

Cabinet Supplemental Agenda

Date: **Thursday 16 February 2023**

Agenda - Part I

KEY 19. Final Revenue Budget 2023/24 and Medium-Term Financial Strategy 2023/24 to 2025/26 (Pages 3 - 114)

Report of the Director of Finance.

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Report for: Cabinet

Date of Meeting:	16 February 2023
Subject:	Final Revenue Budget 2023/24 and final Medium Term Financial Strategy 2023/24 to 2025/26
Key Decision:	Yes
Responsible Officer:	Dawn Calvert – Director of Finance and Assurance (S151 Officer)
Portfolio Holder:	Councillor David Ashton – Portfolio Holder for Finance and Human Resources
Exempt:	No
Decision subject to Call-in:	No - decisions reserved to Council
Wards affected:	All
Enclosures:	Appendix 1A – Savings and Growth 2023/24 to 2025/26 Appendix 1B – Savings and Growth from the 2022/23 Budget Process Appendix 2 - Medium Term Financial Strategy 2023/24 to 2025/26 Appendix 3 – Revenue Budget Summary 2023/24 Appendix 4 – Levies, contributions, and subscriptions Appendix 5 – Policy on use of contingency Appendix 6 - Schools Budget 2023/24 Appendix 7 - Public Health Budget 2023/24 Appendix 8 – Reserves Policy Appendix 9 – Reserves Forecast Appendix 10 – Report of the Chief Finance Officer Appendix 11 – Model Council Tax Resolution Appendix 12 – Members Allowance Scheme 2023/24

Appendix 13 – Annual Pay Policy Statement
for 2023/24

Appendix 14 – Flexible Use of Capital
Receipts

Appendix 15 - Summary of Resident
Consultation

Appendix 16 – Employees’ Consultative
Panel Recommendation

Appendix 17 – Harrow Business
Consultative Panel Meeting Minutes

Section 1 – Summary and Recommendations

This report sets out the final revenue budget for 2023/24 and final Medium Term Financial Strategy (MTFS) for 2023/24 to 2025/26. In December 2022, Cabinet approved the draft versions of the revenue budget and MTFS for general consultation.

Recommendations:

Cabinet is requested to:

- 1) Recommend the 2023/24 budget to Council for approval, being mindful of consultation results, to enable the Council Tax for 2023/24 to be set.
- 2) Recommend the Model Council Tax Resolution 2023/24 to Council for approval as set out in Appendix 11.
- 3) Recommend to Council that, in accordance with Section 38 (2) of the Local Government Finance Act 1992, the Chief Executive be instructed to place a notice in the local press of the amounts set under recommendation 2 above with a period of 21 days following the Council's decision.
- 4) Approve the Medium-Term Financial Strategy for referral to Council (Appendix 2).
- 5) Note the balanced budget position for 2023/24 and 2024/25 and the estimated budget gap of £6.321m to £13.143m for 2025/26 largely due to the uncertainty of the Social Care Grant (Table 2).
- 6) Note the intention to increase Council Tax by 2.99% in 2023/24 (Paragraph 1.07).
- 7) Note the intention to increase Council Tax by a further 2% in 2023/24 in respect of the Adult Social Care Precept (Paragraph 1.16).
- 8) Note the 2023/24 budgets for Schools and Public Health as set out in Appendices 6 & 7.
- 9) Note the proposal to increase funding to Additionally Resourced Mainstream Units by 10% (within the High Needs Block) (Paragraph 1.46).
- 10) Note the proposal to provide additional funding for pupils with Education, Health and Care Plan (EHCP) in mainstream schools of 3.4% (Paragraph 1.46).
- 11) Note the assumed funding for the protection of social care 2023/24 through the Better Care Fund (Paragraphs 1.51 to 1.54).
- 12) Recommend the 2023/24 Members Allowance Scheme to Council for approval (Appendix 12).

13) Recommend the 2023/24 Annual Pay Policy Statement to Council for approval (Appendix 13).

14) Recommend the Capital Receipts Flexibility Strategy to Council (Appendix 14).

Reason: (For recommendations)

To ensure that the Council sets a balanced budget for 2023/24.

Section 2 – Report

BACKGROUND

1.01 Harrow remains one of the lowest funded Councils both within London and nationally. The Council does not benefit from large reserves compared with other London Borough's and is at the lower end of the lower quartile for reserve balances held.

1.02 Over the last 10 years, up to 2022/23:

- The Council's revenue support grant has reduced from £50.5m to £1.825m (after accounting for the Council Tax Subsidy Admin Grant of £256k which is now subsumed into RSG)
- The Council does receive other grant funding to support services, in 2022/23 this totalled £366m. However, these grants are all ring fenced to areas of activity and cannot be used to support the core budget, for example the Dedicated Schools Grant of £143m.
- The Council does not receive specific funding to meet demographic growth and demand led pressures. In addition, inflation is increasing exponentially creating unfunded budget pressures.
- For many years Council Tax has been increased just below the referendum limits and full use has been made of the Adults Social Care Precept, both of which were in line with central government expectations. The impact of this is that the Council is heavily reliant on Council Tax to fund its core services. In 2022/23 80% of the Council's net revenue budget of £183.3m is funded from Council Tax.

SUMMARY

1.03 This report sets out the final budget and MTFs, which have been adjusted since draft documents were presented to Cabinet in December 2022, and Cabinet are asked to note the adjustments. After all adjustments, the MTFs shows a balanced budget position for 2023/24 and 2024/25 and an estimated budget gap of £6.321m to £13.143m for 2025/26 due largely to the uncertainty of the Social Care Grant. It is important to note that for 2025/26 several of the budget adjustments are estimated at a high level due to the challenges of forecasting complex issues such as inflation, demand, and demographic changes so far in advance. As the budget is approved annually, the latter two years of the MTFs, especially year 3, will be subject to review and adjustment before being finally approved.

1.04 The final MTFs is based on the Local Government Indicative Financial Settlement received 19 December 2022. The final settlement was received

on 7 February 2023 and any impact on the budget and MTFs will be managed through the Contingency for Unforeseen Items. There will be no impact on the overall budget envelope. Whilst it is intended that members will approve the MTFs in February 2023, it could still be subject to assumptions in relation to grant settlements, council tax income, legislation and demographics. The Council does hold a contingency for unforeseen items (£1.248m) which is intended to support uncertainties and the Council will still be required to review the Council's budget on a yearly basis

SPENDING REVIEW 2021 AND AUTUMN STATEMENT 2022

Spending Review 2021

- 1.05 On 27 October 2021, the Chancellor of the Exchequer delivered Spending Review 21 (SR21) and the Autumn Budget. The latter set out the Government's taxation and public expenditure plans for the year ahead and SR21 confirmed resources and capital budgets for the three years 2022/23 to 2024/25. There were 2 announcements that impacted on 2023/24 and 2024/25. The first was the £1.5b per annum of new grant funding into local government intended to cover inflationary pressures, the employer NI increase of 1.25%, announcements on public sector pay, Covid-19 impact on demand (Adult social care, mental health, and Children's Services). The MTFs assumed that the Council's share was based on Harrow's proportionate share of Adults Social care nationally (0.004) resulting in an estimated grant value of £6m additional per annum over the three years 2022/23 to 2024/25. The Department of Levelling Up, Housing and Communities (DHLUC) provided assurances that that this funding would be continued with announcements in the Autumn Statement 2022 being additional to SR21 and not a replacement for. Hence £12m of additional funding (£6m in both 2023/24 and 2024/25) remained in the draft MTFs. However, these assurances did not materialise in the Autumn Statement 2022 and the £12m of additional funded has had to be removed from the final MTFs.
- 1.06 The second announcement was the £3.6b over three years for the Adult Social Care Funding Reform to cover preparation and implementation of the reforms, supporting those who reach the care cap and the fairer cost of care. The Council received £763k in 2022/23. Plans for years 2 and 3 have been changed by the Autumn Statement 2022 due to the postponement of the reforms until October 2025.

Autumn Statement 2022

- 1.07 The Chancellor of the Exchequer delivered the Autumn Statement on 17 November 2022. The statement set out the broad policy direction in three key areas: economic stability, economic growth, and public services. The key areas of the Statement pertaining to Local Government are detailed below and included in the final MTFs:
- The Council Tax referendum limit will rise from 2% to 3% in 2023/24 with the adult social care precept flexibility rising from 1% to 2%. This flexibility is also allowed for 2024/25. The final MTFs includes a total Council Tax increase of 4.99%, 3.99% and 2.99% over 2023/24, 2024/25 and 2025/26 respectively

- Adult Social Care (ACS) funding reforms will be pushed back by 2 years to October 2025
- The funding to deliver the ACS reforms will be repurposed with £1.3bn for 2023/24 and £1.0bn in 2024/25 distributed to Local Authorities through the Social Care Grant
- An extra £1bn to go towards social care via the Better Care Fund (£600m) and through a ring-fenced ASC grant (£400m) in 2023/24 rising to £1.7bn in 2024/25
- The business rates multiplier will be frozen in 2023/24 and local authorities will be fully compensated for any loss of income
- Social care rents (within the HRA) will be capped at 7%
- The £1bn Household Support Fund will be continued for another 12 months from April 2022
- The school's budget will be increased by £2.3bn in each year above the SR21 level.

DELIVERY OF THE 2022/23 BUDGET

- 1.08 Harrow has had a good track record of robust financial management and has not reported a revenue budget overspend for many years. However recent years have proved more challenging. The budget for the current financial year assumed a drawdown of £14.7m from the MTFs Budget Planning Reserve. The use of reserves is one off in nature and the reversal of this action is the main contributing factor to the 2023/24 budget gap as reported to Council in February 2022.
- 1.09 The reality is that the Council has spent above its budget envelope, and this is not sustainable. A revised financial strategy is being implemented to address the overspend position and reduce the Council's expenditure to within its budget envelope. Performance against the 2022/23 budget is detailed in a separate report on this agenda, 'Q3 Revenue and Capital Budget 2022/23' report. This report forecasts a net overspend of £9.872m assuming no draw down from the MTFs Budget Planning Reserve. The Q3 position is a £2m improvement on Q2 which was reported to Cabinet in December and forecast an overspend of £11.872m. This improvement will reduce the requirement to draw down from reserves from the planned £14.7m to £9.872m. This will allow a minimum of £4.828m to be left within the MTFs Budget Planning Reserve to increase the Council's financial resilience over future years. All efforts continue to further reduce the Q3 forecast by the end of the financial year.
- 1.10 In line with the national picture, the Council is being hit hard with inflation. Inflation on energy is estimated to cost £2.6m more than 2021/22 and is just being contained within the budget provision of £2.750m. Budget provision for pay inflation was £2m (2%). The 2022/23 pay award has recently been announced and it equated to an increase of 6.4% against the pay bill and has created an unfunded budget pressure of £4.070m (net of reversing out the planned NI increase of 1.25%). Front line services continue to experience pressures which will continue in 2023/24 and must be considered as part of the MTFs refresh process. In total these are confirmed at £7.393m.

BUDGET PROCESS 2023/24

- 1.11 The Council has a statutory obligation to agree and publish a balanced budget for 2023/24, and approval for this will be sought from Council in February 2023. In preparing the 2023/24 budget and rolling forward the MTFS to cover the three-year period 2023/24 to 2025/26, the current MTFS has been the starting point for the process.
- 1.12 The Council's financial position and its operational environment has always been affected by several financial uncertainties and adjustments that impact upon its financial position over the short and medium term. In preparing the final budget for 2023/24 the existing MTFS has been:
- Refreshed and rolled on a year
 - Updated to reflect the estimated impact of Autumn Statement 2022 and the Indicative Financial Settlement
- 1.13 The draft budget was presented to Cabinet in December 2022. For completeness, the adjustments required to set the draft budget, are repeated in this report and summarised in Table 1 below followed by a narrative explanation. These adjustments are also set out in Appendix 2 along with adjustments included within the previous MTFS agreed as part of the 2022/23 Budget process:

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

Published Budget Gap / 2024/25 Estimated Directorate Growth

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

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

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

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

Technical Changes

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

- 1.25 The Council is currently holding a number of accrued capital receipts (£4.5m) and will receive a further sum estimated at £15.4m from the sale of properties at Leefe Robinson Mews (formerly known as Haslam House) and Pinnora Mews (formerly known as Waxwell Lane Car Park). The revenue implications of investing in short life assets, which are largely IT related, can be expensive because their cost is charged to the budget over their useful life which is often around 5 years. Capital receipts can be used to fund such assets as an alternative to them being funded through the Capital Programme and incurring capital financing charges. The capital receipts in hand and those due will be used for such purposes and will realise revenue savings against the capital financing budget of £4.3m over the three years of the MTFS.
- 1.26 The Concessionary Fares / Freedom Pass Scheme provides free travel for older and disabled London residents on all Transport for London (TFL) travel modes and on most National Rail routes (with restrictions). The methodology used for settlement of the scheme with TFL uses journey data for the previous 2 years and London Councils provide cost estimates for the forthcoming three years which is the most accurate data on which to adjust the budget. The midpoint estimates from London Councils have been compared to the Councils base budget and infer a saving of £1.580m in 2023/24 with growth of £2.322m required in 2024/25. The estimates for 2025/26 infer a significant increase in usage requiring growth of £2.280m. This growth would take the concessionary fares / freedom pass base budget up to £11.80m which is significantly above its pre COVID-19 levels. As this is so far in the future a provisional sum of £1m additional budget is being provided for in the MTFS.

2022 Autumn Statement - Impacts on the Budget

- 1.27 The announcements in the 2022 Autumn Settlement that can be quantified with a degree of certainty have been adjusted for in the draft MTFS. In the current year budget, £0.8m of growth was provided for to fund the 1.25% increase in employer National Insurance contributions. As this increase has now ceased, the growth is not required, and it can be removed from the MTFS. However, the Autumn Statement stated that, as funding was allocated to Local Government as part of SR21 to fund the increase in NI, there would be a corresponding reduction in Core Spending Grant in 2023/24 which is adjusted for.
- 1.28 The implementation of the ASC Reforms has been pushed back to October 2025 and the ASC reform funding, announced in SR21, is being repurposed into a Social Care Grant. At a national level this is £1.3bn in 2023/24 increasing to £1.7bn in 2024/25. London Councils estimate the additional grant funding for Harrow will be £4.280m and £1.975m for 2023/24 and 2024/25 respectively. As the statement clearly states this is for current pressures only, the MTFS prudently assumes this funding ceases in 2025/26 and is repurposed back to funding the ACS reforms.
- 1.29 The Adult Social Care Grant is being increased nationally by £400m in 2023/24 and by a further £283m in 2024/25. London Council estimates that Harrow's share is £1.640m and £1.146m in 2023/24 and 2024/25 respectively. This funding is assumed to be on going.
- 1.30 The additional funding for Local Government that is being channelled through the Improved Better Care Fund (IBCF) is estimated to be £930k in 2023/24

and £620k in 2024/25. As this funding must be pooled with Health within the Better Care Fund, the MTFS assumption is that this additional funding will be cost neutral to the MTFS.

- 1.31 Directorate adjustments are detailed in Appendix 1A.
- 1.32 The 2022/23 budget is forecasting an overspend of £11.513m. Several the pressures will continue into 2023/24 and need to be reflected in the budget setting process. The impact into 2023/24 is currently estimated at £8.8m. There is a clear expectation that the in-year pressure will reduce, which could have an impact on the pressures carried forward into 2024/25 and these will be refined in the time for final budget in February 2023.
- 1.33 After all the adjustments, the results at draft MTFS in December was an estimated gap across the three years of £21.887m:
2023/24 £10.923m
2024/25 £0m
2025/26 £10.964m

Adjustments required following the Indicative Local Government Settlement announcement.

- 1.34 The indicative settlement was announced on 19 December 2022 followed by the final settlement on 7 February 2023. The indicative settlement was broadly in line with Autumn Statement 2022 announcements which were used as the basis for the draft budget and MTFS. Although Autumn Statement 2022 SR2 made broad funding announcements for the next two years the settlement included specific funding allocations for 2023/24 only and provided a direction of travel for 2024/25. The adjustments to the draft MTFS are summarised in table 2 below and supported by explanatory text which follows the table:

Table 2: Changes to the MTF5 (Post Indicative Finance Settlement on 19 December)			
	2023/24	2024/25	2025/26
	£'000	£'000	£'000
Published Budget Gap - December 2022	10,923	0	10,964
Adjustments:			
Changes as a result of the December Finance Settlement			
Increase in NNDR Multiplier (£3.180m to £3.752m)	-572		
Reverse out assumed Social care grant	4,280	1,975	-6,255
£12.807m allocation for 2023/24, less £7.720m base in 2022/23 less £300k ILF grant rolled in to social care	-4,787		4,787
£14.842m 2024/25 allocation - £12.807m= increase of £2.035m		-2,035	2,035
Reverse out assumed Adult Social care grant	1,620	1,146	
Adult Social Care Market Sustainability Grant and Improvements	-2,271	-1,144	
Adults Social Care Market Sustainability Grant & Improvements (expenditure of 25%)	560	286	
IBCF (50% of the national allocation of £600m in 2023/24, increasing to £1bn by 2024/25)	-934	-616	
IBCF contribution to pool	934	616	
Additional RSG (increased from £1.648m to £2.081m)	-433		
Offset by rolled in grant already in 2022/23 Budget for Council Tax Subsidy Admin Grant	256		
Additional Top up grant (increased from £22.623m to £23.195m)	-572		
Reduction in New Homes Bonus (from £3.022m to £2.245m)	777		
Reverse out assumed SR21 Core Spending Grant	5,200	6,000	
Continuation of Services Grant	-1,541	770	771
Abolition of Lower Tier Grant	421		
Cost of Living Grant funded by Council Tax Support Fund (external grant)	-310	310	
Other Changes:			
Freedom Passes	-570	-732	1,050
Directorate savings/growth:			
Children's	-825	-1,570	-500
Adults	-2,273	-1,989	-295
Growth	0	0	0
Place	-3,915	-3,775	-300
CEO	-6	-89	-6
Resources Saving	-586	-408	-108
Resources Growth	103		
West London Waste Authority Income	-1,000	1,000	
Impact of 2022/23 Pressures Carried into 2023/24:			
Childrens - reduction from £4.2m to £3.7m	-500	0	
Place reduction from £4.196m to £3.696m	-500		
Increase in reduction in Pension Fund Deficit Contribution	-300		
Further one off saving on Capital Financing Costs due to underspends on Capital Programme	-1,000	1,000	
10% Mgt Savings not included in individual proposals	-650		
Removal of LLW provision in 23/24 - included in directorate growth and inflation provisions	-900	-500	1000
Reduction of Council wide growth provision	-629	-245	
Revised Budget Gap (February 2023) - Assumes reversal of Social Care Grant	0	0	13,143
Non reversal out of Social Care Grant			-6822
Revised Budget Gap (February 2023) - Assumes Social Care Grant retained			6,321

Changes because of the December Finance Settlement

1.35 The Indicative Finance Settlement resulted in funding being £11.2m short of that expected. This was largely due to DLUHC's assurances that commitments made in the Autumn Statement 2022 would be in addition to, and not instead of, funding commitments announced at SR21. A further challenge from the Settlement is the uncertainty around the long-term future

of the Social Care Grant and ringfencing the Adult Social Care Market Sustainability Grant:

In respect of the NNDR Multiplier Grant, Revenue Support Grant (net) and 'Top Up' Grant, the Settlement delivered more funding than was budgeted for. However, this was largely compensated by a reduction in the New Homes Bonus Grant and the Abolition of the Lower Tier Services Grant.

The Social Care Grant was confirmed at £6.822m over 2 years, an increase of £567k and is largely the repurposed funding for Adult Social Care reform. The Autumn Statement 2022 confirmed the delay of the reforms until October 2025. However, there is significant uncertainty regarding what will happen to this additional Social Care Grant in 2025/26 after the implementation of the reforms. For this reason, a prudent approach has been taken and year 3 of the MTFs (2025/26) assumes a scenario that the grant is either ceased or repurposed to fund the reforms or retained to continue funding social care pressures.

The Adults Social Care Grant was replaced with the funding stream Adults Social Care Market Sustainability Grant and Improvement. The new funding stream is £649k higher than at draft budget but central government have indicated that there will be conditions and targets to be achieved with this funding. This limits the Council's capacity to best apply to local need. At the time of writing this report the conditions are outstanding and the final MTFs assumes 25% of the grant received will be spent on further expenditure in addition to the growth and investment into social care across the MTFs.

The additional Core Spending Grant announced in SR21 did not materialise in the Autumn Statement 2022 therefore has been reversed out of the MTFs (£11,2m).

The Services Grant, first announced in 2022/23, was continued into 2023/24. As there is no certainty on the further continuation of this grant and its value has been reduced by a third from 2022/23 to 2023/24, it has prudently been phased out over years 2 and 3 of the MTFs.

In the draft budget, the Council provided £310k in 2023/24 for a Cost-of-Living Grant. Following the Settlement, the Government announced the Council Tax Support Fund for 2023/24 for which Harrow's allocation is £342k. This will cover the Cost-of-Living Grant and hence the £310k growth is removed from the budget. The Council Tax Support Fund will be subject to a separate report to Cabinet in March 2023.

After the draft budget an updated three-year estimate for the Concessionary Fares / Freedom Pass Schemes has been received from London Councils and the MTFs has been updated in line with the revised information.

Directorate savings of £18.192m are proposed for inclusion in the MTFs. These proposals are detailed in Appendix 1A. There are a number of directorate proposals which require separate consultation and will be subject to a full equalities impact assessment and further report to Cabinet where appropriate.

In the current financial year, the Council received £1.595m from the West London Waste Authority (WLWA) as its proportionate share of income generated from waste related energy sales. This income forms the Waste Strategy Reserve. Further waste related energy sales are predicted from the WLWA in 2023/24 and a prudent, one off, receipt of £1m is included in the MTFS.

The draft budget included £8.396m of growth / investment into the Place and People's directorates to fund the impact of 2022/23 pressures carried forward into 2023/24. These pressures have been reviewed and reduced by £1m.

The draft budget included a reduction in the Pension Fund Deficit Contribution of £986k. On finalising the triennial valuation with the Pension Fund actuary, a further reduction in the deficit contribution of £300k can be achieved and is included in MTFS.

The forecast spend against the general fund element of the Capital Programme in 2022/23 has reduced by 11%, from 52% at Qtr 2 to 41% to Qtr 3. Therefore, is it appropriate to increase the one off saving against the capital financing budget by £1m to £3m on account of underspends in the Capital Programme.

Over the MTFS, significant provision has been made to cover pay and non pay inflation, care provider inflation and significant investment/ growth into the directorates. There will be an element of overlap between these provisions and those additionally set aside for London Living Wage (LLW) and general council wide growth. The Council remains committed to delivering the London Living Wage in all contracts over the coming years.

Budget Refresh, Growth & Savings

- 1.36 There is a commitment to refresh the three-year MTFS annually to ensure it remains reflective of the changing Harrow and Local Government landscape.

The current MTFS is made up of:

- Savings / Growth that have been identified as part of the 2023/24 budget setting process, some of which were approved as part of the Draft Budget / MTFS (December Cabinet 2022) and the remainder as part of this report. These are summarised in tables 3 to 5 below and detailed in Appendix 1A.
- Savings /Growth that were approved as part of the 2022/23 budget setting process. These are summarised in table 6 below and detailed in Appendix 1B:

Table 3 : Savings /Growth - agreed December 2022 Cabinet	Appendix 1A			
	2023-24	2024-25	2025-26	Total
	£'000	£'000	£'000	£'000
Savings				
Resources	(285)	(300)	-	(585)
Chief Executive	(50)	(410)	-	(460)
Place	-	-	-	-
Total Savings	(335)	(710)	-	(1,045)
Growth				
Resources	430	-	-	430
Chief Executive	-	-	-	-
Place	5,387	-	-	5,387
Childrens	3,650	(250)	-	3,400
Corporate	550	250	-	800
Total Growth	10,017	-	-	10,017
Net Total Savings and Growth	9,682	(710)	-	8,972

Table 4 - Savings / Growth for approval Febraury 2023 Cabinet	Appendix 1A			
	2023-24	2024-25	2025-26	Total
	£000	£000	£000	£000
Savings				-
Resources	(586)	(408)	(108)	(1,102)
Chief Executive	(6)	(89)	(6)	(101)
Place	(3,915)	(3,775)	(300)	(7,990)
Adults	(2,273)	(1,989)	(295)	(4,557)
Childrens	(825)	(1,570)	(500)	(2,895)
Corporate/Council Wide	(650)	-	-	(650)
Total Savings	(8,255)	(7,831)	(1,209)	(17,295)
Growth				
Resources	103	-	-	103
Chief Executive				-
Place	(500)	-	-	(500)
Childrens	(500)	-	-	(500)
Corporate				-
Total Growth	(897)	-	-	(897)
Net Total Savings and Growth	(9,152)	(7,831)	(1,209)	(18,192)

Table 5: Total Savings/Growth from the 2023/24 Budget Process	Appendix 1A			
	2023-24	2024-25	2025-26	Total
	£'000	£'000	£'000	£'000
Savings				
Resources	(871)	(708)	(108)	(1,687)
Chief Executive	(56)	(499)	(6)	(561)
Place	(3,915)	(3,775)	(300)	(7,990)
Adults	(2,273)	(1,989)	(295)	(4,557)
Childrens	(825)	(1,570)	(500)	(2,895)
Corporate/Council Wide	(650)	-	-	(650)
Total Savings	(8,590)	(8,541)	(1,209)	(18,340)
Growth				
Resources	533	-	-	533
Chief Executive	-	-	-	-
Place	4,887	-	-	4,887
Childrens	3,150	(250)	-	2,900
Corporate	550	250	-	800
Total Growth	9,120	-	-	9,120
Net Total Savings and Growth	530	(8,541)	(1,209)	(9,220)

Table 6: Savings / Growth from the 2022/23 Budget Process			Appendix 1B
	2023-24	2024-25	Total
	£'000	£'000	£'000
Savings			
Place	(600)	-	(600)
Total Savings	(600)	-	(600)
Growth			
Corporate	600	-	600
People - Childrens	1,850	750	2,600
Place	51	-	51
Total Growth	2,501	750	3,251
Net of total Savings/Growth	1,901	750	2,651

CAPITAL RECEIPTS FLEXIBILITY

- 1.37 In 2016 the government announced the Capital Receipts Flexibility Scheme to support local authorities to deliver more efficient and sustainable services by allowing them to spend up to 100% of their fixed assets receipts on the revenue costs of reform projects. The flexibility has been extended on numerous occasions and is currently in place until 31 March 2025.
- 1.38 The Council is working on a strategic review of its assets and part of this review will identify several sites for disposal as they are no longer economically viable. The 2023/24 MTFS includes a budget of £1.250m to fund the Regeneration Team. The nature of this spend meets the capital flexibility criteria and the team will be funded under the capital flexibilities scheme and the £1.250m provision has been removed from the budget. The sum is re-instated in 2025/26 when the scheme is currently intended to end.

The Council may seek to use further capital flexibilities to support its MTFS, in line with Appendix 14 – Flexible Use of Capital Receipts.

SCHOOLS FUNDING FOR 2023/24

- 1.39 In 2018/19 the government introduced a new National Funding Formula (NFF) for Schools, High Needs and the Central Schools services Block. For the Schools Block this means Councils are funded based on the total of the NFF for all schools, academies, and free schools in its area. However, the final formula for distribution is determined by each Council following consultation with schools and Schools Forums.
- 1.40 The Council carried out a consultation in Autumn 2017 which sought views on whether the LA should continue to use the Harrow Schools Funding Formula or introduce the National Funding Formula from 2018/19. 76% of schools responded to the consultation and 89% voted in favour of introducing the NFF from 2018/19. This was approved by Cabinet in February 2018 and school budgets for the last three years have been set based on the NFF.
- 1.41 The NFF will therefore continue to be used to distributed school budgets for 2023/24 There are no proposed changes to the structure of the formula for

2023/24. The Schools Budget for 2023/24 is attached in Appendix 6 for approval.

DEDICATED SCHOOLS GRANT AND HIGH NEEDS BLOCK FUNDING AND DEFICIT

- 1.42 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.
- 1.43 In Q2 there was a projected overspend on the High Needs Block of £1.091m in 2022-23. However, in Q3 it is anticipated that there will be an in-year balanced budget and it is possible there could even be an in-year underspend of £500k. This is largely due to the additional High Needs Supplementary Grant allocation as well as reduced requirement for Independent & Non-Maintained Special School sector provision due to expanding Kingsley High School from September 2022 which provided 24 additional places for pupils with Severe Learning Difficulties. This means that the cumulative deficit of £4.007m brought forward from previous years may reduce to £3.5m by the end of March 2023.
- 1.44 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 arrangement has been extended for three years to March 2026 beyond which LAs will need to demonstrate they have enough reserves to balance any deficit unless an alternative funding solution is proposed by Government
- 1.45 The DfE requires local authorities to explain their plans for bringing the DSG account back into balance. A management plan was drafted and discussed with Schools Forum in 2021. This now needs to be updated to take account of current numbers of EHCPs and revised EHCP and financial projections. Updated 3-year financial projections of the HNB deficit have been provided below. Despite the significant proposals and measures planned over the next ten years, the Deficit Management Plan did not demonstrate that it 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 pupils which are not included in historical budgets on which current funding is based
 - 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

SEND Funding Proposals 2023/24

- 1.46 Over the last few years, the LA has committed to reviewing SEND funding for in-borough provision. However, the outcome of any reviews will be too late to impact on 2023/24 school budgets. It is very likely that each review will identify that additional funding is required across all areas as funding historically has been largely based on the anticipated costs incurred by schools.

Special School and Pupil Referral Unit budgets will be increased by 3% per pupil in 2023/24 and will receive a further allocation of 3.4% increase from the High Needs Additional Grant. This is a mandatory requirement within the High Needs Funding Regulations. However, there is no mandatory requirement to increase funding to mainstream schools with Additionally Resourced Mainstream (ARMs) units or for pupils with EHCPs in mainstream schools.

ARMs resources have not been reviewed since 2013; 10 years. It is proposed to increase funding in 2023/24 by 10%, to reflect the length of time since the last funding review, at an additional cost to the HNB of £292k. There are approximately 150 children in ARMs resources in Harrow schools.

It is also proposed to provide additional funding for pupils with EHCPs in mainstream schools of 3.4% (equivalent to the mandated allocation for special schools from the High Needs Additional Grant) at an additional cost to the HNB of £362k. Funding for EHCPs in mainstream schools was last formally reviewed in 2019 although an increase of 1.25% was agreed in 2022/23 from the High Needs Supplementary grant to support schools with the NI increases. There are approximately 650 children with EHCPs in mainstream schools in Harrow.

Mainstream schools and ARMS are critical components of our SEND Strategy to ensure more in-borough places for children and young people with high needs and to reduce future pressure on the HNB and, through SEN Transport needs, on the General Fund. By agreeing these funding proposals it supports these settings to continue to deliver education for children with EHCPs and prevents the need for out of borough more expensive provision, leading to an increased projected deficit in addition to the projected figures provided below.

High Needs Block Funding & Deficit

- 1.47 The HNB has a cumulative deficit brought forward from 2022/23 of £4.007m. At the end of Q3 the projection is for an in-year balanced budget maintaining the deficit at £4.007m. It is possible that there may even be an in-year underspend of around £500k, taking the deficit down to £3.5m.

The projected position on the HNB in 2023/24 is as follows:

Projections	Spend
Deficit brought forward 1 April 2022	£4,006,867
2022-23 in year surplus	-£502,545
Deficit carried forward 31 March 2023	£3,504,322

2023-24 in year deficit projection without funding proposals	£1,053,301
2023-24 ARMS & EHCP funding proposals	£653,888
Cumulative deficit 31 March 2024	£5,211,511
2024-25 in year deficit projection	£4,494,359
2025-26 in year deficit projection	£10,581,762
Cumulative deficit 31 March 2026	£20,287,631

The figures above assume that there will be a projected 100-120 additional pupils with EHCPs per annum, that additional ARMs will be opened and there will be 20 additional special school places in September 2023 but assume beyond 2023/24 that provision in the borough will be at capacity and thus the majority of additional children would need to be educated out of borough at Independent Non-Maintained Specialist Schools (INMSS). This is where the significant spike in spend is projected to occur from 2024/25 as a disproportionate number of the additional growth in children would have to be placed at INMSS provision.

The cost of INMSS provision is estimated to increase to around £70,000 compared to £30,000-£35,000 in Harrow special school provision and £20,000-£25,000 in ARMs resources. The average cost of a mainstream EHCP is £10,000-£15,000. If schools decide not to continue providing ARMs provision or agree to open new provision, then the projected deficit figures above will be significantly higher as pupils who could go to ARMs provision would go to Harrow special schools and pupils who could go to Harrow special schools would have to go to INMSS provision.

An updated SEND Strategy will be presented to Cabinet in 2023 and will refresh the actions being taken to mitigate the deficit which includes:

- opening more ARMS provision at mainstream schools
- changing the character of special MLD schools to take more children with SLD
- continued support to mainstream schools to make provision for more pupils with EHCPs
- bid to DfE for special free school
- exploring further options to create in borough specialist provision including increased post 16 opportunities
- a stronger focus on integrated work with other agencies, including health services, to ensure that children with SEND have needs met locally
- more integrated approaches to school attendance, including for children with SEMH challenges so that more intensive provision is not required

PUBLIC HEALTH FUNDING 2023/24

- 1.48 In 2022/23 the total public health grant to local authorities totalled £3.417bn, with £11.62m being allocated to Harrow. The grant is ringfenced for use on public health functions exclusively for all ages of the population and must be spent in accordance with grant conditions on expenditure incurred by local authorities for the purposes of their public health functions, as specified in Section 73B (2) of the National Health Service Act 2006.

- 1.49 The draft Public Health commissioning intentions detailed in Appendix 3 are based on the current (2022/23) grant allocation as Public Health England have yet to announce national funding for 2023/24. However the comprehensive spending review confirmed that the grant would be maintained in real terms. These commissioning intentions reflect alignment with the Health & Wellbeing Strategy, Borough Plan, and evidence of population priorities.
- 1.50 The Council consider that this level of funding enables the Council's overarching statutory duties (including equality duties) to be maintained, taking account of the joint strategic needs assessment. However, if additional duties are required by Councils, and if these were unfunded, the commissioning intentions would need to be reviewed in light of the allocated grant envelope.

BETTER CARE FUND (BCF) 2023/24

- 1.51 The framework for the Better Care Fund (BCF) derives from the government's mandate to the NHS which sets an objective for NHS England to ring fence funding to form the NHS contribution to the BCF. The NHS Long Term Plan, published in January 2019 set out the priorities for transformation and integration, including plans for investment in integrated community services and next steps to develop Integrated Care Systems.
- 1.52 The BCF continues to provide a mechanism for personalised, integrated approaches to health and care that support people to remain independent at home or to return to independence after an episode in hospital. The continuation of the national conditions and requirements of the BCF provides opportunities for health and care partners to build on their plans to embed joint working and integrated care further, including how to work collaboratively to bring together funding streams to maximise the impact on outcomes for communities and sustaining vital community provision.
- 1.53 The 2023/24 Adults budget assumes that funding for the Protection of Social Care through the BCF will remain at the agreed 2022/23 level of £7.142m, although this should be expected to increase in light of the NHS funding commitments made within the spending review. The MTFs assumes that this increased contribution (assumed at 2%) will support existing, rather than new, expenditure. The Better Care Fund Policy statement and Policy Framework and Planning Requirements will provide the detailed guidance when published in early 2023 (usually March), however the requirements around integration and collaborative working are expected to continue.

Autumn Statement 2022 announced new grant funding of £600m in 2023/24 to support timely hospital discharges through the Better Care Fund. This funding will be split 50/50 with NHS resulting in an additional estimated allocation of £934k for the Council. This is included in the final MTFs on the assumption it will be pooled with health partners to support new expenditure.

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

RESERVES AND CONTINGENCIES

1.55 Reserves and contingencies need to be considered in the context of their role to protect the Council's financial standing and in the context of the overall risks that the Council faces during a continuing period of economic uncertainty. The MTFs reflects the Council's need to ensure an adequate level of reserves and contingencies which will enable it to manage the risks associated with delivery of the budget including equalities impacts and unforeseen events. The Council's overall reserves position is reported to Cabinet quarterly as part of the revenue monitoring update. At Q3 (end of December 2022), total reserves forecast for carry forward into 2023/24 are £56.7m after accounting for £9.872m being drawn down to achieve a balanced budget in 2022/23. After accounting for earmarked reserves, this leaves the Councils remaining non earmarked reserves at a much-reduced level:

- Contingency for Unforeseen items £1.248m (ongoing revenue reserve)
- Business Risk Reserve - £0.516m
- Balance Budget Planning MTFs - £12.327m (assuming £9.872m drawn down in 2022/23)
- Capacity / Transformation Reserve - £0.960m
- General Fund – £10.635m

There are several significant savings required to deliver the budgets for 2023/24 and 2024/25 and these will require the use of reserves to support capacity, implementation, and redundancy costs. Within the reserves total of £56.7m there is the Waste Strategy Reserve (£1.595m) and the Adults Social Care Reserve (£3.769m) which will be called upon by the Place and Peoples Directorates respectively.

1.56 At the end of the financial year, when preparing the outturn report, all reserves will be subject to a further review including a focus on earmarked reserves to ensure they are still required for the purpose to which they are designated or can be moved to support the MTFs. The report of the Director of Finance and Assurance, which includes the adequacy of Council reserves and contingencies is detailed in Appendix 10.

LEVIES, CONTINGENCIES AND SUBSCRIPTIONS

Appendix 4 sets out the main levies, contributions to other bodies, and subscriptions that the Council will pay in 2023/24. These sums are set by other bodies and are outside the Council's control. Except for the subscriptions to London Councils and the Local Government Association, the payments are compulsory.

COUNCIL TAX MODEL RESOLUTION

1.57 The Council Tax Model Resolution is attached at Appendix 11 which proposes the Band D council tax of £1,728.66 for Harrow Council. The proposed GLA precept of £434.14 takes the overall proposed Band D council tax to £2,162.80. The GLA precept is still subject to confirmation and is expected to be confirmed on 23 February 2023. The relevant basic

amount of council tax is under the threshold in the Referendum relating to Council Tax Increases (Principle) (England) Report 2023/24.

- 1.58 The proposed GLA precept is an increase of 9.7% taking the aggregate Council Tax increase to 5.90%.

MEMBER ALLOWANCES

- 1.59 The proposed Members Allowances scheme for 2023/24 is attached at Appendix 12. It is proposed that the basic allowance and the different bands of the Special Responsibility Allowance and Mayoral Allowances be updated in line with the Local Government Pay Settlement for 2023/24.

ANNUAL PAY POLICY STATEMENT

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

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

LONDON BOROUGH GRANTS SCHEME

- 1.61 Harrow's contribution to the London Borough Grants Scheme is £186,907 for 2023/24 and has seen no increase from 2022/23.

2.0 CONSULTATION

- 2.1 As a matter of public law the duty to consult with regards to proposals to vary, reduce or withdraw services will arise in 4 circumstances:
- Where there is a statutory requirement in the relevant legislative framework;
 - Where the practice has been to consult or where a policy document states the council will consult then the council must comply with its own practice or policy;
 - Exceptionally, where the matter is so important that there is a legitimate expectation of consultation and;
 - Where consultation is required to complete an equalities impact assessment.
- 2.2 Regardless of whether the council has a duty to consult, if it chooses to consult, such consultation must be carried out fairly. In general, a consultation can only be considered as proper consultation if:
- Comments are genuinely invited at the formative stage;
 - The consultation documents include sufficient reasons for the proposal to allow those being consulted to be properly informed and to give an informed response;

- There is adequate time given to the consultees to consider the proposals;
- There is a mechanism for feeding back the comments and those comments are conscientiously taken into account by the decision maker / decision making body when making a final decision;
- The degree of specificity with which, in fairness, the public authority should conduct its consultation exercise may be influenced by the identity of those whom it is consulting and;
- The consultation is clear on the reasons and extent to which alternatives and discarded options have been discarded.

2.3 The Council held a five-week consultation to provide residents with the opportunity to comment on the draft budget proposals, ending on 15 January 2023. The draft budget reported was available to view on the Council's website and the consultation was also advertised via the MyHarrow weekly e newsletter which is sent to c. 90,000 MyHarrow email accounts. There were 230 respondents to the general survey. A summary of the response data is included in Appendix 15. Over the two main questions, responses disagreed with the draft budget and proposed increases in Council Tax:

Question 1 - Given the extent of the savings required, overall do you agree with the Council's proposed draft budget? (67 agree (29%), 163 (71% disagree)).

In the consultation process for the 2022/23 budget, the responses to this question were 18% agreed and 82% disagreed.

Question 2 - Given the Council's funding situation, do you agree with the Council's proposal to increase Council Tax by 4.99%? (57 agree (25%), 173 disagree (75%)).

In the consultation process for the 2022/23 budget, the responses to this question were 17% agreed and 83% disagreed.

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

- Concerns around the cost of living and the impact of an increased Council Tax bill on household budgets, especially in light of increasing inflation
- Concerns around services and initiatives not being run as efficiently as possible
- Concerns about the visibility / quality of services received in return for Council Tax paid
- Calls for the Council to approach central government for more funding.

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

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

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

Table 7: Key Stakeholder Consultation

Stakeholder	Meeting	Date
Unions	Corporate Joint Committee	N/A – covered in ECF on 11/01/23
Health Partners	Health & Care Executive Meeting	10/02/23 (1)
Local Businesses	Harrow Business Consultative Panel	23/01/23
Overview and Scrutiny	Special meeting of the O & S Committee to review the budget	10/01/23
Unions / Employees	Employees Consultative Forum	11/01/23

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

- 2.6 In terms of service specific consultations, the council has a duty to consult with residents and service users in a number of different situations including where proposals to significantly vary, reduce or withdraw services. Consultation is also needed in other circumstances, for example to identify the impact of proposals or to assist with complying with the council's equality duties. Where appropriate, separate service specific consultations have already taken place or will be taking place for the 2022/23 savings and may be subject to a separate cabinet report or other decision-making process.

3.0 PERFORMANCE ISSUES

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

4.0 RISK MANAGEMENT IMPLICATIONS

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

Separate risk register in place? No

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

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

Risk Description	Mitigations	RAG Status
Inability to deliver the Council's approved MTFS - over the next 3 years leading to an inability to set a balanced budget and provide core services	<ul style="list-style-type: none"> • Change in financial strategy to ensure services are provided within the budget envelope • A balanced budget has been set for years 1 and 2 of the 3-year MTFS, accepting a number of savings proposals are subject to individual consultation processes. • Reserves required to balance the 2022/23 budget will be lower than planned, retaining reserves on the balance sheet increasing financial resilience. • Revenue & Capital monitoring savings tracker reported to CSB, Cabinet and all Members regularly • Revenue budget contingency remains in place for unforeseen items 	Amber
The final budget and MTFS is based on the Indicative Finance Settlement to be followed by the Final Settlement in early February which may require change.	<ul style="list-style-type: none"> • The Final Settlement was received on 7 February. Impact is assessed as minimal and there will be no impact on the overall budget envelope. 	Green
Balanced budget for 2022/23 not achieved adversely impacting on the 2023/24 budget	<ul style="list-style-type: none"> • The actual use of reserves required to balance the 2022/23 budget is currently estimated to be c.£5m less than planned • Each area of pressure in 2022/23 has been thoroughly reviewed for its impact into 2023/24 • £7.393m of growth / investment has been provided for in the 2023/24 final budget to address the impact of 2022/23 pressures carried forward • There is a contingency for unforeseen items (£1.248m) which has not been called upon 	Green
The saving proposals within the MTFS that	<ul style="list-style-type: none"> • There are a number of saving proposals that can 	Amber

<p>are still subject to consultation, EQIA and potentially a further Cabinet Report may not be able to proceed and / or deliver their full estimated value</p>	<p>immediately implemented to ensure full delivery of their value in the MTFS</p> <ul style="list-style-type: none"> • Budget provision for capacity, implementation costs etc is provided to support those savings requiring further consultation etc can be seen through to delivery • There is a contingency for unforeseen items (£1.248m) which can be use in the interim if proposals cannot proceed as planned • Monthly tracking and reporting of saving proposals will identify early if proposals are no on track allowing alternative solutions to be found 	
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5.0 LEGAL IMPLICATIONS

- 5.1 Section 31A of the Local Government Finance Act 1992 requires billing authorities to calculate their council tax requirements in accordance with the prescribed requirements of that section. This requires consideration of the authority's estimated revenue expenditure for the year; in order to perform its functions, allowances for contingencies in accordance with proper practices, financial reserves and amounts required to be transferred from general fund to collection fund.
- 5.2 Local authorities owe a fiduciary duty to council tax-payers, which means it must consider the prudent use of resources, including control of expenditure, financial prudence in the short and long term, the need to strike a fair balance between the interests of council tax payers and ratepayers and the community's interest in adequate and efficient services and the need to act in good faith in relation to compliance with statutory duties and exercising statutory powers.
- 5.3 Cabinet is approving these proposals having considered the consultation responses. These proposals will be referred to Council so that Council can approve the budget envelope and set the Council Tax. Individual proposals within the budget will be subject to their own decision-making paths such as cabinet, committees or officer delegated decisions as appropriate with consultation and equality impact assessments as required. There will be contingencies within the budget envelope so that decision makers have some flexibility should any decisions have detrimental equalities impacts that cannot be mitigated.

6.0 FINANCIAL IMPLICATIONS

- 6.1 Financial Implications are integral to this report.

7.0 PROCUREMENT IMPLICATIONS

7.1 There are no procurement implications arising from this report.

8.0 EQUALITIES IMPLICATIONS / PUBLIC SECTOR EQUALITY DUTY

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

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

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

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

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

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

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

- (a) *Tackle prejudice, and*
- (b) *Promote understanding.*

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

The relevant protected characteristics are:

- *Age*
- *Disability*
- *Gender reassignment*
- *Pregnancy and maternity*

- *Race*
- *Religion or belief*
- *Sex*
- *Sexual orientation*
- *Marriage and Civil partnership*

8.2 There are a number of directorate proposals which require separate consultation and will be subject to a full equalities impact assessment and further report to Cabinet, committee or subject to officer delegated power decisions where appropriate. These are detailed in Appendix 1A and 1B.

9.0 COUNCIL PRIORITIES

9.1 Council Priorities:

- A Council that puts residents first
- A Borough that is clean and safe
- A Place where those in need are supported

Section 3 - Statutory Officer Clearance

Statutory Officer: Dawn Calvert

Signed by the Chief Financial Officer

Date: 07/02/2023

Statutory Officer: Jessica Farmer

Signed on behalf of the Monitoring Officer

Date: 09/02/2023

Chief Officer: Dawn Calvert

Signed off on behalf of the Corporate Director

Date: 07/02/2023

Head of Procurement: Nimesh Mehta

Signed by the Head of Procurement

Date: 07/02/2023

Head of Internal Audit: Susan Dixon

Signed by the Head of Internal Audit

Date: 08/02/2023

Has the Portfolio Holder(s) been consulted? Yes

Mandatory Checks

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

EqIA carried out: N/A

EqIA cleared by: N/A

Section 4 - Contact Details and Background Papers

Contact: Dawn Calvert, Director of Finance and Assurance,
Tel: 0208 4209269, dawn.calvert@harrow.gov.uk

Background Papers: None

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

Savings and growth proposals for 2023/24 and 2025/26- Budget process 2023/24

Appendix 1A

Item No	Cabinet	ref	Specific Service Area	Headline Description re: saving / reduction INTERNAL	Proposals				EIA required Y/N	Does this proposal impact on another directorate? Y/N	Further Consultation with Key Stakeholders Yes/No/N/A
					2023/24	2024-25	2025-26	Total			
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
					£000	£000	£000	£000	Yes/No	Yes/No	Yes/No/N/A
				Savings Proposals							
				Resources							
1	December	RES L1	BSS	Reduction of the cost of post through digitalisation	(100)	-	-	(100)	N	Y	No
2	December	RES L2	IT	Integrated Apps - IT is in the process of agreeing a new corporate approach to management of business systems which are currently managed within departments. This new approach is expected to result in rationalisation and centralisation of budgets and deliver savings through reduction in contract spend.	-	(200)	-	(200)	N	N	No
3	December	RES L4	IT	Print reduction	(50)	-	-	(50)	N	N	No
4	December	RES 2	Access H /BSS	Customer Services & Business Support efficiencies - this is a back office saving which is not expected to have an impact on residents. HR procedures will be followed as required including any consultation and Equality Impact assessments (EQIA)	(35)	-	-	(35)	Y	N	No
5	December	RES 9	IT	IT Expenditure review and consolidation - this is a back office saving which is not expected to have an impact on residents.	(100)	(100)	-	(200)	N	N	No
6	February	RES 7	Access H	Cost of Housing Telephony through the HRA – Full cost of telephony and email enquiries for the Repairs and Resident Services team via the Harrow contact centre to be met from HRA, alternatively the service will be scaled down	(80)	-	-	(80)	N	N	No
7	February	RES 8	HR- EDI	Reduction in EDI Team subscriptions - Non-renewal of subscriptions relating to equality, diversity and inclusion agenda – when they expire in 2023-24 •AccessAble, •Business Disability Forum, •Business in the community , •MyMentor	(25)	-	-	(25)	N	N	No
8	February	RES 12	Resources	Redesign of Resources Directorate - An exercise to redesign the Resources Directorate is currently underway. Although this is being driven to make sure that the Directorate is fit for purpose for the ongoing needs of the Council, it is also important to consider that one of these needs is to address affordability. This will be subject to HR procedures and consultaion and an Equality Impact Assesment.	(481)	(408)	(108)	(997)	Y	Y	Yes
				RESOURCES SAVINGS PROPOSALS	(871)	(708)	(108)	(1,687)			

Savings and growth proposals for 2023/24 and 2025/26- Budget process 2023/24

Appendix 1A

Item No	Cabinet	ref	Specific Service Area	Headline Description re: saving / reduction INTERNAL	Proposals				EIA required Y/N	Does this proposal impact on another directorate? Y/N	Further Consultation with Key Stakeholders Yes/No/N/A
					2023/24	2024-25	2025-26	Total			
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
					£000	£000	£000	£000	Yes/No	Yes/No	Yes/No/N/A
				Chief Executive's							
9	December	CEO6	Revs & Bens - Cashiers Cashlite	Savings in Cashiers - as a direct result of the implementation of the Cashlite strategy, post is vacant	(30)	0	0	(30)	N	N	No
10	December	CEO 1	Procurement	Saving on procurement salary budget - this is a back office saving which is not expected to have an impact on residents. The post is vacant.	(20)	-	0.0	(20)	N	N	No
11	December	CEO 7	Legal	Legal Services efficiencies - this is a back office saving which is not expected to have an impact on residents. HR procedures will be followed as required including any consultation and Equality Impact assessments (EQIA)	(310)			(310)	Y	N	Yes
12	December	CEO 10	Registration Services	Land Charges - this savings relates to transfer to Land Registry of local land charges register that records obligations affecting properties within their administrative area	-	(100)		(100)	N	N	No
13	December	CEO 4	Revs & Benefits	The Inflation Negating Scheme for Working Age - Households in receipt of Council Tax Support at the end of 2022/23 will be replaced with a one off cost of living grant for 2023/24. This will be included in the report to March 23 cabinet.	310	(310)	-	-	Y	N	No
14	February	CEO 2	Revs & Bens	Rationalise the Discretionary Freedom Pass provision - Currently Discretionary Freedom passes are issued to approximately 200 residents. The scheme will continue for existing users but will not be offered to new applicants from 1.04.2023.	(6)	(6)	(6)	(18)	Y	N	Yes
15	February	CEO 8	Governance	Efficiencies in legal and Governance	-	(20)		(20)	N	N	Yes
16	February	CEO 9	Registration Services	Registry Office - saving relates to review of service operating model and staffing levels. Subject to EQIA and consultation with staff and residents if required.	-	(63)		(63)	Y	N	Yes
				CHIEF EXECUTIVE'S SAVINGS PROPOSALS	(56)	(499)	(6)	(561)			
				People							
				Adults							
17	February	ASC01	Safeguarding	Merge Safeguarding Quality Assurance Team (Non-statutory) with contract management function.	(176)	-	-	(176)	Y	N	Yes

Savings and growth proposals for 2023/24 and 2025/26- Budget process 2023/24

Appendix 1A

Item No	Cabinet	ref	Specific Service Area	Headline Description re: saving / reduction INTERNAL	Proposals				EIA required Y/N	Does this proposal impact on another directorate? Y/N	Further Consultation with Key Stakeholders Yes/No/N/A
					2023/24	2024-25	2025-26	Total			
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
					£000	£000	£000	£000	Yes/No	Yes/No	Yes/No/N/A
18	February	ASC02	ASC	Freeze DASS post for six months	(88)	88	-	-	N	N	No
19	February	ASC03	ASC	Management Review during 2023/24 (all M grades & above) . HR procedures will be followed with consultaion and eqia	(193)	(60)	-	(253)	Y	N	Yes
20	February	ASC04	ASC	Review Adult Social Care pathway during 2023/24 (all G grades) HR procedures will be followed with consultaion and eqia.	(198)	(302)	-	(500)	Y	N	Yes
21	February	ASC05	Domiciliary Care	Review of packages of support to maximise independence and reduce long term dependency. Each package will be assessed individually and that equality impacts will be taken into consideration on an individula basis	(500)	-	-	(500)	Y	N	No
22	February	ASC06	Neighbourhood Resource Centre (NRC)	Consolidate capacity at Kenmore & Vaughan NRC'S to provide the most complex support and thereby reducing the need for externally commissioned day care.	(400)	(800)	-	(1,200)	Y	N	Yes
23	February	ASC07	Neighbourhood Resource Centre (NRC)	Public Health wellbeing support model - short term funding (2 years) to support the changes to the new NRC operating model	(100)	-	100	-	Y	N	No
24	February	ASC08	Neighbourhood Resource Centre (NRC)	Harrow Alliance Community Model (New Bentley)	-	(220)	-	(220)	Y	N	Yes
25	February	ASC09	Neighbourhood Resource Centre (NRC)	Services at Wiseworks are to be provided at alternative settings realising a back office saving.	(69)	-	-	(69)	Y	N	Yes
26	February	ASC10	Health Funding	Use of Better Care Fund to protect of Social Care Services (via Better Care Fund) - uncommitted resources and 2% annual uplift allocated against existing social care expenditure	(389)	(145)	(145)	(679)	N	N	Yes
27	February	ASC11	CYAD	Review out of borough post 18 residential placements - equality impacts will be considered on an individual basis.	-	(250)	(250)	(500)	Y	Y	Yes
28	February	ASC12	Inhouse Residential	Changing the registration status of Bedford House (20 bedded CQC registered residential unit) to provide supported living accommodation for the most complex & challenging.	(100)	(300)	-	(400)	Y	N	Yes
29	February	ASC13	Adults	Review of Occupational Therapy support to Disabled Facilities Grant	(60)	-	-	(60)	N	Y	Yes
				ADULTS TOTAL	(2,273)	(1,989)	(295)	(4,557)			

Savings and growth proposals for 2023/24 and 2025/26- Budget process 2023/24

Appendix 1A

Item No	Cabinet	ref	Specific Service Area	Headline Description re: saving / reduction INTERNAL	Proposals				EIA required Y/N	Does this proposal impact on another directorate? Y/N	Further Consultation with Key Stakeholders Yes/No/N/A
					2023/24	2024-25	2025-26	Total			
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
					£000	£000	£000	£000	Yes/No	Yes/No	Yes/No/N/A
				Childrens							
30	February	PC01	CYPS	Placements & Accommodation Increased demand management	(250)	(500)	(500)	(1,250)	Y	Y	No
31	February	PC02	CYPS	Social Care Staffing Service redesign. HR policies will be followed.	(445)	(1,070)		(1,515)	Y	N	Yes
32	February	PC03	Education	SEN Transport Reduction in demand for single passenger taxis cases will be assessed on an individual basis and equality impacts taken into account.	(130)			(130)	Y	Y	Yes
				CHILDRENS SERVICES TOTAL	(825)	(1,570)	(500)	(2,895)			
				PEOPLE SAVINGS PROPOSALS	(3,098)	(3,559)	(795)	(7,452)			
				PLACE							
33	February	PLACE_S01	THAM & Parking	Transport Strategy: Parking Charge Notices - Proposed move from Band B to Band A , subject to endorsement by London Councils, the Mayor of London, and the Secretary of State for Transport.		(1,500)		(1,500)	Y	N	Yes
34	February	PLACE_S02	THAM & Parking	Transport Strategy: Moving Traffic Contraventions (MTC) Review - review of all MTCs in the borough and evaluate if they meet transport needs. The introduction of schemes including school streets and other measures following consultation from early 2023 including increasing ANPR / CCTV cameras.		(500)		(500)	Y	N	Yes
35	February	PLACE_S03	Waste Services	Behavioural change (residents) for reducing waste disposal cost. - Increase recycling / food waste to flats - Waste minimisation		(500)		(500)	N	N	No
36	February	PLACE_S04	THAM & Parking	Transport Strategy: Parking Permits - Policy and F&Cs review to streamline permits that meet all customer needs and prepare to move to e-permits with new T&Cs.	(100)			(100)	N	N	No

Savings and growth proposals for 2023/24 and 2025/26- Budget process 2023/24

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Item No	Cabinet	ref	Specific Service Area	Headline Description re: saving / reduction INTERNAL	Proposals				EIA required Y/N	Does this proposal impact on another directorate? Y/N	Further Consultation with Key Stakeholders Yes/No/N/A
					2023/24	2024-25	2025-26	Total			
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
					£000	£000	£000	£000	Yes/No	Yes/No	Yes/No/N/A
37	February	PLACE_S05	THAM & Parking	Transport Strategy: Paid for Parking (P&D) - benchmark and review F&Cs to ensure that tariffs are streamlined and meet customer needs.	(150)			(150)	N	N	No
28	February	PLACE_S06	THAM & Parking	Transport Strategy: Electric vehicle charging points - Increase installation using government funding (DfT) and supplier's match fund; and charge for the spaces to generate income. Concession contract. subject to a separate decision making process. Savings assume £3k per annum per bay, and a total of 100 bays following full roll out		(150)	(150)	(300)	Y	N	Yes
39	February	PLACE_S07	Parking	Implementation of Cashlite Project - reduction in one Cash In Transit officer (vacant post) - net reduction in parking equipment maintenance	(44)			(44)	N	Y	No
40	February	PLACE_S08	Parking	Parking Review - Improvement on current parking enforcement activity and performance. Immediate actions to review current enforcement: 1. Review the effectiveness of deployment plan of civil enforcement officers 2. Identify areas of low compliance and formulate enforcement plan 3. Review and amend current PCN cancellation procedure 5. Review and improve debt recovery rate Deep dive: 1. Review structure to create a streamlined team 2. Develop Parking Services Strategy and CCTV Strategy 3. HGV Enforcement and Littering from Vehicles (via CCTV). Subject to a separate decision making process EQIA and consultation as required. Subject to a detailed business case.	(2,500)	(1,000)		(3,500)	Y	Y	Yes
41	February	PLACE_S09	Waste Services	Waste Service - Route Optimisation To allow for maximum operational efficiencies, we will look to undertake a service review of current waste collection and undertake a full re-routing exercise with a view to reducing 2 rounds, which will reduce the current reliance on staffing including agency (2 drivers, 4 loaders).	(200)			(200)	N	N	No

Savings and growth proposals for 2023/24 and 2025/26- Budget process 2023/24

Appendix 1A

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					2023/24	2024-25	2025-26	Total			
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
					£000	£000	£000	£000	Yes/No	Yes/No	Yes/No/N/A
42	February	PLACE_S10	Waste Services	<p>Garden waste collection service - Moving to Annual only service Proposal to remove the summer garden waste service to achieve operational service consistency and reduced complaints. Additional income is assumed to come from customers currently on Summer service moving to Annual only service. No net additional collection costs are factored in as routes will be optimised to ensure that there are no more than 4 rounds.</p>	(100)			(100)	N	N	No
43	February	PLACE_S11	Trading Standards	<p>Review of the current shared Trading Standards service Trading standards is currently provided as a joint service between Brent and Harrow, with an annual payment of £300k to Brent under the SLA. It would be prudent to review the costs of this service and whether there could be savings and service improvement bringing back in house. Under the SLA, a 2 year notice period is required if Harrow wishes to terminate the contract. The Service will continue to explore the in-house option including the costs of staff, IT and other running costs. TUPE implications, cost of adding Trading Standard module to Public Protection & Licensing IT system etc.</p>			(150)	(150)	Y	N	Yes
44	February	PLACE_S12	Building Control	<p>Building Control - Review of fees & charges Benchmarking exercise undertaken recently suggests that our fees are 10% below average. An in-year increase of 10% and a further 7% from April 2023 could potentially generate additional income of £68k. Fees & Charges agreed January 23 cabinet.</p>	(68)			(68)	N	N	No
45	February	PLACE_S13	Planning Service	<p>Development Management - Review of fees & charges Benchmarking exercise undertaken recently suggests that our non statutory fees are 10% below average. Proposed an in-year increase of 10% from January 2023 and a further 7% from April 2023. A total of 17% increase could potentially generate additional income of £48k. Fees & Charges agreed January 23 cabinet.</p>	(48)			(48)	N	N	No

Savings and growth proposals for 2023/24 and 2025/26- Budget process 2023/24

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Item No	Cabinet	ref	Specific Service Area	Headline Description re: saving / reduction INTERNAL	Proposals				EIA required Y/N	Does this proposal impact on another directorate? Y/N	Further Consultation with Key Stakeholders Yes/No/N/A
					2023/24	2024-25	2025-26	Total			
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
					£000	£000	£000	£000	Yes/No	Yes/No	Yes/No/N/A
46	February	PLACE_S14	Planning Service	Planning Enforcement Substitute funding source for a Senior Planning Enforcement officer post (G10 £59k) and 1 Planning Officer post (£36k) with POCA monies	(95)			(95)	N	N	No
47	February	PLACE_S15	Planning Service	Remove Principal Conservation Architect post (G11) and fund ad hoc conservation advice via PPAs	(65)			(65)	Y	N	Yes
48	February	PLACE_S16	Network Management	Right-sizing of income budget for Street Works based on historical income performance and activity level	(158)			(158)	N	N	No
49	February	PLACE_S17	Energy & Water Management	Right-sizing of income budget for School SLAs based on historical income performance and SLAs	(10)			(10)	N	N	No
50	February	PLACE_S18	Waste Services	Trade Waste collection - Review of fees & charges Proposed 7% increase in F&C in 2023/24. Fees & Charges agreed January 23 cabinet.	(57)			(57)	N	N	No
54	February	PLACE_S19	THAM	Vehicle Access - Review of fees & charges Following benchmarking exercise, a 10% increase is proposed in 2023/24. Fees & Charges agreed January 23 cabinet.	(25)			(25)	N	N	No
55	February	PLACE_S20	Place Review	Overarching review of the management tiers below Directors across the entire Place Directorate. High level estimate only at this stage, to be worked through to confirm final savings and one-off redundancy costs. HR procedures will be followed EQIA and consultation.	(125)	(125)		(250)	Y	N	Yes
56	February	PLACE_S22	Housing Regeneration	Deletion of Enabling & New Business Manager role	(20)		-	(20)	Y	N	Yes
57	February	PLACE_S26	Housing Needs	Increase income target following review of Property Acquisition Programme(100 Homes)	(150)			(150)	N	N	No
				PLACE SAVINGS PROPOSALS	(3,915)	(3,775)	(300)	(7,990)			
				Corporate - Council Wide							
58	February	CORPORATE - COUNCIL WIDE	Corporate - Council Wide	10% Management efficiencies not already included in individual proposals - Saving will be allocated out to Directorates once proposals are agreed. HR policies will be followed subject to EQIA and consultation.	(650)	-	-	(650)	Y	TBC	Yes
				CORPORATE SAVINGS PROPOSALS	(650)	-	-	(650)			
				TOTAL SAVINGS PROPOSALS	(8,590)	(8,541)	(1,209)	(18,340)			
				Growths Proposals							
				Resources							

Savings and growth proposals for 2023/24 and 2025/26- Budget process 2023/24

Appendix 1A

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					2023/24	2024-25	2025-26	Total			
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
					£000	£000	£000	£000	Yes/No	Yes/No	Yes/No/N/A
59	December	RES	HR	Learning and Development - budget growth to support e learning, ensure improved customer experience, ensure development of skills, address existing capability gaps and organisational development challenges and support investing in people agenda.	200			200			
60	December	RES	Strategy	Communications - budget growth to cover the increased cost of Comms operations such as inflationary increases of print , distribution, advertising and rightsizing the budget for social media and other media monitoring, mass emailer, news licencing and campaigns	230			230			
61	February	RES G 1	HROD	Apprenticeship team - The Council pays a set amount from its pay bill (0.5% of the NI -able pay) into an Apprenticeship Levy 'pot'. This growth is to enable the Council to support apprenticeships for existing staff and recruitment of new apprentices and use the funds before they expire and are lost to the Council. The resource requested is for an apprenticeship manager and admin support to manage a high level of administration involved in the accessing of the levy 'pot' and associated reporting requirements.	103	-	-	103			
RESOURCES GROWTH TOTAL					533	-	-	533			
People											
Childrens											
62	December	PCG1	CYPS	Children's Placements & Accommodation	3,250			3,250			
63	December	PCG2	CYPS	Client Related Spend including Commissioned Services	450			450			
64	December		Education	Reduction in Special Needs Transport growth Growth was previously provided at £750k for 23/24 and £750k for 24/25 Appendix 1B.However following a review the full growth is not required. After these reductions of £550k and £250k this leaves £200k in 23/24 and £500k in 24/25 of the original growth.	(550)	(250)		(800)			
PEOPLE GROWTH TOTAL					3,150	(250)	-	2,900			
Place											
65	December	PLACE_G01	Public Mortuary	SLA with Brent and Barnet: SLA fee increase due to operational costs pressure	45			45			
66	December	PLACE_G02	Planning Policy	Local Plan Review Additional staff resources required to complete Local Plan Review (annual resource required until 2025/26)	206			206			

Savings and growth proposals for 2023/24 and 2025/26- Budget process 2023/24

Appendix 1A

Item No	Cabinet	ref	Specific Service Area	Headline Description re: saving / reduction INTERNAL	Proposals				EIA required Y/N	Does this proposal impact on another directorate? Y/N	Further Consultation with Key Stakeholders Yes/No/N/A
					2023/24	2024-25	2025-26	Total			
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
					£000	£000	£000	£000	Yes/No	Yes/No	Yes/No/N/A
67	December	PLACE_G03	Waste Services	Removal of £200k growth in the existing MTFs for 22/23 and 23/24 relating to WLWA levy	(200)			(200)			
68	December	PLACE_G04	Parking	Loss of income arising from 1 hr free parking on street	450			450			
69	December	PLACE_G05	Parking	Loss of income arising from 1 hr free parking off street	550			550			
70	December	PLACE_G06	Waste Services	Loss of income arising from the introduction of Free Bulky Waste collection service, and additional disposal cost due to anticipated increase in the use of the service	140			140			
71	December	PLACE_G07	Planning	Income pressure - Reduction in the number of applications, which also follows the national trend.	500			500			
72	December	PLACE_G08	Building Control	Income pressure - Reduction in the number of applications and unachievable income target.	300			300			
73	December	PLACE_G09	Licensing & Enforcement	Income pressure - Reduction in licensing activities and unachievable income target set in previous years' MTFs	300			300			
74	December	PLACE_G10	Parking	Budget right sizing - Reduction in usage of car park facilities since Covid-19 pandemic, and this trend appears to continue although there is no longer any Covid-19 restriction.	400			400			
75	December	PLACE_G11	Parking	Budget right sizing - Reduction in fines income arising from enforcement activities. Unachievable income target based on the current level of activities.	1,895			1,895			
76	December	PLACE_G12	Commercial Services	Review legacy commercial services (Filming, Events, Training, Commercial Gardening & Handyman service, and Pest Control), and right size income targets that are no longer achievable	330			330			
77	December	PLACE_G13	Civic Centre rent	Rent and rooms letting income losses following the closure of Civic Centre	216			216			
78	December	PLACE_G14	Depot rent	Rent income losses following the expiry of commercial leases at the depot	255			255			
79	February	PALCE_G15	Directorate Wide	Income pressures across the directorate Mitigating actions being undertaken by the directorate are expected to improve income performance, hence reducing the overall pressures on income budget	(500)			(500)			
				PLACE GROWTH TOTAL	4,887	-	-	4,887			
				CORPORATE							
80	December	Corporate	Corporate	Inflationary Growth in relation to care provider inflation	550	250		800			
				TOTAL CORPORATE GROWTH PROPOSALS	550	250	-	800			
				TOTAL GROWTH	9120	0	0	9120			
				NET SAVINGS/GROWTH PROPOSALS	530	(8,541)	(1,209)	(9,220)			

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

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

Savings and Growth from the 2022/23 Budget Process										
Item No	Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction	2023-24 £000	2024-25 £000	Total £000	Risk	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult Yes/No Completed
SAVINGS										
Place Directorate										
1		Housing General Fund	Property Acquisition Programme - Savings in Temporary Accommodation costs as a result of purchasing properties to use for temporary accommodation as an alternative to using Bed and Breakfast and Private Sector Leasing to house the homeless. The Capital Programme allocation to be funded from borrowing is approximately £6m pa for 2021/22, 2022/23 and 2023/24 - totalling £18.062m over a 3 year period. Based on Capital financing costs of 5% (2% MRP and 3 % interest), the annual cost would be £900k by year 3. The saving will be reviewed and adjusted according to capital spend taking place.	(600)	-	(600)		N	N	No
Place Total Savings				(600)	-	(600)	-			
GROWTH										
Corporate										
2	Corporate	Capital Financing	Capital Financing costs as a result of the Property Acquisition Programme. To be offset by savings in the Housing General Fund included in this schedule.	600	-	600		N	N	No
Total Corporate Growth				600	-	600	-			

Savings and Growth from the 2022/23 Budget Process										
Item No	Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction	2023-24	2024-25	Total	Risk	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
People Directorate										
Children's Services										
3		CYPS	Children's Placements - In Children & Young People Services, there has been an increase in the number of Children In Need and children subject to Child Protection Plans as more families' needs are managed within the community as well as increased Early Support engagement putting pressure on the workforce and social worker caseloads. In addition, there are more children requiring placements with more complex and challenging needs and an increase in the average weekly cost of placements putting significant pressure on placements and other client related budgets. The current MTFS already assumes growth of £1.205m for 2022/23 and draft budget for 2022/23 proposes to re-profile an additional £265k growth from Adult Services to cover the 2022/23 budget. A further £1.1m for 2023/24 is required to provide permanent funding which replaces the use of the reserve in 2022/23.	1,100		1,100		N	N	No
4		Education	Special Educational Needs Transport - . There are over 1,800 children and young people with Education Health & Care Plans (EHCPs) and approximately 40% of these are accessing SEN Transport. It is anticipated that the number of children and young people with EHCPs will increase to over 2,000 by 2023 which on the same ratio could mean a further 80 to 100 children requiring transport by 2023. It is estimated a further £750k pa will be required for each of the 3 years of the MTFS.	750	750	1,500		N	N	No
Total Children's Services Growth				1,850	750	2,600				
People Total				1,850	750	2,600				

Savings and Growth from the 2022/23 Budget Process										
Item No	Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction	2023-24	2024-25	Total	Risk	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
Place Directorate										
5	COM21.22_G01	Directorate wide	Impact of Covid-19: Reversal of loss of income across Place directorate	(1,799)	-	(1,799)		N	N	No
6		Directorate wide	Reprofiling of the 'Impact of Covid-19: Loss of income across Community directorate	300	-	300		N	N	No
7		Regeneration	Regeneration Revenue Budget - At its meeting on 1 July 2021, Cabinet approved the setting up and commencement of the Harrow Strategic Development Partnership (HSDP) with Wates Construction Ltd. Funding has previously been set aside up to 2022/23 to fund a Regeneration Team to support the HSDP. From 2023/24 the required team budget of £1.25m has been built into the draft MTFs.	1,250		1,250		N	N	No
8	COM21.22_G06	Waste Services	West London Waste Authority Levy increases as a result of waste growth, household growth and contract price inflation	300	-	300		N	N	No
			Place Total Growth	51	-	51				
			Total Growth	2,501	750	3,251				
			Net Impact of Growth and Savings	1,901	750	2,651				

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

Appendix 2

	2023/24	2024/25	2025/26
	£000	£000	£000
Budget Requirement Brought Forward	183,285	196,354	200,559
Corporate & Technical	10,638	11,996	12,318
People	1,902	-3,059	-795
Place	423	-3,775	-300
Resources	-338	-708	-108
Chief Executives	-56	-499	-6
Corporate	500	250	0
Total	13,069	4,205	11,109
FUNDING GAP	0	0	-6,321
Total Change in Budget Requirement	13,069	4,205	4,788
Revised Budget Requirement	196,354	200,559	205,347
Collection Fund Deficit/-surplus	-1,939	0	0
Revenue Support Grant	-2,081	-2081	-2081
Top Up	-23,195	-23,195	-23,195
Retained Non Domestic Rates	-15,141	-15,141	-15,141
Amount to be raised from Council Tax	153,998	160,142	164,930
Council Tax at Band D	£1,728.66	£1,797.63	£1,851.38
Increase in Council Tax (%)	4.99%	3.99%	2.99%
Tax Base	89,085	89,085	89,085
	98.00%	98.00%	98.00%
Gross Tax Base	90,903	90,903	90,903

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

Appendix 2

Technical Adjustments	2023/24	2024/25	2025/26
	£000	£000	£000
Capital and Investment			
Implications of Capital Programme agreed for 2020/21 to 2023/24	470		
Implications of Capital Programme agreed for 2021/22 to 2023/24 budget process		225	
25/26 Capital Programme costs from 22/23 refresh			1,747
One off saving on Capital Financing costs due to underspends on Capital Programme	-3,000	3,000	
Applying capital receipts to fund the Capital Programme	-1,700	-1,300	-1,300
Capital Receipts Flexibilities	-1,250		1,250
Total Capital and Investment Changes	-5,480	1,925	1,697
Grant Changes			
Increase - Core Spending Grant	-6000	-6000	
Reverse out £6m core grant	5,200	6,000	
Corresponding reduction in SR21 Increase in Core Spending Grant	800		
2022/23 service grant - indicated as one year only	2735		
December assumed no Services grant, but settlement confirmed continuation of services grant but at a reduced level. Figures only provided for 2023/24, therefore assume it will be halved in 2024/25 and then removed in 2025/26	-1,541	770	771
Increase in Section 31 grant to offset reduction in Retained Business Rates income	2260		
Abolition of lower tier grant	421		
Increased Multiplier grant 2023/24	-3,752		
National Insurance - Reversal of 2022/23 NI growth to fund 1.25% increase	-800		
Social Care Grant - £12.807m allocation for 2023/24, less £7.720m base in 2022/23 less £300k ILF grant rolled in to social care	-4,787	-2,035	
Adult Social care market sustainability grant and Improvements	-2,271	-1,144	
- Adults Social Care Market sustainability grant & improvements (spend of 25%)	560	286	
IBCF (50% of the national allocation of £600m in 2023/24, increasing to £1bn by 2024/25)	-934	-616	
IBCF contribution to pool	934	616	
Reduction in NHB (from £3.022m to £2.245m)	777		
Cost of Living Grant funded by Council Tax Support Fund (external grant)	-310	310	
RSG increase to be offset by rolled in grant already in 2022/23 Budget for council tax subsidy admin	256		
Total Grant Changes	-6,452	-1,813	771
Other Technical Changes			
Freedom Passes - estimated reduction in usage (2022/23 process)	1377		
Freedom Passes - revision to usage figures from London Council update (2022/23 process)	644	1000	
Saving 23/24	-1,580		
Growth 24/25		2,322	
Growth 25/26			1,000
November update on Freedom passes - improvement for 2023/24 and 2024/25 but worse in 2025/26. 2023/24 is still to be finalised.	-570	-732	1,050
Use of Reserves			
One of use of Reserves	15700		
Reduction in use of reserve	-989		
West London Waste Authority income from electricity	-1,000	1,000	
Total Other Technical Changes	13,582	3,590	2,050
Pay and Inflation			
Pay Award @ 2.75% pa for 2023/24 and 2024/25	2750	2750	
Non Pay Inflation	2000	1000	
Reduction in Pension Fund Deficit Contribution / Revised Recharges to Pension Fund	-1310		
Pay award 2022/23 - Additional requirement over £2m already provided in MTFS for 2022/23	4,400		
Pay award 2023/24 & 2024/25 - 4% / 2025/26 - 3%	1,250	1,250	3,000
Non Pay Inflation 24/25 - Additional £1m / 2025/26 £1m in total		1,000	1,000
Total Pay and Price Inflation	9,090	6,000	4,000
OTHER			
Gayton Road Income - Reprofiling of income	-23	-11	
Growth London Living Wage	450	1000	
- No LLW provision in 23/24 and reduced by 50% for 2024/25	-900	-500	1000
Directorate growth		3788	

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

Appendix 2

Technical Adjustments			
	2023/24	2024/25	2025/26
	£000	£000	£000
Reverse out Directorate growth		-3,788	
Council Tax Base increase		-500	
Directorate Adjustments:			
Adults care provider	0	1,550	1,800
General growth provision	1,000	1,000	1,000
Reduction in Council wide growth provision	-629	-245	
Total Corporate & Technical	10,638	11,996	12,318

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

Appendix 2

People			
	2023/24	2024/25	2025/26
	£000	£000	£000
Children & Families			
Proposed Savings - see appendix 1a	-825	-1570	-500
Proposed Growth - see appendix 1a	3150	-250	0
Proposed Growth - see appendix 1b	1,850	750	0
Sub total Children & Families	4,175	-1,070	-500
Adults			
Proposed Savings - see appendix 1a	-2273	-1989	-295
Proposed Growth - see appendix 1a	0	0	0
Proposed Growth - see appendix 1b	0	0	0
Sub total Adults	-2,273	-1,989	-295
Total People Directorate	1,902	-3,059	-795

MTFS 2023/24 to 2025/26 – Proposed investments / savings**Appendix 2**

Place			
	2023/24	2024/25	2025/26
	£000	£000	£000
Proposed Savings - see appendix 1a	-3,915	-3775	-300
Proposed Growth - see appendix 1a	4,887	0	0
Proposed Savings - see appendix 1b	-600	0	0
Proposed Growth - see appendix 1b	51	0	0
Total Place	423	-3,775	-300

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

Appendix 2

Resources			
	2023/24	2024/25	2025/26
	£000	£000	£000
Proposed Savings - see appendix 1a	-871	-708	-108
Proposed Growth - see appendix 1a	533	0	0
Proposed Savings - see appendix 1b	0	0	0
Proposed Growth - see appendix 1b	0	0	0
Total Resources	-338	-708	-108

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

Appendix 2

CORPORATE			
	2023/24	2024/25	2025/26
	£000	£000	£000
Proposed Savings - appendix 1a	-650	0	0
Proposed Growth - appendix 1a	550	250	0
Proposed Savings - see appendix 1b	0	0	0
Proposed Growth - see appendix 1b	600	0	
Total Corporate	500	250	0

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

Appendix 2

CHIEF EXECUTIVES			
	2023/24	2024/25	2025/26
	£000	£000	£000
Proposed Savings - appendix 1a	-56	-499	-6
Proposed Growth - appendix 1a	0	0	0
Proposed Savings - see appendix 1b			
Proposed Growth - see appendix 1b			
Total Chief Executives	-56	-499	-6

REVENUE BUDGET SUMMARY 2023-24

Appendix 3

	2022/23 Net Budget	Gross Controllable Expenditure	Gross Income	Net Controllable Expenditure	Uncontroll - able Expenditure	2023/24 Net Budget
	£'000	£'000	£'000	£'000	£'000	£'000
Local Demand - Borough Services						
Resources	13,603	218,107	- 181,835	36,272	- 15,454	20,818
Directorate Management	2,816	3,076	- 157	2,919	15	2,934
Environment	37,338	62,084	- 44,226	17,858	19,390	37,248
Inclusive Economy Leisure & Culture	4,451	8,580	- 5,504	3,076	2,772	5,848
Regeneration & Development	2,210	12,174	- 7,330	4,844	3,446	8,290
Housing General Fund	7,651	11,360	- 8,122	3,238	4,081	7,319
Place Sub-total	54,466	97,274	- 65,339	31,935	29,704	61,639
Adult Services	74,345	107,310	- 41,169	66,141	6,245	72,386
Public Health	- 44	11,712	- 11,875	- 163	110	- 53
Children & Families	46,927	190,023	- 146,626	43,397	10,619	54,016
People Sub-total	121,228	309,045	- 199,670	109,375	16,974	126,349
Total Directorate Budgets	189,297	624,426	- 446,844	177,582	31,224	208,806
Total Service Budget	189,297	624,426	- 446,844	177,582	31,224	208,806
Corporate And Technical Adjustments						
Council Wide Staff efficiencies						- 650
Corporate Budgets (Levies and Subscriptions inc. Audit fees)						
Coroners Court	217					227
Freedom pass	-					- 129
LPFA levy	297					298
Contribution to subscription	5					-
Car leasing	5					-
Corporate Democratic Core	1,734					1,735
Levies, grants, subscriptions	269					269
External Audit Fees	191					191
London Borough Grant Committee	188					187
Apprenticeship Levy	400					400
Pav Inflation	3,221					2,200
London Living Wage	450					-
Employer's Pension Contribution	192					- 1,118
Other Corporate budget	245					245
Goods And Service Inflation	3,850					5,850
Treasury Management expenses	2,012					2,012
Capital Financing Cost	34,983					31,298
Capital Financing adjustments	- 27,082					- 36,385
Grant						
Sec.31 Grant Business Rate Reliefs	- 4,760					- 2,500
National Insurance increased cost	800					-
New Homes Bonus	- 3,022					- 2,245
Lower Tier Grant 2021/22	- 421					-
Reduction in grant for council tax subsidy admin						256
Multiplier Cap Funding - Continuation for 2020/21	- 3,259					- 7,011
Cost of Living Grant						310
Social Care Grant						- 4,787
Adult Social care market sustainability grant and Improvements						- 2,271
- Adults Social Care Market sustainability grant & improvements (spend of 25%)	-					560
IBCF (50% of National allocation)						- 934
IBCF contribution to pool						934
Other Budget Adjustments						
Budget Planning Contingency	- 14,711					-
Other Reserves						- 1,000
Contingency - General	1,248					1,248
Litigation Budget	250					250
Adult social care growth - Care Provider Inflation						1,750
New Service Grant	- 2,735					- 1,541
General Growth						371
Use of Capital Receipt Flexibility						- 1,250
Gayton Road Income	- 579					- 602
Sub Total Corporate and Technical Adjustment	- 6,012					- 12,452
Funding Gap						
TOTAL BUDGET REQUIREMENT	183,285					196,354
BUDGET REQUIREMENT FUNDED BY						
Contribution re Collection Fund						-
Deficit/Surplus(-) b/f	52					- 1,939
Revenue Support Grant	- 1,648					- 2,081
Business Rates Top-up Grant	- 22,623					- 23,195
Retained Business Rates	- 12,881					- 15,141
Council Tax Income	- 146,185					- 153,998
Total Funding	- 183,285					- 196,354
Council Tax for Band D Equivalent						
General (£)	1,457.76					1,507.00
ACS(£)	188.74					221.66
Harrow Increase (£)	1,646.50					1,728.66
GLA (£)	395.59					434.14
Total after Increase (£)	2,042.09					2,162.80
Increase						
General (%)	1.99%					2.99%
ASC (%)	1.00%					2.00%
GLA (%)	8.78%					9.70%
Total Increase (%)	4.06%					5.91%
Tax base	88,785					89,085
Collection Rate	98.00%					98.00%
Funds / Balances						
Balances Brought Forward	10,009					10,009
Balances Carried Forward	10,009					10,009

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Levies, Contribution and Subscription

Appendix 4

	2022/23	2023/24	Changes	Changes	Comments
	£'000	£'000	£'000	%	
London Borough Grant	187	187	-	0.00%	Based on notification
Freedom Pass Levy	5,627	5,610	- 17	-0.30%	Last estimate from London Councils Nov 2022 - not final
Joint Committee Subscription	115	115	-	0.00%	Assume 2022/23 figure - figure due mid Feb.
Environment Agency Levy	209	211	2	0.81%	Based on notification
Coroners Court Levy	296	311	15	5.00%	Assume 5% increase on 2022/23 - final figure due in March.
Traffic Control Levy	325	333	8	2.58%	Notified Oct 2022 by London Councils
London Council Borough Subscription	47	47	-	0.00%	Assume 2022/23 figure - figure due mid Feb.
London Pension Fund Authority Levy	298	298	-	0.00%	Assume 2022/23 figure - figure due mid Feb.
West London Waste Authority Levy	2,175	2,175	-	0.00%	This budget is based on WLWA's budget report for 2022/23.
Lee Valley Levy	210	229	19	9.03%	Final due mid Feb - provisional as at 19/1/23
Apprentice Levy	400	400	-	0.00%	Based on 0.5% of Salaries

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Policy on Use of Contingency

General Principles

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

Appropriate uses

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

Criteria

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

Approval Process

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

Unspent balances

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

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

Introduction

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

DSG Settlement 2023-24

2. The 2023-24 DSG settlement is based on the number of pupils on the October 2022 schools census for the Central School Services Block and Schools Block as well as a lump sum for historical items related to premises, the January 2022 Early Years census for the Early Years Block and a combination of a historical lump sum and per pupil funding for the High Needs Block. The total DSG allocation for 2023-24 is £265.539m.

Table 1 – 2023-24 Dedicated Schools Grant allocation

Blocks	Unit of funding		Pupil numbers		Total
	Primary	Secondary	Primary	Secondary	
Schools Block – per pupil	£4,876.07	£6,733.49	21,514.00	13,342.00	£194,741,994
Schools Block – lump sum premises					£2,646,999
Schools Block – NNDR deduction					-£475,941
Schools Block – growth fund formula					£1,401,797
Total Schools Block					£198,314,849
Central Schools Block					£1,469,878
High Needs Block (after import/export adjustments & recoupment)					£45,802,992
Early Years Block					£19,951,316
Total Dedicated Schools Grant Allocation 2023-24					£265,539,035

3. In 2023-24 the NFF factor values have increased by 2.4% with the exception of IDACI and Free School Meals which has increased by 4.3% to reflect inflation, and business rates are based on actual estimates of costs for 2022-23. In addition, the Mainstream Schools Supplementary Grant has been rolled into the NFF in 2023-24
4. In 2018-19 the Government introduced a new National Funding Formula (NFF) for Schools, High Needs and Central Services Blocks. For the Schools block this means that LAs are funded on the basis of the total of the NFF for all schools, academies and free schools in its areas but the final formula for distribution is determined by each LA, subject to prescribed limits, following consultation with schools and Schools Forum.

5. From 2020 the government had intended to implement the NFF in full which means that school allocations will be determined by the DfE rather than LAs. However, this has been delayed and there is currently no confirmed date for this.
6. In 2018-19 the LA implemented the NFF after consultation with schools and Schools Forum. Whilst there are no proposed changes to the structure of the formula for 2023-24, the factor values have increased. This is set out at Table 2.

Table 2 – proposed funding formula and factor values 2023-24

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

7. In 2023-24 mainstream schools and academies can expect to receive an additional £12.7m through the National Funding Formula.

Minimum Funding Guarantee

8. In 2023-24 the Minimum Funding Guarantee (MFG) will continue to protect schools from *per pupil* losses between years. The MFG must be between 0% and +0.5%.
9. In the overall formula it is only affordable to set the MFG at the minimum 0% and therefore 2023-24 school budgets have been prepared on this basis. This means that all schools be protected from per pupil losses compared with the 2022-23 budget. Gains in excess of 0% have not been capped, which is consistent with the approach in previous years.

Additional Funding

10. Schools Forum voted to allocate £900k funding from the brought forward contingency to support school budgets in 2023-24. This funding is one off as it is built up from historical underspends and has been distributed on a per pupil basis for mainstream schools and as a lump sum for special schools and the Pupil Referral Unit to reflect lower pupil numbers. This is in addition to funding through the formula.

Supplementary Funding

11. In December 2021 the Government announced the new Schools Supplementary Grant for 2022-23. From 2022-23 this grant has been rolled into the National Funding Formula. This grant totals £5.2m and is included in the £12.7m additional funding through the National Funding Formula.

Mainstream Schools Additional Grant

12. The 2022 Autumn Statement announced that in 2023-24 mainstream schools will be allocated additional funding through the Mainstream Schools Additional Grant (MSAG). Final school level allocations will be published in Spring 2023 pending updates on FSM6 in the January 2023 Schools Census.
13. The estimated value of this fund for Harrow mainstream schools is £6.6m. This is in addition to the extra funding in the National Funding Formula, and the one-off sum from the contingency, taking total school budget increases since 2022-23 to £20.2m.
14. This funding will be rolled into the NFF from 2024-25

High Needs Block

15. High Needs funding is designed to support a continuum of provision for pupils and students with special educational needs and disabilities (SEND) from 0-25 years old. The following are funded from the High Needs Block (HNB) of the DSG:
- Harrow special schools and academies
 - Additionally Resourced Mainstream (ARMs) units in mainstream schools and academies
 - Places in out of borough special schools and independent school provision
 - EHCPs in mainstream schools and academies
 - Post 16 provision including further education
 - SEND Support services and support for inclusion
 - Alternative Provision including Pupil Referral Units and education other than at school
16. There is a duty to admit a child or young person if the institution is named in a statutory EHCP. LAs use the HNB to provide the most appropriate support package for an individual in a range of settings, taking account of parental and student choice whilst avoiding perverse incentives to over-identify high needs pupils and students.
17. The HNB budget allocation for 2023-24 is set out at Table 3

Table 3 – 2023-24 High Needs Block Funding

Description	Value
High Needs Block Allocation (excl basic entitlement factor)	£42,849,347
Basic Entitlement Factor (excl TPG/TPECG)	£3,240,105
Basic Entitlement related to TPG/TPECG Special Schools	£436,202
Import/Export Adjustments (2020-21 figure)	-£1,584,000

Additional Funding for Special Free Schools	£12,000
Hospital Education	£223,503
AP & INMSS TPG/TPECG allocation	£130,445
Total HNB before academy recoupment	£45,307,602
Academy recoupment for SEN units, special schools and FE	-£1,495,334
Net High Needs Block 2023-24	£43,812,268

18. It should be noted that the import/export adjustment figure will be updated in June 2023 to reflect the January census.

19. In 2023-24 there is an increase in funding of approx £3.906m which includes an additional grant to replace the High Needs Block Supplementary Grant received in 2022-23 totalling £1.987m. This is expected to cover additional costs which have arisen since the original HNB funding formula was derived.

DSG Deficits

20. The government consulted on the accounting treatments of deficits on the DSG. The consultation focussed on changing the conditions of grant and regulations applying to the DSG so as to clarify that the DSG is a ring-fenced specific grant separate from the general funding of local authorities. Therefore, any deficits an authority may have on its DSG account is expected to be carried forward and does not require to be covered by the authority's general reserves. The ring-fence was due to end March 2023 but has been extended for a further three years.

21. 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.

22. The DfE will require a report from any LA that has a cumulative DSG deficit of more than 1% at the end of the financial year. The 1% calculation will be based on the latest published DSG allocations for 2020-21 compared with the deficit shown in the authority's published draft accounts.

23. Harrow's projected cumulative deficit of £4.007m as a proportion of gross budget of £265m would equate to approx. 1.5% and will therefore require a deficit management plan.

24. The deficit has accumulated as follows

Financial Year	Deficit £'000
2019-20	£2,944
2020-21	£786
2021-22	£277
2022-23 (projected)	£0
Total (projected)	£4,007

25. An updated Deficit Management Plan is being drafted. The Deficit Management Plan is underpinned by the Special Educational Needs and Disability (SEND) Strategy 2019-2024 approved by Cabinet in February 2014. It serves as a tool to project and monitor the financial progress of the implementation of the strategy.
26. It is anticipated that by achieving the vision of the strategy through the four strategic priorities that financial efficiencies can be made. This will predominantly be achieved by increasing in-borough specialist provision to reduce the reliance on more expensive out of borough independent provision where needs can be met in-borough.

Early Years Block

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

3 & 4 year old funding

28. The key points on LA funding of providers are that local authorities:
- Continue to set a single funding rate for both entitlements for three and four year olds (that is, both the universal 15 hours and the additional 15 hours for working parents).
 - Must plan to spend at least 95% of the three and four year old funding on the delivery of the entitlements. We intend to continue to pass on 95% of the 3 & 4 year old funding to settings.
 - Harrow provides a universal base rate for all types of provider in the formula.
 - Must use a deprivation supplement in the funding formula
 - Must not channel more than 10% of funding through funding supplements.
 - Must provide a SEN Inclusion Fund (SENIF) for three and four year olds.
 - Must pass on Early Years Pupil Premium (EYPP) and Disability Access Fund (DAF) in full to providers for eligible three and four year olds.
29. Harrow has already implemented all of the above principles in its EYSFF.
30. In 2023-24 the hourly rate per pupil that the LA receives will increase from £5.89 to £6.03 per hour.
31. It is proposed to distribute the additional funding through the existing formula structure and add it to the base rate. This also maintains the base rate at 90% of the factor funding and 10% allocated to supplements.

Table 4 – indicative 2023-24 EYSFF

Description	2023-24		
	Hourly	Pupils	Total
Total Early Years Block	£6.03	5,100.50	£17,530,929
5% LA Early Years Service Retention			£876,546
Funding available to providers	£5.73		£16,654,382
Top-slice SEN inclusion fund 5%			£832,719
Funding available to providers through formula	£5.44		£15,821,663
Base rate 90%	£4.90		£14,245,697
Supplements 10%	£0.54		£1,569,934
Funding available to providers through formula	£5.44		£15,815,630

2 year old funding

32. There is also a rate increase for the funding for 2 year olds. This will increase from £6.29 to £6.92 per hour from April 2023. The full increase will be passported to providers.

SEND Inclusion

33. LAs are required to have SEND Inclusion Funds for all 3 and 4 year olds with SEND who are taking up the free entitlements, regardless of the number of hours taken. These funds are intended to support LAs to work with providers to address the individual needs of children with SEND.
34. LAs should target SEND Inclusion Funds at children with lower level or emerging SEND. As with other elements of early years funding, SEND Inclusion Funds should apply to children attending settings in the relevant LA area, regardless of where they live.
35. The SEND Inclusion Fund in 2023-24 will be £833k.

Public Health Funding 2023-24**Appendix 7**

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

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Reserves Policy

The recommended reserves policy is as follows:

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

The rationale for this policy is set out below.

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

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

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

The target level of reserves depends on:

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

The Council is implementing a revised financial strategy to reduce the Council's expenditure to within its budget envelope which will reduce the need to call on reserves to meet in year spend. Which in turn should release reserves to provide financial resilience. The Council is continually working to improve financial management and in 2023/24 will continue to focus on accurate, timely and robust management of its revenue budget, capital programme, savings tracker and trading activities.

As at 31 March 2023 the forecast level of General Fund Reserves will be £10.635m, which represents 5.8% of the Council's net revenue budget for 2022/23 (£183m), which is the recommended minimum level. In addition, the Authority holds a limited number of earmarked reserves as detailed in Appendix 9.

A decision will be made at year end on the best use of any available capacity in the revenue budget and where this will be transferred to reserve.

The S151 officer has responsibility for the establishment of earmarked reserves. The S151 officer is responsible for ensuring that detailed controls are established for the

creation of new reserves and provisions and any disbursements therefrom.

All contributions to, and appropriations from, General Fund reserves must be approved by the S151 Officer and Portfolio Holder with Responsibility for Finance, subject to any limitations set by the Council in the approved budget framework.

Reserves Forecast

Appendix 9

Description	Brought Forward 01/04/22	Directorate Reserve Movements	Corporate Reserves Movements	Other Reserves movement	Balance Carry Forward 31/03/2023	Committed to future MTFS	Revised Carry Forward 01/04/2023
	£	£	£	£	£	£	£
CIL Harrow	-7,108,388	0		1,533,000	-5,575,388		-5,575,388
Revenue Grant Reserve	-6,641,420	204,000			-6,437,420		-6,437,420
Compensatory Added Year Reserve	-242,782				-242,782		-242,782
PFI Schools Sinking Fund	-2,071,676	459,000			-1,612,676		-1,612,676
Public Health Reserve	-2,674,142	2,000			-2,672,142		-2,672,142
PFI NRC Sinking Fund	-1,823,836				-1,823,836		-1,823,836
Legal Services Contingency	-821,239				-821,239		-821,239
HRA Transformation Reserve	-542,965			475,000	-67,965		-67,965
Carryforward Reserve	-1,330,981		1,330,718	263	0		0
Collection Fund Reserve	-4,634,745			4,634,745	0		0
Capital Feasibilities Reserve	-500,000	35,000			-465,000		-465,000
Accommodation Strategy Reserve	-652,000	652,000			0		0
Adults Social Care Reserve	-3,769,475	0			-3,769,475		-3,769,475
Children's Social Care Reserve	-3,108,120	2,240,000			-868,120		-868,120
Borough Election	-574,677	450,000			-124,677		-124,677
Harvist Reserve Harrow Share	-34,034				-34,034		-34,034
Proceeds Of Crime Reserve	-63,000				-63,000		-63,000
Proceeds Of Crime Reserve Planning	-430,172				-430,172		-430,172
CIL Mayor	-150,520				-150,520		-150,520
Insurance Reserve	-959,318	219,000			-740,318		-740,318
Public Mortuary Expansion Reserve	-500,000				-500,000		-500,000
3G Pitch	-25,000	-25,000			-50,000		-50,000
Waste Strategy Reserve	0			-1,595,000	-1,595,000	1,000,000	-595,000
1 Hour Free Parking	0	291,000		-291,000	0		0
Vehicle Fund	-1,250,478				-1,250,478		-1,250,478
Investment Property Reserve	-977,385		55,000		-922,385		-922,385
PAP Sinking Fund	-393,300				-393,300		-393,300
HRA Hardship Fund	-25,000				-25,000		-25,000
HRA Regeneration Reserve	-722,200				-722,200		-722,200
HRA Repair Reserve	-277,428				-277,428		-277,428
Business Risk Reserve	-1,968,198	1,452,017			-516,181		-516,181
Budget Planning Reserve MTFS gap	-22,490,358		9,872,000	290,737	-12,327,621		-12,327,621
Capacity Build/ Transformation Reserve	-3,172,652	1,912,000		300,000	-960,652		-960,652
Total Ringfenced Reserves	-69,935,490	7,891,017	11,257,718	5,347,745	-45,439,010	1,000,000	-44,439,010
Headstone Manor Reserve	-287,750			287,750	0		0
Libraries Reserve	-150,000			150,000	0		0
IT Reserve	-134,000			134,000	0		0
Equalities Diversity & Inclusion Reserve	-157,273	76,000		55,273	-26,000		-26,000
General Fund Reserves	-10,008,000			-627,023	-10,635,023		-10,635,023
Total Usable Reserves	-10,737,023	76,000	0	0	-10,661,023	0	-10,661,023
DSG Overspend	4,006,867				4,006,867		4,006,867
Grand Total All Reserves	-76,665,646	7,967,017	11,257,718	5,347,745	-52,093,166	1,000,000	-51,093,166

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Report of the Chief Finance Officer – 2023/24 Budget

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

Robustness of the Budget

The current budget climate and timeframe continues to be the most volatile in the Borough's history. Local Government was at the forefront of the response to both the public health and economic crises caused by Covid-19, it is hardly surprising that the pandemic has had a significant impact on Local Government finances which were already in a difficult position following a decade where resources have been reduced by over a quarter whilst experiencing significant increases in demand. Running alongside this, Harrow remains one of the lowest funded Councils both within London and nationally and has had to make significant savings for the last 10 years to achieve the legal requirement of a balanced budget.

SR21 and the Autumn Statement 2022 set out the Governments taxation and public expenditure plans for the next 2 years, providing actual resources for 2023/24 and a direction of travel for 2024/25. Once again, the Local Government Finance Settlement was not the required three year settlement but this cannot be used as a deterrent from the Council addressing its financial challenges.

There does remain significant areas of uncertainty around the future of Local Government funding beyond 2023/24, which will directly impact on Harrow finances, with the outcome of major events unknown:

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

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

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

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

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

The 2022/23 budget assumed the drawdown of £14.7m from the MTFS Budget Planning Reserve. The reality is that the Council is spending above its budget envelope and this is not sustainable. A revised financial strategy was implemented in 2022/23 to address the overspending position and reduce the Council's expenditure to within its budget envelope. The current forecast is that a drawdown of £9.8m will be required from reserves to fund the 2022/23 overspend, a betterment of £4.9m.

A balanced budget position has been achieved for 2023/24 and 2024/25. There remains a budget gap for 2025/26 which will need to be addressed alongside the government clarifying the position on the Social Care Grant and other funding streams.

In respect of the 2023/24 budget, the advice of the S151 Officer is that it is sufficiently robust. All income and grant adjustments are in line with the Indicative Settlement, known growth and inflationary pressures have been provided for within financial constraints and the budget includes a contingency for unforeseen items. Directorate budget proposals have been through robust challenge sessions with Members and Officers. The 2023/24 is a demanding budget to achieve and reserves have been identified to fund the capacity and support to deliver the budget. Specifically, in relation to the 2023/24 budget, the robustness assessment is provided following the consideration of several factors:

- The 2023/24 budget includes a mix of corporate and technical savings alongside proposals from the directorates balancing the risk over the MTFS.
- The agreed strategy for the delivery of the 2023/24 budget is no spending above the budget envelope unless corporately agreed
- Growth requirements have been scrutinised in detail to ensure growth is enough to ensure the safe delivery of services but being mindful of the challenging financial position.
- However, growth requirements will be monitored closely to ensure the provisions are enough and any over provision will be held corporately to support the MTFS.
- Every effort has been made to ensure that the technical assumptions underpinning the budget are robust.
- Prudent assumptions have been made about capital financing costs and investment income.
- Key financial risks are managed and reported as part of the Corporate Risk Register.
- The recommended increases in fees and charges are in line with the assumptions in the budget.
- The budget for 2023/24 includes a general contingency of £1.248m.
- There is a commitment within the organisation to robust financial management with any potential adverse budget variations been reported, tightly controlled and contained within service budgets unless there is an agreement the variation is managed pan organisation.
- There is a commitment within the organisation to ensure all new budget proposals are supported by a robust business case that has been scrutinised pan organisation and, unless specifically stated, makes a clear net financial contribution to the MTFS after considering all costs.
- The commitment of maintaining expenditure within the budget envelope is shared by both officers and Members.

There is no statutory definition of a minimum level of reserves and it is for this reason that the matter falls to the judgement of the S151 Officer. The level of reserves is a balance between the risk facing the Authority and the opportunity costs of holding those balances. Reserves can only be spent once and should ideally only be used to support one off expenditure or to allow time for management actions to be implemented. The General Fund Reserve are adequate however it must not drop below the current £10.6m level. This reserve represents the balance of last resort in the event of any major and unforeseen event that compromises the delivery of the council's budget. At current levels, this balance represents 5.8% of the council's budget net revenue budget for 2022/23 (£183m). This balance of £10.6m does place Harrow Council in the lower quartile of general fund balance when benchmarked with other authorities. The advice of the S151 Officer is that General Fund Reserve of £10.6m must remain intact to provide an element of safety net for the Council and any opportunities to increase them must be considered to increase the Council's future financial resilience.

The Council is forecasting to hold balances / reserves of £56.7m to carry forward into 2023/24.

In conclusion, the 2023/24 budget has been prepared as robustly as possible and it achieves its legally required balanced position. The Council must remain committed to its agreed strategy of maintaining its tight grip on the budget to ensure saving proposals are delivered, expenditure remains within the budget envelope and the Council provides safe services. There is no capacity to overspend the 2023/24 budget.

Budget Monitoring

The Local Government Act 2003 also introduced requirements in relation to budget monitoring and management action. The Council has robust budget monitoring procedures in place with revenue budgets being monitored monthly and the capital programme quarterly. The financial position can change relatively quickly, and any adverse variations must be identified and addressed promptly by Service Managers and directorates to avoid a call on reserves. Financial performance is reported in detail to Cabinet quarterly and regularly to Scrutiny. These robust arrangements will continue into 2023/24 and will remain under review to ensure they keep pace with the requirements of the organisation.

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Model Council Tax Resolution

Harrow Council

Council Tax Resolution 2023/2024

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

Council is requested to determine the level of the Council Tax for 2023/2024 in the light of the information on the precept and make the calculations set out in the resolution shown below.

- (1) To note that at its meeting on 8 December 2022 the Council calculated the amount of 89,085 as its Council Tax Base for the year 2023/2024 in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 2012 made under Section 31B(3) of the Local Government Finance Act 1992 (The Act).
- (2) That the following amounts be now calculated by the Council for the year 2023/2024, in accordance with Sections 31A, 31B and 34 to 36 of the Local Government Finance Act 1992:
 - (i) Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A(2) (a) to (f) of the Act. **(Gross expenditure)** £664,649,000
 - (ii) Being the aggregate of the amounts which the Council estimates for the items set out in Section 31A (3)(a) to (d) of the Act. **(Gross income including use of reserves)** £510,651,324
 - (iii) Being the amount by which the aggregate at (i) above exceeds the aggregate at (ii) above, calculated by the Council, in accordance with Section 31A(4) of the Act, **as its Council Tax Requirement for the year.** £153,997,676
 - (iv) Being the amount at (iii) divided by the Council Tax Base, calculated by the Council at its meeting on 8 December 2022 in accordance with Section 31B(1) of the Local Government Finance Act 1992, as the basic amount of its Council tax for the year. **(The average Band D Council Tax)** £1,728.66

(v) Valuation Bands

	A	B	C	D	E	F	G	H
£	1,152.44	1,344.51	1,536.59	1,728.66	2,112.81	2,496.95	2,881.10	3,457.32

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

- (3) That it be noted that for 2023/2024 the Greater London Authority stated the following amount in precept issued to the Council, in accordance with section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below

Valuation Bands

	A	B	C	D	E	F	G	H
£	289.43	337.66	385.90	434.14	530.62	627.09	723.57	868.28

- (4) That, having calculated the aggregate in each case of the amounts at (2)(v) and (3) above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2023/2024 for each of the categories of dwellings shown below

Valuation Bands

	A	B	C	D	E	F	G	H
£	1441.87	1682.17	1922.49	2162.80	2643.43	3124.04	3604.67	4325.60

- (5) Determine for the purposes of 52ZB and Section 52ZC of the Local Government Finance Act that the Council's basic amount of Council Tax for 2022/23 is not excessive in accordance with the principles approved under Section 52ZB and 52ZC of the Local Government Finance Act 1992 and the Referendums Relating to Council Tax Increases (Principles) (England) Report 2023/2024.

Members' Allowances Scheme

1. This scheme shall have effect until 31st March 2024. It replaces all former schemes.

Basic Allowance

2. A basic allowance of £9,063 per annum shall be paid to each Councillor.

Special Responsibility Allowances and Mayoral Allowances

3. (1) A special responsibility allowance shall be paid to those Councillors who have the special responsibilities in relation to the posts specified in Schedule 1 to this scheme. The amount of each such allowance shall be the amount specified against that special responsibility in that schedule.
(2) An allowance of £11,311 per annum shall be paid to the Mayor and an allowance of £2,251 per annum shall be paid to the Deputy Mayor.
(3) No Member may receive special responsibility allowances in respect of more than one post. For the purposes of this paragraph, the mayoral allowances referred to in 3(2) above are considered to be special responsibility allowances.

Uprating the Basic and Special Responsibility Allowances

4. The basic allowance and special responsibility allowances may be uprated annually in line with an index approved by the London Councils Independent Panel. The index to be used will be the level of the Local Government Pay Settlement. When making the scheme for 2024/25, the indexing arrangements will be reviewed.

Travel and Subsistence Allowances

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

Carers' Allowance

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

Co-optees' Allowance

7. A basic allowance of £481 per annum shall be paid to co-optees to formal Council Committees and Independent Persons on the Governance, Audit, Risk Management and Standards Committee.

Sickness, maternity and paternity leave

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

Claims and Payments

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

Backdating

10. Any changes made to this scheme during the year may be backdated to 1st April 2023 by resolution of the Council when approving the amendment.

Pensions

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

Renunciation

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

Approved duties for Carers' Allowance

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

Schedule 1

Special Responsibility Allowances (SRAs)

There are 6 bands of SRAs:

Band	Post	SRA - £/annum
1	Chief Whips of the two largest Groups Deputy Leader of the second largest Group Lead Members for Scrutiny Chair of Licensing and General Purposes Committee Portfolio Holder Assistants	£2,267
2	Nominated Member of the party not holding the Chair of the Planning Committee Chair of the Traffic Advisory Panel Chair of Governance, Audit, Risk Management and Standards Committee Chair of the Pension Fund Committee Chair of the Performance and Finance Scrutiny Sub Chair of the Health and Social Care Scrutiny Sub Nominated Member of the largest party not holding the Chair of the Performance and Finance Scrutiny Sub	£5,075
3	Nominated Member of the largest party not holding the Chair of the Overview and Scrutiny Committee Non Executive Members of Cabinet	£7,321
4	Chair of the Overview and Scrutiny Committee Chair of the Planning Committee Leader of the Second Largest Group	£9,566
5	Cabinet Members	£21,704
6	Leader of the Council	£33,904

Note

The Groups are as follows:-

Largest Group = Labour Group

Minority Group = Conservative Group

Schedule 2

Claims for Out-Of-Borough Travel and Subsistence Expenses

Duties Undertaken Out-of-Borough

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

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

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

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

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

HARROW COUNCIL PAY POLICY STATEMENT 2023/2024

Introduction

In compliance with the statutory provisions of the Localism Act 2011 and in support of openness and transparency in accordance with Local Government Transparency Code 2015 this statement outlines the Council's policy on pay and benefits for Council employees (excluding Schools)¹ and specifically for its lowest paid employees, Chief Officers and Senior Management.

This Pay Policy is reviewed annually and agreed at Full Council.

Updates November 2022:

Annual Pay Award 2022

The 2022-23 national pay award negotiations for Local Government Services ('Green Book') employees, Officers and Chief Officers have concluded and the following details of the pay award were agreed with effect from 1 April 2022:

- Local Government Services ('Green Book') employees received an Outer London flat rate pay increase of £2,229.
- Chief Officers received a pay increase of £1,925.
- Increase in allowances by 4.04%.
- In addition to the increase in pay and allowances, Local Government Services ('Green Book') employees received a permanent increase of one day (pro rata for part-timers) to their annual leave entitlement from 1 April 2023.

Harrow pay scales have been increased accordingly backdated from 1 April 2022.

Additional Day's Leave

Those eligible for the pay award (backdated to 1 April 2022) and the additional one day's annual leave from 1 April 2023 are:

- Staff directly employed by the council.
- Staff working on a part-time basis who will receive a pro-rata equivalent of the pay award and annual leave.
- Agency Staff who:
 - Are engaged under PAYE employment type.
 - Have reached parity pay (engaged by Harrow for more than 12 weeks)
 - Have an hourly rate of pay that is based on the Harrow PayScale.

¹ The Pay Accountability provisions of the Localism Act 2011 do not apply to the staff of local authority schools and therefore teaching staff do not need to be brought within the scope of this pay policy statement.

Please note: Agency workers paid an hourly rate higher than the pay grade of the post they occupy are not eligible for the pay award. If you have any questions, please email Harrow@pertemps.co.uk.

London Living Wage update 2022-2023

From 22 September 2022, the London Living Wage foundation increased the London Living Wage from £11.05 per hour to £11.95 to be implemented as soon as possible from September 2022 or at the latest from 14th May 2023.

Harrow Council is a fully accredited London Living Wage employer having paid the London Living Wage hourly rate to its lowest paid employees since 2013.

Harrow Council's lowest paid employees are currently paid on the first point of Harrow pay scales at £12.27 per hour, higher than the London Living Wage of £11.90 per hour, backdated from April 2022.

Following agreement of the National Joint Council's annual pay award, Harrow's lowest spinal points are no less than the current London Living Wage from 1 April 2022.

Context

The Council's vision is 'Restoring Pride in Harrow' and is focussed on this overarching vision to support delivery of the Council's work through a refreshed Corporate Plan. This means that all actions and service delivery will be embedded in this new vision, whether it be handling customer enquiries, cleaning the streets or new initiatives; everything should be able to show that residents are at the heart of the way we do things.

Over the course of three years, the following new priorities will help to deliver the Council's new vision:

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

Together, this vision seeks to deliver a well-run Council that provides good value for money. It will put residents first by treating them as valued customers and deliver high standards of service. Improving the environment and the Council's enforcement approach will help make Harrow clean and ensure residents feel safe and, where people need support the most, our services for vulnerable residents and families will be made more accessible.

Working closely with partners, voluntary and community groups will not only play a vital role in making Harrow a pleasant place to live, work and visit – it will help create a better sense of pride in the borough and improve the quality of life for many people.

In determining its grading structure and setting overall pay levels for all posts, set out in this Pay Policy, the council takes into account the need to ensure value for money in respect of the use of public expenditure, balanced against the need to recruit and retain employees who are able to meet the requirements of providing high quality services to the community and to be able to deliver those services effectively and efficiently.

As a Council we are committed to ensuring equality and diversity is integral to everything we do so our Pay Policy seeks to reduce income inequality and ensure that the pay, terms and

conditions of Council employees comply with the Council's duties under the Equality Act 2010. Additionally, the Council recognises that a significant proportion of our workforce lives locally and that therefore our Pay Policy helps support a strong local economy of diverse residents.

Background

Modernising Terms & Conditions Review 2011/12

In 2011/12 the Council undertook a review of pay and terms and conditions for employees and in 2012 the Council reached a collective agreement with the relevant recognised trade unions, which established new pay and terms and conditions for all employees covered by this Pay Policy, including those of senior management, from January 2013.

The collective agreement is published online: [collectiveagreement \(harrow.gov.uk\)](http://collectiveagreement(harrow.gov.uk))

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

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

Prior to this in July 2005, the Council implemented the Single Status agreement. Full time hours of work were changed to 36 hours² per week for all employees and the salary grades were changed from NJC 'H' Grades to GLPC 'G' grades. London Weighting was incorporated with Basic Pay as part of this exercise.

Council Pay Rates / Scales

The Council considers it important to be able to locally determine pay rates to underpin Harrow's priority to ensure value for money to residents, whilst understanding the current challenges around cost of living. The Council benchmarks its pay rates with other London Boroughs to ensure that it is able to recruit and retain qualified and competent employees and to be able respond to regional and local labour market conditions.

The Council applies the national (JNC/NJC) GLPC national and regional pay award agreements to our locally determined pay scales. The Harrow pay structure applies to all staff with the exception of a small amount of staff such as TUPE transferred staff who have not yet been integrated on to the Harrow pay structure, Educational Psychologists³ and some centrally employed teaching staff⁴

² Some ex manual workers work 36 hours plus 4 hours contractual overtime to 40 hours per week.

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

⁴ Teachers are paid according to the national Teachers Pay and Conditions pay scales – annually at 1 September, except for centrally employed music service teaching staff who are paid on locally determined Harrow terms and conditions.

The pay scales are revised annually from April 1st of each year. The officers and managers scales are published online: [Officer's Pay Scales 2022](#)

Remuneration of Senior Management (Chief Officers)

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

All Chief Officers are appointed by Members through the Chief Officer Employment Panel. (COEP). Additionally, the Chief Officer's employment panel has the authority to approve remuneration packages of £100,000 or over for any Council post.

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

The senior management structure is published online www.harrow.gov.uk/seniormanagementstructure

Senior management pay is published online: [Senior Manager's Pay March 2021-22](#)

Remuneration of Lowest Paid Employees

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

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

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

Harrow is fully accredited by the Living Wage Foundation as a London Living Wage employer. Since 2015, the Council increased the lowest points on its salary scales to meet the London Living Wage and has continued to pay the London Living Wage to directly employed staff consistently to date. Recently the Council has fulfilled the requirements for accreditation by extending the London Living Wage to agency procured staff paid on Harrow pay scales.

Pay Multiple

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

Pay Grading

In 2004 the Council entered into a single status agreement with its recognised trade unions, introducing common job evaluation schemes⁵ and pay scales for the Council's former manual workers, administrative, professional, technical and clerical employees with the exception of Education Psychologists, Nursery Nurses, Youth & Community Workers, Chief Officers and the Chief Executive.

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

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

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

National / Regional Pay Agreements

The Council supports the national (JNC/NJC⁶ and Soulbury) and regional (GLPC) collective bargaining arrangements for pay and conditions of service and the pay scales for all employees, including the Chief Executive and Chief Officers, are increased in line with national and regional pay agreements. Some conditions of service are negotiated locally.

Pay on Appointment

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

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

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

Pay Progression

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

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

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

Progression for Chief Officers is subject to the following qualifications:

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

⁶ Joint Negotiating Committee / National Joint Council

Performance Related Pay

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

The Council operates a Reward and Recognition Scheme for employees who, subject to meeting the criteria of the scheme, may receive payments of £250 or £500. Details of Reward and Recognition payments to senior management are published online: [Senior Managers Pay 2021-22 \(harrow.gov.uk\)](https://www.harrow.gov.uk/2021-22/senior-managers-pay)

Other Payments

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

Details of any other payments to senior management are published online: [Senior Managers Pay 2021-22 \(harrow.gov.uk\)](https://www.harrow.gov.uk/2021-22/senior-managers-pay)

Market Supplements

The Council may apply market supplement payments to jobs with recruitment or retention difficulties. Market supplements are applied following a robust evidenced business case that meets criteria defined in the Market Supplement policy and agreed by the Corporate Director, Director of HR and the portfolio holder of the directorate. Details of market supplement payments to senior management are published online: [Senior Managers Pay 2021-22 \(harrow.gov.uk\)](https://www.harrow.gov.uk/2021-22/senior-managers-pay)

Fees for Election Duties

The Council's policy for payment of fees for election duties is published online: [Election fees and Charges.](https://www.harrow.gov.uk/election-fees)

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

Details of fees for election duties paid to senior management are published online: [Senior Managers Pay 2021-22 \(harrow.gov.uk\)](https://www.harrow.gov.uk/2021-22/senior-managers-pay)

Pension

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

- [Harrow Pension Fund - Policy on Discretions](https://www.harrow.gov.uk/pension-fund-policy)
- [Microsoft Word - Annual Report and Pension Fund Final Accounts 2020-21 FINAL \(harrowpensionfund.org\)](https://www.harrowpensionfund.org/microsoft-word-annual-report-and-pension-fund-final-accounts-2020-21-final)

From April 2013 the Council took over specific public health functions from the NHS and staff who transferred from the NHS to the Council and were members of the NHS Pension Scheme

continue to be members of that Scheme and receive benefits in accordance with the provisions of that Scheme.

Centrally employed teaching and education services staff who are eligible to join the Teachers' Pension Scheme (TPS) are auto enrolled into the TPS. Existing staff including music service Teaching staff continue to remain in the TPS and to receive benefits in accordance with the provisions of that Scheme.

Other Terms and Conditions of Employment

The pay, terms and conditions of council employees are set out in employee handbooks. Handbooks are produced for all employees, including managers, Chief Officers and the Chief Executive.

Payments on Termination of Employment - Redundancy

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

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

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

The method of calculating redundancy payments is based on the Statutory 30 week table using age and service years to calculate redundancy payments using a multiplier of 1.5 x actual weekly pay.

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

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

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

Details of compensation payments paid to senior management are published at:

[Senior Managers Pay 2021-22 \(harrow.gov.uk\)](#)

Re-employment of Employees

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

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

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

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

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

Further Information

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

INTRODUCTION

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

The flexibility was initially offered to the sector for the three financial years 2016/17 to 2018/19. In December 2017, the Secretary of State announced, alongside the provisional local government finance settlement, the continuation of the capital receipts flexibility programme for a further three years, covering 2019/20 to 2021/22. The flexibility has been extended on numerous occasions and is currently in place until 31 March 2025.

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

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

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

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

EXAMPLES OF QUALIFYING PROJECTS

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

- Sharing back-office and administrative services with one or more other council or public sector bodies;
- Investment in service reform feasibility work, e.g. setting up pilot schemes;
- Funding the cost of service reconfiguration, restructuring or rationalisation (staff or non-staff), where this leads to ongoing efficiency savings or service transformation;
- Driving a digital approach to the delivery of more efficient public services and how the public interacts with constituent authorities where possible;
- Improving systems and processes to tackle fraud and corruption in line with the Local Government Fraud and Corruption Strategy – this could include an element of staff training;

- Setting up commercial or alternative delivery models to deliver services more efficiently and bring in revenue (for example, through selling services to others); and

RULES OF QUALIFICATION

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

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

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

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

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

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

STRATEGY FOR USE OF FUNDS

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

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

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

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

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

The 2023/24 MTFS includes a budget of £1.250m to fund the Regeneration Team. The nature of this spend meets the capital flexibility criteria and the team will be funded under the capital flexibilities scheme. The £1.250m provision/cost has been offset by a corresponding credit which will result in the cost being removed from the budget and funded by capital receipts. The sum is re-instated in 2025/26 when the scheme is currently intended to end.

In addition, there are also a number of revenue costs in 2023/24 associated with the implementation of revenue budget savings and therefore, where a revenue cost arises which meets the rules of qualification set out in the strategy, these costs might also be funded from capital receipts. The costs will be associated with the savings set out in Appendix 1A.

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Question 1

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

This question has been answered 230 times.

[View Responses](#) [Quick Report](#)

Question 2

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

Strongly Agree		7
Agree		60
Disagree		71
Strongly Disagree		92

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Question 3

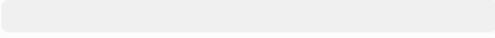
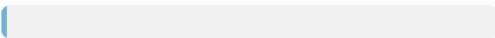
Given the Council's funding situation, do you agree with the Council's proposal to increase Council tax by 4.99?

Strongly Agree		9
Agree		48
Disagree		51
Strongly Disagree		122

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Question 4

In what capacity are you taking part in this consultation?

I live in Harrow		225
I am responding for someone who lives in Harrow but do not live here myself		2
I am responding as an individual but do not live in Harrow (for example I work for Harrow Council)		1
I am providing the official response of an organisation, group or business based in Harrow		2

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[Quick Report](#)

Question 5

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

This question has been answered 135 times.

[View Responses](#)

[Quick Report](#)

Question 6

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

This question has been answered 141 times.

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What is your age group?

Under 16		0
16-24		3
25-44		70
45-64		98
65+		42

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[Quick Report](#)

Disability

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

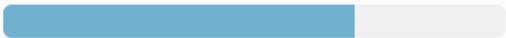
No		191
Yes, affecting mobility		8
Yes, affecting hearing		1
Yes, affecting vision		3
Yes, a learning disability		1
Yes, mental ill-health		11
Yes, another form of disability		4

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Marriage or Civil Partnership

Are you married or in a civil partnership?

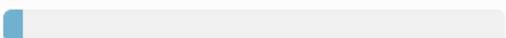
Yes		151
No		64

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Pregnant or Maternity

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

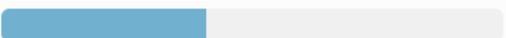
Yes		8
No		203

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Sex

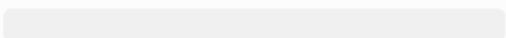
What is your sex?

Male		127
Female		88

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

Yes		209
No		0

Sexual Orientation

Bisexual		2
Gay Man		2
Gay woman/Lesbian		0
Heterosexual		152
Other		5

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Ethnic Origin

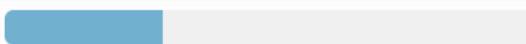
Asian or Asian British

Afghan		0
Bangladeshi		3
Chinese		1
Indian		62
Pakistani		3
Sri Lankan		6
Other Asian background:		11

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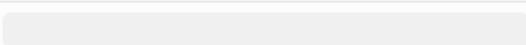
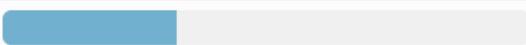
Black or Black British

African		3
Caribbean		2
Somali		1
Other Black background:		4

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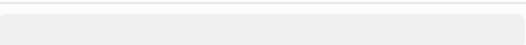
Mixed Background

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

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Other ethnic background

Arab		0
Other ethnic backgrounds:		6

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White or White British

English		68
Irish		6
Polish		1
Romanian		1
Scottish		3
Welsh		1
Irish Traveller/Gipsy		0
Other white background:		7

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Religion and belief

Buddhism		1
Christianity (all denominations)		49
Hindusim		24
Islam		5
Jainism		3
Judasim		6
Sikhism		4
Zoroastrianism		0
No religion/Atheist		27
Other religion:		9

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Employees' Consultative Forum

Minutes

11 January 2023

Present:

Chair: Mr D Searles

Councillors: David Ashton Mina Parmar
Susan Hall David Perry
Graham Henson Natasha Proctor
Paul Osborn

Teacher Ms M Lambie - NEU

Representatives:
Unison Ms S Haynes Mr J Royle

Representatives:

GMB Ms P Belgrave
Representative: Ms A Jones

Absent: Anne Lyons

Recommended Item

9. Draft Revenue Budget 2023/24 and Medium-Term Financial Strategy 2023/24 to 2025/26

The Forum received a report of the Director of Finance and Assurance which set out the draft revenue budget for 2023/24 and draft Medium Term Financial Strategy (MTFS) for 2023/24 to 2025/26 and had been considered by Cabinet on 8 December 2022. The budget and MTFS would be submitted to Cabinet in February 2023 for approval and recommendation to Council.

The Portfolio Holder for Finance and Human Resources introduced the report which showed a budget gap of £10.923m for 2023/24, a balanced budget position for 2024/25 and a budget gap of £10.964m for 2025/26. The indicative Local Government Financial Settlement that had been announced on 19 December 2022 had been substantially worse than expected and the objective was now to optimise the resilience of the Council moving forward and to minimise the use of reserves. The Portfolio Holder explained that the challenge was that most of the Council's resources were from Council Tax and that whilst the Council would like to reduce Council Tax this was not currently practical and, taking advantage of the new flexibility, it was proposed to increase it by 4.99% in 2023/24.

The Portfolio Holder advised the Forum that another challenge in the budget was that the inflationary expectations had been set in February 2022 but had been much higher than had been anticipated. The draft budget before the Forum contained reasonable assumptions in terms of salaries moving forward. Whilst it been difficult to prepare the draft budget for the next financial year, he advised that it would even more challenging in years 2 and 3.

In response to a question from a Unison representative in relation to the £10m shortfall in the budget and service standards for residents, the Portfolio Holder advised that he hoped that they would not be impacted but that there was a delicate balance. One of the Council's priorities was to put residents first and therefore improve services.

The representative of Unison questioned the impact on staffing levels and the potential programme for redundancies and restructures and was advised that there was currently no programme. The Portfolio Holder advised that approximately 23% of the Council's staff were agency which was costly. His preference was to have permanent staff in posts which would encourage loyalty both ways. In response to a question in relation to long term agency staff and whether they would be offered permanent jobs, the Forum was advised that this would be subject to a number of factors but jobs would be offered if appropriate.

The Leader of the Council advised that the Administration was considering the senior management structure in terms of the spans of control and reducing duplication with a view to making savings. There were, in his view, too many layers at the top of the organisation. He added that he was also keen to have an apprenticeship programme and that it had been disappointing to have returned funding allocated for the apprenticeship levy.

Further to the comments made by the Portfolio Holder and Leader of the Council, the Chief Executive explained that the workforce was a major cost hence his intention to review and restructure the Council's management structure commencing in February 2023. The current cost of agency staff was £30m but that it should be possible to reduce this through the 'churn' of staff in the organisation. In addition, the development of a workforce strategy and the appraisal process would lead to employees being better looked after. Training and development would also be part of this work as the Council had an aging workforce and it was necessary to commence planning for the next

generation. The Chief Executive advised that, whilst not totally comparable, the apprenticeship scheme at his previous Authority had paid for itself as the levy had met the costs of the training and the organisation's establishment had met other costs. The retention rate had been 97-98% of apprentices and this had resulted in a change in both the face and the dynamic of the Council.

A representative of the GMB questioned whether the proposal to reduce the costs of the managerial level by 10% was still on the table, secondly, if the freeze on recruitment before hiring would continue and also require the approval of the Chief Executive before recruitment could commence and also whether the Chief Executive still believed that the reduction at managerial level could be done via natural wastage. The Chief Executive responded that the recruitment freeze remained in place and, subject to Council approval, the 10% reduction was proposed but that there would be some natural wastage. He was aware however that there may be unintended consequences on some individuals. The process for sign off for recruitment to specific roles would continue to be via the Director, Section 151 Officer and Chief Executive.

In response to a question as to whether consideration was being given to the outsourcing of Council services, the Chief Executive stated that whilst currently there were no plans it was important to keep services modern and improving. The Leader of the Council added that from the Administration's perspective there were no plans to outsource and that his experience of outsourcing was not positive. The Council had a challenging budget situation but he was optimistic that the existing workforce would help to deliver a balanced budget. The Portfolio Holder advised that in terms of service delivery, the best options would need to be considered and that out sourcing could not be ruled out.

Representatives of Unison questioned where the 10% reduction in the managerial level would be taken from and the Chief Executive advised that work with Directors was underway and that there were numerous interim post holders in leadership positions. This work would include revisiting all D and M grades. A representative of Unison challenged that the redundancy of senior graded officers would come at a cost and savings might not be seen for several years. The Chief Executive explained that the size and composition of the leadership cohort needed to be correct and result in an effective Council. The Leader added that it was a 3 year budget and he wanted to get ahead in the process and to give staff some certainty/ stability.

In response to a question as to whether an improved settlement from government could be achieved as it had historically been low, the Leader of the Council advised that whilst the Administration would try he did not envisage local government funding increasing, particularly in London. Union representatives and Council side representatives acknowledged the financial pressures on residents and that some may struggle to pay their Council Tax. It was noted that the Council had a 98% Council Tax collection rate and that Council Tax Support Scheme was available to some residents, although some may fall just outside the threshold for assistance which would prove challenging for those affected.

A Member stated that whilst he and his colleagues had had the opportunity to consider the draft budget and would be asking questions at both Cabinet and Council there were currently large gaps and the 10% reduction in managerial staffing would not meet this shortfall. In his view, the detail of the budget would impact on staff but he acknowledged that the Leader of the Council had offered to speak to the Overview and Scrutiny Committee once the detailed budget was available. The Leader confirmed that he was happy to have a further discussion with both Scrutiny Members and the Unions on the final proposals and that he was keen to work together and to listen to the workforce about savings suggestions. The Portfolio Holder endorsed this sentiment and also encouraged union colleagues to attend the Pension Fund Committee as the discussions impacted on staff.

Resolved to RECOMMEND: (to Cabinet)

That report be noted and the Forum's comments be submitted to Cabinet for consideration.

Harrow Business Consultative Panel

Minutes

23 January 2023

Present:

Chair: Councillor Norman
Stevenson

Councillors: Natasha Proctor Sasi Suresh

Absent: Councillor Samir Sumaria

Resolved Items

30. Draft Revenue Budget 2023/24 and draft Medium Term Financial Strategy 2023/24 to 2025/26

Members received a report from the Director of Finance which set out the Council's proposed Draft Revenue Budget for 2023/24 and the draft Medium Term Financial Strategy (MTFS) for 2023/24 to 2025/26. In a presentation to the report, the Director of Finance provided a high-level overview of the budget consultation requirements and the process for setting the draft budget and MTFS. The following key points were highlighted:

- Harrow Council's financial position remained extremely challenging
- A Council Tax increase of 4.99% for 2023/24 was being proposed. This was expected to decrease by 1% per annum for 2024/25 and 2025/26 to 3.99% and 2.99% respectively
- Despite significant inflationary pressure, the Council had an obligation to maintain investment in statutory services such as Children's.

- The Council's budget gap for 2023/24 was estimated at £10.9m
- A number of actions required to achieve a legally balanced 3-year MTFs were being undertaken and would be presented to meetings of Cabinet and Full Council in February.

No questions were raised by Members on the presentation. However, before moving on with the discussion, the Chair clarified that the increase in Council Tax would be decided at the Full Council meeting on 23 February 2023.

The meeting continued with a presentation from the Divisional Director for Collections and Benefits on the revaluation of commercial property and impact to Harrow Business. The following key points were highlighted:

- Despite significant variations in valuations across London regions and business sectors, the overall Harrow rateable for 2023/24 was 8.3% which was below inflation for the year.
- Large package of support was available to business rates payers to support revaluations. This included a multiplier which was frozen for 2023/24; a transitional relief scheme, which would see most of Harrow's small and medium businesses having their business rates bills increases capped at between 5 and 15% depending on the size of the rateable value; a retail relief scheme where any in-person business will be able to receive 75% relief from the net rates payable (which will be worth £12m to businesses in Harrow on top of other support packages); supporting small business relief ensuring no eligible small business pays more than £600 in business rates extra compared to the previous year.
- Businesses would be able to challenge revaluations if they think their rateable value has unfairly increased by appealing to HMRC's Valuation Office Agency. Normal business rates would continue to apply until a decision on the appeal had been made and a new value set.

The Chair thanked officers for their presentation and invited questions from Members and Local Representatives. Following comments and questions from, the Panel was advised that:

- Compensation from lost business rates retention revenue was expected to be between £6-8m, as set out in the draft budget report. Officers offered assurance that Harrow was in a good position with any funds lost from retention of business rates would be regained through Section 31 grants.
- Responding to a question on the Council's energy budget and plans to decarbonise, officers advised that the Council was exploring several initiatives to reduce significant energy cost pressures and achieve carbon-neutral targets. Engagement with local businesses was seen as key part of the process and their views were welcomed.

- A Member commented on the sequence of committee meetings and suggested that in future Harrow Business Consultative Panel be scheduled after the Budget was published so that specific questions could be raised by businesses ahead of consultation.
- A meeting of the 'Wealdstone Change For All' group was scheduled in February and could discuss possible options for increasing pedestrian footfall to the Harrow and Wealdstone district centre. Businesses and local ward councillors were invited to attend.
- A number of forums existed that provided a platform for local businesses to engage in consultation such as Harrow's Traders Associations in local district centres and a quarterly Business Forum. Business could also sign up to the Council's monthly newsletter and raise any questions/concerns through their ward councillors.
- Further details on the Council's budget were set out in the report to the agenda for this meeting and any queries could be raised with the Director of Finance.

The Chair thanked officers and business representatives for taking part in the meeting and noted the huge amount of work the Council had done so far to support local businesses and put residents first.

RESOLVED: That the report be noted.

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