

Report for: **Cabinet**

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

Section 1 – Summary and Recommendations

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

Recommendations:

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

Reason: (For recommendations)

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

Section 2 – Report

1.0 INTRODUCTION

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

2.0 REVENUE MONITORING

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

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

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

RESOURCES

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

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

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

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

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

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

COMMUNITY

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

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

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

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

This is partially offset by the following reductions:

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

2.9 Environmental Services – net overspend £1.559m

2.10 Estates & Facilities Management

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

2.11 Parking and Network Management

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

2.12 Divisional Director

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

2.13 Licensing & Enforcement

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

2.14 Strategy, Development & Performance

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

2.15 Transport and Environmental Operations

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

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

2.17 Directorate Management – net underspend £331k

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

2.19 Enterprise and Planning – net overspend £70k

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

2.20 Cultural Services – net underspend £1k

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

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

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

2.21 Housing General Fund

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

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

2.24 Regeneration

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

PEOPLE SERVICES

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

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

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

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

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

Adult Services

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

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

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

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

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

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

2.33 The position has improved since Q2 due to:

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

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

2.34 The forecast assumes the following:

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

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

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

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

Public Health

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

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

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

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

Children's Services

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Dedicated Schools Grant (DSG)

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

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

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

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

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

HOUSING REVENUE ACCOUNT (HRA)

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

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

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

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

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

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

Table 2 – Housing Revenue Account Reserves 2021/22

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

CORPORATE AND TECHNICAL

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

Corporate Items

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

Investment Properties

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

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

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

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

Transformation Savings

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

Covid-19 Grants & Income

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

Table 3 – Covid-19 Grants & Income

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

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

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

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

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

Central Contingency

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

Technical and Corporate Adjustments

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

RESERVES

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

GRANTS

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

MTFS IMPLEMENTATION TRACKER

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

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

Table 4: Savings Definition

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

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

Table 5 - Savings Tracker 2021/22 – Directorate Summary

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

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

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

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

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

3.0 **CAPITAL PROGRAMME**

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

Table 9: Capital Programme 2021/22

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

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

RESOURCES

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

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

COMMUNITY

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

Environment

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

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

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

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

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

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

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

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

Culture

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

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

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

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

Enterprise & Planning

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

Housing General Fund

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

Regeneration

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

PEOPLE SERVICES

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

Adult Services

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

Children's Services

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

HOUSING REVENUE ACCOUNT

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

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

AMENDMENTS TO THE CAPITAL PROGRAMME 2021/22

Additions to the Capital Programme

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

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

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

4.0 COUNCIL TRADING STRUCTURE UPDATE 2021/22

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

5.0 REPORTING FOR THE 2021/22 FINANCIAL YEAR

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

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

- Outturn report – June 2022

6.0 Implications of the Recommendation

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

7.0 Performance Issues

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

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

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

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

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

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

8.0 Environmental Implications

There is no direct environmental impact.

9.0 Risk Management Implications

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

Separate risk register in place? **No**

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

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

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

10.0 Procurement Implications

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

11.0 Legal Implications

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

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

12.0 Financial Implications

Financial matters are integral to this report.

13.0 Equalities implications / Public Sector Equality Duty

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

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

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

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

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

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

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

- Tackle prejudice, and
- Promote understanding.

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

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

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

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

14.0 Council Priorities

The Council's vision:

Working Together to Make a Difference for Harrow

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

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

Section 3 - Statutory Officer Clearance

Statutory Officer: Sharon Daniels

Signed on behalf of the Chief Financial Officer

Date: 31/01/2022

Statutory Officer: Caroline Eccles

Signed on behalf of the Monitoring Officer

Date: 01/02/2022

Chief Officer: Dawn Calvert

Signed on behalf of the Corporate Director

Date: 31/01/2022

Head of Procurement: Nimesh Mehta

Signed by the Head of Procurement

Date: 28/01/22

Head of Internal Audit: Susan Dixson

Signed by the Head of Internal Audit

Date: 31/01/22

Mandatory Checks

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

EqIA carried out: NO

EqIA cleared by: N/A

Section 4 - Contact Details and Background Papers

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

Sharon.Daniels@harrow.gov.uk

Background Papers:

- [2021/22 Budget Report](#)

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

NO