

Performance and Finance Scrutiny Sub-Committee Agenda

Date: Tuesday 13 December 2022

Time: 6.30 pm

Venue: Auditorium - Harrow Council Hub, Forward Drive,
Harrow

Membership (Quorum 3)

Chair: Councillor Yogesh Teli

Conservative Councillors: Nitesh Hirani

Samir Sumaria

Labour Councillors: Graham Henson (VC)
Natasha Proctor

Conservative Reserve Members:

1. Salim Chowdhury
2. Govind Bharadia
3. Vipin Mithani

Labour Reserve Members:

1. Dan Anderson
2. Kandy Dolor

Contact: Mwim Chellah, Senior Democratic and Electoral Services Officer
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You will be admitted on a first-come-first basis and directed to seats.

Please:

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Agenda publication date: Friday 2 December 2022

Agenda - Part I

1. **Attendance by Reserve Members**
To note the attendance at this meeting of any duly appointed Reserve Members.
2. **Declarations of Interest**
To receive declarations of disclosable pecuniary or non pecuniary interests, arising from business to be transacted at this meeting, from all Members present.
3. **Minutes** (Pages 5 - 8)
That the minutes of the meeting held on 27 July 2022 be taken as read and signed as a correct record.
4. **Public Questions**
To note any public questions received.

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, 7 December 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.
6. **References from Council and Other Committees/Panels**
To receive any references from Council and/or other Committees or Panels.
7. **Draft Revenue Budget 2023/24 and Medium-Term Financial Strategy 2023/24 to 2025/26** (Pages 9 - 48)
8. **Draft Capital Programme** (Pages 49 - 64)
9. **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.]



Performance and Finance Scrutiny Sub-Committee

Minutes

27 July 2022

Present:

Chair: Councillor Yogesh Teli

Councillors: Graham Henson
Nitesh Hirani
Natasha Proctor
Samir Sumaria

1. Attendance by Reserve Members

RESOLVED: To note there were none.

2. Appointment of Vice-Chair

RESOLVED: That, in accordance with Committee Procedure Rule 7.2.2, Councillor Graham Henson was appointed Vice-Chair of the Committee for the 2022/2023 Municipal Year.

3. Declarations of Interest

RESOLVED: To note that there were none.

4. Minutes

RESOLVED: That the minutes of the meeting held on 29 March 2022, be taken as read and signed as a correct record.

5. Public Questions

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

6. Petitions

RESOLVED: To note that no petitions were received.

7. References from Council and Other Committees/Panels

RESOLVED: To note that there were none.

Resolved Items

8. Revenue and Capital Monitoring 2021-22 - Final Outturn

Members received the Revenue and Capital Monitoring 2021-2022 Final Outturn Report, which set out the Council's final revenue and capital outturn position for 2021-2022.

The final spend on the Capital Programme was £74.646m, 35% of the budget. The final spend on the General Fund was £44.117m, 39% of the budget. The variance of £69.758m was made up of proposed slippage of £64.626m and a net underspend of £5.132m.

The final spend on the Housing Revenue Account (HRA) was £30.529m, 30% of the budget. The variance on the HRA of £72.116m was made up of budget realignment of £51.980m, agreed by Cabinet in February 2022. There was a proposed slippage of £18.322m, and an underspend of £1.815m.

In the discussion that ensued, Members asked questions and made the following comments:

- what effect the underspend on staff recruitment was having on operations, and whether there was an over-reliance on agency staff;
- if there were enough funds for adult social care in the reserves, and whether financial pressure was growing as care homes increased their rates;
- what other measures the Council could take to maintain financial accountability;
- some services had been underfunded for several years, and Councils across the country, including Harrow, would need to take decisions on services that could be scaled down;
- though financial pressures were enormous for Councils, including Harrow, the scrutiny of finances continued to function appropriately by keeping spending under check; and
- whether more funding would be forthcoming from Central Government.

In response, Dawn Calvert, Director of Finance and Assurance, advised that:

- recruitment and retention of staff was challenging for some posts, and inflationary costs were also having an effect. However, inflationary pressures were better than the year before;
- there was around £3.7m in reserve for adult social care carried forward from last year. However, it would depend on how much more demand

there would be during the year to determine if additional resources would be required;

- the Council had continued to maintain strong financial management. There was a statutory obligation to have a balanced budget, which was monitored on a monthly basis;
- Central Government officials were required to keep the commitments made to local government, including Harrow, to provide the funds that had been promised.

Members were pleased that the Council had continued to maintain financial prudence.

RESOLVED: That the Report be noted.

(Note: The meeting, having commenced at 6.30 pm, closed at 7.22 pm).

(Signed) Councillor Yogesh Teli
Chair

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Report for: Cabinet

| | |
|-------------------------------------|---|
| Date of Meeting: | 8 th December 2022 |
| Subject: | Draft Revenue Budget 2023/24 and Draft Medium Term Financial Strategy 2023/24 to 2025/26 |
| Key Decision: | Yes |
| Responsible Officer: | Dawn Calvert – Director of Finance and Assurance |
| Portfolio Holder: | Councillor David Ashton – Portfolio Holder for Finance and Human Resources |
| Exempt: | No |
| Decision subject to Call-in: | Yes |
| Wards affected: | All |
| Enclosures: | Appendix 1A – Savings and Growth from 2023/24 Budget Process Appendix 1B – Savings and Growth from 2022/23 Budget Process Appendix 2 - Medium Term Financial Strategy 2023/24 to 2025/26 Appendix 3 – Draft Public Health Budget 2023/24 Appendix 4 - Draft Schools Budget 2023/24 |

Section 1 – Summary and Recommendations

This report sets out the draft revenue budget for 2023/24 and draft Medium Term Financial Strategy (MTFS) for 2023/24 to 2025/26. The budget and MTFS will be brought back to Cabinet in February 2023 for final approval and recommendation to Council.

Recommendations:

Cabinet is requested to:

- 1) Approve the draft budget for 2023/24 and the MTFS 2023/24 to 2025/26 for general consultation as set out in Appendices 1(A & B) and 2 so that Cabinet may later consider the budget considering the consultation responses and the equality impact assessment (s) before it is referred to Council in February 2023.
- 2) Note the Autumn Settlement 2022 confirmed broad plans for public spending for 2023/24, which will impact on local government, and that the draft budget will be updated when the detail is announced in the Indicative Financial Settlement which is expected week commencing 19 December followed by the Final Settlement no later than January 2023 (paragraph 1.07).
- 3) Note that, at draft budget stage, there remains an estimated budget gap of £10.923m for 2023/24, £0m for 2024/25 and £10.964m for 2025/26 (noting the caveat regarding the Social Care Grant in Table 1).
- 4) Note the proposal to increase core Council Tax by 2.99% in 2023/24 and 2024/25 and then by 1.99% in 2025/26 (Table 1 and paragraph 1.17).
- 5) Note the proposal to increase Adult Social Care Precept Council Tax by 2% in 2023/24 and then by 1% per annum in 2024/25 and 2025/26 in respect of the Adult Social Care Precept (Table 1 and paragraph 1.17).
- 6) Approve the draft Public Health budget for 2023/24 as set out in Appendix 3.
- 7) Note there are no proposed structured changes to the schools funding formula for 2023/24 as set out in Appendix 4.
- 8) Note the assumed funding for the protection of social care 2023/24 through the BCF (paragraphs 1.46 to 1.49)
- 9) Authorise the Director of Finance and Assurance, following consultation with the Portfolio Holder for Finance and Human Resources, to agree Harrow's 2023/24 contribution to the London Borough's Grant Scheme (paragraph 1.52).
Final approval will be sought from Cabinet and Council in February 2023.

Reason: (for recommendations) To ensure that the Council publishes a draft budget for 2023/24 and a draft three Year MTFs to 2025/26.

Section 2 – Report

BACKGROUND

- 1.01 Harrow remains one of the lowest funded Councils both within London and nationally. The Council does not benefit from large reserves compared with the rest of London and is in the lower end of the lower quartile for reserve balances held.
- 1.02 Over the last 10 years, up to 2022/23:
- The Council's revenue support grant has reduced from £50.5m to £1.6m.
 - The Council does receive other grant funding to support services, in 2022/23 this totalled £366m. However, these grants are all ring fenced to areas of activity and cannot be used to support the core budget, for example the Dedicated Schools Grant of £143m.
 - However, the Council does not receive specific funding to meet demographic growth and demand led pressures. On top of this, inflation is increasing exponentially creating unfunded budget pressures.
 - Council Tax has been increased just below referendum limits and full use has been made of the Adults Social Care Precept, both of which were in line with central government expectations. The impact of this is that the Council is heavily reliant on Council Tax to fund its core budget. In 2022/23 80% of the Council's net revenue budget of £183.3m is funded from Council Tax.

SUMMARY

- 1.03 The draft budget set out in this report shows an updated MTFs with several changes which Cabinet are asked to note. After all adjustments there remains budget gaps of £10.923m, £0m and £10.964m over the three years of MTFs for 2023/24 to 2025/26 (noting the caveat regarding the Social Care Grant). It is important to note that for 2025/26, several the budget adjustments are estimated at a high level due to the challenges of forecasting complex issues such as inflation, 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.
- 1.04 The draft MTFs is based on the continuation of announcements made in SR 21 (October 2021) and more recently the 2022 Autumn Statement (November 2022). Both contained several policies and announcements which will impact on local government although the detail of these will only be known with certainty in the Local Government Indicative Financial Settlement expected week commencing 19 December. Estimates have been based on the most up to date information known at the time of setting the draft MTFs. It is very likely this position will change following the indicative settlement and this

change could be for the better or worse. The final settlement is expected to be agreed no later than the end of January 2023. Whilst it is intended that Members will approve the MTFS in February 2023, 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.

SPENDING REVIEW 2021 AND AUTUMN STATEMENT 2022

Spending Review 2021

- 1.05 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. There were 2 announcements that impacted on 2023/24 and 2024/25. The first being the £1.5b per annum of new grant funding into local government 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). The MTFS assumed that the Council's share was based on proportionality, i.e., Harrow's proportionate share of Adults Social care nationally (0.004) resulting in an estimated grant value of £6m additional per annum over the three years 2022/23 to 2024/25. The Department of Levelling Up, Housing and Communities (DHLUC) has provided assurances that that this funding will continue with announcements in the Autumn Statement 2022 being additional to SR21 and not a replacement for. Hence £12m of additional funding (£6m in both 2023/24 and 2024/25) remains in the MTFS.
- 1.06 The second announcement was the £3.6b over 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 Council received £763k in 2022/23. Plans for years 2 and 3 have been changed by the Autumn Statement 2022.

Autumn Statement 2022

- 1.07 The Chancellor of the Exchequer delivered the Autumn Statement on 17 November. The statement set out the broad policy direction in three key areas: economic stability, economic growth, and public services. The key policy announcements relating to public spending and local government are summarised below:
- The Council Tax referendum limit will rise from 2% to 3% in 2023/24 with the adult social care precept flexibility rising from 1% to 2%. This flexibility is also allowed for 2024/25.
 - Adult Social Care (ACS) funding reforms will be pushed back by 2 years to October 2025
 - The funding to deliver the ACS reforms will be repurposed with £1.3bn for 2023/24 and £1.0bn in 2024/25 distributed to Local Authorities through the Social Care Grant

- An extra £1bn to go towards social care via the Better Care Fund (£600m) and through a ring-fenced ASC grant (£400m) in 2023/24 rising to £1.7bn in 2024/25
- The business rates multiplier will be frozen in 2023/24 and local authorities will be fully compensated for any loss of income
- Social care rents (within the HRA) will be capped at 7%
- The £1bn Household Support Fund will be continued for another 12 months from April 2022
- The school's budget will be increased by £2.3bn in each year above the SR21 level.

1.08 Where possible to quantify the Autumn Statement announcements, they have been built into the draft budget and MTFs. In terms of next steps, the Indicative Financial Settlement for Local Government is due week commencing 19 December. The settlement is expected to quantify the funding for 2023/24 and set a very clear direction for 2024/25. Acknowledging that publication is later than in previous years DHLUC will provide an update on the settlement in early to support the budget setting process ahead of the publication of the settlement.

DELIVERY OF THE 2022/23 BUDGET

1.09 Harrow has had a good track record of robust financial management and has not reported a revenue budget overspend for many years. However recent years have proved more challenging. The budget for the current financial year assumes a drawdown of £14.7m from the MTFs Budget Planning Reserve. The use of reserves is one off in nature and the reversal of this action is the main contributing factor to the 2023/24 budget gap as reported to Council in February 2022.

1.10 Performance against the 2022/23 budget is detailed in a separate report on this agenda, 'Q2 Revenue and Capital Budget' report. This report forecasts a net overspend of £11.513m assuming no draw down from the MTFs Budget Planning Reserve. The reality is that the Council is spending above its budget envelope, and this is not sustainable. A revised financial strategy is being implemented to address the overspend position and reduce the Council's expenditure to within its budget envelope, more detail of which will be provided later in this report.

1.11 In line with the national picture, the Council is being hit hard with inflation. Inflation on energy is estimated to cost £2.6m more than 2021/22 and is being contained just within the budget provision of £2.750m. Budget provision for pay inflation was £2m (2%). The 2022/23 pay award has recently been announced and it equated to an increase of 6.4% against the pay bill and has creating an unfunded budget pressure of £4.070m (net of reversing out the planned NI increase of 1.25%). Front line services continue to experience pressures which will continue in 2023/24 and must be considered as part of the MTFs refresh process. In total these are estimated at £8.8m.

BUDGET PROCESS 2023/24

1.12 The Council has a statutory obligation to agree and publish the budget for 2023/24, and approval for this will be sought in February 2023. In preparing

the 2023/24 budget and rolling forward the MTFS to cover the three-year period 2023/24 to 20245/26, the current MTFS has been the starting point for the process.

1.13 The Council's financial position and its operational environment has always been affected by several financial uncertainties and adjustments that impact upon its financial position over the short and medium term. In preparing the draft budget for 2023/24 the existing MTFS has been:

- Refreshed and rolled on a year
- Updated to reflect the estimated impact of Autumn Statement 2022 where the financial implications can be assessed for the Council with a reasonable degree of certainty, making use of estimated information from London Councils, accepting that there is an element of uncertainty and risk until the Indicative Financial Settlement is received week commencing 19 December

1.14 The adjustments are summarised in Table 1 below. Following Table 1 there is an explanation for the figures contained within. These adjustments are also set out in Appendix 2 along with adjustments included within the previous MTFS agreed as part of the 2022/23 Budget process:

| Table 1: Changes to the MTFS (Prior to Indicative Finance Settlement) | | | |
|---|----------------|----------------|----------------|
| | 2023/24 | 2024/25 | 2025/26 |
| | £'000 | £'000 | £'000 |
| Published Budget Gap (Feb 2022) | 16,593 | 0 | 0 |
| Adjustments: | | | |
| Reverse out 24/25 estimated directorate growth | | -3,788 | |
| Council Tax, National Non Domestic Rates (NNDR), Collection Fund: | | | |
| Reverse out 2.99% income from increase already included in MTFS as part of 2022/23 budget | 4,370 | 4,502 | 0 |
| Increase in Council Tax 2023/24 - 4.99% | | | |
| - Core Council Tax @ 2.99% | -4,880 | | |
| - Adult Social Care Precept @ 2% | -2,933 | | |
| Increase in Council Tax 2024/25 - 3.99% | | | |
| - Core Council Tax @ 2.99% | | -4,604 | |
| - Adult Social Care Precept @ 1% | | -1,540 | |
| Increase in Council Tax 2025/26 - 2.99% | | | |
| - Core Council Tax @ 1.99% | | | -3,202 |
| - Adult Social Care Precept @ 1% | | | -1,586 |
| Increase in Council Tax Base of 300 band D equivalents | | -500 | |
| Increase in Retained NNDR / Increase in NNDR Multiplier Grant | -3,180 | | |
| 2022/23 Collection Fund Surplus | -1,939 | 1,939 | |
| Technical Changes: | | | |
| Pension Contributions and Pay Inflation | | | |
| Reduction in Pension Fund Deficit Contribution / Revised Recharges to Pension Fund | -1,010 | | |
| Pay award 2022/23 - Additional requirement over £2m already provided in MTFS | 4,400 | | |
| Pay award 2023/24 & 2024/25 - 4% / 2025/26 - 3% (over provision already made) | 1,250 | 1,250 | 3,000 |
| Non Pay Inflation | | | |
| Non Pay Inflation 24/25 - Additional £1m / 2025/26 £1m in total | | 1,000 | 1,000 |
| Capital Financing Costs | | | |
| 25/26 Capital Programme costs from 22/23 refresh | | | 1,747 |
| 26/27 Capital Programme costs from current refresh £1.5m | | | |
| One off saving on Capital Financing costs due to underspends on Capital Programme | -2,000 | 2,000 | 0 |
| Applying capital receipts to fund the Capital Programme | -1,700 | -1,300 | -1,300 |
| Capital Receipts Flexibilities | -1,250 | | 1,250 |
| Freedom Passes | | | |
| Saving 23/24 | -1,580 | | |
| Growth 24/25 | | 2,322 | |
| Growth 25/26 | 0 | | 1,000 |
| 2022 Autumn Statement: | | | |
| National Insurance - Reversal of 2022/23 NI growth to fund 1.25% increase | -800 | | |
| Corresponding reduction in SR21 Increase in Core Spending Grant | 800 | | |
| Social care grant - increased by £1.3bn nationally, increasing to £1.7bn (Note 1) | -4,280 | -1,975 | 6,255 |
| Adult Social care grant - increased by £400m nationally in 2023/24 and a further £283m in 2024/25 | -1,620 | -1,146 | |
| IBCF (50% of the national allocation of £600m in 2023/24, increasing to £1bn by 2024/25) | -930 | -620 | |
| IBCF contribution to pool | 930 | 620 | |
| Directorate Adjustments: | | | |
| Chief Executive Office | -50 | -410 | |
| Resources | -285 | -300 | 0 |
| Place | 1,191 | | |
| People | 0 | 1,550 | 1,800 |
| General growth provision - council wide | 1,000 | 1,000 | 1,000 |
| Impact of 2022/23 Pressures Carried into 2023/24: | | | |
| Resources | 430 | | |
| Place | 4,196 | | |
| People (Children's) | 4,200 | | |
| Revised Budget Gap (December 2022) | 10,923 | 0 | 10,964 |

Note 1 on table 1: If the Social Care Grant continues as a permanent grant beyond 2024/25, this would potentially mean that the estimated gap for 2025/26 would be improved by £6.255m.

Published Budget Gap / 2024/25 Estimated Directorate Growth

- 1.15 The 2022/23 Final Budget and MTFs, which was approved by Council February 2022, estimated the budget gap for 2023/24 to be £16.593m. This therefore forms the starting point for the update of the MTFs. The MTFs currently assumes an estimated sum of £3.788m directorate growth. This is being reversed out and will be replaced by updated growth requirements.

Council Tax, National Non-Domestic Rate (NNDR) and Collection Fund

- 1.16 For 2023/24 the Council's tax base has been calculated, according to the relevant procedures and guidance, at 89,085 Band D equivalent properties, this being the gross tax base of 90,903 less a 2% bad debt provision. This is an increase of 300 Band D equivalent properties which will generate additional income of £0.5m which is included in the additional Council Tax income of £7.813m (£4.880m + £2.933m). The collection rate for 2022/23 is 73.23% at the time of writing this report and estimated to be 97% by the end of the financial year. The Collection Rate for 2023/24 is set at 98%. The calculation of the Council tax base for 2023/24 is subjected to a separate and more detailed report elsewhere on this agenda (Report: Calculation of Council Tax Base for 2023/24).
- 1.17 A maximum Council Tax increase of 4.99% is budgeted for 2023/24 in line with announcements in the Autumn Statement. This covers 2.99% for core Council Tax and a 2% for the Adult Social Care Precept. This will generate additional revenue of £7.813mm in 2023/24. The current MTFs already assumes a Council Tax increase of 2.99% (£4.370m) which is adjusted for. In 2023/24. The Council has had to provide for pay, non-pay and care provider inflation which equates to 13%. The Autumn Statement allowed for Council Tax to be increased by 4.99% in 2024/25. However, the MTFs assumes 3.99%.
- 1.18 The Autumn Statement is clear that the business rates multiplier will be frozen in 2023/24 and local authorities will be fully compensated for any loss of income. Freezing the multiplier 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. Conversations with DLUHC have confirmed the loss of income will be based on September 2022 CPI which was circa 10%. London Councils have estimated this compensation for Harrow to be £3.18m which is what is built into the MTFs
- 1.19 The financial year 2023/24 also benefits from the 2023 revaluation. For Harrow this means an increase of approximately 8% in rateable values. Considering reliefs, this increases the NNDR tax yield results in an increase in Harrow's 30% share of the retention, when combined with s31 grant compensation, and equates to approximately £1.6m. However, the Autumn Settlement was not clear if existing 'top up' and 'tariff' arrangements (Harrow is a 'top up' authority) will be adjusted to reflect the increase in rateable values and S31 compensation hence adjustments in the draft budget have been limited to the Multiplier Grant increase estimated by London Councils.
- 1.20 The Collection Fund and its impact on the 2023/24 budget is subject to a separate report elsewhere on this agenda (Report: Estimated Surplus /

(Deficit) on the Collection Fund 2022/23). The estimated impact on the 2022/23 Collection Fund is a surplus of £1.939m which must be accounted for as a one-off income against the 2023/24 budget.

Technical Changes

- 1.21 The Council administers the Local Government Pension Fund. The Pension Fund gets formally valued every three years through the process known as the triennial valuation. A three-year valuation as of 31 March 2022 has just been completed and indicates that the overall position of the LBH Pension Fund has improved. As a result, the employer pension contribution rate for the Council will reduce from the equivalent of 24.9% of pensionable pay to the equivalent of 23.5% of pensionable pay – leading to a saving of £986,000 to the revenue budget. The cost of administration is borne by the Pension Fund. This has been reviewed and a further cost of £25k is being charged to the fund (this will be subject to review by external audit). In total these adjustments generate a benefit of £1.010m to the MTFs.
- 1.22 The pay award for 2022/23 has recently been agreed and cost £6.4m, an approximate 6.4% uplift against the pay bill. The 2022/23 budget included a provision of £2m and a pressure of £4.4m is being managed in year and needs to be provided for on a permanent basis hence the adjustment of £4.4m in 2023/24. The MTFs already assumes a pay award of 2.75% (for Harrow 1% uplift equates to approximately £1m) for both 2023/24 and 2024/25 which has been increased to 4%. 3% is assumed for 2025/26.
- 1.23 Non pay inflation, which covers areas such as energy costs and contractual up lifts, is proving very difficult to estimate. The MTFs already assumes £2m for non-pay inflation in 2023/24 which will remain as is. For 2024/25 there is an existing provision of £1m which will be increased by a further £1m and a new provision of £1m is provided for in 2025/26.
- 1.24 Alongside the three-year MTFs, the Council sets a corresponding Capital Programme which sets out investing in areas such as highways, street lighting and housing and regeneration. The cost of the capital investment is reflected in the revenue budget as capital financing costs (interest charges on borrowings and the required minimum revenue provision). The 2022/23 refresh of the Capital Programme costs a further £1.747m in capital financing charges in 2025/26 which must be provided for. For noting, the draft Capital Programme for 2023/24 to 2025/26, which is subject to a separate report on the agenda (Report: Draft Capital Programme 2023/24 to 2025/26) will require additional capital financing charges of £1.5m.
- 1.25 The revenue budget must include the cost of financing the Capital Programme. It's not unusual for the Capital Programme to slip into future years and the programme in 2022/23 is expected to underspend by 48% with the majority being slipped into the following year. This will impact on the profiling of the capital financing costs and a temporary adjustment for £2m is being made in the MTFs. This benefit cannot be on going. The Council is currently 'under borrowed' due to the strategy of using internal borrowings (ie internal cash balances) to fund capital investment. If this strategy was to cease, and the full borrowing requirement required, this would require the full capital financing budget.

- 1.26 The Council is currently holding a number of accrued capital receipts (£4.5m) and will receive a further sum estimated at £15.4m from the sale of properties at Leefe Robinson Mews (formerly known as Haslam House) and Pinnora Mews (formerly known as Waxwell Lane Car Park). The revenue implications of investing in short life assets, which are largely IT related, can be expensive because their cost is charged to the budget over their useful life which is often around 5 years. Capital receipts can be used to fund such assets as an alternative to them being funded through the Capital Programme and incurring capital financing charges. The capital receipts in hand and those due will be used for such purposes and will realise revenue savings against the capital financing budget of £4.3m over the three years of the MTFS.
- 1.27 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 and London Councils provide cost estimates for the forthcoming three years which is the most accurate data on which to adjust the budget. The midpoint estimates from London Councils have been compared to the Councils base budget and infer a saving of £1.580m in 2023/24 with growth of £2.322m required in 2024/25. The estimates for 2025/26 infer a significant increase in usage requiring growth of £2.280m. This growth would take the concessionary fares / freedom pass base budget up to £11.80m which is significantly above its pre COVID-19 levels. As this is so far in the future a provisional sum of £1m additional budget is being provided for in the MTFS.

2022 Autumn Statement - impacts on the Budget

- 1.28 The announcements in the 2022 Autumn Settlement that can be quantified with a degree of certainty have been adjusted for in the draft MTFS. In the current year budget, £0.8m of growth was provided for to fund the 1.25% increase in employer National Insurance contributions. As this increase has now ceased, the growth is not required, it can be removed from the MTFS, However the Autumn Statement stated that, as funding was allocated to Local Government as part of SR21 to fund the increase in NI, there would be a corresponding reduction in Core Spending Grant in 2023/24 which is adjusted for.
- 1.29 The implementation of the ASC Reforms has been pushed back to October 2025 and the ASC reform funding, announced in SR21, is being repurposed into a Social Care Grant. At a national level this is £1.3bn in 2023/24 increasing to £1.7bn in 2024/25. London Councils estimate the additional grant funding for Harrow will be £4.280m and £1.975m for 2023/24 and 2024/25 respectively. As the statement clearly states this is for current pressures only, the MTFS prudently assumes this funding ceases in 2025/26 and is repurposed back to funding the ACS reforms.
- 1.30 The Adult Social Care Grant is being increased nationally by £400m in 2023/24 and by a further £283m in 2024/25. Per London Council estimates, Harrows share is £1.640m and £1.146m in 2023/24 and 2024/25 respectively. This funding is assumed to be on going.

- 1.31 The additional funding for Local Government that is being channelled through the Improved Better Care Fund (IBCF) is estimated to be £930k in 2023/24 and £620k in 2024/25. As this funding must be pooled with Health within the Better Care Fund, the MTFS assumption is that this additional funding will be cost neutral to the MTFS.
- 1.32 Directorate adjustments are detailed in Appendix 1A.
- 1.33 The 2022/23 budget is forecasting an overspend of £11.513m. A number of the pressures will continue into 2023/24 and need to be reflected in the budget setting process. The impact into 2023/24 is currently estimated at £8.8m. There is a clear expectation that the in-year pressure will reduce, which could have an impact on the pressures carried forward into 2024/25 and these will be refined in the time for final budget in February 2023.
- 1.34 After all the adjustments, the result is an estimated gap across the MTFS of
 £21.887m
 2023/24 £10.923m
 2024/25 £0m
 2025/26 £10.964m
- 1.35 Using one off reserve is an action of last resort and it is important that the Council, moving forward, manages within its budget envelope. Therefore, next steps between now and final budget in February are:
- Clarify the implications on the MTFS of the Indicative Financial Settlement when received in late December
 - Ensure current in year pressures, estimated at £11.5m, are reduced quickly and sustainably to reduce the impact into future years.
 - Develop a programme of efficiency savings to close the estimated MTFS gap, focusing on 2023/24 in the first instance

Budget Refresh, Growth & Savings

- 1.36 There is a commitment to refresh the three-year MTFS annually to ensure it remains reflective of the changing Harrow and Local Government landscape. Table 2 below summarises the savings and growth previously agreed as part of the 2022/23 process. This shows that there is net growth of £1.901m in 2023/24 and £750k in 2024/25. Therefore, this is net growth across the 2 years of £2.651m.
- 1.37 Table 3 summarises “new” savings and growth from the current 2023/24 budget setting process. This shows that there is net growth of £856k in 2023/24 and a net saving of (£710k) in 2024/25. Therefore, this in net growth across the 2 years of £146k. The summary information in the tables is supported by the details in appendices 1A and 1B.

Table 2: Savings and Growth from the 2022/23 Budget Process (Detail in Appendix 1B)

| | 2023-24 | 2024-25 | Total |
|------------------------------------|--------------|------------|--------------|
| | £000 | £000 | £000 |
| Savings | | | |
| Place | (600) | - | (600) |
| Total Savings | (600) | - | (600) |
| | | | |
| Growth | | | |
| Corporate | 600 | - | 600 |
| Childrens | 1,850 | 750 | 2,600 |
| Place | 51 | - | 51 |
| Total Growth | 2,501 | 750 | 3,251 |
| Net of total Savings/Growth | 1,901 | 750 | 2,651 |

**Table 3: Savings and Growth from the 2023/24 Budget Process
(Detail is set out in Appendix 1A)**

| | 2023-24 | 2024-25 | 2025-26 | Total |
|-------------------------------------|--------------|--------------|----------|----------------|
| | £000 | £000 | £000 | £000 |
| Savings | | | | |
| Resources | (285) | (300) | - | (585) |
| Chief Executive | (50) | (410) | - | (460) |
| Place | - | - | - | - |
| Total | (335) | (710) | - | (1,045) |
| Growth | | | | |
| Resources | - | - | - | - |
| Chief Executive | - | - | - | - |
| Place | 1,191 | - | - | 1,191 |
| Net Total Savings and Growth | 856 | (710) | - | 146 |

CAPITAL RECEIPTS FLEXIBILITY

- 1.38 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 flexibility has been extended on numerous occasions and is currently in place until 31 March 2025.
- 1.39 The Council is working on a strategic review of its assets and part of this review will identify several sites for disposal as they are no longer economically viable. The 2023/24 MTFS includes a budget of £1.250m to fund the Regeneration Team. The nature of this spend meets the capital flexibility criteria and the team will be funded under the capital flexibilities scheme and the £1.250m provision can be removed from the budget. The sum is re-instated in 2025/26 when the scheme is currently intended to end.

PUBLIC HEALTH FUNDING 2023/24

- 1.40 In 2022/23 the total public health grant to local authorities totalled £3.417bn, with £11.62m 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.

- 1.41 The draft Public Health commissioning intentions detailed in Appendix 3 are based on the current (2022/23) grant allocation as Public Health England have yet to announce national funding for 2023/24, however the comprehensive spending review confirmed that the grant would be maintained in real terms. These commissioning intentions reflect alignment with the Health & Wellbeing Strategy, Borough Plan, and evidence of population priorities.
- 1.42 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, if 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.

SCHOOLS FUNDING FOR 2023/24

- 1.43 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.
- 1.44 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.
- 1.45 The NFF will therefore continue to be used to distributed school budgets for 2023/24 There are no proposed changes to the structure of the formula for 2023/24 as detailed in Appendix 4. The proposed final funding formula and final DSG allocations will be reported to Cabinet in February 2023 for approval.

BETTER CARE FUND (BCF) 2023/24

- 1.46 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.

- 1.47 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.
- 1.48 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 in light of 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.

The Autumn statement announced new grant funding of £600m in 2023-24 to support timely hospital discharges through the Better Care Fund. This funding will be split 50/50 with NHS resulting in an additional estimated allocation of £930k for the Council.

- 1.49 The 2023/24 BCF plan will be signed off by the Health & Wellbeing Board ahead of submission to, and assurance by, NHS England.

RESERVES AND CONTINGENCIES

- 1.50 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 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 and unforeseen events. The Council's overall reserves position is reported to Cabinet quarterly as part of the revenue monitoring update. At quarter 2 (end of September 2022), total reserves forecast for carry forward into 2023/24 are £64.4m. If the forecast in year position does not change and requires a draw down from reserves in the region of £11.5m, this reduces reserves to £52.9m. After accounting for earmarked reserves, this does leave the Councils remaining non earmarked reserves at a much-reduced level:

- Contingency for Unforeseen items £1.248m (on going revenue reserve)
- Business Risk Reserve - £0.511m
- Balance Budget Planning MTFS - £10.366m (assuming £11.5m drawn down in 2022/23)
- Capacity / Transformation Reserve - £0.737m
- General Fund – £10.635m

- 1.51 At the end of the financial year, all reserves are reviewed including a focus on ear marked reserves to ensure they are still required for the purpose to which they are designated. The Director of Finance and Assurance will report on the adequacy of the Council's reserves as required in the budget setting report in February 2023.

LONDON BOROUGH GRANTS SCHEME

- 1.52 Harrow's contribution to the London Borough Grant Scheme was £186,907 in 2022/23. At the time of writing this report the Council has not been notified of the recommended contribution for 2023/24. To ensure that the Council can respond to London Council's when contribution rates are notified, it is recommended that Cabinet authorise the Director of Finance & Assurance to agree Harrow's 2023/24 contribution to the London Borough Grant Scheme, in consultation with the Portfolio Holder for Finance and Human Resources. The contribution rate will be reported to Cabinet in February 2023 as part of the final budget.

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 four 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 Public consultation on the overall budget for 2023/24 will commence on 12 December 2023 and will last for a period of 5 weeks ending 15 January 2023 before the final budget is recommended to Full Council on the 23 February 2023. The public consultation will give residents an opportunity to comment on the 2023/24 overall budget before final decisions are formalised in the council's annual budget. Other key stakeholders, including Union Representatives, local businesses, employees, and the Council Scrutiny function will also be fully consulted in the draft budget and MTFs before final approval.
- 2.4 In terms of service specific consultations, the council has a duty to consult with residents and service users in several 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. Council sets the budget envelope and Cabinet works within this. Where appropriate, separate service specific consultations have already taken place or will be taking place for the 2023/24 savings and may be subject to a separate Cabinet report and Cabinet decisions.

3.0 PERFORMANCE ISSUES

- 3.1 In terms of financial performance, Cabinet is updated quarterly on 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"> • In-year Revenue & Capital monitoring reported to CSB, Cabinet and all Members regularly • Budget challenge sessions held mid-year to tackle in year pressures • Implementation of revised financial strategy to reduce Council expenditure to within its budget envelope | <p>Red</p> <p>At Quarter 2 2022/23 this risk is rated at B2 on the Corporate Risk Register – high likelihood and critical impact.</p> |

| | | |
|--|---|--|
| | <ul style="list-style-type: none"> • Process to challenge and quality-assure MTFS savings • Process to ensure MTFS accurately reflects demand & legislative changes • Strategic financial planning with CSB & Cabinet | |
| <p>The draft budget and MTFS is based on the Spending Review 2021 and Autumn Statement 2022, both of which confirmed broad plans for public spending for 2022/23. There is a risk that the Indicative Financial Settlement, which is expected week commencing 19 December, followed by the Final Settlement no later than January 2023 differ requiring changes to the draft budget and MTFS</p> | <ul style="list-style-type: none"> • Draft budget and MTFS based on most up to date information from London Councils and DHLUC based on prudent assumptions • The final budget will be prepared considering the Final Settlement. Any changes will have to comply with the legal requirement to set a balanced budget • There is a contingency for unforeseen items (£1.248m) which is intended to support uncertainty | |
| <p>The process to final budget and MTFS in February 2023 is unable to identify actions to close of the budget gap of £10.9m to achieve the legally required balanced budget for 2023/24.</p> | <ul style="list-style-type: none"> • Draft budget based on most up to date information from London Councils and DHLUC based on prudent assumptions • Implementation of revised financial strategy to reduce Council expenditure to within its budget envelope • Cross Council MTFS Challenge to identify efficiency plans • The Council still has its general fund reserve balance of £10.6m | |
| <p>Balanced budget for 2022/23 not achieved adversely impacting on the 2023/24 budget</p> | <ul style="list-style-type: none"> • The 'Q2 Revenue and Capital Report' forecasts a net overspend of £11.5m. Actions are being implemented to reduce expenditure in year • The estimated impact of 2022/23 pressures into | |

| | | |
|--|--|--|
| | <p>2023/24 are accounted or in the draft budget and MTFS</p> <ul style="list-style-type: none"> • There is a contingency for unforeseen items (£1.248m) which has not been called upon. | |
|--|--|--|

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 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 taxpayers, which means they 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 taxpayers 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 for consultation after which a cumulative equalities impact will be drafted. 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.

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 111 of the Local Government Act 1972 relates to the subsidiary powers of local authorities.

Under Section 114 of the Local Government Finance Act 1988, the chief finance officer (S151 Officer) of a relevant authority shall make a report under this section if it appears to them that the expenditure of the authority incurred (including expenditure it proposes to incur) in a financial year is likely to exceed the resources (including sums borrowed) available to it to meet that expenditure.

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:*
- (d) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;*
- (e) 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;*
- (f) 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 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:

- (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. These will be published along with the final budget and MTFS report to February Cabinet. An assessment will also be carried out on the whole budget which will include any relevant information from the budget consultation, when all proposals have been identified, to ensure that decision makers are aware of any overall equalities impact on the protected characteristics listed above.

Council Priorities

The Council's draft budget and MTFS for 2023/24 has been prepared in line with the Council's priorities:

1. **A council that puts residents first**
2. **A borough that is clean and safe**
3. **A place where those in need are supported**

Section 3 - Statutory Officer Clearance

Statutory Officer: Dawn Calvert

Chief Financial Officer

Date: 06/12/2022

Statutory Officer: Jessica Farmer

Signed on behalf of the Monitoring Officer

Date: 06/12/2022

Chief Officer: Patrick Flaherty

Signed off by the Chief Executive

Date: 06/12/2022

Head of Procurement: Nimesh Mehta

Signed by the Head of Procurement

Date: 06/12/2022

Head of Internal Audit: Dawn Calvert

Signed on behalf of the Head of Internal Audit

Date: 06/12/2022

Mandatory Checks

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

EqlA carried out: NO – to be reported as part of the February 2023 final budget report

Section 4 - Contact Details and Background Papers

Contact: Dawn Calvert – Director of Finance & Assurance.
Dawn.calvert@harrow.gov.uk

Background Papers: None

Call-in waived by the Chair of Overview and Scrutiny Committee - NO

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Savings and growth proposals for 2023/24 and 2024/25- Budget process 2023/24

Appendix 1A

| All Directorates | | | | Proposals | | | | | | | Potential High Impact EIA Y/N | Does this proposal impact on another directorate ? | Key Stakeholders to Consult |
|------------------|-----------|---------------------------------|--|------------------------|-----------------------------------|------------------------------|--------------|--------------|-------------|----------------|-------------------------------|--|---|
| No | ref | Specific Service Area | Headline Description re: saving / reduction INTERNAL | 2022/23 Service Budget | Implementation Costs & Redundancy | Implementation Costs CAPITAL | 2023/24 | 2024-25 | 2025-26 | Total | | | |
| | | | SAVINGS PROPOSALS | £000 | £000 | £000 | £000 | £000 | £000 | £000 | | | |
| | | | RESOURCES | | | | | | | | | | |
| 1 | RES L1 | BSS | Reduction of the cost of post through digitalisation | 260 | - | 85 | (100) | - | - | (100) | N | Y | All services will be impacted |
| 2 | RES L2 | IT | Integrated Apps - IT is in the process of agreeing a new corporate approach to management of business systems which are currently managed within departments. This new approach is expected to result in rationalisation and centralisation of budgets and deliver savings through reduction in contract spend. | 7,455 | 0 | already in Capital programme | - | (200) | - | (200) | N | N | All Directorates |
| 3 | RES L4 | IT | Print reduction | 7,455 | 0 | 0 | (50) | - | - | (50) | N | N | None |
| 4 | RES 2 | Access H/BSS | Customer Services & Business Support efficiencies | 1,954 | - | - | (35) | - | - | (35) | N | N | None |
| 5 | RES 9 | IT | IT Expenditure review and consolidation | 7,455 | - | - | (100) | (100) | - | (200) | N | N | None |
| | | | TOTAL RESOURCES SAVINGS PROPOSALS | 9,409 | - | 85 | (285) | (300) | - | (585) | | | |
| | | | CHIEF EXECUTIVE OFFICE | | | | | | | | | | |
| 6 | CEO6 | Revs & Bens - Cashiers Cashlite | Savings in Cashiers as a direct result of the implementation of the Cashlite strategy, post is vacant | 450 | | | -30 | 0 | 0 | -30 | N | YES - Place Directorate | https://moderngov.harrow.gov.uk/documents/s178683/Appendix%20B%20-%20CashLite%20EqIA%20v1%20-%20Approved%20by%20EDL%20Team.pdf |
| 7 | CEO 1 | Procurement | Saving on procurement salary budget | 653 | - | - | (20) | - | 0.0 | (20) | N | N | No Consultation Required, vacant post |
| 8 | CEO 7 | Legal | Legal Services efficiencies | 1,689 | TBC | - | (310) | | | (310) | N | N | None |
| 9 | CEO 10 | Registration Services | Land Charges - this savings relates to transfer to Land Registry of local land charges register that records obligations affecting properties within their administrative area | -292 | TBC | - | - | (100) | | (100) | N | N | None |
| 10 | CEO 4 | Revs & Benefits | The Inflation Negating Scheme for Working Age Households in receipt of Council Tax Support at the end of 2022/23 will be replaced with a one off cost of living grant for 2023/24 | - | - | - | 310 | (310) | - | - | Y | N | Potentially none as the scheme ended in 2022/23 and was not supposed to continue for future years |
| | | | TOTAL CHIEF EXECUTIVE SAVINGS PROPOSALS | 9,409 | - | - | (50) | (410) | - | (460) | | | |
| | | | TOTAL SAVINGS PROPOSALS | | | | (335) | (710) | - | (1,045) | | | |
| | | | GROWTH PROPOSALS | | | | | | | | | | |
| | | | PLACE | | | | | | | | | | |
| 11 | PLACE_G01 | Public Mortuary | SLA with Brent and Barnet: SLA fee increase due to operational costs pressure | 106 | | | 45 | | | 45 | | | |
| 12 | PLACE_G02 | Planning Policy | Local Plan Review Additional staff resources required to complete Local Plan Review (annual resource required until 2025/26) | 653 | | | 206 | | | 206 | | | |
| 13 | PLACE_G03 | Waste Services | Removal of £200k growth in the existing MTFs for 22/23 and 23/24 relating to WLWA levy | 9108 | | | -200 | | | (200) | | | |
| 14 | PLACE_G04 | Parking | Loss of income arising from 1 hr free parking on street | -1182 | | | 450 | | | 450 | | | |
| 15 | PLACE_G05 | Parking | Loss of income arising from 1 hr free parking off street | -1627 | | | 550 | | | 550 | | | |
| 16 | PLACE_G06 | Waste Services | Loss of income arising from the introduction of Free Bulky Waste collection service, and additional disposal cost due to anticipated increase in the use of the service | -130 | | | 140 | | | 140 | | | |
| | | | TOTAL PLACE GROWTH PROPOSALS | 6,169 | - | - | 1,191 | - | - | 1,191 | | | |
| | | | TOTAL NET PROPOSALS - Savings and Growth | | | | 856 | (710) | - | 146 | | | |

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Appendix 1B : Summary Savings and Growth from the 2022/23 Budget Process

| | 2023-24 | 2024-25 | Total |
|------------------------------------|----------------|----------------|--------------|
| | £000 | £000 | £000 |
| Savings | | | |
| Place | (600) | - | (600) |
| Total Savings | (600) | - | (600) |
| | | | |
| Growth | | | |
| Corporate | 600 | - | 600 |
| People - Childrens | 1,850 | 750 | 2,600 |
| Place | 51 | - | 51 |
| Total Growth | 2,501 | 750 | 3,251 |
| Net of total Savings/Growth | 1,901 | 750 | 2,651 |

| Savings and Growth from the 2022/23 Budget Process | | | | | | | | | | |
|--|----------------------|-----------------------|---|-----------------|-----------------|---------------|----------|----------------------|---|--|
| Item No | Unique Reference No. | Specific Service Area | Headline Description re: saving / reduction | 2023-24 £000 | 2024-25 £000 | Total £000 | Risk | EQIA Required Y/N | Does this proposal impact on another directorate Y/N | Key Stakeholders to consult Yes/No Completed |
| SAVINGS | | | | | | | | | | |
| Place Directorate | | | | | | | | | | |
| 1 | | 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. | (600) | - | (600) | | N | N | No |
| Place Total Savings | | | | (600) | - | (600) | - | | | |
| GROWTH | | | | | | | | | | |
| Corporate | | | | | | | | | | |
| 2 | 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. | 600 | - | 600 | | N | N | No |
| Total Corporate Growth | | | | 600 | - | 600 | - | | | |

| Savings and Growth from the 2022/23 Budget Process | | | | | | | | | | |
|--|----------------------|-----------------------|--|--------------|------------|--------------|------|-------------------|--|---|
| Item No | Unique Reference No. | Specific Service Area | Headline Description re: saving / reduction | 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 |
| People Directorate | | | | | | | | | | |
| Children's Services | | | | | | | | | | |
| 3 | | 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. | 1,100 | | 1,100 | | N | N | No |
| 4 | | 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. | 750 | 750 | 1,500 | | N | N | No |
| Total Children's Services Growth | | | | 1,850 | 750 | 2,600 | | | | |
| People Total | | | | 1,850 | 750 | 2,600 | | | | |

| Savings and Growth from the 2022/23 Budget Process | | | | | | | | | | |
|--|----------------------|-----------------------|--|--------------|------------|--------------|------|-------------------|--|---|
| Item No | Unique Reference No. | Specific Service Area | Headline Description re: saving / reduction | 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 |
| Place Directorate | | | | | | | | | | |
| 5 | COM21.22_G01 | Directorate wide | Impact of Covid-19: Reversal of loss of income across Place directorate | (1,799) | - | (1,799) | | N | N | No |
| 6 | | Directorate wide | Reprofiling of the 'Impact of Covid-19: Loss of income across Community directorate | 300 | - | 300 | | N | N | No |
| 7 | | 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 | No |
| 8 | COM21.22_G06 | Waste Services | West London Waste Authority Levy increases as a result of waste growth, household growth and contract price inflation | 300 | - | 300 | | N | N | No |
| | | | Place Total Growth | 51 | - | 51 | | | | |
| | | | Total Growth | 2,501 | 750 | 3,251 | | | | |
| | | | Net Impact of Growth and Savings | 1,901 | 750 | 2,651 | | | | |

**MEDIUM TERM FINANCIAL
STRATEGY 2023/24 to 2025/26**

Appendix 2

| | 2023/24 | 2024/25 | 2025/26 |
|---|------------------|------------------|------------------|
| | £000 | £000 | £000 |
| Budget Requirement Brought Forward | 183,285 | 195,349 | 199,554 |
| Corporate & Technical | 20,230 | 4,165 | 15,752 |
| People | 1,850 | 750 | 0 |
| Place | 642 | 0 | 0 |
| Resources | -335 | -710 | 0 |
| Corporate | 600 | 0 | 0 |
| Total | 22,987 | 4,205 | 15,752 |
| FUNDING GAP | -10,923 | 0 | -10,964 |
| Total Change in Budget Requirement | 12,064 | 4,205 | 4,788 |
| Revised Budget Requirement | 195,349 | 199,554 | 204,342 |
| Collection Fund Deficit/-surplus | -1,939 | 0 | 0 |
| Revenue Support Grant | -1648 | -1648 | -1648 |
| Top Up | -22,623 | -22,623 | -22,623 |
| Retained Non Domestic Rates | -15,141 | -15,141 | -15,141 |
| Amount to be raised from Council Tax | 153,998 | 160,142 | 164,930 |
| Council Tax at Band D | £1,728.66 | £1,797.63 | £1,851.38 |
| Increase in Council Tax (%) | 4.99% | 3.99% | 2.99% |
| Tax Base | 89,085 | 89,085 | 89,085 |
| | 98.00% | 98.00% | 98.00% |
| Gross Tax Base | 90,903 | 90,903 | 90,903 |

MTFS 2023/24 to 2025/26 – Proposed investments / savings

Appendix 2

| Technical Adjustments | 2023/24 | 2024/25 | 2025/26 |
|---|----------------|---------------|---------------|
| | £000 | £000 | £000 |
| Capital and Investment | | | |
| Implications of Capital Programme agreed for 2020/21 to 2023/24 | 470 | | |
| Implications of Capital Programme agreed for 2021/22 to 2023/24 budget process | | 225 | |
| 25/26 Capital Programme costs from 22/23 refresh | | | 1,747 |
| One off saving on Capital Financing costs due to underspends on Capital Programme | -2,000 | 2,000 | |
| Applying capital receipts to fund the Capital Programme | -1,700 | -1,300 | -1,300 |
| Capital Receipts Flexibilities | -1,250 | | 1,250 |
| Total Capital and Investment Changes | -4,480 | 925 | 1,697 |
| Grant Changes | | | |
| Increase - Core Spending Grant | -6000 | -6000 | |
| 2022/23 service grant - indicated as one year only | 2735 | | |
| Increase in Section 31 grant to offset reduction in Retained Business Rates income | 2260 | | |
| Increased Multiplier grant 2023/24 (London Councils estimate) | -3,180 | | |
| National Insurance - Reversal of 2022/23 NI growth to fund 1.25% increase | -800 | | |
| Corresponding reduction in SR21 Increase in Core Spending Grant | 800 | | |
| Social care grant - increased by £1.3bn nationally, increasing to £1.7bn. | -4,280 | -1,975 | 6,255 |
| Adult Social care grant - increased by £400m nationally in 2023/24 and a further £283m in 2024/25 | -1,620 | -1,146 | |
| IBCF (50% of the national allocation of £600m in 2023/24, increasing to £1bn by 2024/25) | -930 | -620 | |
| IBCF contribution to pool | 930 | 620 | |
| Total Grant Changes | -10,085 | -9,121 | 6,255 |
| Other Technical Changes | | | |
| Freedom Passes - estimated reduction in usage (2022/23 process) | 1377 | | |
| Freedom Passes - revision to usage figures from London Council update (2022/23 process) | 644 | 1000 | |
| Saving 23/24 | -1,580 | | |
| Growth 24/25 | | 2,322 | |
| Growth 25/26 | | | 1,000 |
| Use of Reserves | | | |
| One of use of Reserves | 15700 | | |
| Reduction in Budget Planning reserve as a result of settlement changes | -989 | | |
| Total Other Technical Changes | 15,152 | 3,322 | 1,000 |
| Pay and Inflation | | | |
| Pay Award @ 2.75% pa for 2023/24 and 2024/25 | 2750 | 2750 | |
| Non Pay Inflation | 2000 | 1000 | |
| Reduction in Pension Fund Deficit Contribution / Revised Recharges to Pension Fund | -1010 | | |
| Pay award 2022/23 - Additional requirement over £2m already provided in MTFS for 2022/23 | 4,400 | | |
| Pay award 2023/24 & 2024/25 - 4% / 2025/26 - 3% | 1,250 | 1,250 | 3,000 |
| Non Pay Inflation 24/25 - Additional £1m / 2025/26 £1m in total | | 1,000 | 1,000 |
| Total Pay and Price Inflation | 9,390 | 6,000 | 4,000 |
| OTHER | | | |
| Gayton Road Income - Reprofiling of income | -23 | -11 | |
| Growth London Living Wage | 450 | 1000 | |
| Directorate growth | | 3788 | |
| Reverse out Directorate growth | | -3,788 | |
| Council Tax Base increase | | -500 | |
| Usual on B1 schedules | | | |
| Directorate Adjustments: | | | |
| People - Adults care provider | 0 | 1,550 | 1,800 |
| General growth provision | 1,000 | 1,000 | 1,000 |
| Impact of 2022/23 Pressures Carried into 2023/24: | | | |
| Resources | 430 | | |
| Place | 4,196 | | |
| People (Children's) | 4,200 | | |
| Total Corporate & Technical | 20,230 | 4,165 | 15,752 |

MTFS 2023/24 to 2025/26 – Proposed investments / savings

| People | | |
|--|----------------|----------------|
| | 2023/24 | 2024/25 |
| | £000 | £000 |
| Children & Families | | |
| Proposed Savings - Appendix 1a | 0 | 0 |
| Proposed Growth - see appendix 1b | 1,850 | 750 |
| Sub total Children & Families | 1,850 | 750 |
| | | |
| Adults | | |
| Proposed Growth - see appendix 1a | 0 | 0 |
| Proposed Growth - see appendix 1b | 0 | 0 |
| Sub total Adults | 0 | 0 |
| | | |
| Total People Directorate | 1,850 | 750 |

MTFS 2023/24 to 2025/26 – Proposed investments / savings

| Place | | |
|------------------------------------|----------------|----------------|
| | 2023/24 | 2024/25 |
| | £000 | £000 |
| Proposed Savings - see appendix 1a | 0 | 0 |
| Proposed Growth - see appendix 1a | 1,191 | 0 |
| Proposed Savings - see appendix 1b | -600 | 0 |
| Proposed Growth - see appendix 1b | 51 | 0 |
| | | |
| Total Place | 642 | 0 |

MTFS 2023/24 to 2025/26 – Proposed investments / savings

| | 2023/24 | 2024/25 |
|--|----------------|----------------|
| Resources and Chief Executive | £000 | £000 |
| Proposed Savings - see appendix 1b | 0 | 0 |
| Proposed Growth - see appendix 1b | 0 | 0 |
| Proposed Savings - see appendix 1a | -335 | -710 |
| Proposed Growth - see appendix 1a | 0 | 0 |
| Total Resources and Chief Executive | -335 | -710 |

MTFS 2023/24 to 2025/26 – Proposed investments / savings

| | 2023/24 | 2024/25 |
|------------------------------------|----------------|----------------|
| | £000 | £000 |
| CORPORATE | | |
| Proposed Savings - appendix 1a | 0 | 0 |
| Proposed Growth - appendix 1a | 0 | 0 |
| Proposed Savings - see appendix 1b | 0 | 0 |
| Proposed Growth - see appendix 1b | 600 | 0 |
| Total Corporate | 600 | 0 |

Public Health Funding 2023-24**Appendix 3**

| | £000 | £000 |
|--------------------------------------|---------|----------------------------|
| Mandatory Services | | |
| Sexual Health (incl Family Planning) | 2,336 | |
| 0-19 Services | 3,695 | |
| Health Checks | 184 | |
| | <hr/> | 6,215 |
| Discretionary Services | | |
| Tobacco Control | 80 | |
| Drug & Alcohol Misuse | 1,926 | |
| Physical Activity | 30 | |
| | <hr/> | 2,036 |
| Staffing & Support Costs | | |
| Staffing | 1,121 | |
| Non-Staffing | 28 | |
| Overheads | 163 | |
| | <hr/> | 1,312 |
| Health Improvement | 413 | |
| Wider Determinants of Health | 1,651 | |
| | <hr/> | 2,064 |
| Total Expenditure | | <hr/> 11,627 <hr/> |
| Funded by | | |
| Department of Health Grant | -11,627 | |
| Contribution from Reserve | | |
| Total Income | | <hr/> -11,627 <hr/> |

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School Budgets – Dedicated Schools Grant (DSG) 2023-24

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.

Schools Funding for 2023-24

2. 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 on the basis of the total of the NFF for all school, 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.
3. 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 four years have been set based on the NFF.
4. The NFF will therefore continue to be used to distributed school budgets for 2023-24.
5. From 2020 the government 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 no fixed date for this.
6. There are no proposed changes to the **structure** of the formula for 2023-24 however there are a number of changes for schools to be aware of.

Changes in 2023-24

Increase in factor values

7. NFF Factor values have increased by:
 - 2.4% to basic entitlement, FSM6, mobility, EAL and the lump sum.
 - 4.3% to FSM6 and IDACI
 - 0.5% to the floor, the MPPL and FSM

Table 1 – funding formula factor values

| Factors | 2022-23 | | 2023-24 | | % Change | |
|----------|------------|-------------|-------------|-------------|----------|-----|
| | Pri | Sec | Pri | Sec | Pri | Sec |
| Pri AWPU | £3,532.36 | | £3,739.75 | | 6% | |
| KS3 AWPU | | £4,980.66 | | £5,272.45 | | 6% |
| KS4 AWPU | | £5,613.13 | | £5,942.38 | | 6% |
| FSM | £517.20 | £517.20 | £528.90 | £528.90 | 2% | 2% |
| Ever6 | £649.25 | £951.86 | £776.82 | £1,134.93 | 20% | 19% |
| IDACIF | £242.09 | £352.13 | £253.43 | £369.13 | 5% | 5% |
| IDACIE | £297.11 | £467.68 | £308.52 | £490.33 | 4% | 5% |
| IDACID | £462.18 | £654.75 | £484.82 | £683.16 | 5% | 4% |
| IDACIC | £506.19 | £715.27 | £528.90 | £749.27 | 4% | 5% |
| IDACIB | £539.21 | £770.29 | £561.95 | £804.37 | 4% | 4% |
| IDACIA | £704.27 | £979.37 | £738.25 | £1,024.74 | 5% | 5% |
| LPA | £1,243.47 | £1,881.72 | £1,272.66 | £1,928.27 | 2% | 2% |
| EAL | £621.74 | £1,683.64 | £639.08 | £1,724.43 | 3% | 2% |
| Mobility | £1,017.89 | £1,463.56 | £1,041.27 | £1,498.54 | 2% | 2% |
| Lump Sum | £133,480.9 | £133,480.95 | £141,039.36 | £141,039.36 | 6% | 6% |

8. The Minimum Per-Pupil Funding Levels (MPPL) will be set at £4,405 for primary schools and £5,715 for secondary schools compared with £4,265 and £5,525 in 2022-23.
9. The 2022-23 schools supplementary grant will be rolled into the NFF. Adjustments have been made to the NFF factor values and baselines to reflect this.
10. Teachers Pay Grant (TPG) and Teachers Pension Employers Contribution Grant (TPECG) are now fully rolled into the NFF.
11. Block transfers – LAs will continue to be able to transfer up to +0.5% of the schools block to other blocks of the DSG, with schools forum approval. A disapplication is required for transfers above 0.5% or for any amount where schools forum does not give approval.

Minimum Funding Guarantee (MFG)

12. The MFG will continue and the allowable range for 2023-24 is between 0% and +0.5%. This is a change from 2022-23 where the range was +0.5% and +2.0%
13. This means that each school could gain up to +0.5% *per pupil* compared with the 2022-23 budget. The final value of MFG will be determined by overall affordability within the formula.
14. Where schools are protected by MFG this means that they are receiving funding over and above that which is calculated by the National Funding Formula because of the levels of funding they had been receiving prior to the introduction of the NFF. In future years if the MFG protection is removed then those schools who are funding above the NFF will see an immediate drop in funding from one year to the next.

Central School Services Block

15. The CSSB funds the following services:
- School Admissions
 - Servicing of Schools Forum
 - LA retained duties for schools and academies.

16. The indicative funding for 2023-24 is £1.44m.

Growth Fund

17. Schools Forum agreed to continue to maintain a ring-fenced growth fund from the DSG in order to fund in-year pupil growth in relation to additional classes in maintained and academy schools to create additional classes at the LA's request.

High Needs Funding

18. 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 of the DSG:
- Harrow special schools and academies
 - Additionally Resourced Mainstream (ARMs) units in mainstream schools
 - 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
19. The government introduced a National Funding Formula for High Needs from 2018-19. Funding has previously been based on historical allocations plus small annual amounts of growth. In order to manage increasing growth for demand and complexity, annual funding transfer from the schools block into the high needs block have been approved by Schools Forum
20. From 2018-19 the Schools Block has been ring-fenced and transfers between blocks has been restricted to 0.5% of the Schools Block (approx. £970k). The decision to agree a transfer remains with Schools Forum. It agreed a transfer of 0.5% in 2018-19 and a reduced transfer of 0.25% in 2019-20 however it did not agree to any transfer beyond 2019-20 on the basis that the government should be properly addressing the inherent underfunding of High Needs pupils and to continue to top slice mainstream school budgets masks the extent of the problem.
21. There is anticipated to be an additional £2m added to the HNB for 2023-24 however there are already significant pressures on the HNB.
22. At the start of 2022-23 there is a cumulative overspend on the HNB of £4.007m and there is a further projected overspend in 2022-23 of £1.091m taking the projected cumulative deficit on the HNB to £5.098m by March 2023.

DSG deficits

23. The government consulted on the treatment of deficits in 2019. The outcome of the consultation was a change to the regulations for the treatment of DSG deficits so that LAs must carry forward any HNB deficit to be funded from the next year's budget share. It also explicitly states that LAs can not and should not fund any DSG deficit from its own reserves.

DSG Management Plans

24. 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
25. 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 2022-23 compared with the deficit shown in the authority's published draft accounts.
26. A management plan has been drafted however and discussed with Schools Forum. However, the following points should be noted:
27. 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

Early Years Funding

28. Funding for Early Years relates to free 15-hour nursery entitlement for all 3- & 4-year-olds in maintained nurseries and nursery classes as well as private, voluntary and independent (PVI) provision. From September 2017 this was extended to 30-hour nursery entitlement for eligible 3- & 4-year-olds. It also funds free 15-hour nursery entitlement for disadvantaged 2-year-olds.
29. A National Funding Formula for Early Years was introduced in 2017-18. Cabinet approved the structure of the Harrow formula for the distribution of funding to providers in January 2018.
30. Funding rates and allocations will be announced in December 2022.



Report for: Cabinet

| | |
|-------------------------------------|--|
| Date of Meeting: | 8 th December 2022 |
| Subject: | Draft Capital Programme 2023/24 to 2025/26 |
| Key Decision: | Yes - involves expenditure in excess of £1m |
| Responsible Officer: | Dawn Calvert - Director of Finance and Assurance |
| Portfolio Holder: | Councillor David Ashton - Portfolio Holder for Finance and Human Resources |
| Exempt: | No |
| Decision subject to Call-in: | Yes |
| Wards affected: | All |
| Enclosures: | Appendix 1 – Capital additions to the Capital Programme for 2023/24 to 2025/26 |

Section 1 – Summary and Recommendations

This report sets out the draft General Fund capital proposals which have been proposed as part of the 2023/24 budget process.

Recommendations:

1. Cabinet is requested to note the new proposed draft capital proposals, as detailed within Appendix 1, which will be brought back to Cabinet in February 2023 for approval. The final version of the Capital Programme 2023/24 to 2025/26 will be brought back to Cabinet in February 2023 for recommendation to Council.

Reason (for the recommendations): To enable the Council to have an approved Capital Programme for 2023/24 to 2025/26.

Section 2 – Report

Development of the Capital Programme

1. The purpose of this draft Capital Programme report is to set out the Council's additional capital proposals for investment over the years 2023/24 to 2025/26, which have been proposed as part of the Annual budget setting process. Additional means that these proposals are over and above the existing Capital Programme agreed by Council in February 2022. The final Capital programme report, which will contain new proposals as well as the existing Capital Programme, will be presented to Cabinet in February 2023.

Capital Programme 2023/24 to 2025/26

2. The Capital Programme agreed at Cabinet and Council in February 2022 included provision for capital proposals as far as the financial year of 2024/25 and therefore the main focus of this draft Capital Programme report is to include capital proposals for a further year of the MTFs which is up to 2025/26. The criteria used for the inclusion of new bids remains unchanged from previous years, which is for capital to be contained within the following categories:
 - a. Life and Limb/Health and Safety.
 - b. Statutory Requirement/legislation.
 - c. Schemes fully funded by external sources.
 - d. Invest to Save Schemes (the capital expenditure must generate a revenue stream to cover the capital financing costs and make a savings contribution).

Cost of the Existing Capital Programme (excluding new proposals)

3. The Capital Programme can be funded from a variety of funding sources. Where the Capital Programme is funded from capital grants, external partnership funding, Borough CIL and revenue funding such as reserves; this will not attract any form of capital financing cost and has no impact on the revenue budget. Schemes funded from borrowing will attract a capital financing cost and therefore a direct impact on the revenue budget.

4. Although there are no specific limits to borrowing in order to fund capital expenditure, the Council must be prudent when considering the revenue implications in the context of the overall revenue budget commitments in the medium term, and the Capital Programme must be affordable.
5. Table 1 shows the capital financing cost budgets that are already factored into the existing MTFS from 2022/23 to 2024/25 in relation to the Capital Programme agreed in February 2022 and also what proportion of the 2022/23 net revenue budget of £183.3m is made up of Capital Financing costs.

Table 1 - Capital Financing Costs as % of the 2022/23 Net Revenue Budget of £183.3m

| | Capital Financing Budgets | Capital financing costs as % of 2022/23 Net Budget |
|---------|---------------------------|--|
| | £m | % |
| 2022/23 | 35.0 | 19% |
| 2023/24 | 36.1 | 19.7% |
| 2024/25 | 36.3 | 19.8% |

6. The capital financing cost of the existing Capital programme 2022/23 to 2024/25 (**agreed at Council last year in February 2022**) is £35.0m in 2022/22 and then increases to £36.3m by 2024/25. These figures include the cost of historic capital programmes.
7. The figures in Table 1 will also include capital financing costs which relate to projects put into the programme to generate enough revenue to cover their capital financing costs and therefore are cost neutral and do not impact on the revenue budget as a direct cost. If these costs were removed from the figures in Table 1, it would reduce the overall percentage figure. However, for prudence the figures are included on the basis that the requirement on borrowing is definite but the requirement to generate revenue is not guaranteed.
8. When the final Capital Programme report is presented to cabinet in February 2023, an updated table will be included which will show the revised capital financing costs for the period 2023/24 to 2025/26, which will reflect any changes for additions or savings to capital Financing costs proposed as part of the budget process.

Capital proposals put forward 2023/24 to 2025/26

9. The proposed Capital Programme proposals for 2023/24 to 2025/26 is detailed in Appendix 1 and summarised in Table 2 below.

Table 2 – Total Capital Programme 2023/24 to 2025/26

| Project Title | 2023/24 | | | 2024/25 | | | 2025/26 | | | Grand Total | | |
|--|--------------------|-----------------------------|--|--------------------|-----------------------------|--|--------------------|-----------------------------|--|--------------------|-----------------------------|--|
| | Total Project cost | Funding excluding Borrowing | Net project cost funded from Borrowing | Total Project cost | Funding excluding Borrowing | Net project cost funded from Borrowing | Total Project cost | Funding excluding Borrowing | Net project cost funded from Borrowing | Total Project cost | Funding excluding Borrowing | Net project cost funded from Borrowing |
| | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 | £'000 |
| Total Resources | - | - | - | - | - | - | 1,500 | - | 1,500 | 1,500 | - | 1,500 |
| Total Adults | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Public Health | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Schools | 7,896 | 7,896 | - | - | - | - | - | - | - | 7,896 | 7,896 | - |
| Total People's Directorate | 7,896 | 7,896 | - | - | - | - | - | - | - | 7,896 | 7,896 | - |
| Total Environmental Services | - | - | - | - | - | - | 11,330 | 2,391 | 8,939 | 11,330 | 2,391 | 8,939 |
| Total Inclusive Economy, Leisure & Culture | 3,472 | 517 | 2,955 | 216 | 203 | 13 | 1,376 | 1,000 | 376 | 5,064 | 1,720 | 3,344 |
| Total Regeneration & Development | 300 | 300 | - | 275 | 275 | - | 1,550 | 900 | 650 | 2,125 | 1,475 | 650 |
| Total Housing General Fund | - | - | - | - | - | - | 1,722 | 1,722 | - | 1,722 | 1,722 | - |
| Total Place Directorate | 3,772 | 817 | 2,955 | 491 | 478 | 13 | 15,978 | 6,013 | 9,965 | 20,241 | 7,308 | 12,933 |
| Total General Fund | 11,668 | 8,713 | 2,955 | 491 | 478 | 13 | 17,478 | 6,013 | 11,465 | 29,637 | 15,204 | 14,433 |

10. The total of capital proposals across the 3-year period amounts to £29.637m of which £15.204m can be funded from a combination of Community Infrastructure Levy (CIL), external grants/funding, which leaves a net figure £14.433m which would require funding from borrowing.

11. Whilst the request was for services to put forward proposals for 2025/26, there are proposals across 2023/24 and 2024/25 which total a net £2.968m (£2.955m 2023/24 and £13k 2024/25) as follows:

- **Schools** - £7.896m has been added to the capital programme in 2023/24 for SEN and general school improvements, but there is a net nil cost as it is all grant funded and therefore has a nil impact on the revenue budget.
- **Leisure Centre Infrastructure.** £2.968m has been proposed as an addition to the programme (£2.955m in 2023/24 and £13k in 2024/25). This is as a response to condition surveys undertaken at the 3 leisure facilities (Harrow Leisure Centre, Hatch End Swimming Pool, and Bannister Sports Centre) in 2022. The works are either health and safety related or operationally required - a failure to undertake the works will impact the sites' ability to open. This will require council funding and is therefore shown as an increase in borrowing.
- **Biodiversity Net Gains in Harrow** - £575k (£300k in 2023/24 and £275k in 2024/25 - BCIL funded). This is around the strategic use of Council land to facilitate sustainable development, enhance green infrastructure, improve residents' wellbeing and support nature's recover, and investment in the up-front creation of habitat banks, against which developer's statutory biodiversity net gain (BNG) obligations and local plan Environmental Gain obligations may be set. There is no impact on revenue of this proposal.

- **UK Shared Prosperity Fund (UKSPF)** – £720k. (£517k in 23/24 and £203k in 24/25). This fund is managed by the GLA and provides funding – a mix of capital and revenue - directly to London boroughs to deliver projects under the Communities and Place and Supporting Local Business Themes. As this is grant funded, there is no impact on the revenue budget.

12. The total of all proposals across all years is £29.637m of which £15.204m can be funded from a combination of Borough CIL (BCIL) and assumed external grants/funding, which leaves a net figure £14.433m which would require funding from borrowing. The detail of these proposals is set out in Appendix 1 but are summarised below in paragraphs 13 and 14.

13. The schemes assumed to be funded from BCIL and external grants and funding which total £15.204m are as follows:

| | £000 | |
|---------------------------------------|----------------------|-------------|
| • Schools Capital Improvements | 7,896 | Govt grant |
| • High streets Fund | 1,000 | BCIL |
| • Flood defence and drainage | 500 | BCIL |
| • Green Grid Programme | 150 | BCIL |
| • Neighbourhood CIL schemes | 500 | NCIL |
| • Biodiversity Net Gains in Harrow | 825 | BCIL |
| • Disabled Facilities grants | 1,722 | *Govt grant |
| • Transport projects | 1,391 | *TFL grant |
| • UK Shared Prosperity Fund (UKSPF) | 720 | *TFL grant |
| • Energy emissions reduction measures | 500 | **S106 |
| <u>Total proposals</u> | <u>15,204</u> | |

*The grant is based on 2022/23 levels and subject to confirmation.

** This is specifically the S106 carbon offset fund

14. The remaining bids requiring funding from borrowing and total to a net figure of £14.433m as summarised below:

| | £000 |
|--|----------------------|
| Resources IT projects | 1,500 |
| Place Directorate | |
| High Priority works - Corporate sites | 650 |
| Parks Infrastructure | 350 |
| Civic Amenity site Infrastructure | 75 |
| Highways Programme | 6000 |
| Street Lighting | 2000 |
| CPZ Parking schemes | 300 |
| Vehicle Replacement | 214 |
| Leisure and Libraries Infrastructure (minor) | 150 |
| Leisure Centre Infrastructure (major) | 3,134 |
| Harrow Arts Centre & Headstone Manor | 60 |
| <u>Total proposals</u> | <u>14,433</u> |

15. 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 £14.433m) is approximately £1.5m in total which will need to be added to the 2026/27 budget. As this year is outside of the current period of the MTFs, this increase needs to be factored into the budget for 2026/27 as part of next year's 2024/25 budget process.

Table 4 – Additional Capital Financing Implications Proposed Capital Programme

| Capital Financing Costs | Annual costs |
|---------------------------------|---------------------|
| | £m |
| Minimum Revenue Provision (MRP) | 0.9 |
| Interest | 0.6 |
| Total Capital Financing Costs | 1.5 |

16. Between now and the submission of the Final Capital Programme report to cabinet in February 2023, there could be refinement of the new capital proposals in Appendix 1 to take account of factors such as any external funding notifications, for example, government grant announcements, further internal departmental reviews etc. There will also be consideration of funding proposals in paragraph 14 from BCIL funding given the additional BCIL likely to be available as set out in paragraph 26.

Community Infrastructure Levy (CIL) Funding

17. The Community Infrastructure Levy (CIL) enables the council to raise funds for infrastructure from new development. It is levied on the net increase in floor space arising from new developments and is paid when that development starts. The Community Infrastructure Levy (CIL) is a tool for local authorities to support the development of their area by funding the provision, improvement, replacement, operation or maintenance of infrastructure. However, the focus of CIL is on the delivery of new infrastructure to meet and mitigate the impacts of new development in an area.
18. CIL receipts can be used to fund a wide range of infrastructure including transport, schools, health and social care facilities, libraries, play areas, green spaces and sports facilities. Harrow's list of strategic infrastructure requirements is known as a Regulation 123.
19. Of all CIL monies collected, 85% is used to fund strategic borough wide infrastructure projects, which includes a 5% allowance to cover the administrative costs of CIL. The decisions on where to spend CIL at a borough-wide level is determined by the Council. The remaining 15% is allocated to Neighbourhood CIL (NCIL) and must be spent on projects that have taken account of the views of the communities in which the income was generated, and these projects should support the development of the area.
20. In 2017, the principle was adopted by the Major Development Panel (14th November 2017) and recommended to Cabinet that the allocation of Borough and Neighbourhood CIL is included as part of the Annual Budget Setting process and included in the Capital Programme report which goes to Cabinet in draft (this report) and in February in its final version.

21. In terms of the Neighbourhood element of CIL (NCIL) a review of the process agreed by the Major Development Panel (November 2017) and Cabinet (December 2017) is currently being undertaken. The scope of the review was presented to the Planning Policy Advisory Panel on 3 October 2022 and the review is expected to be completed and any revised process in place in time for the 2023/24 financial year.
22. The Borough CIL element is used to fund the core Capital programme. Schemes in the Capital Programme that have been funded by BCIL between 2017/18 to 2021/22 are set out in Table 5 and total £14.399m. Of this total, £1.776m of schemes remain outstanding as at 31 March 2022 and this sum has been carried forward as a commitment for 2022/23 and included in Table 7.

Table 5 – Schemes funded from BCIL up to 2021/22

| Financial year | Description | BCIL | 17/18 Actual Exp | 18/19 Actual Exp | 19/20 Actual Exp | 20/21 Actual Exp | 21/22 Actual Exp | Outstanding commitment |
|----------------|--|-------------------|------------------|------------------|------------------|------------------|------------------|------------------------|
| | | £ | £ | £ | £ | £ | £ | £ |
| 2017/18 | Highway projects | 4,800,000 | 4,800,000 | | | | | 0 |
| 2018/19 | Headstone Manor (Parks for People) | 300,000 | | 51,293 | 233,081 | 15,626 | | 0 |
| 2018/19 | Rayners Lane Triangle project | 40,000 | | 40,000 | | | | 0 |
| 2018/19 | Parks Infrastructure (Playground replacement) | 545,000 | | 219,138 | 325,862 | | | 0 |
| 2019/20 | Parks Infrastructure (Playground replacement) | 350,000 | | | 227,458 | 122,542 | | 0 |
| 2019/20 | Harrow Arts Centre - refurbishment & new build | 1,150,000 | | | 71,737 | 841,490 | 26,978 | 209,795 |
| 2019/20 | Sudbury Hill step-free access | 50,000 | | | | | | 50,000 |
| 2019/20 | Flood Defence | 300,000 | | | 300,000 | | | 0 |
| 2019/20 | Highway Drainage | 200,000 | | | 199,999 | | | 1 |
| 2019/20 | Green Grid | 75,000 | | | 39,761 | 35,239 | | 0 |
| 2019/20 | New Town Centre Library | 2,090,000 | | | 1,569,662 | 520,338 | | 0 |
| 2020/21 | Headstone Manor (Flood alleviation scheme) | 500,000 | | | | 30,574 | 469,426 | 0 |
| 2020/21 | Parks Infrastructure (Playground replacement) | 250,000 | | | | 204,329 | | 45,671 |
| 2020/21 | Harrow Arts Centre - refurbishment & new build | 599,000 | | | | | | 599,000 |
| 2020/21 | Harrow Arts Centre Capital Infrastructure | 300,000 | | | | 266,212 | 11,201 | 22,587 |
| 2020/21 | Flood Defence | 300,000 | | | | 300,000 | | 0 |
| 2020/21 | Highway Drainage | 200,000 | | | | 149,607 | 38,067 | 12,326 |
| 2020/21 | Green Grid | 150,000 | | | | 150,000 | | 0 |
| 2020/21 | High Street Fund | 250,000 | | | | 152,733 | 97,267 | 0 |
| 2021/22 | Green Grid | 150,000 | | | | | 130,270 | 19,730 |
| 2021/22 | Flood Defence and Highway Drainage | 500,000 | | | | | 414,953 | 85,047 |
| 2021/22 | High Street Fund | 1,300,000 | | | | | 568,199 | 731,801 |
| Total | | 14,399,000 | 4,800,000 | 310,431 | 2,967,560 | 2,788,690 | 1,756,361 | 1,775,958 |

23. Table 6 sets out the balance of CIL funding remaining as at 31st March 2022, plus CIL received in 2022/23 to 22nd October 2022, which shows that £10.457m of BCIL and £2.771m of NCIL is available to fund projects from 2022/23 onwards. The BCIL funding in 2022/23 is much higher than usual as a result of a large receipt of £5.9m and therefore this level of income cannot be assumed for future years as past trends have been for BCIL income to average around £2m pa.

Table 6 – CIL Funding available as at 22 October 2022

| | BCIL | NCIL | Total |
|---|---------------|--------------|---------------|
| | £'000 | £'000 | £'000 |
| Balance as at 31.3.2022 | 4,771 | 1,812 | 6,583 |
| 2022/23 Receipts (up to 22/10/2022 as per D365) | 5,686 | 959 | 6,645 |
| Total Balance (up to 22/10/2022) | 10,457 | 2,771 | 13,228 |

24. The projects in the Capital Programme for 2022/23 to 2025/26, to be funded from BCIL, are £11.061m as set out in Table 7 which shows the total spend over financial years.

Table 7: Schemes funded from BCIL from 2022/23 to 2025/26

| New capital bids as part of 23/24 Budget process to be funded from CIL: | 2022/23 | 2023/24 | 2024/25 | 2025/26 | Total |
|---|--------------|--------------|--------------|--------------|---------------|
| (N.B. Amount shown in the BCIL element only) | £'000 | £'000 | £'000 | £'000 | £'000 |
| Flood Defence and Highway Drainage | 500 | 500 | 500 | 500 | 2,000 |
| Green Grid | 170 | 150 | 150 | 150 | 620 |
| Harrow Arts Centre - refurbishment & new build | 809 | | | | 809 |
| Sudbury Hill step-free access | 50 | | | | 50 |
| Parks Playground replacement | 46 | | | | 46 |
| HAC Capital Infrastructure | 22 | | | | 22 |
| Flood Defence and Highway Drainage | 97 | | | | 97 |
| Harrow High Street Fund | 1,832 | 1,000 | | | 2,832 |
| Wealdstone Future High Street Fund | | 1,760 | | | 1,760 |
| Harrow High Street Fund Phase 2 | | | 1,000 | 1,000 | 2,000 |
| Biodiversity Net Gains in Harrow | | 300 | 275 | 250 | 825 |
| Total BCIL funding requests | 3,526 | 3,710 | 1,925 | 1,900 | 11,061 |

25. The total current BCIL available as at 22nd October amounts to £10.457m as set out in Table 6. The total requirement for BCIL funding to cover the total commitment of the existing capital programme and the new bids (set out in paragraph 14) is £11.061m as set out in Table 7. This means that only a further £604k of BCIL is needed to fund the full programme as far as 2025/26 and this is likely to be received in 2022/23.

26. Therefore, it is very likely that by the end of 2022/23 there will be sufficient BCIL funding to fund all the projects included in Table 7. Given that BCIL averages £2m pa, it could be anticipated that a further £6m of BCIL would be received in 2023/24 to 2025/26 available to fund existing projects in the capital Programme. This would then lead to a reduction in borrowing costs if schemes currently funded from borrowing could be substituted by BCIL funding instead (subject to confirmation that they are eligible for BCIL funding). Therefore, there will be a review of the current Capital Programme and new proposals submitted to consider which proposals can be funded from BCIL.

Housing Revenue Account (HRA)

27. The proposed HRA Capital Programme will be detailed in a separate report to Cabinet in February 2023. Any implications from the HRA Capital Programme are funded from the Housing Revenue Account and do not impact upon the

General Fund Budget. The HRA Capital Programme will be included in the Final Capital Programme report going to cabinet in February 2023.

Options considered

28. A number of capital proposals are considered during the budget setting process.

Legal Implications

29. Under the Financial Regulations paragraph B2 full council is responsible for agreeing the authority's policy framework which are proposed by Cabinet, and this includes the capital programme. Under B41 the Director of Finance is responsible for producing an annual capital strategy for Cabinet to recommend to Council.

Financial Implications

30. Financial matters are integral to this report. The capital financing costs of all capital investment must be provided for within the revenue budget.

Procurement Implications

31. There are no procurement implications arising from this report.

Performance Issues

32. The capital programme proposed represents a significant investment by the Council in infrastructure. This will have an impact on a range of performance indicators across the Council's services.
33. Monitoring of the approved programme is ongoing and is essential for good financial management.
34. It is proposed that a performance target is set of 90% of the approved budget to be spent in year. Having approved an investment programme it is important that the programme is then substantially delivered in the planned timeframe, in line with member priorities.

Risk Management Implications

35. Risks included on corporate or directorate risk register? **Yes/No**
36. Separate risk register in place? **Yes/No**
37. The relevant risks contained in the register are attached/summarised below.
Yes/No/n/a
38. The following key risks should be taken onto account when agreeing the recommendations in this report:

| Risk Description | Mitigations | RAG Status |
|--|---|------------|
| <p>Proposals put forward by Directorates are not part of an agreed Corporate Asset Management Plan(s) and therefore it is not possible to confirm that the proposals put forward cover the full estate which could lead to an increase in health and safety risks and additional costs in replacing assets if they deteriorate too much to repair.</p> | <p>Two of the key criteria for including projects in the capital Programme are those projects that are needed to ensure that we continue to invest in our capital assets to ensure the Council meets its requirements for both Life and Limb/Health and Safety requirements and to fulfil the Council's Statutory and legislative duties. However, there is not an overarching plan for this.</p> | |
| <p>The cost of the Capital proposals are not affordable.</p> | <p>The additional capital financing costs (borrowing) of these Capital proposals impacts the Revenue Budget in 2026/27 and will be included in Revenue Budget for 2026/27 as part of next year's budget process when the year of 2026/27 will be included in the MTFS.</p> <p>At this stage it is not possible to provide assurance that the 2026/27 budget will be balanced and hence make the Capital proposals affordable.</p> | |
| <p>The risk that the required level of BCIL does not materialise.</p> | <p>As the Capital programme is an annual process and the BCIL funding is now included in the report each year to Cabinet, the availability of BCIL to fund the Capital Programme is kept under review. In normal circumstances, should the level of BCIL not be sufficient then either the schemes can be removed from the programme or funded from an alternative source. If that source is borrowing then the revenue cost of borrowing will need to be included in the revenue budget. However, for 2022/23 due to one large receipt being received, there is already 95% of the BCIL funding available for all schemes proposed across all 3 years, therefore all schemes will be fully funded by the end of 2022/23 -see paragraphs 25 and 26.</p> | |

Equalities implications / Public Sector Equality Duty

39. One of the aims of the Capital Strategy is to ensure the responsible allocation of funding in line with the Council's priorities and legislative requirements such as equalities legislation. The officer's views are that no protected group is adversely affected by the proposals.

40. Decision makers should have due regard to the public sector equality duty in making their decisions. 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 material in the press and letters from residents. 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.*

The relevant protected characteristics are:

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

41. Council Priorities

The Council's new draft Capital proposals for 2023/24 to 2025/26 have been prepared in line with the Council's priorities set out below:

- A council that puts residents first
- A borough that is clean and safe
- A place where those in need are supported

Section 3 - Statutory Officer Clearance

Statutory Officer: Dawn Calvert

Signed by the Chief Financial Officer

Date: 28/11/2022

Statutory Officer: Caroline Eccles

Signed on behalf of the Monitoring Officer

Date: 30/11/2022

Chief Officer: Patrick Flaherty

Signed by the Chief Executive

Date: 28/11/2022

Head of Procurement: Nimesh Mehta

Signed by the Head of Procurement

Date: 26/11/2022

Head of Internal Audit: Susan Dixon

Signed by the Head of Internal Audit

Date: 25/11/2022

Mandatory Checks

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

EqIA carried out: NO as these capital proposals are in the main rolling programme items which will improve the Council's infrastructure and assets.

EqIA cleared by: N/A

Section 4 - Contact Details and Background Papers

Contact: Sharon Daniels, Head of Strategic and Technical Finance (Deputy S151) Email: sharon.daniels@harrow.gov.uk

Background Papers: None

Call-in waived by the Chair of Overview and Scrutiny Committee - NO

| Project Title | 2023/24 | | | 2024/25 | | | 2025/26 | | | Grand Total | | |
|--|-------------------------|----------------------------------|---|-------------------------|----------------------------------|---|-------------------------|----------------------------------|---|-------------------------|----------------------------------|---|
| | Total Project cost £000 | Funding excluding Borrowing £000 | Net project cost funded from borrowing £000 | Total Project cost £000 | Funding excluding Borrowing £000 | Net project cost funded from Borrowing £000 | Total Project cost £000 | Funding excluding Borrowing £000 | Net project cost funded from Borrowing £000 | Total Project cost £000 | Funding excluding Borrowing £000 | Net project cost funded from Borrowing £000 |
| Resources Directorate | | | | | | | | | | | | |
| Dynamics F&D Improvement projects | | | - | | | - | 750 | - | 750 | 750 | - | 750 |
| Ongoing ICT Refresh | | | - | | | - | 750 | - | 750 | 750 | - | 750 |
| | | | - | | | - | | | | | | |
| Total Resources | - | - | - | - | - | - | 1,500 | - | 1,500 | 1,500 | - | 1,500 |
| People's Directorate | | | | | | | | | | | | |
| Adults: | | | | | | | | | | | | |
| Total Adults | - | - | - | - | - | - | - | - | - | - | - | - |
| Public Health: | | | | | | | | | | | | |
| Total Public Health | - | - | - | - | - | - | - | - | - | - | - | - |
| Schools: | | | | | | | | | | | | |
| SEN Expansion | 5,896 | 5,896 | - | | | | | | | 5,896 | 5,896 | - |
| Schools Capital Maintenance | 2,000 | 2,000 | - | | | | | | | 2,000 | 2,000 | - |
| | | | - | | | - | | | | - | - | - |
| Total Schools | 7,896 | 7,896 | - | - | - | - | - | - | - | 7,896 | 7,896 | - |
| Total People's Directorate | 7,896 | 7,896 | - | - | - | - | - | - | - | 7,896 | 7,896 | - |
| Place Directorate | | | | | | | | | | | | |
| Environmental Services: | | | | | | | | | | | | |
| Highways Programme | | | | | | | | | | | | |
| To deliver the highways programme of investment and undertake essential structural maintenance to the highway asset. | | | - | | | - | 6,000 | | 6,000 | 6,000 | - | 6,000 |
| Flood Defence & Highways Drainage -BCIL funded | | | | | | | | | | | | |
| To deliver the flood defence and alleviation programme of investment and implement schemes that minimise the risk of flooding from approximately 80kms of rivers and watercourses in the borough, and the highways drainage programme of investment and implement schemes in 15 critical drainage areas identified in the Council's Surface Water Management Plan. | | | - | | | - | 500 | 500 | | 500 | 500 | - |
| Street Lighting Programme | | | | | | | | | | | | |
| To continue the street lighting programme of investment, which includes upgrading life expired street lighting columns and replacing conventional lanterns for more energy efficient LED lanterns | | | - | | | - | 2,000 | | 2,000 | 2,000 | - | 2,000 |

| Project Title | 2023/24 | | | 2024/25 | | | 2025/26 | | | Grand Total | | |
|--|-------------------------|----------------------------------|---|-------------------------|----------------------------------|---|-------------------------|----------------------------------|---|-------------------------|----------------------------------|---|
| | Total Project cost £000 | Funding excluding Borrowing £000 | Net project cost funded from borrowing £000 | Total Project cost £000 | Funding excluding Borrowing £000 | Net project cost funded from Borrowing £000 | Total Project cost £000 | Funding excluding Borrowing £000 | Net project cost funded from Borrowing £000 | Total Project cost £000 | Funding excluding Borrowing £000 | Net project cost funded from Borrowing £000 |
| Local Implementation Plan (LIP) including Parking Management Programme To deliver the transport projects and initiatives set out in the third Transport Local Implementation Plan (LIP) programme of investment for 2020/21 - 2022/23. A Parking Management Programme to implement controlled parking schemes and restrictions is funded by Harrow Capital and supports the delivery of the LIP. | | | | | | | 1,691 | 1,391 | 300 | 1,691 | 1,391 | 300 |
| Parks Infrastructure On-going programme to address historic under-investment and responsive only maintenance regimes to parks infrastructure; to address areas of deterioration and improve existing facilities and provide safe access for users. | | | | | | | 350 | | 350 | 350 | - | 350 |
| CA Site Infrastructure On-going maintenance programme to the Civic Amenity site to ensure it provides a safe and secure environment in which to operate its business and continue to meet the needs of staff and users. | | | | | | | 75 | | 75 | 75 | - | 75 |
| Vehicle Procurement Vehicles replacement programme | | | | | | | 214 | | 214 | 214 | - | 214 |
| Climate Emergency - Energy emissions reduction measures (funded from S106 Carbon Offset Fund) | | | | | | | 500 | 500 | - | 500 | 500 | - |
| | | | | | | | | | | - | - | - |
| Total Environmental Services | - | - | - | - | - | - | 11,330 | 2,391 | 8,939 | 11,330 | 2,391 | 8,939 |
| | | | | | | | | | | | | |
| Inclusive Economy, Leisure & Culture | | | | | | | | | | | | |
| Leisure and Libraries Capital Infrastructure Targeted investment to improve the infrastructure of the Council's leisure and library facilities. | | | | | | | 150 | | 150 | 150 | - | 150 |
| Harrow Arts Centre & Headstone Manor Capital Infrastructure Building improvement works to address H&S issues | | | | | | | 60 | | 60 | 60 | - | 60 |
| Harrow High Street Fund (2024/25 to 2026/27) - BCIL funded To deliver interventions to High Streets, District Centres, and the Town Centre. Interventions include items such as festive lights, feature lights, benches, bin stores, storage space for event furniture and Highways improvements. | | | | | | | 1,000 | 1,000 | - | 1,000 | 1,000 | - |

| Project Title | 2023/24 | | | 2024/25 | | | 2025/26 | | | Grand Total | | |
|---|-------------------------|----------------------------------|---|-------------------------|----------------------------------|---|-------------------------|----------------------------------|---|-------------------------|----------------------------------|---|
| | Total Project cost £000 | Funding excluding Borrowing £000 | Net project cost funded from borrowing £000 | Total Project cost £000 | Funding excluding Borrowing £000 | Net project cost funded from Borrowing £000 | Total Project cost £000 | Funding excluding Borrowing £000 | Net project cost funded from Borrowing £000 | Total Project cost £000 | Funding excluding Borrowing £000 | Net project cost funded from Borrowing £000 |
| UK Shared Prosperity Fund (UKSPF) The UK Shared Prosperity Fund (UKSPF), managed by the GLA, provides funding – a mix of capital and revenue - directly to London boroughs to deliver projects under the Communities and Place and Supporting Local Business Themes. The capital allocation for Harrow is £720k over 2 years. This is profiled as £517k in 23/24 and £203k in 24/25. | 517 | 517 | - | 203 | 203 | - | | | | 720 | 720 | - |
| Leisure Centre Infrastructure Condition Surveys of the 3 leisure facilities (Harrow Leisure Centre, Hatch End Swimming Pool, and Bannister Sports Centre) were undertaken in 2022. The works are either health and safety related or operationally required - a failure to undertake the works will impact the sites ability to open. | | | | | | | | | | - | - | - |
| 1. Harrow Leisure Centre | 2,047 | | 2,047 | - | | | 126 | | 126 | 2,173 | - | 2,173 |
| 2. Hatch End Swimming Pool | 650 | | 650 | - | | | 40 | | 40 | 690 | | 690 |
| 3. Bannister Sports Centre | 258 | | 258 | 13 | | 13 | - | | - | 271 | - | 271 |
| Total Inclusive Economy, Leisure & Culture | 3,472 | 517 | 2,955 | 216 | 203 | 13 | 1,376 | 1,000 | 376 | 5,064 | 1,720 | 3,344 |
| Regeneration & Development | | | | | | | | | | | | |
| High Priority Planned Works - Corporate Sites To continue the programme of investment to undertake essential improvements across the Corporate Estate to ensure that properties in a safe and appropriate condition and comply with appropriate statutory, regulatory and corporate standards. | | | | | | | 650 | | 650 | 650 | - | 650 |
| Green Grid Programme - BCIL funded Improvements to Harrow's green infrastructure to provide a network of interlinked and multifunctional open spaces. | | | | | | | 150 | 150 | | 150 | 150 | - |
| Neighbourhood CIL funded projects | | | | | | | 500 | 500 | | 500 | 500 | - |
| Biodiversity Net Gains in Harrow - BCIL funded Strategic use of Council land to facilitate sustainable development, enhance green infrastructure, improve residents' wellbeing and support nature's recovery. Invest in the up-front creation of habitat banks, against which developer's statutory biodiversity net gain (BNG) obligations and local plan Environmental Gain obligations may be set. | 300 | 300 | - | 275 | 275 | - | 250 | 250 | | 825 | 825 | - |
| Total Regeneration & Development | 300 | 300 | - | 275 | 275 | - | 1,550 | 900 | 650 | 2,125 | 1,475 | 650 |

| Project Title | 2023/24 | | | 2024/25 | | | 2025/26 | | | Grand Total | | |
|-----------------------------------|-------------------------|----------------------------------|---|-------------------------|----------------------------------|---|-------------------------|----------------------------------|---|-------------------------|----------------------------------|---|
| | Total Project cost £000 | Funding excluding Borrowing £000 | Net project cost funded from borrowing £000 | Total Project cost £000 | Funding excluding Borrowing £000 | Net project cost funded from Borrowing £000 | Total Project cost £000 | Funding excluding Borrowing £000 | Net project cost funded from Borrowing £000 | Total Project cost £000 | Funding excluding Borrowing £000 | Net project cost funded from Borrowing £000 |
| Housing General Fund: | | | | | | | | | | | | |
| Disabled Facilities Grant | | | - | | | - | 1,722 | 1,722 | - | 1,722 | 1,722 | - |
| Total Housing General Fund | - | - | - | - | - | - | 1,722 | 1,722 | - | 1,722 | 1,722 | - |
| Total Place Directorate | 3,772 | 817 | 2,955 | 491 | 478 | 13 | 15,978 | 6,013 | 9,965 | 20,241 | 7,308 | 12,933 |
| Total General Fund | 11,668 | 8,713 | 2,955 | 491 | 478 | 13 | 17,478 | 6,013 | 11,465 | 29,637 | 15,204 | 14,433 |