Outbreak Management Fund.

2.21 Housing General Fund

2.22 As at Q3 the Housing General Fund is projecting a contribution to reserves (Homelessness Prevention Grant) of £778k and a cross divisional adjustment of £70k. The forecast includes utilising £1.468m of the Homelessness Prevention Grant (formerly FHSG) to meet the costs associated with the Homelessness Reduction Act.

2.23 Government support during Covid-19, like the ban on evictions, furlough scheme extension and the extended six-month Section 21 notice period, mitigated against an increase in homelessness approaches from the private rented sector. The Council has also received grant funding from the Department of Levelling Up, Housing and Communities (DLUHC) of £471k to help private renters who may be at risk of losing their home due to rent arrears. This funding can be used until March 2022 to prevent evictions and homelessness, such as for a payment directly to the existing landlord to prevent an eviction or to a new landlord to support a household to find a new home.

2.24 Regeneration

2.25 The Regeneration Programme revenue budget for 2021/22 is £1.250m and is forecast to spend within budget. The majority of the costs relate to staffing and additional consultancy advice however a portion of the spend is attributable to the financial impact of Covid-19.

PEOPLE SERVICES

2.26 The forecast for People Services at Q3 is a net overspend of £773k after drawdowns from reserves and cross divisional adjustments.

Period	Budget £'000	Forecast £'000	Variance £'000
Q2	£105,370	£106,934	£1,564
Q3	105,344	106,117	£773
Variance	-£26	-£817	-£791

2.27 This is reduction from the position reported at Q2. This is made up of

- Adult Services - £593k reduction in spend
- Children's Services - £198k reduction in spend

2.28 The movements and variations are explained in more detail in the following paragraphs.

Adult Services

2.29 As at Q3 the forecast for Adult Services indicates that the service will deliver an underspend of £593k. There are key drivers for this underspend

- A higher number of deaths (largely in the community) than assumed within the budgeted assumptions

- A lower number of weekly care packages being set up
- Increased income following the changes to the Charging Policy
- The part year closure of the NRCs as a result of Covid-19
- Increased staffing.

2.30 **Strategic Management** – net overspend £103k. This has reduced by £70k since Q2 due to the forecast for additional staff hired to cope with the demands of Covid-19 now being funded from the Workforce Capacity Grant. A balance of £186k is being held on the Directors contingency to mitigate any unplanned pressure arising during the year which cannot be reduced or eliminated elsewhere across the directorate. The current forecast assumes £86k of the contingency will be required.

2.31 The Government announced the Workforce Recruitment & Retention Grant in October 2021 of £665k and this was increased late December 2021 with a further tranche of funding taking the total to £1.868. The forecast expenditure includes additional staffing and anticipated payments to providers which will be fully funded by the grant, which is reflected in the mitigation figure.

2.32 **Purchasing** – net underspend £592k. At Q3 the reported forecast for purchasing indicates a lower level of activity than assumed within the allocated budget. As a result, this will enable a contribution to reserves of £1.3m (reflecting changes to growth assumptions) and an in year underspend of £592k.

2.33 The position has improved since Q2 due to:

- The budget assumed 325 deaths in 2021-22. However, there has been a higher number of deaths this financial year and the current forecast now assumes 405 (357 to date plus a further 48 to year end) – an additional 80 deaths.
- The forecast at Q2 assumed 15 new care packages per week (11 in the community and 4 in Residential and Nursing). The latest information indicates an average of 10 packages per week across Q3. The lower number of ongoing packages reflects the impact of the strength-based approach (3 Conversations) and a widening of the cope of Reablement.
- From Q3 until year end, the new forecast care packages have been revised down to 12 new care packages (9 in the community, 1 in Residential and 2 in Nursing) to accommodate winter pressures.
- Complexity – the budget assumed growth of £1.3m in this respect. Information as at the beginning of December 2021 indicates a lower level of expenditure reflecting the impact of the 3 Conversations and Reablement (some further work is required to confirm)
- Additional income arising from the Charging Policy

- 5.3% uplift in the Better Care Fund (BCF) has been agreed and will reduce placement pressures.
- An increase in the bad provision of £1.038m, resulting in a provision of £2.827m being held against outstanding debt of £8.036m.

2.34 The forecast assumes the following:

- The Discharge to Assess process will continue until the end of the financial year and results in the costs of the first 4 weeks of care being funded by the NHS
- Winter pressures have been assumed for 12 weeks starting from mid-November resulting in a further 2 Nursing Packages a week being required over this period.
- Approximately £275k of the £300k MTFS commissioning savings have been achieved and the balance is on target to be delivered by year end.

2.35 **Mental Health** – net overspend £1.0m. This relates to the under 65 service managed by CNWL which will be split between partners. The CNWL risk is capped at £200k, with the LA overspend share of £800k being contained within the overall Mental Health budget. The position is being closely monitored and reviewed through the s75 governance process.

2.36 **Other Adults** – net overspend £275k. This is due to a change in the funding split with the CCG in relation to Community equipment, however this change still results in a balanced position (rather than the previous underspend being report of £181k). The remaining movement since Q2 relates to the cost of additional staffing of £80k and rental income not previously accrued for of £14k.

2.37 **In-House Services** – net underspend £379k. This is due to the phased opening of day care largely in relation to the budgeted costs of agency staff which enables the loss of income at Wiseworks to be mitigated. This underspend has increased by £187k since Q2 due to delays in re-opening the day centres, leading to lower agency staff and transport costs.

Public Health

2.38 As at Q3 Public Health (PH) is reporting a balanced position. However, within this position are a number of variances.

- Sexual Health – net underspend £173k as a result of payments to services providers being made on a block contract basis (rather than activity based which was the case pre-Covid-19)

- Health checks – net underspend £70k due to an accrual from the previous financial year for GP loss of income which is no longer required to be paid.
- Staffing – net underspend £87k due to delays in recruitment.

2.39 These underspends are offset by spend on wider health projects totalling £330k.

Children's Services

2.40 As at Q3 Children's Services is reporting a net overspend of £1.366m after drawdown from reserves. This has reduced by £198k since Q2 largely due to reduction of pressures in SEN.

2.41 The headline pressure across the directorate is £5.628m with mitigating managements actions of £1.489m and £2.702m draw down from reserves and £71k cross-divisional adjustments. It should be noted that £1.489m of these management actions are one off and will not be available in future years.

2.42 The 2021/22 budget has been increased by £1.226m through the MTFs to support anticipated growth in placements & accommodation and frontline staffing which is partially offset by a reversal of savings of £410k no longer achievable taking the net growth to £816k. There was also growth of £777k for SEN Transport to manage increased demand and costs.

2.43 The headline pressures are set out at the following paragraphs.

2.44 **Frontline Teams Staffing & Other Costs** – net overspend £1.840m. In order to manage caseloads agency staff are required to cover vacant social work posts, including sickness and maternity cover. There are around 25% of frontline posts which are covered by agency as well as increased 'As and when' workers to provide statutory supervised contact sessions. It has been necessary to recruit agency super numerate social workers in frontline teams to help manage increasing referrals and caseloads.

2.45 **Children's Placements & Accommodation** – net overspend £2.459m

2.46 In 2020/21 spend in these areas significantly increased compared with average spend in the previous two years. Largely this was attributed to Covid-19 however it is difficult to accurately work out exactly which costs are Covid-19 related and which are due to other demographic changes. Throughout 2020-21 the number of Children Looked After peaked at 207 in August 2020 compared to previous averages of around 170.

2.47 The current number of CLA did return to around 170 in the summer however by December 2021 the number has risen to 195. In addition, the number of young people currently accommodated have significant and complex needs which in some cases require expensive residential provision.

- 2.48 There are regular resource tracking and monitoring panels to ensure the level of accommodation and cost continues to be appropriate for the young person's needs. This is supported by the Keeping Families Together service which aims to prevent young people coming into care or working on step down plans where safe to do so. In addition, there are targeted actions to reduce the average cost of service provision through negotiation with providers including block contract services for Asylum and also Leaving Care.
- 2.49 There are also issues regarding placement sufficiency as foster carers and other providers were reluctant to take new young people during COVID resulting in higher cost placements than necessarily required or young people staying longer in existing placements where they could have been stepped down. In addition, despite a successful in-house fostering recruitment campaign young people are still being placed out of borough for reasons of contextual safeguarding and not just placement sufficiency
- 2.50 Remand placements for young people awaiting court hearings/remanded to youth justice custody has increased significantly over the last two years. The Remand grant allocation does not yet reflect these higher numbers in more recent years as it is based on actual bed nights for 2017-18 and 2019-20. The grant only funds 34% of costs forecast for this financial year. In addition, there is one young person who is in a secure welfare placement at a cost of £7,637 per week.
- 2.51 **Signers & interpreters and Legal costs** – net overspend £143k. There are pressures mainly in relation to translation services, such as whole document translation of parenting assessments for individuals whose first language is not English as well as Legal disbursement costs including barrister and independent experts' fees in relation to care proceedings.
- 2.52 **Client Spend Section 17** – net overspend £259k. There are pressures in relation to support to families with children subject to a Child Protection or Children in Need plan, to help children remain at home where it is safe to do so. This budget remains at risk due to increasing numbers of Children in Need.
- 2.53 **Other Children and Young People Services** – net overspend £174k. This is due to pressures on other non-staffing budgets including commissioned services and the Harrow Children's Safeguarding Board.
- 2.54 **Early Support Service** – net underspend £64k. This is largely due to staffing vacancies during the years.
- 2.55 **SEN Transport** – net underspend £198k. SEN Transport provides home to school and home to further education settings for children and young people in education with Education Health and Care Plans (EHCPs). The forecast for this year assumes 5% growth per month in spend on taxi journeys however not all of this has come to fruition. In addition, due to Covid-19 and other sickness absence, where a child does not attend school

and the taxi company is notified within an agreed timescale, there is no charge for that day's route.

2.56 **Education Services** – net underspend £73k. There is a centrally held budget of £100k which is held to mitigate in-year pressures.

2.57 **Capital Programme & PFI**- net overspend £325k funded by reserve. The majority of this pressure relates to the Schools PFI which will be funded by a drawdown of £315k from the PFI reserve. The remainder relates to feasibility studies which must be charged to revenue until the it is determined whether the capital scheme can proceed.

2.58 **People Services Management** – net overspend £31k. This is due to pressures on the Commissioning team offset by cross divisional adjustment from the Workforce Development Grant and draw down from reserves for Members investment fund £50k.

2.59 The above pressures are partially mitigated by the following income/drawdowns:

2.60 **One-off grant and other income** – net underspend £757k.

2.61 **Drawdown from Reserves** – net underspend £2.702m.

Dedicated Schools Grant (DSG)

2.62 The DSG is a ring-fenced grant of which the majority is used to fund individual school budgets in maintained schools, academies and free schools in Harrow. It also funds Early Years nursery free entitlement places for 2, 3 and 4 year olds in maintained council nursery classes and private, voluntary and independent (PVI) nurseries as well as provision for pupils with High Needs including those with Education Health & Care Plans (EHCPs) in special schools and special provision and mainstream schools in Harrow and out of borough. The DSG is split into blocks: schools block, early years block and high needs block

2.63 There is a projected overspend on the High Needs Block of £822k in 2021-22 which added to the cumulative deficit of £3.730m brought forward from 2019-20 and 2020-21 will take the total deficit at the end of March 2022 to £4.552m.

2.64 There is a projected underspend on the Schools Block (growth fund) of £777k which will be returned to the schools contingency.

2.65 Any deficits an authority may have on its DSG account is expected to be carried forward and does not require to be covered by the authority's general reserves. This is a temporary arrangement until 2022-23 beyond which LAs must demonstrate they have sufficient reserves to cover the deficits.

- 2.66 With effect from 2019-20 the DfE has tightened up the rules under which local authorities have to explain their plans for bringing the DSG account back into balance.
- 2.67 The DfE will require a report from any LA that has a cumulative DSG deficit of more than 1% at the end of the financial year. The 1% calculation will be based on the latest published DSG allocations for 2021-22 compared with the deficit shown in the authority's published draft accounts.
- 2.68 The final deficit at the end of 2020-21 of £3.730m represents 1.55% of the overall DSG allocation (including academy funding). The recovery plan has been drafted however and discussed with Schools Forum. However, the following points should be noted
- 2.69 Despite the significant proposals and measures planned over the next ten years, this will not mitigate the deficit. This is due to the following contributory factors:
- historical underfunding
 - current budgets being based on historical budgets rather than historical spend
 - extension of age range to include 0-5 and post 19
 - current and projected formulaic funding which does not keep pace with demand
 - significant historical and projected growth in number of EHCPs
 - continued growth in complexity of pupils' needs
 - limitations about creating cost effective provision in borough due to capacity and site limitations

HOUSING REVENUE ACCOUNT (HRA)

- 2.70 As at Q3 the HRA is forecast is a loss of £414k against the approved budget. The adverse change of £488k from a previously reported surplus of £74k is due to an increase of £510k in the estimated depreciation charge to £8.195m.
- 2.71 There is an overall increase of £176k in HRA reserves (capital and revenue) as the increase in depreciation credits the Major Repairs Reserve (MRR). It should be noted that the forecast general reserves position of £5.589m is above the minimum requirement set out in the HRA 30-year business plan of £2.319m (7% of £33.13m). The level of reserves required and MRR will be reviewed as part of the HRA budget setting process.
- 2.72 Repairs and maintenance budgets continue to show a pressure with an increase in the forecast of £117k mainly due to a revision upwards of expenditure on void properties by £79k. This includes Covid-29 related expenditure of £36k. This pressure has been offset by an improved forecast position of £179k for the capitalisation of staff and other costs associated

with Building Council Homes for London (BCHFL) with more certainty of costs and deliverability of schemes.

2.73 Several community halls have re-opened following the easing of Government restrictions and are being used as nurseries. The demand for halls has been low and the service estimates a year end shortfall in income of £42k against a budget of £101k.

2.74 The main risk identified is the impact of Covid-19 restrictions on the repairs service that may mean that the number and cost of void properties could increase.

2.75 As the HRA is a ring-fenced account, a surplus or deficit at the end of the financial year will be transferred to or from HRA reserves.

2.76 The expected HRA reserve position is set out below at Table 2:

Table 2 – Housing Revenue Account Reserves 2021/22

HRA revenue balances £'000	Outturn 2020/21 pre audit £'000	Budget £'000	YTD actual £'000	Forecast £'000	Variance £'000
Balance b/fwd	-7,526	-6,347	0	-6,347	0
Net (surplus) deficit	339		0	0	0
<u>Transfer to/(from) reserves:</u>					
Repairs reserve	114	0	0	0	0
Transformation reserve	250	0	0	0	0
Regeneration Reserve	550	0	0	0	0
Balance c/fwd	-6,273	-6,347	0	-5,859	488

CORPORATE AND TECHNICAL

2.77 As at Q3 the forecast for the corporate and technical budget is a net underspend of £4.209m as detailed below.

Corporate Items

2.78 As at Q3 the forecast for corporate items is a net overspend of £80k. This is due to increased costs related to the coroner's court.

Investment Properties

2.79 As at Q3 the forecast for investment properties is a net overspend of £80k. This is due to vacant space which results in loss of rental income.

2.80 From 2015 to 2019 the Council acquired seven investment properties at a cost of £48.2m. The portfolio consists of warehouses and other commercial

and residential properties across the UK, as well as an office block in Harrow.

- 2.81 At acquisition, the net yield was estimated at 2.31% (gross yield 7.3%) for all but the office block Kings House (net yield 0.9% and gross yield 5.9%) which was also purchased as a land acquisition for potential regeneration. The return from investment properties was included in the MTFS.
- 2.82 The projected return from all but Kings House is currently on target despite COVID-19. There is vacant space in Kings House – part of the 3rd floor has been vacant since acquisition and the remainder of the 3rd floor became vacant in December 2020. This results in loss of rental receipts and the additional cost such as business rates and service charges which falls back to the council.
- 2.83 The annual estimated impact of vacant space at Kings House in 2021/22 is a loss of rental income and charges relating to vacant space in total of £369k. This is partly offset by earlier investment purchases achieving returns over and above their target hence the overall investment property pressure is forecast at £80k.
- 2.84 If this pressure materialises the council can call on the investment property reserve to mitigate this.

Transformation Savings

- 2.85 As at Q3 the transformation savings target of £1m is reporting an adverse variance as the target will not be met.

Covid-19 Grants & Income

- 2.86 In 2021/22 the council will receive the following non-specific Covid-19 grants and income compensation as shown at Table 3

Table 3 – Covid-19 Grants & Income

Description	£000
Covid-19 Expenditure Pressures Grant 2021/22	6,051
Controlling Outbreak Management Fund	
- 2020/21 brought forward	1,503
- 2021/22 allocation	2,100
Compensation for loss of sales, fees & charges	700
Total Covid-19 grants and income	10,354

- 2.87 The Covid-19 Expenditure Pressures Grant 2021/22 allocation of £6.051m was included in the overall 2021/22 budget on a one-off basis. Compensation for loss of sales, fees & charges was also included in the budget on a one-off basis but at an estimated lower value of £500k.

2.88 The grant is not as specific as other ringfenced grants as it can be spent against a set of criteria at the organisation's discretion to best meet the needs of the borough. The expenditure is shown against the relevant directorate and the grant income is held corporately as it is a cross-council grant.

2.89 Both COMF allocations have been earmarked to additional expenditure within the directorates including enhanced cleaning, fire risk assessments, communications, Covid-19 marshals and other COMF relevant activities. As no additional COMF funding has been announced for 2022/23, all activities funded from the grant are being reviewed to ensure they cease by 31 March 2022 to ensure no unfunded pressures are carried forward into 2021/22.

2.90 There are also a number of other Covid-19 related specific grants which are held within the directorates and not shown in the table above. These can be found in more detail at Appendix 3.

Central Contingency

2.91 The central contingency of £1.248m was not required and therefore there is an underspend against this budget.

Technical and Corporate Adjustments

2.92 As at Q3 there is a projected net underspend of £895k in the technical and corporate adjustments budgets which is primarily an underspend on capital financing costs and interest charges.

RESERVES

2.93 Attached at Appendix 2 is a schedule of all the reserves held by the Council.

GRANTS

2.94 Attached at Appendix 3 is a schedule of all the grants the Council is anticipating receiving in 2021/22.

MTFS IMPLEMENTATION TRACKER

2.95 The 2021/22 budget includes approved MTFS savings of £3.443m.

2.96 Attached at Appendix 4 is a schedule of the individual red, amber, green and purple rated savings in the MTFS. The definition used to classify savings ratings in this report are detailed in Table 4 below:

Table 4: Savings Definition

Green – Low or no risk to delivery of savings	Clear delivery plans in place Project running to timescale
Amber – Medium/some risk to delivery	Potential for slippage but project will be delivered as originally intended but not within timescale, so saving will not be fully realised
Red – High risk to delivering forecast savings	Project may have started but will deliver no savings in the current financial year Project cannot be delivered but underspends found elsewhere to mitigate savings.
Purple	Future years' savings

2.97 Table 5 below shows the summarised position for each directorate for 2021/22:

Table 5 - Savings Tracker 2021/22 – Directorate Summary

	Resources	People Services	Community	Corporate	Total	%
	£'000	£'000	£'000	£'000	£'000	
Red	-175		-34	-1,000	-1,209	35%
Amber			-36	-144	-180	5%
Green	-1,759		-295		-2,054	60%
Totals	-1,934	0	-365	-1,144	-3,443	100%

2.98 In 2022/23 the MTFS savings total is £3.443m. 35% of these savings are rated red which means that these savings will not be delivered in this financial year. The financial impact of not delivering these savings is included in the overall forecast position at Q3.

2.99 The red savings of £1.209m relate to the following savings:

- Resources £175k – Customer Services: Reduction in Customer Channels. Cabinet agreed to close the telephone lines for Council Tax and Benefits to reduce the Access Harrow budget by £350k through staff reduction. The closure was due to take place from 1 October 2020 with the budget reduction being equally split between 2020/21 and 2021/22. However, Covid-19 prevented the start of the programme of work required to channel shift Revenues & Benefits to digital channels. It is anticipated that the work can be carried out over the next nine months.
- Community £20k – Building Control. Income is adversely impacted by Covid-19 and it is unlikely that any additional income will be generated in 2021/22.

- Community £14k – Housing General Fund: Travellers Site. The Housing service will be unable to carry out this review in 2021/22 to achieve full cost recovery. The saving will be met from within the Housing General Fund in 2021/22.
- Corporate £1m – Transformation Savings.

3.0 **CAPITAL PROGRAMME**

3.1 The revised capital budget for 2021/22 is £216.370m as set out at Table 9:

Table 9: Capital Programme 2021/22

Directorate	TOTAL BUDGET (A+B)	Forecast Spend	Forecast Variance	Slippage	Underspend after slippage
	£'000	£'000	£'000	£'000	£'000
RESOURCES TOTAL	15,183	8,892	(6,290)	(6,290)	0
COMMUNITY					
Commissioning and Environment	39,256	31,178	(8,078)	(6,387)	(1,691)
Cultural Services	2,958	937	(2,021)	(2,021)	0
Housing General Fund	12,348	8,347	(4,001)	(996)	(3,005)
Regeneration, Enterprise and Planning	15,094	7,745	(7,349)	(7,349)	0
COMMUNITY TOTAL	69,656	48,207	(21,449)	(16,753)	(4,696)
PEOPLE					
Adults	411	36	(375)	(375)	0
Public Health	9	9	0	0	0
Children	28,466	5,205	(23,261)	(23,261)	0
PEOPLE TOTAL	28,886	5,250	(23,636)	(23,636)	0
TOTAL GENERAL FUND	113,725	62,349	(51,375)	(46,679)	(4,696)
TOTAL HRA	102,645	40,678	(61,967)	(60,950)	(1,017)
TOTAL GENERAL FUND & HRA	216,370	103,027	(113,342)	(107,629)	(5,713)

3.2 The general fund capital programme budget in 2021/22 is £113.725m. The net forecast position on the capital budget at Q3 is £62.349m which represents 55% of the total capital programme budget. The variance of £51.376m is made up of proposed slippage of £46.680m and an underspend of £4.696m. Further details are set out at the paragraphs below.

RESOURCES

3.3 As at Q3 the Resources capital programme is forecasting to spend £8.892m which represents 59% of the total budget.

- 3.4 There is a variance of £6.290m which will be slipped to the next financial year. Slippage reflects schemes which were planned to be delivered over two years. Some of the slippage relates to Covid-19. There is no negative impact on service delivery as a result of this slippage.

COMMUNITY

- 3.5 As at Q3 the Community Directorate forecast is an overall spend of £48.207m which represents 69% of the total budget.
- 3.6 The forecast variance of £16.753m is planned to be slipped into 2022/23 and £4.696m is forecast as underspend in this year's Capital Programme.

Environment

- 3.7 The services forecast to spend £31.178m in 2021/22 and to slip a budget of £6.387m to 2022/23. £1.691m is reported as budget underspend. Projects with a budget variance are summarised below.
- 3.8 There are a couple of major transport infrastructure projects in Wealdstone area in the capital programme – Bus Improvements scheme and Liveable Neighbourhood. Both projects require significant external funding from TfL supported by a match fund from BCIL. TfL funding has been adversely affected by the Covid-19 pandemic. Following its funding review, TfL confirmed the release of the funding for the bus improvements scheme in 2021/22 to continue the works that started in the previous financial year. However, no funding has been allocated for Liveable Neighbourhood. £300k was originally assumed to be allocated in 2021/22 capital programme, and this is forecast as an underspend until there is any update from TfL funding.
- 3.9 TfL has confirmed that no funding will be awarded in 2021/22 for Local Implementation Plan schemes, therefore the budget of £1.391m in the capital programme is reported as an underspend.
- 3.10 **Wealdstone Bus Improvements scheme** – this project was due to complete at the end of this financial years, however, is now delayed by around 6-8 months due to material/supply problems and the delayed statutory undertaker diversionary works. £400k is forecast to slip to 2022/23 to complete the project.
- 3.11 **Highway Programme** – within the budget allocation this year, there is a contingency allowance set aside for the Wealdstone Bus Improvements scheme due to the risks around material/supply cost increases, contract uplift and other impacts caused by Covid-19. As the project is delayed as stated above, £900k needs to be held until the project is complete and therefore is slipped to 2022/23.
- 3.12 **Wealdstone Future High Street Fund** – the project is funded by MLUHC (formerly MHCLG) with a match fund from BCIL. There is a total budget of £9.209m over 3 years. £1.500m was originally estimated for year 1

when the Capital Programme was prepared. Subsequent reviews of the project plan and the signing of the Memorandum of Understanding (MOU) confirm the funding profiled to year 1 of £0.960m. Therefore the £0.540m in 2021/22 needs to be reprofiled to 2022/23 to reflect the MOU.

3.13 In addition, due to the ongoing negotiations with landholders on land acquisition, it is expected that the land acquisition costs will not be expended this financial year. As a result, a total slippage of £1.013m is required to continue the project delivery over the next two years.

3.14 **CA Site infrastructure** – a dry area is required to store mixed recycling waste delivered to the CA site before being taken away by the disposal contractor. The project is at its design stage to refine the solution to meet operational needs before implementation. It is anticipated that the dry area will be installed in 2022/23 and therefore £78k is forecast to be slipped to 2022/23.

3.15 **High Priority Planned Maintenance** – total forecast slippage of £750k.

- £190k slippage is forecast for the Sancroft bathroom refurbishment and pipework project. The project is at design stage and the final scope is being determined. The delay is also partly due to restricted access to the care home due to Covid-19 measures.
- There is also a remaining budget of £560k to be allocated to further projects. Condition survey undertaken will be used to prioritise works which will now likely to be delivered in 2022/23.

3.16 **Parks Infrastructure** – reviews are being undertaken on the improvement works initially identified by Parks Service to define the scope and complete design works before procurement. The delivery of these works is likely to be in next financial year and therefore £194k is forecast to be slipped to 2022/23.

3.17 **Public Sector Decarbonisation Scheme (PSDS) and related projects** – a total external funding of £2.483m is secured from Salix for the delivery of a number of carbon reduction projects. This is supplemented by Carbon Offset Fund (S106) of £500k and Harrow capital contribution £250k in the capital programme. Some of the projects are expected to be fully complete next financial year due to programme changes but Salix has extended to the deadline for spend to June 2022. A total slippage of £1.811m is forecast in this area.

Culture

3.18 The services forecast to spend £938k in 2021/22 and to slip a budget of £2.021m to 2022/23. Projects with a budget variance are summarised below.

3.19 **Harrow Arts Centre refurbishment** – this project is for multiple years and is funded by the GLA and BCIL. The refurbishment of existing buildings was completed in previous years, while the New Build phase is

programmed in 2021/22. An initial tender exercise for the New Build was completed, however the costs exceeded the funding envelope. Further works were completed to obtain the costs based on a JCT Design and Build Contract to allow value engineering principles to be achieved. The delay in appointing a contract means that the majority of works will be delivered next year and therefore £1.806m is slipped to 2022/23.

- 3.20 **Bannister Sports Centre** – a number of improvement works have taken place at this site. An overflow carpark is to be installed and the project is currently at design stage. Procurement will be undertaken in this quarter and the implementation is planned for next financial year. This project will be funded from the remaining S106 funding allocation in the capital programme of £154k and capital budget for Leisure and Libraries Infrastructure of £60k. Therefore, a total slippage of £214k is forecast.
- 3.21 Unless explicitly stated above there are no revenue implications as a result of the slippage.

Enterprise & Planning

- 3.22 The services forecast to spend the full budget allocation of £3.385m in 2021/22.

Housing General Fund

- 3.23 The services forecast to spend £8.347m in 2021/22 and to slip a budget of £996k into 2022/23. £3.005m is reported as a budget underspend. Projects with a budget variance are summarised below.
- 3.24 Disabled Facilities Grant – this is a demand led budget and has seen a lower demand for adaptations this year resulting in a forecast slippage of £996k of external grant to 2021/22 and an underspend of £348k. 56 cases have been completed to date with a further 67 in the pipeline and 41 cases approved for adaptations.
- 3.25 Property Acquisition programme – 32 additional homes. Budget was carried forward from 2020/21 to complete 3 remaining property purchases, bringing the total programme purchases to 42. These have concluded resulting in an estimated underspend of £130k.
- 3.26 Property Acquisition Programme 2021/22 – there is a projected underspend of £2.512m as a result of legislation changes effective from 1st April 2021, which prevents the continued use of Right to Buy 1-4-1 receipts being eligible to fund this programme.
- 3.27 Empty Properties – this programme is forecasting a small underspend of £15k.

Regeneration

- 3.28 There are some known risks to this position identified on Waxwell Lane (£0.220m) due to some immature Japanese Knotweed identified on site, boundary tree issues, design and drainage issues but at this stage it is thought this will be contained within existing budgets. Practical completion is estimated to be achieved March 2022 with sales concluding early in 2022/23.
- 3.29 The remainder of the schemes in the Capital Programme relating to Regeneration will be slipped forward into 2022/23 to support the Accommodation Strategy and Harrow Strategic Development Partnership. There are 7 individual projects and these will be reconfigured as part of the outturn process.

PEOPLE SERVICES

- 3.30 The total People Services capital budget in 2021/22 is £28.886m. As at Q2 the projected spend is £5.250m which represents 18% of the total budget. Further details are set out at the following paragraphs.

Adult Services

- 3.31 The Adult Services capital budget in 2021/22 is £420k. As at Q3 the forecast spend is £45k which represents 11% of the total budget. The remaining budget of £375k will be slipped into to 2022/23 due to delays in relation to inhouse capital projects.

Children's Services

- 3.32 Children's Services capital budget in 2021/22 is £28.466m. It is proposed to slip the majority of this funding totalling £23.261m to future years. The majority of the slippage relates to external grant funding allocated for basic need school places. However, at present the school roll projections do not indicate that there is a need for permanent expansion at this time.
- 3.33 There are no revenue implications as a result of this slippage

HOUSING REVENUE ACCOUNT

- 3.34 The Housing Revenue Account capital programme budget is £102.645m. The net forecast position on the HRA capital budget at Q3 is £40.678m which represents 40% of the total HRA capital programme budget. The variance of £61.967m is made up of proposed slippage of £60.950m and a net underspend of £1.017m.
- 3.35 Planned Investment – following the tender of Meadfield & Cornell scheme, the budget has been reprofiled in Q2 to reflect project delivery resulting in slippage of £900k to 2022/23. Issues with the specification has results in a further slippage of £117k to 2022/23.

- 3.36 Health & Safety 3 Programme – delays in tendering has resulted in an additional £400k slippage above that which was reported in Q2 resulting in a total slippage of £1.4m into 2022/23.
- 3.37 Windows & Doors Renewals – issues with design of windows have caused delays requiring the reprofiling of £429k of the budget
- 3.38 2 Storey fire doors and enabling work – un-anticipated delays in waiting for 3&4 storey schemes to complete resulting in £405k slippage
- 3.39 Structural underpinning works – issues with decanting residents have led to this scheme being completed in 2022/23 resulting in slippage of £264k.
- 3.40 Other schemes – resources issues with contractors and procurement are the main reasons for the delays resulting in slippage of £352k.
- 3.41 Planned Investment Programme – a revised budget of £750k was set aside to be used as match funding towards meeting the Governments’ Green initiatives targets. The service anticipates that the full budget will not be required this year resulting in an underspend of £750k. This has been offset by pressures in other schemes of £269k This resource will go back into the HRA capital programme and be reallocated.
- 3.42 Housing ICT scheme – the budget has been reprofiled and is now anticipated to spend £612k in 2021/22 with slippage of £236k into 2022/23 resulting in a provisional budget for 2022/23 of £414k, £178k approved Feb 2021 plus the estimated slippage of £236k.
- 3.43 The Building Council Homes for Londoners programme – this has been reviewed and re-profiled to take into account significant delays in confirming schemes due to the impact of Covid-19. The GLA extended the final programme start on site deadline from 31 March 2022 to 31 March 2023 and new target dates have been agreed with the GLA for each scheme and the programme budget has been re-profiled accordingly, resulting in a slippage of £56.304m into future years.
- 3.44 Mayors’ Rough Sleeping Accommodation programme – there is an underspend of £536k. This is on target to acquire and provide 9 x 1-bedroom stable, independent homes and intensive personalised support to homeless rough sleepers with multiple and complex needs. Borrowing was used to match fund the external grant, of which £536k has been identified as surplus to requirement.

AMENDMENTS TO THE CAPITAL PROGRAMME 2021/22

Additions to the Capital Programme

- 3.45 **Planning IT Solution - £150,000**

3.46 The Council has successfully applied for the Development Management Software Pathfinder funding from the DLUHC and has been awarded £150k to improve its existing software. In the existing capital programme, a new Planning IT solution is being delivered. During the implementation stage, additional works have been identified and this funding will allow the project team to continue to work with the software provider to complete the project.

3.47 It is therefore proposed that the additional capital funding of £150k is included in the Planning IT project.

4.0 COUNCIL TRADING STRUCTURE UPDATE 2021/22

4.1 The Council's Trading Structure update is attached at Appendix 6 and summarises the financial position and provides a general update on the activities of all the Council's trading entities.

5.0 REPORTING FOR THE 2021/22 FINANCIAL YEAR

5.1 This is the third revenue and capital budget monitoring report for 2021/22.

5.2 Cabinet will receive quarterly monitoring reports during the year as follows:

- Outturn report – June 2022

6.0 Implications of the Recommendation

Implications of recommendation are set out in the body of this report.

7.0 Performance Issues

Good financial monitoring is essential to ensuring that there are adequate and appropriately directed resources to support delivery and achievement of Council priorities and targets as set out in the Corporate Plan. In addition, adherence to the Prudential Framework ensures capital expenditure plans remain affordable in the longer term and that capital resources are maximized.

As at Q3 the forecast position on the revenue budget is an underspend of £776k

For the 2021/22 savings built into the MTFS total £3.443m. The overall position is that 60% of the savings are RAG rated as Green (Clear delivery plans in place and project running to timescale), 5% amber (Potential for slippage, project will be delivered as originally intended but not within timescale, so saving will not be fully realised) and 35% red (Project may have started but will deliver no savings in the current financial year).

The general fund capital programme budget in 2021/22 is £113.725m. The net forecast position on the capital budget at Q3 is £62.349m which

represents 55% of the total capital programme budget. The variance of £51.376m is made up of proposed slippage of £46.680m and an underspend of £4.696m.

The Housing Revenue Account capital programme budget is £102.645m. The net forecast position on the HRA capital budget at Q3 is £40.678m which represents 40% of the total HRA capital programme budget. The variance of £61.967m is made up of proposed slippage of £60.950m and a net underspend of £1.017m.

8.0 Environmental Implications

There is no direct environmental impact.

9.0 Risk Management Implications

Risks included on corporate or directorate risk register? **Yes**

Separate risk register in place? **No**

The relevant risks contained in the register are attached/summarised below. **Yes**

The following key risks should be taken onto account when agreeing the recommendations in this report:

Risk Description	Mitigations	RAG Status
Additions to the capital programme may incur additional borrowing costs to the council	<ul style="list-style-type: none"> ▪ Funded by additional grants thus no additional capital financing costs will be incurred by the Council's general fund budget 	Green
Failure to deliver the budget on target	<ul style="list-style-type: none"> ▪ At Q3 the council is reporting an underspend of £776k. This is reduced from an overspend of £101k reported at Q2. <ul style="list-style-type: none"> ▪ It has been achieved through continued robust budget monitoring and challenge. 	Green
Trading companies' failure to deliver required contribution to the MTFS	<ul style="list-style-type: none"> ▪ Income target reprofiled over four years rather than three ▪ Impact of reprofiling on 2021-22 budget is already assumed in overall forecast at Q3 ▪ Quarterly stakeholder groups ▪ Review of financial and non-financial performance information 	Green

10.0 Procurement Implications

Any procurement arising from this report will be supported by the procurement team and will be undertaken compliant with the Public Contract Regulations 2015 and the Council's Contract Procedure Rules.

11.0 Legal Implications

Section 151 of the Local Government Act 1972 states that without prejudice to section 111, every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs". Section 28 of the Local government Act 2003 imposes a statutory duty on a billing or major precepting authority to monitor, during the financial year, its income and expenditure against budget calculations.

Additions to the Capital Programme are dealt with in B48 of the Financial Regulations, the additions above are within the thresholds allowed for Cabinet.

12.0 Financial Implications

Financial matters are integral to this report.

13.0 Equalities implications / Public Sector Equality Duty

13.1 Decision makers should have due regard to the public sector equality duty in making their decisions. The equalities duties are continuing duties they are not duties to secure a particular outcome. The equalities impact will be revisited on each of the proposals as they are developed. Consideration of the duties should precede the decision. It is important that Cabinet has regard to the statutory grounds in the light of all available material such as consultation responses. The statutory grounds of the public sector equality duty are found at section 149 of the Equality Act 2010 and are as follows:

13.2 A public authority must, in the exercise of its functions, have due regard to the need to:

- eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;
- advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;
- Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.

13.2 Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:

- remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic.

- take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;
- Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low. The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.

Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:

- Tackle prejudice, and
- Promote understanding.

13.3 Compliance with the duties in this section may involve treating some persons more favourably than others; but that is not to be taken as permitting conduct that would otherwise be prohibited by or under this Act. The relevant protected characteristics are:

- Age
- Disability
- Gender reassignment
- Pregnancy and maternity
- Race,
- Religion or belief
- Sex
- Sexual orientation
- Marriage and Civil partnership

13.4 Equality assessments were undertaken for the budget proposals agreed by Council listed as part of the MTFs process and an overall equality assessment was undertaken on the MTFs. There is only recommendation in this report for decision "That Cabinet approve the proposed addition to the Capital Programme as set out in paragraphs 3.44 to 3.46" it is not considered that this will have a detrimental equalities impact.

It is not considered that this report will have any further equality implications.

14.0 Council Priorities

The Council's vision:

Working Together to Make a Difference for Harrow

This report deals with the Revenue monitoring which is key to delivering the Council's new priorities:

- Making a difference for the vulnerable
- Making a difference for communities
- Making a difference for local business's
- Making a difference for families

Section 3 - Statutory Officer Clearance

Statutory Officer: Sharon Daniels

Signed on behalf of the Chief Financial Officer

Date: 31/01/2022

Statutory Officer: Caroline Eccles

Signed on behalf of the Monitoring Officer

Date: 01/02/2022

Chief Officer: Dawn Calvert

Signed on behalf of the Corporate Director

Date: 31/01/2022

Head of Procurement: Nimesh Mehta

Signed by the Head of Procurement

Date: 28/01/22

Head of Internal Audit: Susan Dixon

Signed by the Head of Internal Audit

Date: 31/01/22

Mandatory Checks

Ward Councillors notified: NO, as it impacts on all Wards

EqlA carried out: NO

EqlA cleared by: N/A

Section 4 - Contact Details and Background Papers

Contact: Sharon Daniels, Head of Strategic and Technical Finance (Deputy S151), Telephone 020 8424 1332,

Sharon.Daniels@harrow.gov.uk

Background Papers:

- [2021/22 Budget Report](#)

**Call-in waived by the Chair of Overview and Scrutiny
Committee**

NO

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DIRECTORATE	Revised Budget	Forecast	Variance due to BAU	Contribution/ Drawdown From reserves	Cross Divisional Adjustments	Use of one off funding / management actions	Revised Outturn	Variance to budget	Q2 Variance to budget	Movement
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Resources										
Business Support	3,296	3,314	18	0	0	0	3,314	18	28	(10)
Customer Services/Acess Harrow	3,495	3,970	475	0	(100)	0	3,870	375	375	0
ICT	7,251	7,356	105	0	(70)	0	7,286	35	31	4
Director of Resources	791	1,636	845	0	(832)	0	804	13	13	0
Internal Audit & CAFT	625	550	(75)	0	0	0	550	(75)	(6)	(69)
Finance & Insurance	3,261	3,649	388	(300)	0	0	3,349	88	88	0
Revenues, Parking & Benefits	11,903	12,609	706	(400)	0	0	12,209	306	314	(8)
Procurement	673	628	(45)	0	0	0	628	(45)	0	(45)
HRD	1,615	2,980	1,365	(125)	(1,188)	0	1,667	52	50	2
Legal & Governance	3,332	3,324	(8)	0	0	0	3,324	(8)	(50)	42
Strategy	2,820	3,654	834	(60)	(171)	0	3,423	603	583	20
Total Controllable Budget	39,062	43,670	4,608	(885)	(2,361)	0	40,424	1,362	1,426	(64)
Uncontrollable Budget	(19,556)	(19,556)	0	0	0	0	(19,556)	0	0	0
Community										
Controllable Budget										
Commissioning & Commerical Services	19,248	21,129	1,881	(322)	0	0	20,807	1,559	1,648	(89)
Environment & Culture	5,340	5,122	(218)	(113)	0	0	5,009	(331)	(14)	(317)
Directorate Management	4,510	3,803	(707)	778	(70)	0	4,511	1	0	1
Housing General Fund	1,375	1,527	152	(82)	0	0	1,445	70	70	0
Enterprise & Planning	2,434	2,433	(1)	0	0	0	2,433	(1)	(229)	228
Regeneration	0	1,250	1,250	0	(1,250)	0	0	0	0	0
Total Controllable Budget	32,907	35,264	2,357	261	(1,320)	0	34,205	1,298	1,475	(177)
Uncontrollable Budget	25,129	25,129		0	0	0	25,129	0	0	
People										
Controllable Budget										
Adults Services	71,553	70,252	(1,301)	1,300	0	(592)	70,960	(593)	0	(593)
Public Health	(1,667)	(1,667)	0	0	0	0	(1,667)	0	0	0
Children's Services	35,458	40,354	4,896	(2,702)	(71)	(757)	36,824	1,366	1,564	(198)
Total Controllable Budget	105,344	108,939	3,595	(1,402)	(71)	(1,349)	106,117	773	1,564	(791)
Uncontrollable Budget	16,341	16,341	0	0	0	0	16,341	0	0	
Total Directorate Budgets	199,227	209,788	10,560	(2,026)	(3,752)	(1,349)	202,661	3,434	4,465	(1,032)
Corporate Items	4,931	5,011	80	0	0	0	5,011	80	80	0
Investment Income	(2,876)	(2,796)	80	0	0	0	(2,796)	80	80	0
Transformation Savings	(1,000)	0	1,000				0	1,000	1,000	0
Covid Grants	(6,051)	(6,051)	0	0	0	0	(6,051)	0	0	0
Controlling Outbreak Mgmt Fund (20/21)	0	(1,503)	(1,503)	0	0	0	(1,503)	(1,503)	(1,503)	0
Controlling Outbreak Mgmt Fund (21/22)	0	(2,100)	(2,100)	0	0	0	(2,100)	(2,100)	(2,100)	0
Covid Compensation for loss of income	(500)	(700)	(200)	0	0	0	(700)	(200)	(200)	0
Corporate Contingency	1,248	0	(1,248)	0	0	0	0	(1,248)	(1,248)	0
Technical and Corporate Adjustment	10,530	13,106	2,576	(2,893)	0	0	10,213	(318)	(473)	155
Total Controllable Budget	6,282	4,966	(1,316)	(2,893)	0	0	2,073	(4,209)	(4,364)	155
Uncontrollable Budget	(26,068)	(26,068)	0	0	0	0	(26,068)	0	0	0
Total Corporate Budget	(19,786)	(21,102)	(1,316)	(2,893)	0	0	(23,995)	(4,209)	(4,364)	155
Total Budget Requirement	179,441	188,686	9,245	(4,919)	(3,752)	(1,349)	178,666	(776)	101	(877)

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Description	Brought Forward 01/04/21	Addition to Reserves 2021-22	Directorates Draw Down From Reserves	Corporate Reserves Movements	Other Reserves Movements	Balance Carry Forward 31/03/2022
CIL Harrow	-6,730,442				1,980,000	-4,750,442
Revenue Grant Reserve	-8,823,265	-778,000	2,246,720			-7,354,545
Compensatory Added Year Reserve	-242,782					-242,782
Business Pool Reserve	-767,170					-767,170
PFI Schools Sinking Fund	-2,371,579		314,697			-2,056,882
Public Health Reserve	-2,372,440		0			-2,372,440
PFI NRC Sinking Fund	-1,751,952					-1,751,952
Legal Services Contingency	-949,339					-949,339
Legal Expansion Reserve	-377,639					-377,639
HRA Transformation Reserve	-671,551					-671,551
Carryforward Reserve	-2,041,393			2,041,393		0
Collection Fund Reserve	-8,924,753				8,082,591	-842,162
Equalities Diversity & Inclusion Reserve	-250,000		125,000			-125,000
London Living Wage Reserve	-250,000					-250,000
Capital Feasibilities Reserve	-500,000				24,000	-476,000
Accommodation Strategy Reserve	-725,000					-725,000
Adults Social Care Reserve	-1,969,475			0		-1,969,475
IT Reserve	-134,000					-134,000
Borough Election	-398,747					-398,747
Harvist Reserve Harrow Share	-15,889					-15,889
Proceeds Of Crime Reserve	-63,000					-63,000
Proceeds Of Crime Reserve Planning	-326,550					-326,550
Headstone Manor Reserve	-287,750					-287,750
CIL Mayor	-152,902					-152,902
Libraries Reserve	-150,000					-150,000
Vehicle Fund	-920,478					-920,478
Investment Property Reserve	-841,875					-841,875
DSG Overspend	3,730,218				822,000	4,552,218
PAP Sinking Fund	-190,000					-190,000
HRA Hardship Fund	-25,000					-25,000
HRA Regeneration Reserve	-722,200					-722,200
HRA Repair Reserve	-277,428					-277,428
Business Risk Reserve	-5,350,000		1,001,000			-4,349,000
Budget Planning Reserve MTFS gap	-16,688,761	-1,300,000		852,000		-17,136,761
Capacity Build/ Transformation Reserve	-2,000,000		416,000			-1,584,000
MTFS Implementation Reserve	-349,683					-349,683
Total non General Fund Reserves	-64,882,826	-2,078,000	4,103,417	2,893,393	10,908,591	-49,055,425
	0					
General Fund Reserves	-10,000,000					-10,000,000

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Grants 2021-22

APPENDIX 3

Directorate	Division	Awarding Body	Grant Name	Ringfenced Y/N	COVID Y/N	Value	Purpose of grant
Community	Cultural Services	Arts Council	Music Education Grant	Y	N	£334,931	To support the delivery of activities from Music Hub
Community	Cultural Services	DfE	Centrally Employed Teacher's Pension Grant	Y	N	£74,251	To support the pension costs increase of music teachers
Community	Enterprise	GLA	Adult Education Budget (Community Learning)	Y	N	£452,975	To deliver personal development, health and wellbeing courses to Harrow / London residents
Community	Enterprise	GLA	National Skills Fund	Y	N	£50,000	To deliver level 3 vocational qualifications to Harrow / London Residents
Community	Enterprise	GLA	Adult Education budget (Skills)	Y	N	£295,249	To deliver level English, maths, ESOL and ICT courses to Harrow / London Residents
Community	Enterprise	Education and Skills Funding Agency	Adult Education Budget	Y	N	£35,500	To deliver personal development, health and wellbeing and skills courses to people travelling to Harrow for work but reside out of London
Community	Enterprise	DWP	Kickstart	Y	N	£611,000	Govt programme for 16-25 year olds providing 6 months paid work placement for 25 hours per week. Up to £611k. Funding will be passed to organisations that provide eligible work placements. Government pay min wage, Xcite subsidize difference to LLW
Community	Enterprise	DWP	Harrow Brokerage Programme	Y	N	£24,510	To deliver training on skills and job support
Community	Enterprise	DWP	Raising Ambition Harrow	Y	N	£68,231	To deliver training on skills and job support
Community	Enterprise	West London Alliance	Strategic Investment Partnership	Y	N	£183,285	Enabling Fund to support the delivery of digital infrastructure in the borough; Business & Skills Fund to continue to provide support to residents on skills and apprenticeship and to support entrepreneurs and micro businesses.
Community	Environment	TfL	2021/22 LIP - interim funding package	Y	N	£221,000	Interim funding for period up to 28th May 21 to deliver Corridors schemes and Local Transport measures.
Community	Housing	MHCLG	Homelessness Prevention Grant	Y	N	£2,246,458	to give local authorities control and flexibility in managing homelessness pressures and supporting those who are at risk of homelessness
Community	Housing	MHCLG	Rough Sleeping Initiative	Y	N	£309,819	support for rough sleepers. £309,819 is the allocation for this year which we expect to be reduced by the amount of £163,208 which was carried forward from 20-21
Corporate	Corporate	MHCLG	Business Rates Top Up Grant	Y	N	£22,623,424	
People	Adults	MHCLG	Improved Better Care Fund	Y	N	£6,437,630	Meeting adult social care needs, supporting people to be discharged from hospital when they are ready, ensuring the social care provider market is supported
People	Adults	MHCLG	Social Care Grant	Y	N	£5,465,188	The purpose of the grant is to provide support to local au
People	Children	Home Office	Unaccompanied Asylum Seeking Children	Y	N	£1,822,089	To support UASC and 18+ Asylum seekers. Figure is 2020-21 as is claimed in arrears based on spend
People	Children	YJB	Youth Justice Grant	Y	N	£232,466	Delivery of youth justice services
People	Children	DFE	Holiday Activities & Food Programme	Y	N	£554,270	Local co-ordination of free activities and healthy food for disadvantaged children.

People	Children	ESFA	Children Looked After Pupil Premium Grant	Y	N	£330,645	£2345 per child for looked after children by LA for atleast 1 day. LAC premium is managed by Virtual School Head for the benefit of the child.Grants to be paid to schools and also can be held centrally to be pay for staffing, tutors training etc. Grant needs to be fully spent. Unspent grant is recovered by ESFA
People	Children	MHCLG	Supporting Families (was Troubled Families)	Y	N	£618,600	Provision of intensive family support services and increasing the maturity of the Early Help system. Also bringing services together around families to deliver whole family working. £433k attachment fees and up to £185.6k Payments by results
People	Children	DWP	Reducing Parental Conflict	Y	N	£22,000	To develop staff skills and capability to identify parents experiencing parental conflict, deliver specialist interventions and provide other support to reduce parental conflict
People	Children	DfE	Social Workers in Schools	Y	N	£382,825	A team of social workers based in schools (SWIS) with the aim they work more effectively with education colleagues and with children and families. 100% refund for salary costs.
People	Children	DfE	School Improvement Monitoring & Brokerage	Y	N	£148,436	Purpose of this grant is to support LA fulfilling statutory school improvement functions for maintained schools
People	Children	DfE	Extended Rights for Home to School Travel	Y	N	£6,400	To promote sustainable travel for children and young people of compulsory school age who travel to receive education or training
People	Children	DfE	Schools PFI	Y	N	£1,543,316	
People	Children	DfE	Sec 31 Extension of the Role of Virtual School Heads	Y	N	£30,000	The purpose of this grant is to provide support to local authorities in England, to help them meet their duty to appoint a Virtual School Head for previously looked-after children and make information and advice available to the following parties for the purposes of promoting the education of eligible previously looked-after children
People	Children	DfE	Sec 31 Extension of the Role of Virtual School Heads to children with a social worker Implementation Grant	Y	N	£100,000	Extend the role of the Virtual School Head to promote the educational outcomes of the cohort of children with a social worker in early years setting, schools and colleges. To help all childrens with Socail worker to make educational progress. 2021-22 is the first year and Budget holder informs unspent grant can be carried over to use following year
People	Children	HMPPS	Remand	Y	N	£124,767	Under 18s in remand/secure accommodation placements
People	Children	DfE	Staying Put	Y	N	£77,473	Statutory Staying Put duty (18+ remain with foster carers)

People	Children	DfE	Personal Advisor	Y	N	£47,564	Statutory duty to offer Personal Adviser support to all care leavers up to age 25
People	Children	DfE	Adoption Support Fund	Y	N	Variable TBC	Therapeutic services for adoptive and special guardianship order (SGO) families
People	Children	MOPAC	PRU Mentoring	Y	N	£19,687	To deliver dedicated one-to-one mentoring support for young people with complex needs that attend a Pupil Referral Unit
People	Children	ESFA	KS2 Moderation and KS1 Phonics	N	N	£7,051	To support the teaching of phonics at key stage 2
People	Children	MOPAC	Your Choice	Y	N	Up to £100,000	To deliver High Intensity Therapeutic Interventions for children and young people who get involved in violence.
People	Children/Adults	DfT	Bus Service Operators (BSOG)	Y	N	£69,341	Split 66.66% childrens and 33.33% adults. Payment made to LA for community transport
People	Children/Adults	MOPAC	Appropriate Adult	Y	N	£6,844	46% refund for Appropriate Adult costs incurred for young people and adults in Harrow and Barnet custody suites. Value is estimated based on max amount available
People	Public Health	DOH	Public Health Grant	Y	N	£11,309,532	Improving the health of the local population and reducing health inequalities
People	Public Health	DHSC	Adult Weight Management	Y	N	£61,116	To support the expansion of adult tier 2 behavioural weight management services commissioned by LAs
People	Public Health	DOH	Drug Treatment, Crime and Harm Reduction	Y	N	£180,000	
People	Schools	ESFA	Dedicated Schools Grant	Y	N	£138,631,218	75% passported to schools and early years providers determined by funding formulae. 25% retained by LA for commissioning of High Needs provision for pupils with Special Educational Needs & Disabilities
People	Schools	ESFA	Pupil Premium Grant	Y	N	£3,788,080	All passported to schools
People	Schools	ESFA	Universal Infant Free School Meals	Y	N	£2,232,445	All passported to schools
People	Schools	ESFA	16-19 Sixth Form provision	Y	N	£1,906,276	All passported to schools
People	Schools	ESFA	Schools SEN	Y	N	£3,255,561	All passported to schools
People	Schools	ESFA	PE & Sports	Y	N	£1,858,719	All passported to schools
People	Schools	ESFA	School Led Tutoring programme	Y	N	£104,514	All passported to schools. To support catch-up for lost education due to COVID-19
People	Schools	ESFA	Recovery Premium	Y	N	£108,199	All passported to schools. Additional funding for eligible schools based on Pupil Premium eligibility to provide further support to disadvantaged pupils
Resources	Benefits	DWP	Rent Rebate Subsidy	Y	N	£25,680,554	as received in 20/21 – DWP subsidy paid to local authority to cover the cost of Housing Benefit paid to local authority tenants who are paid Housing Benefit by the LA via means testing
Resources	Benefits	DWP	Rent Allowance Subsidy	Y	N	£91,109,269	as received in 20/21– DWP subsidy paid to local authority to cover the cost of Housing Benefit paid to privately renting tenants who are paid Housing Benefit by the LA via means testing
Resources	Benefits	MHCLG	Local Council Tax Admin Subsidy	Y	N	£213,875	as received in 20/21 – administration grant paid by DWP to LA to cover costs of administering Housing Benefit locally

Resources	Benefits	MHCLG	local council tax support schemes grant (2021-22) [No 31/5550].		N	2,326,514	The grant is provided towards expenditure incurred, or to be incurred, in respect of the provision of local council tax support in 2021-22.
Resources	Democratic Services /Governance	DCLG		Y	N	£454,833	to cover/contribute to the cost of General Elections, as and when they take place, grant received in 20/21
Resources	Democratic Services /Governance	DCLG	MHCLG Cabinet Office , Local Election Funding	Y	N	£111,531	to cover/contribute to the cost of GLA, as and when they take place, grant received in 21/22
Resources	Democratic Services /Governance	DCLG	GLA Elections for London Boroughs	Y	N	£308,700	to cover/contribute to the cost of GLA, as and when they take place, grant received in 21/22
Resources	Strategy	Home Office	Resettlement VPRS grant	Y	N	£121,806	to fund resettlement cost (admin, support officer) for refugee families 20/21, further £96,096 was received in 21/22
Resources	Strategy	WLA	One Public Estate	Y	N	£73,000	grant remaining in 21/22 to fund expenditure relating to community buildings upkeep /improvement) in the Borough
Resources	Strategy	MHCLG	Domestic Abuse Grant	Y	N	£170,300	to contribute to DO cost - Hestia contract
Resources	Strategy	MOPAC	VRU/LCPF	Y	N	£435,009	To cover cost of community projects preventing abuse and violence - gang worker
Total General & Specific Grants						£330,018,276	
Community	Cultural Services	Arts Council	Cultural Recovery Fund Round 2	Y	Y	£367,886	To support the recovery of cultural activities in Harrow Arts Centre, Harrow Museum and Harrow Music Service

Community	Cultural Services	Arts Council	Cultural Recovery Fund Round 3	Y	Y	£367,884	To support the recovery of cultural activities in Harrow Arts Centre, Harrow Museum and Harrow Music Service
Community	Cultural Services	Sport England	National Leisure Recovery Fund	Y	Y	£366,549	£523,642 was awarded in 20/21 but the grant condition allows the unspent fund to be carried forward into 2021/22 to continue financial support to leisure service provider
Community	Environment	European Regional Development Fund	Welcome Back Fund	Y	Y	£221,203	An expansion of the Reopening High Street Safely Fund (RHSSF) in 20/21. To continue to support RHSSF objectives, and also to support and promote a safe public environment for a local area's visitor economy; and allow local areas to develop plans for responding to the medium-term impact of CV-19 including trialling new ideas particularly where these relate to the High Street.
Corporate	Corporate	MHCLG	Covid-19 Tranche Funding	N	Y	£6,051,184	
Corporate	Corporate	MHCLG	Controlling Outbreak Management Fund	Y	Y	£2,100,000	Additional Surge Funding
People	Adults	MHCLG	ASC Infection Control & Testing	Y	Y	£1,988,125	Reduce the rate of COVID-19 transmission and conduct testing
People	Children	DfE	Wellbeing for Education Recovery Grant	Y	Y	£23,331	First received in 2020-21 for school return in September 2020 to provide LA funding to support staff working in schools and colleges with training to respond to additional pressures young people maybe be feeling as result of the pandemic.
Resources	Benefits	MHCLG	MHCLG Local Council Tax Support Schemes Grant		Y	£545,000	this is c/f fro Council Tax hardship support
Resources	Benefits	DCLG	Test/Trace Support Payment Scheme PLPYJ0021531		Y	£268,785	Selfisolation £500per person payment for each claimant needing to sty at home
Resources	Benefits	DLUHC	Covid-19 Additional Relief Fund Grant		Y	£3,172,759	The fund will be available to support those businesses affected by the pandemic but that are ineligible for existing support linked to business rates.
Resources	Strategy	DCLG	CEV		Y	£983,023	received in 20/21 - support for clinically extremally vulnerable people , further grants to be received in 21/22 CC 2588 so far collected £574k in21/22
Resources	Strategy	DEFRA	DEFRA		Y	£218,000	food parcels grant received in 20/21, the remaining amont which was carried forward to 21/22 is £177,587
Resources	Strategy	MHCLG	Community Champions Fund		Y	£495,000	received in 20/21 -to support small organisations in our less engaged communities to promote vaccination messaging within their communities (e.g. Romanian, Tamil, Somali, etc). Remaining amount c/f to 21/22 £212,336
Resources	Strategy	DWP	Covid Winter/Easter Grant	Y	y	£736,000	Grant received in 20/21 to support communities during winter and \Easter schools breaks , remaining grant c/f to 21/22 £319,849
Resources	Strategy	DWP	Household Support Grant		Y	£357,524	To cover cost of winter vouchers distributed to residents receiving CT supprt
Total Covid-19 General & Specific Grants						£18,262,253	
Total All General & Specific Grants						£348,280,529	

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MTFS Savings- 2021/22 to 2023/24							
Specific Service Area	Headline Description re: saving / reduction	2021-22	2022-23	2023-24	Total	RAG Rating	Comments
		£000	£000	£000	£000		
Resources Directorate							
Customer Services	Benefits - delete two posts over two years	(33)			(33)		Savings achieved
Customer Services	Reduction in Customer Channels (B) - closing telephony & email channels across Council Tax, Housing Benefits, Planning, Building Control, Education, Parking & Switchboard and only accepting on-line applications following the release of new on-line services by April 2019/20.	(175)			(175)		Cabinet agreed to close the telephone lines for Council Tax and Benefits to reduce the Access Harrow budget by £350k through staff reduction. The closure was due to take place from 1 October 2020 with the budget reduction being equally split between 2020/21 and 2021/22. However, covid prevented the start of the programme of work required to channel shift Revenues & Benefits to digital channels. The delays have been caused because of the team supporting CEV residents, the Community Hub, Track & Trace, Testing, the Revenues service, and Virtual meetings as well as a lack of capacity within the service to support discovery and testing. It is anticipated that the work can be carried out over the next nine months although there are ongoing discussions regarding the future of this team.
Investment Income	Investment Income : Income from investing in commercial properties	(1,726)			(1,726)		Savings achieved
Resources total		(1,934)	-	-	(1,934)		
Community Directorate							
Environment & Commissioning	Commissioning and Environmental Services re-organisation - net saving on salary budget	(250)			(250)		Phase 1 and Phase 2 restructure completed and implemented. Saving achieved.
Enterprise - Xcite	Substitute funding for 2 existing job brokers with external grant in 2020/21. External funding has been secured as part of Strategic Investment Pot (SIP) over 2 years. Part of this grant is earmarked for funding staffing costs. The proposed funding substitution means the delivery of the programme will have to be incorporated into the work of existing staff. If no further funding is secured beyond 2020/21, one post will be deleted and the other one retained.	45			45		This £45k relates to the reduction of the £90k saving offered in 2020/21 by half in 2021/22 to reflect the staff resource required to continue the jobs and skills programme.
Culture - Harrow Museum	Removal of base budget from October 2020 for 4 positions that are currently 67% grant funded. These 4 FTC positions are created as part of the successful bid to HLF for the Headstone Manor refurbishment project. HLF funding will end in Sept 2020, thereby the future of these posts will be dependent on the availability of further external funding. As no further external funding has been secured, these positions are deleted in 2020/21. This saving started in 2020/21 with a £22k saving made in 2020/21, therefore a total of £44k across 2 years.	(22)			(22)		Cultural Service restructure completed to reflect the end of the HLF funding arrangement. Saving achieved.

MTFS Savings- 2021/22 to 2023/24							
Specific Service Area	Headline Description re: saving / reduction	2021-22	2022-23	2023-24	Total	RAG Rating	Comments
		£000	£000	£000	£000		
Housing GF - Travellers site	Review of Travellers site-The council has a duty to provide suitable accommodation for Gypsy and Travellers and use Watling farm site for this purpose.Saving proposal is to seek a cost neutral outcome for the council . The housing service have reconsidered this proposal and will not be able to carry out a review to achieve full cost recovery for 2021/22. Therefore this saving will not be made in 2021/22 and will be considered as a 2022/23 saving. The £14k saving in 2021/22 will be met from within the existing 2021/22 housing general fund budget.	(14)			(14)		Originally aimed for 2021/22, deferred to 2022/23 with savings to be met from overall Hsg GF budgets until review concluded
Housing GF - Supporting people	Reduction in EACH contract and Sheltered housing support from April 2020- Each contract to be transferred to floating support scheme and reduction in sheltered housing support proposed to finance through enhanced housing management service charge which is HB eligible/ or reduce scope of the service provided.	(68)			(68)		Reduction in EACH contract to be met from Homelessness Prevention Grant, and reduction in contribution to Sheltered Housing support, funded by deletion of Support Coordinator role.Savings achieved.
Development Management - Building Control	Building Control - Additional income from commercialisation of the service	(20)			(20)		Building Control income is adversely affected by the health pandemic. It is unlikely that any additional income can be achieved in 21/22
Additional Financing Income	Additional Financing Income: (Originally £403k, but £367k relating to Probation Centre and Drones was reversed in 21/22 MTFS) Bannister cafe (25k) Harrow Weald Toilet (£11k)	(36)			(36)		Part-year rent is anticipated. The lease for Harrow Weald café has been drafted. Once the project is complete, this will be leased. Works at Bannister Café is ongoing and will complete in the later part of the financial year. The rent target is mitigated by income from other leases within Corporate Estates.
	Community Total	(365)	-	-	(365)		
Corporate							
Corporate	Gayton Road - income from 53 PRS units	(144)	(47)		(191)		The dividend income from the Gayton Road properties has been reprofiled from 2021/22 which means there will be a shortfall in income against the budgeted income level until 2024/25, but thereafter the income target will be met
Corporate	Transformation Target - additional £1m over and above SEN Transport target per annum	(1,000)	(1,000)		(2,000)		
	Corporate Total	(1,144)	(1,047)	-	(2,191)		
Adults	Commissioning - contract prices review	(300)			(300)		£220k savings achieved to date. Remaining £80k expected to be delivered by year end
	Adults	(300)	-	-	(300)		
GRAND TOTAL		(3,743)	(1,047)	-	(4,790)		

Green - Low or no risk to delivery of savings	Clear delivery plans in place. Project running to timescale
Amber - Medium/some risk to delivery	Potential for slippage but project will be delivered as originally intended but not within timescale, so saving will not be fully realised
Red - High risk to delivering forecast savings	Project may have started but will deliver no savings in the current financial year
Purple	Future years' savings

Project Title	Original Programme	Brought Forward	Virement	Other Adjustment (Additional/Reduction)	TOTAL BUDGET (A+B)	Forecast Outturn	Forecast Variance	Slippage	Over/ Underspend after Slippage
	£	£	£	£	£	£	£	£	£
Resources and Commercial Directorate:									
ABAVUS and Waste Collector	0	241,477	0	0	241,477	241,477	0	0	0
Devolved IT Applications	1,861,000	837,555	-2,387,748	0	310,807	260,000	-50,807	-50,807	0
Digital Improvements Programme	750,000	0	-750,000	0	0	0	0	0	0
Enterprise Resource Planning System	110,000	1,589,990	0	850,000	2,549,990	2,549,990	0	0	0
Enterprise Resources Planning TT	1,050,000	0	-1,050,000	0	0	0	0	0	0
ICT 2021-22	0	0	7,929,269	0	7,929,269	5,012,513	-2,916,756	-2,916,756	0
LAA Performance Reward Grant	0	59,407	0	0	59,407	59,407	0	0	0
Legal Case Management System	0	0	0	0	0	0	0	0	0
Ongoing ICT Refresh and Enhancements	1,958,999	2,201,400	-3,391,522	0	768,877	768,877	0	0	0
Other Schemes (Council wide)	9,000,500	0	-5,759,729	82,000	3,322,771	0	-3,322,771	-3,322,771	0
SAP: Financial Leger/Systems Control Imp	0	0	0	0	0	0	0	0	0
Total Resources and Commercial Directorate	14,730,499	4,929,829	-5,409,730	932,000	15,182,598	8,892,264	-6,290,334	-6,290,334	0
People's Directorate:									
Adults:									
Assistive Technology	245,000	25,000	0	0	270,000	0	-270,000	-270,000	0
In-House Residential	125,000	16,137	0	0	141,137	36,137	-105,000	-105,000	0
Total Adults	370,000	41,137	0	0	411,137	36,137	-375,000	-375,000	0
Public Health:									
Healthy Pupil Capital Fund	0	8,854	0	0	8,854	8,854	0	0	0
Total Public Health	0	8,854	0	0	8,854	8,854	0	0	0
Schools:									
Additional Basic Need Funding	14,973,404	0	0	0	14,973,404	0	-14,973,404	-14,973,404	0
Bulge Classes	552,266	0	0	0	552,266	0	-552,266	-552,266	0
Childrens IT Development	0	221,539	0	0	221,539	86,141	-135,398	-135,398	0
Childrens Services Buildings Programme Works	0	41,932	0	0	41,932	41,932	0	0	0
Day Respite Provision	400,000	0	0	0	400,000	0	-400,000	-400,000	0
Devolved Formula Non VA Schools	0	53,243	0	0	53,243	0	-53,243	-53,243	0
Hatch End MUGA	0	0	0	0	0	0	0	0	0
School Amalgamation	0	653,956	31,070	0	685,026	683,251	-1,775	-1,775	0
Schools Capital Maintenance	1,000,000	2,244,620	-31,070	2,800,444	6,013,994	4,393,330	-1,620,664	-1,620,664	0
Schools Expansion Programme - Phase 2	0	23,211	0	0	23,211	0	-23,211	-23,211	0
SEN Expansion	5,507,210	68,778	0	-74,529	5,501,459	0	-5,501,459	-5,501,459	0
Total Schools	22,432,880	3,307,279	0	2,725,915	28,466,074	5,204,654	-23,261,420	-23,261,420	0
Total People's Directorate	22,802,880	3,357,270	0	2,725,915	28,886,065	5,249,645	-23,636,420	-23,636,420	0

Project Title	Original Programme	Brought Forward	Virement	Other Adjustment (Additional/ Reduction)	TOTAL BUDGET (A+B)	Forecast Outturn	Forecast Variance	Slippage	Over/ Underspend after Slippage
Community Directorate:									
Commissioning and Environment:									
Bannisters Former Civil Defence Building	0	306,351	0	0	306,351	306,351	0	0	0
CA Site Infrastructure	100,000	0	0	0	100,000	22,494	-77,506	-77,506	0
Car Parks Infrastructure	0	1,476	0	0	1,476	1,476	0	0	0
Carbon Offset Fund	0	0	0	500,000	500,000	0	-500,000	-500,000	0
CCTV cameras and equipment at the depot	0	50,000	0	0	50,000	50,000	0	0	0
CCTV Infrastructure	1,246,435	-163	0	0	1,246,272	4,158	-1,242,114	-1,242,114	0
Climate Emergency - Energy emissions reduction measures	250,000	0	-150,000	0	100,000	47,067	-52,933	-52,933	0
Corporate Accommodation Maintenance	0	4,046	1,327	0	5,373	5,373	0	0	0
Depot Redevelopment	0	4,068,846	13,103,000	0	17,171,846	17,171,846	0	0	0
Flood Defence & Highways Drainage	500,000	50,393	-50,918	0	499,475	499,475	0	0	0
Harrow Green Grid	150,000	0	0	0	150,000	150,000	0	0	0
Harrow Weald Toilet Block	0	68,923	0	0	68,923	68,923	0	0	0
Headstone Manor - Park for People Project	0	157,746	50,918	308,371	517,035	517,035	0	0	0
Headstone Manor Flood Alleviation Scheme	0	469,671	0	0	469,671	469,671	0	0	0
High Priority Plan Maintenance Corporate Property	650,000	726,880	-31,327	0	1,345,553	595,484	-750,069	-750,069	0
Highway Improvement Programme	6,000,000	0	0	0	6,000,000	5,100,000	-900,000	-900,000	0
Litter Bin Project	0	0	0	17,693	17,693	17,693	0	0	0
Parking Management Programme	300,000	0	0	0	300,000	300,000	0	0	0
Parks Infrastructure	350,000	148,721	0	56,531	555,252	361,473	-193,779	-193,779	0
Parks Playground Improvement	0	45,672	0	0	45,672	45,672	0	0	0
Public Sector Decarbonisation Scheme	0	0	150,000	2,483,197	2,633,197	1,375,315	-1,257,882	-1,257,882	0
Redevelopment of Rayners Lane Toilet Block	0	170,000	-170,000	0	0	0	0	0	0
Redevelopment of Vernon Lodge & Atkins House	0	0	0	0	0	0	0	0	0
Street Lighting Improvement Programme	1,500,000	0	0	0	1,500,000	1,500,000	0	0	0
Street Litter Bins	0	0	0	0	0	0	0	0	0
TfL Principal Road Maintenance	0	0	0	0	0	0	0	0	0
TfL Transport Capital (LIP)	1,391,000	0	0	0	1,391,000	0	-1,391,000	0	-1,391,000
Vehicle Procurement	60,000	425,000	0	0	485,000	485,000	0	0	0
Waste and Recycling	0	13,829	0	0	13,829	13,829	0	0	0
Waste Services bins (Trade)	150,000	75,728	0	0	225,728	225,728	0	0	0
Wealdstone Future High Street Fund (FHSF)	1,500,000	0	0	0	1,500,000	487,045	-1,012,955	-1,012,955	0
Wealdstone Major Transport Infrastructure	1,700,000	0	0	0	1,700,000	1,000,000	-700,000	-400,000	-300,000
WLWA Food Waste Project	0	0	0	357,000	357,000	357,000	0	0	0
Total Commissioning and Environment	15,847,435	6,783,119	12,903,000	3,722,792	39,256,346	31,178,108	-8,078,238	-6,387,238	-1,691,000
Cultural Services:									
Central Library Refit/Refurb	0	53,250	0	0	53,250	501	-52,749	-52,749	0
Harrow Arts Centre	1,177,000	835,773	0	0	2,012,773	206,446	-1,806,327	-1,806,327	0
Harrow Arts Centre Capital Infrastructure	0	33,788	0	0	33,788	33,788	0	0	0
Harrow Museum Capital Infrastructure	0	2,591	0	0	2,591	2,591	0	0	0
Libraries and Leisure Capital Infrastructure	150,000	110,234	196,381	0	456,615	449,749	-6,866	-6,866	0
Libraries Self-Service Kiosks Refresh	120,000	0	0	0	120,000	120,000	0	0	0
Sec 106 Banister Sport Pitch	0	278,835	0	0	278,835	124,418	-154,417	-154,417	0
Total Cultural Services	1,447,000	1,314,471	196,381	0	2,957,852	937,493	-2,020,359	-2,020,359	0

Project Title	Original Programme	Brought Forward	Virement	Other Adjustment (Additional/ Reduction)	TOTAL BUDGET (A+B)	Forecast Outturn	Forecast Variance	Slippage	Over/ Underspend after Slippage
Housing General Fund:									
Disabled Facilities Grants	2,070,017	397,898	0	0	2,467,915	1,123,266	-1,344,649	-996,165	-348,484
Empty Property Grant	120,000	0	0	0	120,000	104,352	-15,648	0	-15,648
Property Acquisition Programme	8,802,383	958,000	0	0	9,760,383	7,119,056	-2,641,327	0	-2,641,327
Total Housing General Fund	10,992,400	1,355,898	0	0	12,348,298	8,346,674	-4,001,623	-996,165	-3,005,458
Regeneration, Enterprise and Planning:									
Harrow High Street Fund	1,800,000	135,756	0	0	1,935,756	1,935,756	0	0	0
Lyon Rd Pop Restaurant & Square	0	330,283	0	34,509	364,792	364,792	0	0	0
MoL COVID-19 - ERSF	0	9,750	0	0	9,750	9,750	0	0	0
Neighbourhood CIL Schemes	500,000	84,148	0	0	584,148	584,148	0	0	0
New Planning IT system	0	489,980	0	0	489,980	489,980	0	0	0
Trinity Square	0	0	1,000	0	1,000	1,000	0	0	0
Demolition of Social club	300,000	0	0	0	300,000	0	-300,000	-300,000	0
Gayton Rd	2,293,326	812	0	0	2,294,138	31,500	-2,262,638	-2,262,638	0
Haslam House Redevelopment	865,495	626,001	0	0	1,491,496	1,491,496	0	0	0
Investment in 3 core sites	0	0	428,768	0	428,768	0	-428,768	-428,768	0
Investment in HNC	2,070,000	0	0	0	2,070,000	0	-2,070,000	-2,070,000	0
New Civic	0	0	0	0	0	0	0	0	0
Other Regeneration	1,787,883	0	0	0	1,787,883	0	-1,787,883	-1,787,883	0
Plot 5	500,000	0	0	0	500,000	0	-500,000	-500,000	0
Poets Corner	8,119,420	0	-8,119,420	0	0	0	0	0	0
Waxwell Lane Development	1,569,692	1,266,431	0	0	2,836,123	2,836,123	0	0	0
Total Regeneration, Enterprise and Planning	19,805,816	2,943,161	-7,689,652	34,509	15,093,834	7,744,545	-7,349,289	-7,349,289	0
Total Community Directorate	48,092,651	12,396,649	5,409,729	3,757,301	69,656,330	48,206,820	-21,449,509	-16,753,051	-4,696,458
Total General Fund	85,626,030	20,683,748	-1	7,415,216	113,724,993	62,348,729	-51,376,263	-46,679,805	-4,696,458
Housing Revenue Account:									
Building Council Homes For Londoners (includes infill)	61,079,000	1,502,123	393,634	0	62,974,757	6,611,025	-56,363,732	-56,363,732	0
Grange Farm phase 1	15,812,000	1,627,860	0	0	17,439,860	17,439,860	0	0	0
Grange Farm phase 2	975,000	4,000,000	0	0	4,975,000	4,975,000	0	0	0
Housing IT Scheme	796,000	52,309	0	0	848,309	612,000	-236,309	-236,309	0
Mayor's Rough Sleeping Accommodation Programme	0	0	0	2,880,915	2,880,915	2,344,860	-536,055	0	-536,055
Planned Investment Programme	12,161,001	1,758,752	-393,634	0	13,526,119	8,695,480	-4,830,639	-4,349,929	-480,710
Total HRA	90,823,001	8,941,044	0	2,880,915	102,644,960	40,678,225	-61,966,735	-60,949,970	-1,016,765
Total General Fund + HRA	176,449,031	29,624,792	-1	10,296,131	216,369,953	103,026,954	-113,342,998	-107,629,775	-5,713,223

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Appendix 6 – Council Trading Company Update 2021/22, Quarter 3

Introduction

1. As at Quarter 3 2021/22, the Council's trading structure consists of five separate legal entities set out in table 1 below and presented as a flow chart at the end of this report along with detailed financial results.

Table 1: Harrow Council Trading Structure

Name	Legal Structure	Date Started Trading
Concilium Group Limited (Holding Company)	UK Limited Company	November 2015
Concilium Business Services Limited	UK Limited Company	November 2015
Sancroft Community Care Limited	UK Limited Company	January 2018
Concilium Assets LLP	Limited Liability Partnership	January 2019
Harrow Strategic Development Partnership LLP	Limited Liability Partnership	March 2021

2. These entities have been set up to provide a financial or other benefit to the Council whilst enabling it to undertake specific commercial activities.
3. The Council's interests in these entities are not material for the purposes of the financial statements. The Council's financial statements do not therefore include group accounts.

Background

4. Concilium Group Ltd. is a wholly owned commercial subsidiary of the Council, set up with the dual purpose of consolidating the financials of its subsidiaries and to act as the minority partner in a Council controlled Limited Liability Partnership (Concilium Assets LLP).
5. Concillium Business Services Ltd is a wholly owned subsidiary of Concillium Group Ltd. Until February 2019 its principal source of revenue came from the property management of 100 homes, managed on behalf of Harrow Council. Its activities are now kept to a minimum.
6. Sancroft Community Care Ltd is a wholly owned subsidiary of Concilium Group Ltd. The company took over the operation of the residential care home for the elderly situated on Sancroft Road, Harrow on 8th February 2018. Of the care home's 62 beds, 45 are block contracted with the London Borough of Harrow for five years.
7. Concilium Assets LLP is a Limited Liability Partnership owned 95% by Harrow and 5% by Concilium Group Ltd, set up to enable direct private rental sector (PRS) property investment activities. 53 PRS units on Gayton Road were transferred to the LLP in July 2019 on a 10 year lease for rent to the private market.

8. Harrow Strategic Development Partnership LLP (HSDP LLP) is a Limited Liability Partnership owned 50% by Harrow and 50% by Wates Construction Limited, set up to facilitate the development of Council assets at Poets Corner, Peel Road and Byron Quarter phase 1 as per the Council's Regeneration Programme.

Financial Implications

9. The accounting year end for all of these entities is 31st March in line with the Council's year end. This report references detail for financial years ended 2021 along with a summary for financial years ended 2022 and 2023.
10. Financial accounts have been prepared for the year ended 31st March 2021 for Sancroft Community Care Limited, Concilium Assets LLP, Concilium Group Limited and Concilium Business Services Limited. The audits of the accounts of Sancroft Community Care Limited, Concilium Assets LLP and Concilium Group Limited have been completed. The audit of the accounts of Concilium Business Services Limited is underway. For reporting purposes, Concilium Group Limited is classified as a dormant entity. The financial position for the companies for the year ending 31st March 2021 is summarised in Table 4. HSDP LLP has not yet completed a full year of operation.
11. The detailed annual forecast position to 31st March 2022 for the council's trading structure has been summarised in Table 5. These figures have not yet been subject to audit.
12. The annual forecast position for the council's trading structure has been summarised in Table 6. The table covers financial years 2020/21, 2021/22 and 2022/23 in line with the respective business plans.

Concilium Business Services Ltd

13. Concilium Business Services Ltd underwent a strategic change of direction and the details were presented as part of the part two savings tracker to Cabinet in July 2019. As a result, the company is now only responsible for the legal ownership of 2 homes. The company retains 5% of the income collected from these tenants, distributing the remaining 95% back to the Council.
14. The entity is now trading as a principal as opposed to an agent, thus retaining legal ownership of these properties and neither charging a management fee nor undertaking any property management/agency activities.
15. The future financial position in Table 6 assumes that Concilium Business Services Limited will be closed at the end of the current financial year.

Sancroft Community Care Ltd

16. The audited financial information for Sancroft Community Care Ltd for the year ending 31st March 2021 is summarised in Table 4 at the end of this report. A financial summary of Sancroft's performance against its business plan (budget) for 2021/22 is presented in Table 2 below.

Table 2: Sancroft Forecast Annual Position as at 31st March 2022

<i>Negative/(Positive)</i>	Full year Forecast	Annual Budget	Forecast Budget Variance
Total Income	(2,479,000)	(2,415,000)	(64,000)
Total Expenditure	2,397,908	2,369,000	28,908
(Net Profit)/Loss	(81,092)	(46,000)	(35,092)

17. The full business plan (refreshed) for Sancroft Community Care Ltd was presented as Appendix 7 (exempt) to the 23rd September 2021 Cabinet report and approved along with the quarterly performance against budget for Q1 2021/22 as Appendix 6.

18. The forecast remains volatile due to the impact of Covid-19 and the continued ongoing uncertainty.

Concilium Assets LLP

19. Concilium Assets LLP has been trading since 1st January 2019 and has prepared audited accounts for the 15 months ended 31st March 2020 and the year ended 31st March 2021.

20. The full business plan (refreshed) for Concilium Assets LLP was included as Appendix 8 (exempt) to the 23rd September 2021 Cabinet report and approved along with the quarterly performance against budget for Q1 2021/22 as Appendix 6.

21. Performance against the LLP's business plan this year is reported below in Table 3. Results for the quarter are in line with the annual budget.

Table 3: LLP Forecast Annual Position as at 31st March 2022

<i>Negative/(Positive)</i>	Full year Forecast	Annual Budget (B-Plan)	Forecast Budget Variance
Total Income	(1,083,220)	(1,061,991)	(21,229)
Total Expenditure*	932,458	913,765	18,693
(Net Profit)/Loss	(150,762)	(148,226)	(2,536)

* See paragraphs 22 - 25 below

22. The Council charges the LLP 33% of its turnover (the lease rent) which is accounted for as an expense in the accounts of the LLP. This expense was not included in the original business plan however it has been reflected in the refreshed business plan approved by Cabinet on 23rd September 2021. The lease rent is a direct benefit to the Council and is included in the MTFs.

23. The LLP accounts for 2019/20 include a technical adjustment spreading lease rent payments to the Council over the full term of the lease rather than accounting for them on a cash basis. The value of this adjustment for 2019/20 is £199,687 resulting

in a loss in the audited company accounts for 2019/20 of £74,755. The £199,687 adjustment will be offset by rental income received in future years.

24. Any remaining profit is distributed back to the council as a dividend. The position for the LLP including these distributions is published in the business plan and included in the council's MTFS. The amount paid to the Council in respect of lease rent and dividend for 2020/21 was £451k.

25. The budgeted distribution of funds from the LLP to the Council of £406k for 2021/22 is on target to be achieved.

HSDP LLP

26. Key dates from the HSDP LLP Business Plan include the submission of planning applications for the development of the core sites from Spring 2022 to Spring 2023. The first Council assets are expected to be transferred to the LLP in the second half of 2022.

Funding Arrangements

27. Concilium Assets LLP was granted a start-up loan of £175,000 which was fully drawn down in 2019. An additional short term loan facility to the LLP of up to £250k was approved by Cabinet in July 2019 of which only £100k was drawn down. These loans were repaid in full before March 2020, ahead of business plan projections.

Harrow Council Commercial Structure

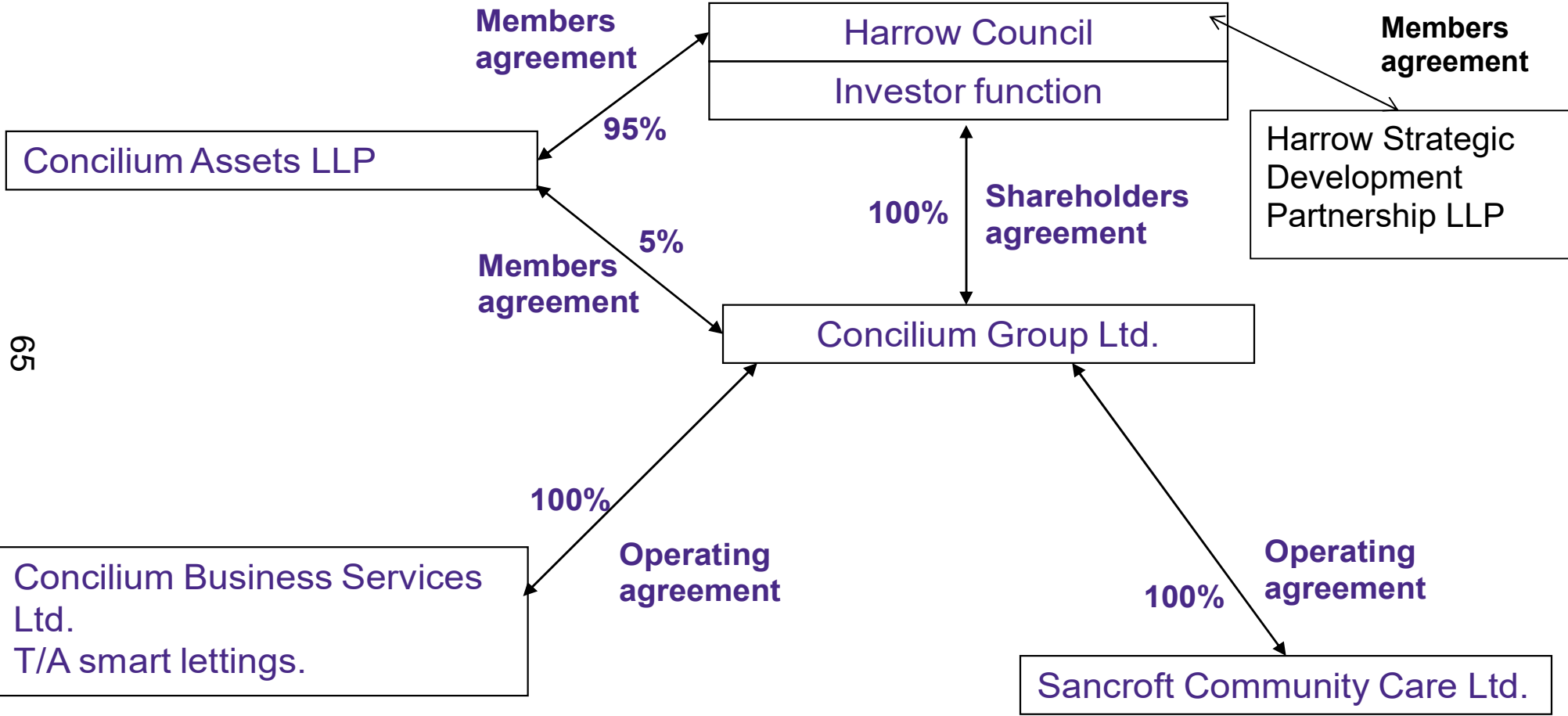


Table 4: Trading Structure Full Year Position to 31st March 2021

£ Negative/(£ Positive)	Concilium Business Services Ltd	Concilium Group Ltd	Sancroft Community Care Ltd	Concilium Assets LLP	Aggregate Position
Income	(73,618)	0	(2,366,830)	(1,080,945)	(3,374,157)
Direct and Administrative Expenditure	79,363	1,200	2,320,179	1,061,890	3,462,632
(Net Profit)/Loss	5,745	1,200	(46,651)	(19,055)	(58,761)
Retained Earnings c/f	(15,252)	7,924	(56,130)	55,700	(7,758)

Table 5: Trading Structure Full Year Forecast to 31st March 2022 - unaudited

£ Negative/(£ Positive)	Concilium Business Services Ltd	Concilium Group Ltd	Sancroft Community Care Ltd	Concilium Assets LLP	Aggregate Position
Income	(40,000)	0	(2,479,000)	(1,083,220)	(3,602,220)
Direct and Administrative Expenditure	55,252	3,000	2,397,908	932,458	3,388,618
(Net Profit)/Loss	15,252	3,000	(81,092)	(150,762)	(213,602)
Retained Earnings c/f	0	10,924	(137,222)	(95,062)	(221,360)

Table 6: Trading Structure Full Year Forecast for MTFS

£ Negative/(£ Positive)	Concilium Business Services Ltd	Concilium Group Ltd	Sancroft Community Care Ltd	Concilium Assets LLP	Aggregate Position
Retained Earnings b/f	(15,252)	7,924	(56,130)	55,700	(7,758)
(Net Profit)/Loss - 2021/22	15,252	3,000	(81,092)	(150,762)	(213,602)
(Net Profit)/Loss - 2022/23	-	3,000	(24,472)	(32,237)	(53,709)
Retained Earnings c/f	0	13,924	(161,694)	(127,299)	(275,069)



Report for: Cabinet

Date of Meeting:	10 February 2022
Subject:	Final Revenue Budget 2022/23 and final Medium Term Financial Strategy 2022/23 to 2024/25
Key Decision:	Yes – affects all wards
Responsible Officer:	Dawn Calvert – Director of Finance and Assurance (S151 Officer)
Portfolio Holder:	Councillor Natasha Proctor – Portfolio Holder for Finance and Resources
Exempt:	No
Decision subject to Call-in:	No - decisions reserved to Council
Wards affected:	All
Enclosures:	<p>Appendix 1A – Growth/Reversed savings and savings from 2021/22 and 2022/23 Budget Process</p> <p>Appendix 1B – Savings and Growth 2022/23 from the 2020/21 Budget Process</p> <p>Appendix 2 - Medium Term Financial Strategy 2022/23 to 2024/25</p> <p>Appendix 3 – Revenue Budget Summary 2022/23</p> <p>Appendix 4 – Levies, contributions, and subscriptions</p> <p>Appendix 5 – Policy on use of contingency</p> <p>Appendix 6 - Schools Budget 2022/23</p> <p>Appendix 7 - Public Health Budget 2022/23</p> <p>Appendix 8 – Reserves Policy</p>

Appendix 9 – Reserves Forecast

Appendix 10 – Report of the Chief Finance Officer

Appendix 11 – Model Council Tax Resolution

Appendix 12 – Members Allowance Scheme 2022/23

Appendix 13 – Annual Pay Policy Statement for 2022/23

Appendix 14 – Flexible Use of Capital Receipts

Appendix 15 – Summary of EQIA for Saving Proposals 2022/23

Appendix 16 - Summary of Resident Consultation

Section 1 – Summary and Recommendations

This report sets out the final revenue budget for 2022/23 and final Medium Term Financial Strategy (MTFS) for 2022/23 to 2024/25. In December 2021, Cabinet approved the draft versions of the revenue budget and MTFS for general consultation.

Recommendations:

Cabinet is requested to:

- 1) Recommend the 2022/23 budget to Council for approval, being mindful of the results of the various consultations and equality impact assessments, to enable the Council Tax for 2022/23 to be set (Appendix 15).
- 2) Recommend the Model Council Tax Resolution 2022/23 to Council for approval as set out in Appendix 11.
- 3) Recommend to Council that, in accordance with Section 38 (2) of the Local Government Finance Act 1992, the Chief Executive be instructed to place a notice in the local press of the amounts set under recommendation 2 above with a period of 21 days following the Council's decision.
- 4) Approve the Medium-Term Financial Strategy (MTFS) for referral to Council (Appendix 2).

- 5) Note the balanced budget position for 2022/23 and 2024/25 and the budget gap of £16.593m for 2023/24 (Table 2a).
- 6) Note the use of £14.7m Budget Planning Reserve MTFs to achieve the balanced budget position for 2022/23, which is reversed out in the following year (Table 2a, paragraph 1.49).
- 7) Note the intention to increase Council Tax by 1.99% in 2022/23 (Paragraph 1.13 and 1.21).
- 8) Note the intention to increase Council Tax by a further 1% in 2022/23 in respect of the Adult Social Care Precept (Paragraph 1.13 and 1.21).
- 9) Note the 2022/23 budgets for Schools and Public Health as set out in Appendices 6 & 7.
- 10) Note the assumed funding for the protection of social care 2022/23 through the BCF as set out in paragraphs 1.62 to 1.65.
- 11) Note the requirement to develop a robust finance strategy to address the predicted MTFs shortfall of £16.593m ready for presentation to the incoming administration in May 2022 (Paragraphs 1.69 to 1.73).
- 12) Recommend the 2022/23 Members Allowance Scheme to Council for approval (Appendix 12).
- 13) Recommend the 2022/23 Annual Pay Policy Statement to Council for approval (Appendix 13).
- 14) Recommend the Capital Receipts Flexibility Strategy to Council (Appendix 14).

Reason: (For recommendations)

To ensure that the Council sets a balanced budget for 2022/23.

Section 2 – Report

BACKGROUND

1.1 Prior to the Covid-19 pandemic, Local Government finances continued to have a very difficult decade. A number of bodies, over recent years, have published studies which paint a similar picture of the challenges faced by the sector. In its recent publication ‘The Local Government Finance System: Overview and Challenges’, the National Audit Office provided an insight into such challenges affect the sector as a whole including:

- After removing Council Tax, spending power funded by central government fell in real terms by more than 50% on a like for like basis

between 2010/11 and 2020/21 with the reliance on Council Tax growing significantly over this period.

- Funding reductions have coincided with growing service demand and cost pressures:
 - The population has grown by 7% since 2010/11.
 - Between 2010/11 and 2019/20 the number of adults aged 65 to 84 has increased by 21% and those over 85 have increased by 20%
 - Overall gross spending on Children's social care has increased by 17% between 2010/11 and 2019/20
 - The number of homeless households in temporary accommodation has increased from approximately 48,000 in 2010/11 to approximately 92,000 by 2019/20

1.2 In their publication 'Local Government Funding – Moving the conversation' (June 2018) the Local Government Association shared a similar picture about the whole sector with their key statistics including:

- Analysis indicated that local services face a funding gap of £7.8 billion by 2025 of which £6.6 billion would relate to Adults social care and Children's services.
- By 2020, local authorities will have faced a reduction to core funding from central Government of nearly £16 billion over the preceding decade.

1.3 In their press release following Spending Review 21, London Councils highlighted the specific challenges for London with borough's seeing a 25% reduction in funding since 2010 even though population growth means there are now a million more Londoners.

1.4 With the Local Government sector being at the forefront of the response to both the public health and economic crises caused by Covid 19, it is hardly surprising that the pandemic has had a significant impact on local government finances which were already in a difficult position. Throughout the pandemic London Councils have monitored the financial impact of Covid-19 on boroughs using the monthly returns submitted to the Department for Levelling Up, Housing and Communities (DLUHC). In autumn 2021, findings show that Boroughs are forecasting just over £1b of additional funding pressures in 2021/22 and funding announced is approximately one third short.

1.5 Harrow remains one of the lowest funded Councils both within London and nationally. Table 1 below summarises the key financial changes over the 9-year period up to 2022/23:

Table 1: Summary of Key Financial Changes 2013/14 to 2022/23

	Revenue Support Grant	Demand Led Growth	Technical Growth	Savings	Additional Revenue from Council Tax	Business Rate	Revised Budget Requirement	Amount to be raised from Council Tax	Council Tax as a % of Budget Requirement
	£000	£000	£000	£000	£000	£000	£000	£000	%
2013/14	52.1	10	10	-22	-1.8	14.7	181,063	93,039	51
2014/15	42.6	5.5	-2.1	-10	-1.9	14.5	174,426	95,067	55
2015/16	32	7.7	5.9	-20.6	-3.4	14	166,171	98,496	59
2016/17	21.9	4.7	9.5	-16.6	-6.8	13.2	164,987	105,256	64
2017/18	13	10.7	-0.6	-10.2	-7.3	14.4	164,804	112,530	68
2018/19	7.3	9.8	1.7	-7.4	-5.3	14.4	168,917	117,804	70
2019/20	1.6	7.4	-4	-5.2	-8.5	14.4	167,081	126,295	76
2020/21	1.6	5.1	5.7	-3.8	-7.2	14.9	174,762	133,492	76
2021/22	1.6	16.5	-6.7	-3.6	-6.4	14.9	178,856	139,706	78
2022/23	1.6	4.2	-1.3	1.0	-6.5	15.1	183,285	146,185	80
Total	50.5	81.6	18.1	-98.4	-55.1				

Over the 10-year period, the table shows:

- The Council's Revenue Support Grant (RSG), its main source of funding from central government, has reduced by 97% to just £1.6m, a reduction of £50.5m. To set this in context, the Council's net revenue budget requirement to support service delivery is £183.2m.
- In addition to the RSG, the Council does receive several other grants to support services. In the current financial year government grants are estimated at £348m however these grants are all ring fenced to specific areas of activity and cannot be used to support the core budget. The most significant of the grants include the Dedicated Schools Grant (£138m), Housing Benefits Grants (£116m) and Public Health Grant (£11m). The RSG is unringfenced and the Council has the discretion to spend it across all services hence why its reduction has caused significant challenges.
- Until SR 21 and the allocation of the Core Spending Grant, the Council has not received additional funding to meet demographic and inflationary pressures. Therefore, growth of circa £81.6m has had to be provided to fund the continued pressures on front line services, including adults and children's social care, homelessness and waste services. Technical growth of £18.1m has had to be provided to fund inflationary pressures (pay and non-pay) and the cost of capital investment for which the council receives no additional funding.

- These three factors have taken the total budget shortfall to find over the nine years to over £150.0m to achieve a balanced budget.
- Savings and efficiencies of £98.4m have been achieved but the profiling of these savings, and how the quantum has reduced in recent years, demonstrates the challenges of finding sustainable savings year on year. For the first time in 2020/21 the Council had to rely upon the use of reserves to balance its budget. Thankfully, through tight financial management, these reserves are now unlikely to be drawn down and can be retained to support the even larger pressures the Council faces over its MTFS.
- Council Tax has been increased largely just below referendum limits and full use has been made of the Adults Social Care precept, both of which are in line with central government expectation. Again for 2022/23, the Council has limited options and is proposing the maximum allowable increase in Council Tax of 1.99% plus 1% Adult Social Care Precept which increases the transfer of responsibility onto the council taxpayer to 80%. It is important to note that again the Council is following central government expectations in terms of Council Tax increases as per their spending power calculations.

1.6 Despite all reasonable actions, including council tax increases, significant savings, and efficiencies and generating income, it still remains a considerable challenge for the Council to balance its annual budget in light of continued demand pressures, demographic changes and inflationary pressures compounded by a historically low funding base. In February 2021 full Council approved the Medium-Term Financial Strategy (MTFS) 2021/22 to 2023/24. Despite achieving a balanced budget for 2021/22, there remained a budget gap of £29.749m over the final two years of the MTFS.

1.7 A budget gap of £29.749m is enough of a significant financial challenge from which to refresh the MTFS. Factor into this a disproportionate impact of Covid- 19 on the Borough and it leaves the Council in a grave financial position facing very difficult budget decisions. Covid-19 has had a disproportionate impact on the residents of Harrow. Since August 16th there have been 9,117 diagnosed cases of Covid-19 in Harrow, which represents a rate of 3,613 per 100,000 residents, a rate significantly higher than London of 3,110 per 100,000. Since the start of the pandemic the rate of deaths within 28 days of a positive test in London was 189 per 100,000 residents, in Harrow the rate was 218.

The Covid-19 pandemic has shown a light on existing health disparities within community cohorts which need managing. An example is the significant migration of the Romanian Community into Harrow. From August 2018 to June 2021 nearly 40,000 Romanians applied for settled status in Harrow (EUSS Statistics Home Office June 2021). Whilst many may move out of Harrow a significant number remain, particularly in East Harrow. It is in such community cohorts, that we have found higher degrees of vaccine hesitancy and reluctance to undertake Covid-19 testing which presents not only a health risk to the community, but also a risk to Harrow's Councils recovery plans.

- 1.8 Covid-19 has been shown to disproportionately affect older people and people from BME communities. Both these groups are more likely to become ill from Covid-19, require admission to hospital and subsequent support, and both these groups are more highly represented in Harrow than many other London Boroughs. The high number of 57 residential and care homes in Harrow, and outbreaks within them have certainly contributed to the high number of cases of Covid-19 in Harrow.
- 1.9 The disproportionate impact felt by Harrow has not been matched by a proportionate share of funding. Analysis shows that, over the four tranches of Emergency Funding received, Harrow ranked in 108th position nationally (out of 339) and across London in 26th position (out of 33, which is 8th lowest). In terms of the £1.55b grant allocated in the current financial year to Local Authorities to meet additional Covid-19 expenditure, Harrow received £6.051m, the 7th lowest allocation across London.

SUMMARY

- 1.10 The final budget set out in this report shows an updated MTFs with several changes which Cabinet are asked to note. The changes achieve a balanced budget position for 2022/23 (after the application of £14.7m from the Budget Planning MTFs Reserve), a budget gap of £16.593m for 2023/24 and a balanced budget position for 2024/25. It's important to note that for 2024/25, a number of the budget adjustments are estimated at a high level due to the challenges of forecasting complex issues such as demand and demographics so far in advance. As the budget is approved annually the latter two years of the MTFs will be subject to much review and adjustment before finally being approved.
- 1.11 The final MTFs is based on the Local Government Indicative Financial Settlement received 16 December. The final settlement is expected to be agreed in early February. Whilst it is intended that members will approve the MTFs in February 2022, it could still be subject to assumptions in relation to grant settlements, council tax income, legislation and demographics. The Council does hold a contingency for unforeseen items (£1.248m) which is intended to support uncertainties and the Council will still be required to review the Council's budget on a yearly basis

EXTERNAL FUNDING POSITION

- 1.12 Harrow Council remains one of the lowest funded councils both in London and nationally. Harrow's core spending power per head in 2019/20 was estimated to be £170 lower than the London average and £75 lower than the rest of England average. Settlements since these calculations have done little to address the relative position of Harrow's funding baseline.

SPENDING REVIEW 2021

- 1.13 On 27 October 2021, the Chancellor of the Exchequer delivered Spending Review 21 (SR21) and the Autumn Budget. The latter set out the Government's taxation and public expenditure plans for the year ahead and SR21 confirmed resources and capital budgets for the three years 2022/23 to 2024/25. The key areas of the review pertaining to Local Government are detailed below and included in the final MTFs:

- The main Council Tax referendum level is set at 2% and the Adults Social Care Precept at 1% per annum. The final MTFS assumes a Council Tax increase of 2.99% per annum.
- £3.6b over the three years for the Adult Social Care Funding Reform to cover preparation and implementation of the reforms, supporting those who reach the care cap and the fairer cost of care. Funding was confirmed for 2022/23 only and Harrow's share is £654k and is assumed to be recurrent for budgeting purposes.
- £1.5b per annum of new grant funding intended to cover inflationary pressures, the employer NI increase of 1.25%, announcements on public sector pay, Covid-19 impact on demand (Adult social care, mental health and Children's Services). This must also cover the inflationary pressures felt by those outside Local Government which will come back into the sector via increased costs. Harrow's share is £5.4m for 2022/23, of which £2.735m is non recurrent.
- There is no separate funding for the legacy impacts of Covid-19 and the Covid-19 Income Compensation Scheme for Sales, Fees and Charges will not be continued into 2022/23. The final MTFS assumes no specific Covid-19 financial support.
- The New Homes Bonus grant continued for a further year and Harrow's share is £3.022m and is assumed to be recurrent for budgeting purposes. Announcements on the reform of the scheme are expected later in the year.
- Grant funding for Public Health, the Troubled Families Programme and the Improved Better Care Fund will continue a cash flat basis and the final MTFS reflects this.
- Three announcements on pay covering increases to both the National Living Wage and National Minimum wage and references to public sector workers receiving pay rises over the next three years via the normal pay setting process. The final MTFS includes £7.5m of pay inflation over the three years.
- The Business Rates multiplier will be frozen in 2022/23 which will reduce business rate bills. The Multiplier Grant remained a separate funding stream and Harrow's grant for 2022/23 is £3.259m.
- The Local Tier Services Grant was continued in 2022/23. Harrow's grant was confirmed at £421k and is assumed as on going for budget purposes.
- There was no confirmation of either the scope or timetable for the planned Local Government Finance Reforms, including business rates reset and the review of Relative Needs and Resources. Following SR21, there have been references in various publications to the Fair Funding Review and assessment of need for 2023/24. However, at the time of writing this report, no details and time frames are known.

DELIVERY OF THE 2021/22 BUDGET

- 1.14 In these unprecedented times, delivery of the 2021/22 budget is critical to maintaining the Council's financial standing and to do everything possible to protect front line services whilst managing the impact of Covid-19 and the future impact of demand and activity on the MTFs.
- 1.15 Harrow has a good track record of robust financial management and has not reported a revenue budget overspend for many years. The performance against the 2021/22 budget is detailed in a separate report on this agenda, 'Qtr 3 Revenue and Capital Budget Monitoring 2021/22' report. This report forecasts to year end a net underspend of £776k. This is an improvement of £877k on the Qtr 2 reported forecast and confirms the Council will contain expenditure within its budget envelope for the financial year 2021/22.
- 1.16 The 2021/22 budget is supported by £6.051m of nonspecific grant to meet additional Covid-19 expenditure, £700k Covid-19 income compensation grant and £3.5m of Controlling Outbreak Management Funding (COMF). SR21 made no announcement of continued funding for the impacts of Covid-19 beyond 2021/22 and the MTFs assumes no financial support from 2022/23. All activities funded from the Covid -19 grants are being reviewed to ensure they are ceased by the end of March 2022. Other Covid-19 Grant funding, which is received to support specific expenditure and not the general budget is all accounted for on a non-recurrent basis and is detailed in Appendix 3 of the 'Qtr 3 Revenue and Capital Budget Monitoring 2021/22' report which is elsewhere on this agenda.

BUDGET PROCESS 2022/23

- 1.17 The Council has a statutory obligation to agree and publish the budget for 2022/23, and approval for this is being sought in February 2022. In preparing the 2022/23 budget and rolling forward the MTFs to cover the three-year period 2022/23 to 2024/25, the current MTFs has been the starting point for the process.
- 1.18 The Council's financial position and its operational environment has always been dynamic affected by several financial uncertainties and adjustments that impact upon its financial position over the short and medium term. In preparing the final budget for 2022/23 the existing MTFs has been:
- Refreshed and rolled on a year
 - Updated to reflect the cessation of Covid -19 financial support
 - Updated to reflect the impact of SR 21 and the Indicative Financial Settlement
- 1.19 The draft budget was presented to Cabinet in December. For completeness, the adjustments required to set the draft budget are repeated in this report and summarised in Table 2 below followed by a narrative explanation. These adjustments are also set out in Appendix 2 along with adjustments included within the previous MTFs agreed as part of the 2021/22 Budget process:

Table 2: Changes to MTFS (Prior to Indicative Finance Settlement)			
	2022/23	2023/24	2024/25
	£'000	£'000	£'000
Published Budget Gap - February 2021	24,651	5,098	0
Adjustments:			
Council Tax /National Non Domestic Rates (NNDR)			
Increase in Council Tax @ 2.99% (1.99% core and 1% Adults Social Care Precept	-£4,229	-£4,371	-£4,500
Increase in Council Tax base	-£2,250		
Council Tax increase of 1.99% already in MTFS	£2,780	£0	£0
Collection Fund Deficit 2022/23	£52	-£52	
Reduction in retained NNDR	£205	£0	£0
NNDR Multiplier Grant	-£1,710		£0
Summary of Directorate Changes			
Investment - Special Educational Needs Transport	£750	£750	£750
Investment - Children's Services Placements and Workforce		£1,100	
Investment - Regeneration Team		£1,250	£0
Investment - London Living Wage	£450	£450	£1,000
Reversal of Savings - Transformation	£2,000		£0
Reprofiling - of Social Care growth already in MTFS:			
From Adults Services	-£565		
To Childrens Services	£565		
Reprofiling - Gayton Road LLP MTFS contribution	£62	-£22	-£12
Reprofiling - Community COVID loss of income	-£300	£300	£0
Technical Changes			
Saving - Existing Capital Financing and MRP	-£2,000	£0	£0
Additional Capital Financing from 2021/22 budget process			£224
Pay and Non Pay Inflation			£3,750
Estimated Directorate Growth			£3,788
Concessionary Fares / Freedom Passes	-£1,271	£644	£1,000
Spending Review - Estimated Additional Grants			
Increase - Adults Social Care Grant	-£800	-£5,600	-£8,000
Additional cost - Adult Social Care Reform	£800	£5,600	£8,000
Increase - Core Spending Grant	-£6,000	-£6,000	-£6,000
Additional cost - Employer NI increase @ 1.25%	£800	£0	£0
Additional cost - NNDR Multiplier Grant	£1,710		
Revised Budget Gap	15,700	-853	0
Application of Budget Planning Reserve MTFS	-£15,700	£15,700	
Estimated Budget Gap December 2021	£0	£14,847	0

Council Tax, Collection Fund and National Non-Domestic Rate Adjustments

- 1.20 2021/22 the Council tax base reduced to 87,387 from its 2020/21 base of 87,667 as a result of the weakening economy largely due to the Covid-19 pandemic. The current MTFs assumed no increase in the base beyond 2021/22. For 2022/23 the Council's tax base has been calculated, according to the relevant procedures and guidance, at 88,785 Band D equivalent properties, this being the gross tax base of 90,579 less a 2% bad debt provision. This is an increase of 1,398 Band D equivalent properties which will generate additional income of £2.250m. This estimated increase is based on assumptions new properties will come on stream and the numbers claiming Council Tax Support will reduce as the country moves out of the pandemic. Collection rates have performed better than expected throughout the pandemic and Harrow has provision for outstanding arrears up to the 31/03/21 of almost 100%. The collection rate for 2022/23 will remain at 98%. The calculation of the Council tax base for 2022/23 is subjected to a separate and more detailed report elsewhere on this agenda (Report: Calculation of Council Tax Base for 2022/23).
- 1.21 A maximum Council Tax increase of 2.99% is budgeted for 2022/23 to 2024/25 which is in line with central government expectations included in the SR21 announcements on core spending power for local government. This covers 1.99% for core Council Tax and a 1% for the Adult Social Care Precept. This will generate additional revenue of £4.229m in 2022/23. The current MTFs already assumes a core Council Tax increase of 1.99% (£2.780m) which is adjusted for.
- 1.22 The Collection Fund and its impact on the 2022/23 budget is subject to a separate report elsewhere on this agenda (Report: Estimated Surplus / (Deficit) on the Collection Fund 2021/22). The estimated impact on the 2021/22 Collection Fund is a small deficit of £52k which must be accounted for as a one-off charge against the 2022/23 budget.
- 1.23 Of the National Non-Domestic Rates collected, Harrow retains 30% with 70% being handed over to Central Government and the Greater London Authority. Harrow's 30% retained share is estimated to reduce from £15.346m to £15.141m, hence a reduction of £205k in the 2022/23 draft budget. The main reasons for the changes in yield are:
- Tax Base being eroded by commercial property being converted to domestic accommodation or being demolished and awaiting domestic properties being built
 - More occupiers claiming Small Business Rates Relief (SBRR) and Retail Relief
 - Insufficient new commercial properties being built to offset losses

The NNDR collection rate will remain at 98%. A more detailed report on the calculation of the retained NNDR tax base will be brought to Cabinet in January 2022.

- 1.24 The NNDR tax base used to calculate the 2022/23 rate retention amounts has not this year benefited from the September 2021 CPI which is used to calculate the following financial year's rating multiplier. SR21 announced that the multiplier would be frozen for 2022/23 which means businesses will not see an increase in their bills and the Council will be compensated for this loss of inflationary income through the NNDR Multiplier Grant which is estimated at £1.710m. SR21 was very unclear whether the Multiplier Grant would continue as a separate grant or whether it would be wrapped up as part of the new core spending grant. The draft 2022/23 budget has been prepared on a prudent basis and assumes the Multiplier Grant will no longer be a separate grant.

Summary of Directorate Changes

- 1.25 Spend on Special Educational Needs (SEN) Transport continues to grow and over the last four years spend has on average increased by £500k per year from £4.1m in 2017/18 to projected £5.9m in 2021/22. There are over 1,800 children and young people with Education Health & Care Plans (EHCPs) and approximately 40% of these are accessing SEN Transport. It is anticipated that the number of children and young people with EHCPs will increase to over 2,000 by 2023 which on the same ratio could mean a further 80 to 100 children requiring transport by 2023. The type of transport required is dependent upon the education setting the child attends as well as the child's special educational need and disability (SEND) /medical diagnosis and behaviour. The main focus of the Council's SEND strategy is to ensure that as many children are educated in local in-borough SEND provision to prevent high cost out of borough independent placements where the needs could be met in borough but for the fact that capacity is an issue. However, the SEND Strategy is a medium to long term strategy due to the lead-in time it takes to create additional provision. It is projected that £750k growth per annum will be required to meet the costs of SEN Transport over the period of the MTFS. This has been provided for, but SEN Transport is subject to a separate review with a view to, amongst other things, reduce this estimated pressure on the MTFS.
- 1.25a In Children & Young People Services, there has been an increase in the number of Children In Need and children subject to Child Protection Plans as more families' needs are managed within the community as well as increased Early Support engagement putting pressure on the workforce and social worker caseloads. In addition, there are more children requiring placements with more complex and challenging needs and an increase in the average weekly cost of placements putting significant pressure on placements and other client related budgets. In Education Services there has been a significant increase in referrals and assessments and the number of young people with an Education Health & Care Plan. This is putting significant pressure on the workforce and casework officer caseloads. In the current financial year, Children's Services are forecasting a net pressure, after draw down from reserve, of £1.564m. The current MTFS already assumes growth of £1.205m for 2022/23 and draft budget for 2022/23 proposes to re-profile an additional £565k growth from Adult Services. Also, there is expected to be a balance on the Children's Social Care Reserve (currently sitting in the Revenue Grants Reserve) of £1.117m at the end of this financial year which

can be used in 2022/23 to support pressures. As this reserve funding is temporary, this has been provided for as permanent growth from 2023/24.

- 1.26 At its meeting on 1 July 2021, Cabinet approved the setting up and commencement of the Harrow Strategic Development Partnership (HSDP) with Wates Construction Ltd. Funding has previously been set aside up to 2022/23 to fund a Regeneration Team to support the HSDP. From 2023/24 the required team budget of £1.25m has been built into the draft MTFS.
- 1.27 Elsewhere on this agenda, there is a separate report which recommends the Council's application to the Living Wage Foundation to become an accredited authority. To support this strategy, which has a seven-year implementation plan, investment of £1.9m is provided for in the draft MTFS. (Report: Application to the Living Wage Foundation to become an accredited authority).
- 1.28 In the 2020/21 budget setting process, a Council Wide transformation target of £1m in both 201/22 and 2022/23 was set. Due to the impact of Covid-19 on the organisation's capacity, this £2m target has had to be removed from the draft MTFS at this time.
- 1.29 In the current MTFS Adults Social care growth of £3.691m is already provided for to fund complexity and demand care growth and care provider inflation. This growth has been reviewed and it is estimated that it can be reduced by £565k and moved over to Children's Services to support their increasing pressures already covered in this report. The Adult Social Care Reserve is forecast to have no planned draw downs in the current financial year and will remain at £1.969m to support the service.
- 1.30 The current MTFS assumes an annual contribution from Concilium Assets LLP (which manages the private rented sector properties at Gayton Road) of £642k by 2022/23. This annual contribution has been reprofiled slightly to be re-profiled in full by 2025/26.
- 1.31 A significant impact of Covid-19 in the current financial year is the loss of income in the Community directorate. Growth of £5m had to be provided for in the current year's budget with 80% of this income loss estimated to be recovered over the next two years. Income budgets within the directorate have been robustly managed throughout the year and, whilst the quantum of income recovery remains at 80%, its recovery is estimated to be quicker than originally planned to the betterment of £300k in 2022/23.

Technical Changes

- 1.32 Over recent years the Council has pursued a strategy of internal borrowing rather than taking on external debt to fund its Capital Programme. This, along with the application of capital receipts and the continued slippage on the programme has led to in year savings against the capital financing budget. In year these savings are being used to minimise the planned draw down from reserves and from 2022/23 a permanent budget reduction of £2m is estimated. This will be refined in preparation for the final budget.

- 1.33 As part of the prior year's process for re setting the existing three-year Capital Programme up to 2023/24, there was a cost implication of £224k which fell in 2024/25 and this is now reflected in the draft MTFs. The updated Capital Programme is subject to a separate report on this agenda. The additional capital financing cost associated with the new proposed Capital bids across all 3 years (which total a net increase in the Programme of £16.325m) is £2m in total in 2025/26. As this year is outside of the current period of the MTFs, this increase needs to be factored into the budget for 2025/26 as part of next year's 2023/24 budget process.
- 1.34 The current MTFs assumes £4.750m in both 2022/23 and 2023/24 for pay and non-pay inflation. For 2022/23 this is notionally split £2m for pay inflation at 2% and £2.75m non pay inflation. The pay award for the current financial year is not agreed at the time of writing this report and, with high inflation rates, there is concern that the current provision for 2% for pay in 2022/23 may not be sufficient and there will be a call on the non-pay provision. The remainder of the non-pay inflation budget is provisionally allocated to energy inflationary pressures and as further support to the front-line budgets. In 2023/24 the £4.750m is provisionally split £2.75m for pay and £2m for front line pressures which are not accounted for separately in the MTFs.
- 1.35 In 2024/25 provisions has been made for £3.750m pay and non-pay inflation and £3.788m for directorate growth. It is accepted that these are high level estimates for the third year of the MTFs, which could be achieved within a forecast balanced budget position and which will be refined as part of the MTFs refresh process and as future directorate plans are worked through. If these provisions do prove to be high, they can be reversed out of the budget.
- 1.36 The Concessionary Fares / Freedom Pass Scheme provides free travel for older and disabled London residents on all Transport for London (TfL) travel modes and on most National Rail routes (with restrictions). The methodology used for settlement of the scheme with TfL uses journey data for the previous 2 years. Covid-19 has significantly reduced the use of public transport, including among concessionary fare passengers and London Councils have provided 2-year cost estimates for each London Borough. Harrow's concessionary fares base budget is £8.590m. Further savings of £1.253m are estimated for 2022/23 over and above those already assumed. However, for 2023/24, journeys are estimated to increase and growth of £644k will be required in addition to that already planned to take the base budget to £7.778m.

Spending Review – Estimated Additional Grants

- 1.37 As previously explained, SR21 announced £3.6b over the three years for the Adult Social Care Funding Reform to cover preparation and implementation of the reforms, supporting those who reach the care cap and the fairer cost of care. The allocation of this funding will not be announced until the Indicative Financial Settlement in December. For budgeting purposes, the profiling of the funding has been based on information received from London Councils. The Council 's share is based on proportionality, i.e. Harrow's proportionate share of Adults Social care nationally (0.004). As this funding is ring fenced to funding the costs of the reforms, it will have a neutral impact on the MTFs as funding received is matched by new expenditure.

- 1.38 Again, as previously explained, SR21 announced £1.5b per annum of new core grant funding intended to cover inflationary pressures, the employer NI increase of 1.25%, announcements on public sector pay, Covid-19 impact on demand (Adult social care, mental health and Children's Services). This must also cover the inflationary pressures felt by those outside Local Government which will come back into the sector via increased costs. Again, the allocation of this funding will not be announced until the Indicative Financial Settlement in December and proportionality of 0.004 has been applied resulting in an estimated annual grant sum into the Council of £6m.
- 1.39 Prior to SR21, an increase in employer NI by 1.25% was announced and the estimated impact for the Council is £800k.

Application of Budget Planning Reserve MTFS

- 1.40 After all known adjustments, some based on estimates which will be subject to change, the draft budget for 2022/23 still shows a budget gap of £15.7m. Whilst all efforts have been made to include all quantifiable SR21 announcements within the MTFS it is recognised that there is still a level of clarity to be sought from the indicative settlement in late December, which will impact on the budget gap making it better or worse. The Council could embark on a drastic programme of cuts to immediately address the draft budget gap or it could call upon reserves, set aside for budget planning purposes, to provide a temporary solution. However, once the indicative settlement had been announced and the implications worked through for the Council, this will finally clarify the Council's financial position for the next three years. Whilst the Council will continue its lobbying for a fairer funding settlement which meets the needs of the borough, the Council must now urgently focus on a strategy to tackle its financial challenges and for this reason the Council must develop a fully costed budget and implementation plan addressing the budget gap. This plan will be reported through the Cabinet process identifying in years and / or savings to be built into the next refresh of the MTFS.
- 1.41 The Council has a Budget Planning Reserve MTFS of £15.836m. This report recommends applying £15.7m of this reserve to clear the 2022/23 estimated budget gap. The action of applying one off reserves to the budget gap is only temporary in nature and must be reversed out in the following year, the impact being the draft MTFS shows a budget gap of £14.847m in 2023/24.
- 1.42 All efforts have been made to set a realistic budget for 2022/23 making provisions for all known growth / investment requirements and prudent assumption on grants not quantified. For these reasons, it is hoped that the settlement does not have an adverse impact on the budget gap. The first call on any financial benefit gained from the settlement not already planned for must be applied to reducing the £15.7m of one-off reserves to balance the 2022/23 budget gap. This action will immediately reduce the estimated budget gap of £14.847m in 2023/24 as a lower level of one-off reserves will be reversed out.

Adjustments required following the Indicative Local Government Settlement announcement.

1.43 The indicative settlement was announced on 16 December 2021. The final settlement is expected to be published in early February 2022. The indicative settlement was broadly in line with SR21 announcements which were used as the basis for the draft budget and MTFs. Although SR21 made broad funding announcements for the next three years the settlement included specific funding allocations for 2022/23 only. The final MTFs retains the additional funding assumptions for 2023/24 and 2024/25 that were included in the draft MTFs. There is an element of risk to this, but the assumptions remain in line with SR21 announcements. The adjustments to the draft MTFs are summarised in table 2a below and supported by explanatory text which follows the table:

Table 2a: Changes to MTFs (Post Indicative Finance Settlement on 16 December)			
	2022/23	2023/24	2024/25
	£'000	£'000	£'000
Published Budget Gap - February 2021	0	14,847	0
Adjustments:			
Changes as a result of December Finance Settlement			
Increase - Adults Social Care Grant for 2022/23	£800	£0	£0
Additional cost in 2022/23 - Adult Social Care Reform	-£800	£0	£0
Reverse 2022/23 Grant assumption in increase in Core Spending Grant and replace with actual allocations but assume estimated increases in future years of £6m each year will be maintained.	£6,000		
Lower Tier Grant Announced	-£421		
2022/23 services grant - indicted as one year grant only	-£2,735	£2,735	
Multiplier Cap Funding (Budget assumed £1.590m, allocation is £3.259m)	-£1,669	£0	
New Homes Bonus (Budget assumed £3.176m, allocation is £3.022m)	£154		
Adults Social Care Grant (Budget assumed £5.465m, allocation is £7.720m)	-£2,255		
Adults Social Care Reform - Market Sustainability and Fair Cost of Care Fund	-£654		
Assumed all this will be spent by Adults in 2022/23	£654		
Better Care Fund (Budget assumed £6.467m and allocation was £6.663m). Pooled budget - no MTFs benefit			
RSG inflationary increase from £1.585m to £1.648m	-£63		
Other Changes			
Change to Retained Business Rates for 2022/23 (Reduced from £15.141m to £12.881m)	£2,260	-£2,260	
Compensating increase in Section 31 grants	-£2,260	£2,260	
Revised Budget Gap	-989	17,582	0
Reduction in Application of Budget Planning Reserve MTFs**	£989	-£989	
Estimated Budget Gap December 2021	£0	£16,593	0

Adults Social Care Grant for 2022/23

- 1.44 SR21 announced £3.6b over the three years for the Adult Social Care Funding Reform to cover preparation and implementation of the reforms, supporting those who reach the care cap and the fairer cost of care. Based on Harrow's proportionate share of Adults Social Care nationally, the draft budget assumed Harrow's share at £800k, £5.6m and £8m for 2022/23, 2023/24 and 2024/25 respectively. The settlement provided funding of £162m for 2022/23, which results in an allocation of £654k for Harrow and is reflected in the final budget as the Adult Social Care Reform - Market Sustainability and Free Cost of Care Grant. Funding of £600m has been announced for 2023/24 and 2024/25, however the funding mechanism, and therefore allocation for Harrow, is not yet known and the place holder sums included in the draft budget have been retained in the final MTFS. As this funding is ring fenced to reform, it will have a neutral impact on the MTFS as funding received will be matched by new expenditure.

Core Spending Grant

- 1.45 SR21 announced £1.5b per annum of new core grant funding intended to cover various inflationary and demographic pressures. Based on Harrow's proportionate share of Adults Social Care nationally, the draft MTFS assumed £6m per annum. In the settlement, this manifested itself in two separate funding streams:
- Adult Social Care Grant - additional funding of £2.255m which is assumed on going for budgeting purposes
 - 2022/23 Services Grant – new funding of £2.735m. As this new grant specifically states it is for 2022/23 only, is it assumed to be non-recurrent for budgeting purposes.

As SR21 did announce additional core spending grant over three years, the assumption that additional funding will be received in 2023/24 and 2024/25 is retained in the MTFS at £6m per annum.

Lower Tier Grant

At draft budget this grant was assumed to discontinue. The settlement announced continuation of the grant at £421k and this has been reflected in the final budget and assumed recurrent for budgeting purposes.

Multiplier Cap Funding

- 1.46 The draft budget assumed a cost neutral position for the 2022/23 estimated additional NNDR Multiplier Grant of £1.710m due to the lack of clarity as to whether it would be separate or subsumed into another grant. The settlement confirmed the funding as a separate income stream of £1.669m which is now included in the final budget.

New Homes Bonus

- 1.47 The draft budget assumed the New Homes Bonus grant at £3.176m. The settlement allocated a grant of £3.022m and £154k has been removed from the final budget.

Change to Retained Business Rates 2022/23

- 1.48 Whilst originally Government had not announced a retail relief scheme for 2021/22 before the business rates bills were issued, the original 30% retention amount for Harrow for that year was in excess of £15m. However,

for 2022/23 Government did announced a 50% retail relief scheme in good time and as such retention amounts are lower by £7.5m gross. This reduced Harrow's retention amount to just over £12m for 2022/23 or a £2.26m reduction. This is however compensated for via an increase in s31 grant by the same amount. Cabinet should therefore read both the retention amount and the s31 grant amounts together which in effect means the changes have a neutral impact on income.

Reduction in Application of Budget Planning Reserve MTFS

- 1.49 Overall the settlement delivered a net benefit of £989k for the 2022/23 budget. The draft budget assumed a draw down of £15.7m from the Budget Planning Reserve (one off). The overall settlement benefit of £989k reduces the reliance on reserves required to balance the 2022/23 budget to £14.7m.

Council Tax Base

- 1.50 The draft MTFS included a significant increase of 1,398 Band D equivalent properties generating income of £2.250m for 2022/23 and this assumption remains in the final budget. Even though it is very likely there will be annual growth in the council tax base, there needs to be further work done on the additional calls on service delivery, for example waste services, before additional net income can be committed to the MTFS

Budget Refresh, Growth & Savings

- 1.51 There is a commitment to refresh the three-year MTFS annually to ensure it remains reflective of the changing Harrow and Local Government landscape. All the savings in the current MTFS for 2022/23 have been reviewed to ensure that they can either be taken forward or removed as part of this draft budget. Table 3 below summarises the growth/reversed savings and savings from the 2021/22 and 2022/23 process and table 4 summarises the position from the prior year's budget setting process. The summary information in the tables is support by the details in appendices 1A and 1B:

Table 3 – Summary from Appendix 1A – Savings and Growth from 2021/22 and 2022/23 Budget Process

	2022-23	2023-24	2024-25	Total
	£000	£000	£000	£000
Reversal of prior year savings/ growth and new savings				
Resources	(177)	-	-	(177)
Children		-	-	-
Community	(300)	(600)	-	(900)
Corporate	3,475	600	-	4,075
Total	2,998	-	-	2,998
Growth and reversal of prior year savings				
Resources	-	-	-	-
Adults	3,126	-	-	3,126
Children	2,520	1,850	750	5,120
Community	(2,218)	51	-	(2,167)
Corporate	-	-	-	-
Total	3,428	1,901	750	6,079
Net Impact of Reversals/Growth and Savings	6,426	1,901	750	9,077

Table 4: Savings and Growth 2022/23 from the 2020/21 Budget Process

	2022-23	Total
	£000	£000
Savings Summary		
Resources	-	-
Children	-	-
Community	-	-
Corporate	(2,222)	(2,222)
Total Savings	(2,222)	(2,222)
Growth Summary		
Resources	678	678
Adults	-	-
Children	-	-
Community	-	-
Corporate	-	-
Total Growth	678	678
Total Savings and Growth	(1,544)	(1,544)

INVESTMENT

- 1.52 In 2020/21, a sum of £3m was set aside in the Business Risk Reserve to fund member investment in front line priorities at an estimated £1m per annum.
- 1.53 A final £1m of investment is being made into the following priority areas (will cover two financial years, 2021/22 and 2022/23):
- Domestic Violence (£60k)

- Improved Safety for women and girls (£100k)
- Improved support for young carers (£50k)
- Climate change (£100k)
- Street Cleansing (£250k)
- Enforcement (£300k)
- Customer care (£150k)

CAPITAL RECEIPTS FLEXIBILITY

- 1.54 In 2016 the government announced the Capital Receipts Flexibility Scheme to support local authorities to deliver more efficient and sustainable services by allowing them to spend up to 100% of their fixed assets receipts on the revenue costs of reform projects. The current flexibility is in place until 2021/22. The Department for Levelling Up, Housing and Communities have been contacted and the scheme will continue with announcements in due course. Until such announcements are made, the principles of the existing flexibilities will be assumed.
- 1.55 The final MTFS does not assume any capital flexibilities being applied to core budget over the three years.

SCHOOLS FUNDING FOR 2022/23

- 1.56 In 2018/19 the government introduced a new National Funding Formula (NFF) for Schools, High Needs and the Central Schools services Block. For the Schools Block this means LAs are funded based on the total of the NFF for all schools, academies and free schools in its area. However, the final formula for distribution is determined by each Council following consultation with schools and Schools Forums.
- 1.57.1 The LA carried out a consultation in Autumn 2017 which sought views on whether the LA should continue to use the Harrow Schools Funding Formula or introduce the National Funding Formula from 2018/19. 76% of schools responded to the consultation and 89% voted in favour of introducing the NFF from 2018/19. This was approved by Cabinet in February 2018 and school budgets for the last three years have been set based on the NFF.
- 1.58 The NFF will therefore continue to be used to distributed school budgets for 2022/23 There are no proposed changes to the structure of the formula for 2022/23. The Schools Budget for 2022/23 is attached at Appendix 6 for approval.

PUBLIC HEALTH FUNDING 2022/23

- 1.59 In 2021/22 the total public health grant to local authorities totalled £3.324bn, with £11.310m being allocated to Harrow. The grant is ringfenced for use on public health functions exclusively for all ages of the population and must be spent in accordance with grant conditions on expenditure incurred by local authorities for the purposes of their public health functions, as specified in Section 73B(2) of the National Health Service Act 2006.
- 1.60 The Public Health commissioning intentions detailed in Appendix 7 are based on the current (2021/22) grant allocation as Public Health England have yet to announce national funding for 2022/23, however SR21 confirmed that the grant would be maintained in real terms. The draft expenditure assumes a

drawdown of £114k from the specific Public Health reserve, resulting in total anticipated expenditure of £11.424m. These commissioning intentions reflect alignment with the Health & Wellbeing Strategy, Borough Plan and evidence of population priorities.

- 1.61 The Council consider that this level of funding enables the Council's overarching statutory duties (including equality duties) to be maintained, taking account of the joint strategic needs assessment, however in the event that additional duties are required by Councils, and if these were unfunded, the commissioning intentions would need to be reviewed in light of the allocated grant envelope.

BETTER CARE FUND (BCF) 2022/23

- 1.62 The framework for the Better Care Fund (BCF) derives from the government's mandate to the NHS which sets an objective for NHS England to ring fence funding to form the NHS contribution to the BCF. The NHS Long Term Plan, published in January 2019 set out the priorities for transformation and integration, including plans for investment in integrated community services and next steps to develop Integrated Care Systems.
- 1.63 The BCF continues to provide a mechanism for personalised, integrated approaches to health and care that support people to remain independent at home or to return to independence after an episode in hospital. The continuation of the national conditions and requirements of the BCF provides opportunities for health and care partners to build on their plans to embed joint working and integrated care further, including how to work collaboratively to bring together funding streams to maximise the impact on outcomes for communities and sustaining vital community provision.
- 1.64 The 2022/23 Adults budget assumes that funding for the Protection of Social Care through the BCF will remain at the agreed 2021/22 level of £6.759m, although this should be expected to increase considering the NHS funding commitments made within the spending review. The Better Care Fund Policy statement and Policy Framework and Planning Requirements will provide the detailed guidance when published in early 2022 (usually March), however the requirements around integration and collaborative working are expected to continue.
- 1.65 The 2022/23 BCF plan will be signed off by the Health & Wellbeing Board ahead of submission to, and assurance by, NHS England.

RESERVES AND CONTINGENCIES

- 1.66 Reserves and contingencies need to be considered in the context of their role to protect the Council's financial standing and in the context of the overall risks that the Council faces during a continuing period of economic and funding uncertainty. The MTFs reflects the Council's need to ensure an adequate level of reserves and contingencies which will enable it to manage the risks associated with delivery of the budget including equalities impacts any unforeseen events. The Councils overall reserves position is reported to Cabinet quarterly as part of the revenue monitoring update. At quarter 3 (end of December 2021), total reserves estimated for carry forward into 2022/23 are £59.055m. After accounting for earmarked reserves and the £14.711mm

recommended to balance the 2022/23 budget, this does leave the Councils remaining reserves at a much-reduced level:

- Contingency for Unforeseen items £1.248m (on going revenue reserve)
- General Fund – £10m
- London Living Wage - £250k (provision recommended for base budget)
- Business Risk Reserve - £3.350m
- MTFs Implementation Reserve – £349k
- Balance Budget Planning MTFs - £2.425m

1.67 The report of the Director of Finance and Assurance, which includes the adequacy of Council reserves and contingencies is detailed in Appendix 10.

LEVIES, CONTINGENCIES AND SUBSCRIPTIONS

1.68 Appendix 4 sets out the main levies, contributions to other bodies, and subscriptions that the Council will pay in 2022/23. These sums are set by other bodies and are outside the Council's control. Except for the subscriptions to London Councils and the Local Government Association, the payments are compulsory.

BUDGET PROCESS 2023/24 and 2024/25

1.69 At the point of setting the draft budget, it was recognised that there was still a level of clarity to be sought from the indicative settlement. The draft budget showed a budget gap of £15.7m for 2022/23. The Council could have embarked upon a drastic programme of cuts to immediately address the draft budget gap or it could call upon reserves, set aside for budget planning purposes, to provide a temporary solution. At draft budget stage it was recommended to apply £15.7m from the reserve set aside for Budget Planning MTFs. The temporary nature of reserves means that they must be reversed out the following year which left 2023/24 with a draft budget gap of £14.847m. The draft budget for 2024/25 showed a notional balanced budget position. Therefore, at draft budget stage, the budget gap over the draft three-year MTFs was £14.847m.

1.70 The indicative settlement provided additional funding of £989k for 2022/23 which reduces the draw down from the reserves to £14.7m. The impact of the 2022/23 Services Grant being announced for 1 year only means the funding must be treated as non-recurrent only. Therefore, after settlement the final budget gap over the final three-year MTFs is £16.593m.

1.71 Despite the settlement confirming levels of funding for 2022/23 only, this cannot be used as a deterrent from the Council developing a robust strategy to address its MTFs shortfall of £16.593m. It is important to remember that the MTFs shortfall already includes an increase in Council Tax of 2.99% per annum and assumes additional core grant funding of £12m therefore changes in future settlements are unlikely to have a materially beneficial impact on the final MTFs shortfall.

1.72 Recognising that the Council has already had to make significant savings over many years because of reductions in central government funding and

increasing demand pressures, the strategy will have to be a hybrid of actions to achieve financial sustainability:

- Maintaining the tight grip on the 2022/23 budget to ensure no cost overruns and look at all safe options to deliver an in-year underspend
- Options to 'smooth' the budget gap over the current MTFS period to provide for robust planning of the actions required to reduce expenditure to within the budget envelope sustainable
- Options to generate income to provide implementation funding and / conversion to permanent revenue budget savings
- Shorter term actions capable of being implemented by or before 01/04/23
- Medium term actions, including changes to service delivery, to sustainably reduce expenditure over the next 18 to 24 mths.
- The backdrop to the strategy will be continued lobbying to ensure Harrow receives the funding required to support its residents.

- 1.73 The draft strategy must be completed by May 2022 to present to the incoming administration and will be reported through the Cabinet process as appropriate.

COUNCIL TAX MODEL RESOLUTION

- 1.74 The Council Tax Model Resolution is attached at Appendix 11 which proposes the Band D council tax of £1,646.50 for Harrow Council. The proposed GLA precept of £395.59 takes the overall proposed Band D council tax to £2,042.09. The GLA precept is still subject to confirmation and is expected to be confirmed on 24 February 2022.
- 1.75 The proposed GLA precept is an increase of 8.78% taking the aggregate Council Tax increase to 4.06%.

MEMBER ALLOWANCES

- 1.76 The proposed Members Allowances scheme for 2022/23 is attached at Appendix 12. This has been prepared having regard to the report of the Independent Panel titled 'The Remuneration of Councils in London 2022.' The report recommends that all member allowances should be updated annually in accordance with the headline figure in the annual local pay settlement and the Panel will undertake a further review of remuneration of Councillors during 2022/23. It is proposed that the basic allowance and the different bands of the Special Responsibility Allowance and Mayoral Allowances be updated in line with the Local Government Pay Settlement for 2022/23. At the time of writing this report, the pay settlement for 2021/22 and 2022/23 remains outstanding therefore the uplift is included at 1.75%.

ANNUAL PAY POLICY STATEMENT

- 1.77 Under the Localism Act all public authorities must publish annual pay policy statements. The statement must set out the Authorities policies for the financial years relating to:
- Remuneration of Chief Officers
 - Remuneration of its lowest paid employees
 - The relationship between the remuneration of its Chief Officers and the remuneration of those employees who are not Chief Officers.

The proposed statement is attached at Appendix 13 and Cabinet is requested to recommend it to Council for agreement.

LONDON BOROUGH GRANTS SCHEME

- 1.78 Harrow's contribution to the London Borough Grants Scheme was £187k in 2021/22 and will be £186,907 in 2022/23.

2.0 CONSULTATION

- 2.1 As a matter of public law the duty to consult with regards to proposals to vary, reduce or withdraw services will arise in 4 circumstances:

- Where there is a statutory requirement in the relevant legislative framework;
- Where the practice has been to consult or where a policy document states the council will consult then the council must comply with its own practice or policy;
- Exceptionally, where the matter is so important that there is a legitimate expectation of consultation and;
- Where consultation is required to complete an equalities impact assessment.

- 2.2 Regardless of whether the council has a duty to consult, if it chooses to consult, such consultation must be carried out fairly. In general, a consultation can only be considered as proper consultation if:

- Comments are genuinely invited at the formative stage;
- The consultation documents include sufficient reasons for the proposal to allow those being consulted to be properly informed and to give an informed response;
- There is adequate time given to the consultees to consider the proposals;
- There is a mechanism for feeding back the comments and those comments are conscientiously taken into account by the decision maker / decision making body when making a final decision;
- The degree of specificity with which, in fairness, the public authority should conduct its consultation exercise may be influenced by the identity of those whom it is consulting and;
- The consultation is clear on the reasons and extent to which alternatives and discarded options have been discarded.

- 2.3 The Council held a three-week consultation to provide residents with the opportunity to comment on the draft budget proposals. The draft budget reported was available to view on the Council's website and the consultation was also advertised via the MyHarrow weekly e newsletter which is sent to 70,000 MyHarrow email accounts. There were 59 respondents to the general survey. A summary of the response data is included in Appendix 16. Over the three main questions, responses disagreed with the draft budget and proposed increases in core Council Tax and the Adult Social Care Precept:

Question 1 - Given the extent of the savings required, overall do you agree with the Council's proposed draft budget? (11 agree, 48 disagree).

Question 2 - Given the Council's funding situation, do you agree

with the Council's proposal to increase Council Tax by 1.99%? (10 agree, 49 disagree).

Question 3 - Given the Council's funding situation, do you agree with the Council's proposal to further increase in Council Tax by the 1% adult social care precept? (11 agree, 48 disagree)

2.4 The comments received from those who responded were around three key themes:

- Concerns around the cost of living and the impact of an increased Council Tax bill on household budgets
- Concerns around services and initiatives not being run as efficiently as possible
- Concerns re the level of management pay and the use of non-permanent staff

As explained in this report, the overall challenging financial position leaves the Council with limited options in terms of Council Tax and its proposed increase is following central government expectations. However the Council is very mindful of the impact on household budgets of inflationary pressures and is protecting those on the lowest income from the increase in Council Tax through its Council Tax Support Scheme.

As this report explains, the Council must now develop its strategy to achieve financial sustainability over the MTFs and the respondents detailed comments will be fed into this process.

The response rate was not high enough to mean that any equalities breakdown of the responses would be statistically significant.

2.5 Key stakeholder consultation meetings have taken place as detailed below:

Table 6: Key Stakeholder Consultation

Stakeholder	Meeting	Date
Unions	Corporate Joint Committee	12/01/22
Health Partners	Health & Care Executive Meeting	04/02/21 (1)
Local Businesses	Harrow Business Consultative Panel	20/01/22
Overview and Scrutiny	Special meeting of the O & S Committee to review the budget	11/01/22
Unions / Employees	Employees Consultative Forum	12/01/22

(1) A verbal update will be provided at Cabinet if appropriate

2.7 In terms of service specific consultations, the council has a duty to consult with residents and service users in a number of different situations including where proposals to significantly vary, reduce or withdraw services. Consultation is also needed in other circumstances, for example to identify

the impact of proposals or to assist with complying with the council's equality duties. Where appropriate, separate service specific consultations have already taken place or will be taking place for the 2022/23 savings and may be subject to a separate cabinet report.

3.0 PERFORMANCE ISSUES

3.1 In terms of financial performance, Cabinet are updated quarterly of forecast spend against the agreed budget and achievement of savings built into the budget. The same information is also presented to the Performance and Finance Scrutiny Sub Committee regularly throughout the year.

4.0 RISK MANAGEMENT IMPLICATIONS

4.1 Risks included on corporate or directorate risk register? Yes – Inability to deliver the Council's MTFS is included in the Corporate Risk Register

Separate risk register in place? No

The relevant risks contained in the register are attached/summarised below.
Yes

The following key risks should be considered when agreeing the recommendations in this report:

Risk Description	Mitigations	RAG Status
Inability to deliver the Council's approved MTFS - over the next 3 years leading to an inability to set a balanced budget and provide core services	<ul style="list-style-type: none"> • Agreed strategy to maintain a tight grip on the 2022/23 revenue and capital budget to deliver an underspend. • Revenue & Capital monitoring reported to CSB, Cabinet and all Members regularly • Strategic financial planning with CSB and Cabinet • Robust finance strategy to achieve sustainability over the MTFS. To be completed by May 2022. • Revenue budget contingency remains in place for unforeseen items • 	Red At Quarter 3 2021/22 this risk is rated at B2 on the Corporate Risk Register – high likelihood and critical impact.
The estimated budget gap of £16.593m identified for 2023/24 is larger than predicted and the estimated balanced budget for 2024/25 is unachievable.	<ul style="list-style-type: none"> • Final budget based on the Local Government Indicative Financial Settlement (December 2021) • MTFS assumptions for 2023/24 and 2024/25 based on SR21 announcements • Directorate pressures have been included where known and provisions for pay and non-pay inflation are included 	Red

	<ul style="list-style-type: none"> • Agreed strategy to maintain a tight grip on the 2022/23 budget to deliver an underspend and ensure no unbudgeted cost pressures transfer into 2023/24 • The Council retains its general fund reserve balance of £10m 	
The application of one off reserves to balance the 2022/23 budget pushes the budget gap into 2023/24	<ul style="list-style-type: none"> • Robust finance strategy to achieve sustainability over the MTFS. To be completed by May 2022. • The Council still has its general fund reserve balance of £10m • £6.4m of other reserves remain on the balance sheet to help support the MTFS • 	Red
Balanced budget for 2021/22 not achieved adversely impacting on the 2022/23 budget	<ul style="list-style-type: none"> • The 'Qtr 3 Revenue and Capital Budget Monitoring 2021/22' report forecasts a net underspend of £776k. • There is a contingency for unforeseen items (£1.248m) which has not been called upon • Harrow has a good track record of robust financial management and has not reported a revenue budget overspend for many years. 	Green

5.0 LEGAL IMPLICATIONS

5.1 Section 31A of the Local Government Finance Act 1992 requires billing authorities to calculate their council tax requirements in accordance with the prescribed requirements of that section. This requires consideration of the authority's estimated revenue expenditure for the year in order to perform its functions, allowances for contingencies in accordance with proper practices, financial reserves and amounts required to be transferred from general fund to collection fund.

5.2 Local authorities owe a fiduciary duty to council tax payers, which means it must consider the prudent use of resources, including control of expenditure, financial prudence in the short and long term, the need to strike a fair balance between the interests of council tax payers and ratepayers and the community's interest in adequate and efficient services and the need to act

in good faith in relation to compliance with statutory duties and exercising statutory powers.

- 5.3 Cabinet is approving these proposals having considered the r consultation responses and the cumulative equalities impact assessment. These proposals will be referred to Council so that Council can approve the budget envelope and set the Council Tax. There will be contingencies within the budget envelope so that decision makers have some flexibility should any decisions have detrimental equalities impacts that cannot be mitigated.

6.0 FINANCIAL IMPLICATIONS

- 6.1 Financial Implications are integral to this report.

7.0 PROCUREMENT IMPLICATIONS

- 7.1 There are no procurement implications arising from this report.

8.0 EQUALITIES IMPLICATIONS / PUBLIC SECTOR EQUALITY DUTY

- 8.1 Decision makers should have due regard to the public sector equality duty in making their decisions. The equalities duties are continuing duties they are not duties to secure a particular outcome. The equalities impact will be revisited on each of the proposals as they are developed. Consideration of the duties should precede the decision. It is important that Cabinet has regard to the statutory grounds in the light of all available material such as consultation responses. The statutory grounds of the public sector equality duty are found at section 149 of the Equality Act 2010 and are as follows:

A public authority must, in the exercise of its functions, have due regard to the need to:

- (a) *eliminate discrimination, harassment, victimisation and any other conduct that is prohibited by or under this Act;*
- (b) *advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it;*
- (c) *Foster good relations between persons who share a relevant protected characteristic and persons who do not share it.*

Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard to the need to:

- (a) *remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;*
- (b) *take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;*
- (c) *Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.*

The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.

Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard to the need to:

- (a) *Tackle prejudice, and*

- (b) *Promote understanding.*
Compliance with the duties in this section may involve treating some persons more favourably than others; but that is not to be taken as permitting conduct that would otherwise be prohibited by or under this Act.

The relevant protected characteristics are:

- *Age*
- *Disability*
- *Gender reassignment*
- *Pregnancy and maternity*
- *Race*
- *Religion or belief*
- *Sex*
- *Sexual orientation*
- *Marriage and Civil partnership*

- 8.2 Directorate proposals will be subject to an initial equalities impact assessment followed by a full assessment where appropriate. . A cumulative equality impact assessment has been done this is attached at Appendix 15.

9.0 COUNCIL PRIORITIES

- 9.1 The Council's draft budget for 2022/23 has been prepared in line with the Council's priorities:

- Building a Better Harrow
- Supporting Those Most in Need
- Protecting Vital Public Services
- Delivering a Strong Local Economy for All
- Modernising Harrow Council

Section 3 - Statutory Officer Clearance

Statutory Officer: Sharon Daniels

Signed on behalf of the Chief Financial Officer

Date: 2 February 2022

Statutory Officer: Jessica Farmer

Signed on behalf of the Monitoring Officer

Date: 2 February 2022

Chief Officer: Dawn Calvert

Signed on behalf of the Corporate Director

Date: 2 February 2022

Head of Procurement: Nimesh Mehta

Signed by the Head of Procurement

Date: 2 February 2022

Head of Internal Audit: Susan Dixon

Signed by the Head of Internal Audit and Corporate Anti-Fraud

Date: 2 February 2022

Mandatory Checks

Ward Councillors notified: NO, as it impacts on all Wards

EqlA carried out: Cumulative equalities impact on the budget

EqlA cleared by: Jessica Farmer

Section 4 - Contact Details and Background Papers

Contact: Dawn Calvert, Director of Finance and Assurance,

Tel: 0208 4209269, dawn.calvert@harrow.gov.uk

Background Papers:

- Recommendation from Employees' Consultative Forum
- Recommendation from Harrow Business Consultative
- Reference from Overview and Scrutiny Committee (to follow)

Call-in waived by the Chair of Overview and Scrutiny Committee – NOT APPLICABLE (decisions reserved to Council)

Growth/Reversed savings and savings- 2021/22 and 2022/23 Budget Process															
Item No	Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction	2020/21 Service Budget	agreed Savings /growth 2020/21	agreed' Savings /growth 2021/22	Net budget	2022-23	2023-24	2024-25	Total	Risk	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
				£000	£000	£000	£000	£000	£000	£000	£000				
Reversal of prior year savings/ growth and new savings															
Resources Directorate															
											-				
1		Legal & Governance	Bucks and Aylesbury Vale District Council exit of shared service with Legal Services. Scale down the growth agreed in 20/21 budget process. The growth was to fund the net impact of this lost income.	7,550	0	0	7,550	(177)			(177)		N	N	N
			Resources total	7,550	-	-	7,550	(177)	-	-	(177)				
People Directorate															
								-							
			Total Adults					-	-	-	-				
											-				
Community Directorate															
2		Housing General Fund	Property Acquisition Programme - Savings in Temporary Accommodation costs as a result of purchasing properties to use for temporary accommodation as an alternative to using Bed and Breakfast and Private Sector Leasing to house the homeless. The Capital Programme allocation to be funded from borrowing is approximately £6m pa for 2021/22, 2022/23 and 2023/24 - totalling £18.062m over a 3 year period. Based on Capital financing costs of 5% (2% MRP and 3 % interest), the annual cost would be £900k by year 3. The saving will be reviewed and adjusted according to capital spend taking place.					(300)	(600)	-	(900)		N	N	N
			Community Total					(300)	(600)	-	(900)				
Corporate															
3	Corporate	Capital Financing	Capital Financing costs as a result of the Property Acquisition Programme. To be offset by savings in the Housing General Fund included in this schedule.					300	600	-	900		N	N	N
4	Corporate	Corporate	Removal of Investment Property Capital Budget and savings associated.			(7,050)	(7,050)	3,525	-	-	3,525		N	Y	N

Growth/Reversed savings and savings- 2021/22 and 2022/23 Budget Process															
Item No	Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction	2020/21 Service Budget	agreed Savings /growth 2020/21	agreed' Savings /growth 2021/22	Net budget	2022-23	2023-24	2024-25	Total	Risk	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
5	Corporate	Corporate	Reversal of Transformation Savings - In the 2020/21 budget setting process, a Council Wide transformation target of £1m in both 201/22 and 2022/23 was set. Due to the impact of Covid-19 on the organisation's capacity, this £2m target has had to be removed from the draft MTFS at this time.		-	-	-	2,000	-	-	2,000		N	N	N
6	Corporate	Corporate	Capital financing costs reduced as a result of removal of Investment Property Capital Budget		-	4,700	4,700	(2,350)	-	-	(2,350)		N	Y	
			Corporate Total					3,475	600	-	4,075	-			
			Total					2,998	-	-	2,998				
Growth and reversal of prior year savings															
People Directorate															
			Adults												
7		Placements	Demand Pressures - additional pressures identified and reported to Cabinet in February 2020.	35,686	7,317	0	43,003	3,691	-	-	3,691		N	N	N
8		Placements	Reduction of growth - In the current MTFS Adults Social care growth of £3.691m is already provided for to fund complexity and demand care growth and care provider inflation. This growth has been reviewed and it is estimated that it can be reduced by £565k and moved over to Children's Services to support their increasing pressures. The Adult Social Care Reserve is forecast to have no planned draw downs in the current financial year and will remain at £1.969m to support the service.	35,686	7,317	0	43,003	(565)	-	-	(565)		N	N	N
			Total Adults					3,126	-	-	3,126				
			Children's Services												
9	PCS21.22_G01	CYPS	Children's Placements & Accomodation	25,482			25,482	1,205			1,205		N	N	No

Growth/Reversed savings and savings- 2021/22 and 2022/23 Budget Process															
Item No	Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction	2020/21 Service Budget	agreed Savings /growth 2020/21	agreed' Savings /growth 2021/22	Net budget	2022-23	2023-24	2024-25	Total	Risk	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
10		CYPS	Children's Placements - In Children & Young People Services, there has been an increase in the number of Children In Need and children subject to Child Protection Plans as more families' needs are managed within the community as well as increased Early Support engagement putting pressure on the workforce and social worker caseloads. In addition, there are more children requiring placements with more complex and challenging needs and an increase in the average weekly cost of placements putting significant pressure on placements and other client related budgets. The current MTFS already assumes growth of £1.205m for 2022/23 and draft budget for 2022/23 proposes to re-profile an additional £265k growth from Adult Services to cover the 2022/23 budget. A further £1.1m for 2023/24 is required to provide permanent funding which replaces the use of the reserve in 2022/23.	25,482			25,482	265	1,100		1,365		N	N	N
11		Education	In Education Services there has been a significant increase in referrals and assessments and the number of young people with an Education Health & Care Plan. This is putting significant pressure on the workforce and casework officer caseloads. This £300k growth has been funded from a reduction in adult services growth of £565k (The remaining £265k has been allocated to placement pressures).	2,523			2,523	300			300		N	N	N
12		Education	Special Educational Needs Transport - . There are over 1,800 children and young people with Education Health & Care Plans (EHCPs) and approximately 40% of these are accessing SEN Transport. It is anticipated that the number of children and young people with EHCPs will increase to over 2,000 by 2023 which on the same ratio could mean a further 80 to 100 children requiring transport by 2023. It is estimated a further £750k pa will be required for each of the 3 years of the MTFS.	5,857			5,857	750	750	750	2,250		N	N	No
			Total Children's Services		-	-	-	2,520	1,850	750	5,120				
			People Total		-	-	-	5,646	1,850	750	8,246				
Community															
13	COM21.22_G01	Directorate wide	Impact of Covid-19: Loss of income across Community directorate	(46,399)	-	-	(46,399)	(2,218)	(1,799)	-	(4,017)		N	N	No
14		Directorate wide	Reprofiling of the 'Impact of Covid-19: Loss of income across Community directorate	(46,399)			(46,399)	(300)	300	-	-		N	N	No

Growth/Reversed savings and savings- 2021/22 and 2022/23 Budget Process															
Item No	Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction	2020/21 Service Budget	agreed Savings /growth 2020/21	agreed' Savings /growth 2021/22	Net budget	2022-23	2023-24	2024-25	Total	Risk	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
15		Regeneration	Regeneration Revenue Budget - At its meeting on 1 July 2021, Cabinet approved the setting up and commencement of the Harrow Strategic Development Partnership (HSDP) with Wates Construction Ltd. Funding has previously been set aside up to 2022/23 to fund a Regeneration Team to support the HSDP. From 2023/24 the required team budget of £1.25m has been built into the draft MTFs.	-			-		1,250		1,250		N	N	N
16	COM21.22_G06	Waste Services	West London Waste Authority Levy increases as a result of waste growth, household growth and contract price inflation	8,357			8,357	300	300	-	600		N	N	No
			Community Total		-	-	-	(2,218)	51	-	(2,167)				
			Total		-	-	-	3,428	1,901	750	6,079				
			Net Impact of Reversals/Growth and Savings					6,426	1,901	750	9,077				

Total Savings and Growth 2022/23 from 2020/21 Budget Process											Appendix 1B	
Item No	Unique Reference No.	Headline Description re: saving / reduction	2019/20 Service Budget	agreed Savings /growth 2020/21	agreed'Sa vings /growth 2021/22	Net budget	2022-23	Total	EQIA Required	Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
			£000	£000	£000	£000	£000	£000				
Savings												
Corporate												
27	COR 02	Gayton Road - income from 53 PRS units					(47)	(47)	N		N	N
29	COR 04	Income from £100m Investment Property Purchase					(3,525)	(3,525)	N		N	N
30	COR 05	Capital Financing Cost of the £100m Investment Property					2,350	2,350	N		N	N
	COR 04 and 05	The net impact of the Investment Property income is being reversed out in Appendix 1A										
31	COR 06	Transformation Target - additional £1m over and above SEN Transport target per annum					(1,000)	(1,000)	N		N	N
		Corporate Total					(2,222)	(2,222)				
		Total Savings					(2,222)	(2,222)				
Growth												
Resources												
2	RES G2	Bucks and Aylesbury Vale District Council exit of shared service with Legal Services. The growth is to fund the net impact of this lost income.					678	678	N		N	N
	RES G2	A proportion of this growth is being reversed out in Appendix 1A										
		Resources Total		-	-	-	-	678	678			
		Total Growth		0	0	0	0	678	678			
		Net Savings/Growth					(1,544)	(1,544)				

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**MEDIUM TERM FINANCIAL
STRATEGY 2022/23 to 2024/25**

Appendix 2

	2022/23	2023/24	2024/25
	£000	£000	£000
Budget Requirement Brought Forward	179,440	183,285	189,967
Corporate & Technical	-1,037	21,375	3,751
People	5,646	1,850	750
Community	-2,518	-549	0
Resources	501	0	0
Corporate	1,253	600	0
Total	3,845	23,276	4,501
FUNDING GAP	0	-16,593	0
Total Change in Budget Requirement	3,845	6,683	4,501
Revised Budget Requirement	183,285	189,967	194,469
Collection Fund Deficit/-surplus	52	0	0
Revenue Support Grant	-1648	-1648	-1648
Top Up	-22,623	-22,623	-22,623
Retained Non Domestic Rates	-12,881	-15,141	-15,141
Amount to be raised from Council Tax	146,185	150,555	155,057
Council Tax at Band D	£1,646.50	£1,695.73	£1,746.43
Increase in Council Tax (%)	2.99%	2.99%	2.99%
Tax Base	88,785	88,785	88,785
	98.00%	98.00%	98.00%
Gross Tax Base	90,597	90,597	90,597

MTFS 2022/23 to 2024/25 – Proposed investments / savings

Appendix 2

Technical Adjustments			
	2022/23	2023/24	2024/25
	£000	£000	£000
Capital and Investment			
Capital Financing costs from Additional Capital Programme	1250		
Implications of Capital Programme agreed for 2020/21 to 2023/24	2981	470	
Saving on Capital Financing costs - 2022/23 process	-2000		
Implications of Capital Programme agreed for 2021/22 to 2023/24 budget process			225
Total Capital and Investment Changes	2,231	470	225
Grant Changes			
Additional NHB over estimated sum (£3.185m v £3.176m estimated)	9		
Additional Social Care grant announced in SR estimated figure	-654	0	0
Additional Cost of Adult Social Care Reform	654	0	0
Increase - Core Spending Grant	0	-6000	-6000
Multiplier Adjustment from core spending increase	1710		
£1.55b grant to meet additional COVID expenditure (one off) therefore reversed for 2022/23	6051		
Income compensation for sales, fees and charges - 3 mth extension -reversing one off benefit in 2021/22	500		
Council Tax Support Grant one off reversed in 2022/23	1780		
Extra Multiplier grant reversal in 2022/23 putting base back to £1.590m	477		
Retain Multiplier grant at 2021/22 level	-1710		
Increased Multiplier grant at 2022/23 settlement (assumed £1.590m but £3.259m allocated)	-1669		
2022/23 service grant - indicated as one year only	-2735	2735	
Lower Tier grant reversed as part of 2021/22 budget	399		
Lower Tier grant announced as part of 2022/23 settlement	-421		
New Homes Bonus grant reduced from £3.176m to £3.022m	154		
Increase in Section 31 grant to offset reduction in Retained Business Rates income	-2260	2260	
Adult Social Care Grant increased from £5.465m to £7.720m	-2255		
Total Grant Changes	30	-1,005	-6,000
Other Technical Changes			
Freedom Passes - estimated reduction in usage	-1580	1377	
Freedom Passes - revision to usage figures from London Council update	-1271	644	1000
Use of Reserves			
Use of Business Risk Reserve for one off investment of £1m pa for 3 years	-1000		
One off Investment into front line priorities	1000		
Use of Business Risk Reserve smoothed over 2 years	3350		
Children's social care reserve - no applied in 20/21	852		
One of use of Reserves	-15700	15700	
Reduction in Budget Planning reserve as a result of settlement changes	989	-989	
£2m 20/21 target underspend - to be added to reserves in 2021/22	2000		
Total Other Technical Changes	-11,360	16,732	1,000
Pay and Inflation			
Pay Award @ 2% pa	2000		
Pay Award @ 2.75% pa		2750	2750
Cost of National Insurance Increase	800		
Non Pay Inflation	2750	2000	1000
Total Pay and Price Inflation	5,550	4,750	3,750
OTHER			
Gayton Road Income - Reprofiting of income	62	-22	-12
Capital Receipts Flexibility - £2m applied in 2021/22	2000		
Growth London Living Wage	450	450	1000
Directorate growth			3788
Total Corporate & Technical	-1,037	21,375	3,751

MTFS 2022/23 to 2024/25 – Proposed investments / savings Appendix 2

People			
	2022/23	2023/24	2024/25
	£000	£000	£000
Children & Families			
Proposed Savings - Appendix 1B	0	0	0
Proposed Growth - see appendix 1a	2,520	1,850	750
Sub total Children & Families	2,520	0	0
Adults			
Proposed Growth - see appendix 1a	3126	0	0
Proposed Growth - see appendix 1b	0	0	0
Sub total Adults	3,126	0	0
Total People Directorate	5,646	1,850	750

MTFS 2022/23 to 2024/25 – Proposed investments / savings Appendix 2

Community			
	2022/23	2023/24	2024/25
	£000	£000	£000
Proposed Savings - see appendix 1a	-300	-600	0
Proposed Growth - see appendix 1a	-2,218	51	0
Proposed Savings - see appendix 1b	0	0	0
Proposed Growth - see appendix 1b	0	0	
Total Community	-2,518	-549	0

MTFS 2022/23 to 2024/25 – Proposed investments / savings Appendix 2

Resources	2022/23	2023/24	2024/25
	£000	£000	£000
Proposed Savings - see appendix 1b	0	0	0
Proposed Growth - see appendix 1b	678	0	0
Proposed Savings - see appendix 1a	-177	0	0
Proposed Growth - see appendix 1a	0	0	0
Total Resources	501	0	0

MTFS 2022/23 to 2024/25 – Proposed investments / savings

Appendix 2

	2022/23	2023/24	2024/25
	£000	£000	£000
CORPORATE			
Proposed Savings - appendix 1a	3475	600	0
Proposed Growth - appendix 1a	0	0	0
Proposed Savings - see appendix 1b	-2,222	0	0
Proposed Growth - see appendix 1b	0	0	0
Total Corporate	1,253	600	0

REVENUE BUDGET SUMMARY 2022-23							Appendix 3
	2021/22 Net Budget	Gross Controllable Expenditure	Gross Income	Net Controllable Expenditure	Uncontrol - able Expenditure	2022/23 Net Budget	
	£'000	£'000	£'000	£'000	£'000	£'000	
Local Demand - Borough Services							
Resources & Commercial	17,061	215,344	- 181,632	33,712	- 19,555	14,157	
Environment & Commissioning	46,823		- 35,633	23,791	20,357	44,148	
Housing General Fund	7,951	11,424	- 7,379	4,045	3,600	7,645	
Regeneration	2,210	4,919	- 3,859	1,060	1,172	2,232	
Sub-total Community	56,984	75,767	- 46,871	28,896	25,129	54,025	
Adult Services	77,282	106,605	- 37,991	68,614	5,694	74,308	
Public Health	- 44	9,336	- 11,150	- 1,814	1,770	- 44	
Children & Families	44,408	175,676	- 137,725	37,951	8,991	46,941	
Sub-total People	121,646	291,617	- 186,866	104,751	16,455	121,205	
Total Directorate Budgets	195,691	582,728	-415,369	167,359	22,029	189,387	
Corporate And Technical Budgets							
Coroners Court	216					217	
Freedom pass	-1108					-	
LPFA levy	297					297	
Contribution to subscription	5					5	
Car leasing	5					5	
Corporate Democratic Core	1734					1,734	
Levies, grants, subscriptions	269					269	
External Audit Fees	191					191	
London Borough Grant Committee	188					188	
Apprenticeship Levy	400					400	
Pay Inflation	1,221					3,221	
London Living Wage	-					450	
Employer's Pension Contribution	192					192	
Other Corporate budget	245					245	
Goods And Service Inflation	1,100					3,760	
Treasury Management expenses	2,012					2,012	
Capital Financing Cost	32,452					34,983	
Capital Financing adjustments	- 27,082					- 27,082	
Grant							
Sec.31 Grant Business Rate Reliefs	- 2,500					- 4,760	
Income compensation for sales, fees and charges - 3 mth extension	- 500					-	
National Insurance Increase	-					800	
Covid-19 pressures grant 2021/22	- 6,051					-	
New Homes Bonus	- 3,185					- 3,022	
Lower Tier Grant 2021/22	- 399					- 421	
Council Tax Support Grant	- 1,780					-	
Multiplier Cap Funding - Continuation for	- 2,067					- 3,259	
Additional Adult Social care grant	- 3,808					-	
Other Budget Adjustments							
Budget Planning Contingency	-					- 14,711	
Business Risk Reserve	- 3,350					-	
Other Reserves	- 2,852					-	
Contingency - General	1,248					1,248	
Litigation Budget	250					250	
New Services Grant for 2022/23	-					- 2,735	
SEN transformation savings	-					-	
Transformation savings	- 1,000					-	
Use of Capital Receipt Flexibility	- 2,000					-	
Gayton Road Income	- 594					- 579	
Sub Total Corporate and Technical Adjustment	-16,251					-6,102	
Funding Gap							
TOTAL BUDGET REQUIREMENT	179,440					183,285	
BUDGET REQUIREMENT FUNDED BY							
Contribution re Collection Fund Deficit/Surplus(-) b/f	- 180					52	
Revenue Support Grant	- 1,585					- 1,648	
Business Rates Top-up Grant	- 22,623					- 22,623	
Retained Business Rates	- 15,346					- 12,881	
Council Tax Income	- 139,706					- 146,185	
Total Funding	- 179,440					- 183,285	
Council Tax for Band D Equivalent							
General (£)	1,425.94					1,457.76	
ACS(£)	172.76					188.74	
Harrow Increase (£)	1,598.70					1,646.50	
GLA (£)	363.66					395.59	
Total after Increase (£)	1,962.36					2,042.09	
Increase							
General (%)	1.99%					1.99%	
ASC (%)	3.00%					1.00%	
GLA (%)	9.51%					8.78%	
Total Increase (%)	5.80%					4.06%	
Tax base	87,667					88,785	
Collection Rate	98.00%					98.00%	
Funds / Balances							
Balances Brought Forward	10,009					10,009	
Balances Carried Forward	10,009					10,009	

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Levies, Contribution and Subscriptions 2022/23

The table below shows the main levies, contributions to other bodies, and subscriptions that the Council will pay in 2022/23. These sums are set by other bodies and are outside the Council's control.

	2021/22	2022/23	Changes	Changes	Comments
	£'000	£'000	£'000	%	
London Borough Grant	187	187	-	0.00%	Based on notification
Freedom Pass Levy	8,591	5,740	- 2,851	-33.19%	Based on notification
Joint Committee Subscription	162	162	-	0.00%	Based on notification
Environment Agency Levy	205	205	-	0.00%	Assume 2021/22 as precept due first week in Feb.
Coroners Court Levy	296	296	-	0.00%	Assume 2021/22 - final figure due in March.
Traffic Control Levy	295	325	30	10.17%	Notified Dec 2021 by London Councils
London Pension Fund Authority Levy	298	298	-	0.00%	Assume 2021/22 figure - figure due mid Feb.
West London Waste Authority Levy	2,000	2,205	205	10.25%	This budget is based on WLWA's budget report for 2022/23.
Lee Valley Levy	210	210	-	0.00%	Due mid Feb - no increase in budget papers but it is allocated on tax base.
Apprentice Levy	400	400	-	0.00%	Based on 0.5% of Salaries

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Policy on Use of Contingency

General Principles

1. As a general principle, directorate budgets should be structured to cover business as usual, investment and efficiency programmes that have been agreed as part of the budget and service planning round and administration priorities. Contingency budgets should not be included in financial planning as part of a service's annual operational revenue budget.
2. Budgets which are "demand led" should be set to deal with the forecast level of activity. For example the predicted client numbers and needs in Adults and Children's social care, the usual level of activity for planning appeals and winter gritting average weather conditions.
3. Income budgets should be set to take into account likely activity levels and any changes in fees and charges.
4. The contingency is there to deal with unforeseen/exceptional items which occur during the financial year.

Appropriate uses

5. It is recommended that the contingency is used for the following purposes:
 - To deal with demographic risk, where the number of clients or cost per client varies from the estimate in Children's or Adults services beyond what has been budgeted for.
 - To deal with unexpected increases in demand for services due to policy changes, for instance an increase in homelessness due to the housing benefit changes beyond what has been budgeted
 - To deal with seasonal risks, such as exceptionally bad weather or a flu pandemic
 - To deal with tonnage risk, where the number of tonnes disposed of via West Waste varies from the estimate in the Community Directorate
 - To deal with the consequences of a recession
 - To deal with major planning appeals and litigation
 - Cost pressures in relation to the services delivered jointly with Health partners
 - To deal with uncertainty due to consultation and equality impact on proposals
 - To deal with unexpected budget shortfalls due to changes in the external environment or changes in the law/regulations
 - To fund small one-off projects which are high priority and have the approval of the portfolio holder with responsibility for Finance.
 - Any other unforeseen items / pressures

Criteria

6. Clear evidence will be required to support variations from estimated demand agreed as part of the budget review process.
7. Contingency funds will not be used where there has been a failure to deliver planned savings (except where this is due to the outcome of consultation) or properly manage spending.

Approval Process

8. Use of the contingency will be reported to Cabinet as part of the quarterly budget monitoring report by the s151 officer. The s151 officer will liaise with the Portfolio Holder with responsibility for finance and make proposals to Cabinet for virements from Contingency as appropriate.

Unspent balances

9. If there is an under spend at the end of the year a contribution to general balances will be considered with regard to the size of the under spend, the underlying strength of the balance sheet and the need to support other priorities.

School Budgets – Dedicated Schools Grant (DSG) 2022-23

Introduction

1. The Dedicated Schools Grant (DSG) is a ring fenced grant of which the majority is used to fund individual schools budgets in maintained schools and academies in Harrow. It also funds Early Years nursery entitlement for 2, 3 and 4 year olds in maintained council nursery classes and private, voluntary and independent (PVI) nurseries as well as provision for pupils with High Needs including those with Education, Health & Care Plans (EHCPs) in special schools, special provision and mainstream schools in Harrow and out of borough. The DSG is split into four blocks: Schools Block, Central School Services Block, Early Years Block and High Needs Block.

DSG Settlement 2022-23

2. The 2022-23 DSG settlement is based on the number of pupils on the October 2021 schools census for the Central School Services Block and Schools Block as well as a lump sum for historical items related to premises, the January 2021 Early Years census for the Early Years Block and a combination of a historical lump sum and per pupil funding for the High Needs Block. The total DSG allocation for 2022-23 is £243.64m.

Table 1 – 2022-23 Dedicated Schools Grant allocation

Blocks	Unit of funding		Pupil numbers		Total
	Primary	Secondary	Primary	Secondary	
Schools Block – per pupil	£4,656.89	£6,402.96	21,222.50	13,029.00	£182,255,013.87
Schools Block – lump sum premises					£2,734,950.00
Schools Block – NNDR deduction					-£2,520,281.00
Schools Block – growth fund formula					£948,220.00
Total Schools Block					£183,417,902.87
Central Schools Block					£1,410,135.00
High Needs Block (after import/export adjustments & recoupment)					£40,199,734.00
Early Years Block					£18,615,893.00
Total Dedicated Schools Grant Allocation 2022-23					£243,643,664.87

3. The per pupil value of all of the key factors have increased in the Schools National Funding Formula (NFF) by 3% with the exception of the Free School Meals factor which has increased by 2% in line with inflation. In addition, IDACI factors have increased between 3% and 4%.
4. In 2018-19 the Government introduced a new National Funding Formula (NFF) for Schools, High Needs and Central Services Blocks. For the Schools block this means that LAs are funded on the basis of the total of the NFF for all schools, academies and free schools in its areas but the final formula for distribution is determined by each LA, subject to prescribed limits, following consultation with schools and Schools Forum.

5. From 2020 the government had intended to implement the NFF in full which means that school allocations will be determined by the DfE rather than LAs. However, this has been delayed and there is currently no confirmed date for this.
6. In 2018-19 the LA implemented the NFF after consultation with schools and Schools Forum. Whilst there are no proposed changes to the structure of the formula for 2022-23, the factor values have increased. This is set out at Table 2.

Table 2 – proposed funding formula and factor values 2022-23

Factors	2021-22		2022-23		% Change	
	Pri	Sec	Pri	Sec	Pri	Sec
Pri AWPU	£3,429.15		£3,540.05		3%	
KS3 AWPU		£4,835.72		£4,991.51		3%
KS4 AWPU		£5,449.52		£5,625.35		3%
FSM	£505.09	£505.09	£517.20	£517.20	2%	2%
Ever6	£631.37	£922.35	£649.25	£951.86	3%	3%
IDACIF	£236.08	£340.39	£242.09	£352.13	3%	3%
IDACIE	£285.49	£455.68	£297.11	£467.68	4%	3%
IDACID	£450.19	£636.86	£462.18	£654.75	3%	3%
IDACIC	£488.62	£691.76	£506.19	£715.27	4%	3%
IDACIB	£521.56	£746.66	£539.21	£770.29	3%	3%
IDACIA	£680.78	£949.80	£704.27	£979.37	3%	3%
LPA	£1,202.34	£1,822.73	£1,243.47	£1,881.72	3%	3%
EAL	£603.92	£1,630.57	£621.74	£1,683.64	3%	3%
Mobility	£988.23	£1,416.46	£1,017.89	£1,463.56	3%	3%
Lump Sum	£129,347.9	£129,347.93	£133,480.95	£133,480.95	3%	3%

Minimum Funding Guarantee

7. In 2022-23 the Minimum Funding Guarantee (MFG) will continue to protect schools from *per pupil* losses between years. For the third year the LA will be required to set a positive MFG meaning schools will see an increase in their per pupil budgets between years. The MFG must be between +0.5% and +2.0%.
8. In the previous financial years Schools Forum agreed to set a negative MFG at -1.5% in order that schools reach the NFF as soon as possible so as to ensure there won't be significant losses if the MFG protection is no longer applied in future years.
9. In the overall formula it is affordable to set the maximum MFG and therefore 2021-22 school budgets have been prepared on this basis. Gains in excess of 2% have not been capped, which is consistent with the approach in previous years.

Additional Funding

10. In 2022-23 School Forum voted to allocate £700k funding from its brought forward contingency to support school budgets in 2022-23. This funding is one off as it is built up from historical underspends and has been distributed on a per pupil basis with

differential rates for Primary, Key Stage 3 and Key Stage 4 pupils, which mirrors the NFF.

Supplementary Funding

11. In December 2021 the Government announced the new Schools Supplementary Grant for 2022-23. This is additional funding to provide support for the costs associated with the Health & Social Care Levy and other wider costs. The grant is payable to all mainstream schools, academies & free schools for pupils in nursery through to sixth form.
12. School level allocations will be published in Spring 2022. The additional funding will be payable as a separate grant in 2022-23 but will then be rolled into the National Funding Formula (for Reception to Y11) from 2023-24.

High Needs Block

13. High Needs funding is designed to support a continuum of provision for pupils and students with special educational needs and disabilities (SEND) from 0-25 years old. The following are funded from the High Needs Block (HNB) of the DSG:
 - Harrow special schools and academies
 - Additionally Resourced Mainstream (ARMs) units in mainstream schools and academies
 - Places in out of borough special schools and independent school provision
 - EHCPs in mainstream schools and academies
 - Post 16 provision including further education
 - SEND Support services and support for inclusion
 - Alternative Provision including Pupil Referral Units and education other than at school
14. There is a duty to admit a child or young person if the institution is named in a statutory EHCP. LAs use the HNB to provide the most appropriate support package for an individual in a range of settings, taking account of parental and student choice whilst avoiding perverse incentives to over-identify high needs pupils and students.
15. The government introduced a NFF for the HNB from 2018-19. This has led to a shortfall in funding compared with the 2017-18 baseline of approx. £2.9m. This was because there was an overall shortfall of DSG in 2017-18 which was funded by the use of a brought forward contingency.
16. In addition, between 2013-21 there has been an increase in HNB funding of 54% compared with an increase in HNB spend of 56% and an increase in the number of EHCPs from 1,170 in January 2014 to 2,040 in January 2022 (75%).
17. The HNB budget allocation for 2022-23 is set out at Table 3

Table 3 – 2022-23 High Needs Block Funding

Description	Value
High Needs Block Allocation (excl basic entitlement factor)	£39,192,856
Basic Entitlement Factor (excl TPG/TPECG)	£3,293,370
Basic Entitlement related to TPG/TPECG Special Schools	£436,202
Import/Export Adjustments (2020-21 figure)	-£1,578,000
Additional Funding for Special Free Schools	£12,000
Hospital Education	£212,859
AP & INMSS TPG/TPECG allocation	£130,445
Total HNB before academy recoupment	£41,699,732
Academy recoupment for SEN units, special schools and FE	-£1,500,000
Net High Needs Block 2022-23	£40,199,732

18. It should be noted that the import/export adjustment figure will be updated in June 2022 to reflect the January census.
19. As with the mainstream schools, the TPG/TPECG for special schools has also been rolled into the HNB funding formula and included in the basic entitlement. This totals £436k and is required to be passported to special schools. In addition, a further £130k lump sum has been added to the HNB for TPG/TPECG related to Alternative Provision settings and INMSS. Again, this must be passported to providers.
20. In 2022-23 there is an increase in funding of approx £3.176m.
21. It is anticipated that the High Needs Block will also receive Supplementary Funding as a top up to the calculated figures in the above table. This is expected to cover additional costs which have arisen since the original HNB funding formula was derived, including to support providers funded by the HNB in respect of the Health & Social Care Levy. More details regarding this funding will be published in Spring 2022.

DSG Deficits

22. The government consulted on the accounting treatments of deficits on the DSG. The consultation focussed on changing the conditions of grant and regulations applying to the DSG so as to clarify that the DSG is a ring-fenced specific grant separate from the general funding of local authorities. Therefore any deficits an authority may have on its DSG account is expected to be carried forward and does not require to be covered by the authority's general reserves.
23. With effect from 2019-20 the DfE has tightened up the rules under which local authorities have to explain their plans for bringing the DSG account back into balance.
24. The DfE will require a report from any LA that has a cumulative DSG deficit of more than 1% at the end of the financial year. The 1% calculation will be based on the latest published DSG allocations for 2020-21 compared with the deficit shown in the authority's published draft accounts.

25. Harrow's projected cumulative deficit of £4.5m as a proportion of gross budget of £241m would equate to approx. 2% and will therefore require a deficit management plan.

26. The deficit has accumulated as follows

Financial Year	Deficit £'000
2019-20	£2,944
2020-21	£786
2021-22 (projected)	£822
Total (projected)	£4,552

27. An initial Deficit Management Plan has been discussed with Schools Forum. This requires further work and needs to take into account delays due to Covid-19.

28. The Deficit Management Plan is underpinned by the Special Educational Needs and Disability (SEND) Strategy 2019-2024 approved by Cabinet in February 2014. It serves as a tool to project and monitor the financial progress of the implementation of the strategy.

29. It is anticipated that by achieving the vision of the strategy through the four strategic priorities that financial efficiencies can be made. This will predominantly be achieved by increasing in-borough specialist provision to reduce the reliance on more expensive out of borough independent provision where needs can be met in-borough.

Early Years Block

30. The government introduced a new National Funding Formula for Early Years from April 2017.

3 & 4 year old funding

31. The key points on LA funding of providers are that local authorities:

- Continue to set a single funding rate for both entitlements for three and four year olds (that is, both the universal 15 hours and the additional 15 hours for working parents).
- Must plan to spend at least 95% of the three and four year old funding on the delivery of the entitlements. We intend to continue to pass on 95% of the 3 & 4 year old funding to settings.
- Harrow provides a universal base rate for all types of provider in the formula.

- Must use a deprivation supplement in the funding formula
- Must not channel more than 10% of funding through funding supplements.
- Must provide a SEN Inclusion Fund (SENIF) for three and four year olds.
- Must pass on Early Years Pupil Premium (EYPP) and Disability Access Fund (DAF) in full to providers for eligible three and four year olds.

32. Harrow has already implemented all of the above principles in its EYSFF.

33. In 2022-23 the hourly rate per pupil that the LA receives will increase from £5.72 to £5.89 per hour.

34. It is proposed to distribute the additional funding through the existing formula structure and add it to the base rate. This also maintains the base rate at 90% of the factor funding and 10% allocated to supplements.

Table 4 – indicative 2022-23 EYSFF

Description	2022-23		
	Hourly	Pupils	Total
Total Early Years Block	£5.89	5,017.79	£16,846,226
5% LA Early Years Service Retention			£842,311
Funding available to providers	£5.60		£16,003,915
Top-slice SEN inclusion fund 5%			£800,196
Funding available to providers through formula	£5.32		£15,203,719
Base rate 90%	£4.81		£13,745,048
Supplements 10%	£0.51		£1,458,672
Funding available to providers through formula	£5.32		£15,203,719

2 year old funding

35. There is also a rate increase for the funding for 2 year olds. This will increase from £6.08 to £6.29 per hour from April 2022. The full increase will be passported to providers.

SEND Inclusion

36. LAs are required to have SEND Inclusion Funds for all 3 and 4 year olds with SEND who are taking up the free entitlements, regardless of the number of hours taken. These funds are intended to support LAs to work with providers to address the individual needs of children with SEND.

37. LAs should target SEND Inclusion Funds at children with lower level or emerging SEND. As with other elements of early years funding, SEND Inclusion Funds should apply to children attending settings in the relevant LA area, regardless of where they live.

38. The SEND Inclusion Fund in 2022-23 will be £800k.

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Draft Public Health Funding 2022-23**Appendix 7**

Mandatory Services	£000	
Sexual Health (incl Family Planning)	2,336	
0-19 Services	3,695	
Health Checks	<u>184</u>	6,215
Discretionary Services		
Tobacco Control	73	
Drug & Alcohol Misuse	1,934	
Physical Activity	<u>30</u>	2,037
Staffing & Support Costs		
Staffing	1,000	
Non-Staffing	91	
Overheads	<u>163</u>	1,254
Health Improvement	267	
Wider Determinants of Health	<u>1,652</u>	1,918
Total Expenditure		<u><u>11,424</u></u>
Funded by		
Department of Health Grant	-11,310	
Contribution from Reserve	-114	
Total Income		-11,424

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Reserves Policy

The recommended reserves policy is as follows:

The first call on any under spend at the end of the year will be to add to reserves. A contribution to general balances will then be considered with regard to the size of the under spend, the underlying strength of the balance sheet and the need to support other priorities.

The rationale for this policy is set out below.

Councils need balances so that they can deal with unforeseen calls on resources without disrupting service delivery. It is the responsibility of each authority to set its level of reserves based on local conditions, but taking into account national factors. Although advice can be sought from the external auditor, it is not their responsibility to prescribe the appropriate level. However, the External Auditor expects the Council to review its reserves on an annual basis.

There is no statutory definition of a minimum level of reserves. The level of reserves is a balance between the risk facing the Authority and the opportunity costs of holding these balances.

The Council should at least be able to cope with a modest overspend in any one year and still be in a stable financial position.

The target level of reserves depends on:

- The degree of risk contained in the budget
- The effectiveness of budget monitoring and control during the year
- The effectiveness of balance sheet management during the year
- The extent to which the Council has earmarked reserves and provisions to deal with specific items.

The Council is continually working to improve financial management and in 2022/23 will continue to focus on accurate and robust management of its revenue budget, capital programme and trading activities. Considering the recommendation to use £14.7m from the Budget Planning Reserve MTFs to balance the 2022/23 budget, there will be an increased emphasis on delivering the 2022/23 budget, at a minimum, to a balanced position but ideally an underspend. And to developing a robust financial strategy to address the predicted MTFs shortfall of £16.593m ready for presentation to the incoming administration in May 2022.

The Council has built up more appropriate annual contributions to provisions including for debt, litigation, vehicles and investment properties in the last few years, and strengthened its balance sheet which does enable the use of one off reserves to balance the 2022/23 budget, but this does leave the Council with very limited earmarked reserves and general fund balances.

There is greater risk as the one off use of reserves in 2022/23 needs to be reversed out in the following year meaning the MTFs is predicting a budget shortfall of £16.593m which requires the development of a robust strategy to achieve financial

sustainability over a relatively short period of time supported by a minimal balance of reserves.

As at 31 March 2022 the level of General Fund Reserve will be £10m, which represents 5.6% of the Council's net revenue budget for 2021/22 (£180m), which is the recommended minimum level. In addition, the Authority holds a limited number of earmarked reserves as detailed in Appendix 9.

A decision will be made at year end on the best use of any available capacity.

The S151 officer has responsibility for the establishment of earmarked reserves. The S151 officer is responsible for ensuring that detailed controls are established for the creation of new reserves and provisions and any disbursements therefrom.

All contributions to, and appropriations from, General Fund reserves must be approved by the Portfolio Holder with Responsibility for Finance, subject to any limitations set by the Council in the approved budget framework.

Reserves Forecast 2022-23

Appendix 9

Description	Brought Forward 01/04/21	Addition to Reserves 2021- 22	Directorates Draw Down From Reserves	Corporate Reserves Movements	Other Reserves Movement	Balance Carry Forward 31/03/2022	Committed to future MTFS	Revised Carry Forward 1/04/2022
CIL Harrow	-6,730,442				1,980,000	-4,750,442		-4,750,442
Revenue Grant Reserve	-8,823,265	-778,000	2,246,720			-7,354,545		-7,354,545
Compensatory Added Year Reserve	-242,782					-242,782		-242,782
Business Pool Reserve	-767,170					-767,170		-767,170
PFI Schools Sinking Fund	-2,371,579		314,697			-2,056,882		-2,056,882
Public Health Reserve	-2,372,440		0			-2,372,440		-2,372,440
PFI NRC Sinking Fund	-1,751,952					-1,751,952		-1,751,952
Legal Services Contingency	-949,339					-949,339		-949,339
Legal Expansion Reserve	-377,639					-377,639		-377,639
HRA Transformation Reserve	-671,551					-671,551		-671,551
Carryforward Reserve	-2,041,393			2,041,393		0		0
Collection Fund Reserve	-8,924,753				8,082,591	-842,162		-842,162
Equalities Diversity & Inclusion Reserve	-250,000		125,000			-125,000		-125,000
London Living Wage Reserve	-250,000					-250,000		-250,000
Capital Feasibilities Reserve	-500,000				24,000	-476,000		-476,000
Accommodation Strategy Reserve	-725,000					-725,000		-725,000
Adults Social Care Reserve	-1,969,475			0		-1,969,475		-1,969,475
IT Reserve	-134,000					-134,000		-134,000
Borough Election	-398,747					-398,747		-398,747
Harvist Reserve Harrow Share	-15,889					-15,889		-15,889
Proceeds Of Crime Reserve	-63,000					-63,000		-63,000
Proceeds Of Crime Reserve Planning	-326,550					-326,550		-326,550
Headstone Manor Reserve	-287,750					-287,750		-287,750
CIL Mayor	-152,902					-152,902		-152,902
Libraries Reserve	-150,000					-150,000		-150,000
Vehicle Fund	-920,478					-920,478		-920,478
Investment Property Reserve	-841,875					-841,875		-841,875
DSG Overspend	3,730,218				822,000	4,552,218		4,552,218
PAP Sinking Fund	-190,000					-190,000		-190,000
HRA Hardship Fund	-25,000					-25,000		-25,000
HRA Regeneration Reserve	-722,200					-722,200		-722,200
HRA Repair Reserve	-277,428					-277,428		-277,428
Business Risk Reserve	-5,350,000		1,001,000			-4,349,000		-4,349,000
Budget Planning Reserve MTFS gap	-16,688,761	-1,300,000		852,000		-17,136,761	14,711,000	-2,425,761
Capacity Build/ Transformation Reserve	-2,000,000		416,000			-1,584,000		-1,584,000
MTFS Implementation Reserve	-349,683					-349,683		-349,683
Total non General Fund Reserves	-64,882,826	-2,078,000	4,103,417	2,893,393	10,908,591	-49,055,425	14,711,000	-34,344,425
	0							0
General Fund Reserves	-10,000,000					-10,000,000		-10,000,000

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Report of the Chief Finance Officer – 2022/23 Budget

Under the Local Government Act 2003 the Director of Finance (in their capacity as the Chief Finance Officer under S151 of the Local Government Act 1972) is required to comment on the robustness of the budget and the adequacy of reserves. The Directors report is set out below.

Robustness of the Budget

The current budget climate and timeframe continues to be the most volatile in the Borough's history. Local Government was at the forefront of the response to both the public health and economic crises caused by Covid-19, it is hardly surprising that the pandemic has had a significant impact on Local Government finances which were already in a difficult position following a decade where resources have been reduced by over a quarter whilst experiencing significant increases in demand. Running alongside this, Harrow remains one of the lowest funded Councils both within London and nationally and has had to make significant savings for the last 9 years to achieve the legal requirement of a balanced budget.

SR21 and the Autumn Budget set out the Governments taxation and public expenditure plans for the year ahead and confirmed resources and capital budget for the three years 2022/23 to 2024/25. The Indicative Financial Settlement confirmed levels of funding for 2022/23 only and was not the three year settlement that SR21 and the Autumn Budget predicted but this is cannot be used as a deterrent from the Council addressing its financial challenges.

There does remain significant areas of uncertainty around the future of Local Government funding beyond 2022/23, which will directly impact on Harrow finances, with the outcome of major events unknown:

- Fair Funding Review and assessment of need
- Business Rates Reform and Revaluation
- The Adult Social Care Green Paper
- The High Needs Block within the Dedicated Schools Grant
- The new phrase 'levelling up' between the regions.

This list of unknowns is extended as a result of the Covid-19 pandemic and what the legacy impacts on both the Council, its residents and businesses will be.

The Council continues to experience increasing demographic and demand pressures, largely around social care. In prior years such pressures have been largely related to Adults services. However, from 2021/22 pressures are starting to emerge in Children's social care with growth being required in the budget since 2021/22. In Adult services the forecast demand pressures continue to be in the region of 6% to 8% per annum.

In the wider economy there remains considerable uncertainty around the impact of Brexit, inflation rates rising exponentially, interest rates increasing, the impact of increasing NI Contributions, the property market, employment levels and the impact of the economic climate. All these issues affect the Council's own finances and have major implications for Harrow residents and businesses increasing uncertainty and potential impacts on demand for services.

However, all these factors cannot be a deterrent from the Council addressing its significant financial challenges.

The Council has set a three-year Medium-Term Financial Strategy to 2024/25 based on the Local Government Indicative Financial Settlement and SR21 / Autumn Budget announcements. To achieve the legal requirement of a balanced budget for 2022/23, £14.7m of reserves have been applied. Reserves are temporary in nature and must be reversed out in the following year and this leaves the Council with a predicted £16.593m budget gap over its MTFS. The MTFS does assume a 2.99% increase in Council Tax per annum and estimated additional grant funding of £6m is built into years 2 and 3 of the plan therefore future funding announcements will not make a material difference to the predicted gap of £16.593m and should the estimated level of grants (£6m pa), not materialise it will increase the gap. The MTFS assumes a balanced budget for 2024/25 accepting that this is based on high level assumptions as forecasting so far in advance has its challenges, The budget gap of £16.593m cannot be ignored otherwise the Council is putting its financial sustainability and its legal requirement to set a balanced budget at risk.

In respect of the 2022/23 budget. the advice of the S151 Officer is that it is sufficiently robust. All income and grant adjustments are in line with the Indicative Settlement, known growth has been provided for within financial constraints and the budget includes a contingency for unforeseen items if the Final Settlement materially changes. Specifically, in relation to the 2022/23 budget, the robustness assessment is provided following the consideration of several factors:

- The 2022/23 budget includes minimal savings compared to previous years which will be easier to manage alongside developing the strategy to achieved financial stability over the MTFS.
- The agreed strategy for the delivery of the 2022/23 budget is no cost overruns and to look at safe options to deliver an underspend.
- Growth requirements have been scrutinised in detail to ensure growth is enough to ensure the safe delivery of services but being mindful of the challenging financial position.
- However, growth requirements will be monitored closely to ensure the provisions are enough and any over provision will be held corporately to support the MTFS.
- The financial impact of the Covid-19 pandemic has been closely tracked throughout 2021/22 to ensure that, as far as possible, the impact into 2022/23 is minimal as grant funded activities have been ceased or pressures have been built into growth assumptions.
- Every effort has been made to ensure that the technical assumptions underpinning the budget are robust.
- Prudent assumptions have been made about capital financing costs and investment income.
- Key financial risks are managed and reported as part of the Corporate Risk Register.
- The recommended increases in fees and charges are in line with the assumptions in the budget.
- The budget for 2022/23 includes a general contingency of £1.248m.
- There is a commitment within the organisation to robust financial management with any potential adverse budget variations been reported, tightly controlled and contained within service budgets unless there is an agreement the variation is managed pan organisation.

- There is a commitment within the organisation to ensure all new budget proposals are supported by a robust business case that has been scrutinised pan organisation and, unless specifically stated, makes a clear net financial contribution to the MTFs after considering all costs.

Adequacy of General Reserves, Ear marked Reserves, and Contingencies

There is no statutory definition of a minimum level of reserves and it is for this reason that the matter falls to the judgement of the S151 Officer. The level of reserves is a balance between the risk facing the Authority and the opportunity costs of holding those balances. Reserves can only be spent once and should ideally only be used to support one off expenditure or to allow time for management actions to be implemented. The general fund balances are adequate however they must not drop below the current £10m level. No allocations can be made from general fund balances unless already planned and signed off by the S151 Officer and the MTFs 2022/23 includes no plans for a call on general fund balances.

The Council is forecasting to hold balances / reserves of £59.055m to carry forward into 2022/23, which is reduced to £44.344m after accounting for the planned draw down of £14.7m from the Budget Planning MTFs Reserve to balance the 2022/23 budget:

General Fund Reserve £10m - which represents the balance of last resort in the event of any major and unforeseen event that compromises the delivery of the council's budget. At current levels, this balance represents 5.6% of the council's budget net revenue budget for 2021/22 (£179m). This balance of £10m does place Harrow Council in the lower quartile of general fund balance when benchmarked with other authorities. No draw down on the general fund balance is built into the MTFs and draw downs can only be approved by the S151 Officer. The advice of the S151 Officer is that general fund balances of £10m must remain intact to provide an element of safety net for the Council and any opportunities to increase them must be considered to increase the Council's future financial resilience.

Ear Marked Reserve £28.044mm- ear marked to specific items.

Non ear marked reserve of £6.3m – four individual reserves make up this balance, and they are not ear marked to specific items, London Living Wage (£250k), Business Risk Reserve (£3.350m), MTFs Implementation (£349k) and Budget Planning MTFs (£2.425m). At year end these will be consolidated into the Budget Planning MTFs reserve.

The 2022/23 budget still includes the ongoing revenue contingency of £1.248m for unforeseen items.

In conclusion, the 2022/23 budget has been prepared as robustly as possible and it achieves its legally required balanced position. The Council must remain committed to its agreed strategy of maintaining its tight grip on the budget to ensure no cost overruns and looking at all safe options to deliver an in-year underspend. There is no capacity to overspend the 2022/23 budget. The Council has to address its predicted MTFs budget gap of £16.593m. The MTFs already assumes £12m of additional central government funding, which is an accepted risk, therefore relying on future funding announcements for 2023/24 and 2024/25 to reduce or eradicate the predicted gap is not feasible. The Council's remaining none ear marked reserves are low and whilst these do provide limited scope for smoothing the budget gap over the MTFs to ensure actions to reduce expenditure to within budget are done safely and well planned, the Council has no capacity to not address its funding challenges and move the funding gap into future

years. The Council must prepare a robust MTFS Funding Strategy to be completed by May 2022 to present to the incoming administration. This must be a hybrid strategy:

- Options to generate income to provide implementation funding and / conversion to permanent revenue budget savings
- Shorter term actions capable of being implemented by or before 01/04/23
- Medium term actions, including changes to service delivery, to sustainably reduce expenditure over the next 18 to 24 months.

If this strategy is not developed, agreed and delivered the financial stability of the Council and its ability to set a balanced budget will be severely compromised.

Budget Monitoring

The Local Government Act 2003 also introduced requirements in relation to budget monitoring and management action. The Council has robust budget monitoring procedures in place with revenue budgets being monitored monthly and the capital programme quarterly. The financial position can change relatively quickly, and any adverse variations must be identified and addressed promptly by Service Managers and directorates to avoid a call on reserves. Financial performance is reported in detail to Cabinet quarterly and regularly to Scrutiny. These robust arrangements are forecast to deliver and underspend against the 2021/22. These robust arrangements will continue into 2022/23 and will remain under review to ensure they keep pace with the requirements of the organisation. The agreed strategy for 2022/23 is to continue to maintain a tight grip on the 2022/23 budget, to ensure no cost overruns and to identify all safe options to deliver an in-year underspend

Model Council Tax Resolution

Harrow Council

Council Tax Resolution 2022/2023

To approve as part of the Summons for Council, the model budget and Council Tax resolutions reflecting the recommendations of Cabinet and the GLA precept.

Council is requested to determine the level of the Council Tax for 2022/2023 in the light of the information on the precept and make the calculations set out in the resolution shown below.

- (1) To note that at its meeting on 9 December 2021 the Council calculated the amount of 88,785 as its Council Tax Base for the year 2022/2023 in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 2012 made under Section 31B(3) of the Local Government Finance Act 1992 (The Act).
- (2) That the following amounts be now calculated by the Council for the year 2022/2023, in accordance with Sections 31A, 31B and 34 to 36 of the Local Government Finance Act 1992:
 - (i) Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) (a) to (f) of the Act. **(Gross expenditure)** £628,757,502
 - (ii) Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3)(a) to (d) of the Act. **(Gross income including use of reserves)** £482,573,000
 - (iii) Being the amount by which the aggregate at (i) above exceeds the aggregate at (ii) above, calculated by the Council, in accordance with Section 31A(4) of the Act, **as its Council Tax Requirement for the year.** £146,184,502
 - (iv) Being the amount at (iii) divided by the Council Tax Base, calculated by the Council at its meeting on 9 December 2021 in accordance with Section 31B(1) of the Local Government Finance Act 1992, as the basic amount of its Council tax for the year. **(The average Band D Council Tax)** £1,646.50

(v) Valuation Bands

	A	B	C	D	E	F	G	H
£	1,097.67	1,280.61	1,463.56	1,646.50	2,012.39	2,378.28	2,744.17	3,293.00

Being the amounts given by multiplying the amount at (iv.) above by the number which, in the proportion set out in Section 5(1) of the Local Government Finance Act 1992, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of the Local Government Finance Act 1992, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

- (3) That it be noted that for 2022/2023 the Greater London Authority stated the following amount in precept issued to the Council, in accordance with section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below

Valuation Bands

	A	B	C	D	E	F	G	H
£	263.73	307.68	351.64	395.59	483.50	571.41	659.32	791.18

- (4) That, having calculated the aggregate in each case of the amounts at (2)(v) and (3) above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2022/2023 for each of the categories of dwellings shown below

Valuation Bands

	A	B	C	D	E	F	G	H
£	1,361.40	1,588.29	1,815.20	2,042.09	2,495.89	2,949.69	3,403.49	4,084.18

- (5) Determine for the purposes of 52ZB and Section 52ZC of the Local Government Finance Act that the Council's basic amount of Council Tax for 2022/23 is not excessive in accordance with the principles approved under Section 52ZB and 52ZC of the Local Government Finance Act 1992 and the Referendums Relating to Council Tax Increases (Principles) (England) Report 2022/2023.



Members' Allowances Scheme

1. This scheme shall have effect until 31st March 2023. It replaces all former schemes.

Basic Allowance

2. A basic allowance of £8,711 per annum shall be paid to each Councillor.

Special Responsibility Allowances and Mayoral Allowances

3. (1) A special responsibility allowance shall be paid to those Councillors who have the special responsibilities in relation to the posts specified in Schedule 1 to this scheme. The amount of each such allowance shall be the amount specified against that special responsibility in that schedule.
(2) An allowance of £10,872 per annum shall be paid to the Mayor and an allowance of £2,164 per annum shall be paid to the Deputy Mayor.
(3) No Member may receive special responsibility allowances in respect of more than one post. For the purposes of this paragraph, the mayoral allowances referred to in 3(2) above are considered to be special responsibility allowances.

Uprating the Basic and Special Responsibility Allowances

4. The basic allowance and special responsibility allowances may be uprated annually in line with an index approved by the London Councils Independent Panel. The index to be used will be the level of the Local Government Pay Settlement. When making the scheme for 2023/24, the indexing arrangements will be reviewed.

Travel and Subsistence Allowances

5. The reimbursement of travel and subsistence expenses incurred in respect of **approved duties** (as set out in Schedule 2) **undertaken outside the Borough boundaries** can be claimed by Members, co-optees to formal Council committees and Independent Members of the Governance, Audit, Risk Management and Standards Committee at the rates paid and on the conditions specified in the officer scheme for travel and subsistence allowances.

Carers' Allowance

6. (1) The allowance shall only be paid for attendance at approved duties as listed in Appendix A.
- (2) The maximum basic rate of pay is £3.00 per half hour for the duration of the meeting together with the Member's travel time between home and the place of the meeting and the carer's reasonable travelling time.
- (3) The allowance is claimable in respect of children aged 15 or under or where a professional carer is required to meet a specialist need (eg a nurse for an elderly person).
- (4) Actual costs will be paid on production of an invoice or receipt.
- (5) Where the length of the meeting cannot be predicted and payment to the carer is necessarily contractually committed then a payment of up to 4 hours will be made. (For day time quasi-judicial meetings, payment of up to 8 hours may be made if the estimated length of the meeting is for the whole day).
- (6) In addition, the reasonable travelling expenses of the person taking care of the dependent shall be reimbursed either at the appropriate public transport rate, or in cases of urgency or where no public transport is available, the amount of any taxi fare actually paid.
- (7) The allowance is not to be paid where the carer is a member of the Member's household.
- (8) Any dispute as to the entitlement and any allegation of abuse should be referred to the Governance, Audit, Risk Management and Standards Committee for adjudication.

Co-optees' Allowance

7. A basic allowance of £454 per annum shall be paid to co-optees to formal Council Committees and Independent Members of the Governance, Audit, Risk Management and Standards Committee.

Sickness, maternity and paternity leave

- 8.1 All Members shall continue to receive their Basic Allowance in full in the case of pregnancy, maternity, paternity and sickness leave.
- 8.2 Members entitled to a Special Responsibility Allowance shall continue to receive their allowance in the case of pregnancy, maternity, paternity and sickness leave in the same way that the Council's employees receive such benefits.
- 8.3 Where a Member's pregnancy renders her unable to attend a meeting of the Council for a period of 6 months, a dispensation will be granted in accordance with Section 85 Local Government Act 1972.
- 8.4 If a replacement to cover the period of absence is appointed by Council or the Leader of the Executive (or in the case of party group position, the party group) the replacement will be entitled to claim an SRA.

Claims and Payments

9.
 - (1) A claim for allowances or expenses under this scheme shall be made in writing within two months of the date of undertaking the duty in respect of which the entitlement to the allowance or expense relates.
 - (2) Payment shall be made
 - (a) in respect of basic and special responsibility allowances, in instalments of one-twelfth of the amount specified in this scheme each month;
 - (b) in respect of out-borough travel and subsistence expenses and Carers' Allowance, each month in respect of claims received up to one month before that date.

Backdating

10. Any changes made to this scheme during the year may be backdated to 1st April 2022 by resolution of the Council when approving the amendment.

Pensions

11. Allowances paid under the Harrow Members' Allowances Scheme will **not** be pensionable for the purposes of the Superannuation Act.

Renunciation

12. A person may, by notice in writing given to the Director of Legal and Governance Services, elect to forgo any part of his/her entitlement to an allowance under this scheme.

Appendix A

Approved duties for Carers' Allowance

- ◆ A meeting of the Executive.
- ◆ A meeting of a committee of the Executive.
- ◆ A meeting of the Authority.
- ◆ A meeting of a Committee or Sub-Committee of the Authority.
- ◆ A meeting of some other body to which the Authority make appointments or nominations.
- ◆ A meeting of a committee or sub-committee of a body to which the Authority make appointments or nominations.
- ◆ A meeting which has **both** been authorised by the Authority, a committee, or sub-committee of the Authority or a joint committee of the Authority and one or more other authorities, or a sub-committee of a joint committee **and** to which representatives of more than one political group have been invited (if the Authority is divided into several political groups) or to which two or more councillors have been invited (if the authority is not divided into political groups).
- ◆ A meeting of a Local Authority association of which the Authority is a member.
- ◆ Duties undertaken on behalf of the Authority in pursuance of any Procedural Rule of the Constitution requiring a member or members to be present while tender documents are opened.
- ◆ Duties undertaken on behalf of the Authority in connection with the discharge of any function of the Authority conferred by or under any enactment and empowering or requiring the Authority to inspect or authorise the inspection of premises.
- ◆ Duties undertaken on behalf of the Authority in connection with arrangements made by the authority for the attendance of pupils at a school approved for the purposes of section 342 of the Education Act 1996.

Schedule 1

Special Responsibility Allowances (SRAs)

There are 6 bands of SRAs:

Band	Post	SRA - £/annum
1	Chief Whips of the two largest Groups Deputy Leader of the second largest Group Lead Members for Scrutiny Chair of Licensing and General Purposes Committee Portfolio Holder Assistants	£2,179
2	Nominated Member of the party not holding the Chair of the Planning Committee Chair of the Traffic Advisory Panel Chair of Governance, Audit, Risk Management and Standards Committee Chair of the Pension Fund Committee Chair of the Performance and Finance Scrutiny Sub Chair of the Health and Social Care Scrutiny Sub Nominated Member of the largest party not holding the Chair of the Performance and Finance Scrutiny Sub	£4,878
3	Nominated Member of the largest party not holding the Chair of the Overview and Scrutiny Committee Non Executive Members of Cabinet	£7,037
4	Chair of the Overview and Scrutiny Committee Chair of the Planning Committee Leader of the Second Largest Group	£9,195
5	Cabinet Members	£20,861
6	Leader of the Council	£32,588

Note

The Groups are as follows:-

Largest Group = Labour Group

Minority Group = Conservative Group

Schedule 2

Claims for Out-Of-Borough Travel and Subsistence Expenses

Duties Undertaken Out-of-Borough

Claims for travel and subsistence expenses incurred can normally only be paid in respect of approved duties undertaken at venues out of the Borough. Expenses will be reimbursed at the rates paid and on the conditions specified in the officer scheme for travel and subsistence allowances.

1. Members may claim travel and subsistence expenses in respect of the following **out-of-Borough** duties:-
 - (a) Attendance at any meeting which may be convened by the Authority provided that Members of at least two groups are invited and the meeting is not convened by officers.
 - (b) Attendance at a meeting of an outside body to which the Member has been appointed or nominated as a representative of the Council, where the Outside Body does not itself operate a scheme to reimburse travel and subsistence expenses.
 - (c)
 - (i) attendance at an appropriate out-of-Borough conference, seminar, meeting or other appropriate non-political event as a representative of an Outside Body to which that Member has been either nominated or appointed by Council to serve in a role with a specific pan-Authority remit;
 - (ii) attendance at meetings in the capacity of a direct appointee of a Local Authority Association, joint or statutory body or other London-wide or national body subject to the following proviso:

that the Member serves on the appointing body by virtue of an appointment made by Council to an authorised Outside Body;

subject in either case to the Outside Body/Bodies concerned themselves not making provision for any travel and subsistence expenses necessarily incurred.
 - (d) Attendance at a meeting of any association of local authorities of which the Authority is a member and to which the Member has been appointed as a representative.

- (e) Attendance at a training session, conference, seminar or other non-political event, the attendance fees for which are being funded by the Council through a Departmental or a corporate budget.
 - (f) Attendance at any training session, conference, seminar or other non-political event for which there is either no attendance fee or any attendance fee is being met by the Member him/herself (or from the relevant political group secretariat budget) subject to the relevant Director confirming that the content of the training, conference, seminar or event is relevant to the Member's responsibilities in respect of the services provided by the Authority or to the management of the Authority.
2. Duties for which out-of-Borough travel and subsistence expenses may **not** be claimed include:-
- (a) Political meetings or events.
 - (b) Any meetings of 'Outside Bodies' to which the Member has not been appointed or nominated by the Council as its representative.
 - (c) Meetings of the Governing Bodies of Schools.

HARROW COUNCIL PAY POLICY STATEMENT 2022/2023

Harrow Council supports openness and accountability and is pleased to publish its Pay Policy Statement for 2022/23. In compliance with the statutory provisions of the Localism Act 2011 this statement outlines the Council's policy on pay and benefits for Council employees (excluding Schools)¹ and specifically for its Chief Officers and senior management.

This pay policy is reviewed annually and agreed at Full Council.

Updates January 2022:**Annual Pay award**

There has been no settlement agreement of the JNC/NJC and GLPC national annual pay award for 2021 for Chief Officers and Officers. Currently Harrow employees continue to be paid in line with Harrow pay scales from 1 April 2020.

On 19th October 2021, National Employers declined the request by unions to reopen the pay negotiations ongoing since February 2021 and reaffirmed the pay offer originally made in July 2021 as follows:-

- With effect from 1 April 2021, an increase of 2.75 per cent on NJC pay point 1
- With effect from 1 April 2021, an increase of 1.75 per cent on all NJC pay points 2 and above
- Completion of the outstanding work of the joint Term-Time Only review group
- A national minimum agreement on homeworking policies for all councils

Pending agreement of the national annual pay award, the Harrow pay scales will be increased accordingly from 1 April 2021.

London Living Wage update

The London Living Wage has been increased from £10.85 in 2020 to £11.05 per hour from November 2021.

Harrow Council's lowest paid employees are currently paid the London Living Wage at £10.85 per hour from April 2020.

Following agreement of the National Joint Council's annual pay award, Harrow's lowest spinal points will be increased to no less than the current London Living Wage from 1 April.

The Restriction of Public Sector Exit Payments (Revocation) Regulations 2021 (Exit Payment Cap Directions 2021)

Legislation formerly introduced to cap exit payments of public sector workers at a maximum amount of £95,000 from 4 November 2020 under **The Restriction of Public Sector Exit Payments Regulations 2020** has been withdrawn.

¹ The Pay Accountability provisions of the Localism Act 2011 do not apply to staff employed in Schools

From 12 February 2021, the government issued the Restriction of Public Sector Exit Payments (Revocation) Regulations 2021 (Exit Payment Cap Directions 2021) which disapply parts of the Restriction of Public Sector Exit Payments Regulations 2020 in England with immediate effect.

In light of the withdrawal of the 2020 Regulations legislation, employers are encouraged to pay to any former employees who had an exit date between 4th November 2020 and 12th February 2021 and to whom the cap was applied, the additional sums that would have been paid but for the cap. Given that the cap has now been disapplied, it is open to employers to do so and HM Treasury's expectation is that they will do so.

Context

The Council's vision is: 'Working Together to Make a Difference for Harrow' and is focusing on supporting delivery of the Council's work on the Borough Plan and the "Modernising How we Work" transformation programme. To achieve the ambitions we need a commercially minded and agile workforce delivering higher productivity and increased performance at a lower cost base.

We need to be a modern and efficient Council, able to meet the challenges ahead. In order to help protect frontline services we will continue to deliver support functions in the most cost-effective way, improving working between services within the Council and continuing to collaborate with regional bodies and other local authorities where there are opportunities to. We will protect people and Council assets from risks and retain our customer services in Harrow where possible, modernising and simplifying the access channels to the Council, making more services available online and therefore accessible on a more '24/7' basis.

Our Workforce Strategy reflects that the Council of the future may be very different and having the right people *engaged* with the Council will be vital for our future success. We already compete for people across London and this will increase as the needs of the organisation change and the search for talent in local government increases.

We will establish the people we want, the skills they need and the performance we require and develop recruitment and retention packages that maximise our employment offers. We work to have the right people in the right jobs, who are well managed, developed and supported and where everyone is valued. Our Pay Policy supports this by ensuring that fair and transparent processes are in place to determine the grading and pay for all jobs and that remuneration packages enable the attraction and retention of people with the skills we need. We will also look to create opportunities for staff to benefit through organisational change.

As a Council we are committed to ensuring equality and diversity is integral to everything we do so our Pay Policy seeks to reduce income inequality and ensure that the pay, terms and conditions of Council employees comply with the Council's duties under the Equality Act 2010. The Council recognises that a significant proportion of our workforce lives locally and that therefore our Pay Policy helps support a strong local economy.

Modernising Terms & Conditions Review 2011/12

In 2011/12 the Council undertook a review of pay and terms and conditions for employees and in 2012 the Council reached a collective agreement with the relevant recognised trade unions,

which established new pay and terms and conditions for all employees covered by this Pay Policy, including those of senior management, from January 2013.

The collective agreement is published online: [Collective Agreement](#)

The changes introduced through the collective agreement included the following key provisions:

- Revised grading structure so that the Council's lowest paid employees are paid not less than the London Living Wage.
- A scheme making incremental pay progression subject to satisfactory performance
- Reduced enhancements for overtime or weekend working except for Bank Holidays and night work
- Reduced redundancy compensation payments
- Improved salary sacrifice schemes and other employee benefits

Council Pay Rates / Scales

The Council considers it important to be able to locally determine pay rates. This enables it to respond to regional and local labour market conditions. The Council benchmarks its pay rates with other London Boroughs to ensure that it is able to recruit and retain qualified and competent employees. The Council operates locally determined pay scales and adopts the national (JNC/NJC) GLPC national and regional pay award agreements. The Harrow pay structure applies to all staff with the exception of a small amount of staff such as TUPE transferred staff who have not yet been integrated on to the Harrow pay structure, a small number of transferred Public Health staff, Educational Psychologists² and some centrally employed teaching staff³

The pay scales are revised annually from April 1st of each year. The officers and managers scales are published online: [Officers Pay scale 2020/21](#)

Remuneration of Senior Management (Chief Officers)

The Council defines its senior management as the top tiers in the management structure. This includes the Chief Executive, Corporate Directors, Directors and Divisional Directors, comprising all statutory and non-statutory Chief Officer posts.

The senior management structure is published online [Senior Management Structure](#)

Senior management pay is published online:
[Senior managers pay 2020-21 \(harrow.gov.uk\)](#)

All Chief Officers are appointed by Members through the Chief Officer Employment Panel. (COEP).

The Council may, in exceptional circumstances, employ senior managers under contracts for services.

² Educational Psychologists are paid according to the national Soulbury Committee terms and conditions - annually at 1 September

³ Teachers are paid according to the national Teachers Pay and Conditions pay scales – annually at 1 September

- [Senior managers pay 2020-21 \(harrow.gov.uk\)](http://harrow.gov.uk)

Remuneration of Lowest Paid Employees

The Council defines its lowest paid employees as those paid at the lowest pay spine column point on the lowest Harrow pay grade.

The Council's lowest paid employees are paid not less than the London Living Wage.

Harrow Council increased its lowest points of scale to the London Living Wage during the implementation of a collective bargaining agreement in 2013. There was a temporary hiatus in the payment of the LLW in 2014, when due to financial constraints in local government Harrow Council adopted a pay freeze.

Harrow is currently seeking accreditation from the Living Wage Foundation. The primary requirement for this accreditation is that we are a London Living Wage employer. Since 2015, Harrow resumed increasing the lowest points on its salary scales to meet the London Living Wage and has continued to pay the London Living Wage consistently to date.

Pay Multiple

The 'pay multiple' is the ratio between the highest paid employee's pay and the median average pay of the Council's workforce and is currently 1:6. The Council's highest paid post is the Chief Executive (Head of Paid Service)

Pay Grading

In 2004 the Council entered into a single status agreement with its recognised trade union, introducing common job evaluation schemes⁴ and pay scales for the Council's former manual workers, administrative, professional, technical and clerical employees with the exception of Education Psychologists, Nursery Nurses, Youth & Community Workers, Chief Officers and the Chief Executive.

In 2007 job evaluation was extended to include Chief Officers using independent Hay Group Job Evaluation process

From April 2013 the Council took over specific public health functions from the NHS and staff transferred from the NHS to the Council on NHS grades and pay scales. New public health posts are being recruited to on the local government grades and pay scales.

National / Regional Pay Agreements

The Council supports the national (JNC/NJC⁵ and Soulbury) and regional (GLPC) collective bargaining arrangements for pay and conditions of service and the pay scales for all employees, including the Chief Executive and Chief Officers, are increased in line with national and regional pay agreements. Some conditions of service are negotiated locally.

⁴ The Greater London Provincial Council (GLPC) Scheme is used for all Harrow graded jobs and the Hay Scheme for senior professional and managerial jobs.

⁵ Joint Negotiating Committee / National Joint Council

Pay on Appointment

All employees, including Chief Officers are normally appointed on the lowest pay spine column point for their job evaluated grade. In exceptional circumstances employees may be appointed at a higher point within the evaluated grade. Instances where to attract the most experienced and sought-after skills for the good of the Council and where there is competition or shortages across London Boroughs may determine a higher starting spinal point.

The Council delegates authority to the Chief Officers' Employment Panel to make recommendations to Council on the appointment of the Head of Paid Service, (Chief Executive) and make appointments of Chief Officers in accordance with the Council's Pay Policy.

The Council's delegations to the Chief Officers' Employment Panel also include, determination of any remuneration package of £100,000 or greater. Remuneration packages of £100,000 or greater are also reported to full Council.

Pay Progression

All employees are able to incrementally progress through the pay spine column points for their job evaluated grade.

Progression will normally be one increment (pay spine column point) on the 1st of April each year until they reach the top of their grade. During the first year of service, employees who start between 1st October and 31st March will receive their incremental progression after 6 months service

The criteria for pay progression for all staff is subject to satisfactory performance and can be withheld if there is a current sanction such as a written warning in place or where performance is being addressed through formal procedures.

Progression for Chief Officers is subject to the following qualifications:

- i. Increments may be accelerated within a Chief Officer's scale at the discretion of the council on the grounds of special merit or ability.
- ii. An increment may be withheld following an adverse report on a Chief Officer (subject to that Chief Officer's right of appeal). Any increment withheld may be paid subsequently if the Chief Officer's services become satisfactory.

Performance Related Pay

Council employees including the Chief Executive and Chief Officers do not currently receive performance related payments or bonuses. However, the Council's employment policies and procedures are reviewed on a regular basis in the light of service delivery needs and any changes in legislation etc.

The Council operates a Reward and Recognition Scheme for employees who, subject to meeting the criteria of the scheme, may receive payments of £250 or £500. Details of Reward and Recognition payments to senior management are published online: [Senior managers pay 2020-21 \(harrow.gov.uk\)](https://www.harrow.gov.uk/2020-21/senior-managers-pay)

Other Payments

The Head of Paid Service may authorise other payments as necessary, in accordance with the Council's delegations.

Details of any other payments to senior management are published online: [Senior managers pay 2020-21 \(harrow.gov.uk\)](#)

Market Supplements

The Council may apply market supplement payments to jobs with recruitment or retention difficulties. Market supplements are applied following a robust evidenced business case that meets criteria defined in the Market Supplement policy and agreed by the Corporate Director, Director of HR and the portfolio holder of the directorate. Details of market supplement payments to senior management are published online: [Senior managers pay 2020-21 \(harrow.gov.uk\)](#)

Fees for Election Duties

The Council's policy for payment of fees for election duties is published online: [Election fees and Charges.](#)

The Council's Director of Legal and Governance is the Returning Officer for Harrow Elections.

Details of fees for election duties paid to senior management are published online: [Senior managers pay 2020-21 \(harrow.gov.uk\)](#)

Pension

All employees are auto enrolled into the Local Government Pension Scheme and employees who remain in the Scheme receive benefits in accordance with the provisions of that Scheme as applied by the Council. Details of the Council's policy and decisions in respect of discretionary elements of the Scheme are published online:

- [Harrow Pension Fund - Policy on Discretions](#)
- [Annual Report and Pension Fund Final Accounts 2019-20 \(harrowpensionfund.org\)](#)

From April 2013 the Council took over specific public health functions from the NHS and staff who transferred from the NHS to the Council and were members of the NHS Pension Scheme continue to be members of that Scheme and receive benefits in accordance with the provisions of that Scheme.

Other Terms and Conditions of Employment

The pay, terms and conditions of council employees are set out in employee handbooks. Handbooks are produced for all employees, including managers and senior professionals, Chief Officers and the Chief Executive and the latest editions are published online: [Harrow Council Employee Handbooks.](#)

Payments on Termination of Employment

In the event that the Council terminates the employment of an employee, including a Chief Officer, on the grounds of redundancy or efficiency of the service they will be entitled to receive compensation and benefits in accordance with the Council's Redundancy and Early Retirement schemes, which are published online:

- [Harrow Council Employee Handbooks](#)
- [Harrow Pension Fund - Policy on Discretions](#)

The Council's Redundancy scheme was changed as a result of the modernising review and compensation payments to employees reduced in 2014 and 2015.

The Council's delegations to the Chief Officers' Employment Panel, include determination of any payments on termination of £100,000 or greater.

Details of compensation payments paid to senior management are published at: [Senior managers pay 2020-21 \(harrow.gov.uk\)](#)

Further information on the scheme is published online: [Red Payments Agreed](#)

Severance payments or remuneration packages of £100,000 or greater are also reported to full Council.

Re-employment of Employees

Section 7 of the Local Government and Housing Act 1989 requires that every appointment to paid office or employment in a local authority shall be made on merit.

Should a successful candidate be in receipt of a redundancy payment the Council will refer to the provisions of the Redundancy Payments (Continuity of Employment in Local Government etc.) (Modification) Order 1999 (as amended) regarding the recovery of redundancy payments.

The rules of the Local Government Pension Scheme also have provisions to reduce pension payments in certain circumstances to those who return to work within local government service.

Redundancy Payments will be affected if an employee receives an unconditional offer of employment from this or any other Local Authority (or any other employer covered by the Modification Order), on or before their last day of service with this Council **and** takes up such employment within 4 weeks of their last day of service.

If an employee in receipt of an augmented pension (i.e. pensions attributed to an award of compensatory added years) from the Council is re-employed, the augmented pension will cease during the period of re-employment.

Further Information

Harrow's annual Pay Policy Statement will be published on the council's website. For further information on the Council's pay policy please contact the Council's Human Resources & Organisational Development Service by email to askhr@harrow.gov.uk

INTRODUCTION

In the Spending Review 2015, it was announced that to support local authorities to deliver more efficient and sustainable services, the government will allow local authorities to spend up to 100% of their fixed asset receipts on the revenue costs of reform projects.

- The flexibility was initially offered to the sector for the three financial years 2016/17 to 2018/19.
- In December 2017, the Secretary of State announced, alongside the provisional local government finance settlement, the continuation of the capital receipts flexibility programme for a further three years, covering 2019/20 to 2021/22.
- As part of the Spending Review announced in October 2021, Government signalled that the scheme will continue beyond 2021/22 but have not yet announced if the scheme will remain the same and so the best advice provided by DLUHC is that we assume it continues in its present form.

Qualifying expenditure is expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners.

Local authorities are given the power to use capital receipts from the disposal of property, plant and equipment assets received in the years in which this flexibility is offered, to spend up to 100% of their fixed asset receipts (excluding Right to Buy receipts) on the revenue costs of reform projects. Local Authorities may not use their existing stock of capital receipts to finance the revenue costs of reform.

The key criteria to use when deciding whether expenditure can be funded by the capital receipts flexibility is that it is forecast to generate ongoing savings to an authorities', or several authorities, and/or to another public sector body's net service expenditure.

Qualifying expenditure is expenditure on any project that is designed to generate ongoing revenue savings in the delivery of public services and/or transform service delivery to reduce costs and/or transform service delivery in a way that reduces costs or demand for services in future years for any of the public sector delivery partners.

EXAMPLES OF QUALIFYING PROJECTS

There are a wide range of projects that could generate qualifying expenditure and the list below is not prescriptive. Examples of projects include:

- Sharing back-office and administrative services with one or more other council or public sector bodies;
- Investment in service reform feasibility work, e.g. setting up pilot schemes;
- Funding the cost of service reconfiguration, restructuring or rationalisation (staff or non-staff), where this leads to ongoing efficiency savings or service transformation;
- Driving a digital approach to the delivery of more efficient public services and how the public interacts with constituent authorities where possible;

- Improving systems and processes to tackle fraud and corruption in line with the Local Government Fraud and Corruption Strategy – this could include an element of staff training;
- Setting up commercial or alternative delivery models to deliver services more efficiently and bring in revenue (for example, through selling services to others); and

RULES OF QUALIFICATION

Local authorities cannot borrow to finance the revenue costs of service reform.

For any financial year the Strategy (“the initial Strategy”) should be prepared before the start of the year.

The authority should prepare an annual strategy that includes separate disclosure of the individual projects that will be funded or part funded through capital receipts flexibility and that the strategy is approved by full Council or the equivalent.

Set up and implementation costs of any new processes or arrangements can be classified as qualifying expenditure. The ongoing revenue costs of the new processes or arrangements cannot be classified as qualifying expenditure.

All services must ensure that they have adequate available resources to maintain the ongoing revenue requirement for all capital projects.

Where possible, the Council will be looking to fund the revenue costs from within revenue resources and therefore the use of capital receipts will only be utilised where all other funding streams have been exhausted.

STRATEGY FOR USE OF FUNDS

Where the Council is looking to capitalise pump priming costs, additional surplus assets may be identified and sold.

The council will have due regard to the requirements to the Prudential Code and the impact on the prudential indicators. Capital receipts from the sale of assets are not built into the Council's current capital programme and so the utilisation of receipts for capital receipts flexibility will not have a detrimental impact on the Council's prudential indicators, as set out in the Council's Treasury Management Strategy.

All schemes which are eventually deemed to qualify under this programme would have the required costs funded through capital receipts rather than revenue funding streams.

Approval of projects and allocation of funds arising from the use of flexible capital receipts will be at the discretion of the Section 151 Officer.

Any revenue expenditure, which falls within the criteria of qualifying expenditure, can be attributed as eligible for applying against capital flexibilities where this expenditure leads to ongoing efficiency savings or service transformation.

Saving on Appendix 1A

Savings Reference	Description of Proposal	2022/23 £	Is an EQIA required (Y/N)	Age (including carers)	Disability (including carers)	Gender Reassignment	Marriage and Civil Partnership	Pregnancy and Maternity	Race	Religion and Belief	Sex	Sexual Orientation	Impact before mitigation	Impact after mitigation
Housing General Fund	Property Acquisition Programme - Savings in Temporary Accommodation costs as a result of purchasing properties to use for temporary accommodation as an alternative to using Bed and Breakfast and Private Sector Leasing to house the homeless. The Capital Programme allocation to be funded from borrowing is approximately £6m pa for 2021/22, 2022/23 and 2023/24 - totalling £18.062m over a 3 year period. Based on Capital financing costs of 5% (2% MRP and 3% interest), the annual cost would be £900k by year 3. The saving will be reviewed and adjusted according to capital spend taking place.	-300	N	N	N	N	N	N	N	N	N	N	N	N

Note: This proposal is likely to have a beneficial equalities impact

Savings on Appendix 1B - no Savings

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Summary of Resident Consultation

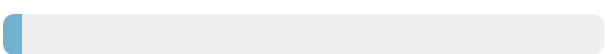
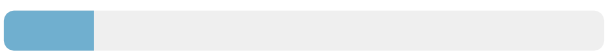
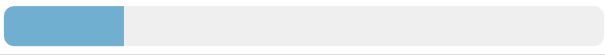

Question 1

Please provide your postcode, or if you prefer, the first four characters from your postcode.

This question has been answered 59 times.

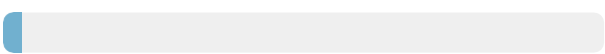
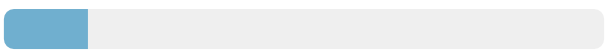
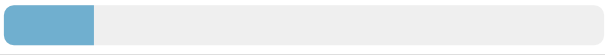

Question 2

Given the extent of the savings required, overall do you agree with the Council's proposed draft budget?

Strongly Agree		2
Agree		9
Disagree		12
Strongly Disagree		36

Question 3

Given the Council's funding situation, do you agree with the Council's proposal to increase core Council tax by 1.99%?

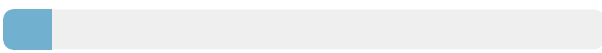
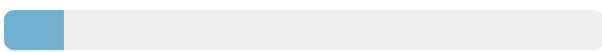
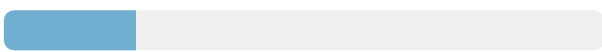

Strongly Agree		2
Agree		8
Disagree		9
Strongly Disagree		40

Question 4

Given the Council's funding situation, do you agree with the Council's proposal to


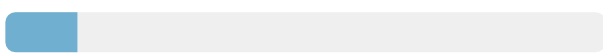




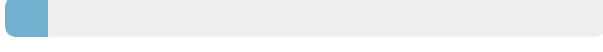
Summary of Resident Consultation

further increase Council tax by the 1% adult social care precept?

Strongly Agree		5
Agree		6
Disagree		13
Strongly Disagree		35

Question 5

Are you, or are you the representative of:

a Harrow Council Tax payer?		58
a payer of other taxes, rates or levies to Harrow Council?		7
someone who uses Harrow Council public realm and environmental services including roads, bin collection, schools or libraries?		27
someone who uses Harrow Council social care services including neighbourhood resource centres or social worker visits?		4
someone who uses Harrow Council housing services including housing benefit or council-owned housing?		1
someone who uses other Harrow Council services (please specify)?		5
someone who has a different interest in Harrow Council operations (please specify)?		0

Summary of Resident Consultation

Question 6

How does the budget, overall, affect you or your family?

This question has been answered 49 times.

Question 7

Do you have specific comments, views, ideas or points to make about the budget in general or any of the proposals in the budget in particular?

This question has been answered 41 times.

Question 8

After reading our proposals, can you think of other, better options for saving money, reducing spending or limiting provision in Harrow's services, or ways to increase our income through commercial or other projects?

This question has been answered 45 times.

Equality Monitoring

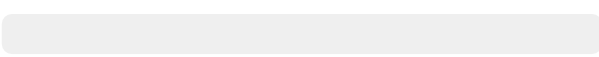


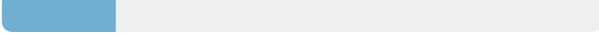
The following questions are anonymised. We ask them to find out if we are hearing from a full cross-section of Harrow's diverse population.

This question has been answered 6 times.

What is your age group?



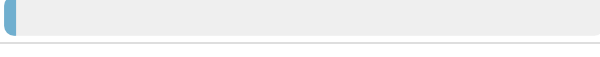
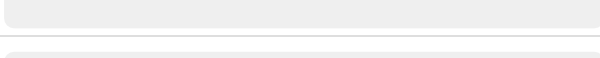
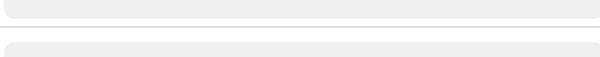
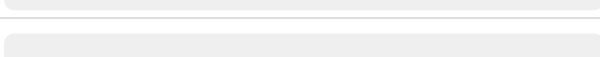
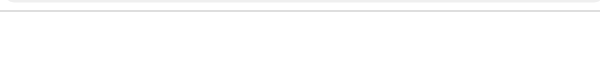
Under 16	<input type="text"/>	0
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Summary of Resident Consultation

16 – 24 years		0
25 – 44 years		16
45 – 64 years		26
65 & over		10



Disability

Are your day-to-day activities limited because of a health problem or disability which has lasted or is expected to last at least 12 months?

No		48
Yes, affecting mobility		2
Yes, affecting hearing		1
Yes, affecting vision		0
Yes, a learning disability		0
Yes, mental ill-health		0
Yes, another form of disability		0

Marriage or Civil Partnership

Are you married or in a civil partnership?

Yes		35
No		13

Pregnancy or Maternity

Have you been pregnant and / or on maternity leave during the past 2 years?

Summary of Resident Consultation

Yes		0
No		47

Sex

What is your sex?

Male		28
Female		18

Is your gender identity the same as the gender you were assigned at birth?

Yes		48
No		0

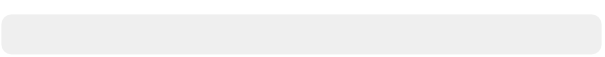

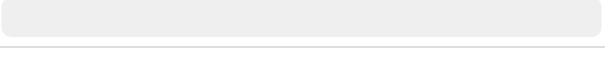

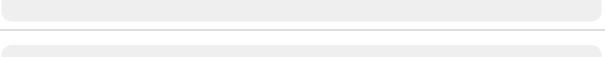
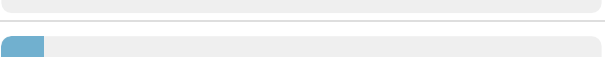

Sexual Orientation

Bisexual		0
Gay Man		1
Gay Woman / Lesbian		1
Hetrosexual		37
Other		1

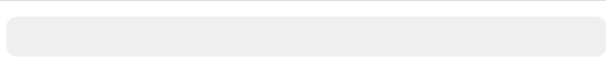

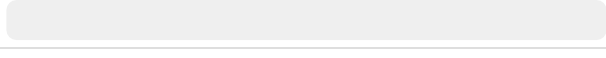
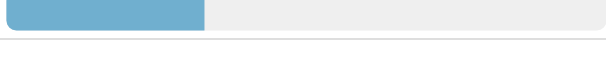
Ethnic Origin

Asian or Asian British

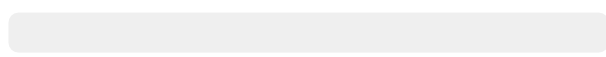

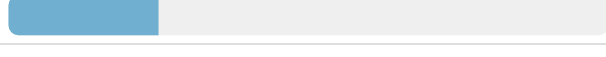

Summary of Resident Consultation

Afghan		0
Bangladeshi		0
Chinese		0
Indian		14
Pakistani		0
Sri Lankan		0
Other Asian background:		1

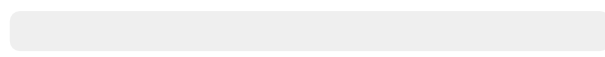
Black or Black British

African		0
Caribbean		4
Somali		0
Other Black background:		2

Mixed Background

White and Black African		0
White and Black Caribbean		0
White and Asian		1
Other mixed background:		3


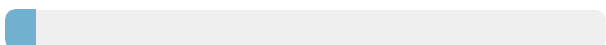
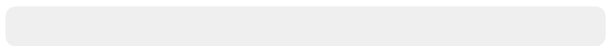
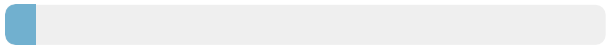

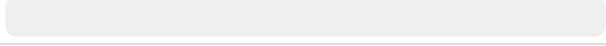
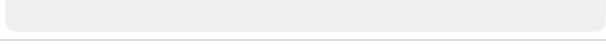
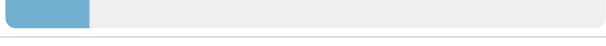
Other ethnic background

Arab		0
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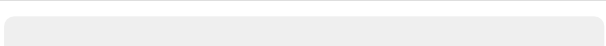

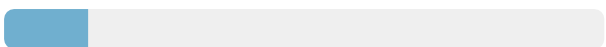

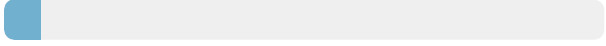
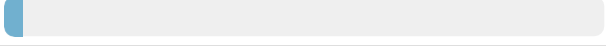
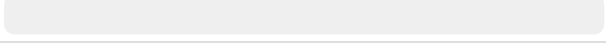
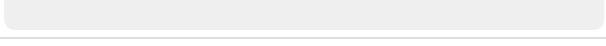
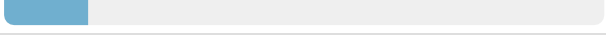
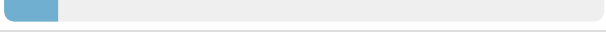
Summary of Resident Consultation

Other ethnic backgrounds:		1
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White or White British

English		16
Irish		1
Polish		0
Romanian		1
Scottish		1
Welsh		0
Irish Traveller/Gipsy		0
Other white background:		3

Religion and belief

Buddhism		0
Christianity (all denominations)		17
Hindusim		5
Islam		2
Jainism		2
Judasim		1
Sikhism		0
Zoroastrianism		0
No religion/Atheist		5
Other religion:		3

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