



LONDON BOROUGH OF
HARROW

Report for: Cabinet

Date of Meeting:	19 December 2023
Subject:	Revenue and Capital Budget Monitoring Report 2023-24 Quarter 2
Key Decision:	Yes
Responsible Officer:	Sharon Daniels - Interim 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 – Summary of Grants 2023-24 Appendix 2 – MTFS Savings Tracker 2023-24 Appendix 3 – Capital Programme 2023-24 Appendix 4 – Trading Company Update 2023-24

Section 1 – Summary and Recommendations

This report sets out the Council's projected revenue and capital outturn position for 2023-24, based on all information known at the end of Q2 30 September 2023.

Recommendations: That

1. the forecast revenue and capital outturn positions set out in paragraphs 1.2 to 1.5 be noted.
2. the proposed additions and amendments to the Capital Programme as set out in paragraphs 3.20 be approved.
3. the Council's Trading Update as detailed in Appendix 4 be noted.

Reason: (For recommendations)

To report the 2023-24 financial forecast position at Q2 and to update Cabinet on trading company performance.

Section 2 – Report

1.0 INTRODUCTION

- 1.1 This is the second budget monitoring report for 2023-24.
- 1.2 The revenue budget in 2023-24 at Q2 is £196.354m which is net of external grants. A list of external grants is shown at Appendix 1. The net forecast position on the revenue budget for 2023-24, after the planned use of reserves, is a net overspend of £1.379m. This sum will need to be drawn down from the budget planning reserve if it is not mitigated by year end.
- 1.3 The general fund capital programme budget in 2023-24 is £106.025m. The net forecast position on the capital budget at Q2 is £67.812m which represents 64% of the total capital programme budget. The variance of £38.212m is made up of proposed slippage of £36.538m and an underspend of £1.674m.
- 1.4 The Housing Revenue Account (HRA) revenue budget in 2023-24 at Q2 is an in-year surplus of £423k and reporting a favourable variance of £677k.
- 1.5 The Housing Revenue Account (HRA) capital programme budget is £57.505m. The net forecast position on the HRA capital budget at Q2 is £44.628m which represents 78% of the total HRA capital programme budget. The variance of

£12.877m is made up of proposed slippage of £12.812m and a net underspend of £65k.

2.0 REVENUE MONITORING

2.1 As at Q2 the forecast revenue budget outturn, after the planned use of reserves, is a net overspend of £1.379m.

2.2 This is a reduction of £971k from the position reported in Q1 which relates to a £601k reduction in the directorates' forecasts and £370k reduction in the corporate budgets. There is in more detail set out in the relevant sections.

Table 1: Summary of Revenue Budget Monitoring – Forecast at Q2 2023-24

Service Area	Revised Budget	Outturn	Variance	Contribution/ Draw down From reserves	Revised Outturn	Variance to budget at P6	Q1 Variance to budget	Movement from Q1
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Managing Director	19,023	18,708	-315	-250	18,458	-565	-340	-225
Resources	19,447	20,008	561	-381	19,627	180	180	0
Place	34,172	40,138	5,966	-3,531	36,607	2,435	2,804	-369
People's Services	104,234	113,612	9,378	-4,906	108,706	4,472	4,480	-8
Total Directorate Budgets	176,875	192,466	15,591	-9,068	183,398	6,522	7,124	-601
Corporate	4,320	3,106	-1,214	-1,000	2,106	-2,213	-2,270	57
Contingency for Unforeseen	1,248	0	-1,248	0	0	-1,248	-1,248	0
Technical	14,007	13,642	-366	-2,400	11,242	-2,765	-2,056	-709
Investment Properties	-2,876	-2,801	75	-75	-2,876	0	0	0
Pay Inflation	4,000	7,210	3,210	0	7,210	3,210	2,928	282
Non-Pay Inflation	2,625	498	-2,127	0	498	-2,127	-2,127	0
Total Corporate Budgets	23,324	21,654	-1,670	-3,475	18,180	-5,143	-4,773	-370
Uncontrollable Budgets	-3,846	-3,846	0	0	-3,846	0	0	0
Grand Total	196,354	210,275	13,921	-12,543	197,732	1,379	2,350	-971

2.3 Table 1 shows a projected net draw down from reserves of £12.543m (which does not include the draw down of £1.379m for the projected overspend). Out of the £12.543m, £1m relates to planned draw down to support the 2023-24 budget. The remainder of the draw downs from reserves generally relate to planned use, for example

- £2m MTFS Implementation to support delivery of savings. £2m MTFS Implementation to support delivery of savings.
- £2.3m ringfenced grants to support planned spend
- £2m Adults budget in relation to a one-off payment to be made to care providers in 2023-24 in relation to inflation pressures.
- £1.4m of budget carried forward from the 2022-23 budget to complete projects or ensure grant is fully spent.

- £1m Children’s Social Care to support overall pressures.
- £2.8m Other draw downs including planned PFI contributions, use of the public health reserve and other projects.

MANAGING DIRECTOR

Table 2: Managing Director Forecast Outturn Q2 2023-24

Division	Revised Budget	Forecast	To/ (From) Reserves	Revised Forecast	Variance to budget	Q1 Variance	Movement to Q1
	£000	£000	£000	£000	£000	£000	£000
Managing Director	265	265	0	265	0	0	0
Finance and Insurance	3,447	3,697	-250	3,447	0	0	0
Revenues and Benefits	9,593	9,593	0	9,593	0	0	0
Procurement	680	680	0	680	0	0	0
Internal Audit & CAFT	658	658	0	658	0	0	0
Legal and Governance	4,380	3,815	0	3,815	-565	-340	-225
Total	19,023	18,708	-250	18,458	-565	-340	-225

2.4 As at Q2 the directorate is reporting a net underspend of £565k after drawdown from reserves.

2.5 The reserve movements are shown in Table 3.

Table 3: Managing Director Reserve Movements 2023-24

Description	Movement £'000
Insurance Reserve	-250
Managing Director net draw down	-250

2.6 The net underspend of £565k is made up as follows:

- **Legal & Governance** - £390k net underspend due to additional Land Charges and Registrars income and delayed recruitment and £175k increased demand for HBPL services

2.7 The movement between Q1 and Q2 is a net reduction of £225k. This is mainly due to delayed recruitment in Democratic Services and increased demand for HB Public Law legal practice services and Registration services resulting in extra income.

RESOURCES

Table 4: Resources Forecast Outturn Q2 2023-24

Division	Revised Budget	Forecast	To/ (From) Reserves	Revised Forecast	Variance to budget	Q1 Variance	Movement to Q1
	£000	£000	£000	£000	£000	£000	£000
Business Support	3,916	3,916	0	3,916	0	0	0
Access Harrow	3,698	3,872	0	3,872	175	0	175
Director of Resources	-255	-454	0	-454	-199	0	-199
Strategy	2,304	2,278	0	2,278	-26	0	-26
ICT	7,562	7,562	0	7,562	0	0	0
HR	2,222	2,834	-381	2,453	231	0	231
Resources Grand Total	19,447	20,008	-381	19,627	180	0	180

2.8 As at Q2 the directorate is reporting a net overspend of £180k after draw down from reserves.

2.9 The position has remained the same as that reported at Q1.

2.10 The reserve movements are shown in Table 5.

Table 5: Resources Reserve Movements 2023-24

Description	Movement £'000
Corporate MTFS Implementation Reserve	-342
Equalities Diversity & Inclusion Reserve	-39
Resources net draw down	-381

2.11 The net overspend of £180k is made up as follows:

- **Access Harrow** - £175k overspend due to the decision to not implement a prior year MTFS saving to close the telephone lines for Revenues and Collections.
- **HR** - £231k overspend due to the loss of income from schools for payroll services.
- **Management** - £200k underspend due to vacancies.
- **Strategy** - £26k underspend due to vacancies.

PLACE

Table 6: Place Forecast Outturn Q2 2023-24

Division	Revised Budget	Forecast	To/ (From) Reserves	Revised Forecast	Variance to budget	Q1 Variance	Movement to Q1
	£000	£000	£000	£000	£000	£000	£000
Directorate Management	466	672	-81	591	125	125	0
Environment	19,227	21,371	-513	20,858	1,631	2,095	-464
Inclusive Economy, Leisure & Culture	4,203	4,237	-26	4,211	8	-99	107
Regeneration & Development	6,799	8,027	-542	7,485	686	700	-14
Housing General Fund	3,477	5,831	-2,369	3,462	-15	-17	2
Total Budget	34,172	40,138	-3,531	36,607	2,435	2,804	-369

2.12 As at Q2 the directorate is reporting a net overspend of £2.435m after contributions to and draw down from reserves and cross-divisional adjustments.

2.13 The reserve movements are shown in Table 7.

Table 7: Place Reserve Movements 2023-24

Description	Movement £'000
Capacity Building Reserve	-51
Business Risk Reserve	-81
Place MTFS Implementation Reserve	-445
Revenue Grant Reserve	-2,239
3G Pitch Strategy Reserve	25
Decommissioning Accommodation Reserve	-500
Budget Planning Reserve	-240
Place net draw down	-3,531

2.14 **Directorate Management** – £125k net overspend due to the delay in finalising and implementing the new directorate-wide restructure, meaning the £125k MTFS savings target profiled for 2023-24 is unlikely to be met. This pressure will be offset via savings made from vacant posts held elsewhere in the directorate.

2.15 **Environment** - £1.631m net overspend. This is made up as follows:

- **Parking Services** - £2.260m net overspend due to an under achievement of income generated from penalty charge notices (PCNs) of £1.9m and a reduction in car parking income of £360k as a result of fewer paid parking transactions.
- **Network Management** - £200k net underspend due to £100k over-achievement of income from street works arising from increased work activities. The service currently has a number of vacant posts, which results in a forecast underspend of salaries by £100k.

- **Clean & Green** - £300k net underspend due to a historical one-off income for cemeteries owed from Brent and Hillingdon councils relating to the service level agreements (SLAs) in place for Carpenders Park Cemetery and Breakspeare Crematorium respectively.
- **Strategy, Development & Performance** - £104k net underspend on staffing costs owing to vacant posts across the service. These posts have kept vacant pending the review of a directorate wide reorganisation. This saving will be used to partially mitigate against the MTFS target of £125k for the directorate restructure.
- **Head of Transport & Environmental Operations** - £25k net underspend on employer pension contributions.

2.16 **Inclusive Economy, Leisure, and Culture** - £8k net overspend. This is made up as follows:

- **Harrow Museum** - £134K net overspend due to a salary pressure of £48k arising from the use of additional agency staff to support activities/events and an income pressure of £86k as income generated from facility hire and catering is below budget. Mitigating actions are being drawn up to increase income at the site.
- **Community Engagement and Economic Development** - £126k underspend. Vacant posts in these service areas have resulted in an underspend on salaries.

2.17 **Regeneration and Sustainable Development** - £686k net overspend. This is made up as follows:

- **Planning** - £555k net overspend due to a forecast underachievement of income of £525k, driven by a reduction in applications due to market conditions. Legal costs arising from appeals are forecast to create a budget pressure of £30k.
- **Building Control** - £154k net overspend due to a forecast underachievement of income from building control applications, due to market conditions and competitions from the private sector.
- **Facilities Management** - £55k net overspend. The building repair & maintenance budget is forecast to overspend by £400k based on historical trend on spend. In addition, a further overspend of £85k is forecast following the deployment of additional security staff across various council buildings. These have been partially offset by a forecast

underspend on other staffing costs of £120k as a result of vacant posts and a net credit of £310k relating to the annual NNDR bill for the Civic Centre.

- **Catering Services** - £278k net overspend due to reduced sales from the canteen at HCH which has resulted in £167k loss of income. In addition, following the cessation of Meals on Wheels service, there are one-off residual costs and redundancy costs in 2023-24 totalling £111k.
- **Corporate Estate** - £356k net underspend as a result of an over-achievement on rent income from corporate property portfolio, driven by some one-off backdated rents and additional income from various leases.

2.18 The movement between Q1 and Q2 is a net reduction of £369k. This is due to a reduction in the overall forecast underachievement of income £160k, £9k relating to a net reduction in staffing costs and £200k relating to a reduction in the pressure reported on highway reactive maintenance works.

2.19 Housing General Fund

2.20 As at Q2 Housing General Funding is projecting a slight net underspend of £15k after a projected draw down from the Homelessness Prevention Grant (HPG) reserve of £2.239m, which is in addition to the full use of the 2023-24 HPG of £2.312m and the HPG Ukraine of £627k. In addition, there is corporate funding of £130k. This will leave a balance on the HPG reserve of £2.032m.

2.21 The £2.239m increase in the use of HPG in 2023/24 is towards the prevention of homelessness; keeping vulnerable households in their current accommodation. The provision of the temporary accommodation (TA) is currently the highest spending area of the Housing Services. Based on the net number of people entering and leaving temporary accommodation per year, if there is no change in current practices the number of households in temporary accommodation will continue to grow.

2.22 Temporary accommodation is becoming difficult to source to meet demand, as private sector rents escalate, and an increased number of landlords are exiting the market. These variables have had a big impact on the Council's ability to retain existing TA (and are also putting more households at risk of homelessness in the first place).

2.23 The movement between Q1 and Q2 is a net overspend of £2k. This small movement is due to a change in the temporary accommodation forecast.

PEOPLE SERVICES

Table 8: People Services Forecast Outturn Q2 2023-24

Division	Service Area	Revised Budget	Outturn	To/ (From) Reserves	Revised Forecast	Variance to budget	Q1 Variance	Movement to Q1
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adults	Strategic Management & Governance	843	843		843	0	0	0
	Workforce (Social Care & Safeguarding)	11,414	12,614	-1,179	11,435	21	0	21
	Grants & Better Care Fund	-29,128	-32,155		-32,155	-3,027	-240	-2,787
	Community Equipment	967	1,467		1,467	500	400	100
	Purchased Care - Adults	38,337	44,633	-525	44,108	5,771	2,128	3,643
	Purchased Care - LD, CYAD & shared lives	27,878	31,355	-1,475	29,880	2,002	2,307	-305
	CNWL s75	4,512	4,663		4,663	152	152	0
	Inhouse Services	4,158	3,964		3,964	-194	-175	-19
	Transport	979	865		865	-114	-81	-33
	Contracts	711	711		711	0	0	0
Complaints	179	166		166	-13	-13	0	
Adults Total		60,850	69,127	-3,179	65,948	5,098	4,480	618
Public Health Total		-163	319	-482	-163	0	0	0
Children's Services	Children & Young People Services	31,761	30,885	-68	30,817	-944	-318	-626
	Education Services	10,110	11,458	-1,133	10,325	215	215	0
	People Services Mgt	1,676	1,823	-44	1,779	103	103	0
Children's Services Total		43,547	44,166	-1,245	42,921	-626	0	-626
People Services Total		104,234	113,612	-4,906	108,706	4,472	4,480	-8

2.24 As at Q2 the directorate is reporting a net overspend of £4.472m after drawing down £4.906m from reserves.

2.25 The reserve movements are shown in Table 9.

Table 9: People Services Reserve Movements 2023-24

Description	Movement £'000
Adults – People Services MTFs Implementation Reserve	-1,179
Adults – Budget Planning Reserve	-2,000
Public Health Reserve	-482
Childrens – People Services MTFs Implementation Reserve	-168
Children's – Children's Social Care Reserve	-325
Children's – Schools PFI Reserve	-655
Children's – Revenue Grant Reserve	-97
People Services net draw down	-4,906

2.26 The variations are explained in more detail at the following paragraphs.

Adult Services

2.27 As at Q2 the service is reporting a net overspend of £5.098m after draw down from reserves of £3.179m.

2.28 **Staffing** – a minor overspend of £21k after the draw down of £1.179m from the implementation reserves, reflecting costs associated with delivery of the MTFs savings. The MTFs savings are expected to be achieved in full, albeit a shortfall of approximately £130k will be mitigated through vacancies.

2.29 **Equipment** - £500k overspend based on forecast split of costs for all equipment which will be 45% for Harrow Council and 55% Integrated Care Board (ICB) based on the actual invoiced costs for the period April to August.

2.30 **Mental Health** - £152k overspend. This is the latest forecast position provided by Central North West London (CNWL) which assumes new care packages of £132k. The service was managed by CNWL until June 2023, and is now managed directly by the Council.

2.31 **Grants & Better Care Fund** - £3.027m additional income reflecting the annual BCF uplift of the funding of social care services £240k together with the Integrated Care Board (ICB) Discharge funding of £1.312m and additional Market Sustainability Improvement Fund (Workforce) grant of £1.475m. This additional funding partially offsets the overspend in relation to care support costs reported within the purchasing budget below.

2.32 **Purchasing (Adults)** – The full year impact of the 2022-23 overspend resulted in an immediate pressure of £5.491m, which has now increased by £805k to £6.296m at Q2. This overspend is reduced to £5.771m after the agreed one-off contribution from reserves.

2.33 The Adults budget is volatile and there are a number of variables which impact the forecast outturn position:

- Hospital discharges – a total of 607 discharges between April and September, requiring a package of support. Of these packages 555 were new services to residents not previously in receipt of care support. Winter pressures are likely to see the numbers between October and March increase as Northwick Park seek to ensure prompt discharges and dependent on the severity of the season.
- Deaths – during the period April to September 2023, 91 fewer deaths than in the same period last financial year. Cost of care - The average weekly cost of bedded care (residential and nursing) at the end of September was £1,070 per week compared with £1,009 per week at the end of March 2023, with the number of beds commissioned since April increasing by 23 from 419 to 442.

- The forecast includes capacity of £1.4m for growth of in year packages of care together with a further £770k for support for respite, carers and reablement between Q2 and year end.

2.34 The cost of care provider inflation is expected to cost £4.3m.

2.35 In addition, the home care MTFS saving of £500k is expected to be delivered.

2.36 Contribution from reserves - £525k. This represents an agreed contribution from reserves.

2.37 The outstanding level of debt associated with unpaid client contribution continues to increase and age. At the end of September, the outstanding debt totalled £9.1m of which £3.9m had been outstanding for more than a year. As a result, a provision for bad debt of £4.4m needs to be set aside, requiring an increase in the bad debt provision of £750k (budgeted £500k).

2.38 **Purchasing (LD, CYAD & Shared Lives)** - £2.002m overspend. This is made up as follows:

- **LD - £1.486m overspend.** At the beginning of the financial year, the full year impact of the 2022-23 overspend of £732k resulted in an immediate pressure of £1.241m (there was no MTFS growth in 23-24 for LD). This variation has increased by £245k to £1.1486m and largely reflects the shortfall on the MTFS savings (assumes £135k will be delivered) offset by changes in a number of care packages.
- **CYAD - £1.991m overspend.** At the beginning of the financial year, the full year impact of the 2022-23 overspend of £824k resulted in an immediate pressure of £1.667m (there was no MTFS growth in 2023-24 for CYAD) which together with the forecast for new packages and assumption for recovery of health contributions for 4 children results in this forecast overspend position.
- **Shared Lives – balanced position**
- **Contribution from reserves - £1.475m** – this represents an agreed contribution from reserves (as noted in table 9 above) following the application of the MSIF grant for a large part of the care provider inflation.

2.39 **Transport** - £114k underspend largely related to staffing vacancies and offsets the non-delivery of the day care savings reported within the LD overspend reported in para 2.40 above.

2.40 **Complaints** - £13k underspend which reflects a lower level of external support required for the complaints process.

2.41 **Inhouse Services** - £194k underspend which reflects in the main a lower level of staffing costs arising from vacancies, reduced by the non-achievement of Bedford House deregistration (MTFS £100k). This underspend offsets the non-delivery of the MTFS day care savings (approved at £400k with a shortfall on delivery of £265k) reported within the LD overspend reported in para 2.40 above.

2.42 The movement between Q1 and Q2 is a net increase of £618k. The variation largely reflects an increase in the forecast for older people (including a higher bad debt provision), equipment issues and workforce costs which are partially offset by reductions in the placement forecast for all age disabilities reflecting reviews and assumptions around health contributions, together with a lower level of expenditure on inhouse and transport services arising from recruitment delays.

Public Health

2.43 As at Q2 Public Health is reporting a balanced position after a planned draw down of £482k from the Public Health reserve to fund the continuation of improvement projects and increased funding for wider determinants of health.

2.44 The position has remained the same as that reported at Q1.

2.45 The impact of the NHS uplift in relation to the Agenda for Change, unfunded by the Government, is expected to be contained within the grant uplift.

Children's Services

2.46 As at Q2 the service is reporting a net underspend of £625k after draw down from reserves of £1.245m.

2.47 The main variances are summarised in the following paragraphs.

2.48 **Children and Young People Services** – £944k net underspend

- **Children's Placements & Accommodation** - £906k net underspend. Permanent growth was added to the placements budget through the 2023-24 MTFS of £3.450m which was based on the estimated number of children and young people requiring accommodation in 2023-24 however this is currently lower than originally projected.
- **Frontline Staffing** – £38k net underspend. There are underspends in the frontline social work teams due to vacancies which are partially offset by costs of covering long term sickness and pressures in the Early Support Service. The forecast assumes that £300k of the £450k savings target will be delivered as there is a long process of assimilation and interviews to undergo before the anticipated 1 December delivery. As the months progress it will be clearer if this saving will be achieved in full this year.

- 2.49 **Education Services – SEN Transport** - £215k net overspend due to projected in growth in the number of children and number of routes from the 2023-24 academic year as well as the full year impact of growth in the number of children and routes from the 2022-23 academic year. In addition to this, there are contract inflation pressures linked to the rise in London Living Wage.
- 2.50 **Commissioning & People Services Management** – £104k net overspend. This relates staffing pressures in relation to the Mosaic Team and the Safeguarding Team.
- 2.51 The movement between Q1 and Q2 is a net reduction of £625k. This relates to frontline staffing of £409k underspend due to anticipated partial delivery of the CYPs MTFs staffing restructure and a reduction in forecast for placements £217k due to lower costs of accommodation than originally projected.

Dedicated Schools Grant

- 2.52 The Dedicated Schools Grant (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.
- 2.53 There is a projected overspend on the High Needs Block of £2.482m in 2023-24 which added to the cumulative deficit of £2.623m brought forward from previous years will take the total projected deficit at the end of March 2024 to £5.104m.
- 2.54 Any deficits an authority may have on its DSG account is expected to be carried forward and does not allow or require a local authority to cover this from its general reserves. This is a fixed term arrangement ending in March 2026.
- 2.55 The DfE requires local authorities to explain their plans for bringing the DSG account back into balance. An updated recovery plan is being drafted with the latest projections and will align with the updated SEND Strategy being presented to Cabinet later this year. Despite the significant proposals and measures planned over the next ten years, it is unlikely that the plan will fully 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

CORPORATE AND TECHNICAL

2.56 As at Q2 the forecast for Corporate & Technical budgets is a net underspend of £5.144m as detailed below.

2.57 This is an improvement from the position reported at Q1 of £370k. This is mainly due to £386k additional treasury management income and reduced interest charges, the release of £323k corporate growth budget that is no longer required and one-off excessive deaths grant income of £41k. These positive movements are partially offset by an increase in pay inflation costs of £282k, a reduction of £130k corporate funding, and an increase of Audit fees £228k.

Corporate Items

2.58 As at Q2 the forecast is a net underspend of £2.213m on the corporate items.

2.59 This is an increase from the position reported at Q1 of £57k which relates to an increase in Audit Fees of £228k partially offset by excessive deaths grant income of £41k. In addition, at Q1 the forecast assumed that £130k pressure in housing would be met by the MRP budget, however in Q2 this has been removed reducing the reliance for corporate funding.

2.60 This includes a draw down from the Children's Social Care Reserve of £1m. This funding was originally planned to be drawn down in 2022-23 to offset Children's Services pressures. However, this was not required and is therefore uncommitted and available to support overall council pressures. In addition, there is £2.4m rebate from the West London Waste Authority from the sale of electricity of which £1.4m will be used to manage overall council pressures and the remaining £1m added to the Place MTFs Implementation reserve to support the Place directorate with delivery of savings in the MTFs. There is also excessive deaths grant income of £41k. This has been offset by an increase in external audit fees of £228k.

Contingency for Unforeseen Items

2.61 As at Q2 the forecast is a net underspend of £1.248m as this budget is uncommitted and will be used to manage overall council pressures.

Technical Budgets

2.62 As at Q2 the forecast is an underspend of £2.765m of which the majority relates to additional treasury management income and reduced interest charges.

2.63 The underspend of £2.765m is made up as follows:

- Net underspend on capital financing costs of £2.042m. The gross underspend on Treasury management is £2.692m which has been partially offset by the non-achievement of the £650k residual management savings.
- £400k draw down from Public Health reserve.
- Release of £323k against the corporate growth budget and in the main is to offset the projected impact of the pay award detailed below.

2.64 This is a favourable movement of £709k between Q1 and Q2, reflecting the £386k additional treasury management income and reduced interest charges, and £323k relating to the release of the corporate growth budget.

Pay & Non-Pay Inflation Budgets

2.65 As at Q2 the pay and non-pay inflation budgets are held corporately. There is a net underspend on the non-pay inflation budget of £2.127m as forecast energy prices are lower than originally anticipated.

2.66 The pay award for 2023-24 (effective 1/4/2023) was agreed at the end of October and will cost £7.21m against the original budget of £4m, therefore creating an overspend of £3.2m which is offset by the £2.127m non-pay underspend and £283k underspend from corporate growth budget leaving a pressure of £800k.

2.67 This is an increase of £282k between Q1 and Q2 which reflects the difference between the estimated pay award of £6.928m and the actual pay award of £7.21m.

Investment Properties

2.68 As at Q2 the forecast for investment properties is a balanced position. This is after allowing for a draw down of £75k from the Investment Properties Reserve to fund a loss in rental income as a result of vacant space.

HOUSING REVENUE ACCOUNT (HRA)

2.69 The HRA budget was set with an in-year surplus for £423k in 2023-24. The forecast at Q2 is an increased surplus of £1.1m and now reporting a favourable variance of £677k.

2.70 This is a movement from Q1 of £600k is due to increased forecast income of £338k - commercial property £70k, Licence income £70k and additional service charge income of £198k, £60k reduction in Repairs and Maintenance following an analysis of Temporary Accommodation income, £114k from increased forecast staff vacancies and £88k reduction in capital charges as a result of the rephasing of the Capital Programme.

2.71 The favourable variance of £677k is made up as follows:

- **Supervision & Management** - £409k reduced expenditure due to lower forecast of utilities spend £136k following management action and lower energy prices, and staff vacancies £273k.
- **Capital Charges** - £268k reduction as a result of the review and rephasing of the BCHFL Capital programme based on current information.

RESERVES

Table 10: Summary of Reserves 2023-24

Description	Balance Carry Forward 31/03/2023	Directorate Reserve Movements	Corporate Reserves Movements	Other Reserves movement	Balance Carry Forward 31/03/2024
CIL Harrow	-11,053,401			1,000,000	-10,053,401
Revenue Grant Reserve	-5,161,951	2,336,000			-2,825,951
Compensatory Added Year Reserve	-162,782			80,000	-82,782
PFI Schools Sinking Fund	-2,071,676	655,000			-1,416,676
Public Health Reserve	-2,848,296	482,000	400,000		-1,966,296
PFI NRC Sinking Fund	-1,823,836				-1,823,836
Legal Services Contingency	-500,000				-500,000
Carryforward Reserve	-1,396,857		999,793	397,064	0
Collection Fund Reserve	-2,246,846				-2,246,846
Borough Election	-159,847				-159,847
Harvist Reserve Harrow Share	-88,613				-88,613
Proceeds Of Crime Reserve	-63,000				-63,000
Proceeds Of Crime Reserve Planning	-430,172				-430,172
Public Mortuary Expansion Reserve	-500,000				-500,000
3G Pitch	-50,000	-25,000			-75,000
CIL Mayor	-192,259				-192,259
Vehicle Fund	-1,250,478				-1,250,478
PAP Sinking Fund	-712,500				-712,500
HRA Hardship Fund	-2,330				-2,330
HRA Regeneration Reserve	-199,531				-199,531
HRA Repair Reserve	-277,428				-277,428
Business Risk Reserve	-155,000	81,000			-74,000
Capacity Build/ Transformation Reserve	-527,927	51,000		300,000	-176,927
Equalities Diversity & Inclusion Reserve	-26,000	39,000			13,000
Total Earmarked (Specific) Reserves	-31,900,730	3,619,000	1,399,793	1,777,064	-25,104,873
Decommissioning Accommodation	-561,000	500,000			-61,000
Adults Social Care Reserve	-1,800,475				-1,800,475
People Services MTFS Implementation	-2,099,000	1,347,000			-752,000
Children's Social Care Reserve	-2,620,771	325,000	1,000,000		-1,295,771
Insurance Reserve	-1,304,124	250,000			-1,054,124
Place MTFS Implementation Reserve	-1,595,000	445,000	1,000,000	-1,000,000	-1,150,000
Investment Property Reserve	-1,122,960		75,000		-1,047,960
Corporate MTFS Implementation Reserve	-3,000,000	342,000			-2,658,000
Total Earmarked (Non Specific) Reserves	-14,103,330	3,209,000	2,075,000	-1,000,000	-9,819,330
Budget Planning Reserve MTFS gap	-18,342,606	2,240,000			-16,102,606
Total Non Earmarked Reserves	-18,342,606	2,240,000	0	0	-16,102,606
General Fund Reserves	-10,008,000				-10,008,000
Total General Fund Reserves	-10,008,000	0	0	0	-10,008,000
DSG Deficit Recovery	-1,384,105				-1,384,105
DSG Overspend	4,006,867				4,006,867
Total Net DSG Deficit Reserve	2,622,762	0	0	0	2,622,762
Grand Total All Reserves	-71,731,904	9,068,000	3,474,793	777,064	-58,412,047

2.72 Table 10 shows the balance brought forward on the Council reserves and the projected reserve balances at the end of the financial year. The drawdowns from reserves of £9.068m and £3.475m in table 10 are already incorporated in the overall forecast for 2023-24 as reflected in Table 1 (which shows the total use of reserves of £12.543m). The “other reserves movement” in Table 10, are further use or reserves not reflected in the current revenue forecast. For example, £1m planned use of BCIL will support the Capital programme. The forecast year end balance on the budget planning reserve is £16.103m after allowing for a £2.240m draw down already included in the forecast. If the Q2 forecast overspend is not mitigated by the end of the year, then the budget planning reserve would be reduced by a further £1.379m.

GRANTS

2.73 Attached at Appendix 1 is a schedule of all the revenue grants the Council expects to receive in 2023-24. The majority of these grants are received and paid out and don't impact on the bottom line. For example, the Dedicated Schools Grant is £152m and is paid out to education providers.

SAVINGS TRACKER

2.74 Attached at Appendix 2 is the MTFs Savings Tracker.

Rag Rating	Resources	Managing Director	Total People	Total Place	Council Wide	Total	%
	£000	£000	£000	£000	£000	£000	
Red	0	0	0	(2,616)	0	(2,616)	28%
Orange	0	0	(60)	(65)	0	(125)	1%
Amber	(506)	0	(1,444)	(875)	0	(2,825)	30%
Green	(365)	(366)	(1,594)	(959)	(650)	(3,934)	41%
Total	(871)	(366)	(3,098)	(4,515)	(650)	(9,500)	100%

2.75 28% of the savings are rated Red which means they will not be achieved either fully or only partially achieved in 2023-24. These assumptions are already included within the directorate forecasts as follows:

Directorate	Savings Proposal	2023-24 £'000	Comments
Place	Parking Review	-2,500	Partially achieved in 2023-24 and is part of directorate overspend. Unlikely to be achieved in full in future.
Place	Building Control Fees & Charges	-68	Not achieved in 2023-24 and is part of directorate overspend. Unlikely to be achieved in full in future.
Place	Development Management Fees & Charges	-48	Not achieved in 2023-24 and is part of directorate overspend. Unlikely to be achieved in full in future.
Total		-2,616	

2.76 1% of the savings are rated Orange which means they will not be achieved as per original proposal, however the saving be delivered by alternative means in part or fully or saving has been implemented as per original proposal but not all of the savings can be achieved These assumptions are already included within the directorate forecasts as follows:

Directorate	Savings Proposal	2023-24 £'000	Comments
People	Review of Occupational Therapy	-60	Saving will not be delivered as per original proposal, however the saving will be delivered by alternative means in fully
Place	Remove Principal Conservation Architect post	-65	Saving will not be delivered as per original proposal, however the saving will be delivered by alternative means in fully
Total		-125	

CAPITAL PROGRAMME

3.0 The revised capital budget for 2023-24 is £163.529m as set out at Table 11 and in more detail at Appendix 3:

Table 11: Capital Programme Budget 2023-24 Q2

Directorate	Grant Funding/CiL/ S106 (A)	Harrow Borrowing (B)	Revised Budget (A+B)	Forecast Outturn	Forecast Variance	Slippage to 24/25	Over/ Underspend after Slippage
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
RESOURCES TOTAL	0	11,026	11,026	7,253	-3,773	-3,623	-150
PEOPLE:							
Adults	100	268	368	81	-287	-287	0
Public Health	1	0	1	1	0	0	0
Children	18,772	129	18,901	9,897	-9,005	-9,005	0
PEOPLE TOTAL	18,873	396	19,270	9,978	-9,291	-9,291	0
PLACE:							
Environment	12,777	22,500	35,278	30,451	-4,827	-4,802	-25
Inclusive Economy, Leisure & Culture	2,343	3,764	6,108	2,744	-3,363	-2,836	-527
Regeneration & Development	3,046	17,739	20,785	5,039	-15,745	-14,833	-912
Housing General Fund	5,047	8,513	13,560	12,347	-1,212	-1,152	-60
PLACE TOTAL	23,213	52,516	75,729	50,581	-25,148	-23,624	-1,524
TOTAL GENERAL FUND	42,086	63,938	106,025	67,812	-38,212	-36,538	-1,674
TOTAL HRA	16,656	40,848	57,505	44,628	-12,877	-12,812	-65
TOTAL GENERAL FUND & HRA	58,742	104,786	163,529	112,440	-51,088	-49,349	-1,739

3.1 The general fund capital programme budget in 2023-24 is £106.025m. The net forecast position on the capital budget at Q2 is £67.812m which represents 64% of the total capital programme budget. The variance of £38.212m is made up of proposed slippage of £36.538m and an underspend of £1.674m.

- 3.2 The Housing Revenue Account (HRA) capital programme budget is £57.505m. The net forecast position on the HRA capital budget at Q2 is £44.628m which represents 78% of the total HRA capital programme budget. The variance of £12.877m is made up of proposed slippage of £12.812m and a net underspend of £65k.

RESOURCES

- 3.3 As at Q2 the projected spend is £7.253m which represents 66% of the capital budget. £3.623m will all be slipped into next financial year of which £1.249m relates to the council wide capital budget which is used to fund various schemes across the council which have not received a capital allocation during the normal budgeting cycle. This is currently uncommitted and therefore will be slipped to 2024-25. £2.374m relates to current IT projects. There is a net underspend of £150k relating to IT projects.

PLACE

- 3.4 As at Q2 the projected spend is £50.581m which represents 67% of the capital budget. Of the variance to budget of £25.148m, a total of £23.124m of funding will be slipped to 2024-25 and there is an underspend of £2.024m.

Environment

- 3.5 The services forecast to spend £30.451m against a budget of £35.278m. £4.802m is forecast to be slipped to 2024-25 and £25k is an underspend.
- **Climate Emergency** - £350k slippage relates to energy emissions reduction measures. A number of solar projects are planned to be implemented this year and survey works are underway. Subject to a procurement exercise, it is anticipated that £400k of the budget will be utilised to improve energy efficiencies of our buildings through installing solar panels. The forecast to be slipped to 2024-25 is to undertake further energy efficiency projects.
 - **Parks Infrastructure** - £450k slippage. Improvement works at the Green Flag parks are underway and the majority of these are anticipated to be completed in 2023/24. Within this year's budget allocation, there is an externally funded project at Chandos Recreation Ground. This is a 2-year project funded by the GLA's Green and Resilient Spaces Fund and BCIL, and the forecast slippage primarily relates to this as the construction phase is scheduled for 2024-25.
 - **Vehicle Procurement** - £2.367m slippage. The budget of £2.867m was originally set up based on the data in the vehicle replacement programme. Of this, £500k is forecast to be spent this year on the replacement of grounds maintenance vehicles and machines. A number of minibuses for delivering Brent's special needs transport service are almost 7 years old

and are due to be replaced. However, options are to be explored with Brent, considering their service requirements and the potential move to greener vehicles as part of the re-procurement process. Given the replacement value of the vehicles, this will be subject to a separate Cabinet decision in future. £2.367m is therefore forecast to be slipped to 2024-25.

- **Future High Street Fund (FHSF) Harrow Town Centre** – £1.135m slippage. All 3 projects in the revised FHSF programme are underway following the approval of the project and adjustment request by DLUHC that all grant is spent by 31 March 2024. The budget of £8.319m is made up of FHSF of £7.184m and BCIL of £1.135m. As the grant condition requires the FHSF to be committed no later than 31 March 2024, the FHSF is forecast to be spent this year and the BCIL fund is slipped to 2024-25 to meet the remaining costs of the projects.
- **Depot Redevelopment** - £500k slippage. The main redevelopment project has been completed. Additional works including the transformation of the external areas are being progressed this year. Any further works to enhance the site will be reviewed and decided later, and therefore a budget allowance of £500k is forecast to slip to 2024-25.
- **Street Lighting Programme** - £25k underspend. Lighting columns already planned to be replaced in the Town Centre are now assumed to be part of the wider Public Realm project and funded from the FHSF programme, therefore a net £25k is reported as budget underspend.

3.6 Unless stated otherwise, the slippage has no implications on the revenue budget.

Inclusive Economy, Leisure, and Culture

3.7 As at Q2 the forecast is £2.744m against a budget of £6.108m. £2.837m is forecast to be slipped to 2024-25 and a forecast underspend of £527k.

- **Leisure Centre Infrastructure** - £2.755m slippage. Capital budgets have been allocated for health & safety and operational improvement works at Harrow Leisure Centre, Hatch End Swimming Pool and Bannister Sports Centre. Preliminary works and surveys are planned in 2023/24 before any procurement exercise will take place. Given the value of works, a separate Cabinet approval will likely be required. Therefore, the funding of £2.755m for delivery phase is forecast to be slipped to 2024-25.
- **Harrow High Street Fund** - £608k, consisting of £81k slippage and £527k underspend. The delivery of 2023-24 agreed programme is underway. At the same time, a review is being undertaken on some of the current projects to assess their suitability and/or delivery timeline. Therefore £81k is forecast as a slippage to 2024-25. Within this year's budget allocation, £638k is assumed to be funded from BCIL and £527k from borrowing. At this stage, the working

assumption is that the programme will be delivered and funded from the remaining BCIL, therefore releasing £527m Council borrowing as budget underspend.

Regeneration and Development

3.8 As at Q2 the service forecasts to spend £5.039m against a budget of £20.785m. The remaining £14.833m is forecast to be slipped to 2024-25 and £912k forecast to underspend.

- **Investment in Harrow New Civic and 3 core sites** - £14.183m slippage. Following the Cabinet report in November 2022 on the review and progress of the Harrow Strategic Development Partnership (HSDP), it was agreed that £10.735m of the budget was earmarked for Grange Farm Phase 2 (private homes) and Grange Farm Phase 3 design and planning (private homes) respectively. This is profiled to be spent in 2024. The remaining budget of £3.448m will remain in the capital programme for future schemes.
- **High Priority Planned Maintenance** - £1.562m, consisting of £650k slippage and £912k underspend). A planned investment programme on corporate buildings and the associated costings are to be developed. Works will be prioritised based on investment criteria. It is proposed that the capital budget is re-profiled to provide an annual allocation of £650k per annum over the next 3 years. This results in net £912k being reported as budget underspend in 2023-24.

3.9 Unless stated otherwise, the slippage has no implications on the revenue budget.

Housing General Fund

3.10 As at Q2, the services forecast to spend £12.347m against a budget of £13.560m. £60k is forecast as an underspend and, £1.153k to be slipped into 2024-25.

- **Empty Properties Grant** - £60k underspend. Demand has reduced due to landlords in London exiting the rental market. The rent levels offered by Harrow are no longer competitive even with the guaranteed rent and bond schemes.
- **Disabled Facilities Grant** - £1.153m slippage. This relates to unallocated external grant to be slipped to 2024-25 to be added to next year's programme. The service is currently undergoing peer review to establish best practice and efficiencies and effective ways of allocating the DFG budget allocation.

PEOPLE SERVICES

3.11 As at Q2 the projected spend is £9.978m which is 52% of the total budget.

Adult Services

3.12 As at Q2 the forecast spend is £81k which is 22% of the total budget. The remaining £289k is reported as slippage.

3.13 The slippage relates to funding for inhouse provision which largely represents a placeholder in the event of any unforeseen requirements. It is not anticipated that the full budget will be required this financial year. There are no revenue implications as a result of this slippage.

Public Health

3.14 As at Q2 the projected spend is £1k which represents 100% of the budget.

Children's Services

3.15 As at Q2 the projected spend is £9.896m which is 52% of the total budget. The remaining £9.005m will be slipped to future years.

3.16 The majority of the slippage relates to grant funding for Special Educational Needs capital projects which are planned for 2024-25.

HOUSING REVENUE ACCOUNT (HRA)

3.17 The HRA capital programme budget is £57.505m. As at Q2 the net forecast spend position is £44.628m. The variance of £12.877m is made up of slippage of £12.812m and a net underspend of £65k.

3.18 The slippage of £12.812m relates to the following schemes:

- **Planned Investment - £2.576m slippage.**
Meadfield & Cornell £1.05m- Delay is due to specialist contractors carrying out detailed ground surveys which impacts on the delivery of the programme.

Various estate renewal schemes £356k - Delay to s20 consultation notice and schemes to go out to tender in November 2023

Roof renewal schemes (Pinner Green & Tapley & Cornell) £450k - Tender currently being evaluated and work due to start in new year for Pinner Green. Tapley & Cornell about to go to tender via framework, revised expected SOS January 2024.

Windows & Doors £720k - Tenders currently being evaluated with proposed start on site (SOS) early in new year, resulting in slippage of £720k into 2024-25.

- **Retrofit for Energy** - £1.259m slippage. The HRA budget report set aside £1.0m placeholder budget as match funding to support bids to the government for energy efficiency/decarbonisation related works. The budget has been reprofiled following a successful bid to the Social Housing Decarbonisation Fund (SHDF) Wave 2, at £2.147m contributing to a contract circa £5.1m of which £2.93m will be co-funding by Harrow to delivery energy efficiency works across over 226 homes over 2 years.
- **Grange Farm Phase 2** - £942k slippage and **Grange Farm Phase 3** - £109k slippage. The budget has been reprofiled to reflect the later than anticipated handover of Phase 1 and pause in design and planning application for Phase 2 and 3 related to the HSDP review.
- **Housing IT phase 2** - £600k slippage. Phase 1 of the Housing IT systems replacement is at the user acceptance testing stage and 'Go live' is not anticipated until December 2023, resulting in Phase 2 of scheme being pushed back into 2024-25.
- **Homes for Harrow Phase 2** - £1.079m slippage. The budget has been reprofiled to reflect the HSDP review and reprofiling of GLA grant agreed with the GLA to match with start on sites being reprofiled to 2024-25.
- **Building Council Homes for Londoners** - £6.246m slippage and £7k underspend.

Slippage on Brookside Close and Charles Crescent, £1.601m and £1.076m respectively, due to cash flow forecast from contractor being over estimated. SOS completed in line with GLA grant requirements. 90% of grant has been claimed. Assuming lost time may be made up later in the project so currently predicting practical completion will be on target.
Milton Road (£3.569m)- Milton Road reprofiled following move to fixed rate contract, £3.41m in 24/25 and £159k in 25/26.

Underspend relates to completion of schemes with £7k borrowing released as underspend.

3.19 Unless stated otherwise, the slippage has no implications on the revenue budget.

ADDITIONS AND AMENDMENTS TO THE CAPITAL PROGRAMME

3.20 Relocation of existing Harrow Adult Drug & Alcohol Community Treatment and Recovery Service £60k – addition.

Public Health are seeking an addition to the capital programme from S106 monies, to support the relocation of the existing Harrow Drug & Alcohol Community & Recovery Service delivered by Via (formerly WDP) which is funded by the Public Health grant. The funding is being applied to support with the costs associated with adaptation and the refurbishment of the new site from which the services will be run.

This addition is in line with the Financial Regulations. The spend will ensure that the drug & alcohol community & recovery service can continue to be provided to the public and is externally funded therefore will not increase the cost of borrowing.

This is in accordance with “a place where those in need are supported” priority of the capital programme and will have no implications on the revenue budget

3.21 Contribution towards the refurbishment of 8 units into 5 self-contained flats as part of a project with Notting Hill Genesis (NHG) £154k - addition.

Adults Services are seeking an addition to the capital programme of £154k to contribute towards the refurbishment of 8 units into 5 self-contained flats as part of a project with Notting Hill Genesis (NHG).

The scheme costs total £1.054m and will be jointly funded by capital grant funding from the Greater London Authority (GLA) of £500k, funding of £500k from NHG with the balance of £154k funded by the Council. This contribution will be funded by social care grants, with the Council receiving 100% nomination rights in perpetuity (subject to agreement as part of the contractual arrangements). This redeveloped NHG owned property will increase the choice of accommodation in Harrow and reduce the reliance of out of borough placements for citizens with learning disabilities and autism anticipated and will contribute towards the delivery of existing MTFS proposals for 2025-26.

This addition is in line with the Financial Regulations. The spend will reduce the reliance of out of borough placements for citizens with learning disabilities and autism by giving more choice of accommodation in Harrow and is externally funded therefore will not increase the cost of borrowing.

This is in accordance with “a place where those in need are supported” priority of the capital programme and will have no implications on the revenue budget.

4.0 COUNCIL TRADING STRUCTURE UPDATE 2023-24

4.1 The Council’s Trading Structure update is attached at Appendix 4 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 2023-24 FINANCIAL YEAR

5.1 This is the second revenue and capital budget monitoring report for 2023-24

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

- Q3 Revenue & Capital Monitoring – February 2024
- Q4/Final Revenue & Capital Monitoring – July 2024

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 Q2 the forecast on the revenue budget is a net overspend of £1.379m.

The projected spend on the Capital Programme is £112.440m which represents 69% of the total budget.

8.0 Environmental Implications

There is no direct environmental impact.

9.0 Risk Management Implications

Risks included on corporate or directorate risk register. **No**

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 noting the report:

Risk Description	Mitigations	RAG Status
Failure to deliver the budget on target	<ul style="list-style-type: none">At Q1 there is a projected net revenue overspend of £1.379m.This includes an assumption that 28% of the MTFs savings are rated Red and are either not achieved or not achieved in full this financial year with the remaining 72% as outlined above.It is anticipated that by the end of the year this overspend can be contained within budget through continued robust budget monitoring and challenge.	Amber
Pay inflation impact on budget	<ul style="list-style-type: none">The pay award for 2023-24 (effective 1/4/2023) was agreed at the end of October and will cost £7.21m against the original budget of £4m, therefore creating an overspend of £3.2m which is offset by the £2.127m non-pay underspend and £283k underspend from corporate growth budget leaving a pressure of £800k.The movement of £282k between Q1 and Q2 reflects the difference between the estimated pay award of £6.928m and the actual pay award of £7.21m	Amber

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 2023-24 budget is already assumed in the overall outturn ▪ Quarterly stakeholder groups ▪ Review of financial and non-financial performance information 	Green
Projects within the Capital Programme exceed their budget, potentially resulting in additional capital financing costs	<ul style="list-style-type: none"> ▪ If projects exceed their costs, Directorates would be asked to find compensatory savings elsewhere in the programme to cover the overspend. In the worst-case scenario, a council wide capital budget is held and a virement would be carried out to offset the overspend. 	Green
Additions to the capital programme occur that may incur additional borrowing costs to the council	<ul style="list-style-type: none"> ▪ Funded by additional grants and contributions thus no additional capital financing costs will be incurred 	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.

Under the Financial Regulations B48 Additions in-year to the Capital Programme

Up to £5m – additional capital spending can be approved by Cabinet on specific projects where

- i. The expenditure is wholly covered by additional external sources; and
- ii. The expenditure is in accordance with at least one of the priorities listed in the capital programme; and
- iii. There are no full year revenue budget effects

The additional capital spending agreed by Cabinet in one financial year cannot exceed £20 million.

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 budget 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:

13.3 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.

13.4 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

13.5 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.

Section 3 - Statutory Officer Clearance

Statutory Officer: Sharon Daniels

Signed by the Interim Chief Financial Officer

Date: 21/11/23

Statutory Officer: Caroline Eccles

Signed on behalf of the Monitoring Officer

Date: 22/11/23

Chief Officer: Alex Dewsnap

Signed off by the Managing Director

Date: 23/11/23

Head of Procurement: Nimesh Mehta

Signed on behalf of Head of Procurement

Date: 21/11/23

Head of Internal Audit: Neale Burns

Signed on behalf of the Head of Internal Audit

Date: 22/11/23

Mandatory Checks

Ward Councillors notified: NO as it impacts on all Wards

EqIA carried out: NO

Section 4 - Contact Details and Background Papers

Contact: Sharon Daniels, Interim Director of Finance & Assurance
(S151 Officer), Telephone 020 8424 1332,

Sharon.Daniels@harrow.gov.uk

Background Papers:

Final Revenue Budget 2023/24 and Final Medium Term Financial Strategy 2023/24 to 2025/26 Report

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