

Council (Council Tax)

Thursday 28 February 2019

CONFIRMATION OF CABINET AND COMMITTEE RECOMMENDATIONS AND RELEVANT ORIGINATING BACKGROUND PAPERS

ITEM ON SUMMONS	CABINET / COMMITTEE RECOMMENDATION	ORIGINATING REPORT
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Recommendation Cabinet
I:
(21 February
2019)

7.	CORPORATE PLAN (HARROW AMBITION PLAN)	Report of the Chief Executive (Pages 5 - 76)
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Recommendation Cabinet
I:
(21 February
2019)

8.	FINAL REVENUE BUDGET 2019/20 AND MEDIUM TERM FINANCIAL STRATEGY 2019/20 TO 2021/22	Report of the Director of Finance (Pages 77 - 322)
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Recommendation Cabinet
I:
(21 February
2019)

9. TREASURY MANAGEMENT STRATEGY STATEMENT INCLUDING PRUDENTIAL INDICATORS, MINIMUM REVENUE PROVISION POLICY STATEMENT AND ANNUAL INVESTMENT STRATEGY FOR 2019/20 AND CAPITAL STRATEGY
- Report of the Director of Finance
(Pages 323 - 384)
-

Recommendation Cabinet
I:
(21 February
2019)

10. FINAL CAPITAL PROGRAMME 2019/20 TO 2021/22
- Report of the Director of Finance
(Pages 385 - 414)
-

Recommendation Cabinet
I:
(21 February
2019)

11. HOUSING REVENUE ACCOUNT (HRA) BUDGET 2019/20 AND MEDIUM TERM FINANCIAL STRATEGY 2020-21 TO 2021-22
- Report of the Director of Finance
(Pages 415 - 454)
-

Recommendation Cabinet
I:
(17 January
2019)

13. CHANGES TO COUNCIL TAX
LONG TERM EMPTY
PROPERTY PREMIUMS Report of the Director of Finance
(Pages 455 - 472)
-

Recommendation Governance,
I: Audit, Risk
Management
and Standards
Committee
(5 December
2018)

14. AUDIT COMMITTEE REVIEW Report of the Director of Finance
(Pages 473 - 506)
-

Recommendation Cabinet
I:
(21 February
2019)

15. FINANCIAL REGULATIONS -
APPROVAL OF UPDATED SET Report of the Director of Finance
(Pages 507 - 648)
-

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REPORT FOR: CABINET

Date of Meeting:	21 February 2019
Subject:	Corporate Plan 2019
Key Decision:	Yes - part of Council's Policy Framework
Responsible Officer:	Sean Harriss - Chief Executive
Portfolio Holder:	Councillor Graham Henson – Leader of the Council and Portfolio Holder for Strategy, Partnerships and Devolution
Exempt:	No
Decision subject to Call-in:	Yes
Wards affected:	All
Enclosures:	Corporate Plan 2019 and Action Plan Tables

Section 1 – Summary and Recommendations

This report sets out the 2019 Corporate Plan. It sets out the key priorities, activities and outcomes for the next year and the progress that has been made against these to date. Together with the Final Revenue Budget 2019/20, they outline what the Council intends to do and how those actions and services will be funded.

The Plan will be considered by Overview and Scrutiny Committee at their meeting on 12th February 2019.

Recommendations:

Cabinet is requested to:

1. Note the Corporate Plan 2019 (Harrow Ambition Plan)
2. Recommend the Corporate Plan to Council and to authorise the Head of Policy, following consultation with the Leader of the Council, to make any minor amendments to the Plan as necessary prior to the matter going to Council.

Reason: To update the Council's Policy Framework and set out the Council's direction of travel for the next year.

Section 2 – Report

Introductory paragraph

The Corporate Plan sets out the strategic direction for the authority, it's vision for the borough, priorities, core outcomes and key initiatives which describe and illustrate the programme of activity for next year and against which the Council is happy to be judged. Together with the Final Revenue Budget 2019/20, it outlines what the Council intends to do, how those actions and services will be funded and the progress we are making towards achieving them. The funding detail is set out in the budget reports.

Options considered

The Corporate Plan needs to be updated annually to align with the budget. It is important that the Council have a Corporate Plan. Therefore no other options have been considered.

Background

The Corporate Plan sets out our aspirations for the Borough in the context of the budgetary and demand pressures we are facing. The administration's vision of 'Working together to make a difference for Harrow' is supported this year, by five key priorities: Build a Better Harrow; Support those Most in Need; Protect Vital Public Services; Deliver a Strong Local Economy for All and Modernise Harrow Council.

The Corporate Plan also sets out our commitment and expectations of staff and managers and the Council's Corporate values.

Appended to the Corporate Plan is the delivery plan, which sets out the key projects and initiatives we will undertake, along with an update on progress to date.

Where necessary, further consultation will be undertaken with residents and communities to shape the delivery of the proposals within the Corporate Plan, in keeping with the ambition of the administration to consult and engage.

Risk Management Implications

Risk included on corporate risk register? Yes
Separate risk register in place? No

Risks related to the Corporate Plan are captured in the corporate risk register and also in supporting directorate risk registers.
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The Corporate Risk Register is reported to CSB, the Portfolio-Holder and
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GARMS quarterly. The Risk Strategy (which includes Risk Appetite Statement) is reported to CSB/GARMS/PH/Leader/Cabinet annually or as and when updated.

Risks identified as part of individual programmes and projects referenced with the Corporate Plan will have their own specific risk assessments.

Legal Implications

Approving the Council's policy framework is reserved to full Council. The Corporate Plan will therefore be considered on 28 February 2019.

Financial Implications

The financial implications of the Corporate Plan are set out in the Final Revenue Budget 2019/20. The Corporate Plan incorporates those key activities that the Administration wish to be undertaken this year within the current spending envelope.

Equalities implications / Public Sector Equality Duty

Where activities are proposals and final business cases are still being developed, EQIAs will be developed to support these.

Council Priorities

The Corporate Plan sets the delivery plan for making the Council's corporate priorities a reality.

Section 3 - Statutory Officer Clearance

Name: ...Dawn Calvert..... Chief Financial Officer

Date: ...6th February 2019.....

Name: ...Jessica Farmer..... on behalf of the
Monitoring Officer

Date: ... 8th February 2019.....

Section 3 - Procurement Clearance

Name: Nimesh Mehta



Head of Procurement

Date: 13 February 2019

Ward Councillors notified:

No - it impacts on all Wards

EqIA carried out:

NO

EqIA cleared by:

Section 4 - Contact Details and Background Papers

Contact: Rachel Gapp, Head of Policy 0208 416 8774

Background Papers: None

Call-In Waived by the Chair of Overview and Scrutiny Committee

NO – CALL IN APPLIES

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Harrow Ambition Plan – 2019

Foreword

I am proud to live in Harrow, a place of strong and vibrant communities with strong local identities.

Over the past few years Harrow has been hit hard by government austerity. In the four years from 2015/16 to 2020/21, we have had to find £83 million to balance our budget – our direct government grant has been reduced by 97%. We were already a low-funded council and these stark cuts have forced us to take some difficult decisions.

As a Labour council, we have not shied away from these challenges. In order to increase our income, we have become more business-like, embarking on a significant commercialisation agenda and we have pooled resources with other local authorities to becoming a leader in shared services. We are recognised for being at the forefront of innovation – with our Youth Offending Team moving from troubled to outstanding, our schools good or outstanding. Our children's services are rated 'Good' by Ofsted, putting us in the top 25% of councils across the country for performance of this fundamental service; a remarkable achievement in these circumstances. We have witnessed major changes within our adult's services to meet our responsibilities of the Social Care Act. We have also changed the way we operate as an organisation so that we are now both more effective and more efficient.

Sadly this hard work is not enough to make up the shortfall caused by the government austerity agenda. As I said above, our financial situation is perilous. In setting the budget for the next financial year, we faced a budget gap of £17 million and we face a further £23 million black hole over the following two years. These are serious times.

As is the case across the country, homelessness and rough sleeping are on the rise in our borough, 32% of children living in Harrow are living in poverty. We are also seeing increasing demand for adult social care, in part because people are unable to access NHS services. The Young Harrow Foundation recently did some important work looking at issues facing young people and found that 20% say they need mental health support or know someone who does. This all puts additional pressure on council resources, at a time when our budget continues to shrink.

In response to these various needs, the government has offered occasional one-offs to paper over the cracks. But the nature of these one-offs means that it is impossible to make long-term spending commitments to deliver some of the preventative work that would really benefit residents. I would suggest that this is not a grown-up way of funding local government, and the recent announcement that deprivation will be removed from the funding formula is immoral.

We have also continued to play our part in fostering growth of the local economy. The investment pot of £1.1 million from Business Rates Retention is going to support residents in accessing online services. In addition, we are investing £480,000 to enhance the skills of low paid, low skilled and self-employed residents in the borough. Recently we won the award for Best Small Business Friendly Borough for our work in this area. Harrow shopping centres are thriving, with record investment in the local economy, businesses, housing and facilities.

We are maintaining our ambitious regeneration and homebuilding agenda. I was particularly pleased that we had secured £32 million from the London Mayor which will help us build more than 600 council homes. This will be of great benefit to people in our borough and is something that we can be very proud of.

As the leader of Harrow Council my vision for Harrow is not just for the 185,000 bins to be collected each week, clean streets, pavements and verges maintained; it's for a place that all residents feel proud of, feel safe and want to live – where the council has a strong reputation in supporting those most in need and delivering services well. When they are struggling they know we will at least try to help.

I would like to sincerely thank Harrow council staff, our partners across the public sector and all of the charities and volunteers who through sheer hard work and determination are ensuring that we can still deliver key services across Harrow and ensure we don't end up in the same position as Northamptonshire Council who are being forced to deliver only minimal statutory services.

I know that our residents understand the pressure the council is under, as we understand the difficulties that many in our borough are facing. My commitment to you is to be your ally. Despite the unrelenting austerity, we will not give up fighting for all our residents, supporting those most in need and continuing to improve our borough for all.

Graham Henson
Leader

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1. Executive Summary – Plan on a Page

Harrow is a forward looking borough, a place with a strong, proud and diverse cultural identity that is tolerant, compassionate and fair. Despite the challenging financial circumstances we find ourselves in, we are driven to put Harrow at the forefront of innovation, constantly striving to improve how we deliver public services. This plan sets out a clear set of priorities and outcomes which together with continued effective management of our resources will mean we will be able to continue to make a difference to the lives and well-being of all who live, work and study in Harrow.

Our priorities for Harrow are:

- 1) Building a Better Harrow
 - Create a thriving modern, inclusive and vibrant Harrow that people can be proud to call home
 - Increase the supply of genuinely affordable and quality housing for Harrow residents
 - Ensure every Harrow child has a school place
 - Keep Harrow clean
 - More people are actively engaged in sporting, artistic and cultural activities in ways that improve physical and mental health and community cohesion
- 2) Supporting Those Most in Need
 - Reduce levels of homelessness in the borough
 - Empower residents to maintain their well-being and independence
 - Children and young people are given the opportunities to have the best start in life and families can thrive
 - Reduce the gap in life expectancy in the borough
- 3) Protecting Vital Public Services
 - Harrow has a transport infrastructure that supports economic growth, improves accessibility and supports healthy lifestyles
 - Healthcare services meet the needs of Harrow residents
 - Everyone has access to high quality education
 - A strong and resourceful community sector, able to come together to deal with local issues
 - Harrow continues to be one of the safest boroughs in London
- 4) Delivering a Strong local Economy for All
 - A strong, vibrant local economy where local businesses and thrive and grow
 - Reduce levels of in-work poverty and improve people's job opportunities
 - Harrow is a place where people and businesses invest
- 5) Modernising Harrow Council
 - Deliver excellent value for money services
 - Reduce the borough's carbon footprint
 - Use technology and innovation to modernise how the Council works, improving access to digital services

Attached to this plan is an annex that details the key projects and initiatives we will undertake to deliver against these priorities and the progress we have made against each of them to date.

2. Context

Cuts to Government Grant

Harrow has seen its main source of central government grant funding - the Revenue Support Grant reduce by 97% over a 7 year period, reducing the grant from £52m in 2013/14 to £1.566m by 2019/20. In addition to the £50m reduction in government grant, the Council has also had to fund inflationary pressures (pay and non- pay) and the cost of capital investment on initiatives including highways maintenance and the acquisition of properties to alleviate homelessness, totalling £22m. The cost of funding the continued demand pressures on front line services adds a further £56m, taking the total budget shortfall to find over the seven year period to £128m. The Revenue Budget 2019/20 continues to show budget gaps to achieve a balanced budget in forthcoming years of £13.4m in 2020/21 and £9.3m in 2021/22.

One of the Lowest Funded Councils in London

Harrow Council is one of the lowest funded councils in London. In 2015/16 Harrow's revenue spending power per head was £159 (or 17.3%) lower than the London average which ranked Harrow 26th out of 32 London Boroughs. A similar comparison with the England average shows Harrow's revenue spending power per head was £127 (or 14.3%) below average and ranked Harrow 105th out of 120 local authorities. The revenue spending power per head analysis was updated and concluded that Harrow's core spending power per head in 2019/20 is estimated to be £170 lower than the London average and £75 lower than the rest of England average. Harrow's Housing Revenue Account was in a unique position as one of only two in London at its borrowing cap. However the Ministry of Housing, Communities & Local Government (MHCLG) has recently lifted this cap for new build schemes only, which, combined with the Council's successful bid for £32m grant funding from GLA, and pending approval of £10m grant funding from the Housing Infrastructure Fund ("HIF") will enable hundreds of additional homes to be built in the borough.

A Prudent Borough

Harrow has long been financially prudent and has not overspent in at least 11 years. We have one of the lowest levels of reserves (money held for unexpected events or emergencies) in London at £17m, we also believe spending reserves is not a responsible way to offset lost revenue so we do not use reserves to contribute to the budget which has meant a lot of difficult decisions have already been taken whilst shielding front line services such as adult and children's social care as much as we can. Despite this, we continue to deliver:

- Economic Growth, i.e. working with the West London Alliance Economic Prosperity Board to support business growth, employment and skills improvements. The strategic investment pot from the Business Rates Retention pilot is investing £1.1m into extending the high speed public broadband infrastructure, which will support residents in accessing online services. Further to this, we are investing £480k in the skills of low paid, low skilled and self-employed residents in the borough. We have been recognised for our work in this area by winning the award for the Best Small Business Friendly Borough.
- New housing, we have set out a major regeneration programme in order to maximise use of Council owned sites, to support sustainable housing growth in line with the London Plan.
- A 'Good' Ofsted in February 2017 and in comparison to other Councils we offer good services, at a low cost.
- Council Tax collection levels in excess of 97%.

- Commercialised services, looking at innovative ways that we can generate income, by supplying quality services to residents, whilst not endangering local business in the private sector, e.g. trade waste, training academy and Garden Services. We are also a leader in shared services, working with a number of Councils to make significant efficiencies for front line and back office services, e.g. Legal, Special Needs Transport and depot services, and have marketed ourselves successfully as a major film location and for commercial events in our parks.
- Digitalising our services, for example 87% of customer transactions are carried out online.
- Actively bidding for external monies, where they clearly support local priorities. We have secured £500,000 worth of investment from the Home Office to help fund early intervention services for young people at risk of joining gangs and becoming involved in youth violence, £1.5m to help support economic growth locally and were recently granted £32 million by City Hall to build 614 new council homes, a sign of how well regarded we are in spite of the challenges of austerity.

2.1. The Council's Budget

Net Controllable Revenue Budget	Budget 2019/20 £000	Description of service
Resources & Commercial		
Council contribution to freedom passes scheme	10,158	Every resident should have their independence. This funding allows our older residents and those with a disability to have access to the independence and better quality of life that free travel across Harrow and London can ensure.
The Council's call centre, main reception and website administration costs	4,116	Residents want to contact the authority in a number of different ways. This funding supports those channels of communication, so that residents can contact the council in the way that is most convenient for them, whether it is online or over the phone. We want to ensure that we are accessible to residents, especially those most vulnerable and who do not have access to the Internet, offering a timely response.
Support for revenues and residents benefit claims	2,280	This funding provides assistance to those residents in need with benefit claims, helping them access the support they need and offering a timely response.
Resources	20,865	Provision of good frontline services relies on strong back office functions, including Legal, HR, procurement and IT support. This budget ensures a high quality support function for the Council.
Community		
Keeping Harrow clean & green	14,444	The council undertakes street cleaning, grounds maintenance, collection of refuse, recycling, food and garden waste to all residential properties within the borough, including collecting and preventing fly-tipping, managing and maintaining parks, maintaining highway verges, licensing and preventing Anti-Social Behaviour. This budget includes investing in neighbourhood facilities and pro-active action to stop our streets becoming dirty in the first place. The council is determined to make Harrow clean again - which means intelligence-led street cleansing to ensure that those areas that require high frequency cleaning receive it; picking up your bins on time; and finding and fining those who blight our borough with litter and fly-tips. We are renewing our street lighting to more efficient and cost effective ones, monitoring and maintaining all the road surfaces in the borough and taking the initiative to reduce road accidents.
Promoting culture and sports in the Borough	455	Libraries, leisure and cultural facilities are important to us and our residents and they form an essential part of our plan to build a better Harrow. This money maintains our well used and popular libraries, as well as other leisure and cultural facilities in the borough.
Housing General Fund	3,829	The Council has a duty to ensure all our residents have somewhere to live. This money is spent providing temporary accommodation for residents and families in need. This also goes towards housing vulnerable residents, who, for example, are fleeing domestic violence.

Economic Development & Research	710	The council team that works with local businesses and employers to create hundreds of jobs, apprenticeships and training opportunities, particularly for our young people. They also bid for grants from Government to support businesses and regenerate town centres in the borough. We want our local businesses to be successful and able to reach their full potential with access to more commercial workspaces and the ability to employ local people in the many jobs they are able to create. It is this team that is one of the reasons we were awarded the best small business friendly borough in London.
Planning Services	218	As a Planning Authority, the Service processes planning applications and enforces planning standards across the borough.
People - Adults and Public Health Services		
Support for Adults and Children with a disability and older people.	55,553	We spend millions of pounds on caring for older residents, and those with a disability. This covers thousands of residents in the borough and includes day care centres, overnight respite care and home visits by support workers, as well as residential care for the most complex needs. Our support helps give our residents, dignity, independence and support for their carers and family.
Quality Assurance & strategic management services	1,704	We want to ensure our residents receive the care they deserve. This is the money we spend on safeguarding to ensure that the care our residents receive in the borough - including in private care centres - adheres to the highest standard of care, and strategic management to ensure we have appropriate services in place to meet the needs of our residents.
People - Public Health Services		
Public Health	(1,867)	The Public Health grant support statutory duties such as NHS Health Checks, Health Visiting and Sexual Health, in addition to supporting non statutory duties such as drug misuse prevention and wider health improvement activities, to ensure the general health and wellbeing of the local population.
People - Children's Services		
Children & Young People's Services	25,511	We provide valuable support to families and young people across the borough. This includes Children's Centres to support young families and social workers to work with our most vulnerable children and families. We want our youngest and most vulnerable children to have access to key services that will help reduce child poverty and give them the best start in life. This also includes adoption and fostering services.
Education Services	7,080	The Council is very proud of its schools and the quality of education provided in the borough as we remain one of the top boroughs in the country in terms of education results. We are keen to offer the appropriate support services for vulnerable children, such as education services for children in care or with special educational needs.
Total Service Budgets	145,056	

2.2. Our Harrow, Our Community

Population: Harrow's resident population is estimated to be 248,900¹. Over the past year Harrow's population is estimated to have increased by just 0.07 per cent. Over the past decade the borough's population has increased by around 9.9 per cent (22,480) which ranks Harrow 25th out of 33 in London. The 2017 Mid-Year Estimates indicate a population density of 49.3 persons per hectare (pph) in Harrow², which is above the Outer London average density of 42 pph.

Age: A fifth of Harrow's residents are under 16. 63.7% of Harrow's population are of working age (16 to 64) and 15.4% of Harrow's residents are 65 or older: this compares to 11.8% in London overall and 18% nationally³. As with most areas in the country, the proportion of older people in Harrow continues to increase. In 2001 around 30,000 of Harrow's residents were aged 65 and over, so numbers have increased by over 8,400 or 28% since then. It is expected that the number of residents aged 65 plus will increase by 41% and those aged 85 plus could increase by over 67% by 2031. It is also expected that the number of children (0-15) will also increase by 14% during the 10 year period between 2014 – 2024⁴.

Disability: 9.6% of Harrow's working age population classified themselves as disabled, a total of 23,900 people⁵. 5,510 individuals, 2.2% of the total population, receive Disability Living Allowance⁶.

Pregnancy and Maternity: In 2017 there were 3,695 live births to mothers living in Harrow, representing 14.8 live births per 1000 population, higher than the London rate of 14.3⁷. For women under the age of 18, the birth rate was 3.7 per 1000 population which is in line with the London average of 3.8 and lower than the UK average of 5.7.⁸

Race (Ethnicity): in 2011, 30% (73,830) of Harrow's residents were White British, ranking Harrow fourth lowest nationally. This population group has fallen by 28.5 per cent in Harrow over the decade. Harrow has one of the most ethnically diverse populations nationally. 69% of Harrow's residents are from minority ethnic groups. Harrow has the fourth highest proportion of residents from minority ethnic groups⁹. 26.4% of Harrow's residents are of Indian origin, the largest minority ethnic group in the borough, followed by Kenyans and Sri Lankans. Harrow is home to the largest Sri Lankan born community in the country. 8.2% of residents are 'White Other', up from 4.5% in 2001¹⁰.

In 2015/16 Harrow recorded its 2nd highest levels of migration in a decade signifying a significant change in population make-up since the 2011 census¹¹, although it currently looks as though the level of international migration may have peaked. The top three nationalities of these most recent arrivals are Romanian, Indian and Polish. The top 5 most recorded community languages in Harrow are: English, Gujarati, Tamil, Romanian, Polish and there are over 155 languages spoken in Harrow schools.

Religion or Belief: Religious affiliation is high in Harrow, with Harrow having the 2nd lowest number of residents who stated that they have no religion. The Greater London Authority (GLA) Diversity Indices rank Harrow as second for religious diversity in London. In the 2011

¹ Office for National Statistics (ONS) 2017 Mid-Year Estimates, published June 2018

² The London Borough of Harrow covers an area of 5,046 hectares

³ ONS, 2017 Mid-Year Estimates

⁴ 2017-2032, ONS, 2014 Sub-National Population Projections

⁵ Oct 2018 NOMIS, Jul 2017 - Jun 2018, ONS, Annual Population Survey

⁶ May 2018, ONS/DWP. Rates calculated using the ONS 2017 Mid-Year Estimates

⁷ ONS, Birth Summary Tables, England and Wales 2017

⁸ ONS, Births by mothers' usual area of residence in the UK 2016

⁹ ONS, 2011 Census

¹⁰ ONS, 2011 Census

¹¹ ONS, 2016 Mid-Year Estimates

Census, Christianity was identified as Harrow's most common religion with 37% of followers (59% nationally). This represents an overall fall of 8.8% since 2001. Hinduism is Harrow's second most common religion and ranking highest nationally. Harrow has the highest proportion of Hindus, Jains and members of the Unification Church in London and the second highest for Zoroastrianism. At 10,538 Harrow has the third highest proportion of people who identify themselves as Jewish in London (4.7 %). There has been a 100% increase in the number of people identifying as Muslims in Harrow, from 14,915 in 2001 to 29,880 (12.5%) in 2011. Islam is London's second most common religion and Harrow's third¹².

Gender/Sex: – 49.9% of the population are male and 50.1% are female¹³.

Sexual Orientation: In 2017 it is estimated that 2.7% of the London population identify as lesbian, gay, bisexual or transgender (LGBT), which would equate to approximately 6,720 of our residents¹⁴. Organisations such as Stonewall believe the true figure to be higher. People aged 16 to 24 were most likely to identify as LGBT in 2016 (4.1%).

Marriage, Civic Partnerships and Same Sex Marriage: 54% of Harrow residents are married, the highest level in London. As of 31st December 2016, there have been 142 Civil Partnerships in Harrow, 19 of which have been converted to marriage. There have been 32 same sex marriages in Harrow since inception on 29th March 2014.

¹² ONS, 2011 Census

¹³ ONS, 2017 Mid-Year Estimates

¹⁴ ONS Annual Population Survey, October 2016 to September 2017

3. The Council's Priorities

3.1. Build a Better Harrow

- ***Create a thriving, modern, inclusive and vibrant Harrow that people can be proud to call home***
- ***Increase the supply of genuinely affordable and quality housing for Harrow residents***
- ***Ensure every Harrow child has a school place***
- ***Keep Harrow clean***
- ***More people are actively engaged in sporting, artistic and cultural activities in ways that improve physical and mental health and community cohesion***

- Regeneration

We have over £1.75bn of public and private investment lined up to deliver thousands of genuinely affordable homes, new local facilities, schools, GP practices and an improved entertainment, cultural and leisure offer. Our Regeneration Strategy is centred on three key council-owned sites: Poets Corner, Byron Quarter and Wealdstone; and a range of other private developments across the borough. The regeneration strategy, as with any long term strategy, should be reviewed on a regular basis throughout its lifespan to ensure it remains up to date and relevant, especially given changes to the economy and the impact this has on construction and labour costs. So, we are in the process of reviewing the programme four years on from when the Regeneration Strategy was first presented to Cabinet. We want to make sure that all Harrow residents feel the benefit of regeneration in the borough. We appreciate that regeneration can bring with it extra disruption during the building works, so we will continue to talk to residents about what improvements they would like to see in their area and how we could use the money we receive from regeneration sites to invest in communities.

- Harrow Homes for Harrow People

Housing supply (especially in the private rented sector) and affordability (particularly for those on low to moderate incomes) are two of the biggest issues we face as a borough. Harrow has the second lowest proportion of social housing stock in London, about 9,000 homes of which 4759 are Council owned properties. 4,179 council homes have been sold under Right to Buy and private rents have increased faster than wages. So, Harrow Council has started to build the first new council houses in a generation. Harrow will be building thousands of new homes over the next 8 years of which between 700-1300 will be affordable houses which in line with the Mayor's Homes for Londoners Programme will include: London Affordable Rent for people on low incomes; London Living Rent for people on average incomes save for a deposit for their first home; and shared ownership for people who cannot afford the open market. We want to do whatever we can to make sure that Harrow residents are able to live in the new homes being built by making sure these homes go on sale to Harrow residents first and they are not just bought as empty financial assets.

- School Places

Along with the rest of London, Harrow has experienced an increase in demand for school places, due to a higher birth rate and internal and

international migration. Since 2008 we have opened five new schools, expanded 27 primary schools and created an additional 150 Special Educational Needs places. Our current 2020 projections show we are able to continue to offer every Harrow child a school place.

- Keep Harrow Clean

We know that the quality and cleanliness of the local environment is really important to residents. Latest recycling figures (Q1 2018/19) show a recycling rate of 42% for Harrow. This is up by 6 percentage points from the previous quarter (36%) and 2 percentage points lower than the corresponding quarter last year (44%). In terms how we compare against other London boroughs, we are in the top quartile of participating London boroughs. However, there has also been an increase of approximately 900 tonnes (or 4.6%) of residual waste produced by households. In order to meet our 50% target we are developing a new Recycling and Reuse plan; rolling out food waste recycling in flats and trying to get a better understanding of why the amount of residual waste varies so much between households in the borough. In Harrow there are also more than a thousand reports of fly-tips a month, two thirds of which involve household waste, although fridges, washing machines, beds and mattresses are also seen regularly. We will continue to focus on improving street cleaning across the borough, and tackling fly-tipping hotspots with a pro-active zero-tolerance approach.

- Sports and Cultural Offer

As part of our regeneration plans we also want to make sure we deliver a good cultural, leisure and night-time economy offer that is well used by all residents. In Harrow 1 in 3 adults and 20% of children over 10 years of age are obese. Levels of physical activity amongst young people drop off with age and physical inactivity and social isolation are also contributory factors to dementia as people get older. Given Harrow has the highest prevalence of type 2 diabetes in London, we want to increase the number of people being active and engaged in sporting, artistic and cultural activities to improve mental and physical health, social isolation and improve community cohesion (between generations, ethnicities and faiths). Alongside the Arts Centre and Headstone Manor, our district and town centres and the new Wealdstone Square will provide venues for street entertainment, celebrations, festivals, parades and exhibition space.

3.2. Supporting those Most in Need

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| <ul style="list-style-type: none">● <i>Reduce levels of homelessness in the borough</i>● <i>Empower residents to maintain their well-being and independence</i>● <i>Children and young people are given the opportunities to have the best start in life and families can thrive</i>● <i>Reduce the gap in life expectancy in the borough</i> |
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- Homelessness

Harrow has witnessed a rise in homelessness over the last five years due to a combination of loss of private rented accommodation and Government welfare reforms. There are approximately 1880 applicants on the housing register and over 1,000 families in temporary accommodation, around 2/3^{rds} of

which is leased from private landlords, increasingly outside of Harrow. In the 12 months to December 2018 there were 215 households accepted as being eligible, unintentionally homeless and in priority need. The number of households in emergency B&B accommodation has decreased from a peak of 307 families in June 2016 to 204 households in December 2018. This was seven times the number accepted in 2009/10. It is a priority of the Council to reduce the levels of homelessness and bring down the length of time families have to stay in emergency bed and breakfast accommodation through a combination of a property purchase programme to buy 100 new properties and actively working with private landlords. We are also concerned about the risk of people transferring onto Universal Credit falling into rent arrears and losing their home and we want to address the issue of overcrowding. Harrow has seen a 72% increase in Houses in Multiple Occupation (HMO) applications over the last four years, and a 376% increase in reports of suspected HMO in the same period. We will work to tackle rogue and irresponsible landlords to make sure everyone is able to live in a quality home.

- Adult Social Care

Adult social care provides support to those with a disability, long-term illness, older people and unpaid carers. Social care currently helps over 7,500 people. The numbers of people who might need care and support in the future is expected to rise significantly. In line with most areas in the country, Harrow has an aging population, and compared to other London boroughs it has one of the highest proportions of older residents aged 65 and over. It is expected that the number of residents aged 65 plus in the borough will increase by 41% and those aged 85 plus could increase by 67% by 2031. Therefore, the numbers of people living with dementia, a learning disability or poor mental health will all increase and with it demand for health and social care services also rises. Over the past three years, demand at the “front door” of adult social care from new clients that required a substantial response has increased by 27%. Therefore, prioritising an emphasis on keeping people independent or regaining their independence after injury or illness takes on even greater significance. In Harrow we are delivering a new adult social care offer –Resilient Communities – based around empowering citizens to maintain their well-being and independence, strengthening support networks within their families and communities; enabling them to be stronger, healthier, more resilient and less reliant on formal social care services.

Adult Social Care and Housing are also working together to explore ways of increasing the supply of Extra Care Housing for Older People in the borough. Affordable housing options designed for older people including the incorporation of dementia friendly features, are limited in Harrow, leading to some older people living in homes that do not match their needs and others being placed in residential or nursing care or remaining in hospital longer than necessary. Increasing the amount of extra care housing provides an alternative to more costly domiciliary care and residential care which are not always the most appropriate or cost effective approaches to meet needs and maintain health and wellbeing.

- Children and Families

Families are at the heart of our communities and we want to make sure that Harrow is a place where families can thrive, so we are proud that in 2017 Children's services in Harrow were rated 'Good' by Ofsted placing them in the top 25% of the country; in 2018 our Children's Centre hubs worked with over 7,800 families; there was a 58.3% take up of two-year-old funded nursery places and 86% for three- and four-year-olds. Our overall Children in Need rate dropped for the first time in three years after an increasing trend. However, half of children flagged as "in need" by social services have suffered or witnessed domestic violence and our children with child protection plans continues to increase from 21.9 children per 10,000 in 2012/13 to 40.1 today, mirroring a trend nationally in increased demand for children's social care services. Ensuring children and young people have access to services that will give them the best start in life and keep them safe from violence, vulnerability and exploitation lies at the heart of the role of the local authority and we will continue to prioritise our efforts in this area as well as in the prevention of offending and re-offending and anti-social behaviour. We believe this is best achieved through collaborative working to develop a robust preventative framework between all council services – the Together with Families Programme, Youth Offer, Violence, Vulnerability & Exploitation and Youth Offending Teams, the Safer Harrow Partnership, Local Safeguarding Children's Board and the Voluntary and Community Sector.

- Health and Wellbeing

Life expectancy in Harrow for both men and women at 82.5 years and 85.9 years respectively is higher than the national averages, but the gap between those in affluent areas and those in deprived areas within the borough is also increasing. Men in the most affluent parts of Harrow can expect to live 6.7 years longer than those in the most deprived. Similarly women in the most affluent parts of Harrow live 3.7 years longer than their deprived counterparts. Poverty is a major influence on people's health, quality of life and life expectancy. Approximately 30,000 of Harrow's residents are experiencing income deprivation, with childcare and housing two of the costs that take the biggest toll on families' budgets. Taking into account housing costs, 31% of children were deemed to be living in poverty in Harrow in 2018. Two-thirds (64 per cent) of children growing up in poverty live in a family where at least one member works. Our efforts therefore to increase the number of genuinely affordable houses, raise people's skills levels so they can secure better employment, offer outstanding early years childcare, provide debt advice and reduce fuel poverty by improving the condition of our council houses and helping people reduce their energy bills, are key not just for the economy but also people's health and well-being.

Harrow also has the highest prevalence of diabetes in London which is a major cause of stroke, blindness, kidney failure and premature death. There are a number of reasons for Harrow's high prevalence, including a high percentage of residents from Asian and Afro-Caribbean backgrounds, obesity rates and a large percentage of people above the age of 75. The situation is expected to get worse unless residents are supported to make lifestyle changes.

One-in-four adults and one-in-ten children experience mental illness during their lifetime, and according to the 'This is Harrow' Young People's needs

analysis, there are also surprisingly high numbers of young people self-harming and experiencing suicidal thoughts in the borough. There is a link between improved mental health and wellbeing and better outcomes for people of all ages and backgrounds, including: physical health life expectancy; educational achievement; employment rates and productivity. So we launched Harrow Horizons in 2017, a service run by Barnardo's in partnership with the council and CCG, to provide support for more than 1,000 infants, primary school pupils and teenagers in the borough each year and we will continue to work with Thrive LDN, the Young Harrow Foundation and Voluntary and Community sector organisations to try and improve the mental health and wellbeing of all our residents and work to ensure those residents with mental health conditions can access employment.

3.3. Preserving Vital Public Services

- ***Harrow has a transport infrastructure that supports economic growth, improves accessibility and supports healthy lifestyles***
- ***Healthcare services meet the needs of Harrow residents***
- ***Everyone has access to high quality education***
- ***A strong and resourceful community sector, able to come together to deal with local issues***
- ***Harrow continues to be one of the safest boroughs in London***

○ Transport

Whilst the Mayor has said fares will be frozen until 2020 we continue to work with TFL around bus services, accessibility improvements for all stations, especially step free access at Harrow on the Hill and TFL's plans to build new houses on land they own in the borough. We are also developing our own plan in Harrow for how we intend to implement the Mayor's Transport Strategy, which aims for 80% of all trips in London to be made on foot, by cycle or using public transport by 2041 (Harrow is currently at 48%) and ensure that transport supports sustainable growth and regeneration, improves the environment, supports healthy lifestyles and improves road safety. We will also develop a cycling strategy to improve cycling across the borough and invest in cycle lanes and electric vehicle charging points. Harrow also needs to make sure its voice is heard regarding the expansion of Heathrow Airport and the impact this might have on air quality in the borough.

○ Health

Big changes are starting to take place in Health as a result of the new NHS 10 year plan. A possible next step is that this area of the capital will apply to become an integrated care system. That could happen as early as April 2019. There's already a lot of joint health and care working across west London and such a move would serve to formalise these arrangements and embed the efficiencies that our cooperation is already delivering. We're also working closely with hospitals and foundation trusts in the area to promote joint working and better understand the role of all agencies in adult social care integration. Northwick Park has received its second consecutive 'requires improvement' rating from the Care Quality Commission in 2018. On behalf of our residents it is important we scrutinise the hospital's improvement plans and as part of the regeneration programme we are engaged in discussions about GP provision in the borough and where this would be best located.

- Schools

Harrow is very proud of its schools and the quality of education provided in the borough as we remain one of the top boroughs in the country for education results. 95% of Harrow schools are judged by Ofsted to be 'Good' or 'Outstanding'. Our primary schools rank in the top 5% nationally for key stage 2 results in reading, writing and maths and our secondary schools rank 20th out of 150 local authorities (top 13%) for the average 'attainment 8' score and 22nd (top 14%) for pupils achieving a grade 5 or above. 98.7% of 16-18 year olds are in education, employment or training. However, schools are also facing ever increasing financial pressures, making it harder for them to accommodate as many requests to help children with special needs as they might want to.

- Voluntary and Community Sector

Over the last four years the Council's relationship with the Voluntary and Community Sector has changed significantly, moving from one of funder and commissioner to enabling partner. The Council and sector are committed to making Harrow home to a resourceful and collaborative voluntary and community sector which works alongside the public and private sectors to meet local needs and deliver the best outcomes for residents. Together we will be developing a shared leadership role, collaborating and co-producing the new adult social care model – resilient communities; maximising the opportunity to leverage social value from the procurement of goods and services; make more effective use of local assets and develop a more co-ordinated approach to attracting additional external resource into the borough.

- Police and community safety

Despite overall crime levels in London and Harrow increasing, Harrow continues to have the lowest crime rate in London and is generally seen as place where people from different backgrounds get on well together. But the recent upsurge of 'gang activity and youth violence' in Harrow is a concern for everyone, especially young people. This comes at the same time as the police have lost just short of 200 police officers from the borough's streets. The merger of Harrow, Barnet and Brent Basic Command Units should bring with it opportunities for greater collaboration and efficiencies, but we also need to make sure it doesn't impact negatively on response times for Harrow residents. Through our Safer Harrow partnership we are working with the Police and a range of other statutory and voluntary and community based organisations to keep Harrow as one of the safest boroughs in London and improve community cohesion. The Council's Community Safety Strategy maintains a clear commitment to tackling high volume crime such as burglary and ASB, and high harm crime such as youth violence, domestic abuse and drug and alcohol misuse.

3.4. A Strong Local Economy for All

- ***A strong, vibrant local economy where local businesses and thrive and grow***
- ***Reduced levels of in-work poverty and improve people's job opportunities***
- ***Harrow is a place where people and businesses invest***

- Business Growth

We want our local businesses to be successful and reach their full potential with access to more commercial workspace and the ability to employ local people in the many jobs they are able to create. Nearly a third of our working age residents are self-employed and creative industries are a key growth sector in Harrow's economy. Over the last four years we have supported over 3110 businesses. This year we want to continue to foster growth in the local economy; attract new businesses into the borough and make it easier for them to work with the council as they establish themselves. We will work with businesses to bring up standards, enable them to tender for work locally and benefit from the regeneration programme. We will work with our partners across West London to take advantage of the opportunities from the devolution to London of business rates and skills funding.

- Jobs, Skills and low pay

Employment levels in Harrow are generally good and Harrow has seen a reduction in unemployment – currently 1.4% – and the number of long term unemployed claimants. However, we know that low wages and skills levels are key concerns for residents as they lead to in-work poverty and people's inability to afford to live in the borough. Approx. 30,000 of Harrow's residents are experiencing income deprivation and over a fifth are in low paid jobs. Wages paid in Harrow workplaces average £575/wk for full-time workers whereas the London average is £713. In part this relates to the business composition of the borough, with small businesses paying less than larger companies and in part due to a significant number of residents having low skills, for example poor language skills are a major barrier to progressing in the workplace. 28.5 % of Harrow's residents have a foreign first language and 1% of Harrow residents are unable to speak English at all, compared to 0.6% for London and a national figure of 0.3%. We would like all our residents to have the opportunity to improve their skills and have the opportunity to get a good job. We will use our regeneration programme to create 3,000 new jobs and apprenticeships and continue our Adult Community Learning and employment programmes that so far have helped over 1000 people into work, over 500 young people into jobs and apprenticeships and over 4500 people improve their language and IT skills.

- Inward Investment

Together with our neighbouring boroughs in West London we have agreed a shared Vision for Growth in West London - using our combined weight to secure funding to boost skills and productivity, increase housing supply, improve orbital transport connections and promote West London as a place to invest and set up business. Capital West London has been launched to promote inward investment, business trade and retention and headquarter relocations to West London. As part of the business rate retention pilot, Harrow has secured £1.5m to invest in super-fast wi-fi in public buildings and skills initiatives and we continue to secure funding from external sources to implement a range of schemes to support businesses from public realm and shop front improvements to the creation of artists' studios and funding of new public squares. We will also use Social Value to make sure that our contractors invest in Harrow.

3.5. Modernising Harrow Council

- ***Deliver excellent value for money services***
- ***Reduce the borough's carbon footprint***
- ***Use technology and innovation to modernise how the Council works, improving access to digital services***

○ Efficiencies and Commercialisation

Harrow is a low-cost, high performing borough with costs in the lower quartile. It is important that we maintain this position and continue to ensure we are as lean and efficient as possible, providing the best value for money services that we are able to. As government grant to Harrow reduces by 97%, it is also important that we explore opportunities to earn income to contribute to our medium term financial strategy. Commercialisation is a positive agenda for Harrow as it provides for the profits to be re-invested back into those services most valued by our residents and off-set some of the reduction in grant from Government that we are facing. But it is also inherently risky. So far eight new commercial ventures have been approved including the cookery school, MOT testing and trade waste. We are also; generating income from advertising on the Council's website and our magazine – Harrow People; securing external sponsorship for events such as Harrow's Heroes; have invested in a commercial property portfolio, have received housing for rental in exchange for council land and are building new houses for rent. We have also introduced a range of shared services.

○ Environmental Sustainability

The Council's footprint consists of 20,453.27 tonnes of CO₂ emissions from 463 sites including 60 state Schools and Academies across the borough. In total for all the Council's buildings including schools and street lighting our annual energy bills are between £5 million to £5.5 million, depending on the global energy prices, weather conditions and our energy saving activities and investments. Heating our homes accounts for 66% of carbon emissions in Harrow. Our new Climate Change strategy for 2018 – 2023 identifies key priorities to reduce the borough's environmental impact, improve the energy performance and reduce emissions from the council's buildings, estate and schools and raise awareness of key sustainability, environmentally friendly and energy efficiency options amongst Harrow residents and businesses.

○ Technology & Digital

In an era of constrained budgets, making the most of digital technology is essential. It can drive efficiency and deliver value for money in a multitude of ways. The experience residents have when they contact the council is very important to us. We are moving services online, making it easier for residents to contact us or transact with the council at a time that suits them. Over 89% of all enquiries to the council are now handled online and further enhancements will be made during the year to the Council's website, the MyHarrow Account and online services for environmental health, bookings and payments. However, we are also conscious that not everyone can transact online so we are developing a programme of activity with community groups, the voluntary sector and adult community learning to improve people's IT skills and will be increasing capacity in the One Stop Shop and

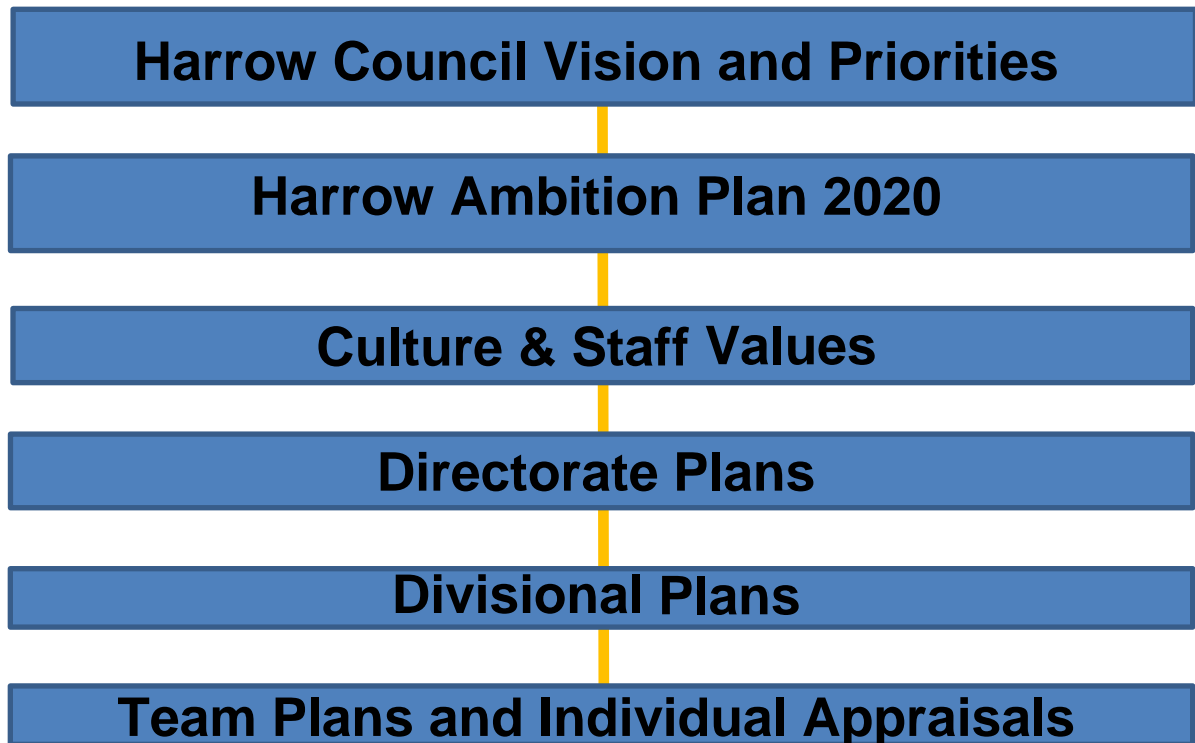
making capacity available in libraries to provide face-to-face support for those who really need it.

4. The Council

Harrow, as judged by our corporate peer review in 2016, is a well-run council. Since the Peer Review, we continue to ensure we do not lose sight of the fundamentals that underpin what we do.

Council Golden Thread

How it all fits together



4.1. Our Staff

Harrow is very lucky to have a committed and passionate workforce, without which we could not do what we do. We will continue to support our staff to work together with each other, partners and residents to deliver the best outcomes to residents, whilst responding to the complex challenges we face. We want to be an employer of choice with a diverse workforce that embodies our values and behaviours and who:

- Are committed to delivering the best outcomes for Harrow residents
- Are 'can do'
- Collaborate
- Put the customer at the centre of their thinking
- Demonstrate increased cost consciousness
- Are risk aware not risk averse
- Look for opportunities to do things differently

One of the Council's equality objectives is to develop an inclusive workforce that feels valued, respected and reflects our community. We have therefore signed up to Stonewall's workplace equalities index to ensure we support staff who identify as lesbian, gay, bi-sexual, or transgender; we are working to improve working conditions and access to services for disabled members of staff and residents and have signed the Time2Change pledge and work with the Thrive initiative in London to reduce the stigma of mental health in the workplace. We will also need to ensure that we utilise technology to support our staff to work as efficiently as possible, through our commitment to mobile and flex for example. We will also ensure that each member of staff has an annual appraisal, access to a programme of training and professional development and appropriate contact and supervision with their line manager. Knowing what our staff actually think about working for Harrow is important ahead of the scale of change that we face. Therefore in 2019 we will undertake a staff survey which will aim to baseline employee engagement, change readiness, motivation and happiness.

The consistency of management approach is key to a successful and productive workforce. We will therefore ensure that internal communications are as effective as possible; that new members of staff are able to clearly understand the Council's Golden Thread, via effective induction and completion of the basic mandatory training. We expect our managers to do the basics of good management well. This includes effective budget management; good consultation and staff engagement; sickness absence monitoring; performance management; ability to understand service users' needs and assess any equality implications and, where appropriate, effective contract management. We will also be reviewing our corporate project management processes this year to agree a common standard and framework to be used across the Council. The Council has expertise in all of these areas and it will be important that this support is accessible to all to ensure high quality management.

4.2. Our Corporate Values

Our values have been developed by our staff and they are the foundation for the behaviours that will shape the way we work with each other and our partners and the way in which we deliver our services. Our values and behaviours are:

Be Courageous	Do it Together	Make it Happen
<p>It means I will:</p> <ul style="list-style-type: none"> • Challenge the status quo and be ready to step up and accept a challenge • Make brave decisions to achieve success – be risk aware not risk averse • Look for ways to do things differently • Be conscious of my actions and take responsibility for the outcomes • Look for opportunities to learn and develop • Trust myself to have a go – change starts with me • Learn from failure, accept and act on feedback 	<p>It means I will:</p> <ul style="list-style-type: none"> • Actively seek the views of others and share knowledge • Break down silos • Think 'Us' not 'I' • Build effective relationships across the organisation • Treat everyone with respect and value diversity • Involve all stakeholders. Think through the issues and impact, engaging with all those affected or impacted • Put myself in others' shoes 	<p>It means I will –</p> <ul style="list-style-type: none"> • Be positive • See things through • Be agile and quick to act • Act with confidence • Take initiative, be proactive and less reactive • Be outcomes-focused • Stop when it's not working • Know what to do and have the conviction to do it
<p>When I work with others:</p> <ul style="list-style-type: none"> • Give and earn trust • Challenge others and be open to challenge back • Stop and review. Have the courage to speak up when it's not working, seek out solutions to achieve success 	<p>When I work with others:</p> <ul style="list-style-type: none"> • Communicate honestly • Tackle problems together • Praise the work of others, acknowledge contribution • Value the views of others – my colleagues and my customers • Show I care • Celebrate success • Establish clear roles and responsibilities 	<p>When I work with others:</p> <ul style="list-style-type: none"> • Take responsibility – don't pass the buck • Be clear about expectations • Agree clear outcomes • Have a common purpose • Support others' enthusiasm

Our leadership commitments set out how the Senior Management Team of the Council will support the workforce to embody our values in order to deliver our corporate plan.

The Senior Management of the Council is made up of the Council's Directors and Divisional Directors, led by the Chief Executive Sean Harriss.

Who we are:

Chief Executive:	Sean Harriss
Corporate Director Community:	Paul Walker
Interim Corporate Director People:	Paul Hewitt
Corporate Director Resources & Commercial:	Vacant
Director of Finance	Dawn Calvert
Director of Legal & Governance	Hugh Peart
Interim Director Adult Social Services	Visva Sathasivam
Director Public Health	Carole Furlong

As leaders we will:

1. Be Courageous	2. Do it Together	3. Make it Happen
<ul style="list-style-type: none"> • Encourage freedom within a framework • Provide the framework and guidance for others to perform • Set clear expectations and outcomes • Take ownership and work to prevent a blame culture • Be ambitious about what's possible, inspiring others to 'Think Big' • Have high expectations of others • Hold others to account • Review performance regularly • Be authentic • Deliver on my 	<ul style="list-style-type: none"> • Be visible, have a presence with our teams and across the organisation • Drive collaboration with others who share the same outcome • Actively seek the views of the customer • Listen to others opinions to inform decision making • Engage, not just communicate • Move from 'them' and 'they' to 'us' and 'we' • Listen and ask, don't tell • Involve members • Adapt my style to support people to deliver results 	<ul style="list-style-type: none"> • Give responsibilities to others, let go of control • Remove barriers. Enable others to be more effective • Be decisive • Trust staff to work on the basis of results not tasks • Make the process for change faster and more dynamic • Articulate clearly what success looks like • Celebrate and encourage innovation • Set and review priorities

<p>promises</p> <ul style="list-style-type: none">• Build on experience and adapt. Plan, review, do.	<ul style="list-style-type: none">• Create a coaching environment, mentoring and developing others• Openly share my knowledge and experience	
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1. Build a Better Harrow

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Objective	What we will do	Progress so far (as at Quarter 2, 2018/19)
Implement a once-in-a-generation £1.75bn regeneration strategy for Harrow	Poets Corner	A new direction of travel for Poets Corner is now in place following soft market testing with the development community. This recognises the strategic importance of the Poets corner site to unlock the wider regeneration benefits across Harrow. The Council has now engaged with commercial, legal and property advisors to establish the next stages of delivering the Regeneration Programme. Re-phasing the delivery of Poets Corner scheme has now been reviewed and the Planning strategy has been amended accordingly.
	Byron Quarter	This site proposal is currently under review to ensure that the Council's proposals will maximize the site and get the best possible regeneration outcome.
	Wealdstone including new civic centre	The Harrow New Civic review is underway which will establish the existing design requirements, Council space needs and the financial envelope required to release the regeneration outcomes to enhance and contribute to the wider Wealdstone town centre.
	Regeneration led by others	Through the Major Development Panel we continue to drive forward development opportunities across the wider borough . This has resulted in progress with TfL, Kodak, Hyde/Barratt and Persimmons.
	Give our residents an active and influential voice in our	Engagement on the Regeneration Programme continues to be outstanding. The Residents' Regeneration Panel continues to be a

Objective	What we will do	Progress so far (as at Quarter 2, 2018/19)
	regeneration plans through the Neighbourhood Community Infrastructure Levy	<p>one-of-a-kind, best-in-class initiative showing how residents and Council can work together in partnership to improve schemes and public relations.</p> <p>Neighbourhood Community Infrastructure Levy (NCIL) is allocated to community priorities. A mechanism to allocate the CIL was agreed by Cabinet in December 2017. Information has been produced and shared with Members.</p> <p>NCIL allocations for 2018/19 are three projects so far (Rayners Lane Triangle, Lyon Road Good Growth Fund project, and Wealdstone Square), totalling £381,227 (£7,227, £75,000 and £299,000 respectively).</p> <p>There is a total of £1,254,057 of NCIL still available.</p>
	Give residents more power over local planning decisions - Investigate the use of planning powers and Article 4 directions	We will continue to work with developers to ensure they maximise opportunities to engage with residents as part of their schemes. We will consider the use of Article 4 directions where there is evidence to support the request: however, the ultimate decision lies with the Secretary of State.
	Increase the number of residents who feel able to influence local decisions	At the last survey in July 2017, 21% felt able to influence decisions affecting their local area, which will be used as a baseline to measure improvement.
Harrow homes for Harrow residents	Regeneration of Grange Farm estate	All secure tenants on the Grange Farm estate have been offered the right to remain or return to a new home on the regenerated estate. All affordable rented housing will be let to Harrow residents according to their priority on the Housing Register. Priority for low cost home ownership such as shared ownership will be to either Harrow residents or people who work in Harrow. Weekly drop-in sessions held at the community centre for residents to raise queries

Objective	What we will do	Progress so far (as at Quarter 2, 2018/19)
		and concerns.
	Build new Council homes	We have been successful in our bid to the GLA and have been awarded £32m of grant allocation, the 11th-highest amount of funding in London, which will help build 618 homes in the borough (including Grange Farm). Combined with the Government lifting the HRA borrowing cap and consultation on additional flexibilities in the use of Right to Buy receipts this means we can drive forward our council house building programme. The current estimate for 2018/19 is for 86 new homes completed.
	Develop and deliver a 3 year infill programme	Three new 3-bedroom houses at Atherton Place completed and let. Further homes under construction at Stuart Avenue, Holsworth Close and Allerford Court. Consultation carried out at Pinner Grove.
	Tax empty homes in the borough, helping to increase the supply of quality housing	Proposed changes to Council Tax Long Term Empty Property Premiums went to Cabinet in January 2019 and will be determined by Full Council in February. This will put in place the mechanisms to charge empty property up to 300% of the normal council tax for the relevant band depending on the number of years a property has been continuously empty.
Clarify our policy on local housing for local people in our Regeneration Strategy and in our development plan. Work with developers to negotiate agreements to market schemes locally first and request that they provide monitoring data on local purchases.	<p>It is the Council's intention to make homes developed through the Regeneration Programme available to Harrow residents first; the detail of such a marketing strategy will be developed closer to homes being completed.</p> <p>There is now precedent in the borough – Eastman Village/old Kodak factory site – for such a strategy and a similar approach will likely be taken.</p> <p>Affordable housing in particular is advertised locally for three months before being advertised more widely. Housing Associations</p>	

Objective	What we will do	Progress so far (as at Quarter 2, 2018/19)
		who build shared ownership schemes are requested to keep and submit data.
	Complete audits and investigations to recover properties where fraud is identified and allocate to those in genuine housing need	Four properties recovered to date in 2018/19.
	Provide good quality homes for all	The Housing Revenue Account 2018/19 capital programme is £8.2m. At the halfway point in the year we have spent and committed £3.179m with a further £1.9m of works in tender evaluation. We have also procured £2m of security and compliance works. Kitchen and bathrooms works will be starting and windows and door replacements at Burnt Oak Broadway started in October.
Deliver new schools and school places	Continue our School Expansion Programme to ensure every Harrow child has a school place	<p>The Primary School expansion programme is nearing completion. Our future focus is SEND¹ and high school places.</p> <p>A new school at the old Kodak site will form part of the overall education provision in Harrow and meet the need arising from proposed housing developments in the area. This project is being delivered by the Education & Skills Funding Agency (ESFA) through the Government's free school programme. The delivery of the school is being timed with the wider development of the site to ensure that the dwellings are occupied.</p> <p>The current projections show that we have sufficient places in primary schools to ensure every pupil will have a school place from now until 2020 and beyond. The previous growth in pupil numbers in primary are now moving into the Secondary phase. For 2020 we</p>

¹ Special Educational Needs and Disabilities

Objective	What we will do	Progress so far (as at Quarter 2, 2018/19)
		should have sufficient places to offer every young person a place in school, however we may need create additional secondary school places beyond 2020.
Keep Harrow Clean	<p>Improve the cleanliness of the local environment and increase resident satisfaction</p> <p>Deliver our Waste Strategy to increase recycling and reuse and reducing household waste; we will also make it easier and cheaper for residents to dispose of larger items and improve access to the Harrow Recycling Centre, particularly for local Harrow residents</p> <p>To maintain our position as one of the top recycling boroughs in London and develop a recycling strategy to meet our ambition to be the top performer in London achieving a target of 50% by 2020</p> <p>Adopt a 'zero tolerance' approach to fly-tipping.</p>	<p>Street cleanliness is measured via the NI 195 survey, conducted three times a year, with the annual average reported in Q3. The most recent results show performance better than target except for graffiti. Resident satisfaction is measured via the Reputation Tracker survey, last conducted in July 2017, which will be used as a baseline.</p> <p>The Waste Review, which is currently in progress, will ensure we make the most efficient use of resources. As part of this we are already increasing the access to recycling services across the Borough by rolling out food waste collections in flats, one of the first West London Boroughs to do so. Making the Harrow Recycling Centre for use by Harrow residents only has led to a 12% decrease in visitors to the site (53,000 in a year) which has led to reduced queuing time and less detrimental impact on residents.</p> <p>A Community Engagement Plan (recycling strategy) has been drafted and is being further developed as part of the Waste Review. Latest figures show Harrow's recycling rate at 42% as at Q1 2018/19.</p> <p>Targeted enforcement is continuing in hot spot areas. We are using Community Protection Notices (Under the ASB, Crime and Policing Act 2014) to carry out enforcement activities. Work is in progress to</p>

Objective	What we will do	Progress so far (as at Quarter 2, 2018/19)
		<p>improve the messages going out to the public around fly tipping.</p> <p>An internal review has taken place around fly tipping to lead the approach on this and target key areas. Work has taken place with Keep Britain Tidy. Waste and Enforcement reviews, as well as development of a new CCTV strategy, are taking place and will help shape the approach to fly tipping.</p>
	Continue to improve the appearance of our housing estates working closely with caretakers, tenants and leaseholders:	The Service Level Agreement between Housing and Environment services regarding grounds maintenance is being reviewed. A strategy has been implemented for refuse collection on Grange Farm estate. The next tenant survey to take place January-February 2019, leaseholder survey to take place March-April 2019.
Increase participation in sports, arts and cultural offer.	Deliver a new cultural strategy for Harrow	<p>Harrow's Cultural Strategy has been adopted for consultation, which commences in January 2019. It actively invites VCS, businesses, faith groups and residents to state how they can contribute to helping residents (including young people) become involved in cultural activities. Harrow Music Service has developed strong partnerships to enhance the experiences of young people with: A New Direction, City of London Sinfonia, Pavilion Opera Education Trust, the Jewish Music Institute, Tomorrow's Warriors and the Music8London consortium of music education hubs, amongst many others</p> <p>Business cases for the Harrow Arts Centre and Manor House and Museum have been adopted and will drive forward the commercialisation and cultural agendas.</p>
	Provide under-21 year olds with cultural and enrichment activities as part of our new	The Arts and Heritage team have embarked on outreach and are building on success of 100% Producers to provide opportunities for young people, from 13 to 24 to gain opportunities to experience working in music, dance, and technical roles. Headstone Manor

Objective	What we will do	Progress so far (as at Quarter 2, 2018/19)
	local facilities	exceeded its target to provide work experience and volunteering and provided 1,342 hours of support young people.
	Celebrate reading by encouraging free library enrolment of children and adults in the borough	Harrow People has featured the offer for children. A marketing campaign will commence in Q4 to encourage enrolment of children and adults.
	Building a major new library in Harrow town centre	The specification for the fit out of the new Harrow Town Centre Library has been produced, consultation commenced for the library and Cabinet agreed to commence the procurement for a fit out contractor.
	Increase the number of visits per annum across our cultural offer, which would include Harrow libraries, Harrow leisure centres, the Arts Centre and Headstone Manor	Current attendance is 751,000 visits for libraries, 230,000 to the Arts Centre and 127,000 to the Museum. New Business and Marketing plans are in place. Additional capacity has been installed at Harrow Arts Centre. Visitor numbers are increasing for HAC.
	Deliver S106 funded improvements to outdoor sports facilities as identified in the Harrow Outdoor Sports Pitch Strategy 2013-2023	Plans for improvements for Roger Bannister sports ground are being appraised.
	Work with the Mayor's office to make London a National Park City and expand our park user groups to put power back into the hands of our residents	As and when the Mayor starts discussions on National Park City status we will engage with it. As at December 2018, 22 out of the 26 parks in the borough have a park user group. We are working with each of the parks to produce 5 year plans articulating the management and development needs. For example Pinner Village have been fundraising for new

Objective	What we will do	Progress so far (as at Quarter 2, 2018/19)
		playground equipment and applications are being developed for Pocket Park Plus funding.
	Increase the number of users of Harrow's leisure facilities	All target group attendances are ahead of Service Plan targets with the exception of 60 plus which is only 0.8% below target.

2. Supporting Those Most in Need

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Objective	What we will do	Progress so far (as at Quarter 2, 2018/19)
Reducing homelessness	Implement the Homelessness Reduction Act 2017	In the 12 months to December 2018 there were 215 homelessness acceptances and at 31 December 2018 there were 204 households in B&B accommodation, 19 of these were families with children or pregnant women that had been there more than six weeks. We are continuing to prioritise homelessness prevention and finding housing solutions for statutory homeless households (mainly families with children) to reduce the numbers who have to go into Bed & Breakfast accommodation, particularly families. We have introduced new ways of working, including new software to meet the new legislative requirements from the Homelessness Reduction Act. We are using personalised housing plans and supporting customers to take appropriate steps to find or keep a suitable home and understand that there is insufficient accommodation in Harrow.
	Acquire properties for use as temporary accommodation	Budget secured to purchase a further 32 properties, to complement the portfolio of 100 properties already purchased. 72 homes at Gayton Road purchased by the Council for use as temporary accommodation.
	Work with private sector landlords	Through Help2let we continue to work with private landlords to increase the supply of private rented housing, improve the management of this accommodation and tackle disrepair. We continue to hold regular Landlord Forums. We are developing a

Objective	What we will do	Progress so far (as at Quarter 2, 2018/19)
		<p>new product for landlords.</p> <p>We continue to bring private empty homes back into use for families in need, with 10 achieved to date.</p>
	Reduce rough sleeping	<p>Rough sleepers in Harrow numbered 13 at the last count in November 2018, compared to 10 in 2017.</p> <p>We continue to work with key local organisations such as Firm Foundation to provide support to rough sleepers.</p>
	Work to develop and implement a 'Charter of Rights' for private renters	<p>We are looking at getting a leaflet arranged with information for tenants with regard to their rights and responsibilities.</p> <p>Harrow Council is part of the London Ventures Transition Insurance pilot - an insurance product which would be an alternative to providing a large rental deposit; instead renters would pay a monthly premium. This will make moving between privately rented properties more affordable, reducing the demand on local authority services.</p>
	Implement our Homesafe programme for council rented and leasehold homes	<p>The Homesafe programme is improving health and safety, including fire safety. The pilot is targeting blocks of 4 storeys or more and will begin in January 2019.</p> <p>Homesafe resident consultation sessions took place in early October 2018, with 500 tenants and leaseholders affected by the initial roll out of the new Homesafe improvement programme invited to attend. Works that will be done include block video door entry or upgrade to the existing system, multiple alarm detection system (Fire and Monoxide) and fire door – for each flat and emergency lighting to block Common Parts where necessary.</p>
Improving Health and Well-	Investigate the development of an	Fuel Poverty is a priority in the Smarter Housing Plan 2018/19. A

Objective	What we will do	Progress so far (as at Quarter 2, 2018/19)
being	in-house enterprise to provide relief for those suffering from fuel poverty	<p>major strand of the Decent Homes programme this year has been to upgrade to condensing boilers, replacing underperforming windows and roofs which have the biggest impact in controlling fuel bills. A key component of the Asset Management Strategy includes targeting these improvements at poorly performing stock/areas of Council Housing with high fuel poverty. Cross departmental discussions are also taking place about a holistic approach to reducing fuel poverty within the Borough.</p> <p>Delivery of improved energy standards in new build and implementation of district energy schemes where they are deliverable forms part of the strategy.</p>
	Increase the % of the population aged 16+ that are Active or Fairly Active.	A number of initiatives are currently taking place including the commencement of Tai Chi classes January 2019 and a joint Harrow Council and Watford FC project called Shape Up which commenced in September 2018.
	Reduce the number of unhealthy food shops across the borough.	A Mayor of London Initiative “Superzones” aims to tackle unhealthy urban environments. Work has begun with senior teachers at Whitefriars school in Wealdstone, focusing on fast food outlets amongst others.
	Act to reduce levels of diabetes in Harrow	<p>The Health Checks programme identifies the “pre-diabetic” patients and refers them onto the Non Diabetic Prevention Programme (NDPP) which has now launched in Harrow. Currently Harrow is the top performer for Diabetic Eye Screening, amongst other Northwest London Boroughs.</p> <p>Public health are part of the Harrow Diabetic Implementation strategy group, chaired by the CCG in Harrow.</p>
	Improve access to high quality local contraception and sexual	Public Health Harrow’s new Integrated Sexual & Reproductive Health Service includes increasing the provision of Emergency

Objective	What we will do	Progress so far (as at Quarter 2, 2018/19)
	<p>health services</p> <p>Work with our local CCG, schools and VCS partners to support people experiencing mental ill health, and reduce the stigma of mental health in the workplace.</p>	<p>Contraception (EHC) and uptake of Long Acting Reversible Contraception (LARC). Our Provider LNWHT² will ensure provision of EHC and LARC in areas with higher need and provide information and pathways to Sexual Health services.</p> <p>Around 8% of residents with common mental health problems are being consistently supported to return to employment – this is consistently above the 7% target and national data shows we are in the 2nd quartile in London.</p> <p>CNWL³ now has three employment advisors. The proportion of adults in contact with secondary mental health services in paid employment stood at 7.8% in quarter 2 but might be expected to improve given this new staffing resource.</p> <p>The Council worked with Thrive London to host a community mental health workshop in January 2018. Events were also held to mark world mental health day and time to talk day. Mental Health First Aid training for staff within the council and Mindful Manager training have been rolled out to 83 staff so far this year.</p> <p>Improve the emotional wellbeing of children and young people – The emotional health of children looked after for one year plus aged 4–16 is measured annually. Harrow's average score is 14.9, an increase from last year, where a score of under 14 is considered normal, 14-16 is borderline cause for concern and 17 or over is a cause for concern. A clinical resource is being commissioned, bridging the gap and strengthening clinical support for children and families including children looked after.</p>

² London North West University Healthcare NHS Trust

³ Central and North West London NHS Foundation Trust

Objective	What we will do	Progress so far (as at Quarter 2, 2018/19)
	Provide a health visiting service and advice clinics offering support and guidance for new parents in our children's centres	Under the new contract for the 0-19 Health Visiting and School Nursing service we are planning to introduce new checks at 4-5 months in order to focus on weaning, healthy eating and oral health as well as at 3.5 years (a targeted check for those not attending an early years setting in order to improve school readiness).
Supporting Children and Families	Deliver a 'keeping families together' service to reduce the number of looked after children	<p>The Keeping Families Together service supports a wider strategy for reducing the number of children in care. It is so far delivering a 90% prevention rate of children entering Local Authority care.</p> <p>The % of children with Child Protection Plan (CPP) for two years or more remains low and % of children with repeat child protection plans is reducing as expected and is now in line with statistical neighbour averages. Performance data, validated through Ofsted visit, indicates appropriate referral thresholds and good qualitative assessments. Our looked after children population and children in legal proceedings (PLO) has reduced and remains stable.</p>
	Provide six months' exemption from Council Tax for Harrow residents leaving care.	Local Council Tax Discount Scheme for Care Leavers was agreed by Cabinet in January 2017 which gives a six month 100% discount from Council Tax for Harrow Council's care leavers, where the former child becomes the sole liable person of a property in Harrow and where the Council Tax band on which the discount is sought equals Council Tax Band A or B only.
	Increase reach of Early Support Hubs to Harrow's most vulnerable children and families	Staff in the Early Support Hubs have recognised a need to increase reach in the most deprived areas of the borough and have undertaken a range of actions including leaflet drops, school drop ins and other awareness raising events to target these areas over the last quarter and this has been having a positive impact in

Objective	What we will do	Progress so far (as at Quarter 2, 2018/19)
		terms of reach.
	Subsidise costs of children's funerals	This is something we will explore during the course of the year.
	Improve the lives of vulnerable families with multiple problems through the transformation of local services	So far this year we are working with over 480 families (by the end of Q2 2018/19) this brings the total number of families we have worked with to date to over 1500. Key appointments have been made this year such as a parenting coordinator, clinical resource, hidden harm worker as well as work carried out by the 'Keeping Families Together' team and the Violence, Vulnerability & Exploitation (VVE) unit has meant we have been able to turn around the lives of 322 families to date this year.
	Increase 2/3/4 year old early years take up	<p>Harrow has a high proportion of funded children accessing good or outstanding early years provision.</p> <p>The number of funded two year olds for Q2, as of December 2018 (Autumn term 2018 data) was 559, or 58.3% take-up.</p> <p>The number of funded three and four year olds was 2317. The Q2 take-up rate is subject to confirmation but in the 2018 early years census was 86%.</p>
	Break the cycle of child poverty	We have been part of a number of bids and applications for funding, for example an application to Health Education North West London (HENWL), totalling £64,000 to deliver health related projects targeting some of the most vulnerable people in the borough. We continue to increase opportunities for parents with English as a second language to enter employment, education and training and support adults in gaining skills; tackle financial exclusion, including debt management, financial literacy, affordable credit and maximise benefit take up; increase

Objective	What we will do	Progress so far (as at Quarter 2, 2018/19)
		opportunities for inward investment and funding opportunities by working; improve health and wellbeing of all children and families and access early support services with a focus on looked after children, children at the edge of care, children with Special Educational Needs and Disabilities (SEND) and support families with housing and those in temporary accommodation.
Transform how we deliver adult social care	Co-produce a new vision for Adult Social Care – Resilient Communities	<p>Five key work streams are being delivered through co-design to support Community Resilience and these are on track and progress this quarter has been:</p> <ul style="list-style-type: none"> • Streamlining the adult social care pathway underpinned by a new staffing structure that went live in September 2018. • Transforming Models of Care including an Extra Care housing strategy agreed at Cabinet in November 2018 • Developing Community Assets – Co- design and collaboration continues this quarter with the community sector following on from the Lateral project • Enhancing Digital Access and Online Data – A working party across all stakeholders has been formed to enable a fit-for-purpose solution. Enhanced Telecare Assistive Technology – Adult social care is currently exploring expansion of the current offer.
	Invest in extra care Housing	<p>Watkins House is being redeveloped by Harrow Churches Housing Association. All current tenants have been rehoused and planning permission has been secured.</p> <p>Housing and Adult Social Care continue to work together to identify ways to increase the supply of extra care housing as an alternative to domiciliary and residential care. The strategy was</p>

Objective	What we will do	Progress so far (as at Quarter 2, 2018/19)
		approved by Cabinet.
	Improve Quality of Life measure in annual adult social care user survey	The February 2018 Survey results for social care related Quality of Life were not significantly different from the previous year. The next survey is due in February 2019. An action plan was drawn up to improve the results based on user feedback and is in progress. In addition, an application has been made to NICE (National Institute for Health and Care Excellence) for a project aimed at improving user reported outcomes now the new vision and strengths based care pathway are in place.
	Increase the proportion of long term service users who report having as much control over daily life as they would like.	Analysis of the 2018 user survey results showed that clients with personal care needs continue to do well by using cash personal budgets (direct payments) but those with difficulties accessing the community and with poor mobility, as well as clients with mental health problems, experience more control through traditionally commissioned services. Clients under the new operating model need to be helped to choose the right type of budget that will work best for them, as Harrow already has a very high level of cash personal budget provision.
	Increase the % of long term service users who report having choice over care and support services	The 2018 survey data shows giving clients more choice over their care package (within the budget available) does boost their sense of control. In general cash personal budgets (direct payments) still offer the most choice over services and the most control for those people able to use them.
	Ensure there is a range of accessible information, advice and advocacy available so the whole community knows how to access support and report	Feedback from the 2018 survey and work commissioned from Lateral suggested an urgent need to redesign the social care section of the Harrow website. In addition the data suggested referrals to Swish (the voluntary sector provider) for information and advice need to be made easier to access. A refreshed

Objective	What we will do	Progress so far (as at Quarter 2, 2018/19)
	concerns	website, new information leaflets and the new strengths-based approach to care and support should enable people to more easily find the local resources, groups, activities and interests that will help them.
	Increase the percentage of adult social care users/adult carers who have as much social contact as they would like	40% of long term social care users said they had as much social contact as they wanted. For the others, issues included being afraid to go out into the community without support (but feeling they do not have this support), help with making journeys in their local area, and help with parking restrictions on their street that prevent relatives and friends from visiting by car.

3. Preserving Vital Public Services

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Objective	What we will do	Progress so far (as at Quarter 2, 2018/19)
Work with partners to continue to make the case for proper funding of local government	Engage with the Government's Fair Funding review and Spending Review 2019	A non-executive role on Cabinet has been created whose role is to support making the case for fairer funding. Harrow West MP made a speech in Parliament on 19 December 2018 making the case for fair funding for Harrow.
Collaborate with Transport for London to improve transport access across the borough	Night tube ambition for Piccadilly and Metropolitan lines and step free access to Harrow on the Hill.	TfL have committed to step-free access at Harrow on the Hill. We are working closely with them to speed up the process.
	Work with the Mayor's office to ensure Tube fares are frozen until 2020	The Mayor of London has made this commitment and TfL have factored it into their new business plan
	Develop a new Transport Local Implementation Plan to increase the amount of trips made in Harrow on foot, by cycle or using public transport.	The road safety plan is being reviewed as a part of the development of the new Transport Local Implementation Plan in 2018/19. A stakeholder consultation on the draft TLIP concluded in October 2018 and feedback is currently being evaluated.
	Protect local residents from the impact of increased school congestion	Harrow's Transport Local Implementation Plan (LIP) sets out our policies to promote more sustainable transport by increasing travel by walking, cycling and public transport and to reduce journeys by private car. These policies accord with the Mayor's Transport Strategy. The delivery of our on-going annual LIP programme to improve transport infrastructure, promote sustainable transport and develop school travel plans

Objective	What we will do	Progress so far (as at Quarter 2, 2018/19)
		is an on-going process of improvement that is improving the sustainable transport mode share of travel to school year-on-year and will help to reduce congestion outside of schools.
	Invest around £20m in road paving, cycling lanes, resurfacing and maintenance, to improve the physical infrastructure of the borough	Over 2017/18 and 2018/19 approximately £20 million has been invested in improving transport infrastructure and maintaining the highway network.
	Develop a Cycling Vision & Strategy for Harrow, working with local stakeholders and TfL to improve cycling access in the borough	In 2015 a Cycle Strategy for Harrow was approved which set out an aspirational cycle network. This is being implemented in a 5 year plan (2017/18 – 2021/22) using LIP funds at £250k per annum. The strategy is currently under review as a part of a wider sustainable transport strategy that will include walking, cycling, public transport and ultra-low emission vehicles / electric vehicles in order to respond to the Mayor’s Transport Strategy.
	Provide free parking permits in Controlled Parking Zones for electric Vehicles and subsidised parking permits for low-emissions vehicles in Controlled Parking Zones	The parking management and enforcement strategy is currently under review and will take account of any required policy revisions.
Health integration	Explore co-location of key services to improve collaboration	<p>There are four joint projects in progress to integrate teams by end 2020:</p> <ul style="list-style-type: none"> i) A single Integrated Brokerage team with the CCG staff member coming under council management ii) Creation of an integrated specialist multi-disciplinary

Objective	What we will do	Progress so far (as at Quarter 2, 2018/19)
		<p>Learning Disability team between the council staff and CNWL NHS Trust under single operational management</p> <p>iii) The Integrated Care Partnership creating three primary care hubs across Harrow focused on the over 65's with co-located health staff</p> <p>iv) Co-location of Adult Social Care Integrated Care team staff into those hubs with a target date of April 2020.</p>
	Health and Social Care integration and Better Care Fund plans	<p>A strategy for health and social care integration is being drafted for agreement with NHS Harrow CCG by end March 2019.</p> <p>Mid-year review of Better Care Fund completed and submitted end August 2018. Guidance awaited re 2019-20 BCF planning, expected as part of 10 year NHS plan.</p>
	Work with the CCG to facilitate the delivery of new healthcare facilities	<p>The repositioning and development of the Belmont Health Centre will not only provide a brand new fit for purpose health facility for the east of the borough, but also support the redevelopment of three other sites. Funding from One Public Estate has been secured and the CCG have sought approval through the appropriate NHS process to have the business case for a new centre approved.</p>
Support our schools to continue to be among the best in the country:	95% of Harrow's maintained schools to be judged as good or outstanding by Ofsted for all children.	95% of Harrow's maintained schools were judged as good or outstanding by Ofsted as at January 2019.
	Harrow school's Key Stage 2 results remain in the top 10% nationally and Key Stage 4 results for 'Average Attainment	KS2 Final – Harrow's pupils ranked 8 th – top 5% - in England for the KS2 measure of Attainment of pupils at the end of key stage 2 achieving the expected standard in reading, writing and

Objective	What we will do	Progress so far (as at Quarter 2, 2018/19)
	8 score per pupil' and 'Percentage of pupils who achieved a 9-5 pass' in the top 20% nationally.	<p>mathematics in 2018.</p> <p>KS4 PROVISIONAL – 1. Harrow's pupils ranked 20th – top 13% - in England for the KS4 Average Attainment 8 score per pupil result in 2018; 2. Harrow's percentage of pupils who achieved a 9-5 pass ranked 22nd – top 14% - in England.</p>
Work with our colleagues in the police to keep Harrow's status as one of the safest boroughs in London	Work to reduce levels of violent crime in the borough	<p>There has been a 3.18% increase in total crime in the 12 months to November 2018. Harrow is still however, the safest borough in London in terms of crime per 1000 population.</p> <p>The Community Safety, Violence, Vulnerability and Exploitation Strategy was reviewed in July 2018. A number of projects to help reduce crime in the Borough were commissioned under the London Crime Prevention Fund, and we have started the process to recommission projects for 2019/20 & 2020/21.</p> <p>The Wealdstone Action Group has been set up in response to incidents of knife crime and youth violence in the area. Discussions are taking place with all 15 Councillors in South Harrow on how a similar approach can be rolled out in South Harrow.</p>
	Pro-actively counter all forms of abuse; including child trafficking, child sexual exploitation, serious youth violence, gangs, on-line grooming, modern slavery and elder abuse	<p>The Violence Vulnerability and Exploitation team has daily multi-agency meetings which ensure live information is exchanged between professional partners and up to date risk assessments and action plans are progressed.</p> <p>There is an increase in the number of cases but the local authority and professional partnerships are strong as evidenced in a recent Ofsted focus visit. These forms of abuse also have a high profile within the local community.</p> <p>Themes from the best practice forum in June 2018 are</p>

Objective	What we will do	Progress so far (as at Quarter 2, 2018/19)
		embedded in practice and planning for next year's forum is in train.
	Reduce rate of first time entrants to the youth justice system	The most recent verified data available shows a reduction in the rate of first time offenders per 100,000 population from 83 (April 2015 - March 2016) to 72 (April 2016 to March 2017). Work continues to be co-ordinated with police and other local agencies to better understand and reduce violence, vulnerability and exploitation, including gang-related activity.
	Reduce rates of reoffending amongst young offenders	There is a significant time lag due to the nature of this indicator and the cross-referencing of national offender data. The most recent data shows reoffending for those who originally offended in 2014-15, and shows both a reduction in the numbers of reoffenders, and a decrease in the rate of reoffending.
	Reduce the total number of anti-social behaviour (ASB) incidents in the borough	<p>ASB incidents numbered 4,813 in the year to November 2018, the lowest number amongst neighbouring Boroughs. There has been a 40% reduction in complaints coming in to the ASB team in the last three years.</p> <p>Steps have been put in place through partnership working to address knife crime, youth violence, street drinking and other ASB. The Wealdstone Action Group has been put in place to address a hot spot area and engage the community to resolve ASB matters.</p>
	Explore co-location options with the Police	In 2017 MOPAC ⁴ announced there would be a reduction in Safer Neighbourhood Team bases in Harrow: since then we have been talking to the police about options on new locations

⁴ Mayor's Office for Policing and Crime

Objective	What we will do	Progress so far (as at Quarter 2, 2018/19)
		and also around the new civic centre.
	Support those residents who are victims of domestic and sexual violence.	The Council's website has been updated to include details of a range of support services. Feedback from service users indicates that they are satisfied with the service received and feel safe and supported. Further work is being undertaken with the service provider to increase user feedback. We were successful in a bid to MHCLG to invest in services in the refuge.
	Deliver an action plan on tackling modern slavery in Harrow	A motion was passed at Council in November 2018. Annual safeguarding conference in January will be on the theme of Modern Slavery where strategic guidance will be launched. Training for practitioners is being arranged.
	Remain one of the best places in London for people from different backgrounds to get on	The last survey in August 2017 said 77% of residents thought people from different backgrounds got on well together in the local area.
Work with our voluntary sector partners	Deliver the recommendations from the Council/VCS relationship review	Work is progressing well on delivering the VCS review action plan with a set of procurement and social value changes agreed and going through Cabinet in January 2019. The delivery of the Lateral project on the Community Resilience Vision for Adult Social Care has completed and we are working with the sector on next steps. A local community lottery was agreed at November Cabinet and will be launched in April 2019. The Big Give has been set up and raised over £80k for eight local charities, collaborative external funding bids with the VCS have successfully secured approximately £800k for projects to divert young people away from gangs and youth violence and a further two bids worth almost £2m have also been submitted.

Objective	What we will do	Progress so far (as at Quarter 2, 2018/19)
	Work with the voluntary sector to continue to support and engage volunteers in the borough	Through the Lottery Funded V4Change project led by the VCS, the total number of new volunteers as of Q2 is 568. Actions to develop a borough volunteering strategy as part of the V4Change project will start this year.
	Work with Community Champions to develop their role and enable them to be more actively involved in the community	The community champions scheme has stabilised at 1100 members, we have run half a dozen training sessions for the champions on first aid and adult safeguarding for example, and they have participated in our monthly days of action.
	Pilot additional Voluntary Council Tax contributions	A pilot scheme aimed at band H council tax payers in the borough was launched in December 2018.
	Introduce a local community lottery to support local grassroots voluntary organisations	Cabinet approved the establishment of a local lottery in Harrow in November 2018. A communications plan, including branding, is in hand and an event will be hosted on 6 March 2019, where local organisations will be invited to sign up to become beneficiaries. The lottery – ‘Harrow Wins’ – will be launched in April 2019.
	Continue to work towards getting wider representation in council decision making, ensuring all voices are heard	A Voluntary and Community Sector representative on Cabinet was appointed in November 2018.
Ensure we have sufficient GPs, doctors, nurses, teachers, and social workers for our residents in Harrow	Social worker recruitment (Children and Young People Services)	Latest figures show we have 82% permanent social workers compared with a 2017-18 average of 76%. 77% of workforce has over five years’ experience. Turnover in Q1 is down to 9% compared with 2017/18 average of 10%.
	Key worker housing	Key workers living and/or working in the borough are prioritised for shared ownership schemes in Harrow. Harrow’s Housing

Objective	What we will do	Progress so far (as at Quarter 2, 2018/19)
		Strategy is being reviewed during 2019 and will make reference to key worker housing.

4. A Strong Local Economy for All

Objective	What we will do	Progress so far (as at Quarter 2, 2018/19)
Business Growth	Create workspace to support the needs of growing local businesses and to attract new businesses into Harrow	<p>The Council’s work in creating workspace was recognised at the Place West Awards where Whitefriars Studio (on the old Colart site) was a winner.</p> <p>Funding from the GLA Good Growth Fund Round 1 has been secured to create a new square with pop-up/street food kiosks to help increase the opportunities for start-up food operators in the borough.</p>
	Harrow will be seen as the place for creative industries/ artists to locate and conduct business	Two consultation events were held with creative organisations to secure funds to attract creative industries/artists to Harrow. The outcome of the Creative Enterprise Zone bid will be known in Quarter 4. The GLA has announced our application for funds to create new workspace at Harrow Arts Centre between 2019-2021 has been successful. Cabinet adopted the draft cultural strategy to go out to consultation in January 2019. Implementation will support the creation of new workspace for creative industries.
	Make it easier for local businesses to thrive by simplifying licensing and planning processes	<p>In the last year, simplification of licensing processes and policies internally, as well as updating of licensing and gambling policies has taken place. Work is happening to make materials available online to assist businesses.</p> <p>The council has created an online Food toolkit to support food operators through the regulatory process and in their business planning with a clearer pathway for restaurants and food start-ups to set up in Harrow.</p>
	15% of council spend will be	The Council has exceeded this target and is on track for over 20%

Objective	What we will do	Progress so far (as at Quarter 2, 2018/19)
	with local businesses Continue with 20 minutes' free parking across the borough and make it easier to see relatives and receive guests by treating Bank Holidays as Sundays for parking restrictions	local spend. There is strong support from businesses to maintain the 20 minutes on-street free period and no changes are proposed. The Council is treating bank holidays as Sundays in terms of enforcement until a full consultation is carried out which is needed to formally change parking rules (and therefore signage).
Jobs, Skills and Low pay	Create new jobs and apprenticeships for young people and introduce work experience placements in the Council for young people in the borough Maintain one of the lowest rates of young people Not in Education, Employment or Training in the country Investigate the development of a Harrow Pension Scheme for young people Create 3,000 new jobs Support adult community learners to improve their skills	We have supported 72 young people into apprenticeships so far in 2018/19, this should be accelerated once the Council's own regeneration sites are developed. We continue to deliver work experience in the Council and with the council's suppliers. 98.7% of 16-18 year olds were in education, employment or training at Quarter 2. Work will start on a business case to explore the idea this year. The latest statistics from the Office for National Statistics' Business Register & Employment Survey (BRES) are for 2017. These show that there were a total of 74,000 employee jobs in Harrow in 2017, compared to 72,000 jobs in 2016 and 71,000 jobs in 2015. Learn Harrow supported 4,594 adult community learners in the 2017/18 academic year. This demonstrates growth since 2016/17. The

Objective	What we will do	Progress so far (as at Quarter 2, 2018/19)
		number for 2018/19 will not be known until August 2019. A new Community Learning Strategy will be developed in Q4 2018/19: this will touch on employability and will form an important part of the work on the new Local Plan.
	Help 300 unemployed residents back into work	473 residents have been supported into work. This includes Learn Harrow for 2017/18 academic year and Xcite for 2018/19 financial year.
	Tackle low wage rates in Harrow, whilst supporting local businesses with business rate relief to ensure they can pay employees the London Living Wage	<p>In the new financial year, we expect to commence a programme to work with low paid residents and businesses to address skill gaps and improve productivity. Our programme will deliver short focused courses. To date we have identified sector specific training in several sectors, as well as generic training. The generic training includes subjects that will be of importance to self-employed residents and owner managers.</p> <p>The Retail Relief Scheme Policy is to go to Cabinet in January 2019 to ensure the latest Central Government funded relief is awarded from April. This should reduce our SMEs' local taxation burden by approximately £1.3m in 2019/20 alone.</p> <p>The policy adopted does not rely on application forms and all that were entitled to a similar scheme in 2015 will automatically be granted relief. This speeds up the process, ensures improved cash flow and reduces the burden on the businesses in Harrow.</p>
	Run debt advice clinics for residents of the borough, to tackle mounting debt especially amongst young people	Citizens Advice Harrow (CAH) delivers the general information and advice service in the borough which includes debt management. Between April and December 2018 CAH helped clients manage over £1.5m of debt. The top debt issue continues to be Council Tax arrears. Citizens Advice will also be delivering the digital support and personal

Objective	What we will do	Progress so far (as at Quarter 2, 2018/19)
		budgeting for Universal Credit on behalf of DWP from April 2019.
	Launch an independent Low Pay Commission in Harrow, to tackle the issue of low wages in our borough	A cross-party commission on Universal Credit has been established and has held three formal evidence gathering sessions. Their report is due to be published by the end of February.
	Work with local stakeholders, employers, education providers and the GLA to develop a strategy on the current and future employment needs of the borough	Engagement is taking place through the Enterprising Harrow Steering Group and with businesses.
Inward Investment	Invest in District Centres to provide attractive bars, restaurants and leisure activities to improve the local offer and economy of Harrow	Examples of activity to date include: The Rayners Lane Triangle is completed and “opened” - launched at the Festive Lights switch-on event, the Harrow Town Centre Food Event took place sponsored by Metro; and a food toolkit to help new food operators.
	Be proactive in bidding for strategic funds from central government and bring new revenue streams into the borough	£2.2m worth of external funding has been secured so far this year (April 2018 – December 2018.) A further £5m is pending.
	Support the development of a third runway at Heathrow airport.	Support has been provided to the Heathrow Skills Taskforce on social value that can be delivered through the expansion of the airport.

5. Modernising Harrow Council

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Objective	What we will do	Progress so far (as at Quarter 2, 2018/19)
Continue to deliver efficiencies and commercial income	Review the number of councillors per ward with a view to lowering the cost of running the council	The Council made a warding pattern submission to the Local Government Boundary Commission for England (LGBCE) based on a council with 55 councillors, which is eight fewer than at present. The LGBCE has now issued a proposal for consultation that provides for 55 councillors across a mix of three- and two-councillor wards. Changes, once agreed, will come into effect in May 2022.
	Consider in-house or non-profit options for all operations and supplier procurements	Procurement options should be considered and covered in Cabinet reports.
	Continue to explore and expand shared service arrangements	<p>We have a shared legal service with: Hounslow, Barnet, Aylesbury Vale, Slough and Buckinghamshire County Council and are looking for future opportunities.</p> <p>With regards the HR shared service Buckinghamshire County Council (BCC) have served notice to terminate the arrangement on 30th September 2019. We are working constructively with BCC on these exit arrangements in order to bring the service back in house, but will continue to explore any future opportunities for the councils to continue to work together as well as lessons learned to apply to future opportunities across the council.</p>
	Bring in new commercial income	Work continues to bed in and establish current projects such as trade waste, pest control, transport (incl. MOT bay), Brent SEN Transport, gardening service, Training Academy, events, filming,

Objective	What we will do	Progress so far (as at Quarter 2, 2018/19)
		Barnet co-location, bulky waste, cookery school. New business cases are also being developed as we push forward with this work
	Deliver 2000+ new homes on council-owned land in the next decade and use any profit to support council services and become more self-sustaining.	The Council has been undertaking a review of the most appropriate delivery vehicle to deliver the new homes for the Council to rent out.
Environmental Sustainability	Reduce our carbon footprint, emissions from council buildings and energy bills	<p>Energy consumption and CO₂ emission levels for the Council's corporate buildings and schools has reduced by 5% against our 4% annual carbon footprint set target.</p> <p>The Council's Climate Change Strategy incorporating the Air Quality and Climate Change Action Plans has been approved by Cabinet on 17 January 2019. This Strategy provides a framework within which the Council can undertake effective actions to meet its social and environment commitments in accordance with the GLA's Zero carbon target and working model.</p>
	Work with the Mayor's office to proactively tackle pollution in Harrow and improve air quality across the borough especially from the proposed expansion at RAF Northolt .	A consultancy company has been engaged to start the process of developing an updated air quality strategy, including working with stakeholders.
	50% of trips to be on foot, by cycle or by public transport by 2021	Between 2014/15 and 2016/17, 48% of daily trips were made by foot, cycle or public transport in Harrow. The Harrow Transport Local Implementation Plan sets an ambition to achieve 50% by 2021.

Objective	What we will do	Progress so far (as at Quarter 2, 2018/19)
	Introduce “no-go” areas for high emissions vehicles and incentivise electric vehicle usage	Environmentally friendly vehicles are already free and included within the fees and charges for both residents and businesses, which would cover electric vehicles. The Council has consulted on and is preparing the borough transport LIP and this provides an opportunity to consider how we incentivise electric vehicle usage.
	Create electric vehicle charging points through the borough	These will be provided on the Grange Farm Regeneration scheme and elsewhere when required by Planning. We are also incorporating appropriate policies into the revised Local Plan and will implement through the planning system. Electric charging points will be installed on the Gayton Rd development.
	Divest from fossil fuels in our pension fund	We will start work to explore the feasibility of doing this this year.
	Ensure our new civic centre is a zero-emissions council building	The Council is currently reviewing the new civic centre and as part of that review will explore the most cost effective way of delivering zero emissions.
Technology & Digital - Continue to collaborate with leading technology providers to bring innovation to transform how the council works	Improve how we provide services to local residents, continuing to move services online whilst also supporting those who may be ‘digitally excluded’	Over the last twelve months, the Council has continued to improve both the functionality and customer experience through digital services. This will continue over the forthcoming year as we prepare to transition the website and MyHarrow account to a new platform, creating a personalised experience for residents.. This has enabled us to improve the shift to self-service as follows. In comparison to 2017/18: Call volumes are 3% lower, Face to face visits are 12% lower and email traffic is 2% higher. MyHarrow account log-ins are 8% higher, Web Forms are 17% higher, Web visits are 15% higher. Overall,

Objective	What we will do	Progress so far (as at Quarter 2, 2018/19)
		customer self-service stands at 89.4% - a record high. The Council is also moving to a hybrid mail solution reducing stationery costs through off site posting. Ongoing work to reduce outbound postage by utilising Digital services is under way.
	Work with the Mayor's office to bring 5G to Harrow	5G requires a Fast Fibre Broadband backbone. We have secured some funding from the Strategic Investment Pot to connect public buildings to super-fast broadband. Transformation & Technology and Economic Development are working jointly on exploring the options with the market and with other services.
	Make Harrow a 'smartphone' council, with key services such as street cleaning and fly-tipping reporting accessible through digital means	Harrow Council was a co-publisher of the Local Digital Declaration and signed the declaration in 2018. Other initiatives include: <ul style="list-style-type: none"> • The Council is part of a joint EU Funding bid about the use of technology in residential care homes. • Working with the Food Standards Agency to pilot an app to simplify the food hygiene certification process • Testing Artificial Intelligence technology through a chatbot on certain pages of the website to assist residents find relevant web pages. • Working with AWS (Amazon Web Services) to release a number of 'Alexa' skills related to a customer's specific address allowing residents to retrieve missed bin data through their assistant and to train apprentices in programming skills and cyber security. • Working with Capita and Jadu to launch the first truly personalised Council website.
	Go paperless in meetings	A large proportion of staff have laptops or iPads which provide access to meeting papers electronically. All shared meeting rooms

Objective	What we will do	Progress so far (as at Quarter 2, 2018/19)
		have screens and PC's which allow papers to be displayed. Over the next two years all staff will receive a mobile device as part of a programme to facilitate full flexible working and meeting room technology will be updated to provide even more collaborative working over distributed teams.
	Open up Harrow Council data to foster innovation	Some data beyond the mandatory requirements is already made available to the public, for example the Young People's Needs Analysis 2018, published jointly with the Young Harrow Foundation, and the Vitality Profiles, containing a range of information about Harrow (currently under refresh). Further work will be undertaken to establish other data sets that could be made available for use by residents, local organisations and businesses.
	Explore the use of crowdsourcing to encourage civic engagement	We are exploring ways in which we could do this within the resources available or by bidding for external funding.
Continue to improve accessibility to council services for disabled people.	Increase the number of venues in the borough that are approved by Access Able as accessible to members of the public who are disabled	Harrow Council currently have 293 Detailed Access Guides and 82 Key Accessibility Guides on the www.AccessAble.co.uk website.
Being a Good Employer	Explore the implications and benefits for Harrow residents of joining the Greater London Mutual Bank	Initial discussions have taken place this year with the Mutual Bank to start to explore the implications and benefits.
	Deliver improvements against our Corporate Equality Objectives	The Annual Equalities Report for 2017/18 showed good progress being made against the corporate equality objectives with a range of activity taking place. The next Annual Equalities Report for 2018/19 is due to go to the Performance and Finance scrutiny sub-

Objective	What we will do	Progress so far (as at Quarter 2, 2018/19)
		committee in April 2019.
	Stonewall workplace equalities index	In the 2019 index Harrow were ranked 197 out of 445 organisations that took part. This is a reduction in our ranking of 40 places compared to last year, but over 40 more organisations have participated in the index this year. An action plan is in place to deliver a range of activities to contribute towards our submission this year.
	Disability Confident level 2 accreditation	<p>The Council's Disability Working Group is working on achieving Level 2 of the Disability Confident Scheme by:</p> <ul style="list-style-type: none"> • Launching a new pilot Disability Awareness training course • addressing some accessibility issues within our buildings and other facilities • developing guidance to support managers on how they can better support disabled colleagues and colleagues with long-term conditions <p>As part of the work of the Disability Working Group, the council has commissioned Business Disability Forum (BDF), a not-for-profit business organisation, to carry out an independent review to help us understand how we can continually improve how workplace adjustments are made for disabled colleagues and colleagues with long-term conditions. BDF will report on the findings and recommendations in the early 2019.</p>
	Embed effective standards for countering fraud and	A draft fraud risk register summary went to CSB ⁵ in May 2018 and GARMS ⁶ Committee on 17 July 2018 for review. Further work will

⁵ Corporate Strategic Board

⁶ Governance, Audit, Risk Management and Standards

Objective	What we will do	Progress so far (as at Quarter 2, 2018/19)
	corruption from the organisation to minimise impact on service provision	<p>be carried out in Q3 to ensure the risks identified are accurate, owners identified and actions to further mitigate those fraud risks achievable.</p> <p>The Corporate Anti-Fraud & Corruption Strategy was reviewed and a progress report against the strategy went to CSB in May 2018 and GARMS on 17 July 2018.</p> <p>Internal Audit and the Corporate Anti-Fraud Team have an annual work programme of acknowledging, preventing and pursuing fraud and corruption. The 2018-19 joint annual work programmes were taken to CSB in May 2018 and GARMS Committee on 17 July 2018 along with year-end reports for 2017/18.</p>

CABINET – 21 FEBRUARY 2019

REFERENCE FROM OVERVIEW AND SCRUTINY COMMITTEE – 12 FEBRUARY 2019

MINUTE 45 - Corporate Plan 2019/2020

The Committee considered a report on the 2019/20 Corporate Plan which set out the key priorities, activities and outcomes for the next year and the progress that had been made against these to date. It was noted that Cabinet would be considering the Corporate Plan on 21 February 2019 prior to submission to full Council on 28 February 2019 for formal adoption.

The Leader and Portfolio Holder for Performance, Corporate Resources and Customer Services, introduced the report, stating that it sat alongside the final Revenue Budget 2019-20 and outlined what the Council intended to do and how those actions and services would be funded. Particular attention was drawn to the five priorities set out in the Executive Summary and narrative which highlighted that Harrow was one of the lowest funded Councils in London and the major issues around deprivation, care costs and homelessness. He commented on the limited funding and significant pressures and that Harrow provided services at minimum cost and was doing it well. He thanked the officers for the work undertaken in the preparation of the document. He drew particular attention to:

- successful bids for external funding, however such monies were often time limited;
- the delivery plan which set out the key projects and initiatives to be undertaken together with progress to date would enable scrutiny to ensure that resources were appropriately targeted and benefited the right people at the right time.

The Chief Executive advised that the Corporate Plan set out the aims of Harrow Council at the highest strategic level and provided a good summary for residents. He indicated that scrutiny would be welcomed over the coming year.

A Member referred to the £1.75bn of public and private investment in the regeneration programme and sought information on the proportion of public investment, the envisaged spend in 2019/20 and which regeneration projects would be funded in 2019/20. The Leader of the Council undertook that the information on the amount of public investment would be provided to the Member. With the exception of the Waxwell Lane and Haslam House schemes, the regeneration strategy was under review to look at risks around fluctuating costs and to identify the borrowing cap and resultant revenue costs. It was noted that Ward Councillors would be notified regarding the Haslam House tender.

A Member expressed disappointment at the lack of reference to Members in the Council's Corporate Values. The Chief Executive supported the inclusion of Members stating that all the best Councils were characteristically strong

and effective political and managerial leaderships which worked together on common objectives. Whilst the purpose of the document was relatively internal facing as to what officers and managers should do to meet the objectives and targets, it was also necessary to reflect partnership work and its achievements for Harrow. The Leader of the Council referred to the non-executive role for a voluntary organisation representative on Harrow's Cabinet as an example of partnership working. The inclusion of reference to Members in the corporate plan was supported.

A Member stated that he was unclear as to the purpose of the Ambition Plan and how it fitted into the Corporate Plan structure. The Member commented that the agenda report referred both to a Corporate Plan and to a Harrow Ambition Plan and that it was a one- year operational plan, not a strategic document. In addition he suggested that, as the regeneration expenditure of £1.75bn did not refer to one year only, a budget horizon of at least three years was more appropriate than a one year financial budget. The Leader of the Council responded that there was no certainty on the budget beyond 2019/20 and that the plans, policies and strategies underneath the Ambition Plan such as the SEND strategy and waste review provided the detailed information. It was noted that the three year Medium Term Financial Strategy indicated what the Council intended to do. The Divisional Director, Strategic Commissioning advised the Committee that the Council's Constitution called the document the Corporate Plan. It was therefore recognised that narrative was required as to why it was called Harrow's Ambition Plan

The Divisional Director, Strategic Commissioning undertook to change the Plan with regard to the DHA summary (Alex/Rachel what does this stand for?) due to a question from a Councillor regarding its origin and importance vis a vis the Plan.

A voluntary aided sector representative referred to the objective to deliver new schools and school places and asked how the Council planned to create additional school places after 2020 and whether the places would be in existing secondary schools or whether new schools would be constructed. The Leader of the Council responded that an annual report to Cabinet provided information on projected and actual numbers calculated by use of a number of strategies including the projected ONS figures. The school proposed for the Kodak development site was subject to there being sufficient potential pupils. The bulge classes were heading to secondary school and, whilst there were currently sufficient places, the situation would be monitored and capital investment considered if necessary. The Committee was informed that as Local Authorities could not individually set up new schools work would be undertaken through trusts, free schools or academies or work within existing schools if required.

A Member suggested that the Council needed to increase its partnership work with the police against crime. The Leader of the Council reported that there had been a one third reduction in the police budget. The Council tax precept was being used for additional police. It was hoped that the vacancies in the two dedicated ward officer posts, arising from a high turnover within the Police

Force, would be filled by officers completing their training at Hendon Training Centre. The creation of Basic Command Units should provide opportunities for greater collaborations and efficiencies such as specialist burglaries. Monthly meetings took place with the Police.

The Member also expressed concern lest the move to online services, despite the offer of training, result in the disenfranchisement of vulnerable people from using Council services if a totally online system was established. The Committee was advised that the contract with Sopra Steria finished at the end of 2020 and the supplier of MyHarrow was closing. A report to be submitted to Cabinet on the migration would ensure some accessibility by the public, particularly in connection with the most vulnerable.

In response to a question as to how Harrow's Council Tax collection levels in excess of 97% compared with other London Councils, the Leader of the Council stated that Harrow performance was one of best in London. He advised that as 1% of Council Tax collection equated to £1.2m it was important to remind people robustly but the opportunity for payment plans was provided.

Concern was expressed that the staffing component of the Plan did not explicitly refer to gender or BAME staff. The Leader stressed the commitment made that equality was top of the agenda and that it was recognised that there was always room for improvement. The Chief Executive advised of the inclusion of all the protected characteristics but that the Plan included examples of more recent emphasis. The Committee was advised that generally the workforce reflected the Borough and Community and that in the medium term strategies with regard to representation higher in the management hierarchy would be investigated. The Committee requested that Cabinet include specific reference to equality for gender and BAME staff in the Corporate Plan with targets.

In response to a question relating to Harrow Homes for Harrow People and confusion by residents at the different definitions of affordable homes such as London Affordable Rent, London Living Rent, and the mention of affordable and rent in the Plan, the Leader of the Council explained that the affordability criteria varied between different sites and he undertook to request the officers to circulate the affordable housing list. The Chief Executive added that the list would be helpful due to the quarterly numbers not being included in the Corporate Plan yet as it was the start of the corporate plan process. In addition, when an activity was reported it could indicate the category of the affordable homes. The Divisional Director, Strategic Commissioning further undertook to include a footnote to the Build a Better Harrow section of the Plan to indicate which definition of affordability applied.

With regard to housing, a Member asked for clarification on the numbers of homes as there was reference in different parts of the Plan to: 5500 new homes, £32 million from City Hall to build 614 new council homes, delivering 2000+ new homes on council owned land and mention of 500 homes over the next 2 years by the Leader when he had spoken to the Committee in January

about the draft budget. He asked how many homes would be provided in the next eight to ten years and whether they were all in addition to any private sector building. In addition he asked what the target number of homes was for the Mayor's Homes for Londoners Programme. The Leader of the Council responded that government funding through London Councils was for over 5 years and was a target of 1500 rolling programme. Some sites were Council owned and some provided by developers. The HRA finance would be for 600 homes on infill sites and the Grange Farm development. It was agreed that details of how the different figures given in the report fitted together would be circulated. With regard to the Mayor's Homes for Londoners programme the Council had challenged the basis of one bedroom accommodation as the requirement was for larger properties. The Divisional Director, Strategic Commissioning stated that it was a London target rather than an ambition set by the Council.

A Member suggested that with regard to 16-24 year olds whilst prevention initiatives were programmed there was not much for this age range to do to occupy their time. The Leader of the Council provided examples of projects by the Harrow Young Foundation and social clubs and events across the borough and questioned whether it might not be the range and location of activities but a lack of advertisement. In addition voluntary organisations were doing exceptionally well looking for gaps in the market and putting in bids for funding. He stated that the challenge was to work better together to stop young people getting into the fringes of gangs. A Member commented that social clubs were not seen as 'cool' or considered to be for those with mental health problems. The Divisional Director, Strategic Commissioning referred to a needs analysis and the piloting of a system to indicate the location of activities by postcode. The general view of the Committee was that engagement and communications were lacking and this should be taken up with voluntary partners. It was noted that some groups were always difficult to engage with.

Members raised a number of questions and received responses as follows:

- Community Infrastructure Levy monies remained in the bank accounts until it was used for a project. There were proposals to simplify the Neighbourhood Community Infrastructure Levy;
- the inclusion of additional context and data had to be balanced against readability and the risk that the document became unwieldy. A quarterly Corporate Scorecard report containing RAG (red, amber, green) indicators and quantitative indicators would be submitted to Cabinet. This information could also be included for the Committee in future;
- the aim was to use Harrow People to communicate the high pressures on Adult Services particularly with regard to the health element. There was a need to review how this was communicated;

- A Member commented that, with regard to the proposal to reduce the number of Councillors in Harrow to 55, it could not be put forward as an achievement of the Administration for which it had aimed as it had opposed it and been forced into it. The Leader replied that the Local Government Boundary Commission had made a proposal and as there was no appeal the Council was considering the implementation. An officer stated that the position would be made clear in the narrative.

Resolved to RECOMMEND: (to Cabinet)

That the comments from the Committee on the Corporate Plan be referred to Council.

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REPORT FOR: CABINET

Date of Meeting:	21 February 2019
Subject:	Final Revenue Budget 2019/20 and Final Medium Term Financial Strategy 2019/20 to 2021/22
Key Decision:	Yes
Responsible Officer:	Dawn Calvert – Director of Finance
Portfolio Holder:	Councillor Adam Swersky – Portfolio Holder for Finance and Resources
Exempt:	No, except for Appendix 17 – Corporate Risk Register extract on the ground it contains “exempt information” under paragraph 3 of Part I of Schedule 12A to the Local Government Act 1972 (as amended) in that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information).
Decision subject to Call-in:	Yes, except where decision is reserved to Council and is for noting only
Wards affected:	All
Enclosures:	Appendix 1A – Proposed savings and growth 2019/20 to 2021/22 (New proposals) Appendix 1B – Proposed savings and growth

2019/20 to 2020/21 (to be agreed from 2018/19 and 2017/18 MTFS)
Appendix 1C – Consolidated proposed savings 2019/20 to 2021/22
Appendix 2 - Medium Term Financial Strategy 2019/20 to 2021/22
Appendix 3 - Revenue Budget Summary 2019/20
Appendix 4 - Levies, contributions and subscriptions
Appendix 5 – Policy on use of contingency
Appendix 6 – Schools Budget 2019/20
Appendix 7 – Public Health Budget 2019/20
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 2019/20
Appendix 13 – Annual Pay Policy Statement for 2019/20
Appendix 14 – Stakeholder Consultation – minutes of meetings
Appendix 15 – Flexible Use of Capital Receipts
Appendix 16 and 16a – Cumulative EQIA for savings proposals
Appendix 17 – Corporate Risk Register Extract
Appendix 18 – Amendment to Cemetery Fees and Charges 2019/20

This report sets out the final revenue budget for 2019/20 and Medium Term Financial Strategy (MTFS) for 2019/20 to 2021/22. In December 2018, Cabinet approved draft versions of the revenue budget and MTFS for general consultation.

Recommendations:

Cabinet is recommended to:

- 1) Recommend the 2019/20 budget to Council for approval, being mindful of the results of the various consultations and equality impact assessments, to enable the Council Tax for 2019/20 to be set (Appendix 2).
- 2) Recommend the Model Council Tax Resolution 2019/20 to Council for

approval as set out at Appendix 11.

- 3) Recommend to Council that in accordance with Section 38(2) of the Local Government Finance Act 1992, the Chief Executive be instructed to place a notice in the local press of the amounts set under recommendation 2 above with a period of 21 days following the Council's decision.
- 4) Approve the Medium Term Financial Strategy (MTFS) for referral to Council (Appendix 2).
- 5) Note the addition of £2.627m to the Social Care Reserve as set out in paragraph 1.8.
- 6) Note the balanced budget position for 2019/20, and the budget gaps of £16.795m and £9.345m for 2020/21 and 2021/22 respectively (table 4).
- 7) Note the intention to increase Council Tax by 2.99% in 2019/20 (paragraph 1.23).
- 8) Note the proposal to increase Council Tax by a further 2.0% in 2019/20 in respect of the Adult Social Care Precept (paragraph 1.23).
- 9) Note the changes to schools funding for 2019/20 as set out in paragraphs 1.57 to 1.63 and Appendix 6.
- 10) Note the assumed funding for the protection of social care in 2019/20 through the BCF as set out in paragraphs 1.62 to 1.68.
- 11) Approve the draft Public Health budget for 2019/20 (Appendix 7).
- 12) Remove all resident charges relating to child burials (paragraph 1.69, Appendix 18)
- 13) With regard to the London Business Rates Pooling Pilot agree 11 and 12 below:
- 14) Approve participation in the second year of the London Business Rates Pilot Pool with effect from 1 April 2019 (to 31 March 2020) and delegate to the Director of Finance, in consultation with the Portfolio Holder for Finance and Resources, and the Monitoring Officer, to finalise the details for the continuation of the pilot pool.
- 15) Delegate to the Director of Finance, in consultation with the Leader of the Council, Portfolio Holder for Finance and Resources and the Monitoring Officer the authority to consider such consultative reports as the Lead Authority may circulate and to respond on behalf of the authority with regard to any recommendations and in particular,

proposals for projects to be approved for funding from the Strategic Investment Pot.

16) Recommend the 2019/20 Members' Allowance Scheme to Council for approval (Appendix 12).

17) Recommend the 2019/20 Annual Pay Policy Statement for Council for approval (Appendix 13).

18) Recommend the Capital Receipts Flexibility Strategy to Council (Appendix 15).

19) Note the comments from the various stakeholder meetings (Appendix 14)

Reason: (For recommendations)

To ensure that the Council sets a balanced budget for 2019/20.

Section 2 – Report

INTRODUCTION

1.0 The Government continues to reduce its funding to Local Government as part of its nationwide austerity programme. In their publication ‘Local Government Funding – Moving the conversation’ (June 2018) the Local Government Association shared a number of their key statistics including:

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

1.1 Table 1 below summarises the key financial changes over the 7 year period up to 2019/20:

Table 1: Summary of Key Financial Changes 2013/14 to 2019/20

	Reduction in RSG	Demand Led Growth	Technical Growth	Savings	Additional Revenue from Council Tax	Business Rates
	£m	£m	£m	£m	£m	£m
2013/14	52.1	10	10	-22	-1.8	14.7
2014/15	42.6	5.5	-2.1	-10	-1.9	14.5
2015/16	32	7.7	5.9	-20.6	-3.4	14
2016/17	21.9	4.7	9.5	-16.6	-6.8	13.2
2017/18	13	10.7	-0.6	-10.2	-7.3	14.4
2018/19	7.3	9.8	1.7	-7.4	-5.3	14.4
2019/20	1.6	7.4	-4	-5.2	-8.5	14.4
Total		55.8	20.4	-92	-35	

The 2019/20 allocations are subsumed within the Business Rates Pilot Pool.

The table shows:

- The Council has seen the Revenue Support Grant, its main source of funding from central government, reduce by 97% over the 7 years, reducing the grant to £1.566m (£1.6m)
- Growth of £55.8m has had to be provided to fund the continued pressures on front line services, mainly adults and children’s social care and homelessness
- Technical growth of £20m has had to be provided to fund inflationary pressures (pay and non pay) and the cost of capital investment in initiatives including highways maintenance and the acquisition of properties to alleviate homelessness
- These three factors have taken the total budget shortfall to find over the seven year period to £128m to achieve a balanced budget

- Savings of £92m have been achieved but the profiling of these savings, and how they have reduced in recent years, demonstrates the challenges of finding sustainable savings year on year
- There is an increased reliance on Council Tax to support the budget
- Business Rates has remained largely static, the Borough has been adversely affected by permitted development allowing office space to be converted to residential

The Council has received, and continues to receive one off funding, including:

- Transitional Grant (£712k in 2016/17 and £699k in 2017/18)
- Winter Pressures funding for Adults Social Care (£968k in 2018/19)
- Adult Social Care support grant (£606k in 2018/19)
- Adult and Children's Social Care (£2.627m in 2018/19)
- Improved Better Care Fund (£4.643m in 2018/19, £5.467m in 2019/20)

Whilst this funding is well received its non recurrent nature, alongside the uncertainty of Local Government funding going forward, significantly increases the challenge of budget planning and achieving financial sustainability.

- 1.2 Harrow Council does not have large cash reserves. Its general fund balances stand at £10m and remain within the lower quartile when benchmarked with other local authorities and spending them is not a responsible way to offset lost revenue. Harrow Council's gross budget for 2019/20 is £600m. A significant proportion of this funding is ring fenced for services such as housing benefit, schools and public health. The Council's net controllable budget is £168m in 2019/20 and this is the element of the budget that must be found. The direct departmental spend of £150m (which excludes corporate items such as capital financing costs and contingencies) is set out in Table 2 below:

Table 2: Planned Spend on Services in 2019/20

Net Controllable Revenue Budget	Budget 2019/20 £000	Description of service
Resources & Commercial		
Council contribution to freedom passes scheme	10,158	Every resident should have their independence. This funding allows our older residents and those with a disability to have access to the independence and better quality of life that free travel across Harrow and London can ensure.
The Council's call centre, main reception and website administration costs	4,116	Residents want to contact the authority in a number of different ways. This funding supports those channels of communication, so that residents can contact the council in the way that is most convenient for them, whether it is online or over the phone. We want to ensure that we are accessible to residents, especially those most vulnerable and who do not have access to the Internet, offering a timely response.
Support for revenues and residents benefit claims	2,280	This funding provides assistance to those residents in need with benefit claims, helping them access the support they need and offering a timely response.
Resources	20,565	Provision good frontline services relies on strong back office functions, including Legal, HR, procurement and IT support. This budget ensures a high quality support function for the Council.
Community		
Keeping Harrow clean & green	14,639	The council undertakes street cleaning, grounds maintenance, collection of refuse, recycling, food and garden waste to all residential properties within the borough, including collecting and preventing fly-tipping, managing and maintaining parks, maintaining highway verges, licensing and preventing Anti-Social Behaviour. This budget includes investing in neighbourhood facilities and pro-active action to stop our streets becoming dirty in the first place. The council is determined to make Harrow clean again- which means Intelligence led street cleansing to ensure that those areas that require high frequency cleaning receive it; picking up your bins on time; and finding and fining those who blight our borough with litter and fly-tips. We are renewing our street lighting to more efficient and cost effective ones, monitoring and maintaining all the road surfaces in the Borough and taking the initiative to reduce road accidents.
Promoting culture and sports in the Borough	455	Libraries, leisure and cultural facilities are important to us and our residents and they form an essential part of our plan to build a better Harrow. This money maintains our well used and popular libraries, as well as other leisure and cultural facilities in the Borough.
Housing General Fund	3,829	The Council has a duty to ensure all our residents have somewhere to live. This money is spent providing temporary accommodation for residents and families in need. This also goes towards housing vulnerable residents, who, for example, are fleeing domestic violence.
Economic Development & Research	710	The council team that works with local businesses and employers to create hundreds of jobs, apprenticeships and training opportunities, particularly for our young people. They also bid for grants from Government to support businesses and regenerate Town Centres in the Borough. We want our local businesses to be successful and able to reach their full potential with access to more commercial workspaces and the ability to employ local people in the many jobs they are able to create. It is this team that is one of the reasons we were awarded the best small business friendly Borough in London.
Planning Services	218	As a Planning Authority, the Service processes planning applications and enforces planning standards across the Borough.
People - Adults and Public Health Services		
Support for Adults and Children with a disability and older people.	60,553	We spend millions of pounds on caring for older residents, and those with a disability. This covers thousands of residents in the Borough and includes day care centres, overnight respite care and home visits by support workers, as well as residential care for the most complex. Our support helps give our residents, dignity, independence and support for their carers and family.
Quality Assurance & strategic management services	1,704	We want to ensure our residents receive the care they deserve. This is the money we spend on safeguarding to ensure that the care our residents receive in the borough - including in private care centres - adheres to the highest standard of care, and strategic management to ensure we have appropriate services in place to meet the needs of our residents.
People - Public Health Services		
Public Health	(1,867)	The Public Health grant support statutory duties such as NHS Health Checks, Health Visiting and Sexual Health, in addition to supporting non statutory duties such as drug misuse prevention and wider health improvement activities, to ensure the general health and wellbeing of the local population.
People - Children's Services		
Children & Young People's Services	25,511	We provide valuable support to families and young people across the Borough. This includes Children's Centres to support young families and social workers to work with our most vulnerable children and families. We want our youngest and most vulnerable children to have access to key services that will help reduce child poverty and give them the best start in life. This also includes adoption and fostering services.
Education Services	7,080	The Council is very proud of its schools and the quality of education provided in the borough as we remain one of the top boroughs in the country in terms of education results. We are keen to offer the appropriate support services for vulnerable children, such as education services for children in care or with special educational needs.
Total Service Budgets	149,951	

- 1.3 The final budget set out in this report shows a balanced budget position for 2019/20 and budgets gaps of £16.795m and £9.345m for 2020/21 and 2021/22 respectively. Whilst it is intended that Members will approve the MTFS up to 2021/22 within this report, this is subject to a number of assumptions in relation to grant settlements, council tax income, legislation and demographics. The Council will still be required to review the Council's budget on a yearly basis; however approval of the MTFS will allow officers to progress a number of important projects.
- 1.4 The Council has a statutory obligation to agree and publish the budget for 2019/20, and this report sets out the final budget for 2019/20 and the final three year MTFS up to 2021/22.

BACKGROUND

- 1.5 The budget process is designed to ensure that it is priority led so that resources are aligned with council priorities and statutory responsibilities including equalities implications. The Harrow Ambition Plan 2019 sets out the ambitious council vision of 'Working Together to Make a Difference for Harrow' which is supported by five key priorities:
- Building A Better Harrow
 - Supporting Those Most In Need
 - Protecting Vital Public Services
 - Delivering A Strong Local Economy For All
 - Modernising Harrow Council

EXTERNAL FUNDING POSITION

- 1.6 Harrow Council is one of the lowest funded councils in London. In 2015/16 Harrow's revenue spending power per head was £159 (or 17.3%) lower than the London average which ranked Harrow 26th out of 32 London Boroughs. A similar comparison with the England average shows Harrow's revenue spending power per head was £127 (or 14.3%) below average and ranked Harrow 105th out of 120 local authorities. Subsequent financial settlements have done little to address the balance on Harrow's funding position. The revenue spending power per head analysis was updated and concluded that Harrow's core spending power per head in 2019/20 is estimated to be £170 lower than the London average and £75 lower than the rest of England average.
- 1.7 The 2018 Budget did announce additional funding for local government. The three key areas in terms of additional funding and impact on the Councils revenue and capital budget are social care, pot holes and Disabled Facilities Grant:
- 1.8 **Social care** – Additional funding of £240m was announced for adult social care in 2019/20. Harrow's share is £970k based on the relative needs formula. A further £410m will also be made available to support both adult and children's social care in 2019/20 and Harrow's share is £1.657m. This provides additional revenue funding of £2.627m in total

for Harrow in 2019/20. Whilst this is a helpful contribution to social care demand pressures, there is concern that this funding is for one year only with no announcements post 2019/20. For this reason the funding cannot be built into the base budget and this report recommends holding the funding in a Social Care Reserve.

- 1.9 **Pot Holes** - £420m of new funding will be made available across England for pot holes. Harrow's share is £509k and has been added to the 2018/19 Capital Programme.
- 1.10 **Disabled Facilities Grant (DFG)** – An additional £55m of DFG funding will be allocated in 2018/19 to provide home aids and adaptations for disabled children and adults on low incomes. Harrow's share is estimated at £226k and will be added to the 2018/19 Capital Programme.
- 1.11 Whilst additional funding is well received, there remains significant concern that the funding announced is for 2019/20 only and will not address the low funding baseline for Harrow Council and how it manages its budget on a sustainable basis moving forward.
- 1.12 The last Spending Review (SR15) was followed by a four-year offer to councils to set Settlement Funding Assessment levels (SFA) between 2016/17 to 2019/20. 2019/20 is the final year of the four year settlement and local government finance is undergoing a period of significant change that brings with it growing uncertainty for the sector. The coming months will see three major external events that will change the amount of funding every local authority receive from 2020 onwards:
 - The next **Spending Review (SR)** will set the overall quantum of central government funding to local government when it sets government departmental expenditure limits for the next few years. The period the SR will cover, timelines for submission and the date of SR announcements all remain unknown.
 - The **Fair Funding Review** will set the new needs baseline in April 2020 and will therefore determine the distribution of core central government funding to local government. Further consultation is expected later this calendar year and in summer 2019 as work is progressed. Arrangements are expected to be finalised in autumn 2019. Transition arrangements remain unknown.
 - The **75% business rates retention scheme** will start in 2020-21. This will involve establishing new business rates baselines, setting new parameters regarding the level of risk/reward and, therefore, the ability of each local authority to benefit from growth, as well as the time period over which growth will be retained.
- 1.13 The next round of Funding Reform consultations are underway and cover Fair Funding and Business Rates Retention. The Council will be

responding to these consultations, alongside London Councils and the Local Government Association, before the submission date of 21 February 2019.

DELIVERY OF THE 2018/19 BUDGET

- 1.14 Delivery of the 2018/19 budget is critical to maintaining the Council's financial standing and to do everything possible to protect front line services. The 2018/19 revenue budget includes a challenging savings target of £8.801m. At Quarter 3 (as at 31st December 2018) performance against the savings target is good in light of the increasingly challenging fiscal and demand led environment:

- £6.196m of savings (70%) are already achieved or on course to be achieved (rated Green)
- £1.582m of savings (18%) are partially achieved or risks remain (rated Amber)
- £1.023m of savings (12%) will not be achieved (rated Red)

This position is an improvement on financial performance against budget savings at this stage in the year compared to 2017/18 when 63% of savings were rated green, 21% rated amber and 16% rated red.

- 1.15 The Quarter 3 forecast, subject to a separate report elsewhere on the agenda, indicates a directorate overspend of £4.137m net, the key pressures relating to pressures within Adults Services and Environment and Culture as detailed below:

Adults Services is forecasting an overspend of £5.022m, reduced to £3.446m after applying one off grant income received from central Government, announced after the 2018/19 budget was set. The Adult Social Care support grant yields £606k for Harrow and is being applied to fund care provider inflationary uplifts. At the beginning of October 2018 funding of £240m was made available to councils to pay for social care packages for winter 2018/19 and Harrow's share of the funding was £970k. Both these funding streams are one off in 2018/19 and therefore have not been built into the base budget. The pressures forecast by Adult Services relate to increases in demand for social care placements which have continued to increase throughout the year.

The Environment & Culture division is forecasting to overspend by £650k as a result of pressures from dry recycling disposal, food waste collection, demand pressures increasing staffing costs in Clean & Green and challenges in achieving include targets across Civic Amenities and Public Protection.

- 1.16 Despite these pressures, financial management of the budget has remained robust throughout the year to ensure overall planned services are delivered within resources and an underspend is delivered to contribute towards the 2019/20 budget:

- Period 2 (as at May 2018) financial performance was reported to Cabinet in July 2018 which estimated directorate pressures of

£2.7m. Spending controls were immediately implemented across the organisation to generate £1.1m of mitigation actions which have been maintained throughout the year.

- Both the Resources directorate and Children's division are reporting forecast underspends totalling £1.345m.
- Robust management has prevented, to date, the need to call upon the contingency for unforeseen items (£1.248m). Corporate actions such as tight monitoring of cash balances to reduce the need to borrow and holding all external income received post budget setting corporately, has yielded underspends on corporate budgets.

The result of these actions a forecast underspend of £2.2m for 2018/19 which will be carried forward and applied to the 2019/20 budget.

- 1.17 Unlike other London Borough's, Harrow Council does not hold large reserves. During the audit of the 2017/18 financial statements external audit reported on the general level of reserves across London as a percentage of expenditure. Reserves ranged from 4% to 43% with Harrow being third from lowest at 8%. It is crucial that the Council is prudent and overall delivers services within budget or delivers an underspend to prevent a call on reserves.

COMPREHENSIVE SPENDING REVIEW

- 1.18 As part of the December 2015 Spending Review, the Secretary of State for Communities and Local Government (DCLG) made an offer to councils to take up a four year funding settlement for the period 2016/17 to 2019/20. In light of the RSG reduction of 93% over the 4 years, the Council did not apply to accept the offer along with 8 other Councils. The details of the next Spending Review remain unknown.

BUDGET PROCESS 2019/20

- 1.19 In February 2018 Council approved a three year budget. As the Council's financial position is dynamic and is affected by a number of financial uncertainties and adjustments that will impact upon its financial position over the short and medium term, in preparing the draft budget for 2019/20 the existing MTFS was refreshed and rolled on a year. The adjustments were reported to Cabinet in December 2018 and are shown in table 3 below followed by an explanation of the more significant adjustments which was included in the December report to Cabinet:

Table 3: Changes to MTFs (Prior to Government Settlement on 13 December 2018)

	2019/20	2020/21	2021/22
	£'000	£'000	£'000
Budget gap at February 2018 Council Report	£17,636	£16,061	£0
Implications of Rolling the Budget forward to include 2021/22			
Capital Financing Costs from the current Capital Programme			£1,900
Pay Inflation and General Inflation			£3,100
One off actions			
Use of £2m from the budget planning reserve (2017/18 underspend)	-£2,000	£2,000	
2018/19 Forecast underspend to be used for 2019/20	-£2,200	£2,200	
Revised budget gap	£13,436	£20,261	£5,000
Saving proposals:			
Resources	-£643	-£595	-175
Children's	-£831	£0	
Community	-£300	-£553	-643
Growth proposals:			
Resources	£400	£95	140
Children's	£315	£0	0
Adults	£995	£971	652
Community savings proposals requiring Capital financing Growth	£286	£330	244
Revised budget gap after savings and growth proposals	£13,658	£20,509	£5,218
Council Tax changes			
Collection Fund Surplus	-£2,200	£2,200	
Increase in core Council Tax - 4.99%	-£3,584		
Increase in core Council Tax - 1.99%		-£2,513	
Budget Gap assumed 2.5% precept but limited to 2%	£599		
Increase in Band D tax base from 85,946 to 86,250	-£445		
Revised gap after Council Tax adjustments	£8,028	£20,196	£5,218
Technical Adjustments			
Removal of MRP budget assigned to Regeneration (one off) 2019//20	-£1,000	£1,000	
Removal of MRP budget assigned to Regeneration (one off) 2020//21		-£1,000	£1,000
Use of Capital Flexibilities	-£800	£800	
2018/19 Business Rates Pool	-£3,500	£3,500	
Use of 2019/20 Business Rates Pool in 2020/21		-£2,625	£2,625
Additional S31 funding 2018/19	-£779	£779	
Additional New Homes Bonus income from growth	-£962	£300	
Removal of Budget assumed to fund Public Health Grant reduction	-£487		
Gayton Road - 72 affordable units	-£500		£500
Revised gap after savings, growth and Council Tax changes	-	22,950	9,343
Removal of Directorate growth		-£4,000	
		-£5,467	
Revised gap assuming IBCF continues	0	13,483	9,343

1.20 **Implications of rolling budget forward to include 2021/22:**

Set out below are the explanations for the figures in Table 2. This is also set out in Appendix 2 along with Adjustments included within the previous MTFS agreed as part of the 2018/19 Budget process:

- **Capital Financing Costs from the current Capital Programme-** when the Capital Programme was agreed in February 2018, there were capital financing costs in relation to 2021/22 which were not included as this year was outside of last year's MTFS period which only extended as far as 2020/21. Therefore these costs of £1.9m are included now for 2021/22. There is no inclusion of additional capital financing costs beyond the current existing capital programme as reported in the Capital Programme Report elsewhere on the agenda.
- **Pay Inflation and General Inflation** – A 2% pay award has been provided for in 2019/20 as this was agreed as part of a 2 year pay award for 2018/19. There is no information as to what the 2020/21 pay award will be, therefore 2% has also been assumed in the budget for 2020/21 which equates to approximately £2m. The remaining £1.1m is provided for general inflation.
- **One off actions** – The 2017/18 outturn achieved an underspend of £3.2m of which £2m was allocated to the Business Planning Reserve as a contribution to the 2019/20 budget gap. As this is a benefit in 2019/20, it is reversed out of the MTFS in 2020/21. The 2018/19 Revenue and Capital Monitoring as at 30 September 2018, which is a separate report elsewhere on this agenda, reports an estimated underspend in 2018/19 of £2.2m which is ear marked as a one off contribution to the 2019/20 budget gap.

1.21 **Savings identified as part of the 2019/20 Budget process**

Table 3 sets out additional savings of £3.740m and additional growth of £4.428m over the period 2019/20 to 2021/22 identified as part of the 2019/20 budget process.

1.22 **Council Tax Adjustments**

There is an overall net estimated surplus on the Collection Fund for 2018/19 (as at March 2019) of which Harrow's share is £2.2m which is reflected in the budget for 2019/20. As this is a one off benefit it must be reversed out in 2020/21.

1.23 The increase in the core Council tax is proposed at 4.99%. This is split 2.99% for the core council tax and 2% for the adult social care precept. In addition the Council tax base has increased to 86,250 from its 2018/19 base of 84,466. The increase in the tax base alone (without any increase in council tax), will generate additional income of £2.488m. A 4.99% increase in council tax on the revised tax base of 86,250 generates additional council tax income of £6.003m.

- 1.24 In total this amounts to additional council tax income of £8.491m. The assumptions in the existing 2019/20 budget gap agreed in Feb 2018, already assumed additional Council tax income of £5.061m, therefore an additional £3.430m is included in Table 3.
- 1.25 In terms of the Adult Social Care precept, there is no information as to whether the Social Care precept will continue beyond 2019/20, therefore no assumptions are made beyond 2019/20. Harrow applied a 3% precept in 2017/18, 0.5% in 2018/19 with and 2% assumed in 2019/20, which brings the total to 5.5% over the 3 years. (The maximum allowance was 6%).

Technical Adjustments

- 1.26 **Removal of Minimum Revenue Provision (MRP) budget assigned to Regeneration** –Following a review of the Regeneration Programme, the capacity allocated to fund the revenue costs of the existing programme during the development period has been reduced £2m and this capacity has been transferred to support the general fund.
- 1.27 **Use of capital Flexibilities** – a further £800k of capital flexibilities will be utilised in 2019/20. This is a one off benefit and so needs to be reversed in 2020/21. Paragraphs 1.54 to 1.54 set out more detail on the scheme and application in previous years.
- 1.28 **Funding from the 2018/19 Business Rates Pool** - Harrow joined the 100% business rates retention pilot proposal for 2018/19 covering all London Boroughs. Harrow will receive a proportion of the collective growth in London arising from the pool and the no detriment clause agreed by central Government guarantees that no Council could be worse off than it would have been had the pilot not been put in place. Currently, the no detriment clause is in place for the first year only and discussions are ongoing to extend the London Pilot Pool for a second year to 2019/20.
- 1.29 At the time of preparing the 2018/19 budget, no indicative figures were available for potential growth from the pilot pool therefore, as a prudent measure, no benefit was built into the final budget. Early indications are that Harrow could benefit from an estimated £3.5m of one off income in 2018/19 which will be applied in the 2019/20 budget.
- 1.30 **Additional Section 31 Funding 2018/19** - the budget assumes £779k additional one off income in the form of section 31 grant funding for 2019/20.
- 1.31 **New Homes Bonus (NHB)** – there were changes made to the scheme as part of the 2017/18 settlement, which saw the introduction of a national baseline for housing growth of 0.4%. This meant that there would be no benefit in terms of NHB payments until the 0.4% is exceeded. The payment period was also reduced, so for 2017/18 NHB payments were made for five, rather than six years, and that payment period was reduced again to four years from 2018/19.

- 1.32 In 2018/19 the NHB grant is £3.482m. Any changes to the scheme for 2019/20 will not be announced until the December Finance Settlement although there is speculation that the 0.4% baseline for growth will be increased. In estimating the additional income from the NHB in 2019/20, growth of 942 homes has been factored in and also the assumption that the 0.4% baseline will increase to 0.6%. This should provide for a NHB grant of £3.091m. The current budget assumes £2.129m of income, so an increase of £0.962m. The budget for 2020/21 was reduced as part of last year's budget. This £962k increase in 2019/20 needs to be reduced by £300k in 2020/21 so that the budget aligns with the estimated grant income for 2020/21.
- 1.33 **Public Health Grant Reduction** – a sum of £487k was included in the budget to fund any reductions in the Public Health Grant. However this will be removed and any shortfalls in grant will be funded from the Public Health reserve.
- 1.34 **Gayton Road Income** – there are 72 units at Gayton Road currently being used for temporary accommodation in the Housing General Fund. There is a saving in the budget to reflect a £500k reduction in temporary accommodation costs by using these units in 2019/20. The working assumption is that these units will be transferred to the HRA in exchange for a capital receipt at which point (estimated to be 2021/22) the £500k revenue saving will not accrue to the General Fund. No benefit is assumed for the impact of the capital receipt. There are options in terms of applying capital receipts and the impact will be built into the MTFs when the benefit can be quantified.
- 1.35 **2020/21 Growth** - An allowance of £4m was included in the 2020/21 budget for Directorate growth based. This allowance has been removed and replaced by quantified growth as detailed in Appendix 1A.
- 1.36 **Improved Better Care Fund** - The 2015 Spending Review announced £2.4 billion as part of an improved Better Care Fund over the three years to 2019/20. The spring 2017 budget announced additional funding of £2 billion for adult social care. Over the period 2017/18 to 2020/21, the Council received funding of £13.7m. Funding of £4.643m has been received in 2018/19 and £5.467m in 2019/20. In February 2018 it was assumed that the iBCF would not continue beyond 2019/20. However, it is felt unlikely that the Government could remove such a significant amount of funding given the pressures on adult social care and the assumption has now been made that the current level of funding of £5.467m continues on a permanent basis.
- 1.37 The provisional Local Government Finance Settlement was announced on 13 December 2018 by the Secretary of State for Communities and Local Government followed by the final settlement on 29 January 2019. The announcements, along with other changes, have resulted in a number of adjustments to the draft MTFs which are summarised in table 4 below and supported by explanatory text which follows the table.

Table 4: Adjustments to MTFs 2019/20 to 2021/22 (After the final Local Government Settlement)

	2019/20	2020/21	2021/22
	£'000	£'000	£'000
Budget gap prior to settlement	£0	£13,483	£9,343
(As reported to December 2018 Cabinet)			
RSG and National Non Domestic Rates:			
Reduction in New NNDR Multiplier Inflation compensation grant	£612	-£612	
Changes to RSG after December announcement	£1,560	-£1,560	
Changes to Top Up grant after December announcement	£8,492	-£8,492	
Changes to Retain Non Domestic Rate after December announcement	-£8,353	£8,353	
Additional Section 31 Grant in 2019/20 after settlement	-£2,170	£2,170	
Business Rate Pool:			
Reduced use of 2019/20 Business Rates Pool in 2020/21		£825	-£825
Changes to New Homes Bonus after December settlement	-£1,254	£176	£535
Council Tax:			
Estimated increase in the Council Tax Base in 2020/21		-£750	
Additional Growth :			
Adult Services Growth	£5,000		
Community Growth	£195		
Reversal of Growth :			
Resources - Reversal of Communication growth	-£300		
Capital Financing:			
Income stream from various capita investments (Subjects to business cases)			-2129
MRP			1454
Interest			967
Reduction in Minimum Revenue Provision set aside	-£450		
Grant:			
Education Services Grant	-£902	£902	
Additional Capital Flexibilities in 2019/20	-£2,300	£2,300	
Reduction to Corporate budget	-£130		
Revised gap	£0	£16,795	£9,345

1.38 **RSG, National Non Domestic Rates and Section 31 Grant** - The net changes from the final settlement show a net reduction of grant/Business rates income of £141k.

1.39 **Growth from the London Business Rates Pool** – The income anticipated from the 2019/20 growth from the London business Rates Pool has been reduced from £2.625m originally expected in the draft budget to £1.8m. This is a reduction of £825k in 2020/21. This income has been treated as one off and so the impact is reversed in 2021/22.

1.40 **Changes to the New Homes Bonus (NHB) Grant** –The estimated NHB grant in the draft budget at December was reduced to £3.091m on the basis that it was anticipated that there would be changes made to the scheme which would reduce the level of NHB grant for 2019/20. However, no changes were made to the scheme following the announcement of the December settlement and Harrow will receive an allocation of £4.345m for 2019/20 which is an increase in grant of £1.254m. For 2020/21 and 2021/22, the budget allows for reductions of £176k in 2020/21 and £535k in 2021/22 as set out below:

New Homes Bonus	2019/20	2020/21	2021/22
	£000	£000	£000
Budget	(3.091)	(3.105)	(2.928)
Dec Announcement	(4.345)	(2.928)	(2.393)
Adjustment	(1.254)	0.177	0.535

1.41 **Increase in the Council Taxbase 2020/21** – There has been an addition for an estimated increase of the Council tax base in 2020/21 which would generate an additional £750k in Council tax income.

1.42 **Growth in Adult Services Budget 2019/20 of £5m** - As a result of the underlying pressure reported to cabinet of just over £5m in the Adult Social care budget (reported elsewhere on this agenda) and the need to ensure a balanced budget is set, the growth requirement has been reviewed. The review of forecast expenditure, based on a range of assumptions, indicates a growth requirement (including inflationary increases) in the region of £8.622m.

The draft budget included growth of £0.995m for 2019-20 together with one-off social care funding of £2.627m (2019-20 only) has reduced the unfunded growth requirement for 2019-20 to approximately £5m. The key assumptions behind this growth are detailed below:

- Full year effect of the increased volume / cost of packages to 31st March 2019 (£3.9m) – this includes assumptions around winter pressures and the need to ensure timely discharges from hospital (9 new packages per week - 4 nursing / 5 community)
- New packages of care during 2019-20 (£3.3m) as follows:
 - increased costs for children with disabilities (£0.5m),
 - transitions (£0.650m),
 - 4 new community packages per week (£1.5m)
 - residential/nursing packages broadly consistent with the current financial year (approx. £0.7m).
- Inflation of £0.8m – this equates to approx. 2% on externally commissioned services.

- Increased costs of mental health services managed by CNWL £0.6m, maintaining the 50/50 risk share
- BCF funding for the protection of social care to be funded by Harrow CCG at £5.889m as 2018/19.
- MTFS savings of £1.446m are fully achieved.

The Adult Social Care budget will continue to be monitored closely and further embedding the adult services vision “Resilient Harrow” is expected to help mitigate any future risks, by reducing the rate of spend on care packages.

1.43 Growth in Community Budget in 2019/20 of £195k - Environmental Services have a total income target of £5.3m to be achieved from a range of chargeable services including licensing, grounds maintenance, cemeteries, waste services and health & safety service. As these services are demand led, the latest budget forecast has identified that not all income budgets are to be fully met in 2018/19. An assessment of the on-going impact of this suggests that there will be an income pressure of £195k and therefore this is now included as a growth in the 2019/20 budget.

1.44 Reversal of £300k Growth in the Resources Budget 2019/20 - The draft budget was set in included growth of £300k in respect of budget pressures in the Communications budget. This growth has been reversed and will be contained within the Resources Directorate.

1.45 Capital Financing Adjustments – There is an addition of £293k of Capital financing costs in respect of the additions to the Capital Programme in 2019/20 to 2020/21 as reported elsewhere on the agenda in the Final Capital Programme report. Capital financing costs will increase in 2021/22 by £2.421m but there is an assumed income stream of £2.129m included in the revenue budget in respect of several of the projects which will only proceed on the basis that they can generate income to as a minimum cover their capital financing costs.

There is also a reduction of capital financing costs of £450k in 2019/20 reflecting a review of the existing capital programme.

1.46 Additional Capital Flexibilities of £2.3m in 2019/20 – The 2019/20 budget assumes use of additional capital flexibilities of £2.3m which is a one off benefit in 2019/20 but reversed out in 2020/21. This brings the total assumed for 2019/20 to £3.1m. (Paragraphs 1.54 to 1.56 provide further detail).

1.47 Additional one off grant income of £902k – Additional Education Services Grant will be received in respect of 2018/19 and 2019/20 on a one off basis.

1.48 Reduction in Corporate budget by £130k – Following a review there is a reduction in the corporate budgets of £130k.

Budget Refresh, Growth & Savings

- 1.49 There is a commitment to refresh the three year MTFS annually to ensure it remains reflective of the changing Harrow and Local Government landscape. All savings in the current MTFS for 2019/20 and 2020/21 have been reviewed to ensure that they can either be taken forward or removed as part of this draft budget.
- 1.50 There are no savings that require reversal in 2019/20 or 2020/21 in respect of savings put forward in previous years. The following table summarises the total savings and growth put forward either in as part of the 2018/19 or 2017/18 budget setting process for 2019/20 and 2020/21. Table 5 shows total savings of £4.394m between 2019/20 and 2020/21 and growth of £0.395m, so net savings of £3.999m. The detail is set out in Appendix 1B.

Table 5: Savings and Growth from 2018/19 and 2017/18 Budget setting

Directorate	2019-20	2020-21	Total
Savings	£'000	£'000	£'000
Resources	(180)	0	(180)
Adults	(1,251)	0	(1,251)
Children's Services	(150)	0	(150)
Community and culture	(1,441)	(977)	(2,418)
Housing	(395)	0	(395)
Total Savings	(3,417)	(977)	(4,394)
Growth			
Resources	530	-	530
Adult	(90)	(90)	(180)
Community and Cultural services	20	25	45
Total Growth	460	(65)	395
Net Savings / Growth	-2,957	-1,042	-3,999

- 1.51 Table 6 sets out the total savings and growth proposed as part of the current 2019/20 budget process. Table 6, shows savings of £5.869m and growth of £9.323m over the three year period 2019/20 to 2021/22. Overall there is net growth in the budget of £3.454m over the 3 year period. The detail of these savings and growth is set out at Appendix 1a.

Table 6: Savings and Growth 2019/20 to 2021/22 from the 2019/20 process

Savings	2019-20	2020-21	2021-22	Total
	£000	£000	£000	£000
Resources	(643)	(595)	(1,901)	(3,139)
Children's	(831)	-	-	(831)
Community	(300)	(553)	(1,046)	(1,899)
Total Savings	(1,774)	(1,148)	(2,947)	(5,869)
Growth				
Resources	100	95	140	335
Children's	315	-	-	315
Adults	5,995	971	652	7,618
Community	195	-	-	195
Total Directorate Growth	6,605	1,066	792	8,463
Corporate Growth - Capital Financing Costs	286	330	244	860
Total Growth	6,891	1,396	1,036	9,323
Net Savings/Growth	5,117	248	(1,911)	3,454

- 1.52 Table 7 sets out the summary of all savings and growth submitted as part of this year's budget and previous years budgets which give the total savings and growth for 2019/20, 2020/21 and 2021/22. This is the combined total of Tables 5 and 6 which shows total net savings of £545k over the three years; the detail is set out in appendix 1c.

Table 7: Summary of Savings and Growth 2019/20 to 2021/22

Savings	2019-20	2020-21	2021-22	Total
	£000	£000	£000	£000
Resources	(823)	(595)	(1,901)	(3,319)
Adult	(1,251)	-	-	(1,251)
Children's	(981)	-	-	(981)
Community and Culture	(1,741)	(1,530)	(1,046)	(4,317)
Housing	(395)	-	-	(395)
Total Savings	(5,191)	(2,125)	(2,947)	(10,263)
Growth				
Resources	630	95	140	865
Children's	315	-	-	315
Adults	5,905	881	652	7,438
Community	215	25	-	240
Total Directorate Growth	7,065	1,001	792	8,858
Corporate Growth - Capital Financing Costs	286	330	244	860
Total Growth	7,351	1,331	1,036	9,718
Net Savings/Growth	2,160	(794)	(1,911)	(545)

- 1.53 The saving proposals, as detailed in appendix 1c provides for a net total reduction of 15.7 FTE in 2019/20 and a total of 34.7 FTE across the 3 years of the MTFS as detailed in table 8 below. These reductions are subject to consultation where appropriate (consultation will not be required where posts are vacant).

Table 8: Summary of FTEs on Savings and Growth 2019/20 to 2021/22

	2019/20	2020/21	2021/22	Total	2019/20	2020/21	2021/22	Total
	£'000	£'000	£'000	£'000	FTEs Number			
Net (Savings)/Growth on Appendix 1a	5,117	248	(1,911)	3,454	(5.7)	(19.0)	0.0	(24.7)
Net (Savings)/Growth on Appendix 1b	(2,957)	(1,042)	0	(3,999)	(10.0)	0.0	0.0	(10.0)
Net (Savings)/Growth in MTFS	2,160	(794)	(1,911)	(545)	(15.7)	(19.0)	0.0	(34.7)

CAPITAL RECEIPTS FLEXIBILITY

- 1.54 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. This flexibility was initially offered for the three years 2016/17 to 2018/19 and has now been extended for a further 3 years from 2019/20 to 2021/22.
- 1.55 The Council signified its intent to make use of this flexibility in its final budget report to Cabinet and Council in February 2016.
- 1.56 In terms of the required reporting requirements, DCLG recommend each authority disclose the projects that will be funded or part funded through capital receipts to full Council. This requirement can be satisfied as part of the annual budget setting process. In November 2016, Cabinet approved a number of asset disposals and the capital receipts from these disposals are being applied within the new flexibilities. The final budget for 2019/20 assumes capital flexibilities of £3.1m.

SCHOOLS BUDGET 2019/20

- 1.57 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 that LAs are funded on the basis of the total of the NFF for all schools, academies and free schools in its area but the final formula for distribution is determined by each LA, subject to prescribed limits, following consultation with schools and Schools Forums.
- 1.58 This is a transitional arrangement up to 2021, beyond which the Government intends to implement the NFF in full which means that school allocations will be determined by the DfE rather than LAs. This is a year later than planned.
- 1.59 In 2018/19 the LA implemented the NFF after consultation with schools and Schools Forum. There are no proposed changes to the structure of the formula for 2019-20. This set out at appendix 6.
- 1.60 The Government introduced a National Funding Formula for High Needs from 2018/19. High Needs funding has previously been based on historical allocations plus some annual amounts of growth. In order

to manage increasing growth for demand and complexity of need, annual funding transfers from the Schools Block into the High Needs Block have been approved by Schools Forum. Previously there was no limit to the value of transfer permissible.

- 1.61 The introduction of the High Needs NFF has led to a shortfall in funding compared with the 2017/18 baseline, of approximately £2.9m. This is because there was an overall shortfall of DSG in 2017-18 which was funded by the use of a brought forward contingency managed by Schools Forum.
- 1.62 The Additional SEND funding of £606k for 2018/19 and 2019/20 (£1.213m in total) was announced in December 2018. Whilst the additional SEND funding is welcomed there remains uncertainty about funding for future years. In addition the allocation is arbitrary and does not reflect what is happening in reality. The pressure on the High Needs Block in 2018/19 is £2.1m and this is projected to continue and to grow as growth in demand continues and the LA becomes even more reliant on expensive out of borough provision. At its meeting in November 2018 Schools Forum agreed to fund the 2018/19 deficit from the brought forward contingency. This contingency will be exhausted by 31 March 2019.
- 1.63 Despite the additional SEND funding of £606k from the Government there is anticipated to be a pressure of approx. £3.2m in 2019/20. The LA will need to set a deficit budget in respect of the HNB and fund the shortfall from future years' DSG allocations or a transfer from the General Fund. Any changes to SEND funding or provision for young people would be subject to consultation with relevant stakeholders.

PUBLIC HEALTH FUNDING

- 1.64 Following the comprehensive spending review in November 2015, Public Health England wrote to local authorities detailing average real terms savings of 3.9% each year to 2020/21.
- 1.65 The proposed Public Health commissioning intentions detailed in Appendix 7 of £10.523m are based on the indicative grant allocation notified by Public Health England in December 2017 with the 2019/20 specific grant being confirmed in December 2018 at this previously advised level.
- 1.66 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.

BETTER CARE FUND (BCF)

- 1.62 The 2015 Spending Review set out the Government's intention that, by 2020, health and social care will be more fully integrated across England. BCF plans must set out how CCGs and local authorities are working towards fuller integration and better co-ordinated care, both within the BCF and in wider services.

- 1.67 NHS guidance is awaited in relation to the 2019/20 BCF plan which is likely to be linked to the anticipated NHS 10 year plan. It is expected that this will require extended integrated working and increased pooling arrangements across health and social care. The 2019/20 BCF plan will be signed off by the Health & Wellbeing Board ahead of submission to, and assurance by, NHS England.
- 1.68 The 2019/20 Adults budget continues to assume that funding for the Protection of Social Care through the BCF will remain at £5.889m.

FEES AND CHARGES

- 1.69 In January 2019 Cabinet approved the Fees and Charges for 2019/20. Cabinet is recommended to remove all resident charges relating to child burials. This action is recommended to support families during one of the most traumatic events a family can face and reduce the burden families face during such a difficult time. The charges to be removed are highlighted in red in Appendix 18.

RESERVES AND CONTINGENCIES

- 1.70 Reserves and contingencies need to be considered in the context of their need to protect the Council's good 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. As at the time of writing this report general fund non earmarked balances remain at £10m and those for specific purposes are detailed:

- Unforeseen contingency £1.248m –this is an on going revenue budget.
- Budget Planning contingency £4.184m remaining after applying £2m towards the 2019/20 budget. This £2m is the 2017/18 underspend earmarked for the 2019/20 budget.
- MTFs Implementation Costs – At Quarter 3 a carry forward balance of £2.004m is estimated against this reserve. This is set aside to fund redundancy costs for the MTFs period to 2021/22

- 1.71 The report of the Director of Finance, which includes the adequacy of reserves and contingencies, is detailed at Appendix 10.

LEVIES, CONTRIBUTIONS AND SUBSCRIPTIONS

- 1.72 Appendix 4 sets out the main levies, contributions to other bodies, and subscriptions that the Council will pay in 2019/20. These sums are set by other bodies and are outside the Council's control. With the exception of the subscriptions to London Councils and the Local Government Association, the payments are compulsory.

BUDGET PROCESS 2020/21 AND 2021/22

- 1.73 This report sets out a balanced budget position for 2019/20. However achieving this balanced position has proved a very difficult challenge in light of continued financial austerity and increasing demand pressures in adults and children's social care and homelessness. The Council

has limited general fund reserves and has shown restraint in not applying these 'one off' balances to address the budget shortfalls.

- 1.74 There is a good track record of containing revenue expenditure within the annual budget envelope despite continued demand pressures. In 2017/18 an underspend of £3.2m was achieved and in the current financial year an underspend of £2.2m is forecast. The Council has increased Council Tax in line with the referendum limits and applied the Adults Social Care precept. Yet despite all these responsible actions, the Council is finding it increasingly difficult to set a balanced budget and achieving long term financial sustainability. The Council appreciates the additional funding that has been received for social care in both 2018/19 and 2019/20 but the funding is non recurrent which does not assist the Council in addressing the key pressures in its budget in a sustainable manner.
- 1.75 Whilst a balanced budget position has been set for 2019/20, it is acknowledged that a number of one off items have been applied which have to be reversed out in 2020/21. The draft 3 year MTFS therefore shows a budget gap of £16.795m for 2020/21 and £9.346m for 2021/22.
- 1.76 In light of this position, the Council must now focus on its future financial position to ensure:
- Council services can be afforded and new sources of income are generated to fund core services
 - Value is delivered from the Regeneration Programme, Project Infinity and other significant capital schemes
 - The Council can operate safely and within the law
 - The Council continues to support the argument for a fair funding settlement for Harrow residents
- 1.77 The progress of addressing the future direction of the Council will be regularly reported to Cabinet.

COUNCIL TAX MODEL RESOLUTION

- 1.78 The draft Council Tax Model Resolution is attached at Appendix 11 which proposes the Band D council tax of £1464.29 and GLA precept of £320.51. This is still subject to confirmation of the GLA precept which is expected to be confirmed on 25 February 2019.
- 1.79 The proposed GLA precept for 2019/20 is £320.51 – a £26.28 or 8.9% increase compared to 2018/19.
- 1.80 The total Band D increase for Harrow including the GLA is proposed at £1784.80 which will be an overall increase of 5.68% compared to 2018/19.

MEMBERS ALLOWANCE

- 1.81 The proposed Members' Allowances scheme for 2019/20 is attached at Appendix 12. This has been prepared having regard to the report of the Independent Panel that considered the Remuneration of

Councillors in London. It is proposed that the basic allowance and the different bands of Special Responsibility Allowance (SRA) and Mayoral Allowances, which were updated in line with the Local Government Pay Settlement (2.2%) for 2015 /16, remain unchanged. There has been an additional post included in the scheme at Band 1, Deputy Leader of the second largest Group.

ANNUAL PAY POLICY STATEMENT

1.82 Under the Localism Act all public authorities must publish annual pay policy statements. The statement must set out the Authorities policies for the financial year relating to:

- Remuneration of its 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.

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

WORKFORCE IMPLICATIONS

1.84 There is a legal requirement to seek to avoid or minimize redundancies and the Council's managing change policy guidance identifies a range of potential actions that should be considered. These include but are not limited to:

- Seeking volunteers for redundancy / early retirement

The Council has a legal duty to consider volunteers for redundancy ahead of any compulsory redundancy process and this is the Council's normal practice. Additionally, where it is in the Council's interests, the Council may consider operating a voluntary severance scheme. This decision would be dependent upon a business case demonstrating the potential benefits.

- Not recruiting to vacancies as they arise and limiting recruitment

The Council has, for some time, operated a policy of utilising agency workers to cover vacancies in services where reductions in the workforce are planned or anticipated. This has reduced both the impact of workforce reductions on employees and the potential cost of redundancies.

- Reducing the use of agency staff

The Council will continue with its policy of utilising agency workers to reduce both the impact of workforce reductions on employees and the potential cost of redundancies.

The Council's corporate agency worker contract provides detailed management information and this information is used by HR to identify potential opportunities to redeploy staff at risk of redundancy into roles covered by agency workers.

- Considering 'bumped' redundancies and redeployment elsewhere in the Council

A bumped redundancy is where an employee, not in the original pool for redundancy, volunteers to be made redundant and their job is offered to an employee at risk of redundancy. The Council has and will continue to support managers in facilitating potential bumped redundancies.

The Council's managing change policy, procedure and guidance also sets out how the Council will fulfil its obligations to consult the workforce about redundancies.

The Council is obliged to notify the Secretary of State where there is a proposal to dismiss as redundant 20 or more employees at one establishment within a 90 day period.

Monitoring arrangements

Reports on the numbers of staff at risk, deployment of agency workers and potential redeployment opportunities will be regularly considered at Directorate and Corporate Joint Consultative meetings with the trade unions and at the Council's Employees Consultative Forum Sub-Group

2.0 CONSULTATION

2.1 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.

Regardless of whether the council has a duty to consult, if it chooses to consult, such consultation must be carried out fairly. 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.

2.2 The budget consultation survey was published on the Council's consultation portal in relation to the Cabinet's draft budget proposals for 2019/20 after the draft budget and MTFs was considered at Cabinet on 6 December 2018. The consultation was also advertised via the MyHarrow weekly email which is sent to 94,000 MyHarrow email accounts. The draft budget reported has also been available to view on the Council's website.

The Council held a 4 week consultation to provide residents with the opportunity to comment on the draft proposals. The consultation closed on 14 January 2019. There were 13 respondents to the general survey. Over the three the main questions, responses were largely equal between agree and disagree:

Question 2 - Given the extent of the savings required, overall do you agree with the Council's proposed draft budget? (5 agree, 7 disagree)

Question 3 - Given the Council's funding situation, do you agree with the Council's proposal to increase Council Tax by 2.99%?(5 agree. 7 disagree)

Question 4 - Given the Council's funding situation, do you agree with the Council's proposal to further increase in Council Tax by the 2% adult social care precept?(6 agree, 7 disagree)

2.3 The following stakeholder consultation meetings have taken place. Please refer to Appendix 14 for the minutes relating to a number of these meetings.

Stakeholder	Meeting	Date
Unions	Corporate Joint Committee	12 December 2018
Health Partners	Health and Wellbeing Board Minutes in Appendix 14	10 January 2019
Local Businesses	Harrow Business Consultative Panel Minutes in Appendix 14	22 January 2019
Overview & Scrutiny	Special meeting of O & S to review the budget Minutes in Appendix 14	08 January 2019
Unions/Employees	Employees Consultative Forum Minutes in Appendix 14	30 January 2019

- 2.4 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 are currently taking place for the 2019/20 savings.

3.0 PERFORMANCE ISSUES

- 3.1 The in-year measurement of the Council is reported in the Strategic Performance Report. The Corporate Plan, which is developed alongside the Budget Report, will have measures within it which will set out how Council delivery in 2019/20 will be measured and this again will be reported through the Strategic Performance Report.

- 3.2 In terms of financial performance, Cabinet are updated regularly throughout the financial year of forecast spend against the agreed budget and achievement of savings built into the budget

4.0 RISK MANAGEMENT IMPLICATIONS

- 4.1 Financial risk is included in the in the Council's Corporate Risk Register:

- Inability to provide services within budget leading to a dereliction of duties resulting in government intervention / an inability to pay the Council's debts (At Qtr 3 rated as B1, high likelihood / catastrophic impact)
- Inability to manage demand for services in Adults Social Care leads to increased cost of services resulting in poorer quality services/inability to deliver services, increasing financial pressure on the council and increased stress levels of staff (At Quarter 3 rated as C1, medium likelihood / catastrophic impact)

An extract of the Corporate Risk Register is attached as Appendix 17 showing the key measures in place to mitigate these risks and the risk ratings.

Other specific risks have been detailed in the main body of the report.

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 for consultation after which a cumulative equalities impact will be drafted. These proposals will be referred to Council so that Council can approve the budget envelope and set the Council Tax. There will be contingencies within the budget envelope so that decision makers have some flexibility should any decisions have detrimental equalities impacts that cannot be mitigated.

5.4 The Secretary of State has the power to designate two or more "relevant authorities" as a pool of authorities for the purposes of the provisions of Schedule 7B of the Local Government Finance Act 1988 (as amended by the Local Government Finance Act 2012). Paragraph 45 (Interpretation) of Schedule 7B defines a "relevant authority" as a billing authority in England, or a major precepting authority in England. The list of billing authorities at Schedule 5, Part 1 of the Non-domestic Rating (Rates Retention) Regulations 2013/452 includes the GLA and the London Boroughs as billing authorities and the GLA is also a precepting authority pursuant to section 39 (1) of the Local Government Finance Act 1992. In relation to the project, the participating local authorities have implicit powers to enter into arrangements with each other for the purposes of fulfilling the requirements of Schedule 7B for obtaining an order of the Secretary of State authorising the establishment of a business rate pool. Local authorities have a power to enter into arrangements between them including under section 111 of the LGA 1972: "Without prejudice to any powers exercisable apart from this section but subject to the provisions of this Act and any other enactment passed before or after this Act, a local authority shall have power to do any thing (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions".

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, in particular, 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, in particular, to the need to:

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

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

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

8.2. All new directorate proposals are subject to an initial equalities impact assessment followed by a full assessment where appropriate. Some of these have already been published and Appendix 16 sets this out.

8.3. An assessment has been carried out on the whole budget where all proposals have been identified, to ensure that decision makers are aware of the overall impact on any particular group and a cumulative

equality impact assessment has been produced taking into account the results set out in Appendix 16.

8.4 Officers have indicated ways that these impacts can be mitigated. The individual equalities impacts will be kept under review as the projects are initiated and throughout the life time of the projects. Officers will put in place appropriate mitigation where this is possible.

8.5 If deemed appropriate, a project may be subject to future individual Cabinet decisions once the budget envelope has been set by Council. The equality impacts will be updated for these decisions. As an alternative to agreeing any of the proposals, the Cabinet would have the option of maintaining the current level of services; however this will impact on the proposed budget.

Directorate proposals will be subject to an initial equalities impact assessment followed by a full assessment where appropriate. These will be published along with the final budget and MTFS report to February Cabinet. An assessment will also be carried out on the whole budget, when all proposals have been identified, to ensure that decision makers are aware of any overall equalities impact on the protected characteristics listed above.

9.0 COUNCIL PRIORITIES

9.1 The Council's draft budget for 2019/20 has been prepared in line with the Council's vision 'Working Together to Make a Difference for Harrow' which is supported by five priorities:

- Building A Better Harrow
- Supporting Those Most In Need
- Protecting Vital Public Services
- Delivering A Strong Local Economy For All
- Modernising Harrow Council

Section 3 - Statutory Officer Clearance

Name: Dawn Calvert	<input checked="" type="checkbox"/>	Chief Financial Officer
Date: 13/2/19		
Name: Jessica Farmer	<input checked="" type="checkbox"/>	on behalf of the * Monitoring Officer
Date: 13/2/19		

Section 3 – Procurement Clearance

Name: Nimesh Mehta	<input checked="" type="checkbox"/>	on behalf of the * Head of Procurement Officer
Date: 13/2/19		

Ward Councillors notified:	No, as it impacts on all Wards
EqlA carried out:	YES
EqlA cleared by:	Jessica Farmer

Section 4 - Contact Details and Background Papers

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

Background Papers:

[Final Revenue Budget 2018/19 and Medium Term Financial Strategy 2018/19 to 2020/21](#)

[Draft Revenue Budget 2019/20 and Medium Term Financial Strategy 2019/20 to 2021/22](#)

Call-In Waived by the Chairman of Overview and Scrutiny Committee	Call in applies
<i>(for completion by Democratic Services staff only)</i>	

Total Savings and Growth - 2019/20 Budget Process								Appendix 1A		
Item No	Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction	2019-20	2020-21	2021-22	Total	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
				£000	£000	£000	£000			
Resources Directorate										
1	RES 2019-20 S1-4	Customer Services	Reduction in Customer Channels (A) - closing telephony & email channels across Planning & Building Control, Public Realm, Education & Allotments and only accepting on-line applications following the release of new on-line services by April 2019.	(75)	(135)		(210)	Y appropriate mitigation will be put in place for service users	Y	Affected services
2	RES 2019-20 S1-5	Customer Services	Reduction in Customer Channels (B) - closing telephony & email channels across Council Tax, Housing Benefits, Business Rates and Council Tax support and only accepting on-line applications following the release of new on-line services by April 2020.		(175)	(175)	(350)	Y appropriate mitigation will be put in place for service users	Y	Affected services
3	RES 2019-20 S1-6	Business Support	Review of Business Support for Children's Services - Lean review of Children's' Services and associated business support.	(80)	(20)		(100)	Eia will be needed when the restructure is done and HR procedures will be followed	Y	Staff will be consulted via the usual HR procedures
4	RES 2019-20 S1-9	Technology & Transformation Services	Printing Savings: ongoing reductions in print volumes have permanently reduced costs and savings can be taken.	(70)			(70)	N	Y	None
6	RES 2019-20 S1-13	Legal	Additional Legal Hours, Growth of £530k was added to the budget for 2019/20 in connection with additional usage of legal services within Harrow Council. Only 50% of this growth is required in 2019/20 and the remaining 50% can be fully removed in 2020/21.	(265)	(265)		(530)	N this is the reversal of 2017/18 growth	N	N
7	RES 2019-20 S1-14	Procurement	Delete a Category Officer post in the Procurement team - A cashable saving can be made by deleting one of the four Category Officer posts.	(53)			(53)	N as this is a vacant post	Y	N
8	RES 2019-20 S1-15	Finance	Reduction in the Contribution to the Insurance Fund. The further reduction of £100k of the General Fund contribution to the Insurance Fund takes the annual contribution to the minimum required based on the claims history.	(100)			(100)	N as this is a back office saving	N	N

Total Savings and Growth - 2019/20 Budget Process								Appendix 1A		
Item No	Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction	2019-20	2020-21	2021-22	Total	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
				£000	£000	£000	£000			
9		Finance	Investment Income : Income from investing in commercial properties			(1,726)	(1,726)	N	N	N
Resources Total				(643)	(595)	(1,901)	(3,139)			
People Services										
Children's Services										
9	PC01	Children & Young People Services	Children's Placements & Accomodation and other client related spend Continued reduction of cost of placements through frequent tracking panels and step down through Keeping Families Together (KFT) as well as reduction in requirement for placements through KFT prevention of care and reunification. This includes other client related spend and associated legal costs	(831)			(831)	N - this is not a cut to services this is reversal of growth. The needs of young people will be reviewed on a case by case basis	N - this is not a cut to services this is reversal of growth. The needs of young people will be reviewed on a case by case basis	N - this is not a cut to services this is reversal of growth. The needs of young people will be reviewed on a case by case basis
Children's Services total				(831)	-	-	(831)			

Total Savings and Growth - 2019/20 Budget Process **Appendix 1A**

Item No	Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction	2019-20	2020-21	2021-22	Total	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
				£000	£000	£000	£000			
Community										
12	COM_19.20S01	Libraries	<p>Review of Libraries Service</p> <p>Review of operational arrangements to revise opening hours of libraries to meet public demand.</p>	(50)	(50)		(100)	Y	N	Y - Public and staff consultation done in September
13	COM_19.20S02	Development Management	<p>Increase in Planning fees Income</p> <p>Following a 20% national fees increase in early 2018, the income for planning applications is anticipated to increase if the number of applications remains at a similar level. However, this needs to be balanced against the additional costs of running the planning service. For 19/20, the income is supplemented by strategic development coming forward, and greater use of planning performance agreements to manage the planning process. In light of this, it is possible to make a one-off contribution to the MTFS in 19/20 and the projected net additional income is reduced to £50k in 20/21.</p>	(100)	50		(50)	N - It is a national change		N
14	COM_19.20S03	Development Management	Commercialisation of Building Control Service, subject to a business case.	(20)			(20)	N		N
15	COM_19.20S04	Commissioning & Commercial	<p>Redevelopment of the Vernon Lodge Homelessness Hostel and the Atkins House Site</p> <p>The maximisation of the assets to increase the homelessness provision at Vernon Lodge while providing capacity to generate additional income at both Vernon Lodge and Atkins House, following Cabinet approval of the redevelopment work in July 18.</p> <p>Gross savings.</p>	(130)	(80)	(643)	(853)	Y		Y for any planning application

Total Savings and Growth - 2019/20 Budget Process								Appendix 1A		
Item No	Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction	2019-20	2020-21	2021-22	Total	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
				£000	£000	£000	£000			
16	COM_19.20S05	Commissioning & Commercial	Redevelopment of Central Depot (Additional areas) Further maximisation of the use of the depot site to deliver additional areas for commercial income generation, following Cabinet approval of the increase in capital programme for the site in July 18.	-	(473)	-	(473)	Y		Y for any planning application
17		Commissioning & Commercial	Additional Financing Income : Banister (25k) Harrow Weald Toilet (£11k) Probation Centre (£275k) Drones (unmanned aerials) (£92k)			(403)	(403)	N	N	N
			Community's total	(300)	(553)	(1,046)	(1,899)			
			Total Savings	(1,774)	(1,148)	(2,947)	(5,869)			

Total Savings and Growth - 2019/20 Budget Process								Appendix 1A		
Item No	Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction	2019-20	2020-21	2021-22	Total	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
				£000	£000	£000	£000			
Growth										
1	RES 2019-20 G1-2	Revenue & Benefits	The Housing Benefit Admin Grant reduces annually due to year on year efficiency cuts to DWP (Department of Work and Pensions) funding under SR2007 & SR 2013 efficiency directives in relation to settlements to DWP funding. The DWP efficiency targets in place impact on the HB Admin Grant annually, reducing future grants by approximately 10% cumulatively (7% + 3%).	100	95	90	285	N	N	N
2	RES 2019-20 G1-3	Revenue & Benefits	Growth is required to replace cuts in both DWP (Department for Work and Pensions) Administration grants to the Local Authorities and for overpayments of compensation payments from DWP to Harrow. This is due to both imposed cuts to the LA admin grant by the DWP due to their own savings strategy and due to the fact that as we will administer less cases over time (due to the migration of new cases to Universal Credit), there will be less overpayments and therefore less compensation awarded to Harrow which reduces the income in the revenue budget.			50	50	N	N	N
3	RES 2019-20 G1-10	Communications	The original reductions in the Communications Budget have not been matched by demand for the service. This proposal would enable the team to respond to all core requirements, as well as support other communications and marketing activity to help the organisation to make additional savings and also commercial income, by enabling the Council to be fully supported.	300			300	N	N	N
4	RES 2019-20 G1-10	Communications	Reversal of Communication Growth 'This growth has been removed and the pressure will be managed within the Resources directorate	(300)			(300)			
Resources Total				100	95	140	335			
People Services										

Total Savings and Growth - 2019/20 Budget Process								Appendix 1A		
Item No	Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction	2019-20	2020-21	2021-22	Total	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
				£000	£000	£000	£000			
5	PC02	Children & Young People Services	Keeping Families Together workers Growth for 3fte KFT workers. These workers are pivotal in further reducing the demand for placements and enabling young people to step down or return home where it is safe to do so. Currently funded by Together With Families grant funding which ceases March 2019. These workers will significantly contribute to further efficiencies/savings/demand management	155			155	N - Equality implications will be considered on a case by case basis	N	N
6	PC05	Education Services	SEN Case Workers Growth is required for 4fte SEN case workers to manage increased demand for Education Health & Care Plans and to enable the delivery of the SEND strategy to reduce spend on SEND.	160			160	N - Equality implications will be considered on a case by case basis	N	N
			Children's Total	315	-	-	315			
Adult										
7	Adult	Adults	Growth in the transition budget and Personal Budgets over the next 3 years which will increase the transitions budget by a total of £1.4m and Personal Budgets by £1.218m. Growth 2019-20. This relates to £650k for transitions funding (additional 24pa) and £345k for personal budgets (additional 1 per week). Growth 2020-21. This relates to £450k for transitions funding (based on further 15) and £521k personal budgets (assumes a further 1 new PB every other week in addition to the 2019/20 increase) Growth 2021-22 - this relates to £300k for transitions (assumes additional 10 pa) and £352k for Personal Budgets (a further 1 new PB every other week)	995	971	652	2,618	N	N	N

Total Savings and Growth - 2019/20 Budget Process								Appendix 1A		
Item No	Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction	2019-20	2020-21	2021-22	Total	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
				£000	£000	£000	£000			
8	Adult		Adult Social Care Growth - The review of forecast expenditure, based on a range of assumptions, indicates a growth requirement (including inflationary increases) in the region of £8.622m. The draft budget included growth of £0.995m for 2019-20 together with one- off social care funding of £2.627m (2019-20 only) has reduced the unfunded growth requirement for 2019-20 to approximately £5m.	5,000			5,000	N	N	N
			People Total	6,310	971	652	7,933			
Community										
9	Community and Culture		Environmental Services have a total income target of £5.3m to be achieved from a range of chargeable services including licensing, grounds maintenance, cemeteries, waste services and health & safety service. As these services are demand led, the latest budget forecast has identified that not all income budgets are to be fully met in 18/19.	195			195	N	N	N
							-			
			Community Total	195	-	-	195			
			Directorate's Total	6,605	1,066	792	8,463			

Total Savings and Growth - 2019/20 Budget Process								Appendix 1A		
Item No	Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction	2019-20	2020-21	2021-22	Total	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
				£000	£000	£000	£000			
Corporate										
10	Corporate		Capital Financing costs associated with the capital investment of the redevelopment of the Vernon Lodge and Atkins House site	221	140	244	605	N	N	N
11	Corporate		Capital Financing costs associated with the additional capital investment of the redevelopment of the Central Depot site.	65	190	-	255	N	N	N
			Corporate Total (financing Cost)	286	330	244	860			
			Growth Total	6,891	1,396	1,036	9,323			
			Net Savings/Growth	5,117	248	(1,911)	3,454			

Savings and Growth Savings 2017/18 and 2018/19 MTF5							Appendix 1B		
Item No	Unique Reference No.	Specific Service Area	Headline Description	2019/20	2020/21	Total	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
				£000	£000	£000			
Resources									
1	RES_01	Customer Services and IT	Increase Helpline Income Developing a robust multi-channel marketing plan to build the brand and promote the Helpline service to generated additional income through the existing service.	(100)		(100)	N	Y	N
2	Res 18.19 01	Customer Services	Review of Postal Process - the post room will sort in bound post but services will need to collect from the Post Room. The post room will frank and send post out but services will be responsible for delivering mail to post room.	(30)		(30)	http://www.harrow.gov.uk/www2/documents/b24374/Supplemental%20Agenda%20Thursday%2015-Feb-2018%2018.30%20Cabinet.pdf?T=9	Y	Y
3	RES_16	Strategic Commissioning	VCS funding - This saving reduces community grants and transfer funding from the emergency relief fund, to support the information and advice strategy as the December cabinet report.	(50)		(50)	http://www.harrow.gov.uk/www2/documents/b24374/Supplemental%20Agenda%20Thursday%2015-Feb-2018%2018.30%20Cabinet.pdf?T=9	Y	Y- separate report to December 2016 Cabinet
			Resources Total	(180)	-	(180)			
People Services									
Adults									

Savings and Growth Savings 2017/18 and 2018/19 MTFS							Appendix 1B		
Item No	Unique Reference No.	Specific Service Area	Headline Description	2019/20	2020/21	Total	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
				£000	£000	£000			
4	PA05	Adult Social Care	Adult Services - Home In Harrow	(1,251)	-	(1,251)	http://www.harrow.gov.uk/www2/document/s/b24374/Supplemental%20Agenda%20Thursday%2015-Feb-2018%2018.30%20Cabinet.pdf?T=9	N	Y
			Total Adults	(1,251)	-	(1,251)			
Children's Services									
5	PC28	Cross Service	Non-pay inflation	(150)		(150)	N	N	N
			Total Children's Services	(150)	-	(150)			
			People Services Total	(1,401)	-	(1,401)			
Community									
Community and Culture									
6	COM	Commissioning & Commercial	Income from expansion of Central Depot	(246)	(681)	(927)	http://www.harrow.gov.uk/www2/document/s/b24374/Supplemental%20Agenda%20Thursday%2015-Feb-2018%2018.30%20Cabinet.pdf?T=9	N	N

Savings and Growth Savings 2017/18 and 2018/19 MTFS							Appendix 1B		
Item No	Unique Reference No.	Specific Service Area	Headline Description	2019/20	2020/21	Total	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
				£000	£000	£000			
7	COM_S12	Environment & Culture	Route Optimisation on food waste collection.	(75)		(75)	http://www.harrow.gov.uk/www2/documents/b24374/Supplemental%20Agenda%20Thursday%2015-Feb-2018%2018.30%20Cabinet.pdf?T=9	N	N
8	CC_2	Environment & Culture	<p>Library Strategy Phase 2 - delivery of network of libraries and library regeneration</p> <p>The original saving relates to the relocation of Gayton Library and Wealdstone Library.</p> <p>The new town centre library that replaces Gayton Library will be built by the developer as part of the redevelopment of 51 College Road. The latest timescale suggests that the new library will become operational no later than March 2020.</p> <p>Therefore the saving relating to Gayton Library (£159k) needs to be re-profiled to 2020/21 at the earliest.</p>		(159)	(159)	Y	N	Y

Savings and Growth Savings 2017/18 and 2018/19 MTFS							Appendix 1B		
Item No	Unique Reference No.	Specific Service Area	Headline Description	2019/20	2020/21	Total	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
				£000	£000	£000			
9	COM18.19_S03	Environment & Culture - Waste Services	Changes to the Household Recycle & Reuse Centre (HRRC) at Forward Drive 1. Restrict access for non residents to HRRC by introducing a charging regime for non residents. 2. Introduce charges for non household waste (e.g. building waste) deposited at HRRC by residents / non residents 3. Upgrade trade waste controls	(20)		(20)	http://www.harrow.gov.uk/www2/document/s/b24374/Supplemental%20Agenda%20Thursday%2015-Feb-2018%2018.30%20Cabinet.pdf?T=9.	N	Y
10	COM18.19_S04	Environment & Culture - Harrow Arts Centre	Reduce subsidy to the arts centre	(150)	(137)	(287)	http://www.harrow.gov.uk/www2/document/s/b24374/Supplemental%20Agenda%20Thursday%2015-Feb-2018%2018.30%20Cabinet.pdf?T=9.	N	Y

Savings and Growth Savings 2017/18 and 2018/19 MTFS							Appendix 1B		
Item No	Unique Reference No.	Specific Service Area	Headline Description	2019/20	2020/21	Total	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
				£000	£000	£000			
11	COM18.19_S05	Environment & Culture - Waste Services	<p>Waste Services Review - implementing waste management strategy to include the following:</p> <ol style="list-style-type: none"> 1. Introduction of food / dry recycling in Flats 2. Review collection regime and resources <p>Total target saving of £500k, subject to detailed proposals to be developed as part of Waste Review and requisite Cabinet approval. One-off implementation costs anticipated and estimated at £150k, leading to a net saving of £350k in 19/20 and £150k in 20/21.</p>	(500)		(500)	http://www.harrow.gov.uk/www2/documents/b24374/Supplemental%20Agenda%20Thursday%2015-Feb-2018%2018.30%20Cabinet.pdf?T=9	N	Y
12	COM18.19_S07	Commissioning & Commercial - Contracts Management	Savings from contract re-procurement	(250)		(250)	N	N	N
13	COM18.19_S10	Commissioning & Commercial Division	Phoenix projects - Indicative net saving from the commercialisation of CCTV operations, subject to a business case.	(200)		(200)	http://www.harrow.gov.uk/www2/documents/b24374/Supplemental%20Agenda%20Thursday%2015-Feb-2018%2018.30%20Cabinet.pdf?T=9	N	Y
Total Commissioning, Environment and Culture				(1,441)	(977)	(2,418)			

Savings and Growth Savings 2017/18 and 2018/19 MTFS							Appendix 1B		
Item No	Unique Reference No.	Specific Service Area	Headline Description	2019/20	2020/21	Total	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
				£000	£000	£000			
						-			
Housing						-			
						-			
14	COM_G05.3	Housing	Homelessness - Extension of Property Purchase Initiative (Additional 50 homes) - Purchase of a further 50 homes for use as TA to reduce pressure on B&B.	(225)		(225)	N	N	N

Savings and Growth Savings 2017/18 and 2018/19 MTFS							Appendix 1B		
Item No	Unique Reference No.	Specific Service Area	Headline Description	2019/20	2020/21	Total	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
				£000	£000	£000			
15	COM_G05.3	Housing	Reversal - 'Homelessness - Extension of Property Purchase Initiative (Additional 50 homes) -The initiatives were included in the MTFS on the basis there would be a net saving against the B & B accommodation budget as a result of moving residents from B & B accommodation into the 150 homes. The savings against the B & B budget were originally intended to cover the capital financing costs incurred to purchase the properties and still make a positive contribution to the MTFS. However as a result of increased demand across the housing needs budget and the impact of the Homelessness Reduction Act, achieving a net saving against the B & B accommodation budget is no longer viable. In terms of the 50 homes, a gross saving of £948k is included in the MTFS. Capital financing costs are assumed at £573k leaving a net contribution to the MTFS of £375k	(153)		(153)	N	N	N
16	CH_9	HGF	Property purchase initiative - net benefit to Council of proposals to purchase 100 homes, per Cabinet report appendix. Homelessness savings are part of the equation.	(42)		(42)	N	N	N

Savings and Growth Savings 2017/18 and 2018/19 MTFS							Appendix 1B		
Item No	Unique Reference No.	Specific Service Area	Headline Description	2019/20	2020/21	Total	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
				£000	£000	£000			
17	CH_9	HGF	Additional income - 'Property purchase initiative - net benefit to Council of proposals to purchase 100 homes, per Cabinet report appendix. Homelessness savings are part of the equation.	4		4	N	N	N
18	CH_9	HGF	Reversal - 'Property purchase initiative - proposal to purchase 100 homes. - The initiatives were included in the MTFS on the basis there would be a net saving against the B & B accommodation budget as a result of moving residents from B & B accommodation into the 150 homes. The savings against the B & B budget were originally intended to cover the capital financing costs incurred to purchase the properties and still make a positive contribution to the MTFS. However as a result of increased demand across the housing needs budget and the impact of the Homelessness Reduction Act, achieving a net saving against the B & B accommodation budget is no longer viable. In terms of the 100 homes a gross saving of £1.192m is built into the MTFS. £435k of this can be achieved through additional rental income leaving £757k non achievable which is now being reversed out of the budget, £736k in 2018/19 and £21k in 2019/20.	21		21	N	N	N
			Total Housing	(395)	-	(395)			

Savings and Growth Savings 2017/18 and 2018/19 MTFS							Appendix 1B		
Item No	Unique Reference No.	Specific Service Area	Headline Description	2019/20	2020/21	Total	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
				£000	£000	£000			
			Community Total	(1,836)	(977)	(2,813)			
			Total Net Savings	(3,417)	(977)	(4,394)			
Growth									
1		Legal Services	Due to significantly increased demand upon the legal service from the across the organisation caused by increased child protection, adult safeguarding, regeneration, commercialisation and environmental protection activities growth of £530k is required from 2018/19. This pressure can be contained within current resources for 2018/19 but has been built into the MTFS in 2019/20	530		530	N	N	N
2	PA01	Adult Services	Growth to reflect existing demands in Adult Social Care and to reflect anticipated demographic pressures in 2018/19		(90)	(90)	N	N	N
3	Adults	Adults	Growth - reinstatement of an operational budget for The Bridge to be phased out over a three year period so that by 2020/21, the service can be provided at nil cost.	(90)		(90)	N	N	N
			Adult's Total	(90)	(90)	(180)			

Savings and Growth Savings 2017/18 and 2018/19 MTFS							Appendix 1B		
Item No	Unique Reference No.	Specific Service Area	Headline Description	2019/20	2020/21	Total	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
				£000	£000	£000			
4		Environmental Services	The growth in population and households in the borough over the last few years has placed additional pressures on Waste Services. The additional workload arising from the increasing number of new housing developments can no longer be absorbed within the existing number of waste rounds. £720k growth was allocated in 2018.19, this £255k is the partial reversal of this growth..	(255)		(255)	N	N	N
5	COM18.19_G01	Libraries Service	Contract Indexation uplift for the Libraries contract. The contract is subject to an indexation uplift every 2nd anniversary of the contract. The first uplift was applied in Sept 15 and the second one in Sept 17. Current pressure is being offset by one-off libraries reserve	175	25	200	N	N	N
6	COM_G01	Environment & Culture	West London Waste Authority (WLWA) - increase in disposal levy arising from waste growth and population growth	100		100	N	N	N
			Environment Total	20	25	45			
			Growth Total	460	(65)	395			
			Savings and Growth Total	(2,957)	(1,042)	(3,999)			

Summary Savings and Growth 2019/20 to 2021/22							
Item No	Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction	2019-20 £000	2020-21 £000	2021-22 £000	Total £000
Resources Directorate							
1	RES_01	Customer Services and IT	Increase Helpline Income Developing a robust multi-channel marketing plan to build the brand and promote the Helpline service to generated additional income through the existing service.	(100)			(100)
2	Res 18.19 01	Customer Services	Review of Postal Process - the post room will sort in bound post but services will need to collect from the Post Room. The post room will frank and send post out but services will be responsible for delivering mail to post room.	(30)			(30)
3	RES_16	Strategic Commissioning	VCS funding - This saving reduces community grants and transfer funding from the emergency relief fund, to support the information and advice strategy as the December cabinet report.	(50)			(50)
4	RES 2019-20 S1-4	Customer Services	Reduction in Customer Channels (A) - closing telephony & email channels across Council Tax, Housing Benefits, Planning & Building Control and only accepting on-line applications following the release of new on-line services by April 2019.	(75)	(135)		(210)
5	RES 2019-20 S1-5	Customer Services	Reduction in Customer Channels (B) - closing telephony & email channels across Council Tax, Housing Benefits, Planning, Building Control, Education, Parking & Switchboard and only accepting on-line applications following the release of new on-line services by April 2019/20.		(175)	(175)	(350)
6	RES 2019-20 S1-6	Business Support	Review of Business Support for Children's Services - Lean review of Children's' Services and associated business support.	(80)	(20)		(100)
7	RES 2019-20 S1-9	Technology & Transformation Services	Printing Savings: ongoing reductions in print volumes have permanently reduced costs and savings can be taken. This has been increased from £30k to £70k following resolution of other pressures on contract indexation	(70)			(70)

Summary Savings and Growth 2019/20 to 2021/22							
Item No	Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction	2019-20	2020-21	2021-22	Total
				£000	£000	£000	£000
9	RES 2019-20 S1-13	Legal	Additional Legal Hours 'Growth of £530k was added to the budget for 2019/20 in connection with additional usage within Harrow of legal services. Only 50% of this growth is required in 2019/20 and the remaining 50% can be fully removed in 2020/21.	(265)	(265)		(530)
10	RES 2019-20 S1-14	Procurement	Delete a Category Officer post - A cashable saving can be made by deleting one of the four Category Officer posts. The implication is the pressure it would put on the delivery of a large annual programme of tendering activity. The three procurement officers left would need to pick up the additional pressures and this could lead to unrealistic workloads and therefore put a risk to the delivery of procurement and savings that are associated with that.	(53)			(53)
11	RES 2019-20 S1-15	Finance	Reduction in the Contribution to the Insurance Fund. The further reduction of £100k of the GF contribution to the Insurance Fund takes the annual contribution to the minimum required based on the claims history. Contribution has been reduced year on year from £1.992m in 2012/13 to £1.087m in 2018/19.	(100)			(100)
12	RES	Finance	Investment Income : Income from investing in commercial properties			(1,726)	(1,726)
Resources Total				(823)	(595)	(1,901)	(3,319)
People Services							
Children's Services							
13	PA05	Adult Social Care	Adult Services - Home In Harrow	(1,251)	0		(1,251)
Adult Services total				(1,251)	-	-	(1,251)
14	PC28	Cross Service	Non-pay inflation	(150)			(150)

Summary Savings and Growth 2019/20 to 2021/22							
Item No	Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction	2019-20	2020-21	2021-22	Total
				£000	£000	£000	£000
15	PC01	Children & Young People Services	Children's Placements & Accommodation Continued reduction of cost of placements through frequent tracking panels and step down through Keeping Families Together (KFT) as well as reduction in requirement for placements through KFT prevention of care and reunification	(431)			(431)
16	PC03	Children & Young People Services	No Recourse to Public Funds & Section 17 Client Spend Regular tracking & monitoring supported by accurate information gained through joint working with officer from the Home Office so that decisions for families are made in a timely way to enable access to benefits	(150)			(150)
17	PC04	Children & Young People Services	Legal Disbursements Continued use of Public Law Outline (PLO) pre-proceedings work to reduce cost of proceedings through reducing time in proceedings and costly assessments during proceedings.	(250)			(250)
			Children's Services total	(981)	-	-	(981)
			People total	(2,232)	-	-	(2,232)
Community							

Summary Savings and Growth 2019/20 to 2021/22							
Item No	Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction	2019-20 £000	2020-21 £000	2021-22 £000	Total £000
18	COM_19.20S02	Culture	<p>Cultural Services - Alternative Delivery Model Cultural Services – Secure capital investment to increase income generation and cost reduction of Harrow Arts Centre. Alternative service delivery models for delivering the services at Arts Centre, Museum as well as the music service. Review operational model for the libraries service. The project outline is being prepared which will consider the scope of work to be included for the review. The business case (to be developed) will inform the level of financial savings that this proposal may achieve.</p> <p>It should be noted that HAC already has a MTFS saving target of £150k and £143k in 19/20 and 20/21 respectively on the basis that the service will be self-financing by 20/21. If an alternative delivery model is implemented, the first call of any saving is to cover what already exists in the MTFS. Any surplus saving will contribute to the reversal of growth and notional saving target of £1m for the directorate.</p>				-
19	COM	Commissioning & Commercial	Income from expansion of Central Depot	(246)	(681)		(927)
20	COM_S12	Environment & Culture	Route Optimisation on food waste collection	(75)			(75)
21	CC_2	Environment & Culture	<p>Library Strategy Phase 2 - delivery of network of libraries and library regeneration The original saving relates to the relocation of Gayton Library and Wealdstone Library. The new town centre library that replaces Gayton Library will be built by the developer as part of the redevelopment of 51 College Road. The latest timescale suggests that the new library will become operational no later than March 2020. Therefore the saving relating to Gayton Library (£159k) needs to be re-profiled to 2020/21 at the earliest.</p>		(159)		(159)

Summary Savings and Growth 2019/20 to 2021/22							
Item No	Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction	2019-20 £000	2020-21 £000	2021-22 £000	Total £000
22	COM18.19_S03	Environment & Culture - Waste Services	Changes to the Household Recycle & Reuse Centre (HRRC) at Forward Drive 1. Restrict access for non residents to HRRC by introducing a charging regime for non residents. 2. Introduce charges for non household waste (e.g. building waste) deposited at HRRC by residents / non residents 3. Upgrade trade waste controls	(20)			(20)
23	COM18.19_S04	Environment & Culture - Harrow Arts Centre	Reduce subsidy to the arts centre	(150)	(137)		(287)
24	COM18.19_S05	Environment & Culture - Waste Services	Waste Services Review - implementing waste management strategy to include the following: 1. Introduction of food / dry recycling in Flats 2. Review collection regime and resources Total target saving of £500k, subject to detailed proposals to be developed as part of Waste Review and requisite Cabinet approval. One-off implementation costs anticipated and estimated at £150k, leading to a net saving of £350k in 19/20 and £150k in 20/21.	(500)			(500)
25	COM18.19_S07	Commissioning & Commercial - Contracts Management	Savings from contract re-procurement	(250)			(250)
26	COM18.19_S10	Commissioning & Commercial Division	Phoenix projects - Indicative net saving from the commercialisation of CCTV operations, subject to a business case.	(200)			(200)

Summary Savings and Growth 2019/20 to 2021/22							
Item No	Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction	2019-20 £000	2020-21 £000	2021-22 £000	Total £000
27	COM_19.20S01	Libraries	<p>Review of Libraries Service</p> <p>Review of operational arrangements to consider minimum staffing level and/or opening hours of libraries in the next 6-9 months through the work with the cross party working group. The estimated financial saving will be available once the proposal is developed.</p> <p>To deliver a service model in line with the new vision for Libraries which is to be developed by the cross party working group. Externalisation of the service will also be considered, to identify a suitable provider to deliver the service for the Council.</p> <p>It should be noted that, the libraries budget was insufficient to pay for Carillion's cost in the past due to the unbudgeted contract indexation. It remains the case for the in-house service provision, with an estimated budget pressure of circa £150k in 18/19 (to be met from one-off libraries reserve). There is a growth budget in the existing MTFs, originally intended for contract indexation (£175k in 19/20 and £25k in 20/21). This will be needed to fund the in-house service to meet the current operating arrangements.</p>	(50)	(50)		(100)
28	COM_19.20S02	Development Management	<p>Increase in Planning fees Income</p> <p>NB: this is predicated on diverting further CIL monies to fund Harrow Local Plan Review instead of using planning income as originally planned. This proposal is still subject to confirmation that the use of CIL monies to fund local plan review are compliant with CIL regulations.</p>	(100)	50		(50)
29	COM_19.20S03	Development Management	Commercialisation of Building Control Service, subject to a business case.	(20)			(20)
30	COM_19.20S04	Commissioning & Commercial	<p>Redevelopment of the Vernon Lodge Homelessness Hostel and the Atkins House Site</p> <p>The maximisation of the assets to increase the homelessness provision at Vernon Lodge while providing capacity to generate additional income at both Vernon Lodge and Atkins House, following Cabinet approval of the redevelopment work in July 18.</p> <p>Gross savings.</p>	(130)	(80)	(643)	(853)

Summary Savings and Growth 2019/20 to 2021/22							
Item No	Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction	2019-20 £000	2020-21 £000	2021-22 £000	Total £000
31	COM_19.20S05	Commissioning & Commercial	Redevelopment of Central Depot (Additional areas) Further maximisation of the use of the depot site to deliver additional areas for commercial income generation, following Cabinet approval of the increase in capital programme for the site.	-	(473)	-	(473)
32		Commissioning & Commercial	Additional Financing Income : (25k) Harrow Weald Toilet (£11k) Probation Centre (£275k) Drones (unmanned aerials) (£92k)			(403)	(403)
			Community and Culture	(1,741)	(1,530)	(1,046)	(4,317)
33	COM_G05.3	Housing	Homelessness - Extension of Property Purchase Initiative (Additional 50 homes) - Purchase of a further 50 homes for use as TA to reduce pressure on B&B.	(225)			(225)
34	COM_G05.3	Housing	Reversal - 'Homelessness - Extension of Property Purchase Initiative (Additional 50 homes) -The initiatives were included in the MTFS on the basis there would be a net saving against the B & B accommodation budget as a result of moving residents from B & B accommodation into the 150 homes. The savings against the B & B budget were originally intended to cover the capital financing costs incurred to purchase the properties and still make a positive contribution to the MTFS. However as a result of increased demand across the housing needs budget and the impact of the Homelessness Reduction Act, achieving a net saving against the B & B accommodation budget is no longer viable. In terms of the 50 homes, a gross saving of £948k is included in the MTFS. Capital financing costs are assumed at £573k leaving a net contribution to the MTFS of £375k	(153)			(153)
35	CH_9	HGF	Property purchase initiative - net benefit to Council of proposals to purchase 100 homes, per Cabinet report appendix. Homelessness savings are part of the equation.	(42)			(42)
36	CH_9	HGF	Additional income - 'Property purchase initiative - net benefit to Council of proposals to purchase 100 homes, per Cabinet report appendix. Homelessness savings are part of the equation.	4			4

Summary Savings and Growth 2019/20 to 2021/22							
Item No	Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction	2019-20 £000	2020-21 £000	2021-22 £000	Total £000
37	CH_9	HGF	Reversal - 'Property purchase initiative - proposal to purchase 100 homes. - The initiatives were included in the MTFS on the basis there would be a net saving against the B & B accommodation budget as a result of moving residents from B & B accommodation into the 150 homes. The savings against the B & B budget were originally intended to cover the capital financing costs incurred to purchase the properties and still make a positive contribution to the MTFS. However as a result of increased demand across the housing needs budget and the impact of the Homelessness Reduction Act, achieving a net saving against the B & B accommodation budget is no longer viable. In terms of the 100 homes a gross saving of £1.192m is built into the MTFS. £435k of this can be achieved through additional rental income leaving £757k non achievable which is now being reversed out of the budget, £736k in 2018/19 and £21k in 2019/20.	21			21
			Housing Total	(395)	-	-	(395)
			Community Total	(2,136)	(1,530)	(1,046)	(4,712)
			Total Savings	(5,191)	(2,125)	(2,947)	(10,263)
Growth							
Resources Directorate							
1		Legal Services	Due to significantly increased demand upon the legal service from the across the organisation caused by increased child protection, adult safeguarding, regeneration, commercialisation and environmental protection activities growth of £530k is required from 2018/19. This pressure can be contained within current resources for 2018/19 but has been built into the MTFS in 2019/20	530			530

Summary Savings and Growth 2019/20 to 2021/22							
Item No	Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction	2019-20	2020-21	2021-22	Total
				£000	£000	£000	£000
2	RES 2019-20 G1-2	Revenue & Benefits	The Housing Benefit Admin Grant reduces annually due to year on year efficiency cuts to DWP (Department of Work and Pensions) funding under SR2007 & SR 2013 efficiency directives in relation to settlements to DWP funding. The DWP efficiency targets in place impact on the HB Admin Grant annually, reducing future grants by approximately 10% cumulatively (7% + 3%).	100	95	90	285
3	RES 2019-20 G1-3	Revenue & Benefits	Growth is required to replace cuts in both DWP (Department for Work and Pensions) Administration grants to the Local Authorities and for overpayments of compensation payments from DWP to Harrow. This is due to both imposed cuts to the LA admin grant by the DWP due to their own savings strategy and due to the fact that as we will administer less cases over time (due to the migration of new cases to Universal Credit), there will be less overpayments and therefore less compensation awarded to Harrow which reduces the income in the revenue budget.			50	50
4	RES 2019-20 G1-10	Communications	The original reductions in the Communications Budget have not been matched by demand for the service. This proposal would enable the team to respond to all core requirements, as well as support other communications and marketing activity to help the organisation to make additional savings and also commercial income, by enabling the Council to be fully supported.	300			300
5	RES 2019-20 G1-10	Communications	Reversal of Communication Growth This growth has been removed and the pressure will be managed within the Resources directorate.	(300)			(300)
			Resources Total	630	95	140	865
People Services							
6	PA01	Adult Services	Growth to reflect existing demands in Adult Social Care and to reflect anticipated demographic pressures in 2018/19		(90)		(90)

Summary Savings and Growth 2019/20 to 2021/22							
Item No	Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction	2019-20 £000	2020-21 £000	2021-22 £000	Total £000
7	Adults	Adults	Growth - reinstatement of an operational budget for The Bridge to be phased out over a three year period so that by 2020/21, the service can be provided at nil cost.	(90)			(90)
8	Adults	Adults	<p>Growth in the transition budget and Personal Budgets over the next 3 years which will increase the transitions budget by a total of £1.4m and Personal Budgets by £1.218m.</p> <p>Growth 2019-20. This relates to £650k for transitions funding (additional 24pa) and £345k for personal budgets (additional 1 per week).</p> <p>Growth 2020-21. This relates to £450k for transitions funding (based on further 15) and £521k personal budgets (assumes a further 1 new PB every other week in addition to the 2019/20 increase)</p> <p>Growth 2021-22 - this relates to £300k for transitions (assumes additional 10 pa) and £352k for Personal Budgets (a further 1 new PB every other week)</p>	995	971	652	2,618
9	Adults	Adults	<p>Adult Social Care Growth - The review of forecast expenditure, based on a range of assumptions, indicates a growth requirement (including inflationary increases) in the region of £8.622m.</p> <p>The draft budget included growth of £0.995m for 2019-20 together with one-off social care funding of £2.627m (2019-20 only) has reduced the unfunded growth requirement for 2019-20 to approximately £5m.</p>	5,000			5,000
Adult's Total				5,905	881	652	7,438

Summary Savings and Growth 2019/20 to 2021/22							
Item No	Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction	2019-20	2020-21	2021-22	Total
				£000	£000	£000	£000
10	PC02	Children & Young People Services	Keeping Families Together workers Growth for 3fte KFT workers. These workers are pivotal in further reducing the demand for placements and enabling young people to step down or return home where it is safe to do so. Currently funded by Together With Families grant funding which ceases March 2019. These workers will significantly contribute to further efficiencies/savings/demand management	155			155
11	PC05	Education Services	SEN Case Workers Growth is required for 4fte SEN case workers to manage increased demand for Education Health & Care Plans and to enable the delivery of the SEND strategy to reduce spend on SEND.	160			160
			Children's Total	315	-	-	315
			People Total	6,220	881	652	7,753
Community							
12		Environmental Services	The growth in population and households in the borough over the last few years has placed additional pressures on Waste Services. The additional workload arising from the increasing number of new housing developments can no longer be absorbed within the existing number of waste rounds. £720k growth was allocated in 2018.19, this £255k is the partial reversal of this growth..	(255)			(255)
13	COM18.19_G01	Libraries Service	Contract Indexation uplift for the Libraries contract. The contract is subject to an indexation uplift every 2nd anniversary of the contract. The first uplift was applied in Sept 15 and the second one in Sept 17. Current pressure is being offset by one-off libraries reserve	175	25		200
14	COM_G01	Environment & Culture	West London Waste Authority (WLWA) - increase in disposal levy arising from waste growth and population growth	100			100

Summary Savings and Growth 2019/20 to 2021/22							
Item No	Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction	2019-20	2020-21	2021-22	Total
				£000	£000	£000	£000
15		Community and Culture	Environmental Services have a total income target of £5.3m to be achieved from a range of chargeable services including licensing, grounds maintenance, cemeteries, waste services and health & safety service. As these services are demand led, the latest budget forecast has identified that not all income budgets are to be fully met in 18/19.	195			195
			Community Total	215	25	-	240
Corporate							
16			Capital Financing costs associated with the capital investment of the redevelopment of the Vernon Lodge and Atkins House site	221	140	244	605
17			Capital Financing costs associated with the additional capital investment of the redevelopment of the Central Depot site.	65	190	-	255
			Corporate Total (financing Cost)	286	330	244	860
			Total Growth	7,351	1,331	1,036	9,718
			Net Savings and Growth	2,160	(794)	(1,911)	(545)

MEDIUM TERM FINANCIAL STRATEGY 2019/20 to 2020/21

	2019/20	2020/21	2021/22
	£000	£000	£000
Budget Requirement Brought Forward	168,917	167,081	168,510
Corporate & Technical	-3,996	19,018	11,256
People	3,988	881	652
Community	-1,921	-1,505	-1,046
Resources & Commercial	-193	-500	-1,761
Corporate Growth - capital financing	286	330	244
Total	-1,836	18,224	9,345
FUNDING GAP	0	-16,795	-9,345
Total Change in Budget Requirement	-1,836	1,429	0
Revised Budget Requirement	167,081	168,510	168,510
Collection Fund Deficit/-surplus	-2200		
Revenue Support Grant	0		0
Top Up	-13,753	-21,977	-21,977
Retained Non Domestic Rates	-24,833	-16,975	-16,975
Amount to be raised from Council Tax	126,295	129,558	129,558
Council Tax at Band D	£1,464.29	£1,493.43	£1,493.43
Increase in Council Tax (%)	4.99%	1.99%	0.00%
Tax Base	86,250	86,752	86,752
Collection rate	98.00%	98.00%	98.00%
Gross Tax Base	88,010	88,522	88,522

MTFS 2019/20 to 2021/22 – Proposed investments / savings

TECHNICAL BUDGET CHANGES			
	2019/20	2020/21	2021/22
	£000	£000	£000
Capital and Investment			
Capital financing costs and investment income			
Increased Minimum Revenue Provision costs of the capital programme and interest on balances changes	4856		
One off MRP underspend	4000		
On going MRP underspend			
25%reduction	-355	-45	0
Reductions following review of capital bids in December	-816		
Application of Capital Receipts to reduce borrowing costs	350		
Capital Investment reversed		500	0
Capital Financing costs increasing 2020/21 for depot		681	0
2018/19 implications in 2021/22			1900
Use of Regen MRP Provision 2019/20	-1000	1000	
Use of Regen MRP Provision 2020/21		-1000	1000
Reduction in MRP provision set aside	-450		
MRP on Community projects and Property investment			1454
Interest on Community projects and Property investment			967
Total Capital and Investment Changes	6,585	1,136	5,321
Grant Changes			
New Homes Bonus			
Estimated Grant changes	1000	940	0
Additional New Homes Bonus - December 2017 Settlement	353		
New Homes Bonus 2018	-962	300	
Additional 2019 New Homes Bonus after settlement	-1254	176	535
Better Care Fund			
<i>Estimated additional grant announced Dec 2017</i>	24	33	0
Improved Better Care Fund 2018/19 one off grant assumed	4643	0	0
Improved Better Care Fund 2019/20 one off grant assumed	-5467	5467	0
Assumed BCF continues beyond 2019/20 on permanent basis		-5,467	
Education Support Grant.			
Projected reduction in grant received	144	0	0
One-off Education Service Grant	-902	902	
New NNDR Multiplier Inflation compensation grant	-399	1194	0
Reduction to New NNDR Multiplier Inflation compensation grant	612	-612	
Section 31 Grant 2018/19	-779	779	
Section 31 Grant 2019/20	-2170	2170	
Use of 2018/19 Business Rates Pool Budget in 2019/20	-3500	3500	
2019/20 Business Rates Pool budget	-£2,625		
Contribution to 2020/21 budget	£2,625		
Use of 2019/20 Business Rates Pool Budget in 2020/21		-2625	2625
Reduction in 2019/20 Business Rates Pool after December settlement	£825		
Reduced to contribution to 2020/21 budget after December settlement	-£825		
Reduced use of 2019/20 Business Rates Pool in 2020/21		825	-825
2019/20 Adult Social Care Grant	-£2,627		
Contribution to Adult social care reserve	£2,627		

MTFS 2019/20 to 2021/22 – Proposed investments / savings

TECHNICAL BUDGET CHANGES			
	2019/20	2020/21	2021/22
	£000	£000	£000
Public Health Grant Reduction	487		
Removal of budget to fund Public Health Grant reduction	-487		
Total Grant Changes	-8,657	7,582	2,335
Other Technical Changes			
Freedom Pass Levy increase. Cost of Freedom passes charged to Harrow by Transport for London		500	0
Ammended to 2016/17 review -extension to 2019/20	414		
Budget planning contingency.	-2,000	2,000	
One off use from 2018/19	-2,200	2,200	
<i>corporate adjustment</i>	-238		
Total Other Technical Changes	-4,024	4,700	0
Pay and Inflation			
Pay Award @ 2% pa	2,300	2,000	2,000
Employer's Pension Contributions lump sum increases agreed with actuary			
Required to reduce the pension deficit	700		
Inflation on goods and services @ 1.3% p.a.	0	500	1100
Total Pay and Price Inflation	3,000	2,500	3,100
OTHER			
Gayton Road Income	-500	0	500
Estimated Directorate Growth		0	0
Capital Receipts Flexibility	2700		
Capital Receipts Flexibility	-800	800	0
Additional Capital Flexibility	-2300	2300	
Total Corporate & Technical	-3,996	19,018	11,256

MTFS 2019/20 to 2021/22 – Proposed investments / savings

PEOPLE DIRECTORATE			
	2019/20	2020/21	2021/22
	£000	£000	£000
Children & Families			
Proposed Savings - see appendix 1a	-831	0	0
Proposed Growth - see appendix 1a	315	0	0
Proposed Savings - see appendix 1b	-150	0	0
Sub total Children & Families	-666	0	0
Adults			
Proposed Savings - see appendix 1a	0	0	0
Proposed Growth - see appendix 1a	5,995	971	652
Proposed Savings - see appendix 1b	-1,251	0	0
Proposed Growth - see appendix 1b	-90	-90	0
Sub total Adults	4,654	881	652
Public Health			
Proposed Savings - see appendix 1a	0	0	0
Proposed Growth - see appendix 1a			
Proposed Savings - see appendix 1b	0	0	0
Sub total Public Health	0	0	0
Total People Directorate	3,988	881	652

MTFS 2019/20 to 2021/22 – Proposed investments / savings

COMMUNITY			
	2019/20	2020/21	2021/22
	£000	£000	£000
Community and Culture			
Proposed Savings - see appendix 1a	-300	-553	-1,046
Proposed Growth - see appendix 1a	195	0	0
Proposed Growth - see appendix 1b	-1,441	-977	0
Proposed Savings - see appendix 1b	20	25	0
Sub total Environmental Services	-1,526	-1,505	-1,046
Housing - General Fund			
Proposed Savings - see appendix 1a	0	0	0
Proposed Growth - see appendix 1a	0	0	0
Proposed Savings - see appendix 1b	-395	0	0
Sub total Housing General Fund	-395	0	0
Total Community	-1,921	-1,505	-1,046

MTFS 2019/20 to 2021/22 – Proposed investments / savings

RESOURCES & COMMERCIAL			
	2019/20	2020/21	2021/22
	£000	£000	£000
Resources & Commercial			
Proposed Savings - see appendix 1a	-643	-595	-1,901
Proposed Growth - see appendix 1a	100	95	140
Proposed Savings - see appendix 1b	-180	0	0
Proposed Growth - see appendix 1b	530	0	
Total Resources & Commercial	-193	-500	-1,761

	Revenue					
	2018/19 Net Budget £'000	Gross Controllable Expenditure £'000	Gross Income £'000	Net	Uncontrollable Expenditure £'000	2019/20 Net Budget £'000
				Controllable Expenditure £'000		
Local Demand - Borough Services						
Resources & Commercial	21,172	217530	-180,411	37119	-19,738	17381
Environment & Commissioning	28,363	52841	-37747	15094	17615	32708
Housing General Fund	8,134	11,753	-7,924	3829	4,006	7835
Regeneration	1,919	4588	-3660	928	1237	2166
Sub-total Community	38,416	69,182	-49,331	19,851	22,858	42,709
Adult Services	64,502	86,292	-24,035	62257	6,221	68477
Public Health	-1,048	8,994	-10,861	-1867	163	-1704
Adults & Public Health	63,454	95,286	-34,896	60,390	6,384	66,774
Children & Families	41,514	181,880	-149,289	32591	9,699	42290
Sub-total People	104,968	277,166	-184,185	92,981	16,083	109,064
Total Directorate Budgets	164,556	563,879	-413,928	149,951	19,203	169,154
Total Service Budget	164,556	563,879	-413,928	149,951	19,203	169,154
Corporate And Technical Adjustment						
Corporate Budgets (Levies and Subscriptions inc. Audit fees)	3,280					3928
Pay Inflation	2,616					1335
Employer's Pension Contribution	664					192
Goods And Service Inflation	1587					1690
Treasury Management	2071					2012
Capital financing cost	24,629					31472
Capital Financing adjustments	-24,736					-23876
Grant						
Sec.31 Grant Business Rate Reliefs	-871					-3820
Use of 2018.19 Pool Budget						-3500
Education Services Grant	-144					-902
New Homes Bonus	-3,482					-4345
Others Grant	249					
NNDR multiplier inflation	-795					-582
Other Budget Adjustments						
Budget Planning Contingency	370					-4200
Contingency - General	1,248					1248
Litigation Budget	375					375
Use of Capital Receipt Flexibility	-2700					-3100
Sub Total Corporate and Technical Adjustment	4,361					-2,073
TOTAL BUDGET REQUIREMENT	168,917					167,081
BUDGET REQUIREMENT FUNDED BY						
Contribution re Collection Fund						
Deficit/Surplus(-) b/f	-6,093					-2200
Revenue Support Grant	0					0
Business Rates Top-up Grant	-10,582					-13753
Retained Business Rates	-34,438					-24833
Council Tax Income	-117,804					-126295
Total Funding	-168,917					-167,081
Council Tax for Band D Equivalent						
General (£)	1354.84					1436.39
ACS(£)	39.85					27.89
Harrow Increase (£)	1394.69					1464.29
GLA (£)	294.23					320.51
Total after Increase (£)	1,688.92					1,784.80
Increase						
General (%)	2.99%					2.99%
ASC (%)	0.50%					2.00%
GLA (%)	5.07%					8.93%
Total Increase (%)	3.76%					5.68%
Tax base	84,466					86,250
Collection Rate	98.0%					98.0%
Funds / Balances						
Balances Brought Forward	10,009					10,009
Balances Carried Forward	10,009					10,009

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Levies, Contribution and Subscriptions

The table below shows the main levies, contributions to other bodies, and subscriptions that the Council will pay in 2019/20. These sums are set by other bodies and are outside the Council's control. With the exception of the subscriptions to London Councils and the Local Government Association, the payments are compulsory.

	2018/19	Expected Payment in 18/19	2019/20	Changes	Changes	Comments
	£'000	£'000	£'000	£'000	%	
West London Waste Authority Levy	1,849	1,849	1,983	134	7.25%	Based on Notification
Lee Valley Levy	204	204	204	-	0.00%	Based on Notification
London Council Subscription	129	129	129	-	0.00%	19.20 is an estimate based on 18.19 notification, 19.20 notification is due around March.
London Borough Grant	189	189	188	- 1	-0.53%	Based on Notification
Freedom Pass Levy	10,071	10,071	9,985	- 86	-0.85%	Based on Notification
Environment Agency Levy	189	189	196	7	3.70%	Based on Notification
Coroners Court Levy	179	179	179	-	0.00%	19.20 is an estimate based on 18.19 notification, 19.20 notification is due around March.
Traffic Control Levy	315	315	327	12	3.81%	19.20 is an estimate based on 18.19 notification, 19.20 notification is due around March.
Borough Subscription	38	38	37	- 1	-2.63%	Based on Notification
London Pension Fund Authority Levy	307	299	307	-	0.00%	This is an estimate based on 18.19 notification, 19.20 notification is due around March.
Joint Committee Subscription	161	161	161	-	0.00%	Based on Notification
Apprentice Levy	400		400	-	0.00%	Estimate

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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.

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 Plan (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 2019-20

2. The 2019-20 DSG settlement is based on the number of pupils on the October 2018 schools census for the Central School Services Block and Schools Block as well has a lump sum for historical items related to premises and mobility, the January 2018 Early Years census for the Early Years Block a combination of a historical lump sum and per pupil funding for the High Needs Block. The total DSG allocation for 2019-20 is £216.525m.

Table 1 – 2019-20 DSG allocation

Blocks	Unit of funding		Pupil numbers		Total
	Primary	Secondary	Primary	Secondary	
Schools Block – per pupil	£4,137.79	£5,637.69	21,574	11,863	£156,145,779
Schools Block – lump sum premises & mobility					£3,508,503
Schools Block – growth fund formula					£3,235,390
Schools Block – growth fund ONE OFF					£2,905,196
Total Schools Block					£165,794,767
Central Schools Block	£36.64		33,437		£1,225,132
High Needs Block					£32,006,781
Early Years Block					£17,498,814
Total Dedicated Schools Grant Allocation 2019-20					£216,525,494

Schools Block

3. 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 that LAs are funded on the basis of the total of the NFF for all schools, academies and free schools in its area but the final formula for distribution is determined by each LA, subject to prescribed limits, following consultation with schools and Schools Forums.
4. This is a transitional arrangement up to 2021, beyond which the Government intends to implement the NFF in full which means that school allocations will be determined by the DfE rather than LAs. This is a year later than planned.

5. In 2018-19 the LA implemented the NFF after consultation with schools and Schools Forum. There are no proposed changes to the structure of the formula for 2019-20. This is set out at Table 2.

Table 2 – proposed funding formula and factor values 2019-20

Category	Description	Amount per pupil	
		Primary	Secondary
Basic entitlement	Primary	£3,016.28	
	KS3		£4,241.31
	KS4		£4,815.75
Deprivation (IDACI – Income Deprivation Affecting Children Index)	Free School Meals	£483.13	£483.13
	FSM 6	£592.94	£861.95
	IDACI Band F	£219.61	£318.43
	IDACI Band E	£263.53	£428.23
	IDACI Band D	£395.29	£565.49
	IDACI Band C	£428.23	£614.90
	IDACI Band B	£461.17	£658.82
	IDACI Band A	£631.37	£889.40
EAL	English as an Additional Language	£565.49	£1,520.77
Mobility	Pupils starting outside of normal entry dates	£2,980.90	£2,668.82
Prior attainment	Low prior attainment	£1,122.19	£1,701.95
Lump Sum	Lump Sum per school	£120,783.30	

Minimum Funding Guarantee

6. In 2019-20 the Minimum Funding Guarantee (MFG) will continue to protect schools from per pupil losses between years. Within the regulations it is possible to set a MFG of between -1.5% and +0.5%. The LA undertook a consultation with all schools in the Autumn Term and the majority of respondents were in favour of setting a MFG of -1.5%. This means that schools cannot lose more than -1.5% per pupil of their previous year's budget.
7. The Government has made no commitments to continue the MFG beyond 2021 and at this point, those schools protected by MFG could face significant reductions in funding. Setting a negative MFG enables schools to align with funding generated through the NFF and aims to prevent large funding drops if MFG no longer applies in the future.
8. In order to fund the MFG it is possible for LAs to cap schools which gain through the formula. However it is not proposed to set a cap since it is affordable within the overall formula. This is consistent with 2018-19.

Additional Funding

9. In 2019-20 there is capacity in the overall Schools Block of £5.7m. £4.2m is as a result of one off funding to reflect an ESFA technical adjustment in 2018-19 as well as one off funding in a brought forward contingency managed by Schools Forum. The remainder of capacity is as a result of setting a MFG at -1.5%. It is proposed to treat all of this funding as one off so that it does not inflate MFG baselines in future years. This funding will be distributed on a per pupil basis with differential rates for primary, Key Stage 3 and Key Stage 4, which mirrors the NFF.

High Needs Block

10. High Needs funding is designed to support a continuum of provision for pupils and students with special educational needs (SEN), learning difficulties and disabilities, from their early years to age 25.
11. There is a duty to admit a child or young person if the institution is named in a statutory Education, Health and Care (EHC) plan. Local authorities use the high needs budget to provide the most appropriate support package for an individual with SEND in a range of settings, taking account of parental and student choice, whilst avoiding perverse incentives to over-identify high needs pupils and students. High needs funding is also intended to support good quality alternative provision for pupils who cannot receive their education in schools.
12. The following are funded from the High Needs Block (HNB).
 - Harrow special schools, including academy special schools
 - Additional resourced provision in Harrow mainstream schools and academies
 - School places in out of borough special schools and independent special schools
 - Educational provision contained in the Education Health & Care Plans (EHC plan) in mainstream schools and academies
 - Post 16 SEN provision including Further Education settings
 - SEN support services and support for inclusion
 - Alternative provision including Pupil Referral Unit (PRU) and Education Other Than At School (EOTAS)
13. The Government introduced a National Funding Formula for High Needs from 2018-19. High Needs funding has previously been based on historical allocations plus some annual amounts of growth. In order to manage increasing growth for demand and complexity of need, annual funding transfers from the Schools Block into the High Needs Block have been approved by Schools Forum. Previously there was no limit to the value of transfer permissible.
14. The introduction of the High Needs NFF has led to a shortfall in funding compared with the 2017-18 baseline, of approximately £2.9m. This is because there was an overall shortfall of DSG in 2017-18 which was funded by the use of a brought forward contingency managed by Schools Forum.

15. In addition, between 2013-19 there has been an increase in HNB funding of £5.128m (21%) compared with increase in HNB spend of £8.090m (34%) and an increase in EHC plans from 1,168 in January 2014 to nearly 1,700 by October 2018 (46%). The SEND Reforms in 2014 require LAs to support young people with EHC plans aged 0-25 years compared with (broadly) 5-19 years previously.
16. From 2018-19 the Schools Block is ring-fenced and transfers to the HNB are limited to 0.5% of the Schools Block. For Harrow this equates to approx. £830k. The Schools Forum must be consulted and if it does not agree, the transfer can only be made with the consent of the Secretary of State for Education.
17. Schools Forum agreed to the transfer in 2018-19 and this reduced the pressure on the HNB to £2.1m. At its meeting in November 2018 Schools Forum agreed to fund the 2018-19 deficit from the brought forward contingency. This contingency will be exhausted by 31 March 2019.
18. As reported to Cabinet in December 2018, in respect of a transfer for 2019-20, the LA consulted with all schools and Schools Forum in the Autumn Term and the majority of responses and overall vote did not agree to repeat this transfer for 2019-20.
19. However at its meeting in January 2019 and in the context that there is additional capacity within the Schools Block which was not known about in the Autumn Term, Schools Forum agreed to a transfer of 0.25% of the Schools Block into the High Needs Block of approx. £415k.
20. The HNB budget allocation for 2019-20 is set out at Table 3

Table 3 – High Needs Block budget allocation 2019-20

Description	Basic entitlement rate	No. of pupils in special schools	Value
High Needs Block Allocation (excl basic entitlement factor)			£30,442,441
Basic Entitlement Factor	£4,446	548	£2,436,657
Import/Export Adjustments (2018-19 figure)			-£1,479,000
Additional HNB allocation announced December 2018			£606,683
Total HNB before academy recoupment			£32,006,781
Academy recoupment for SEN units, special schools and FE			-£1,432,649
Net High Needs Block 2019-20			£30,574,132
Agreed 0.25% transfer from Schools to HNB 2019-20 only			£414,487
High Needs Block Total Budget 2019-20			£30,988,619

21. In December 2018 the Government announced new funding to support children with special educational needs. For Harrow this funding totals £1.213m spread over 2018-19 and 2019-20 (£606k in each year). There are no further announcements about whether this funding will continue beyond these years.
22. The total budget in 2019-20 represents a net increase in funding from 2018-19 of £686k. Of this, approximately 50% is on-going, related to an increase in pupil

numbers and changes in demographics but the remainder is one-off, related to additional funding announcements and block transfers

23. Whilst the additional SEND funding is welcomed there remains uncertainty about funding for future years. In addition the allocation is arbitrary and does not reflect what is happening in reality. The pressure on the High Needs Block in 2018-19 is £2.1m and this is projected to continue and to grow as growth in demand continues and the LA becomes even more reliant on expensive out of borough provision.
24. Despite the additional SEND funding of £606k from the Government there is anticipated to be a pressure of approx. £3.2m in 2019-20. The LA will need to set a deficit budget in respect of the HNB and fund the shortfall from future years' DSG allocations or a transfer from the General Fund. Any changes to SEND funding or provision for young people would be subject to consultation with relevant stakeholders.
25. The DfE guidance states that there are three options if there are overspends at the end of the financial year:
 - The local authority may decide to fund all the overspend from its general resources in the year in question;
 - The local authority may decide to fund part of the overspend from its general resources in the year in question and carry forward part to the schools budget in the next or subsequent year; or
 - The local authority may decide not to fund any of the overspend from its general resources in the year in question and to carry forward all the overspend to the schools budget in the next or subsequent year.
26. Where a local authority decides it wishes to carry all or some of the overspend forward it needs to obtain the consent of the Schools Forum, or failing that the Secretary of State.
27. There is a significant and growing shortfall within the HNB across London. A recent survey showed that London boroughs had a total shortfall of £78m in 2017-18 compared with HNB allocations, with 32 out of 33 boroughs reporting a shortfall. Up until now, some boroughs, like Harrow, have been able to contain this within the overall DSG by transferring funding between blocks and/or using brought forward contingencies whilst other boroughs are already reporting DSG deficits. However the introduction of the HNB NFF and restrictions on block movements has highlighted more clearly the significant level of underfunding in respect of High Needs.
28. While the DSG formula does include proxies for high need through deprivation and other measures, and does reflect changes in pupil numbers and general 2-18 population, it does not recognise increasing incidence of SEND.
29. Whilst there are plans in place to increase in-borough provision, this takes time. This is covered more extensively in the SEND Strategy also on this Cabinet's agenda.

Early Years Block

30. Funding for Early Years relates to free 15 hour nursery entitlement for all 3 and 4 year olds in maintained nurseries and nursery classes as well as private, voluntary and independent (PVI). From September 2017 this was extended to 30 hour nursery entitlement for eligible 3 and 4 year olds. It also funds free 15 hour nursery entitlement for disadvantaged 2 year olds.

3 and 4 year olds

31. A national funding formula for 3 and 4 year old funding was introduced in 2017-18. Cabinet approved the structure of the Harrow formula for the distribution of funding to providers in January 2017. In 2019-20 the hourly rate per part time pupil on the January Early Years census that the LA receives, remains the same.

32. There are no proposed changes to the structure of the Early Years Single Funding Formula (EYSFF) for 2019-20. However there are proposed changes to the distribution of the Quality factor. This means that the LA was required to conduct a consultation on the proposed change to the EYSFF for 2019-20. The consultation opened on 20th December 2018 and closed on 18th January 2019.

33. Throughout 2018-19 the LA has considered feedback received around workforce development and as such proposed an option to reduce the quality supplement paid to providers (by £0.02 per hour), in order to centralise a fund, managed by PVI, childminder and maintained schools with nursery classes, to support system leadership and workforce development. The indicative value of this fund will be approximately £55k. If the program is successful the allocation can be reviewed 2020-21. This process has been successfully adopted by a number of local authorities, and would be an opportunity for providers to have funding to manage and maintain their own workforce development, including subscriptions, training and peer to peer reviews.

34. Any system leadership supplement should be open and transparent in terms of the process for

- choosing the program leaders (selected from within PVI, Childminder and maintained schools with nursery classes)
- managing the funding arrangements, and
- The offer provided

- The supplement can only be used to cover the cost of providing the system leadership, i.e. no one should benefit financially outside of it, either those supporting or those being supported. Only costs of delivering the system leadership program should be met.

- Before introduction, PVI, childminders and maintained schools with nurseries will be consulted, so that the fund can be managed appropriately to support system leadership. For example, successful leaders may choose to offer bespoke training, peer on peer reviews etc.

35. There were 21 responses received in the consultation of which 13 supported the proposal, 7 did not support the proposal and one response did not answer this

question. Therefore for 2019-20 the LA will retain the same EYSFF structure and introduce the changes to the Quality factor.

36. The 2018-19 current EYSFF and the proposed 2019-20 EYSFF set out in the consultation is shown at Table 7.

Table 4 – current and proposed EYSFF

Description	Current	Proposed
	2018-19	2019-20
	Hourly £	Hourly £*
Funding available to providers	£5.30	£5.30
Top-slice SEN inclusion fund 5%	£0.26	£0.26
Funding available to providers through formula	£5.04	£5.04
Base rate minimum 90%	£4.53	£4.53
Supplements up to 10%	£0.51	£0.51
Funding available to providers through formula	£5.04	£5.04
Breakdown of supplements		
- Deprivation (IDACI) 10%	£0.05	£0.05
- Flexibility 45%	£0.23	£0.23
- Quality 41% (paid hourly to providers)	£0.23	£0.21
- Quality 4% (pooled and managed by specific providers)		£0.02
Total Supplements at 10% of overall allocation	£0.51	£0.51

**hourly rates will not automatically calculate as figures have been adjusted for rounding*

37. LAs are required to pass 95% of 3 and 4 year old funding to early years providers. This pass-through requirement ensures that the vast majority of Government funding reaches providers so that they can deliver the free entitlements.

38. The remaining 5% may be top-sliced by LAs to provide centrally retained Early Years services.

SEND Inclusion

39. LAs are required to have SEND Inclusion Funds for all three and four 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 needs of individual children with SEND.

40. 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 local authority area, regardless of where they live.

41. This is top-sliced from the overall 3 and 4 year old funding allocation.

2 year olds

42. In respect of 2 year olds, the LA receives £5.92 per hour for each participating 2 year old as recorded on the Early Years census. This is paid to providers in full based on participation and eligibility.

Disability Access Fund

43. The Disability Access Fund (DAF) was introduced in April 2017 to support disabled children's access to the entitlements for three and four year olds. Providers receive £615 per eligible child per year. The funds could be used, for example, to support providers in making reasonable adjustments to their settings and/or helping with building capacity, be that for the child in question or for the benefit of children as a whole attending the setting.

44. Three and four year olds will be eligible for the DAF if the child is in receipt of Disability Living Allowance (DLA) and the child receives the universal 15 hours entitlement.

Early Years Pupil Premium

45. The Early Years Pupil Premium (EYPP) gives providers additional funding to support disadvantaged three and four year old pupils.

Other Schools Budgets

Capital

46. The DfE has yet to confirm the 2019-20 capital allocation. This is expected later this month and any Devolved Formula Capital will be included in the final school budgets.

Pupil Premium

47. Schools will continue to receive Pupil Premium. Eligibility and funding rates are shown at Table 5

Table 5 – Pupil Premium Rates 2019-20

Category	Value per pupil
Pupils in year groups reception to year 6 recorded as Ever 6 Free School Meals (where a pupil has been eligible for FSM in last 6 years)	£1,320
Pupils in years 7 to 11 recorded as Ever 6 Free School Meals	£935
Looked After Children (LAC) defined in the Children Action 1989 as one who is in the care of, or provided with accommodation by and English LA	£2,300
Children who have ceased to be looked after by a LA in England and Wales because of adoption, a special guardianship order, a child arrangements order or a residence order	£2,300
Pupils in year groups reception to year 11 recorded as Ever 6 service child or in receipt of a child pension from the Ministry of Defence	£300

Universal Infant Free School Meals

48. The grant for Universal Infant Free School Meals (UIFSM) will continue at a meal rate of £2.30 in 2019-20.

Year 7 Catch Up

49. This grant will continue in 2019-20

Primary PE and Sports Premium

50. There have been no announcements in respect of these beyond the 2018-19 academic year

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Public Health Funding 2019-20**Appendix 7**

	£000	
Mandatory Services		
Sexual Health (incl Family Planning)	2,192	
0-19 Services	3,536	
Health Checks	175	
	<u> </u>	5,903
Discretionary Services		
Tobacco Control	0	
Drug & Alcohol Misuse	1,946	
Physical Activity	0	
	<u> </u>	1,946
Staffing & Support Costs		
Staffing	603	
Non-Staffing	37	
Overheads	163	
	<u> </u>	803
Health Improvement	220	
Wider Determinants of Health	1,651	
	<u> </u>	1,871
Total Expenditure		<u><u>10,523</u></u>
Funded by		
Department of Health Grant	-10,523	
Total Income		<u><u>-10,523</u></u>

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Reserves Policy

The recommended reserves policy is as follows:

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

The rationale for this policy is set out below.

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

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

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

The target level of reserves depends on:

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

The Council is continually working to improve financial management and in 2018/19 will continue to focus on accurate and robust management of its revenue and capital monitoring and, considering the level of savings built into the budget, an increased emphasis will be placed on the delivery of in-year savings and the delivery of new savings proposals.

The Council has built up more appropriate annual contributions to provisions for debt, litigation and insurance in the last few years, and strengthened its balance sheet, but still has limited earmarked reserves and general fund balances.

There is greater risk as central government grant settlements continue to reduce the level of revenue support grant given to the Authority requiring large savings to be built into the budget over a prolonged and continuous period of time.

Taking all this together, the target level for reserves should be £10 - £12.5m, which represents between 6% and 7.4% of the 2019/20 net revenue budget of £167m.

As at 31 March 2018 the level of General Fund Reserves was £10m, which represents 6% of the Council's budget requirement for 2019/20 (£167m), which is the recommended minimum level. In addition, the Authority holds a limited number of earmarked reserves as detailed in Appendix 9.

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

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

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

Reserve Forecast 2019/20

Appendix 9

Earmark Reserves	Reserves as at year end	Estimated use in 2018/19	Estimated Contribution in 2018/19	Estimated Reserves at start of year	Planned Contributions included in 2019/20	Planned Use of reserves in 2019/20	Estimated Reserves at year end	Estimates Reserves 2020/21 as at 31 March 2020	Estimates Reserves 2021/22 as at 31 March
	31-Mar-18			01-Apr-19			31-Mar-19		
	£'000	£'000		£'000	£'000	£'000	£'000	£'000	£'000
Transformation & Priority Initiatives Fund	1826	783		1043	0	538	505		
MTFS Implementation	2441	437		2004	0		2004		
IT Implementation	145	25		120			120		
Standing Up For Those In Need	0		800	800	800		1600		
Public Health	2202	500		1702	0	500	1202		
Commercialisation Reserve	355	284		71	0	0	71		
Capacity Building	1198	1198		0		0	0		
*Budget Planning	6184		5700	11884	1800	7700	5984	4184	4184
Total	14351	3227	6500	17624	2600	8738	11486	4184	4184

Report of the Chief Finance Officer

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 challenging and volatile in the Borough's history. The economic climate and the 2019/20 Local Government Financial Settlement have only increased the challenges around setting a balanced budget for 2019/20 and achieving financial sustainability over the period of the MTFS. Harrow Council was not in a position to accept the 4 Year Settlement Offer (2016/17 to 2019/20) which saw its Revenue Support Grant (RSG) reduce by 93% over the four year period. The risk of an annual financial settlement has been mitigated by the Council's actual RSG for 2019/20 being in line with that included in the Settlement Offer. There are significant areas of uncertainty around the future of Local Government funding. The coming months will see three major external events that will change the amount of funding every local authority will receive from 2020 onwards:

- The next Spending Review
- The Fair Funding Review
- The 75% business rates retention scheme

At the time of writing this report there is no tangible information coming from the consultation processes on the three key events increasing the risk and uncertainty around decision making, budget planning and financial sustainability over the short and medium term.

The Council continues to experience increasing demographic and demand pressures, largely in relation to Adult's and Children's social care and homelessness. One off funding has been received for 2018/19 and 2019/20. Whilst helpful, it is insufficient in quantum and its non recurrent nature creates uncertainty and hinders long term planning.

In the wider economy there remains considerable uncertainty about the impact of Brexit, inflation, interest rates, 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 may result in additional demand on services.

The Council set's a three year Medium Term Financial Strategy to set a clear direction of travel and to allow the time to adequately plan for those saving proposals and initiatives that require a longer lead in time. As part of the budget setting process for 2019/20 the existing MTFS (2018/19 to 2020/21) has been refreshed and rolled on a year to reflect the Council's changing financial position. This allowed for a review of the proposals contained within it to be assessed as to whether they are robust enough to remain within the budget or need to be reversed out and replaced. There are no savings that require reversal in 2019/20 or 2020/21 in respect of savings put forward in previous years.

The advice of the S151 Officer is that the budget for 2019/20 is sufficiently robust but there are significant budget gaps for 2019/20 and 2020/21 which require robust and sustainable

proposals to address. However this advice is given, following the consideration of a number of factors:

- Saving proposals have been explored and scrutinised in some detail by various forums and Directorates have confirmed that they are achievable
- Those proposals in development for 2020/21 and 2021/22 will be subject to further scrutiny before final approval in their respective budget years
- Growth of £7.351m has been provided for within the 2019/20 budget. Service managers have made reasonable assumptions about demand led pressures and such pressures are monitored closely throughout the year with variations being tightly controlled
- 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 2019/20 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 tightly controlled and contained within service budgets unless there is an agreement the variation is managed pan organisation
- There is a commitment within the organisation to ensure all new budget proposals are supported by a robust business case that has been scrutinised pan organisation and , unless specifically stated, makes a clear net financial contribution to the MTFS after considering all costs

Adequacy of General Reserves, Ear marked Reserves, and Contingencies

There is no statutory definition of a minimum level of reserves and it is for this reason that the matter falls to the judgement of the S151 Officer. The level of reserves is a balance between the risk facing the Authority and the opportunity costs of holding those balances. Reserves can only be spent once and should ideally only be used to support one off expenditure or to allow time for management actions to be implemented.

The Council holds a general fund balance of £10m which represents the balance of last resort in the event of any major and unforeseen event that compromises the delivery of the council's budget. At current levels, this balance represents 6% of the council's budget requirement for 2019/20 (£167m). This balance of £10m does place Harrow Council at the lower end of the lower quartile of general fund balances across London and nationally. No draw down on the general fund balance is forecast for 2018/19 and the three year MTFS (2019/20 to 2021/22) does not rely upon such balances. The general fund reserves are sufficiently adequate however they must not drop below the £10m level and no allocations can be made unless already planned and there are no such plans. Taking into account the significant challenges ahead, dependent upon the outturn position, consideration will be given to making a contribution to general fund balances.

In addition to general balances the Authority holds a number of other suitable reserves which are set out in Appendix 9. The estimate of these balances is £17.624m at the end of 2018/19 and a reduced balance of £11.48m by the end of 2019/20.

The 2019/20 budget still includes the on going revenue contingency of £1.248m for unforeseen items.

In conclusion the advice of the Section 151 Officer is that, having considered the need for balances and the budget risks, the level of reserves held are considered sufficiently adequate but only on the basis that:

- Any potential adverse budget variations are tightly controlled and contained within service budgets.
- The budget setting process for 2020/21 to 2021/22 identifies robust and sustainable proposals to address the identified budget gaps

Budget Monitoring

The Local Government Act 2003 also introduced requirements in relation to budget monitoring and management action. Budget monitoring arrangements are in place in Harrow which monitor and report the performance of the revenue and capital budget and the progress of all saving proposals and income generation opportunities built into the budget. These arrangements remain continually under review to ensure they keep pace with the requirements of the organisation. 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.

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Model Council Tax Resolution

Harrow Council

Council Tax Resolution 2019/2020

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 2019/2020 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 6 December 2018 the Council calculated the amount of 86,250 as its Council Tax Base for the year 2019/2020 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 2019/2020, 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)** £601,458,013
 - (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)** £475,163,000
 - (iii) Being the amount by which the aggregate at (i) above exceeds the aggregate at (ii) above, calculated by the Council, in accordance with Section 31A(4) of the Act, **as its Council Tax Requirement for the year.** £126,295,013
 - (iv) Being the amount at (iii) divided by the Council Tax Base, calculated by the Council at its meeting on 6 December 2018 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)** £1,464.29

(v) Valuation Bands

	A	B	C	D	E	F	G	H
£	976.19	1,138.89	1,301.59	1,464.29	1,789.69	2,115.09	2,440.48	2,928.58

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 2019/2020 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
£	213.67	249.29	284.90	320.51	391.73	462.96	534.18	641.02

- (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 2019/2020 for each of the categories of dwellings shown below

Valuation Bands

	A	B	C	D	E	F	G	H
£	1189.86	1388.18	1586.49	1784.80	2181.42	2578.05	2974.66	3569.60

- (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 2019/20 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 2019/2020.

Members' Allowances Scheme

1. This scheme shall have effect until 31st March 2020. It replaces all former schemes.

Basic Allowance

2. A basic allowance of £8,340 per annum shall be paid to each Councillor.

Special Responsibility Allowances and Mayoral Allowances

3.
 - (1) A special responsibility allowance shall be paid to those Councillors who have the special responsibilities in relation to the posts specified in Schedule 1 to this scheme. The amount of each such allowance shall be the amount specified against that special responsibility in that schedule.
 - (2) An allowance of £10,475 per annum shall be paid to the Mayor and an allowance of £2,085 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 2019/20, the indexing arrangements will be reviewed.

Travel and Subsistence Allowances

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

Carers' Allowance

6. (1) The allowance shall only be paid for attendance at approved duties as listed in Appendix A.
- (2) The maximum basic rate of pay is £2.90 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 £445 per annum shall be paid to co-optees to formal Council Committees and Independent Members of the Governance, Audit, Risk Management and Standards Committee.

Sickness, maternity and paternity leave

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

Claims and Payments

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

Backdating

10. Any changes made to this scheme during the year may be backdated to 1st April 2019 by resolution of the Council when approving the amendment.

Pensions

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

Renunciation

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

Appendix A

Approved duties for Carers' Allowance

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

Schedule 1

Special Responsibility Allowances (SRAs)

There are 6 bands of SRAs:

Band	Post	SRA - £/annum
1	Chief Whips of the two largest Groups Deputy Leader of the second largest Group Performance Lead Members for Scrutiny Policy Lead Members for Scrutiny Chair of Licensing and General Purposes Committee Portfolio Holder Assistants	£2,100
2	Nominated Member of the party not holding the Chair of the Planning Committee Chair of the Traffic Advisory Panel Chair of Governance, Audit, Risk Management and Standards Committee Chair of the Pension Fund Committee Chair of the Performance and Finance Scrutiny Sub Chair of the Health and Social Care Scrutiny Sub Nominated Member of the largest party not holding the Chair of the Performance and Finance Scrutiny Sub	£4,700
3	Nominated Member of the largest party not holding the Chair of the Overview and Scrutiny Committee Non-Executive Members of Cabinet	£6,780
4	Chair of the Overview and Scrutiny Committee Leader of the Second Largest Group	£8,860
5	Cabinet Members	£20,100
6	Leader of the Council	£31,400

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 2019/20

Harrow Council supports openness and accountability and is pleased to publish its Pay Policy Statement for 2019/20. In compliance with the Localism Act 2011 this statement outlines the Council's policy on pay and benefits for Council employees (excluding Schools)¹ and specifically for its Chief Officers and senior management for 2019/20.

Update January 2019:

The new London spines will replace entirely the current pay spines and employees will assimilate across from their current pay point to a new corresponding pay scale and pay point in April 2019.

The London Living Wage has increased to £10.55ph; Harrow Councils lowest paid employees will be paid at £10.60ph per hour which will be implemented in April 2019.

Context

The Council's vision is: 'Working Together to Make a Difference for Harrow' and the Workforce Strategy is focused on supporting delivery of the Council's vision and priorities by ensuring an efficient and effective organisation. To achieve this we need a commercially minded and agile workforce delivering higher productivity and increased performance at a lower cost base. The number of directly employed staff living within a Harrow postcode is 41%.

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

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

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

As a Council we are committed to ensuring equality and diversity is integral to everything we do so our Pay Policy seeks to reduce income inequality and ensure that the pay, terms and conditions of Council employees comply with the Council's duties under the Equality Act 2010.

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

The Council recognises that a significant proportion of our workforce lives locally and that therefore our Pay Policy helps support a strong local economy.

Modernising Terms & Conditions Review 2011/12

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

The collective agreement is published at:

http://www.harrow.gov.uk/downloads/file/5879/collective_agreement

The changes introduced through the collective agreement were in accordance with the Council's Pay Policy Statement 2012/13 included the following key provisions:

- 2.5% pay cut for the Chief Executive and Corporate Directors
- 1% pay cut for staff earning £21,375 and above
- 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
- No enhancements for overtime or weekend working except for Bank Holidays and night work
- Reduced redundancy compensation payments
- Improved salary sacrifice schemes and other employee benefits

Council Pay Rates / Scales

The Council considers it important to be able to locally determine pay rates. This enables it to respond to regional and local labour market conditions. The Council benchmarks its pay rates with other London Boroughs to ensure that it is able to recruit and retain qualified and competent employees.

The pay scales will be revised and are published at:

http://www.harrow.gov.uk/hr4schools/info/3/payroll_and_benefits/34/officers_payscale

http://www.harrow.gov.uk/download/downloads/id/12646/officers_salary_scales_2018.pdf

Remuneration of Senior Management (Chief Officers)

The Council defines its senior management as the top 3 tiers in the management structure commencing with the Chief Executive (Tier 1), Corporate Directors (Tier 2) and Directors (Tier 3), this includes all statutory and non-statutory Chief Officer posts.

The senior management structure is published at:

http://www.harrow.gov.uk/info/200031/data_protection_and_freedom_of_information_foi/182/chief_executive_and_directorates

Senior management pay is published at: [Senior manager salaries - Further info | Harrow Council](#)

The Council's policy is to optimise the senior management pay bill. The pay rates and numbers of senior managers reduced in 2012/13 and following the Council's decision to reinstate the post of Chief Executive in 2014, an appointment was made on a salary less than the previous Chief Executive received. A review of the Council's senior management structure in 2015 and implemented a revised structure, reducing further the numbers of senior managers and the senior management pay bill.

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

The Council may, in exceptional circumstances, employ senior managers under contracts for services. The Council publishes details of all payments made under contracts for services in excess of £500 at:

http://www.harrow.gov.uk/info/100004/council_and_democracy/555/council_spending

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, excluding trainees and apprentices. The Council's lowest paid employees are paid not less than the London Living Wage.

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. The Council's highest paid post is the Chief Executive and the pay multiple is published at:

http://www.harrow.gov.uk/info/200031/data_protection_and_freedom_of_information/foi/1216/local_authorities_data_transparency

Pay Grading

In 2004 the Council entered into a single status agreement with its recognised trade union, introducing common job evaluation schemes² and pay scales for the Council's former manual workers, administrative, professional, technical and clerical employees with the exception of Education Psychologists, Nursery Nurses, Youth & Community Workers, Chief Officers and the Chief Executive.

In 2007 job evaluation was extended to include Chief Officers.

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

Pay on Appointment

² The Greater London Provincial Council (GLPC) Scheme is used for all Harrow grade jobs and the Hay Scheme for senior professional and managerial jobs.

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.

The Council delegates authority to the Chief Officers' Employment Panel to make recommendations to Council on the appointment of the Head of Paid Service 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. If employees commence employment between 1st October and 31st March each year they receive an increment after 6 month's service.

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.

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.

The criteria for pay progression for other staff were changed as a result of the modernising review so that progression for all staff is now subject to satisfactory performance.

Performance Related Pay

Council employees including the Chief Executive and Chief Officers do not currently receive performance related payments or bonuses. However, the Council recognises that this may need to change to reflect the need for a more commercially minded and agile workforce delivering higher productivity and increased performance. The Council will therefore keep under review the option to introduce performance related pay for individuals and /or groups of employees.

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 at:

[Senior manager salaries - Further info | Harrow Council](#)

In December 2016, the Council relaunched the staff awards to celebrate the successes of our workforce. The scheme allows staff to celebrate their colleagues, nominating them for recognition against our strategic ambition plan and our values. The nominations went to a judging panel consisting of staff, the staff Making A Difference Group, managers and a corporate director. Representatives were from across the organisation. The winners were

awarded with a £250 payment, all of which were funded from donations of our partner organisations.

National / Regional Pay Agreements

The Council supports the national (JNC/NJC³ 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.

A two year pay agreement increasing pay scales for the Chief Executive and Chief Officers was implemented in April 2018; an increase of 2% was awarded with a further 2% in April 2019.

A two year pay agreement increasing pay scales for other non-teaching employees was implemented in April 2018; an increase of 2% was awarded with a further 2% in April 2019.

Market Supplements

The Council may apply market supplement payments to jobs with recruitment or retention difficulties. Details of market supplement payments to senior management are published at: [Senior manager salaries - Further info | Harrow Council](#)

Fees for Election Duties

The Council's policy for payment of fees for election duties is published at: http://www.harrow.gov.uk/info/687/election_information/689/election_fees_and_charges

Details of fees for election duties paid to senior management are published at: [Senior manager salaries - Further info | Harrow Council](#)

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 at: [Senior manager salaries - Further info | Harrow Council](#)

Pension

All employees are auto enrolled into the Local Government Pension Scheme and employees who remain in the Scheme receive benefits in accordance with the provisions of that Scheme

³ Joint Negotiating Committee / National Joint Council

as applied by the Council. Details of the Council's policy and decisions in respect of discretionary elements of the Scheme are published at:

http://www.harrow.gov.uk/download/downloads/id/5338/discretionary_policy_statement-pensions_2014

http://www.harrow.gov.uk/download/downloads/id/7063/pension_fund_final_account_2014_-2015

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

Other Terms and Conditions of Employment

The pay, terms and conditions of council employees are set out in employee handbooks. Handbooks are produced for all employees, including managers and senior professionals, Chief Officers and the Chief Executive and the latest editions are published at:

http://www.harrow.gov.uk/downloads/download/1016/employee_handbooks

Payments on Termination of Employment

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

http://www.harrow.gov.uk/downloads/download/1016/employee_handbooks and
http://www.harrow.gov.uk/download/downloads/id/5338/discretionary_policy_statement-pensions_2014

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

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

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

[Senior manager salaries - Further info | Harrow Council](#)

Further information on the scheme is published here

http://www.harrow.gov.uk/downloads/file/5881/red_payments_agreed

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

Re-employment of Employees

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

Further Information

For further information on the Council's pay policy please contact the Council's Human Resources & Organisational Development Service by email to askhr@harrow.gov.uk

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CABINET - 21 FEBRUARY 2019**MINUTE FROM HEALTH AND WELLBEING BOARD – 11 JANUARY 2018****254. INFORMATION REPORT - Draft Revenue Budget 2017/18 - 2019/20**

The Board received a report which detailed Harrow Council's Draft Revenue Budget 2018/19 to 2020/21 and Medium Term Financial Strategy 2018/19 to 2020/21 as reported to the Council's Cabinet on 7 December 2017. It was noted that the budget and MFTS would return to Cabinet in February 2018 for final approval and recommendation to Council.

An officer introduced the report and drew particular attention to the key points relevant to the Health and Wellbeing Board including the continued financial challenges to the health and social care sector. Whilst a balanced budget was forecast, significant challenge was anticipated in the next few years with a budget gap of approximately £27m over the two years 2019/20 and 2020/21. As detailed in the report, the government grant had reduced from £52.1m in 2013/14 to £1.5m in 2019.20 which, together with demographic pressures, underpinned the budget process. The budget process refresh process identified further savings of £2m were planned for 2018/19 including £1,242,000 in adult services and £91,000 in Children and Family Services. The draft budget assumed a 1.99% Council Tax increase and 1.5% social care precept.

Members were informed of relevant growth of £2m in Children's Services, £5.8m in adult care and £275,000 in the public health budget. The draft Public Health commissioning intention expenditure (detailed in the appendix) included an increase in costs associated with health checks, the re-instatement of three posts and a reduction in the savings associated with the ongoing drug and alcohol services. The savings for Project Infinity had been proposed for reversal and income generated would be re-instated into the budget as and when realised. The Better Care Fund arrangements had been built into the budget.

In response to a question, the Board was advised that a two year Better Care Fund programme had been agreed between the Council and CCG and would be reviewed mid year and that the additional Improved BCF (IBCF) resources to the Council had been used to manage social care cost pressures and growth.

The CCG welcomed the reduction in the savings for drug and alcohol services and health checks.

RESOLVED: That the report be noted.

CABINET - 15 FEBRUARY 2018**MINUTE FROM HARROW BUSINESS CONSULTATIVE PANEL - 22 JANUARY 2018****RESOLVED ITEMS****25. Draft Revenue Budget 2018/19 and Medium Term Financial Strategy 2018/19 to 2020/21 & Draft Capital Programme 2018/19 to 2020/21**

The Panel received a report of the Director of Finance which set out the draft revenue budget for 2018/19 and draft Medium Term Financial Strategy (MTFS) for 2018/19 to 2020/21 and a second report which set out the new draft General Fund capital programmes which had been proposed as part of the 2018/19 budget process and also set out budgets within the existing Capital Programme which had been amended/reduced between 2017/18 and 2019/20.

The Director gave a presentation regarding the reports. Following questions from Members of the Panel, the Director of Finance advised that:

Since 2013/14, the Council had had to manage significant reductions in its Revenue Support Grant (RSG). Currently Local Authorities retained 30% of the Business Rates income they collected, for Harrow this equated to £15m per annum. Business Rates were subject to reform with central government intending to allow local government, as a whole, to retain all its rates collected. Alongside this there would be a phasing out of a number of specific grants including RSG and the transfer of additional responsibilities to local government to ensure overall fiscal neutrality of the reforms. The retained Business Rates income had remained at between £14m/£15m pa over the last few years and officers were not predicting a fall but rather were anticipating a slight increase. In April 2018 the government would give an indication of what Harrow's estimated growth would be. However, this would not be built into the budget and would be treated as a cash windfall.

A Member commented on the low rate of participation in the meeting by business representatives. He asked whether the event had been publicised to Harrow businesses and what incentives there were for businesses to start-up in Harrow. Officers advised that the event had been widely publicised to local business representatives, and that businesses had just occupied the Committee Room to attend a business event, but had chosen not to stay for this meeting. The Officer proposed that the following year, the Forum could be held earlier and be sandwiched between two business support events (which were usually well attended).

The officer added that Harrow was attractive to businesses for a number of reasons as it had a highly skilled workforce, thriving town and district centres, good infrastructure and good transport links in place. Harrow also had one of the highest new business start-up and business survival rates in the country. Officers regularly facilitated business networking events and business to business mentoring schemes, which were both well attended and popular.

RESOLVED: That the report be noted.

CABINET - 15 FEBRUARY 2018**MINUTE FROM EMPLOYEES' CONSULTATIVE FORUM – 17 JANUARY 2018****RESOLVED ITEMS****60. Draft Revenue Budget 2018/19 and Medium Term Financial Strategy 2018/19 to 2020/21**

The Forum received a report of the Director of Finance which set out the draft revenue budget for 2018/19 and draft Medium Term Financial Strategy (MTFS) for 2018/19 to 2020/21.

Following questions and comments from members of the Forum, the Director of Finance advised that:

- The challenges involved in setting a 3-year budget meant that inevitably some items may need to be removed. This could be due to changes in legislation, the lead in time or consultation. The Infinity project had been reversed from the budget, however, work on the development and marketing of Project Infinity would continue and any income generated would be re-instated into the budget as and when realised. Any shortfall would be covered from a number of other sources, for example, collections fund resources, savings on capital financing and additional grant monies;
- the overspend in Adults was being mitigated through the receipt of additional income received after budget setting and the remaining shortfall would be offset through some technical entries and centrally held corporate budgets. The 'Home in Harrow' project had been developed following an evaluation of adult social care delivery in Harrow and was aimed at reducing the number of people requiring residential care packages. A very large proportion of the adult social care budget was spent on residential care packages. She undertook to find out if the Home in Harrow project was part of the Supported Living scheme and would circulate this information to Forum members after the meeting;
- the Council, in conjunction with other West London Authorities had entered into a contract with West London Waste (WLW). The return on the investment income from this was reflected in the investment income budget. These items were reported in the Treasury Management Budget reports. She undertook to circulate more detailed information regarding this to Forum members after the meeting;
- the Portfolio Holder for Community advised that Harrow was in the 'pay as you throw' scheme. The Council received a rebate from WLW, which was allocated to the central budget. He pointed out that costs and returns for waste could vary due to fluctuations in the recycling market. He undertook to look into the figures and share this information with Forum members after the meeting;
- Directorates had been requested to ensure that any savings listed in the budget should be achievable. In cases where a Directorate struggled to achieve savings, it would in the first instance be expected to cover this from within the Directorate and failing that, the shortfall would be achieved across the Council as a whole. She added that the budget monitoring process would begin early, as in previous years, so shortfalls could be identified early and appropriate mitigating measures put in place;
- with regard to the impact of the saving proposals on FTE's, she did not have the exact figures and undertook to provide this information to the Corporate Joint Committee meeting scheduled to take place at the end of January 2018;

- the £8.4m figure related to the cost of borrowing money to fund the Council's Capital Programme, which included essential building and maintenance projects such as schools, roads etc. The Council received investment returns of £1.3m which included returns on the WLWA contract. The investment income from the Council's commercial ventures amounted to approximately £700k and the Council currently had £50m cash balances

RESOLVED: That the report be noted.

CABINET – 21 FEBRUARY 2019**MINUTE FROM HEALTH AND WELLBEING BOARD – 10 JANUARY 2019****MINUTE 44 - INFORMATION REPORT - Draft Revenue Budget 2019/20 and Medium Term Financial Strategy 2019/20 to 2021/22**

The Board received a report which detailed Harrow Council's Draft Revenue Budget 2019/20 and Medium Term Financial Strategy 2019/20 to 2021/22 as reported to the Council's Cabinet on 6 December 2018. It was noted that the budget and MTFs would return to Cabinet in February 2019 for final approval and recommendation to Council.

An officer introduced the report and drew particular attention to the key points relevant to the Health and Wellbeing Board including the continued financial challenges to the health and social care sector. The additional funding for social care had not been confirmed beyond 2020. The continuation of the Improved Better Care Fund of approximately £5.5m had been assumed although confirmation had not yet been received. The appendix contained information on savings. With regard to adult services savings there were no new savings beyond those in the 2017/18 budget. Whilst a balanced budget was forecast, significant challenge was anticipated in the next few years.

The Vice-Chair indicated that the CCG recognised the financial difficulties that the Council was experiencing and commended the work undertaken. She stated that, as the health service was also demand led, the opportunities for integrated and innovative work should be taken for the benefit of Harrow residents. An assurance that population growth was modelled into the budget was sought and a question was asked as to the size of the public health reserve.

The officer stated that the public health reserve was carried forward as it was ring fenced. Work continued to analyse population growth and the budget implications. The Chair stated that the consultation enabled openness and transparency. He made particular reference to the business rates consultation pilot under which £2.6m had been allocated to Harrow but it was not known whether it would continue.

RESOLVED: That the report be noted.

CABINET - 21 FEBRUARY 2019

MINUTE FROM HARROW BUSINESS CONSULTATIVE PANEL - 22 JANUARY 2019

RESOLVED ITEMS

31. Draft Revenue Budget 2019/20 and Medium Term Financial Strategy 2019/20 to 2021/22

Members received two reports of the Director of Finance which set out the Council's proposed Draft Revenue Budget to 2019/20 and the Medium Term Financial Strategy 2019/20 to 2021/22.

The Chair welcomed a local business representative to the meeting. He explained that the Council had a statutory duty to consult the business community before setting the Budget and Council Tax for the forthcoming year.

Following comments and questions from Members, the Director of Finance advised that:

There was a proposal to increase Council Tax by 2.99% in 2019/20 and in the Adult Social Care Precept by 2.0%, which would bring the final figure to 4.99%. The Director added that the precept had been awarded for a three year period and would end in the 2019/20 financial year. The Council Tax base had been increased in 2019/20 due to the anticipated increase in the number of new properties in the borough and a commensurate increase in the number of council tax payers. The Band D tax base had been increased to 86,250. The Director confirmed that Council tax receipt targets for the 2018/19 financial year had been achieved;

London Boroughs retained a portion of their business rates with the remainder going to the GLA. However, there were plans to allow local authorities to retain 100% of their business rates. Harrow had been included in the Business Rates Pooling Pilot for the 2018/19 financial year. Being part of the pool had been beneficial for Harrow as it had been able to benefit from growth in other London Boroughs;

on the whole, the proposals contained within the budget reports were not expected to have either a beneficial or adverse effect on local businesses as most of the proposals pertained to Council business. The proposals contained in the annual Fees and Charges report, would be approved by Council in February 2019, may affect local businesses if they bought the services. The Council's Regeneration programme and business rate relief would be likely to benefit local businesses. 1400 local businesses had been identified as eligible to receive the business rates relief grant, which would be funded by the GLA. Letters informing businesses of this would be sent out in February 2019 and the Inspector would follow these up. The grant related to business premises with a rateable value of less than £51k. An officer undertook to verify whether this information would be publicised in the Harrow People magazine.

in recent years, a number of small and large businesses had opted to relocate outside Harrow. This coupled with permitted development rights allowing office space to be converted to residential space had led to a reduction in available office space in the borough;

with regard to the Council's commercialisation agenda, both the Regeneration project and project Infinity had been reversed out of the budget. There were other commercialisation proposals, such as project Phoenix, which were expected to provide additional income;

other commercialisation initiatives such as HB Public Law (HBPL) had been set up as legal entities in their own right. HBPL had yielded a small net surplus in 2018/19. Concilium Business Services had suffered some losses which would be offset from profits from other companies within the commercial structure. A revised business plan for Sancroft and the first business plan for the LLP (Limited Liability Partnership) were both planned for approval by Cabinet in June or July. The latter would manage the 53 PRS units at Gayton Road. She added that the development was expected to be successful and was predicted to yield £700-800k in revenue per annum (subject to

Business Plan). The 72 affordable units at the Gayton Road development were already delivering revenue. She confirmed that none of the Corporate Directors or the Interim Chief Executive had been directors of any of the legal entities mentioned above.

A representative from the business sector stated that:

in his experience, banks were more cautious when lending to businesses than they had been in the past;

it was unfortunate that Harrow in Business had been dissolved as the expert advice and support services offered by it in the past had been an invaluable resource for local entrepreneurs;

Harrow needed to attract both small and large firms.

RESOLVED: That the report be noted.

CABINET - 21 FEBRUARY 2019**MINUTE FROM EMPLOYEES' CONSULTATIVE FORUM – 30 JANUARY 2019****RESOLVED ITEMS****32. INFORMATION REPORT - Draft Revenue Budget 2019/20 and Medium Term Financial Strategy 2019/20 to 2020/22**

The Forum received a report of the Director of Finance which set out the draft Revenue Budget 2019/20 and Medium Term Financial Strategy (MTFS) 2019/20 to 2020/22, as reported to Cabinet at its meeting held on 6 December 2018. The Forum was informed that the budget and MTFS would return to Cabinet, which would submit its recommendation to full Council in February 2019 for final approval. The Director explained that this was the formal consultation process on the budget with the ECF, whose comments would be submitted to the February 2019 meeting of the Cabinet by inclusion of this minute as an appendix to the Budget Report.

The Director introduced the report and outlined the following key aspects of the report:

- table 1, page 24 of the agenda, set out the position in relation to the Revenue Support Grant (RSG) received by the Council which had reduced by 97% over a 7-year period;
- paragraph 1.5, page 25 of the agenda, set out the external funding position with the Council being one of the lowest funded Councils in London. Harrow's revenue spending power per head continued to be lower than the London average;
- the Council's social care budget continued to be under significant demand pressure and there was uncertainty surrounding future funding of local government. No assumptions had been made in the three year MTFS other than those factors known to minimise risk.

The Director reported on the challenges facing the Council on the delivery of the 2018/19 budget. She emphasised the need to maintain the Council's financial standing and to protect front line services. She referred to the pressures both in the Adults Division and the Community Directorate.

The Director informed the Forum that the Council was required to set a balanced budget for 2019/20 and referred to table 2, page 29 of the agenda. She referred to the provision of an agreed 2% pay award for 2019/20 and mentioned that the same figure had been assumed in the 3-year MTFS. She referred to paragraph 1.39, page 33 of the agenda, which set out the savings and growth put forward in the budget for 2019/20. The growth related to frontline services.

The Director stated that reserves and contingencies also needed to be considered in the context of the budget and re-iterated the need to protect the Council's good financial standing. The Council did not have large cash reserves and, as a result, it had limited ability to 'smooth out' funding gaps or invest.

In concluding her remarks, the Director stated that consultation on the budget had commenced in December 2018 and would continue until its consideration by full Council in February 2019. She invited comments on the report.

The Employees' side representatives asked questions on the budget, which were responded to as follows:

A large sum of money had been spent by the Council in relation to the redevelopment of the Depot

and the Regeneration Programme as a whole. There was also a delay in the Programme. How much money had been spent/wasted on the Regeneration Programme and what impact would it have on members of the Trades' Unions and the services they provided?

In response, the Director of Finance stated that whilst a review of the Regeneration Programme was underway, she did not consider that the money spent to date could be considered to have been wasted. She informed the Forum that £25m had been spent on the Regeneration Programme to date, £10m of which had been used to buy the 72 affordable units at Gayton Road to support the homelessness budget. All the 72 units were occupied. Land assembly work, totalling approximately £5m, had been undertaken to enhance land value during the Regeneration Programme. The design of the proposed new Civic Centre Project was being reviewed, including the project finance, and work undertaken to date was informing the future direction to ensure best value from sites.

The Director of Finance responded to the impact of the Regeneration Programme on jobs and services. As an example, she explained the financial benefits from the Gayton Road development which were supporting the revenue budget, including staff and care budgets, which prevented the need for additional savings. The 72 affordable units were generating £500k savings against the temporary accommodation budget which had been built into the MTFs. The 53 units at Gayton Road were to be rented on the open market and would generate a significant return to the Council which, once confirmed in the business plan, would be built into the budget. There were a number of schemes that had helped to support the Council's revenue budget, otherwise additional savings to those already proposed would have been necessary.

A Council side representative added that the Regeneration Programme was vast and complex. It also included various sites in Harrow Town Centre, including Gayton Road, together with the provision of affordable housing, and the proposed new Town Centre Library. The Community Infrastructure Levy (CIL) had helped to bring in additional income. It was important to recognise that the Regeneration Programme had provided new employment opportunities.

Another Council side representative stated that he too did not consider that money had been wasted on the Regeneration Programme. He added that it was important to recognise that the Council did not have large cash reserves and this aspect needed to be factored in as part of the Regeneration Programme. It was important that the design of the proposed new Civic Centre was fit for purpose. The situation was compounded by the uncertain economic climate and Brexit, which had resulted in construction companies 'pausing' on their planned developments. Fluctuating house prices and the cost of building materials were also an issue. The existing Civic Centre was situated on a major development site, Poets Corner site, with borrowing levels originally at £350m. The Council needed to weigh the pros and cons, assess the levels of risk associated with the various aspects of the Regeneration Programme and reassess the proposed scheme at Poets Corner to secure maximum commercial return and the delivery of affordable housing. The Poets Corner site was directly linked to the new Civic Centre project. As a result, the Council needed to ensure that the Regeneration Programme did not place a burden on the General Fund. Otherwise, the government would step in and close down services. In response to a further question from an employees' side representative, the Member stated that it was not intended to make a loss on the Poets Corner site and housing would form a key element on this valuable site.

What costs were associated with empty housing units on the Grange Farm estate who were now occupying properties in Gayton Road?

The Director of Finance agreed to provide this information separately.

What was the spend on salaries for the 'old' and the 'new' regeneration teams?

In response, the Director of Finance agreed to provide this information separately.

When would the refresh of potential impact on FTE (full-time equivalent), as a result of the budget be provided?

In response, the Director of Finance stated that there would be a small reduction in FTE. The potential FTE impact of the budget would be included in the final budget report but she undertook to provide the employees' side with final figures in advance of the final budget being published. She confirmed that £300k of growth at item 3 on page 48 of the agenda would be removed from the final budget.

In conclusion, the Chair outlined the information required, such as the percentage spend on salaries for Regeneration, loss of rental income on Grange Farm estate, and potential impact on FTE of the budget. The Director of Finance undertook to send the relevant information to all members of the Forum.

Resolved to RECOMMEND: (to Cabinet)

That the report be noted and the comments of the Forum be submitted to February 2019 Cabinet meeting for consideration.

Reason for Recommendation: To ensure that the views of the Forum were submitted for Cabinet's consideration.

CABINET – 21 FEBRUARY 2019

REFERENCE FROM OVERVIEW AND SCRUTINY COMMITTEE (SPECIAL) – 8 JANUARY 2019

39. QUESTION AND ANSWER SESSION WITH THE LEADER OF THE COUNCIL AND INTERIM CHIEF EXECUTIVE

The Chair welcomed the Leader of the Council, the interim Chief Executive and the Director of Finance to the meeting. Prior to the consideration of questions from Members of the Committee, the interim Chief Executive outlined the overall funding position and underlined the severe pressures on the Council's finances, as follows:

- Revenue Support Grant (RSG) – the Council had seen its RSG reduced by 97% over a 7 year period. By 2019/20, the grant reduction would equate to £1.566m. This had translated into funding gaps of £22.8m over the next two years. The Council had been addressing funding gaps since 2006 and had been underspending, in comparison with other local authorities. The Council had made transformational changes such as in its library and garden waste collection services. Growth pressures in Children and Adult Services would continue, including in the delivery of Special Educational Needs (SEN). The Council was finding it challenging to identify savings year on year;
- Business Rates – in Harrow had been in long term decline. Pooling arrangements would be addressed during the latter part of the question and answer session;
- Reserves – the Council did not have large cash reserves and its general fund balances stood at £10m. As a result, it had limited ability to 'smooth out' funding gaps or invest over a number of years and this situation would continue.

The interim Chief Executive added that the Council had been in discussion with the Local Government Association (LGA) to seek advice. The Council had delivered an underspend in 2018/19 and the draft budget contained 'cushioning'. The Council had started work on demographic shift and trends in Harrow to help prepare future budgets. In Children's Services, savings had been achieved due to actions implemented in 2018, such as early intervention. In Adult Services, changes were at an early stage and teams were being re-organised. Officers were also exploring joining health and social care with housing. Significant savings had been made in the Community Directorate and work on Project Phoenix was continuing. In the Resources Directorate, Human Resources (HR), Finance and Payroll were all operating at minimum levels.

Members asked a series of questions to the Leader, Chief Executive and the Director of Finance and received responses as follows:

What was the future direction of the Council – the big picture – referenced in paragraphs 1.61 and 1.62 of the Draft Revenue Budget report submitted to 6 December 2018 Cabinet meeting?

The Leader of the Council and the interim Chief Executive responded as follows:

- the vision was to deliver on an effective adult social care service, reverse 'growth out' and tackle demand. Amongst its other initiatives, the Council was looking to integrate health and social care but it recognised that the Clinical Commissioning Group (CCG) was also facing financial difficulties. The report to December 2018 Cabinet meeting alluded on the need to focus on the Council's future financial position to ensure that Council services

- could operate safely, within the law, could be afforded and were delivered as cheaply as possible whilst being effective;
- the Council needed to strike a balance between permanent and agency staffing levels;
- the Council was looking at commercial opportunities. The Council had to look at what financial contribution it could get from the Regeneration Programme in order to help fund future gaps in the budget;
- national changes would also impact on the Council. The forthcoming Comprehensive Spending Review was not expected to address Harrow's financial position specifically. The NHS 10-year Plan would be both an opportunity and a challenge to local authorities as the intention was to provide services in the community. Additionally, early discharge of patients from hospitals impacted on the CCG and the Council. The Social Care Green Paper was awaited;
- the Council was one of the most economical boroughs in service provision. The Council needed to ensure how best to spend the money available and that the services provided were viable. It needed to decide whether it should provide statutory services only, how best to recover costs and expand its commercialisation
- programme. Early intervention was essential as it would help provide long term benefits to the Council;
- the Council could not rely on one-off payments from the government as it made it difficult to plan for the future and recruit staff. Insufficient funding would put the Council in difficulty. The Council had supported the 'Breaking Point' campaign to end austerity in local government. However, the RSG was expected to be reduced further at a time when the costs associated with Adult Services were likely to rise drastically.

The Leader of the Council stated that the outlook was bleak, many Council budgets were at 'breaking point' and that austerity had gone too far. The challenge for officers in delivering services whilst finding savings had increased, particularly in areas such as Adult Social Care where increased demands were being funded by Council Tax payers in the form of the adult social care precept.

What assumptions had been made about the income that would be received as a result of the Council's Regeneration Programme and Project Infinity?

The Leader of the Council stated that Brexit had slowed down the building market and this had impacted on Harrow. The Council's Regeneration Programme would continue but a cautious approach would need to be taken to ensure that value was delivered over time and risks factored in. The Leader outlined the implications of increased costs in the building industry. He had no figure in mind for what financial return could be expected from the Regeneration Programme.

With reference to paragraphs 1.42 and 1.43 in the Draft Revenue Budget report submitted to 6 December 2018 Cabinet meeting, what was the logic behind the transfer of fixed capital receipts on the revenue costs of reform projects? What were the associated costs and benefits and had any income projections been made?

The Director of Finance explained the budget assumption supporting the £500k adjustment for Gayton Road in the revenue budget report at, Table 1 of the report submitted to December 2018 Cabinet referred. A revenue benefit of £500k had been included for two years. If the decision was that these properties were purchased by the HRA (Housing Revenue Account), the revenue benefit would be replaced by a capital receipt. She added that, to date, no decision had been

made to transfer properties to the HRA. In terms of the use of the capital receipt, the decision would be taken at the point of transfer.

In response to further questions on whether the receipts were guaranteed, the Director of Finance replied that that would be the case and it would benefit the Council. With regard to a question on the timing in relation to the £32m grant money from the Greater London Authority allocated to Harrow, the Director of Finance stated that she would confirm the timings and inform the Committee. She added that there would be an impact on the HRA Business Plan which would be quantified at a later stage.

What was the Council doing about the homeless and the Homelessness Reduction Act? How was the Council tackling the issue in terms of its strategy and available funds?

The Leader of the Council stated that the Council was supportive of the Act but was of the view that not enough funding had been built-into the measures for reducing homelessness although not all last year's funding had been spent. In relation to the London boroughs, the impact of homelessness was more acute for outer London boroughs where there was insufficient affordable housing. The drivers behind homelessness were the increase in housing costs and Universal Credit. There was a moving debate on this issue and it was important to understand the key drivers of homelessness which included the lack of stability in the housing rental market.

The interim Chief Executive stated that Harrow was experiencing an increase in those living in Bed and Breakfast (B&B) following the introduction of the Homelessness Reduction Act. There were 180 households now living in B&B compared to just over 100 at the beginning of 2018. Overall, there were 900 households living in temporary accommodation. The figures were high and advice and support was being provided to the homeless. An initial analysis had been carried out in relation to the issue. The figures were high and advice and support was being provided to the homeless. An initial analysis had been carried out in relation to the issue.

With regard to homelessness, what was the role of the Voluntary Sector, including the strengths and weaknesses on how the situation could be improved?

The Leader of the Council reported that a number of advisory services had been consolidated and were run through the Citizens' Advice Bureau (CAB) which was partially funded by the Council through the HRA. There was also a hardship budget of £100k available to provide support.

The interim Chief Executive stated that, in practical terms, a great deal of work had been undertaken to prevent homelessness and the Council would like to do more to help but, currently, it was considered that the service provided was effective. Discussions were continuing on the role and responsibilities of the Department for Work and Pensions (DWP).

The Leader of the Council stated that the CAB was also struggling with the number of homeless cases it continued to receive and whilst there were other organisations providing advice, this had not been advertised.

What was the Council doing about Adult Service provision as the demands in this area were expected to rise? What measures was the Council taking to deal with the increase in costs whilst its funding was being reduced?

In response, the Leader of the Council stated that going bankrupt was not an option for Harrow Council and he referred to the issues facing Northamptonshire County Council. With the levels in funding gaps, there was limited scope available to the Council to take action. He referred to paragraph 1.61 of the Draft Revenue Budget report submitted to 6 December 2018 Cabinet

meeting, which outlined the actions that the Council would need

to take in order to focus on its future financial position. He stressed that unless the government provided additional financial resources to address the issue, the Council would have no option other than to close down some of its services. Otherwise the government would step in and do the same.

In response to further questions on the issue of Adult Social Care, the Leader of the Council stated that budget savings for 2019/20 would be delivered but this would be dependent on demand. The Council may need to draw on its reserves but this would ‘fuel’ the situation for future years. Looking ahead, the challenges facing the Council included:

- the Fair Funding Review which would set the new needs baseline in April 2020 and would determine the distribution of core central government funding to local government.
- cost pressures and getting the message across to the government.

In response to a question on what actions the Council had taken regarding Fairer Funding, the interim Chief Executive stated that London Councils was leading on the campaign on behalf of London boroughs. Harrow Council was pushing London Councils on how it would protect the position facing outer London boroughs. Similar discussions had taken place with the Local Government Association (LGA) on the historic low levels of funding provided to outer London boroughs.

Was the Council going to meet its target of providing 500 new homes?

The Leader of the Council stated that he was expecting 500 new homes to be built over the next 2 years but felt that the Right to Buy hindered the process.

A Member of the Committee asked if the Leader would support the argument put forward by a Labour MP who supported the Right to Buy Scheme provided the capital receipt was used to invest in another property. The Leader explained his reservations. Another Member of the Committee asked about the need to explain to residents on why the Council was struggling to build Council homes.

What would the impact of a ‘No Deal’ Brexit on Harrow?

The Leader and the interim Chief Executive stated that a co-ordinated approach was being taken through London Councils but what was lacking was national planning assumptions around what Brexit might mean. In Harrow, there would be an impact on the available workforce, particularly for Harrow Council and local hospitals. Harrow also had some 50,000 European Union (EU) residents living in the borough. Additionally, the issue of medication, with diabetes prevalent in Harrow, was high on the national agenda and it had been noted that the National Health Service (NHS) had made some statements on this issue. The impact of Brexit on Harrow was at the forefront of the many other issues facing the Council.

How was the issue of ‘Modern Slavery’ being addressed by the Council since the Motion to Council? Had a Communications Strategy been developed to alert residents to Modern Slavery?

The Leader of the Council stated that this issue had been included in any contract notification. Other avenues would be considered to highlight the issue.

How would the budget impact on the Library Service in Harrow? What concerns did Members have about residents having to rely on online communications only, such as those proposed in the Planning area and the Public Realm? Would residents be able to make contact with the Council by telephone?

The Leader of the Council informed Members that the Council was running out of options on identifying savings. He added that 90% of residents contacted the Council online. In relation to Planning, the website was being redesigned and online communication would lead to better record keeping. Both projects would come to fruition within the next 2 years. With regard to bin collections, the number of telephone calls to the Call Centre had reduced.

The Leader added that the Council was also looking to ensure that minority groups were able to access Council services smoothly.

Since the collapse of Carillion, the Council had managed its own libraries. The Council wanted to keep all its libraries open and, following an analysis of their use, the matter was being consulted on. A decision would be taken after the consultation period had expired. The Council was also exploring renting out facilities it owned, such as the Harrow Arts Centre and other similar venues to bring in additional income.

How was the Council addressing the problem of crime, particularly violent crime in Harrow? What discussions had taken place at the London Council's Leaders' Committee? What had been the impact on Harrow following recent changes to the structure of the Metropolitan Police Service (MPS)?

The Leader of the Council stated that at the Leaders' Committee, Cressida Dick, Commissioner of London's Metropolitan Police force, had announced that the MPS would need to make savings of £350m.

The move to Police Commanders having responsibilities across three boroughs had given Harrow better resilience and experience. It also had an adverse impact in that Harrow police officers were taken out of the borough to assist with violent crime in neighbouring boroughs, such as Brent.

The Leader added that the reduction in the numbers of police officers had not helped and funding was a long term issue. Harrow had used a 'Needs Analysis' approach to target areas suffering from high levels of crime and gang culture such as in Wealdstone and Edgware. He was also concerned about the ferocity of crime. A new Crime Unit and the Youth Offending Team (YOT) had helped provide support in challenging areas.

The interim Chief Executive agreed that the changes had brought about greater resilience and recent episodes in Harrow had confirmed this. The Council would keep an eye on the issue of response times which were higher for Harrow due to police officers responding to crime in Harrow from their main base in Brent.

However, the Borough Commander's positive approach ought to be welcomed and the relationship between the Council and the Borough Commander was very good. The joint partnership working with a police officers stationed within the Civic Centre had helped. Continued discussions with the Borough

Commander to address problems in Wealdstone had assisted. Overall, Harrow remained a safe borough although there had been spikes in crime.

The interim Chief Executive stated that contrary to rumours, South Harrow Police Station would not be closing down. The Chair stated that it was important that such issues were communicated

to Councillors quickly.

What realistic assumptions would the Council need to make to close funding gaps in 2020/21/22? What levels of income were expected during that period? What assumptions had been made in relation to the Council Tax base for future years? Why was the collection rate for business rates low? Had there been a year on year decline in yield? What assumptions had been made in relation to the possible extension of the London Pilot Pool for business rates? What assumptions had been made on the various proposals in relation to the NHS 10-year Plan?

The Leader of the Council and the interim Chief Executive replied as follows:

- that the £17.6m budget gap projected a year ago for 2019/20 had largely been closed by one-off payments from the government which Harrow might not receive in future years. This uncertainty made it difficult to plan long term. Moreover, the one-off payments were announced at different points in time which exacerbated the situation. No assumptions had been made in the budget about one-off payments for future years;
- that the 100% Business Rates retention as part of the pilot had been reduced to 75%. Harrow's income from businesses was very low when compared with other boroughs such as Westminster. The pooling arrangement for a second year would require the agreement of other participating boroughs;
- the NHS 10-year Plan was both an opportunity and a risk to the Council as indicated in the discussions above;
- the balance between growth and savings would need to change and there was a need to identify what elements were realistic.

How was the initiative relating to Band H Council Tax being progressed?

The Leader of the Council stated that letters seeking additional income from Band H Council Tax payers were in the pipeline.

The Chair thanked the Committee for their questions. He also thanked Leader of the Council, the interim Chief Executive and the Director of Finance for their attendance and responses at the meeting.

Upon concluding the question and answer session, the Chair, on behalf of the Committee, wished the interim Chief Executive, Tom Whiting, well in his new job at the Independent Office of Police Conduct (IOPC). Tom thanked Members for their kind remarks.

RESOLVED: That the Committee's comments be forwarded to Cabinet for consideration

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. This flexibility was initially being offered to the sector for the three financial years 2016/17 to 2018/19, this was extended for a further 3 years as part of the provisional settlement announced on 19th December 2017. 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, for savings detailed in Appendices 1A and 1B of the Final Revenue Budget 2019/20 and Medium Term Financial Strategy 2019/20 to 2021/22, will be considered for treatment under the capital flexibilities. The 2019/20 Budget assumes capital flexibilities of £3.1m.

Summary of Position on EQIAs on Savings Proposals 2019/20

Appendix 16

Savings Reference	Description of Proposal	Is an EQIA required (Y/N)	Initial EQIA	Age (including carers)	Disability (including carers)	Gender Reassignment	Marriage and Civil Partnership	Pregnancy and Maternity	Race	Religion and Belief	Sex	Sexual Orientation	Impact before mitigation	Impact after mitigation
1 RES 2019-20 S1-4	Reduction in Customer Channels (A) - closing telephony & email channels across Planning & Building Control, Public Realm, Education & Allotments and only accepting on-line applications following the release of new on-line services by April 2019.	Y	Yes	Y	Y	N	N	N	N	N	N	N	The impact is currently viewed as minor but will be reviewed after consultation and this will be subject to a separate cabinet	This will be reviewed after consultation has taken place
2 RES 2019-20 S1-5	Reduction in Customer Channels (B) - closing telephony & email channels across Council Tax, Housing Benefits, Business Rates and Council Tax support and only accepting on-line applications following the release of new on-line services by April 2020.	Y	Yes	Y	Y	N	N	N	N	N	N	N	The impact is currently viewed as minor but will be reviewed after consultation and this will be subject to a separate cabinet	This will be reviewed after consultation has taken place
3 OM_19.20S	Review of Libraries Service Review of operational arrangements to revise opening hours of libraries to meet public demand.	Y	Yes	Y	N	N	N	N	N	Y	Y	N	Yes - Minor Impact	remove/mitigate negative impacts identified by the assessment, or to better advance

Summary of Position on EQIAs on Savings Proposals 2019/20

Appendix 16

Savings Reference	Description of Proposal	Is an EQIA required (Y/N)	Initial EQIA	Age (including carers)	Disability (including carers)	Gender Reassignment	Marriage and Civil Partnership	Pregnancy and Maternity	Race	Religion and Belief	Sex	Sexual Orientation	Impact before mitigation	Impact after mitigation
4 OM_19.20S0	Redevelopment of the Vernon Lodge Homelessness Hostel and the Atkins House Site The maximisation of the assets to increase the homelessness provision at Vernon Lodge while providing capacity to generate additional income at both Vernon Lodge and Atkins House, following Cabinet approval of the redevelopment work in July 18.	Y	Yes	N	N	N	N	N	N	N	N	N	None	None
5 OM_19.20S0	Redevelopment of Central Depot (Additional areas) Further maximisation of the use of the depot site to deliver additional areas for commercial income generation, following Cabinet approval of the increase in capital programme for the site in July 18.	Y	Yes	N	N	N	N	N	N	N	N	N	None	None
6 COM18.19_S03	Changes to the Household Recycle & Reuse Centre (HRRC) at Forward Drive 1. Restrict access for non residents to HRRC by introducing a charging regime for non-residents. 2. Introduce charges for non-household waste (e.g. building waste) deposited at HRRC by residents / non-residents 3. Upgrade trade waste controls	Y	Yes	N	N	N	N	N	N	N	N	N	None	None

Summary of Position on EQIAs on Savings Proposals 2019/20

Appendix 16

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Savings Reference	Description of Proposal	Is an EQIA required (Y/N)	Initial EQIA	Age (including carers)	Disability (including carers)	Gender Reassignment	Marriage and Civil Partnership	Pregnancy and Maternity	Race	Religion and Belief	Sex	Sexual Orientation	Impact before mitigation	Impact after mitigation
7 COM18.19_S05	Waste Services Review - implementing waste management strategy to include the following: 1. Introduction of food / dry recycling in Flats 2. Review collection regime and resources Total target saving of £500k, subject to detailed proposals to be developed as part of Waste Review and requisite Cabinet approval. One-off	Y	Yes	N	N	N	N	N	N	N	N	N	None	None
8 COM18.19_S10	Phoenix projects - Indicative net saving from the commercialisation of CCTV operations, subject to a business case.	Y	Yes	N	N	N	N	N	N	N	N	N	None	None
	YES			3	2	0	0	0	0	1	1	0		
	NO			5	6	8	8	8	8	7	7	8		
				8	8	8	8	8	8	8	8	8		

EIAs that decision has already been taken of which 1 have year on year impact and is part of the 2019/20 proposals.

1 Res 18.19_01	Review of Postal Process - the post room will sort in bound post but services will need to collect from the Post Room. The post room will frank and send post out but services will be responsible for delivering mail to post room.	Y - Include in the report to Cabinet in February 2018	Y	N	N	N	N	N	N	N	N	N	None	None
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Summary of Position on EQIAs on Savings Proposals 2019/20

Appendix 16

Savings Reference	Description of Proposal	Is an EQIA required (Y/N)	Initial EQIA	Age (including carers)	Disability (including carers)	Gender Reassignment	Marriage and Civil Partnership	Pregnancy and Maternity	Race	Religion and Belief	Sex	Sexual Orientation	Impact before mitigation	Impact after mitigation
2 RES_16	VCS funding - This saving reduces community grants and transfer funding from the emergency relief fund, to support the information and advice strategy as the December cabinet report.	separate report to December 2016 Cabinet.	Yes	Y	Y	Y	Y	Y	Y	N	Y	Y	Yes Major impact	Yes Major impact
3 PA05	Adult Services - Home In Harrow	Y - Include in the report to Cabinet in Feb. 2018	Yes	N	N	N	N	N	N	N	N	N	None	None
4 COM	Income from expansion of Central Depot	Y - Include in the report to Cabinet in Feb. 2018	Yes	N	N	N	N	N	N	N	N	N	None	None
5 COM18.19_S04	Reduce subsidy to the arts centre	Include in the report to Cabinet in Feb. 2018	Yes	N	N	N	N	N	N	N	N	N	None is this on the basis that income will come from other sources	None
6 COM_S12	Route Optimisation on food waste collection	Include in the report to Cabinet in Feb. 2018	Yes	N	N	N	N	N	N	N	N	N	None	None



You will need to produce an Equality Impact Assessment (EqIA) if:

- You are developing a new policy, strategy, or service
- You are making changes that will affect front-line services
- You are reducing budgets, which may affect front-line services
- You are changing the way services are funded and this may impact the quality of the service and who can access it
- You are making a decision that could have a different impact on different groups of people
- You are making staff redundant or changing their roles

Guidance notes on how to complete an EqIA and sign off process are available on the Hub under Equality and Diversity. You must read the [guidance notes](#) and ensure you have followed all stages of the EqIA approval process. Section 2 of the template requires you to undertake an assessment of the impact of your proposals on groups with protected characteristics. Borough profile data and other sources of statistical information on each group can be found on the Harrow hub, within the section entitled: Equality Impact Assessment - [Borough profile data](#) and other sources of information to help you complete your EqIA template.

Equality Impact Assessment (EqIA)		
Type of Decision:	<input checked="" type="radio"/> Cabinet <input type="radio"/> Portfolio holder <input type="radio"/> Other (state)	
Title of Proposal	Revenue Budget 2019/20 and the Medium Term Financial Strategy 2020/21 to 2021/22	Date EqIA created
Value of savings to be made (if applicable):	2019/20 £5.191m, 2020/21 £2.125m, 2021/22 £2.947m.	9 th January 2019
Name and job title of completing/lead Officer	Dawn Calvert – Chief Finance Officer	
Directorate/ Service responsible	Resources.	
Organisational approval		
EqIA approved by Directorate Equality Task Group (DETG) Chair	Name Jessica Farmer	Signature <input checked="" type="checkbox"/> Tick this box to indicate that you have approved this EqIA Date of approval : 13 th February 2019

1. Summary of proposal, impact on groups with protected characteristics and mitigating actions

(to be completed after you have completed sections 2 - 5)

a) Summarise the impact of your proposal on groups with protected characteristics

- **Age:** There are 14 individual EIAs supporting proposals in this budget, 6 have already had decision made on them of which 1 will have impact year on year. Of the 8 EIAs that have not had decision made on them 3 have been highlight as having potential disadvantages to people who share the protected characteristic related to age. The 3 EIAs highlighted are showing minor negative impact after mitigations. These 3 EIAs relate to changes in services, this is the Reduction in Customer Channels (A) and (B) savings and The Review of Library Service.

Members are recommended to pay particular attention to these EIAs.

- **Disability:** There are 14 individual EIAs supporting proposals in this budget, 6 have already had decision made on them of which 1 will have impact year on year. Of the 8 EIAs that have not had decision made on them 2 have been highlight as having potential disadvantages to people who share the protected characteristic related to disability. The 2 EIAs highlighted are showing minor negative impact after mitigations. These 2 EIAs relate to changes in services, this is the Reduction in Customer Channels (A) and (B) savings

Members are recommended to pay particular attention to these EIAs.

- **Gender Reassignment:** There are 14 individual EIAs supporting proposals in this budget, 6 have already had decision made on them of which 1 will have impact year on year. Of the 8 EIAs that have not had decision made on them none has been highlighted has having potential disadvantage to people who share the protected characteristic related to gender related.
- **Marriage and Civil Partnership:** There are 14 individual EIAs supporting proposals in this budget of which 6 have already had decision made on them of which 1 will have impact year on year. Of the 8 EIAs that have not had decision made on them none has been highlighted has having potential disadvantage to people who share the protected characteristic related to marriage and civil partnership.
- **Pregnancy and Maternity:** There are 14 individual EIAs supporting proposals in this budget, 6 have already had decision

made on them of which 1 will have impact year on year. Of the 8 EIAs that have not had decision made on them none has been highlighted as having potential disadvantage to people who share the protected characteristic related to pregnancy and maternity.

- **Race:** There are 14 individual EIAs supporting proposals in this budget, 6 have already had decision made on them of which 1 will have impact year on year. Of the 8 EIAs that have not had decision made on them none has been highlighted as having potential disadvantage to people who share the protected characteristic related to race.
- **Religion and Belief:** There are 14 individual EIAs supporting proposals in this budget, 6 have already had decision made on them of which 1 will have impact year on year. Of the 8 EIAs that have not had decision made on them 1 have been highlighted as having potential disadvantages to people who share the protected characteristic related to religion and belief. . The EIA highlighted are showing minor negative impact after mitigations is for the review of library service.

Members are recommended to pay particular attention to this EIA.

- **Sex:** There are 14 individual EIAs supporting proposals in this budget, 6 have already had decision made on them of which 1 will have impact year on year. Of the 8 EIAs that have not had decision made on them 1 have been highlighted as having potential disadvantages to people who share the protected characteristic related to sex. The EIA highlighted are showing minor negative impact after mitigations is for the review of library service.

Members are recommended to pay particular attention to this EIA.

- **Sexual Orientation:** There are 14 individual EIAs supporting proposals in this budget, 6 have already had decision made on them of which 1 will have impact year on year. Of the 8 EIAs that have not had decision made on them none has been highlighted as having potential disadvantage to people who share the protected characteristic related to sexual orientation.

b) Summarise any potential negative impact(s) identified and mitigating actions

Of the 14 individual EIAs supporting this budget proposal, decision has already been made on 6. Of these 1 was identified as

having impact year on year. Of the 8 EIAs that that have not had decision made on them 3 highlighted has having potential minor negative impact, The protected characteristics affected are age, disability, religion and belief and sex. The EIAs are as follows:

- 1) The reduction in customer service channels, the closing of telephony and email channel across planning & Building Control, Public Realm, Education, Allotments, Council tax, Housing Benefits, Business Rates and Council tax support and only accepting on-line application following the release on-line service in 2020.
- 2) **Review of libraries services** - For library customers there is no evidence that any of the protected characteristics will be particular impacted by the proposals. It is anticipated that the opening hours proposals will have a positive impact on children and families by making the libraries more accessible to these age groups by increasing Sunday opening. Library activities that were held after 6pm will be reviewed and moved to an alternative time where necessary. Arrangements can be made to enable evening events on occasion when required. For library staff the proposals to increase Sunday opening may have a minor negative impact on staff with career responsibilities, those with particular religious beliefs, and female staffs.

2. Assessing impact					
You are required to undertake a detailed analysis of the impact of your proposals on groups with protected characteristics. You should refer to borough profile data , equalities data , service user information, consultation responses and any other relevant data/evidence to help you assess and explain what impact (if any) your proposal(s) will have on each group. Where there are gaps in data, you should state this in the boxes below and what action (if any), you will take to address this in the future.		What does the evidence tell you about the impact your proposal may have on groups with protected characteristics? Click the relevant box to indicate whether your proposal will have a positive impact, negative (minor, major), or no impact			
Protected characteristic	For each protected characteristic, explain in detail what the evidence is suggesting and the impact of your proposal (if any). Click the appropriate box on the right to indicate the outcome of your analysis.	Positive impact	Negative impact		No impact
			Minor	Major	
Age	<p>Harrow profile: 20 per cent of Harrow's residents are aged under 16 (48,200).</p> <p>65.9 per cent (158,400) of Harrow's population fall within the working age bracket (16 to 64) and 14.1 per cent (33,900) of Harrow's residents are 65 years of age and older.</p> <p>The average (median) age in Harrow is approximately 36 years, which ranks Harrow 284th out of 348 local or unitary authorities for age, depicting a younger average than the majority of local authorities?</p> <p>Residents that have access to Broadband: 76,927 (87%) National Average: 88%</p> <p>Residents that own a smartphone: 67,227 (76%) National Average: 72%</p>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

Disability	Harrow profile: 15.4% of Harrow's population classified themselves as disabled, a total of 24,600 people. 7,690 individuals, 3.1% of the total population, receive Disability Living Allowance.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gender reassignment	49.8% of the population are male and 50.2% are female	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Marriage and Civil Partnership	No information collected	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Pregnancy and Maternity	No Information collected	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

<p>Race/ Ethnicity</p>	<p>Harrow is one of the most diverse places in the country. At the time of 2001 Census 49.9 per cent of Harrow residents were classified as White British. 2011 figures reveal that the White British category now includes only 30.9 per cent of Harrow's population, 69.1 per cent of residents are therefore classified as belonging to a minority ethnic group. The most significant minority ethnic group, at 26.4 per cent is Asian/Asian British: Indian, ranking Harrow as second in England and Wales for its Indian population. Another significant group is classified as Asian/Asian British: Other Asian, making up 11.3 per cent of residents and ranking Harrow 1st within this classification; this group is largely comprised of Sri Lankan community. All Asian/Asian British groups have increased since 2001.</p> <p>White Other is another group which has grown considerably, from 4.5% in 2001 to 8.2% in 2011, an increase of 10,370. The 2011 Census showed that within this group there were 3,868 residents who were born in Poland and 4,784 residents born in Romania, the largest Romanian community within England and Wales, based on the proportion of Romanian born residents to the overall population. There are no other data sources which give more up-to-date information on Harrow's population by nationality. However, the Department of Work & Pensions (DWP) releases statistics on National Insurance Registration (NINo) for overseas nationals every year. This data shows that from 2011/12 to 2015/16 there were 18,840 NINOs issued to Romanian workers living in Harrow. This data gives an indication of how Harrow's Romanian population may be growing. Similarly 2,390 NINOs have been issued to Polish workers from 2011/12 to 2015/16.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<p>Religion or belief</p>	<p>The 2011 Census showed that Harrow had the third highest level of religious diversity of any local authority in England and Wales, after Leicester and Redbridge, compared to Harrow's top ranking in 2001 (GLA's Religious Diversity Indices). Typically diversity indices account for the number of different/distinct religious groups present in the population and the sizes of these distinct religious groups relative to each other. The 2011 Census ranked Harrow 1st for persons of Hindu religion, Jain and Unification Church, 2nd for Zoroastrian and 6th for Jewish. Out of 348 areas in England and Wales Harrow has the 2nd lowest ranking of residents with no religion and 5th lowest for Christians (37.3%). Harrow is ranked 24th for Muslim faith residents, who account for 12.5 per cent of the population. Harrow's Muslim population doubled in size between the last two Censuses, increasing from 14,920 to 29,880 in 2011. It should be noted that the question on religion is a voluntary census question and 6.8 per cent (14,780)</p>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	residents chose not to answer this question				
Sex	The 2015 Mid-Year Estimates (ONS) showed that of Harrow's total population (247,130), 123,100 (49.8%) are male and 124,000 (50.2%) are female.	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Sexual Orientation	The 2011 census did not have a question on sexual orientation; however 306 persons declared living in a same sex couple. It is estimated that 10% of the UK population are lesbian, gay and bisexual (LGB), which would equate to approximately 24,713 of our residents belonging to the LGB community	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<p>2.1 Cumulative impact – considering what else is happening within the Council and Harrow as a whole, could your proposals have a cumulative impact on groups with protected characteristics?</p> <p><input checked="" type="checkbox"/> Yes No <input type="checkbox"/></p>					
<p>If you clicked the Yes box, which groups with protected characteristics could be affected and what is the potential impact? Include details in the space below:</p> <p>Of the 14 lines that make up the savings proposals in the budget 6 decisions have already been made and the EIA's reviewed.</p> <p>The cumulative budget equalities assessment has taken account of 8 individual assessments which are shown in the table set as appendix 16 to the budget report to this document. For those savings where a full assessment has been undertaken the impact both before and after mitigating actions is known. In these cases if the initial assessment has highlighted a negative impact, the assessments show mitigating actions which officers believe will reduce the impact of the proposal on the protected characteristics. For these assessments, it is the impact after mitigating actions that has been used to identify the cumulative impact. Members are asked to consider whether the combined impact of the various proposals that affect the same protected characteristic groups is likely to cause disadvantage.</p> <p>3 out of the 8 assessments has highlighting a minor negative impact on one or more of the protected groups, with age, disability, religion and belief and sex being the most impacted upon groups as detailed in appendix 16 attached to the budget report, those saving proposals that are showing a</p>					

negative impact on any of the characteristics are highlighted in grey.

Officers have indicated ways that these impacts can be mitigated and these are detailed in the individual assessments also attached to this report. The mitigations that is been proposed include full stakeholders consultation, redeployment of staffs to other suitable roles and redundancy, individual equalities impacts will be kept under review as the projects are initiated and throughout the life time of the projects. Officers will put in place appropriate mitigation where this is possible. Where mitigations are not possible this will be reported through the Council's performance framework.

Impact on Staff

Whilst no cumulative disproportionate impact has been identified from an examination of the EIAs for the individual proposals contained in the budget report, there may be a disproportionate cumulative impact on staff in one or more of the protected characteristic groups when all of the staffing re-organisations envisaged as part of the budget proposals are fully worked up. Each proposal impacting on staff will be the subject of a full EIA and consultation before the proposal can be implemented.

Providing each individual full EIA on the proposals that affect staff does not identify a disproportionate impact.

3. Actions to mitigate/remove negative impact

Only complete this section if your assessment (in section 2) suggests that your proposals may have a negative impact on groups with protected characteristics. If you have not identified any negative impacts, please complete sections 4 and 5.

In the table below, please state what these potential negative impact (s) are, mitigating actions and steps taken to ensure that these measures will address and remove any negative impacts identified and by when. Please also state how you will monitor the impact of your proposal once

implemented.				
State what the negative impact(s) are for each group, identified in section 2. In addition, you should also consider and state potential risks associated with your proposal.	Measures to mitigate negative impact (provide details, including details of and additional consultation undertaken/to be carried out in the future). If you are unable to identify measures to mitigate impact, please state so and provide a brief explanation.	What action (s) will you take to assess whether these measures have addressed and removed any negative impacts identified in your analysis? Please provide details. If you have previously stated that you are unable to identify measures to mitigate impact please state below.	Deadline date	Lead Officer
Closing the One Stop Shop and turning off telephone/email channels	<ul style="list-style-type: none"> • Introduction of an outbound telephone team to proactively contact people ahead of potential issues. • Open workshops to be held in libraries and the Civic Centre to demonstrate how to access Council services. • Introduction of a digital inclusion post to support people transition to self service. • Investigation into the use of artificial intelligence and precision routing IVR options for extreme circumstances. 	Continuous review of contact to monitor impact and possible continue mitigation.	March 2020	Jonathan Milbourn
Potential minor impact caused by the increase in Sunday opening for library staff who have carer	Library staff will only be asked to work one Sunday per month and will be given flexibility as to whether the Sunday is to be worked on the same weekend that they are working a Saturday or not. Some Sunday only staff will be employed to enable this. There may be the	Timetables have been developed for the confirmed revised opening hours and staffing structure that only involve staff working one Sunday per month, and staff have had the option of whether they work	Nov 2018	

responsibilities	opportunity for some staff to reduce their hours so that they do not have to work on Sundays if there is a part-time member of staff who wishes to increase their hours permanently and is able to work on the relevant Sunday instead. Staff will also be able to arrange swops between themselves if they need to be off on a particular Sunday.	their Sunday on the same weekend as they work their Saturday or not. A clear procedure is in place for staff to arrange swaps between themselves if they need to be off on a particular Sunday.		Tim Bryan
Potential minor negative impact for library staff who because of religious reasons may not be willing to work on Sundays	Each situation would be reviewed on a case by case basis, and the Library Service will make appropriate arrangements. Library staff will only be asked to work one Sunday per month and will be given flexibility as to whether the Sunday is to be worked on the same weekend that they are working a Saturday or not. Some Sunday only staff will be employed to enable this. There may be the opportunity for some staff to reduce their hours so that they do not have to work on Sundays if there is a part-time member of staff who wishes to increase their hours permanently and is able to work on the relevant Sunday instead.	Timetables have been developed for the confirmed revised opening hours and staffing structure that only involve staff working one Sunday per month. Whether suitable arrangements have been made for staff who are not willing to work on Sundays for religious reasons.	Nov 2018	Tim Bryan
Potential minor impact for female staff who have young children due to the proposed increase in Sunday working	Library staff will only be asked to work one Sunday per month and will be given flexibility as to whether the Sunday is to be worked on the same weekend that they are working a Saturday or not. Some Sunday only staff will be employed to enable this. There may be the opportunity for some staff to reduce their hours so that they do not have to work on Sundays if there is a part-	Timetables have been developed for the confirmed revised opening hours and staffing structure that only involve staff working one Sunday per month, and staff have had the option of whether they work their Sunday on the same weekend as they work their Saturday or not. A clear procedure	Nov 2018	Tim Bryan

	time member of staff who wishes to increase their hours permanently and is able to work on the relevant Sunday instead. Staff will also be able to arrange swaps between themselves if they need to be off on a particular Sunday.	is in place for staff to arrange swaps between themselves if they need to be off on a particular Sunday.		

4. Public Sector Equality Duty

How does your proposal meet the Public Sector Equality Duty (PSED) to:

1. Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010
2. Advance equality of opportunity between people from different groups
3. Foster good relations between people from different groups

Include details in the space below

Open workshops will be held with community groups and the voluntary sector to show and teach people to use online functionality.

5. Outcome of the Equality Impact Assessment (EqIA) click the box that applies

Outcome 1

No change required: the EqIA has not identified any potential for disproportionate impact and all opportunities to advance equality of opportunity are being addressed

Outcome 2

Adjustments to remove/mitigate negative impacts identified by the assessment, or to better advance equality, as stated in section 3&4

Outcome 3

This EqIA has identified missed opportunities to advance equality and/or foster good relations. However, it is still reasonable to continue with the activity. Outline the reasons for this and the information used to reach this decision in the space below.

Include details here

Amendment to Cemetery Fees & Charges for 2019/20

Texts in Italic denote Statutory Fees

	Agreed charges 18/19			Proposed charges 19/20			% change	Legislation giving power to charge	Basis for charging
	Basic	VAT	Total	Basic	VAT	Total			
	£	20% £	2018/19 £	£	20% £	2019/20 £			
15. Cemetery Fees (Outside scope VAT)									
Exclusive right of burial inc. Deed of Grant and Number (Muslim, Lawn, Traditional, Cremated Remains - full size plot, Greek)									
Resident	2,555		2,555	2,682.75		2,682.75	5%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary
Non-resident	4,590		4,590	4,819.50		4,819.50	5%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary
Childs Section, Cremation Plots									
Resident	860		860	903.00		903.00	5%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary
Non-resident	1,640		1,640	1,722.00		1,722.00	5%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary
16a. Interment Fees									
Child/Stillborn Half Plot (Resident)	279		279	292.95		292.95	5%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary
Child/Stillborn Half Plot (Non resident)	535		535	561.75		561.75	5%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary
Over 12 Years old (Resident)	790		790	829.50		829.50	5%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary
Over 12 Years old (Non resident)	1,430		1,430	1,501.50		1,501.50	5%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary
Crem Plot (Resident)	250		250	262.50		262.50	5%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary
Crem Plot (Non-resident)	445		445	467.25		467.25	5%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary
Oversized coffin/casket surcharge over 700mm (27") wide	470		470	493.50		493.50	5%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary
Additional fee for 3 Metre depth digging	640		640	672.00		672.00	5%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary
16b. Memorial Rights									
Lawn / Crem Section (Resident)	295		295	309.75		309.75	5%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary
Lawn / Crem Section (Non resident)	295		295	309.75		309.75	5%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary
16c. Memorials (Harrow Borough Only)									
Traditional Section (Child Resident)	295		295	309.75		309.75	5%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary
Traditional Section (Child) (Non resident)	530		530	556.50		556.50	5%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary
Traditional Section (Over 12 years old) (Resident)	295		295	309.75		309.75	5%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary
Traditional Section (Over 12 years old) (Non resident)	530		530	556.50		556.50	5%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary
Erection of a vertical memorial in lawn sections (Resident)	295		295	309.75		309.75	5%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary
Memorial Rights vertical memorial in lawn sections (Non resident)	510		510	535.50		535.50	5%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary
Replacement of a flat plaque by an upright memorial	295		295	309.75		309.75	5%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary
Conversion of a flat plaque to a vertical headstone style memorial	295		295	309.75		309.75	5%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary
Provision of an additional flat plaque	295		295	309.75		309.75	5%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary
Replacement of a flat plaque by one of a larger size.	295		295	309.75		309.75	5%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary
Additional inscription to existing memorials.	102		102	107.10		107.10	5%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary
Alterations or additions to existing memorials.	102		102	107.10		107.10	5%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary
16d. Public Graves in which the exclusive right of burial has not been									
Under 12 Years old / Half Plot (Resident)	349		349	366.45		366.45	5%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary
Under 12 years old / Half Plot (Non-resident)	670		670	703.50		703.50	5%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary
Over 12 Years old (Resident)	1,130		1,130	1,186.50		1,186.50	5%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary
Over 12 Years old (Non-resident)	1,700		1,700	1,785.00		1,785.00	5%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary
Oversized coffin/casket surcharge over 700mm (27") wide	469		469	492.45		492.45	5%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary
Additional fee for 3 Metre depth digging	640		640	672.00		672.00	5%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary
Permission for a flat plaque or flower container on a public grave where permissible	106		106	111.30		111.30	5%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary
16e. Sundry Fees									
Option to Purchase (Non-refundable reservation fee)	495		495	519.75		519.75	5%	S93 - Local Government Act / Localism Act 2011	Discretionary
Commerative plaques on trees where permissible	300		300	315.00		315.00	5%	S93 - Local Government Act / Localism Act 2011	Discretionary
Charge for the supply and installation of a standard park seat (1.8m) as a memorial, dedication or sponsored gift, including the supply and fixing of commemorative plaque.								S93 - Local Government Act / Localism Act 2011	Discretionary
			The cost of supplying & fixing the seat incl. plaque plus 10% administration fee	The cost of supplying & fixing the seat incl. plaque plus 10% administration fee		The cost of supplying & fixing the seat incl. plaque plus 10% administration fee			

Amendment to Cemetery Fees & Charges for 2019/20

Texts in Italic denote Statutory Fees

	Agreed charges 18/19			Proposed charges 19/20			% change	Legislation giving power to charge	Basis for charging
	Basic	VAT 20%	Total 2018/19	Basic	VAT 20%	Total 2019/20			
16f. Purchase of Exclusive right of burial only prior to any interment. This includes Deed of Grant and Number Tablet.									
Child (Resident)	855		855	897.75		897.75	5%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary
Child (Non resident)	1,705		1,705	1,790.25		1,790.25	5%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary
Over 12 Years old (Resident)	2,280		2,280	2,394.00		2,394.00	5%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary
Over 12 Years old (Non resident)	4,560		4,560	4,788.00		4,788.00	5%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary
Supplementary charge for plots directly adjacent to paths in Carpenders Park (Resident)	1,205		1,205	1,265.25		1,265.25	5%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary
Supplementary charge for plots directly adjacent to paths in Carpenders Park (Non-Resident)	2,310		2,310	2,425.50		2,425.50	5%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary
Single burial in-situe casket (Harrow - New single depth graves only)	650		650	682.50		682.50	5%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary
Memorial Removal for interment (authorisation)	146		146	153.30		153.30	5%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary
Chapel Hire	78		78	81.90		81.90	5%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary
Certificate of burial	73		73	76.65		76.65	5%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary
Transfer of exclusive right of burial	73		73	76.65		76.65	5%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary
Copy of deed of grant of burial rights	55		55	57.75		57.75	5%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary
Cancellation or postponement of a previously arranged interment	202		202	212.10		212.10	5%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary
Manual depth test in a grave space on request.	71		71	74.55		74.55	5%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary
Admin charge for memorial permission re-application memorial permission	67		67	70.35		70.35	5%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary
10 Year Extension to Exclusive Right of Burial (Child Resident)	122		122	128.10		128.10	5%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary
10 Year Extension to Exclusive Right of Burial (Child Non resident)	246		246	258.30		258.30	5%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary
10 Year Extension to Exclusive Right of Burial (Over 12 Years old Resident)	325		325	341.25		341.25	5%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary
10 Year Extension to Exclusive Right of Burial (Over 12 Years old Non resident)	650		650	682.50		682.50	5%	Art 15, Local Authorities Cemeteries Order 1977	Statutory Discretionary
16g. Search Fees (Genealogy)									
(Fees are subject to VAT) To search the Cemetery records for an existing grave									
(i) From 1950 to current date	83.00	16.60	101.00	88.38	17.68	106.05	5%	Art 11A (1), Local Authorities Cemeteries Order 1977	Statutory Discretionary
(ii) From opening of Cemetery to 1950 for first hour	83.00	16.60	101.00	88.38	17.68	106.05	5%	Art 11A (1), Local Authorities Cemeteries Order 1977	Statutory Discretionary
(iii) For every subsequent hour thereafter	72.50	14.50	88.00	77.00	15.40	92.40	5%	Art 11A (1), Local Authorities Cemeteries Order 1977	Statutory Discretionary
(iv) Further search where applicable (per hr)	51.00	10.20	62.00	54.25	10.85	65.10	5%	Art 11A (1), Local Authorities Cemeteries Order 1977	Statutory Discretionary

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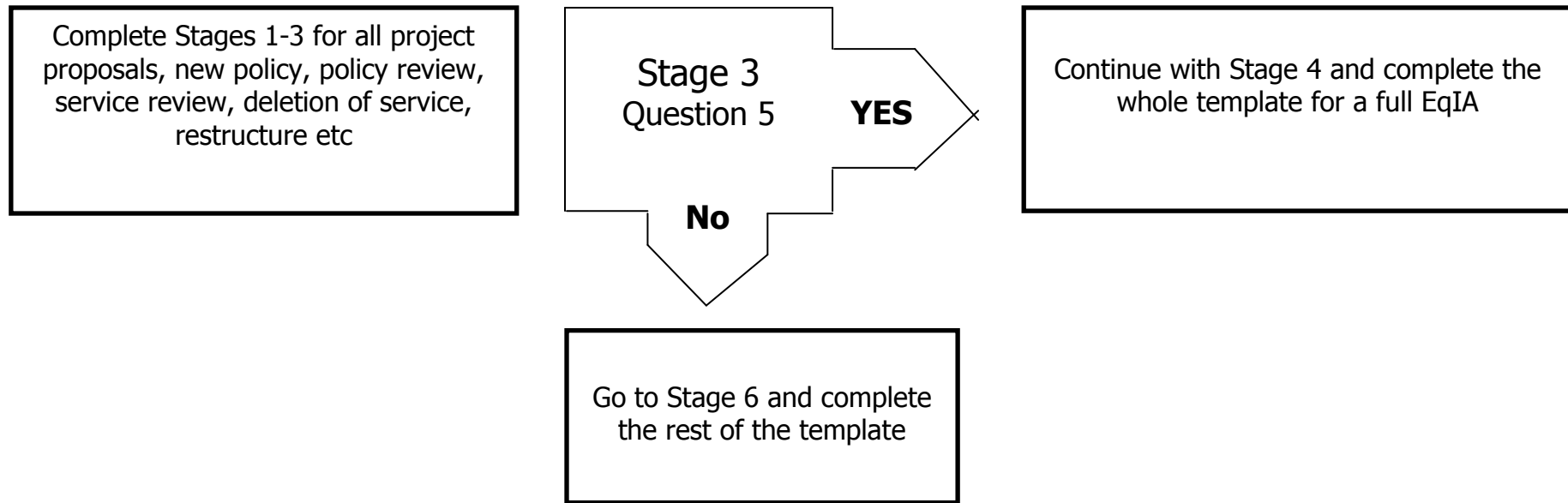
Statutory prescribed - legislation provides that the local authority charge for providing a service and either (a) the charge is prescribed (i.e set eg. £100 or (b) the range is prescribed.

Statutory discretionary (or statutory costs recovery) - legislation provides that you may charge for providing a service but the amount of the charge is discretionary, within the remit of the legislation – the charge may be limited to cost recovery, reasonable cost or based on consideration of prescribed matters eg. consideration of rental value of land for allotments.

Discretionary – here the authority is not obliged to provide the service but if it does so then the charges must be based on costs recovery, based on the statutory power to charge in Local Government Act 2003/Localism Act 2011

Equality Impact Assessment Template

The Council has revised and simplified its Equality Impact Assessment process (EqIA). There is now just one Template. Lead Officers will need to complete **Stages 1-3** to determine whether a full EqIA is required and the need to complete the whole template.



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- In order to complete this assessment, it is important that you have read the Corporate Guidelines on EqIAs and preferably completed the EqIA E-learning Module.
- You are also encouraged to refer to the EqIA Template with Guidance Notes to assist you in completing this template.
- SIGN OFF: All EqIAs need to be signed off by your Directorate Equality Task Groups.
- Legal will NOT accept any report without a fully completed, Quality Assured and signed off EqIA.
- The EqIA Guidance, Template and sign off process is available on the Hub under Equality and Diversity

Equality Impact Assessment (EqIA) Template

Type of Decision: Tick ✓	X	Cabinet		Portfolio Holder		Other (explain)	
Date decision to be taken:	TBC						
Value of savings to be made (if applicable):	£20,500 (2019/20)						
Title of Project:	Changes to the HRRC at Forward Drive						
Directorate / Service responsible:	Community Directorate						
Name and job title of Lead Officer:	Rebecca Johnson						
Name & contact details of the other persons involved in the assessment:	Simon Baxter						
Date of assessment (including review dates):	11/08/2017						

Stage 1: Overview

<div style="position: absolute; left: -40px; top: 50%; transform: translateY(-50%); font-weight: bold; font-size: 24px;">232</div> <p>1. What are you trying to do?</p> <p>(Explain your proposals here e.g. introduction of a new service or policy, policy review, changing criteria, reduction / removal of service, restructure, deletion of posts etc)</p>	<p>Cabinet approved the following changes to the HRRC at Forward Drive at its meeting in June 17.</p> <ul style="list-style-type: none"> - Restrict access for non-residents to HRRC by introducing a charging regime for non residents - Introduce charges for non household waste (e.g. building waste) deposited at HRRC by residents / non residents - Upgrade trade waste controls <p>Implementation of the proposed changes will be split into three phases, with phase 1 (restricting access for non-residents) being implemented from 13/11/2017. The further two phases are intended to be rolled out towards the later end of 2018/19 reporting period.</p> <p>Implementation costs to be met from anticipated saving in year 1, with net saving to be generated from year 2 onwards (i.e. 2019/20)</p> <p>Outcomes Impact</p> <p>The proposed savings will make a difference for communities by providing a better quality of service due to reduced queuing times at the site. Reducing the number of visitors to the site will allow for residents to have better control over their service and will also create a more efficient and effective service both for the customer and operationally.</p>
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Risks

The key risks associated with the proposed changes are that by preventing out of borough residents from entering the site, despite it being their closest CA Site geographically, that there may lead to an increase in fly tipping in the surrounding area around Forward Drive. To address this risk significant promotion will take place in the two months lead up to the implementation date along with a pre implementation review of the potential fly tipping hotspots in the immediate area around the site. Once the change has been implemented there will be monitoring of any increase in fly tipping and targeted action will take place if found to be an issue.

There is further risk associated with public perception of the change as borough residents may initially see the change as an encroachment on their privacy, however this will be addressed via significant promotion during the two months lead up to the implementation in order to advise residents that the changes will make the site easier to use and access.

There may be a health and safety risk for staff members in regards to a potential increase in violence and aggression from visitors to the site that are out of the borough and prevented from accessing the site. This will be addressed by ensuring that the neighbouring boroughs are contacted prior to the changes to advise them of the potential impact on their residents. There will also be signage around the site advising visitors before they get to the meet and greet member of staff that they will not be allowed access.

Key Milestones:

Phase 1 – Borough residency checks

- Promotion start date – 11/09/2017
- Implementation start date – 13/11/2017

Phase 2 – Increased trade waste controls

- Proposed implementation date – June 2018

Phase 3 – Chargeable DIY waste

- Proposed promotion start date – Sept 2018

	<ul style="list-style-type: none"> Proposed implementation start date – Nov 2018 					
2. Who are the main groups / Protected Characteristics that may be affected by your proposals? (✓ all that apply)	Residents / Service Users	x	Partners	x	Stakeholders	x
	Staff	x	Age		Disability	
	Gender Reassignment		Marriage and Civil Partnership		Pregnancy and Maternity	
	Race		Religion or Belief		Sex	
	Sexual Orientation		Other			
3. Is the responsibility shared with another directorate, authority or organisation? If so: <ul style="list-style-type: none"> Who are the partners? Who has the overall responsibility? How have they been involved in the assessment? 	N/A					

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Page 2: Evidence & Data Analysis

4. What evidence is available to assess the potential impact of your proposals? This can include census data, borough profile, profile of service users, workforce profiles, results from consultations and the involvement tracker, customer satisfaction surveys, focus groups, research interviews, staff surveys, press reports, letters from residents and complaints etc. Where possible include data on the nine Protected Characteristics.

(Where you have gaps (data is not available/being collated for any Protected Characteristic), you should include this as an action to address in your Improvement Action Plan at Stage 6)

Protected Characteristic	Evidence	Analysis & Impact
Age (including carers of young/older people)	<p>The 2011 Census estimated there were 239,100 people living in Harrow</p> <p>Looking at the borough's population in three broad age groups, 0-15 (children), 16-64 (working age) and 65+ (older people), the breakdown (Census 2011) is as follows: 0-15 20.1%, 16-64 65.8%, 65+ 14.1%.</p>	<p>No data available to demonstrate that this group would be disproportionately affected.</p> <p>Further preparatory work is needed.</p> <p>If agreed, wider consultation would need to be undertaken.</p>

Disability (including carers of disabled people)	6,380 people in Harrow were recipients of Employment and Support Allowance (ESA) and Incapacity Benefits in August 2015, 4.0% of the total resident population.	No data available to demonstrate that this group would be disproportionately affected. Further preparatory work is needed. If agreed, wider consultation would need to be undertaken.
Gender Reassignment	No data available to demonstrate that this group would be disproportionately affected.	No data available to demonstrate that this group would be disproportionately affected. Further preparatory work is needed. If agreed, wider consultation would need to be undertaken.
Marriage / Civil Partnership	No data available to demonstrate that this group would be disproportionately affected.	No data available to demonstrate that this group would be disproportionately affected. Further preparatory work is needed. If agreed, wider consultation would need to be undertaken.
Pregnancy and Maternity	No data available to demonstrate that this group would be disproportionately affected.	No data available to demonstrate that this group would be disproportionately affected. Further preparatory work is needed. If agreed, wider consultation would need to be undertaken.
Race	<p>The GLA's 2011 Census Ethnic Diversity Indices show that Harrow is ranked 7th nationally for ethnic diversity. Diversity indices measure the number of different/distinct groups present in the population and the sizes of these distinct groups relative to each other.</p> <p>The main ethnic groups identified by the 2011 Census were: 30.88% White (UK); 26.38% Indian; 11.2% Other Asian; 8.2% Other White; 3.57 African.</p>	No data available to demonstrate that this group would be disproportionately affected. Further preparatory work is needed. If agreed, wider consultation would need to be undertaken.
Religion and Belief	The 2011 Census showed the following religions in Harrow:	No data available to demonstrate that this group would be

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	Christian 37.31%; Buddhist 1.13%; Hindu 25.27%; Jewish 4.41%; Muslim 12.5%; Sikh 1.15%; other religions 2.49%.	disproportionately affected. Further preparatory work is needed. If agreed, wider consultation would need to be undertaken.
Sex / Gender	The 2011 Census showed that there were 118,000 males and 121,000 females in Harrow.	No data available to demonstrate that this group would be disproportionately affected. Further preparatory work is needed. If agreed, wider consultation would need to be undertaken.
Sexual Orientation	No data available to demonstrate that this group would be disproportionately affected.	No data available to demonstrate that this group would be disproportionately affected. Further preparatory work is needed. If agreed, wider consultation would need to be undertaken.

Stage 3: Assessing Potential Disproportionate Impact

Based on the evidence you have considered so far, is there a risk that your proposals could potentially have a disproportionate adverse impact on any of the Protected Characteristics?

	Age (including carers)	Disability (including carers)	Gender Reassignment	Marriage and Civil Partnership	Pregnancy and Maternity	Race	Religion and Belief	Sex	Sexual Orientation
Yes									
No	X	X	X	X	X	X	X	X	X

YES - If there is a risk of disproportionate adverse Impact on any **ONE** of the Protected Characteristics, complete a FULL EqIA.

- **Best Practice:** You may want to consider setting up a Working Group (including colleagues, partners, stakeholders, voluntary community sector organisations, service users and Unions) to develop the rest of the EqIA
- It will be useful to also collate further evidence (additional data, consultation with the relevant communities, stakeholder groups and service users directly affected by your proposals) to further assess the potential disproportionate impact identified and how this can be mitigated.
- **NO** - If you have ticked 'No' to all of the above, then go to **Stage 6**
- Although the assessment may not have identified potential disproportionate impact, you may have identified actions which can be taken to advance equality of opportunity to make your proposals more inclusive. These actions should form your Improvement Action Plan at Stage 6

Stage 4: Further Consultation / Additional Evidence

6. What further consultation have you undertaken on your proposals as a result of your analysis at **Stage 3**?

237	Who was consulted? What consultation methods were used?	What do the results show about the impact on different groups / Protected Characteristics?	What actions have you taken to address the findings of the consultation? E.g. revising your proposals

Stage 5: Assessing Impact

7. What does your evidence tell you about the impact on the different Protected Characteristics? Consider whether the evidence shows potential for differential impact, if so state whether this is a positive or an adverse impact? If adverse, is it a minor or major impact?

Protected Characteristic	Positive Impact	Adverse Impact	Explain what this impact is, how likely it is to happen and the extent of impact if it was to	What measures can you take to mitigate the impact or advance equality of opportunity?

	✓	Minor ✓	Major ✓	occur. Note – Positive impact can also be used to demonstrate how your proposals meet the aims of the PSED Stage 7	E.g. further consultation, research, implement equality monitoring etc (Also Include these in the Improvement Action Plan at Stage 6)
Age (including carers of young/older people)					
Disability (including carers of disabled people)					
238 Gender Reassignment					
Marriage and Civil Partnership					
Pregnancy and Maternity					
Race					

Religion or Belief					
Sex					
Sexual orientation					

8. Cumulative Impact – Considering what else is happening within the Council and Harrow as a whole, could your proposals have a cumulative impact on a particular Protected Characteristic? If yes, which Protected Characteristics could be affected and what is the potential impact?	Yes		No	

9. Any Other Impact – Considering what else is happening within the Council and Harrow as a whole (for example national/local policy, austerity, welfare reform, unemployment levels, community tensions, levels of crime) could your proposals have an impact on individuals/service users socio economic, health or an impact on community cohesion? If yes, what is the potential impact and how likely is it to happen?	Yes		No	

Stage 6 – Improvement Action Plan

List below any actions you plan to take as a result of this Impact Assessment. These should include:

- Proposals to mitigate any adverse impact identified
- Positive action to advance equality of opportunity
- Monitoring the impact of the proposals/changes once they have been implemented

- Any monitoring measures which need to be introduced to ensure effective monitoring of your proposals? How often will you do this?

Area of potential adverse impact e.g. Race, Disability	Proposal to mitigate adverse impact	How will you know this has been achieved? E.g. Performance Measure / Target	Lead Officer/Team	Target Date
None identified at this stage	If agreed, further work will be undertaken to mitigate any risks	Consultation undertaken and results used to shape future service delivery.	Rebecca Johnson	Ongoing

Stage 7: Public Sector Equality Duty

10. How do your proposals meet the Public Sector Equality Duty (PSED) to:

1. Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010
2. Advance equality of opportunity between people from different groups
3. Foster good relations between people from different groups

Future work will include the development of an implementation framework supported by clear objectives.

Stage 8: Recommendation

11. Which of the following statements best describes the outcome of your EqIA (✓ tick one box only)

Outcome 1 – No change required: the EqIA has not identified any potential for unlawful conduct or disproportionate impact and all opportunities to advance equality of opportunity are being addressed.	x
Outcome 2 – Minor Impact: Minor adjustments to remove / mitigate adverse impact or advance equality of opportunity have been identified by the EqIA and these are included in the Action Plan to be addressed.	
Outcome 3 – Major Impact: Continue with proposals despite having identified potential for adverse impact or missed opportunities to advance equality of opportunity. In this case, the justification needs to be included in the EqIA and should be in line with the PSED to have 'due regard'. In some cases, compelling reasons will be needed. You should also consider whether there are sufficient plans to reduce the adverse impact and/or plans to monitor	

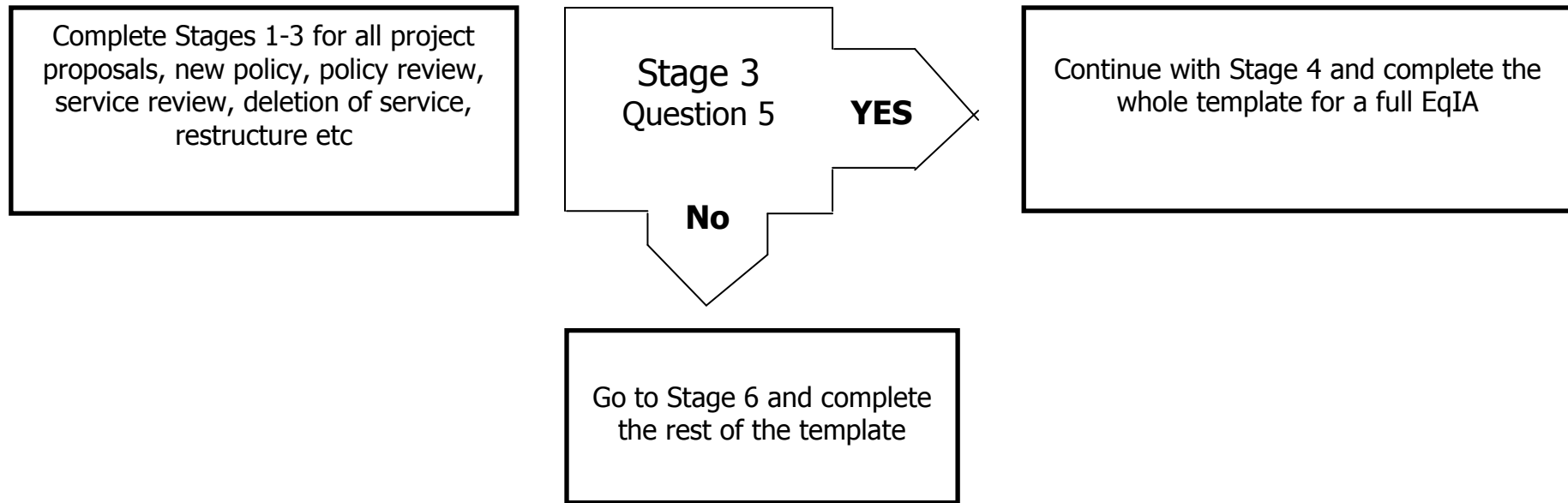
the impact. (Explain this in Q12 below)	
12. If your EqIA is assessed as outcome 3 explain your justification with full reasoning to continue with your proposals.	

Stage 9 - Organisational sign Off			
13. Which group or committee considered, reviewed and agreed the EqIA and the Improvement Action Plan?	Reviewed by the Chair of the DETG and will be reviewed as part of the Cabinet process.		
Signed: (Lead officer completing EqIA)	Rebecca Johnson	Signed: (Chair of DETG)	Dave Corby
Date:	11/08/2017	Date:	17/08/2017
Date EqIA presented at Cabinet briefing (if required)		Signature of DETG Chair (following Cabinet Briefing if relevant)	

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Equality Impact Assessment Template

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- In order to complete this assessment, it is important that you have read the Corporate Guidelines on EqIAs and preferably completed the EqIA E-learning Module.
- You are also encouraged to refer to the EqIA Template with Guidance Notes to assist you in completing this template.
- SIGN OFF: All EqIAs need to be signed off by your Directorate Equality Task Groups.
- Legal will NOT accept any report without a fully completed, Quality Assured and signed off EqIA.
- The EqIA Guidance, Template and sign off process is available on the Hub under Equality and Diversity

Equality Impact Assessment (EqIA) Template

Type of Decision: Tick ✓	X	Cabinet		Portfolio Holder		Other (explain)	
Date decision to be taken:	TBC						
Value of savings to be made (if applicable):	£200,000 (2019/20)						
Title of Project:	Phoenix Projects						
Directorate / Service responsible:	Community Directorate						
Name and job title of Lead Officer:	Ian Slaney						
Name & contact details of the other persons involved in the assessment:	Ian Slaney						
Date of assessment (including review dates):	14/08/2017						

Stage 1: Overview

<div style="text-align: right; font-weight: bold; font-size: 1.2em;">244</div> <p>1. What are you trying to do?</p> <p>(Explain your proposals here e.g. introduction of a new service or policy, policy review, changing criteria, reduction / removal of service, restructure, deletion of posts etc)</p>	<p>Project Phoenix is the directorate’s commercialisation programme which aims to achieve cost neutrality in Environmental Services by 2020. A number of business cases have been completed and implementation is underway. Total saving targets that already exist in the MTFS are £2.16m.</p> <p>The directorate will continue to identify projects that will support the commercialisation agenda. The next one in the plan relates to the commercialisation of CCTV operations including the provision of alarm call-out services to schools etc. This is subject to the approval of a separate business case by the Phoenix Programme Board.</p> <p>Outcomes Impact</p> <p>Making a difference for communities</p> <ul style="list-style-type: none"> • Harrow is one of the safest boroughs in London <p>Efficient and Effective Organisation</p> <p>Risks</p> <ul style="list-style-type: none"> • The saving figure is indicative only, subject to a full business case to confirm if a full £200k will be achievable. • Lack of interest / customers. The income is predicated on the uptake of the service by
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	<p>schools and other external customers.</p> <ul style="list-style-type: none"> • CCTV equipment needs to be kept up to date and maintained to provide a service that is reliable and at industry standard. This will require capital investment. The upgrade would not be possible if the CCTV budget in the existing capital programme was reduced. <p>Key Milestones</p> <ul style="list-style-type: none"> • Jan – Mar 18: Develop a business case • April 18: Seek business case approval • May 18: Finalise Implementation Plan • Jun 18 to Mar 19: Implementation (including getting the right CCTV infrastructure to provide service; sales and marketing; organisational changes; <ul style="list-style-type: none"> ▪ Consultation where appropriate) • April 19: Full commercial service commences
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<p>2. Who are the main groups / Protected Characteristics at may be affected by your proposals? (✓ all that apply)</p>	Residents / Service Users	x	Partners	x	Stakeholders	x
	Staff	x	Age		Disability	
	Gender Reassignment		Marriage and Civil Partnership		Pregnancy and Maternity	
	Race		Religion or Belief		Sex	
	Sexual Orientation		Other			

<p>3. Is the responsibility shared with another directorate, authority or organisation? If so:</p> <ul style="list-style-type: none"> • Who are the partners? • Who has the overall responsibility? • How have they been involved in the assessment? 	N/A
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Stage 2: Evidence & Data Analysis

4. What evidence is available to assess the potential impact of your proposals? This can include census data, borough profile, profile of service users, workforce profiles, results from consultations and the involvement tracker, customer satisfaction surveys, focus groups, research interviews, staff surveys, press reports, letters from residents and complaints etc. Where possible include data on the nine Protected Characteristics.

(Where you have gaps (data is not available/being collated for any Protected Characteristic), you should include this as an action to address in your

Improvement Action Plan at Stage 6)		
Protected Characteristic	Evidence	Analysis & Impact
Age (including carers of young/older people)	<p>The 2011 Census estimated there were 239,100 people living in Harrow</p> <p>Looking at the borough's population in three broad age groups, 0-15 (children), 16-64 (working age) and 65+ (older people), the breakdown (Census 2011) is as follows: 0-15 20.1%, 16-64 65.8%, 65+ 14.1%.</p>	<p>No data available to demonstrate that this group would be disproportionately affected.</p> <p>Further preparatory work is required in relation to the commercialisation of CCTV.</p> <p>If agreed, wider consultation would need to be undertaken.</p>
Disability (including carers of disabled people)	<p>6,380 people in Harrow were recipients of Employment and Support Allowance (ESA) and Incapacity Benefits in August 2015, 4.0% of the total resident population.</p>	<p>No data available to demonstrate that this group would be disproportionately affected.</p> <p>Further preparatory work is required in relation to the commercialisation of CCTV.</p> <p>If agreed, wider consultation would need to be undertaken.</p>
246 Gender Reassignment	<p>No data available to demonstrate that this group would be disproportionately affected.</p>	<p>No data available to demonstrate that this group would be disproportionately affected.</p> <p>Further preparatory work is required in relation to the commercialisation of CCTV.</p> <p>If agreed, wider consultation would need to be undertaken.</p>
Marriage / Civil Partnership	<p>No data available to demonstrate that this group would be disproportionately affected.</p>	<p>No data available to demonstrate that this group would be disproportionately affected.</p> <p>Further preparatory work is required in relation to the commercialisation of CCTV.</p> <p>If agreed, wider consultation would need to be undertaken.</p>
Pregnancy and Maternity	<p>No data available to demonstrate that this group would be disproportionately affected.</p>	<p>No data available to demonstrate that this group would be disproportionately affected.</p>

		<p>Further preparatory work is required in relation to the commercialisation of CCTV.</p> <p>If agreed, wider consultation would need to be undertaken.</p>
Race	<p>The GLA's 2011 Census Ethnic Diversity Indices show that Harrow is ranked 7th nationally for ethnic diversity. Diversity indices measure the number of different/distinct groups present in the population and the sizes of these distinct groups relative to each other.</p> <p>The main ethnic groups identified by the 2011 Census were: 30.88% White (UK); 26.38% Indian; 11.2% Other Asian; 8.2% Other White; 3.57 African.</p>	<p>No data available to demonstrate that this group would be disproportionately affected.</p> <p>Further preparatory work is required in relation to the commercialisation of CCTV.</p> <p>If agreed, wider consultation would need to be undertaken.</p>
Religion and Belief	<p>The 2011 Census showed the following religions in Harrow: Christian 37.31%; Buddhist 1.13%; Hindu 25.27%; Jewish 4.41%; Muslim 12.5%; Sikh 1.15%; other religions 2.49%.</p>	<p>No data available to demonstrate that this group would be disproportionately affected.</p> <p>Further preparatory work is required in relation to the commercialisation of CCTV.</p> <p>If agreed, wider consultation would need to be undertaken.</p>
Sex / Gender	<p>The 2011 Census showed that there were 118,000 males and 121,000 females in Harrow.</p>	<p>No data available to demonstrate that this group would be disproportionately affected.</p> <p>Further preparatory work is required in relation to the commercialisation of CCTV.</p> <p>If agreed, wider consultation would need to be undertaken.</p>
Sexual Orientation	<p>No data available to demonstrate that this group would be disproportionately affected.</p>	<p>No data available to demonstrate that this group would be disproportionately affected.</p> <p>Further preparatory work is required in relation to the commercialisation of CCTV.</p> <p>If agreed, wider consultation would need to be undertaken.</p>

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Stage 3: Assessing Potential Disproportionate Impact

5. Based on the evidence you have considered so far, is there a risk that your proposals could potentially have a disproportionate adverse impact on any of the Protected Characteristics?

	Age (including carers)	Disability (including carers)	Gender Reassignment	Marriage and Civil Partnership	Pregnancy and Maternity	Race	Religion and Belief	Sex	Sexual Orientation
Yes									
No	X	X	X	X	X	X	X	X	X

YES - If there is a risk of disproportionate adverse Impact on any **ONE** of the Protected Characteristics, complete a FULL EqIA.

- **Best Practice:** You may want to consider setting up a Working Group (including colleagues, partners, stakeholders, voluntary community sector organisations, service users and Unions) to develop the rest of the EqIA
- It will be useful to also collate further evidence (additional data, consultation with the relevant communities, stakeholder groups and service users directly affected by your proposals) to further assess the potential disproportionate impact identified and how this can be mitigated.
- **NO** - If you have ticked 'No' to all of the above, then go to **Stage 6**
- Although the assessment may not have identified potential disproportionate impact, you may have identified actions which can be taken to advance equality of opportunity to make your proposals more inclusive. These actions should form your Improvement Action Plan at Stage 6

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Stage 4: Further Consultation / Additional Evidence

6. What further consultation have you undertaken on your proposals as a result of your analysis at **Stage 3**?

Who was consulted? What consultation methods were used?	What do the results show about the impact on different groups / Protected Characteristics?	What actions have you taken to address the findings of the consultation? E.g. revising your proposals

Stage 5: Assessing Impact

7. What does your evidence tell you about the impact on the different Protected Characteristics? Consider whether the evidence shows potential for differential impact, if so state whether this is a positive or an adverse impact? If adverse, is it a minor or major impact?

Protected Characteristic	Positive Impact ✓	Adverse Impact		Explain what this impact is, how likely it is to happen and the extent of impact if it was to occur. Note – Positive impact can also be used to demonstrate how your proposals meet the aims of the PSED Stage 7	What measures can you take to mitigate the impact or advance equality of opportunity? E.g. further consultation, research, implement equality monitoring etc (Also Include these in the Improvement Action Plan at Stage 6)
		Minor ✓	Major ✓		
Age (including carers of young/older people)					
249 Disability (including carers of disabled people)					
Gender Reassignment					
Marriage and Civil Partnership					

Pregnancy and Maternity					
Race					
Religion or Belief					
Sex					
Sexual orientation					

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<p>8. Cumulative Impact – Considering what else is happening within the Council and Harrow as a whole, could your proposals have a cumulative impact on a particular Protected Characteristic?</p> <p>If yes, which Protected Characteristics could be affected and what is the potential impact?</p>	Yes		No	
<p>9. Any Other Impact – Considering what else is happening within the Council and Harrow as a whole (for example national/local policy, austerity, welfare reform, unemployment levels, community tensions, levels of crime) could your proposals have an impact on individuals/service users socio economic, health or an impact on community cohesion?</p> <p>If yes, what is the potential impact and how likely is it to happen?</p>	Yes		No	

Stage 6 – Improvement Action Plan

List below any actions you plan to take as a result of this Impact Assessment. These should include:

- Proposals to mitigate any adverse impact identified
- Positive action to advance equality of opportunity
- Monitoring the impact of the proposals/changes once they have been implemented
- Any monitoring measures which need to be introduced to ensure effective monitoring of your proposals? How often will you do this?

Area of potential adverse impact e.g. Race, Disability	Proposal to mitigate adverse impact	How will you know this has been achieved? E.g. Performance Measure / Target	Lead Officer/Team	Target Date
None identified at this stage	If proposal is agreed, further work will be undertaken to mitigate any risks	Consultation undertaken and results used to shape future service delivery.	Ian Slaney	Ongoing

Stage 7: Public Sector Equality Duty

<p>10. How do your proposals meet the Public Sector Equality Duty (PSED) to:</p> <ol style="list-style-type: none"> 1. Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010 2. Advance equality of opportunity between people from different groups 3. Foster good relations between people from different groups 	<p>Future work will include the development of an implementation framework supported by clear objectives.</p>
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Stage 8: Recommendation

11. Which of the following statements best describes the outcome of your EqIA (✓ tick one box only)	
Outcome 1 – No change required: the EqIA has not identified any potential for unlawful conduct or disproportionate impact and all opportunities to advance equality of opportunity are being addressed.	x
Outcome 2 – Minor Impact: Minor adjustments to remove / mitigate adverse impact or advance equality of opportunity have been identified by the EqIA and these are included in the Action Plan to be addressed.	
Outcome 3 – Major Impact: Continue with proposals despite having identified potential for adverse impact or	

missed opportunities to advance equality of opportunity. In this case, the justification needs to be included in the EqIA and should be in line with the PSED to have 'due regard'. In some cases, compelling reasons will be needed. You should also consider whether there are sufficient plans to reduce the adverse impact and/or plans to monitor the impact. (Explain this in Q12 below)	
12. If your EqIA is assessed as outcome 3 explain your justification with full reasoning to continue with your proposals.	

Stage 9 - Organisational sign Off			
13. Which group or committee considered, reviewed and agreed the EqIA and the Improvement Action Plan?	Reviewed by the Chair of the DETG and will be reviewed as part of the Cabinet process.		
Signed: (Lead officer completing EqIA)	Ian Slaney	Signed: (Chair of DETG)	Dave Corby
Date:	14/08/2017	Date:	17/08/2017
Date EqIA presented at Cabinet Briefing (if required)		Signature of DETG Chair (following Cabinet Briefing if relevant)	

You will need to produce an Equality Impact Assessment (EqIA) if:

- You are developing a new policy, strategy, or service
- You are making changes that will affect front-line services
- You are reducing budgets, which may affect front-line services
- You are changing the way services are funded and this may impact the quality of the service and who can access it
- You are making a decision that could have a different impact on different groups of people
- You are making staff redundant or changing their roles

Guidance notes on how to complete an EqIA and sign off process are available on the Hub under Equality and Diversity. You must read the [guidance notes](#) and ensure you have followed all stages of the EqIA approval process. Section 2 of the template requires you to undertake an assessment of the impact of your proposals on groups with protected characteristics. Borough profile data and other sources of statistical information on each group can be found on the Harrow hub, within the section entitled: Equality Impact Assessment - [Borough profile data](#) and other sources of information to help you complete your EqIA template.

Equality Impact Assessment (EqIA)		
Type of Decision:	<input checked="" type="radio"/> Cabinet <input checked="" type="radio"/> Portfolio holder <input type="radio"/> Other (state)	
Title of Proposal	Depot Redevelopment	Date EqIA created Oct 18
Value of savings to be made (if applicable): £473k in 2020/21	N/A	
Name and job title of completing/lead Officer	Mick Wynne, Head of Service, Corporate Landlord Capital Programme	
Directorate/ Service responsible		
Organisational approval		
EqIA approved by Directorate Equality Task Group (DETG) Chair	<p>Dave Corby</p> <p>dave.corby@harrow.gov.uk</p> <p>@harrow.gov.uk</p> <p>v.uk</p> <p>Digitally signed by dave.corby@harrow.gov.uk DN: cn=dave.corby@harrow.gov.uk Date: 2018.10.09 17:31:37 +01'00'</p>	<p>Signature</p> <p><input checked="" type="checkbox"/></p> <p>Tick this box to indicate that you have approved this EqIA</p> <p>Date of approval 09/10/2018</p>

<p>1. Summary of proposal, impact on groups with protected characteristics and mitigating actions (to be completed after you have completed sections 2 - 5)</p>
<p>a) What is your proposal?</p> <p>The redevelopment of the existing Council Central Depot. The development will see the consolidation and intensification of the existing depot at Forward Drive to make an efficient use of the facility and increase the revenue stream for the Council, creating additional commercial opportunities to increase revenue generation as well as delivering operational improvements to the working site</p>
<p>b) Summarise the impact of your proposal on groups with protected characteristics</p> <p>There is no evidence that any of the protected characteristics will be particular impacted by the proposals.</p>
<p>c) Summarise any potential negative impact(s) identified and mitigating actions</p> <p>No potential negative impacts identified</p>

2. Assessing impact																																
You are required to undertake a detailed analysis of the impact of your proposals on groups with protected characteristics. You should refer to borough profile data , equalities data , service user information, consultation responses and any other relevant data/evidence to help you assess and explain what impact (if any) your proposal(s) will have on each group. Where there are gaps in data, you should state this in the boxes below and what action (if any), you will take to address this in the future.				What does the evidence tell you about the impact your proposal may have on groups with protected characteristics? Click the relevant box to indicate whether your proposal will have a positive impact, negative (minor, major), or no impact																												
Protected characteristic	For each protected characteristic, explain in detail what the evidence is suggesting and the impact of your proposal (if any). Click the appropriate box on the right to indicate the outcome of your analysis.	Positive impact	Negative impact		No impact																											
			Minor	Major																												
Age	The resident population of Harrow according to the 2011 Census was 239,100. Census data by age for the whole borough was as follows:																															
	<table border="1"> <thead> <tr> <th>Age Group</th> <th>Total</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>0-4 year olds</td> <td>15,916</td> <td>4%</td> </tr> <tr> <td>5-17 year olds</td> <td>38,746</td> <td>16%</td> </tr> <tr> <td>18-24 year olds</td> <td>21,435</td> <td>9%</td> </tr> <tr> <td>25-49 year olds</td> <td>72,703</td> <td>30%</td> </tr> <tr> <td>50-59 year olds</td> <td>44,579</td> <td>19%</td> </tr> <tr> <td>60-74 year olds</td> <td>29,430</td> <td>12%</td> </tr> <tr> <td>75-89 year olds</td> <td>14,641</td> <td>6%</td> </tr> <tr> <td>90 years old</td> <td>1,606</td> <td>1%</td> </tr> </tbody> </table>	Age Group	Total	Percentage	0-4 year olds	15,916	4%	5-17 year olds	38,746	16%	18-24 year olds	21,435	9%	25-49 year olds	72,703	30%	50-59 year olds	44,579	19%	60-74 year olds	29,430	12%	75-89 year olds	14,641	6%	90 years old	1,606	1%	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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90 years old	1,606	1%																														

	And over							
Disability	<p>There are approximately 15,000 people aged 16 to 64 with moderate or serious physical disability living in Harrow and this number is predicted to increase to 16,000 by 2020. These trends are similar to those predicted for London with the largest proportion increases being in the 55 to 64 age group (Harrow Joint Strategic Needs Assessment 2015-20). The total population aged 18-64 in Harrow predicted to have a learning disability in 2017 is 3,466 (Information taken from: www.pansi.org.uk).</p> <p>The estimated prevalence of special educational needs in Harrow has remained consistent over time (2.6%) and is lower than the London (2.7%) and England average (2.8%). The number per 1,000 of children with moderate learning disabilities in Harrow is lower than the London average but higher for children with severe learning disabilities.</p> <p>Approximately 180 children are reported to be deaf in Harrow and known to services. The number of blind children and young people between 0 and 17 known to Harrow council (i.e. registered) is 20 and the number who are partially sighted is 30 (figures correct as of 2013/14).</p> <p>The proposal would not have a negative impact on this protected characteristic</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>			
Gender reassignment	<p>The only data Harrow currently has on Gender Reassignment is via the Analysis of demand from housing applicants (via Locata): 1 (0.02%) housing applicant has indicated that they are transgender. (Data as at April 2014).</p> <p>The proposal would not have a negative impact on this protected characteristic</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>			
Marriage and Civil	<p>Census data: Harrow has a very high percentage of married couples, with 53.7% of residents aged 16 and older declaring they were in a marriage in 2011. This</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>			

Partnership	<p>is above the national level of 46.6%. There was a 27% increase in the number of married people living in Harrow between 2001 and 2011 (Office for National Statistics, 2001 and 2011). Between their inception and January 2012, 107 civil partnership ceremonies took place in Harrow.</p> <p>The proposal would not have a negative impact on this protected characteristic</p>				
Pregnancy and Maternity	<p>Census data 2011: There has been a 32% (+3,900) increase in 0-4 year olds since 2001. There are pockets of high concentration in central and south-west Harrow.</p> <p>The proposal would not have a negative impact on this protected characteristic</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Race/
Ethnicity

Census data (2011) shows the ethnic breakdown for Harrow to be as follows:

Ethnic Group	Total	Percentage
White British	73,826	31%
White Other	27,165	11%
Mixed	9,499	4%
Asian or Asian British	101,808	43%
Black or Black British	19,708	8%
Arab and Other Group	7,050	3%

In the adult customer satisfaction survey undertaken in 2016 the breakdown by main race group out of the 234 who responded was as follows:

Ethnic breakdown	Total
White/White British English	86
Asian/Asian British Indian	68
Other	22
Asian/Asian British Other	12
White/White British Other	8
Asian/Asian British Chinese	7

The proposal would not have a negative impact on this protected characteristic



Religion or belief	<p>Harrow is Britain's most religiously diverse community and enjoys the Country's highest density of Gujarati Hindus and Sri Lankan Tamils, alongside significant Muslim, Jewish and Christian communities. The Greater London Authority (GLA) Diversity Indices rank Harrow seventh highest nationally for ethnic diversity and second for religious diversity.</p> <p>The proposal would not have a negative impact on this protected characteristic</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Sex	<p>Census data: In 2011, 49.4% of Harrow residents were male and 50.6% are female. This is very similar to the national profile, but the number of males in Harrow has slightly increased since 2001 (Office for National Statistics, 2001 and 2011).</p> <p>The proposal would not have a negative impact on this protected characteristic</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Sexual Orientation	<p>Although sexual orientation is a protected characteristic under equalities legislation, there is no robust data on the numbers of lesbians, gay men and bisexuals in the population as no national census has ever asked people to define their sexuality. The Government estimates that 5-7% of the population are lesbians, gay men or bisexual. Stonewall, a UK charity supporting LGB rights, agrees with this estimate.</p> <p>The proposal would not have a negative impact on this protected characteristic</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<p>2.1 Cumulative impact – considering what else is happening within the Council and Harrow as a whole, could your proposals have a cumulative impact on groups with protected characteristics?</p> <p> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No </p>					
<p>If you clicked the Yes box, which groups with protected characteristics could be affected and what is the potential impact? Include details in the space below</p>					

3. Actions to mitigate/remove negative impact

Only complete this section if your assessment (in section 2) suggests that your proposals may have a negative impact on groups with protected characteristics. If you have not identified any negative impacts, please complete sections 4 and 5.

In the table below, please state what these potential negative impact (s) are, mitigating actions and steps taken to ensure that these measures will address and remove any negative impacts identified and by when. Please also state how you will monitor the impact of your proposal once implemented.

State what the negative impact(s) are for each group, identified in section 2. In addition, you should also consider and state potential risks associated with your proposal.	Measures to mitigate negative impact (provide details, including details of and additional consultation undertaken/to be carried out in the future). If you are unable to identify measures to mitigate impact, please state so and provide a brief explanation.	What action (s) will you take to assess whether these measures have addressed and removed any negative impacts identified in your analysis? Please provide details. If you have previously stated that you are unable to identify measures to mitigate impact please state below.	Deadline date	Lead Officer

4. Public Sector Equality Duty

How does your proposal meet the Public Sector Equality Duty (PSED) to:

1. Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010
2. Advance equality of opportunity between people from different groups
3. Foster good relations between people from different groups

The proposed redevelopment will help to ensure that front line Environmental Services continue to meet the needs of all the community including all ages, ethnic and religious groups, and all the other protected characteristics listed above.

5. Outcome of the Equality Impact Assessment (EqIA) click the box that applies

Outcome 1

No change required: the EqIA has not identified any potential for disproportionate impact and all opportunities to advance equality of opportunity are being addressed

Outcome 2

Adjustments to remove/mitigate negative impacts identified by the assessment, or to better advance equality, as stated in section 3&4

Outcome 3

This EqIA has identified missed opportunities to advance equality and/or foster good relations. However, it is still reasonable to continue with the activity. Outline the reasons for this and the information used to reach this decision in the space below.

Include details here

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You will need to produce an Equality Impact Assessment (EqIA) if:

- You are developing a new policy, strategy, or service
- You are making changes that will affect front-line services
- You are reducing budgets, which may affect front-line services
- You are changing the way services are funded and this may impact the quality of the service and who can access it
- You are making a decision that could have a different impact on different groups of people
- You are making staff redundant or changing their roles

Guidance notes on how to complete an EqIA and sign off process are available on the Hub under Equality and Diversity.

You must read the [guidance notes](#) and ensure you have followed all stages of the EqIA approval process.

Section 2 of the template requires you to undertake an assessment of the impact of your proposals on groups with protected characteristics. Borough profile data and other sources of statistical information on each group can be found on the Harrow hub, within the section entitled: Equality Impact Assessment - [Borough profile data](#) and other sources of information to help you complete your EqIA template.

Equality Impact Assessment (EqIA)		
Type of Decision:	<input checked="" type="radio"/> Cabinet <input type="radio"/> Portfolio holder <input type="radio"/> Other (state)	
Title of Proposal	Vernon Lodge Redevelopment	Date EqIA created Oct 18
Value of savings to be made (if applicable): 19/20 £130k, 20/21 £80, 2021/22 £643k	N/A	
Name and job title of completing/lead Officer	Mick Wynne, Head of Service, Corporate Landlord Capital Programme	
Directorate/ Service responsible		
Organisational approval		
EqIA approved by Directorate Equality Task Group (DETG) Chair	Dave Corby dave.corby@harrow.gov.uk Digitally signed by dave.corby@harrow.gov.uk DN: cn=dave.corby@harrow.gov.uk Date: 2018.10.09 17:30:34 +01'00' v.uk	Signature <input checked="" type="checkbox"/> Tick this box to indicate that you have approved this EqIA Date of approval 09/10/2018

1. Summary of proposal, impact on groups with protected characteristics and mitigating actions

(to be completed after you have completed sections 2 - 5)

a) What is your proposal?

The redevelopment of Vernon Lodge, the Councils only homeless hostel, to increase the level of accommodation on site to provide different accommodation types that can be configured to meet demand and significantly increase the amount of homelessness provision available within the borough.

b) Summarise the impact of your proposal on groups with protected characteristics

There is no evidence that any of the protected characteristics will be particular impacted by the proposals.

c) Summarise any potential negative impact(s) identified and mitigating actions

No potential negative impacts identified

2. Assessing impact							
You are required to undertake a detailed analysis of the impact of your proposals on groups with protected characteristics. You should refer to borough profile data , equalities data , service user information, consultation responses and any other relevant data/evidence to help you assess and explain what impact (if any) your proposal(s) will have on each group. Where there are gaps in data, you should state this in the boxes below and what action (if any), you will take to address this in the future.				What does the evidence tell you about the impact your proposal may have on groups with protected characteristics? Click the relevant box to indicate whether your proposal will have a positive impact, negative (minor, major), or no impact			
Protected characteristic	For each protected characteristic, explain in detail what the evidence is suggesting and the impact of your proposal (if any). Click the appropriate box on the right to indicate the outcome of your analysis.			Positive impact	Negative impact		No impact
					Minor	Major	
Age	The resident population of Harrow according to the 2011 Census was 239,100. Census data by age for the whole borough was as follows:						
	Age Group	Total	Percentage				
	0-4 year olds	15,916	4%				
	5-17 year olds	38,746	16%				
	18-24 year olds	21,435	9%	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	25-49 year olds	72,703	30%				
	50-59 year olds	44,579	19%				
	60-74 year olds	29,430	12%				
	75-89 year olds	14,641	6%				
90 years old	1,606	1%					

	And over							
Disability	<p>There are approximately 15,000 people aged 16 to 64 with moderate or serious physical disability living in Harrow and this number is predicted to increase to 16,000 by 2020. These trends are similar to those predicted for London with the largest proportion increases being in the 55 to 64 age group (Harrow Joint Strategic Needs Assessment 2015-20). The total population aged 18-64 in Harrow predicted to have a learning disability in 2017 is 3,466 (Information taken from: www.pansi.org.uk).</p> <p>The estimated prevalence of special educational needs in Harrow has remained consistent over time (2.6%) and is lower than the London (2.7%) and England average (2.8%). The number per 1,000 of children with moderate learning disabilities in Harrow is lower than the London average but higher for children with severe learning disabilities.</p> <p>The 2011 census showed there were 24,620 carers in Harrow, an increase of over 4,000 (almost 20%) from ten years earlier. The reasons for providing care vary and can include more than one reason. In the Harrow Carers' Survey, the 3 out of 5 carers were caring for someone with a physical disability. 45% of Harrow carers were caring for an older person which is significantly higher than the national average. Around 1 in 5 is caring for someone with a mental health problems and a similar proportion for someone with a learning disability. It is difficult to estimate the number of young carers although the 2011 Census shows 2,272 self-declared young carers aged 0 – 24 years old in Harrow. The vast majority of these are hidden, i.e. not known to social care or receiving any support (Harrow Joint Strategic Needs Assessment 2015-20).</p> <p>This proposal will provide additional facilities to house those with disabilities</p>			<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

Gender reassignment	<p>The only data Harrow currently has on Gender Reassignment is via the Analysis of demand from housing applicants (via Locata): 1 (0.02%) housing applicant has indicated that they are transgender. (Data as at April 2014).</p> <p>The proposal will have no detrimental effect on this characteristic</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Marriage and Civil Partnership	<p>Census data: Harrow has a very high percentage of married couples, with 53.7% of residents aged 16 and older declaring they were in a marriage in 2011. This is above the national level of 46.6%. There was a 27% increase in the number of married people living in Harrow between 2001 and 2011 (Office for National Statistics, 2001 and 2011). Between their inception and January 2012, 107 civil partnership ceremonies took place in Harrow.</p> <p>The proposal would not have a negative impact on this protected characteristic.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Pregnancy and Maternity	<p>Census data 2011: There has been a 32% (+3,900) increase in 0-4 year olds since 2001. There are pockets of high concentration in central and south-west Harrow.</p> <p>The proposal would not have a negative impact on this protected characteristic</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Race/ Ethnicity	<p>Census data (2011) shows the ethnic breakdown for Harrow to be as follows:</p> <table border="1"> <thead> <tr> <th>Ethnic Group</th> <th>Total</th> <th>Percentage</th> </tr> </thead> <tbody> <tr> <td>White British</td> <td>73,826</td> <td>31%</td> </tr> <tr> <td>White Other</td> <td>27,165</td> <td>11%</td> </tr> <tr> <td>Mixed</td> <td>9,499</td> <td>4%</td> </tr> <tr> <td>Asian or Asian British</td> <td>101,808</td> <td>43%</td> </tr> <tr> <td>Black or Black British</td> <td>19,708</td> <td>8%</td> </tr> <tr> <td>Arab and Other Group</td> <td>7,050</td> <td>3%</td> </tr> </tbody> </table> <p>In the adult customer satisfaction survey undertaken in 2016 the breakdown by main race group out of the 234 who responded was as follows:</p> <table border="1"> <thead> <tr> <th>Ethnic breakdown</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>White/White British English</td> <td>86</td> </tr> <tr> <td>Asian/Asian British Indian</td> <td>68</td> </tr> <tr> <td>Other</td> <td>22</td> </tr> <tr> <td>Asian/Asian British Other</td> <td>12</td> </tr> <tr> <td>White/White British Other</td> <td>8</td> </tr> <tr> <td>Asian/Asian British Chinese</td> <td>7</td> </tr> </tbody> </table> <p>The proposal would not have a negative impact on this protected characteristic</p>			Ethnic Group	Total	Percentage	White British	73,826	31%	White Other	27,165	11%	Mixed	9,499	4%	Asian or Asian British	101,808	43%	Black or Black British	19,708	8%	Arab and Other Group	7,050	3%	Ethnic breakdown	Total	White/White British English	86	Asian/Asian British Indian	68	Other	22	Asian/Asian British Other	12	White/White British Other	8	Asian/Asian British Chinese	7	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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Religion or belief	<p>Harrow is Britain's most religiously diverse community and enjoys the Country's highest density of Gujarati Hindus and Sri Lankan Tamils, alongside significant Muslim, Jewish and Christian communities. The Greater London Authority (GLA) Diversity Indices rank Harrow seventh highest nationally for ethnic diversity and second for religious diversity.</p> <p>The proposal would not have a negative impact on this protected characteristic</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Sex	<p>Census data: In 2011, 49.4% of Harrow residents were male and 50.6% are female. This is very similar to the national profile, but the number of males in Harrow has slightly increased since 2001 (Office for National Statistics, 2001 and 2011).</p> <p>The proposal would not have a negative impact on this protected characteristic</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Sexual Orientation	<p>Although sexual orientation is a protected characteristic under equalities legislation, there is no robust data on the numbers of lesbians, gay men and bisexuals in the population as no national census has ever asked people to define their sexuality. The Government estimates that 5-7% of the population are lesbians, gay men or bisexual. Stonewall, a UK charity supporting LGB rights, agrees with this estimate.</p> <p>The proposal would not have a negative impact on this protected characteristic</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<p>2.1 Cumulative impact – considering what else is happening within the Council and Harrow as a whole, could your proposals have a cumulative impact on groups with protected characteristics?</p> <p><input type="checkbox"/> Yes No <input checked="" type="checkbox"/></p>					
<p>If you clicked the Yes box, which groups with protected characteristics could be affected and what is the potential impact? Include details in the space below</p>					

3. Actions to mitigate/remove negative impact

Only complete this section if your assessment (in section 2) suggests that your proposals may have a negative impact on groups with protected characteristics. If you have not identified any negative impacts, please complete sections 4 and 5.

In the table below, please state what these potential negative impact (s) are, mitigating actions and steps taken to ensure that these measures will address and remove any negative impacts identified and by when. Please also state how you will monitor the impact of your proposal once implemented.

State what the negative impact(s) are for each group, identified in section 2. In addition, you should also consider and state potential risks associated with your proposal.	Measures to mitigate negative impact (provide details, including details of and additional consultation undertaken/to be carried out in the future). If you are unable to identify measures to mitigate impact, please state so and provide a brief explanation.	What action (s) will you take to assess whether these measures have addressed and removed any negative impacts identified in your analysis? Please provide details. If you have previously stated that you are unable to identify measures to mitigate impact please state below.	Deadline date	Lead Officer

4. Public Sector Equality Duty

How does your proposal meet the Public Sector Equality Duty (PSED) to:

1. Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010
2. Advance equality of opportunity between people from different groups
3. Foster good relations between people from different groups

The proposed redevelopment of Vernon Lodge will help to ensure that the service continues to meet the needs of all the community, including all ages, ethnic and religious groups, and all the other protected characteristics listed above, bringing communities together in a neutral space.

5. Outcome of the Equality Impact Assessment (EqIA) click the box that applies

Outcome 1

No change required: the EqIA has not identified any potential for disproportionate impact and all opportunities to advance equality of opportunity are being addressed

Outcome 2

Adjustments to remove/mitigate negative impacts identified by the assessment, or to better advance equality, as stated in section 3&4

Outcome 3

This EqIA has identified missed opportunities to advance equality and/or foster good relations. However, it is still reasonable to continue with the activity. Outline the reasons for this and the information used to reach this decision in the space below.

Include details here

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You will need to produce an Equality Impact Assessment (EqIA) if:

- You are developing a new policy, strategy, or service
- You are making changes that will affect front-line services
- You are reducing budgets, which may affect front-line services
- You are changing the way services are funded and this may impact the quality of the service and who can access it
- You are making a decision that could have a different impact on different groups of people
- You are making staff redundant or changing their roles

Guidance notes on how to complete an EqIA and sign off process are available on the Hub under Equality and Diversity. You must read the [guidance notes](#) and ensure you have followed all stages of the EqIA approval process. Section 2 of the template requires you to undertake an assessment of the impact of your proposals on groups with protected characteristics. Borough profile data and other sources of statistical information on each group can be found on the Harrow hub, within the section entitled: Equality Impact Assessment - [Borough profile data](#) and other sources of information to help you complete your EqIA template.

Equality Impact Assessment (EqIA)		
Type of Decision:	<input checked="" type="radio"/> Cabinet <input type="radio"/> Portfolio holder <input type="radio"/> Other (state)	
Title of Proposal	Reduction in Customer Channels - RES 2019-20 S1-4 RES 2019-20 S1-5	Date EqIA created
Value of savings to be made (if applicable):	£560,000 over two years through agency staff reduction (23 FTE)	July 2018
Name and job title of completing/lead Officer	Jonathan Milbourn – Head of Customer services & Business Support	
Directorate/ Service responsible	Resources; Customer services & Business Support	
Organisational approval		
EqIA approved by Directorate Equality Task Group (DETG) Chair	Name	Signature <input type="checkbox"/> Tick this box to indicate that you have approved this EqIA Date of approval

1. Summary of proposal, impact on groups with protected characteristics and mitigating actions

(to be completed after you have completed sections 2 - 5)

a) What is your proposal?

The proposal extends the current policy for customer contact whereby the Council website and MyHarrow account are the default channel supported by self-service telephony (IVR). A supported self-service area will be available for citizens who are vulnerable, struggle with technology or have difficulty with the English language.

The advisor face-to-face service, tele-kiosks, social media and email channels will be closed for the following services.

2019/20

- Education
- Public Realm
- Planning
- Building Control
- Allotments

2020/2021

- Council Tax
- Council Tax Support
- Business Rates
- Benefits
- Free School Meals

This will result in the deletion of 23 posts with a saving of £560,000

The reduction in service standards is mitigated by increasing the volume of customers accessing Council services through more cost effective channels thus enabling resource levels to be reduced. The rate at which customers use self-service to transact with the Council is 89.4%

A programme of work is in place to develop the on-line presence of these services in order to ensure a smooth transition including a new website design and replacement MyHarrow account due to be ready by 2020. The new digital offering will ensure that all customer enquiries are answerable through web content.

To further negate the impact of no telephony or email channels, a small outbound team will be set up to proactively contact residents in certain situations including households with regularly missed bin collections, pre-summons, parking permit failures and to avoid benefit claim suspensions.

A digital inclusion post will be introduced to work with community groups and the voluntary sector to assist people in using the online services. This post will also host workshops at the Civic Centre and the library network to teach people how to access relevant services

Further work will be undertaken to investigate the use of artificial intelligence and precision call routing to provide a telephone service in extreme circumstances.

b) Summarise the impact of your proposal on groups with protected characteristics

There will be a limited impact on groups with protected characteristics as highlighted in section 2 characteristics

c) Summarise any potential negative impact(s) identified and mitigating actions

Detailed below

2. Assessing impact					
You are required to undertake a detailed analysis of the impact of your proposals on groups with protected characteristics. You should refer to borough profile data , equalities data , service user information, consultation responses and any other relevant data/evidence to help you assess and explain what impact (if any) your proposal(s) will have on each group. Where there are gaps in data, you should state this in the boxes below and what action (if any), you will take to address this in the future.		What does the evidence tell you about the impact your proposal may have on groups with protected characteristics? Click the relevant box to indicate whether your proposal will have a positive impact, negative (minor, major), or no impact			
Protected characteristic	For each protected characteristic, explain in detail what the evidence is suggesting and the impact of your proposal (if any). Click the appropriate box on the right to indicate the outcome of your analysis.	Positive impact	Negative impact		No impact
			Minor	Major	
Age	<p>20.6% of Harrow's residents are under 16.</p> <p>64.2% of Harrow's population are of working age (16 to 64) and 15.2% of Harrow's residents are 65 or older. The average (median) age is 37.4 years, lower than many other places.</p> <p>As with most areas in the country, the borough has an aging population. It is expected that the number of residents aged 65 plus will increase by 41% and those aged 85 plus could increase by over 67% by 2031.</p> <p>It is also expected that the number of children (0-15) will also increase by 14% during the 10 year period between 2014 and 2024.</p> <p>The percentage of residents that have access to broadband internet is 94% and the number of adults that own a smart phone is 78% nationally demonstrating the high level of access to digital channels across all age groups</p> <p>Analysis of Experian segmentation for the borough has been carried out to identify any key groups who are more likely to be detrimentally impacted. The Experian segmentation found that Segments E (comfortable retirees) and H (low income families) were less likely to use the internet and therefore may find it harder to access online however segments E and H are not regular visitors of the One Stop Shop so will require support at their local library.</p>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	<p>Segment G has the highest number of visits to the Civic Centre and are mainly located in Wealdstone and South Harrow which are both close to the Civic Centre as they may require support to transact online.</p> <p>For the majority of clients that are between 16 and 64 the self serve area and online services will not be a challenge as they are technically competent. However, for anyone that is not able to transact online, the above will apply. Assistance will be available in Access Harrow to support residents using the self-service terminals, with floor walkers at hand to support navigating through various web pages and accessing online forms.</p> <p>A similar service will be held at the Council's libraries and with Community Groups.</p> <p>A drop-in facility to see a customer advisor is also available for vulnerable customers and emergency situations. For example elderly, pregnant women, clients facing eviction, potential homelessness and bereavement.</p> <p>A drop in service will remain for vulnerable residents in precarious or complex circumstances such as eviction or bailiffs.</p>				
<p>Disability</p>	<p>13.7% of Harrow's working age population classified themselves as disabled, a total of 22,100 people. 6,470 individuals, 2.6% of the total population, receive Disability Living Allowance.</p> <p>A total of 2302 people received long term social care services primarily for physical support needs during 2016-17. This is about 1% of the total resident population. An additional 86 people received long term support primarily for sensory impairments.</p> <p>There were 575 Harrow residents receiving long-term social care support from Harrow Adult Social Care Services for learning disabilities during '16-17. 518 (approximately 90%) were younger adults under the age of 65. (source: SALT). 18% of younger adults with learning disabilities were in paid employment during the year. In comparison to London (7.2%) and England (5.7%), Harrow has a high number of LD clients who are in employment. In 2016-17, 73% younger adults with learning disabilities were in settled accommodation (with security of tenure). This is slightly below the England average (76%), but is above that of London (71%).</p> <p>There are 4,826 Housing Benefit/Council Tax Support claimants in receipt of Disability Living Allowance, Severe Disablement Allowance or Employment Support Allowance</p>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	<p>(Support Component) as classified under the regulations.</p> <p>The self serve area is equipped to meet the needs of all clients.</p> <ul style="list-style-type: none"> • Adjustable desk heights • Seating area for those who require seats. • Wheelchair accessible and desks that accommodate wheelchairs. • Hearing Loop • Blue Badge Counter positioned nearest to the door to meet the needs of clients with mobility challenges • Plasma Screen meeting audio and visual needs • Larger computer screens with the ability to increase the size of the text on screen • Fully functioning keyboards and mice. Ergonomic workstations (2) • Access to disabled toilets. • Rooms available for privacy. • Full access to our website. • Information on our website accessibility • Translation functionality on our website. • Floor walkers and reception staff that are bilingual or multilingual. 				
<p>Gender reassignment</p>	<p>There is insufficient data regarding gender reassignment in Harrow</p> <p>There is no evidence to show any negative impact regarding gender reassignment</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Marriage and Civil Partnership	<p>54% of Harrow residents are married, the highest level in London.</p> <p>As of 31st December 2016, there have been 142 Civil Partnerships in Harrow, 19 of which have been converted to marriage.</p> <p>There have been 32 same sex marriages in Harrow since inception on 29th March 2014.</p> <p>There is no evidence to show any negative impact regarding Marriage and Civil Partnership</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Pregnancy and Maternity	<p>In 2016 there were 14.5 live births per 1000 population which is higher than the UK average of 11.8.</p> <p>The fertility rate is 2.03 children per woman, higher than the UK average of 1.79. For women under the age of 18, the birth rate was 3.7 per 1000 population which is in line with the London average of 3.8 and lower than the UK average of 5.7.</p> <p>Harrow has the lowest levels of live births outside of marriage in the country (19.4%)</p> <p>There is no evidence to show any negative impact regarding pregnancy or maternity</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

<p>Race/ Ethnicity</p>	<p>61.8% of residents classify themselves as belonging to a minority ethnic group. The White British group forms the remaining 38.2% of the population, (down from 50% in 2001).</p> <p>26.4% of Harrow's residents are of Indian origin – the largest minority ethnic group in the borough, followed by Kenyans and Sri Lankans. Harrow is home to the largest Sri Lankan born community in the country.</p> <p>8.2% of residents are 'White Other', up from 4.5% in 2001.</p> <p>In 2015/16 Harrow recorded its 2nd highest levels of migration in a decade signifying a significant change in population make up since the 2011 census. The top three nationalities of these most recent arrivals are Romanian, Indian and Polish.</p> <p>The top 5 most recorded community languages in Harrow are: English, Gujarati, Tamil, Romanian, Arabic and there are over 155 languages spoken in Harrow schools.</p> <p>The website can be translated into many languages through 'Google Translate' and this will be further enhanced as the site moves to the new platform.</p> <p>Currently, residents who do not speak English as a first language either bring a relative to the Civic Centre or engage with a community group for assistance. Both these options will be available as the traditional communication channels close</p> <p>There is no evidence to show any negative impact regarding race/ethnicity</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<p>Religion or belief</p>	<p>Harrow is also said to be the most religiously diverse borough in the country. The borough had the highest proportion of Hindus, Jains and members of the Unification Church, the second highest figures for Zoroastrianism and was 6th for Judaism.</p> <p>37% of the population is Christian, the 5th lowest figure in the country. Muslims accounted for 12.5% of the population.</p> <p>In Greenhill and Wealdstone there are proportionately more followers of Islam and slighter lower Hindus. There is a higher proportion of Bangladeshi and Pakistanis in these wards.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

	Those ethnic groups have high levels of residents aged 16-64 who are economically inactive (35.4%) compared to Indians (14.7%). There is no evidence to show any negative impact regarding gender reassignment				
Sex	49.9% of the population are male and 51.1% are female There is no evidence to show any negative impact regarding religion or belief	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Sexual Orientation	It is estimated that 10% of the UK population are lesbian, gay and bisexual (LGB), which would equate to approximately 24,713 of our residents There is no evidence to show any negative impact regarding sexual orientation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<p>2.1 Cumulative impact – considering what else is happening within the Council and Harrow as a whole, could your proposals have a cumulative impact on groups with protected characteristics?</p> <p><input type="checkbox"/> Yes No <input checked="" type="checkbox"/></p>					
<p>If you clicked the Yes box, which groups with protected characteristics could be affected and what is the potential impact? Include details in the space below</p>					

3. Actions to mitigate/remove negative impact				
<p>Only complete this section if your assessment (in section 2) suggests that your proposals may have a negative impact on groups with protected characteristics. If you have not identified any negative impacts, please complete sections 4 and 5.</p> <p>In the table below, please state what these potential negative impact (s) are, mitigating actions and steps taken to ensure that these measures will address and remove any negative impacts identified and by when. Please also state how you will monitor the impact of your proposal once implemented.</p>				
State what the negative impact(s) are for each group, identified in section 2. In addition, you should also consider and state potential risks associated with your proposal.	Measures to mitigate negative impact (provide details, including details of and additional consultation undertaken/to be carried out in the future). If you are unable to identify measures to mitigate impact, please state so and provide a brief explanation.	What action (s) will you take to assess whether these measures have addressed and removed any negative impacts identified in your analysis? Please provide details. If you have previously stated that you are unable to identify measures to mitigate impact please state below.	Deadline date	Lead Officer
Closing the One Stop Shop and turning off telephone/email channels	Introduction of an Outbound telephone team to proactively contact people ahead of potential issues	Review of contact	March 2020	Jonathan Milbourn
Closing the One Stop Shop and turning off telephone/email channels	Open workshops to be held in libraries and the Civic Centre to demonstrate how to access Council services	Review of contact	March 2020	Jonathan Milbourn
Closing the One Stop Shop and turning off telephone/email channels	Introduction of a digital inclusion post to support people transition to self service	Review of contact	March 2020	Jonathan Milbourn
Closing the One Stop Shop and turning off telephone/email channels	Investigation into the use of artificial intelligence and precision routing IVR options for extreme circumstances	Review of contact	March 2020	Jonathan Milbourn

4. Public Sector Equality Duty

How does your proposal meet the Public Sector Equality Duty (PSED) to:

1. Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010
2. Advance equality of opportunity between people from different groups
3. Foster good relations between people from different groups

Include details in the space below

Open workshops will be held with community groups and the voluntary sector to show and teach people to use online functionality

5. Outcome of the Equality Impact Assessment (EqIA) click the box that applies

Outcome 1

No change required: the EqIA has not identified any potential for disproportionate impact and all opportunities to advance equality of opportunity are being addressed

Outcome 2

Adjustments to remove/mitigate negative impacts identified by the assessment, or to better advance equality, as stated in section 3&4

Outcome 3

This EqIA has identified missed opportunities to advance equality and/or foster good relations. However, it is still reasonable to continue with the activity. Outline the reasons for this and the information used to reach this decision in the space below.

Include details here

You will need to produce an Equality Impact Assessment (EqIA) if:

- You are developing a new policy, strategy, or service
- You are making changes that will affect front-line services
- You are reducing budgets, which may affect front-line services
- You are changing the way services are funded and this may impact the quality of the service and who can access it
- You are making a decision that could have a different impact on different groups of people
- You are making staff redundant or changing their roles

Guidance notes on how to complete an EqIA and sign off process are available on the Hub under Equality and Diversity. You must read the [guidance notes](#) and ensure you have followed all stages of the EqIA approval process (outlined in appendix 1). Section 2 of the template requires you to undertake an assessment of the impact of your proposals on groups with protected characteristics. Equalities and borough profile data, as well as other sources of statistical information can be found on the Harrow hub, within the section entitled: [Equality Impact Assessment](#) - sources of statistical information.

Equality Impact Assessment (EqIA)		
Type of Decision:	<input checked="" type="radio"/> Cabinet <input type="radio"/> Portfolio holder <input type="radio"/> Other (state)	
Title of Proposal	Revised Library Service Opening Hours	Date EqIA created 05/09/18
Name and job title of completing/lead Officer	Tim Bryan – Service Manager, Libraries, Sport and Leisure	
Directorate/ Service responsible	Community/Environment and Culture	
Organisational approval		
EqIA approved by Directorate Equality Task Group (DETG) Chair	Name Dave Corby  dave.corby@harrow.gov.uk v.uk Digitally signed by dave.corby@harrow.gov.uk DN: cn=dave.corby@harrow.gov.uk v.uk Date: 2018.09.19 15:27:11 +01'00'	<input checked="" type="checkbox"/> Tick this box to indicate that you have approved this EqIA Date of approval 19/09/18

1. Summary of proposal, impact on groups with protected characteristics and mitigating actions

(to be completed after you have completed sections 2 - 5)

a) What is your proposal?

Options for revising library opening hours are proposed that will ensure that libraries are more accessible and open when public demand is greatest. This includes reducing library opening from 6pm to 8pm when it has been shown that the libraries are used less, and increasing Sunday opening. Each option would result in a reduction in staffing and result in staff savings. Options 1 and 2 would result in a saving of £100k. Option 3 would result in a saving of approximately £150k. These savings are based on a simplified model of working patterns.

The revised opening hours to be proceeded with will result in a reduction of 10 hours of opening hours at Gayton Library, and a reduction of 6.5 hours per week at Pinner and Roxeth libraries, and a reduction of 10.5 hours per week at Kenton and Stanmore libraries. All libraries will no longer have opening hours after 6pm, and will open at 10am rather than at 9.30am. There will be additional Sunday opening at Pinner and Roxeth libraries from 11am to 3pm. The Sunday opening hours at Gayton Library will change from the current 1pm to 5pm to 11am to 3pm as well. The revised opening hours will achieve a saving of approximately £100k per annum.

b) Summarise the impact of your proposal on groups with protected characteristics

For library customers there is no evidence that any of the protected characteristics will be particular impacted by the proposals. It is anticipated that the opening hours proposals will have a positive impact on children and families by making the libraries more accessible to these age groups by increasing Sunday opening. Library activities that were held after 6pm will be reviewed and moved to an alternative time where necessary. Arrangements can be made to enable evening events on occasion when required. For library staff the proposals to increase Sunday opening may have a minor negative impact on staff with carer responsibilities, those with particular religious beliefs, and female staff.

c) Summarise any potential negative impact(s) identified and mitigating actions

No potential negative impacts identified for members of the public. There may be some staff that have carer responsibilities who may be impacted negatively by the increase in Sunday opening. There may be some library staff who may not wish to work on Sundays for religious reasons. Staff who have young children may also be impacted negatively by Sunday working. The mitigating actions are that staff will only be asked to work one Sunday per month and will have the opportunity to decide whether they wish to work their Sunday on the same weekend as they are working a Saturday. The decision to only open 3 libraries on a Sunday instead of the original proposal will help to enable staff to only work one Sunday a month, and a small number of Sundays only staff will be employed in addition. There may be the opportunity for some staff to reduce their hours so that they do not have to work on Sundays if there is a part-time member of staff who wishes to increase their hours permanently and is able to work on the relevant Sunday instead. Staff will also be able to arrange swops between themselves if they need to be off on a particular Sunday. Staff who may not wish to work Sundays for religious reasons would be reviewed on a case by case basis and appropriate arrangements would be made.

2. Assessing impact							
You are required to undertake a detailed analysis of the impact of your proposals on groups with protected characteristics. You should refer to borough profile data , equalities data , service user information, consultation responses and any other relevant data/evidence to help you assess and explain what impact (if any) your proposal(s) will have on each group. Where there are gaps in data, you should state this in the boxes below and what action (if any), you will take to address this in the future.				What does the evidence tell you about the impact your proposal may have on groups with protected characteristics? Click the relevant box to indicate whether your proposal will have a positive impact, negative (minor, major), or no impact			
Protected characteristic	For each protected characteristic, explain in detail what the evidence is suggesting and the impact of your proposal (if any). Click the appropriate box on the right to indicate the outcome of your analysis.			Positive impact	Negative impact		No impact
					Minor	Major	
Age	The resident population of Harrow according to the 2011 Census was 239,100. Census data by age for the whole borough was as follows:				X	<input type="checkbox"/>	<input type="checkbox"/>
	Age Group	Total	Percentage				
	0-4 year olds	15,916	4%				
	5-17 year olds	38,746	16%				
	18-24 year olds	21,435	9%				
	25-49 year olds	72,703	30%				
	50-59 year olds	44,579	19%				
	60-74 year olds	29,430	12%				
	75-89 year olds	14,641	6%				
	90 years old	1,606	1%				

And over		
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A customer survey of library users under 20 years of age was undertaken in 2015. There were 501 responses. The order of age ranges (highest first) of those who responded was as follows: 5-9 years old, 10-14 years old, 0-4 years old, 15-19 years old.

A customer survey of library users aged 20 year and over was undertaken in 2016. There were 234 responses. The order of age ranges (highest first) of those who responded as follows: 25-50 years old, 50-65 years old, Over 65 years old, 19-24 years old

The age breakdown of active users from the Library Management System in 2016 was as follows:

AGE	Total 2016
0-4	3874
5-11	8656
12-17	4241
Total	16771
18-35	8589
36-59	9523
Total	18112
60+	5908
No DoB	85
Total	40876

The largest age group was those aged 36-59 followed by those aged 5-11.

	<p>The proposed staffing restructure and revised opening hours would not have a negative impact on a specific age group. The libraries will still have opening hours outside of the normal working week with proposed increased Sunday opening to improve access. Whilst the proposals include a reduction in opening hours from 6pm to 8pm statistics have shown that the libraries are less used during these periods. It is anticipated that the opening hours proposals will have a positive impact on children and families by making the libraries more accessible to these age groups by increasing Sunday opening. Library activities that are currently held after 6pm will be re-arranged to a different time and day where required, with some additional late opening for one off events such as author talks as required.</p> <p>The age breakdown of library staff as at Oct 2018 was as follows (numbers of frontline staff in brackets):</p> <p>16-24 = 4 staff , 25-44 = 28 (25) staff , 45-64 = 36 (29) staff, 65+ = 2</p> <p>The largest age groups are those aged 45-64 and 25-44.. The staff restructure in connection with changes to opening hours will be carried out according to the Council's management of change policy and equalities policy. Staff consultation on the proposals was undertaken between 17th September 2018 and 12th October 2018. . The proposed changes in library opening hours may impact on staff with young children or those who have carer responsibilities due to the increased Sunday opening. The proposals would also, however, mean a reduction in the amount of evening opening beyond 6pm which would help with their family responsibilities.</p>				
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<p>Disability</p>	<p>There are approximately 15,000 people aged 16 to 64 with moderate or serious physical disability living in Harrow and this number is predicted to increase to 16,000 by 2020. These trends are similar to those predicted for London with the largest proportion increases being in the 55 to 64 age group (Harrow Joint Strategic Needs Assessment 2015-20). The total population aged 18-64 in Harrow predicted to have a learning disability in 2017 is 3,466 (Information taken from: www.pansi.org.uk).</p> <p>The estimated prevalence of special educational needs in Harrow has remained consistent over time (2.6%) and is lower than the London (2.7%) and England average (2.8%). The number per 1,000 of children with moderate learning disabilities in Harrow is lower than the London average but higher for children with severe learning disabilities.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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	<p>Approximately 180 children are reported to be deaf in Harrow and known to services. The number of blind children and young people between 0 and 17 known to Harrow council (i.e. registered) is 20 and the number who are partially sighted is 30 (figures correct as of 2013/14).</p> <p>The 2011 census showed there were 24,620 carers in Harrow, an increase of over 4,000 (almost 20%) from ten years earlier. The reasons for providing care vary and can include more than one reason. In the Harrow Carers' Survey, the 3 out of 5 carers were caring for someone with a physical disability. 45% of Harrow carers were caring for an older person which is significantly higher than the national average. Around 1 in 5 were caring for someone with a mental health problems and a similar proportion for someone with a learning disability. It is difficult to estimate the number of young carers although the 2011 Census shows 2,272 self-declared young carers aged 0 – 24 years old in Harrow. The vast majority of these are hidden, i.e. not known to social care or receiving any support (Harrow Joint Strategic Needs Assessment 2015-20).</p> <p>In the adult customer satisfaction survey undertaken in 2016, the breakdown by disability was as follows:</p> <p>Disability affecting mobility – 3.85%</p> <p>Disability affecting vision – 2.14%</p> <p>Disability affecting hearing – 1.71%</p> <p>Mental health disability – 1.71%</p> <p>Learning disability – 0.85%</p> <p>Other disability – 0.85%</p> <p>The breakdown from the Library Management System of active users (those who have used their library card in the last 12 months – report generated in August 2014) was as follows: Mobility disability = 2%, Hearing disability = 1%,</p>				
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	<p>Dexterity Disability = 0.10%, Eyesight Disability = 1%, Learning Disability = 1%, Other Disability = 4%.</p> <p>2 library staff said that they had a disability in October 2018 – both frontline staff. Reasonable adjustments will continue to be made for any staff that have a disability as is currently the case including taking into account a member of staff's specific disability when deciding on which library that person would be based at and which libraries they would be able to provide staffing relief to. The staff restructure will be carried out according to the Council's management of change policy and equalities policy. It is not envisaged that there will be any redundancies.</p> <p>The proposed staffing restructure and revised opening hours would not have a negative impact on those with a disability. The libraries will continue to have the same physical access for those with a disability as currently. The libraries will still have opening hours outside of the normal working week with proposed increased Sunday opening to improve access. Whilst the proposals include a reduction in opening hours from 6pm to 8pm statistics have shown that the libraries are less used during these periods. It is anticipated that the opening hours proposals will make the libraries more accessible to children and families by increasing Sunday opening. Library activities that are currently held after 6pm will be re-arranged to a different time and day where required, with some additional late opening for one off events such as author talks as required.</p>				
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<p>Gender reassignment</p>	<p>The only data Harrow currently has on Gender Reassignment is via the Analysis of demand from housing applicants (via Locata): 1 (0.02%) housing applicant has indicated that they are transgender. (Data as at April 2014).</p> <p>In the adult library customer satisfaction survey undertaken in 2016, 98% said that they had the same gender identity as that assigned at birth, and 2% said that they did not.</p> <p>. With regard to any staff that may fall into this protected characteristic the staff restructure in connection with changes to opening hours will be carried out according to the Council's management of change policy and equalities policy.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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	<p>The proposed staffing restructure and revised opening hours would not have a negative impact on this protected characteristic. The libraries will still have opening hours outside of the normal working week with proposed increased Sunday opening to improve access. Whilst the proposals include a reduction in opening hours from 6pm to 8pm statistics have shown that the libraries are less used during these periods. It is anticipated that the opening hours proposals will make the libraries more accessible to children and families by increasing Sunday opening. Library activities that are currently held after 6pm will be re-arranged to a different time and day where required, with some additional late opening for one off events such as author talks as required.</p>				
<p>Marriage and Civil Partnership</p>	<p>Census data: Harrow has a very high percentage of married couples, with 53.7% of residents aged 16 and older declaring they were in a marriage in 2011. This is above the national level of 46.6%. There was a 27% increase in the number of married people living in Harrow between 2001 and 2011 (Office for National Statistics, 2001 and 2011). Between their inception and January 2012, 107 civil partnership ceremonies took place in Harrow.</p> <p>The breakdown by marriage/civil partnership of respondents (1,176 responses in total) to the Library Service consultation carried out November 2014 to January 2015 were as follows:</p> <p>58.08% were married/widowed</p> <p>25.68% were not married/widowed</p> <p>16.24% did not respond to this question.</p> <p>The proposed staffing restructure and revised opening hours would not have a negative impact on this protected characteristic. The libraries will still have opening hours outside of the normal working week with proposed increased Sunday opening to improve access. Whilst the proposals include a reduction in</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

	<p>opening hours from 6pm to 8pm statistics have shown that the libraries are less used during these periods. Library activities that are currently held after 6pm will be re-arranged to a different time and day where required, with some additional late opening for one off event such as author talks as required.</p> <p>In October 2018 13 (12 frontline staff) staff indicated that they were married, and 12 staff (10 single staff) that there were single. 1 member of staff (a frontline member of staff) was in a Civil Partnership, and 1 member of staff was separated (a frontline member of staff). The staff restructure will be carried out according to the Council's management of change policy and equalities policy. It is not envisaged that there will be any redundancies.</p>				
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<p>Pregnancy and Maternity</p>	<p>Census data 2011: There has been a 32% (+3,900) increase in 0-4 year olds since 2001. There are pockets of high concentration in central and south-west Harrow.</p> <p>The breakdown by pregnancy/maternity leave of respondents (1,176 responses in total) to the Library Service consultation carried out in November 2014 to January 2015 were as follows:</p> <p>5.61% had been pregnant and/or on maternity leave during the past 2 years.</p> <p>65.05% had not been pregnant and/or on maternity leave during the past 2 years.</p> <p>29.34% did not respond to this question.</p> <p>The proposed staffing restructure and revised opening hours would not have a negative impact on this protected characteristic. The libraries will still have opening hours outside of the normal working week with proposed increased Sunday opening to improve access. Whilst the proposals include a reduction in opening hours from 6pm to 8pm statistics have shown that the libraries are less used during these periods. Library activities that are currently held after 6pm will be re-arranged to a different time and day where required, with some additional late opening for one off events such as author talks as required.</p> <p>With regard to any staff falling within this protected characteristic the staff restructures in connection with changes to opening hours will be carried out according to the Council's management of change policy and equalities policy.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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Race/
Ethnicity

Census data (2011) shows the ethnic breakdown for Harrow to be as follows:

Ethnic Group	Total	Percentage
White British	73,826	31%
White Other	27,165	11%
Mixed	9,499	4%
Asian or Asian British	101,808	43%
Black or Black British	19,708	8%
Arab and Other Group	7,050	3%

In the adult customer satisfaction survey undertaken in 2016 the breakdown by main race group out of the 234 who responded was as follows:

Ethnic breakdown	Total
White/White British English	86
Asian/Asian British Indian	68
Other	22
Asian/Asian British Other	12
White/White British Other	8
Asian/Asian British Chinese	7

The proposed staffing restructure and revised opening hours would not have a negative impact on this protected characteristic. The libraries will still have opening hours outside of the normal working week with proposed increased Sunday opening to improve access. Whilst the proposals include a reduction in opening hours from 6pm to 8pm statistics have shown that the libraries are less used during these periods. Library activities that are currently held after 6pm will be reviewed.

The breakdown by main ethnic group of all library staff as March 2018 was as follows: 22 staff - White or White British - English; 12 staff - Asian/Asian British - Indian; 7 staff - Any Other Background; 3 staff - Black or Black British - Caribbean; 3 staff - Black/Black British - African; 3 staff - Asian or Asian British - Chinese; 3 staff Asian or Asian British - Afghan. The staff restructure in connection with changes to opening hours will be carried out according to the Council's management of change policy and equalities policy.



Religion or belief	<p>Harrow is Britain's most religiously diverse community and enjoys the Country's highest density of Gujarati Hindus and Sri Lankan Tamils, alongside significant Muslim, Jewish and Christian communities. The Greater London Authority (GLA) Diversity Indices rank Harrow seventh highest nationally for ethnic diversity and second for religious diversity.</p> <p>In the adult customer satisfaction survey undertaken in 2016 the breakdown by main religious groups out of the 234 who responded was as follows:</p>																										
	<table border="1"> <thead> <tr> <th>Religious breakdown</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>Atheist/Agnostic</td> <td>18</td> </tr> <tr> <td>Christianity (All denominations)</td> <td>95</td> </tr> <tr> <td>Hinduism</td> <td>21</td> </tr> <tr> <td>Islam</td> <td>21</td> </tr> <tr> <td>Other</td> <td>12</td> </tr> <tr> <td>Judaism</td> <td>3</td> </tr> <tr> <td>Zoroastrian</td> <td>3</td> </tr> <tr> <td>Jainism</td> <td>5</td> </tr> <tr> <td>Sikh</td> <td>7</td> </tr> <tr> <td>Buddhism</td> <td>5</td> </tr> </tbody> </table>	Religious breakdown	Total	Atheist/Agnostic	18	Christianity (All denominations)	95	Hinduism	21	Islam	21	Other	12	Judaism	3	Zoroastrian	3	Jainism	5	Sikh	7	Buddhism	5				
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	<p>used during these periods. Library activities that are currently held after 6pm will be re-arranged to a different time and day where required, with some additional late opening for one off event such as author talks as required.</p> <p>In October 2018 the breakdown of all library staff by main religious group was as follows: Christianity = 11 staff (10 frontline staff), Hinduism = 4 staff, Judaism = 1 staff, Sikh = 1 staff, No religion = 5 staff. The staff restructure will be carried out according to the Council's management of change policy and equalities policy. It is not envisaged that there will be any redundancies. Some staff may feel unable to work on Sundays due to their religious beliefs. This will be reviewed on a case by case basis if this situation arises and appropriate arrangements would be made. The reduction in opening hours, as part of the revised opening hours, beyond 6pm may be beneficial to some staff of a particular religious belief during particular religious festivals.</p>				
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<p>Gender</p>	<p>Census data: In 2011, 49.4% of Harrow residents were male and 50.6% are female. This is very similar to the national profile, but the number of males in Harrow has slightly increased since 2001 (Office for National Statistics, 2001 and 2011).</p> <p>In the adult survey undertaken in 2016 43% of respondents were male, and 57% female.</p> <p>The proposed staffing restructure and revised opening hours would not have a negative impact on this protected characteristic. The libraries will still have opening hours outside of the normal working week with proposed increased Sunday opening to improve access. Whilst the proposals include a reduction in opening hours from 6pm to 8pm statistics have shown that the libraries are less used during these periods. Library activities that are currently held after 6pm will be re-arranged to a different time and day where required, with some additional late opening for one off events such as author talks as required.</p> <p>In October 2018 52 staff (45 frontline staff) indicated that they were female, and 17 staff (15 frontline staff) that they were male. Female staff who have young children may be impacted by the increase in Sunday opening hours, although the proposed decrease in opening hours beyond 6pm is likely to assist staff who have family commitments. The staff restructure will be carried out according to the Council's management of change policy and equalities policy. It is not envisaged that there will be any redundancies.</p>	<input type="checkbox"/>	<p>X</p>	<input type="checkbox"/>	
<p>Sexual Orientation</p>	<p>Although sexual orientation is a protected characteristic under equalities legislation, there is no robust data on the numbers of lesbians, gay men and bisexuals in the population as no national census has ever asked people to define their sexuality. The Government estimates that 5-7% of the population are lesbians, gay men or bisexual. Stonewall, a UK charity supporting LGB rights,</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

	<p>agrees with this estimate.</p> <p>.</p> <p>In the Adult Customer Survey undertaken in 2016, 77.35% of those who responded were heterosexual, 5.13% were bisexual, and 0.43% were gay/lesbian</p> <p>With regard to any staff falling within this protected characteristic the staff restructure will be carried out according to the Council's management of change policy and equalities policy.</p>				
<p>2.1 Cumulative impact – considering what else is happening within the Council and Harrow as a whole, could your proposals have a cumulative impact on groups with protected characteristics?</p> <p><input type="checkbox"/> Yes No <input checked="" type="checkbox"/></p>					
<p>If you clicked the Yes box, which groups with protected characteristics could be affected and what is the potential impact? Include details in the space below</p>					
<p>2.2 Any other impact - considering what else is happening nationally/locally (national/local/regional policies, socio-economic factors etc), could your proposals have an impact on individuals/service users, or other groups?</p> <p><input type="checkbox"/> Yes No <input checked="" type="checkbox"/></p>					

If you clicked the Yes box, Include details in the space below

3. Actions to mitigate/remove negative impact

Only complete this section if your assessment (in section 2) suggests that your proposals may have a negative impact on groups with protected characteristics. If you have not identified any negative impacts, please complete sections 4 and 5.

In the table below, please state what these potential negative impact (s) are, mitigating actions and steps taken to ensure that these measures will address and remove any negative impacts identified and by when. Please also state how you will monitor the impact of your proposal once implemented.

State what the negative impact(s) are for each group, identified in section 2. In addition, you should also consider and state potential risks associated with your proposal.	Measures to mitigate negative impact (provide details, including details of and additional consultation undertaken/to be carried out in the future). If you are unable to identify measures to mitigate impact, please state so and provide a brief explanation.	What action (s) will you take to assess whether these measures have addressed and removed any negative impacts identified in your analysis? Please provide details. If you have previously stated that you are unable to identify measures to mitigate impact please state below.	Deadline date	Lead Officer
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<p>Potential minor impact caused by the increase in Sunday opening for library staff who have carer responsibilities</p>	<p>Library staff will only be asked to work one Sunday per month and will be given flexibility as to whether the Sunday is to be worked on the same weekend that they are working a Saturday or not. Some Sunday only staff will be employed to enable this. There may be the opportunity for some staff to reduce their hours so that they do not have to work on Sundays if there is a part-time member of staff who wishes to increase their hours permanently and is able to work on the relevant Sunday instead. Staff will also be able to arrange swaps between themselves if they need to be off on a particular Sunday.</p>	<p>Timetables have been developed for the confirmed revised opening hours and staffing structure that only involve staff working one Sunday per month, and staff have had the option of whether they work their Sunday on the same weekend as they work their Saturday or not. A clear procedure is in place for staff to arrange swaps between themselves if they need to be off on a particular Sunday.</p>	<p>Nov 2018</p>	<p>Tim Bryan</p>
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Potential minor negative impact for library staff who because of religious reasons may not be willing to work on Sundays	Each situation would be reviewed on a case by case basis, and the Library Service will make appropriate arrangements. Library staff will only be asked to work one Sunday per month and will be given flexibility as to whether the Sunday is to be worked on the same weekend that they are working a Saturday or not. Some Sunday only staff will be employed to enable this. There may be the opportunity for some staff to reduce their hours so that they do not have to work on Sundays if there is a part-time member of staff who wishes to increase their hours permanently and is able to work on the relevant Sunday instead.	Timetables have been developed for the confirmed revised opening hours and staffing structure that only involve staff working one Sunday per month. Whether suitable arrangements have been made for staffs that are not willing to work on Sundays for religious reasons.	Nov 2018	Tim Bryan
Potential minor impact for female staff who have young children due to the proposed increase in Sunday working	Library staff will only be asked to work one Sunday per month and will be given flexibility as to whether the Sunday is to be worked on the same weekend that they are working a Saturday or not. Some Sunday only staff will be employed to enable this. There may be the opportunity for some staff to reduce their hours so that they do not have to work on Sundays if there is a part-time member of staff who wishes to increase their hours permanently and is able to work on the relevant Sunday instead. Staff will also be able to arrange swaps between themselves if they need to be off on a particular Sunday.	Timetables have been developed for the confirmed revised opening hours and staffing structure that only involve staff working one Sunday per month, and staff have had the option of whether they work their Sunday on the same weekend as they work their Saturday or not. A clear procedure is in place for staff to arrange swaps between themselves if they need to be off on a particular Sunday.	Nov 2018	Tim Bryan

4. Public Sector Equality Duty

How does your proposal meet the Public Sector Equality Duty (PSED) to:

1. Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010
2. Advance equality of opportunity between people from different groups
3. Foster good relations between people from different groups

Include details in the space below

The proposed staffing restructure and revision to opening hours will help to ensure that the future Library Service meets the needs of all the community including all ages, ethnic and religious groups, and all the other protected characteristics listed above bringing communities together in neutral spaces.

5. Outcome of the Equality Impact Assessment (EqIA) click the box that applies

Outcome 1

No change required: the EqIA has not identified any disproportionate impact and all opportunities to advance equality of opportunity are being addressed

Outcome 2

Adjustments to remove/mitigate negative impacts identified by the assessment, or to better advance equality, as stated in section 3&4

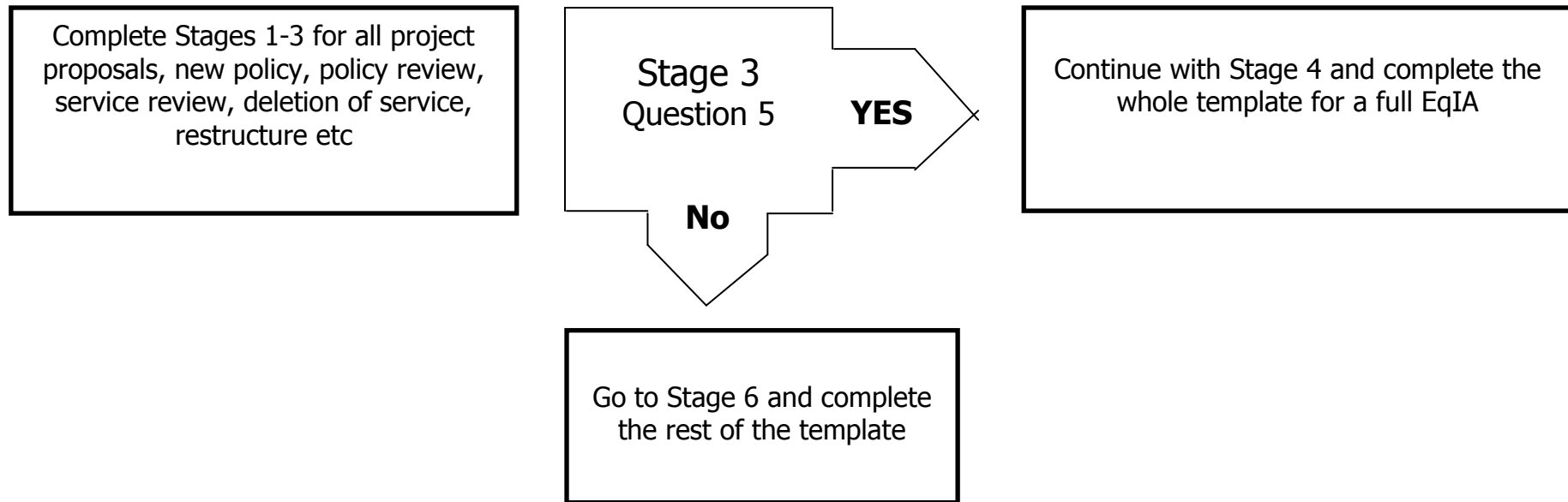
Outcome 3

This EqIA has identified discrimination and/ or missed opportunities to advance equality and/or foster good relations. However, it is still reasonable to continue with the activity. Outline the reasons for this and the information used to reach this decision in the space below.

Include details here

Equality Impact Assessment Template

The Council has revised and simplified its Equality Impact Assessment process (EqIA). There is now just one Template. Lead Officers will need to complete **Stages 1-3** to determine whether a full EqIA is required and the need to complete the whole template.



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- In order to complete this assessment, it is important that you have read the Corporate Guidelines on EqIAs and preferably completed the EqIA E-learning Module.
- You are also encouraged to refer to the EqIA Template with Guidance Notes to assist you in completing this template.
- SIGN OFF: All EqIAs need to be signed off by your Directorate Equality Task Groups.
- Legal will NOT accept any report without a fully completed, Quality Assured and signed off EqIA.
- The EqIA Guidance, Template and sign off process is available on the Hub under Equality and Diversity

Equality Impact Assessment (EqIA) Template

Type of Decision: Tick ✓	X	Cabinet		Portfolio Holder		Other (explain)	
Date decision to be taken:	December 2016						
Value of savings to be made (if applicable):	£150K - 2018/19						
Title of Project:	COM_S12 Route optimisation on food waste						
Directorate / Service responsible:	Community Directorate						
Name and job title of Lead Officer:	Simon Baxter- Divisional Director						
Name & contact details of the other persons involved in the assessment:	Alan Whiting – Environmental Services Manager						
Date of assessment (including review dates):	21/10/2016						

Stage 1: Overview

<p style="writing-mode: vertical-rl; transform: rotate(180deg);">314</p> <p>1. What are you trying to do?</p> <p>(Explain your proposals here e.g. introduction of a new service or policy, policy review, changing criteria, reduction / removal of service, restructure, deletion of posts etc)</p>	<p>An opportunity to optimise food waste collection routes arises following the recent communication from WLWA that a planning permission to construct a food waste transfer facility at Victoria Road will be submitted.</p> <p>The service employs 6 food waste collection crews. Food waste is currently delivered to the transfer station in Brentford. The journey time to and from the transfer station means that it is difficult to seek efficiencies under the current arrangement.</p> <p>Victoria Road is geographically closer and therefore it will reduce travelling time for tipping food waste.</p> <p>Indicative timetable suggested by WLWA is that the new facility at Victoria Road will be made available in 18 months' time (i.e. around April 2018), subject to achieving a successful planning application.</p> <p>Initial assessments by the service indicate that the routes can be optimised to achieve efficiencies, however a route optimisation exercise will need to be carried out to confirm the number of rounds that can come out. At this stage, it is considered possible to reduce the number of rounds from 6 to 5.</p> <p>In order to provide the most efficient service, considerations will need to be given on the vehicle type & size. Any changes to vehicle requirements may have a financial impact on the annual hire charge. Currently the food waste vehicles are on short term hire. At this stage, it is assumed</p>
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	the budget provision for these short term hire vehicles is sufficient to cover the hire cost of new vehicles (if any is required).					
	Risks					
	Delay in the construction of food waste facility at Victoria Road and/or availability of the site.					
2. Who are the main groups / Protected Characteristics that may be affected by your proposals? (✓ all that apply)	Residents / Service Users	X	Partners		Stakeholders	X
	Staff		Age		Disability	
	Gender Reassignment		Marriage and Civil Partnership		Pregnancy and Maternity	
	Race		Religion or Belief		Sex	
	Sexual Orientation		Other			
3. Is the responsibility shared with another directorate, authority or organisation? If so: 3.1 Who are the partners? 3.5 Who has the overall responsibility? <ul style="list-style-type: none"> How have they been involved in the assessment? 	No					

Stage 2: Evidence & Data Analysis

4. What evidence is available to assess the potential impact of your proposals? This can include census data, borough profile, profile of service users, workforce profiles, results from consultations and the involvement tracker, customer satisfaction surveys, focus groups, research interviews, staff surveys, press reports, letters from residents and complaints etc. Where possible include data on the nine Protected Characteristics.

(Where you have gaps (data is not available/being collated for any Protected Characteristic), you should include this as an action to address in your Improvement Action Plan at Stage 6)

Protected Characteristic	Evidence	Analysis & Impact
Age (including carers of young/older people)	Looking at the borough's population in three broad age groups, 0-15 (children), 16-64 (working age) and 65+ (older people), the breakdown (Census 2011) is as follows: 0-15	No data available to demonstrate that this group would be disproportionately affected.

	20.1%, 16-64 65.8%, 65+ 14.1%.	Consultation will be undertaken as part of the project.
Disability (including carers of disabled people)	No data available to demonstrate that this group would be disproportionately affected.	No data available to demonstrate that this group would be disproportionately affected. Consultation will be undertaken as part of the project.
Gender Reassignment	No data available to demonstrate that this group would be disproportionately affected.	No data available to demonstrate that this group would be disproportionately affected. Consultation will be undertaken as part of the project.
Marriage / Civil Partnership	No data available to demonstrate that this group would be disproportionately affected.	No data available to demonstrate that this group would be disproportionately affected. Consultation will be undertaken as part of the project.
Pregnancy and Maternity	No data available to demonstrate that this group would be disproportionately affected.	No data available to demonstrate that this group would be disproportionately affected. Consultation will be undertaken as part of the project.
Race	The GLA's 2011 Census Ethnic Diversity Indices show that Harrow is ranked 7 th nationally for ethnic diversity. Diversity indices measure the number of different/distinct groups present in the population and the sizes of these distinct groups relative to each other. No data available to demonstrate that this group would be disproportionately affected.	No data available to demonstrate that this group would be disproportionately affected. Consultation will be undertaken as part of the project.
Religion and Belief	No data available to demonstrate that this group would be disproportionately affected.	No data available to demonstrate that this group would be disproportionately affected. Consultation will be undertaken as part of the project.
Sex / Gender	No data available to demonstrate that this group would be	No data available to demonstrate that this group would be

	disproportionately affected.	disproportionately affected. Consultation will be undertaken as part of the project.
Sexual Orientation	No data available to demonstrate that this group would be disproportionately affected.	No data available to demonstrate that this group would be disproportionately affected. Consultation will be undertaken as part of the project.

Stage 3: Assessing Potential Disproportionate Impact

5. Based on the evidence you have considered so far, is there a risk that your proposals could potentially have a disproportionate adverse impact on any of the Protected Characteristics?

	Age (including carers)	Disability (including carers)	Gender Reassignment	Marriage and Civil Partnership	Pregnancy and Maternity	Race	Religion and Belief	Sex	Sexual Orientation
Yes									
No	X	X	X	X	X	X	X	X	X

YES - If there is a risk of disproportionate adverse Impact on any **ONE** of the Protected Characteristics, complete a FULL EqIA.

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- **Best Practice:** You may want to consider setting up a Working Group (including colleagues, partners, stakeholders, voluntary community sector organisations, service users and Unions) to develop the rest of the EqIA
- It will be useful to also collate further evidence (additional data, consultation with the relevant communities, stakeholder groups and service users directly affected by your proposals) to further assess the potential disproportionate impact identified and how this can be mitigated.
- **NO** - If you have ticked 'No' to all of the above, then go to **Stage 6**
- Although the assessment may not have identified potential disproportionate impact, you may have identified actions which can be taken to advance equality of opportunity to make your proposals more inclusive. These actions should form your Improvement Action Plan at Stage 6

Stage 4: Further Consultation / Additional Evidence

6. What further consultation have you undertaken on your proposals as a result of your analysis at **Stage 3**?

Who was consulted? What consultation methods were used?	What do the results show about the impact on different groups / Protected Characteristics?	What actions have you taken to address the findings of the consultation? E.g. revising your proposals

Stage 5: Assessing Impact

7. What does your evidence tell you about the impact on the different Protected Characteristics? Consider whether the evidence shows potential for differential impact, if so state whether this is a positive or an adverse impact? If adverse, is it a minor or major impact?

Protected Characteristic	Positive Impact ✓	Adverse Impact		Explain what this impact is, how likely it is to happen and the extent of impact if it was to occur. Note – Positive impact can also be used to demonstrate how your proposals meet the aims of the PSED Stage 7	What measures can you take to mitigate the impact or advance equality of opportunity? E.g. further consultation, research, implement equality monitoring etc (Also Include these in the Improvement Action Plan at Stage 6)
		Minor ✓	Major ✓		
Age (including carers of young/older people)					
Disability (including carers of disabled people)					
Gender					

Reassignment					
Marriage and Civil Partnership					
Pregnancy and Maternity					
Race					
319 Religion or Belief					
Sex					
Sexual orientation					
8. Cumulative Impact – Considering what else is happening within the Council and Harrow as a whole, could your proposals have a cumulative impact on a particular Protected Characteristic? If yes, which Protected Characteristics could be affected and what is the potential impact?				Yes	
				No	

9. Any Other Impact – Considering what else is happening within the Council and Harrow as a whole (for example national/local policy, austerity, welfare reform, unemployment levels, community tensions, levels of crime) could your proposals have an impact on individuals/service users socio economic, health or an impact on community cohesion? If yes, what is the potential impact and how likely is it to happen?	Yes		No	

Stage 6 – Improvement Action Plan

List below any actions you plan to take as a result of this Impact Assessment. These should include:

- Proposals to mitigate any adverse impact identified
- Positive action to advance equality of opportunity
- Monitoring the impact of the proposals/changes once they have been implemented
- Any monitoring measures which need to be introduced to ensure effective monitoring of your proposals? How often will you do this?

Area of potential adverse impact e.g. Race, Disability	Proposal to mitigate adverse impact	How will you know this has been achieved? E.g. Performance Measure / Target	Lead Officer/Team	Target Date
320	If agreed further work will be completed (including a route optimisation exercise) with regard to the implementation of the project to ensure that any risks are mitigated.	Agreed action plan with clear objectives in place.	Alan Whiting	

Stage 7: Public Sector Equality Duty

10. How do your proposals meet the Public Sector Equality Duty (PSED) to:	Future work will include the development of a clear implementation framework supported by clear objectives.
--	---

1. Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010 2. Advance equality of opportunity between people from different groups 3. Foster good relations between people from different groups	
--	--

Stage 8: Recommendation

11. Which of the following statements best describes the outcome of your EqIA (✓ tick one box only)

Outcome 1 – No change required: the EqIA has not identified any potential for unlawful conduct or disproportionate impact and all opportunities to advance equality of opportunity are being addressed.	X
Outcome 2 – Minor Impact: Minor adjustments to remove / mitigate adverse impact or advance equality of opportunity have been identified by the EqIA and these are included in the Action Plan to be addressed.	
Outcome 3 – Major Impact: Continue with proposals despite having identified potential for adverse impact or missed opportunities to advance equality of opportunity. In this case, the justification needs to be included in the EqIA and should be in line with the PSED to have 'due regard'. In some cases, compelling reasons will be needed. You should also consider whether there are sufficient plans to reduce the adverse impact and/or plans to monitor the impact. (Explain this in Q12 below)	

12. If your EqIA is assessed as outcome 3 explain your justification with full reasoning to continue with your proposals.	
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Stage 9 - Organisational sign Off

13. Which group or committee considered, reviewed and agreed the EqIA and the Improvement Action Plan?	Reviewed by the Chair of the DETG and will be reviewed as part of the Cabinet process.		
Signed: (Lead officer completing EqIA)	Simon Baxter	Signed: (Chair of DETG)	Dave Corby
Date:	26/10/2016	Date:	26/10/2016

Date EqIA presented at Cabinet Briefing (if required)	December 2016	Signature of DETG Chair (following Cabinet Briefing if relevant)	
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REPORT FOR: CABINET

Date of Meeting:	21 February 2019
Subject:	Treasury Management Strategy Statement including Prudential Indicators, Minimum Revenue Provision Policy Statement and Annual Investment Strategy for 2019/20 and Capital Strategy
Key Decision:	Yes
Responsible Officer:	Dawn Calvert, Director of Finance
Portfolio Holder:	Councillor Adam Swersky, Portfolio Holder for Finance and Resources
Exempt:	No
Decision subject to Call-in:	No
Wards affected:	All

Summary

This report sets out the Council's Treasury Management Strategy Statement including Prudential Indicators, Minimum Revenue Provision Policy Statement and Annual Investment Strategy 2019/20 and a new requirement, the Annual Capital Strategy.

Recommendation

Cabinet is asked to recommend to Council that they approve the Treasury Management Strategy Statement for 2019/20 including:

:

- Prudential Indicators for 2019/20
- Minimum Revenue Provision Policy Statement for 2019/20, (see para 42)
- Annual Investment Strategy for 2019/20

Cabinet is asked to recommend to Council that they approve the draft Capital Strategy 2019/20. (Appendix H)

Reason

To promote effective financial management and comply with the Local Authorities (Capital Finance and Accounting) Regulations 2003 and other relevant guidance.

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Section 2 – Report

1. INTRODUCTION

1.1 Background

1. The Chartered Institute of Public Finance and Accountancy (CIPFA) defines Treasury Management as:

The management of the local authority's borrowing, investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

2. The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. The first main function of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested with approved low risk counterparties or in instruments commensurate with the Council's low risk appetite current investment strategy, providing adequate liquidity initially before considering investment return.
3. The second main function of the Treasury Management service is the funding of the Council's Capital Programme. This programme provides a guide to the borrowing need of the Council, essentially the longer term cash flow planning, to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans or using longer term cash flow surpluses. On occasion when it is prudent and economic, any debt previously drawn may be restructured to meet Council risk or cost objectives.
4. The contribution the treasury management function makes to the authority is critical, as the balance of debt and investment operations ensure liquidity or the ability to meet spending commitments as they fall due, either on day-to-day revenue or for larger capital projects.
5. The Local Government Act 2003 and supporting regulations require the Council to 'have regard to' the Prudential Code (The Prudential Code for Capital Finance in Local Authorities [CIPFA 2017 Edition]) and Treasury Management Code (Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes [CIPFA 2017 Edition]), in setting Treasury and Prudential Indicators for the next three years and in ensuring that the Council's capital investment programme is affordable, prudent and sustainable.
6. The Act, the Codes and Department for Communities and Local Government Investment Guidance (2010) require the Council to set out its Treasury Strategy for Borrowing and to prepare an Annual Investment Strategy that establishes the Council's policies for managing its investments and for giving priority to the security and liquidity of those investments. A summary of the relevant legislation, regulations and guidance is included as Appendix A.

7. The budget for each financial year includes the revenue costs that flow from capital financing decisions. Under the Treasury Management Code, increases in capital expenditure should be limited to levels whereby increases in interest charges and running costs are affordable within the projected income of the Council for the foreseeable future.
8. The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.
9. The Council recognises that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.
10. Key changes from Previous Year. Revised reporting is required for the 2019/20 reporting cycle due to revisions of the Ministry of Communities and Local Government (MHCLG), Investment Guidance, the MHCLG Minimum Revenue Provision (MRP) Guidance, the CIPFA Prudential Code and the CIPFA Treasury Management Code. The main reporting changes are the introduction of a Capital Strategy, to provide a longer-term focus to the capital plans, and greater reporting requirements surrounding any commercial activity undertaken under the Localism Act 2011. The Capital Strategy is set out in Appendix H. The revised MHCLG MRP Guidance requires voluntary MRP to be disclosed in a statement to Council in order to reclaim it in future years. (See para 42 of this report and Appendix C.)

1.2 CIPFA Requirements

11. The CIPFA revised 2017 Prudential and Treasury Management Codes require, for 2019/20, all local authorities to prepare an additional report, a Capital Strategy, which will provide the following:
 - a high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
 - an overview of how the associated risk is managed
 - the implications for future financial sustainability

1.3 Capital Strategy

12. The Guidance notes to the Prudential Code state that “The purpose of the Capital Strategy is to tell a story that gives a clear and concise view of how a local authority determines its priorities for capital investment, decides how much it can afford to borrow and sets its risk appetite.
13. The Capital Strategy is reported separately from the Treasury Management Strategy Statement. (TMSS) This ensures the separation of the core treasury function set under

security, liquidity and yield principles as set out in the TMSS. The Capital Strategy reports on the Council's policy and activity on commercial investments

14. The draft Capital Strategy is attached at Appendix H. It is draft at this stage as the final Capital Programme is being finalised for February Cabinet. A revised Capital Strategy will be presented to GARMS in April 2019.

1.4 Reporting

15. The Council has formally adopted CIPFA'S Treasury Management Code, the primary requirements of which are as follows:

- Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
- Creation and maintenance of Treasury Management Practices ("TMPs") that set out the manner in which the Council will seek to achieve those policies and objectives.
- Receipt by the full Council and/or Cabinet of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a Half-year Review Report and an Annual Report (stewardship report) covering activities during the previous year.
- Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
- Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body.

16. As introduced above, the Council and/or Cabinet are required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals.

Treasury Management Strategy Statement report (this report) - The first, and most important report is presented to the Council in February and covers:

- The Capital Programme (including Prudential Indicators);
- An MRP Policy (how residual capital expenditure is charged to revenue over time);
- The Treasury Management Strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- An Investment Strategy (the parameters on how investments are to be managed).

Mid-year Review report – This is presented to Cabinet in the autumn and updates Members on the progress of the capital position, reporting on Prudential Indicators and recommending amendments when necessary and identifying whether the treasury strategy is meeting the objectives or whether any policies require revision.

Treasury Management Outturn report – This is presented to Cabinet in June/July and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the Strategy.

Scrutiny - The above reports are required to be adequately scrutinised, normally before being recommended to Cabinet / Council, with the role being undertaken by the Governance, Audit, Risk Management and Standards Committee (GARMSC).

17. The Council has delegated responsibility for the implementation and regular monitoring of its treasury management policies and practices to the Section 151 officer. The Section 151 Officer chairs the Treasury Management Group (TMG), which monitors the treasury management activity and market conditions. Further details of responsibilities are given in Appendix B.

1.5 Training

18. The Treasury Management Code requires the responsible officer to ensure that Members with responsibility for treasury management receive adequate training in this area. This especially applies to Members responsible for scrutiny.
19. The training needs of Treasury Management officers are periodically reviewed as part of the Learning and Development programme with appropriate training and support provided.

1.6 Treasury Management Adviser

20. The Council has engaged Link Asset Services (was Capita Asset Services) Treasury Solutions as its external Treasury Management Adviser.
21. It also recognises that there is value in employing external providers of treasury management services in order to acquire access to specialist skills and resources. The Council ensures that the terms of their appointment and the methods by which their value is assessed are properly agreed and documented, and subjected to regular review.
22. However, the Council recognises that responsibility for treasury management decisions remains with itself at all times and will ensure that undue reliance is not placed upon external service providers.

1.7 Treasury Management Strategy for 2019/20

23. The Treasury Management Strategy covers:-

Capital Issues (Section 2)

- Capital Financing Summary (Sub-section 2.1)
- Capital Programme and capital prudential indicators 2017/18 to 2020/21 (Sub-section 2.2);
- Capital Financing Requirement (Sub-section 2.3);
- Minimum Revenue Provision Policy Statement (Sub-section 2.3 and Appendix C); and
- Core funds and expected investment balances (Sub-section 2.5).

Treasury Management Issues

- Borrowing (Section 3)
 - Current and estimated portfolio position (Sub-section 3.1);
 - Treasury indicators: limits to borrowing activity (Sub-section 3.2);
 - Prospects for interest rates and economic commentary (Sub-section 3.3 and Appendices D and E);
 - Borrowing strategy (Sub-section 3.4);
 - Treasury management limits on activity (Sub-section 3.5);
 - Policy on borrowing in advance of need (Sub-section 3.6); and
 - Debt rescheduling (Sub-section 3.7).
-
- Annual Investment Strategy (Section 4)
 - Investment policy (Sub-section 4.1);
 - Creditworthiness policy (Sub-section 4.2);
 - Country limits (Sub-section 4.3);
 - Annual Investment Strategy (Sub-section 4.4);
 - Investment risk benchmarking (Sub-section 4.5); and
 - End of year investment report (Sub-section 4.6).

Affordability Prudential Indicators (Section 5 and Appendix G)

24. These elements cover the requirements of the Local Government Act 2003, the CIPFA Prudential Code, Ministry of Housing, Communities and Local Government (MHCLG) MRP Guidance, the CIPFA Treasury Management Code and MHCLG Investment Guidance.
25. It is not considered necessary to produce a separate treasury strategy for the Housing Revenue Account (HRA) in light of the co-mingling of historic debt and investments between HRA and the General Fund. Where appropriate, details of allocations of balances and interest to HRA are contained in this report.

1.8 Options Considered

26. No options were considered beyond those discussed in the report due to the statutory and risk management constraints inherent in treasury management.

2. CAPITAL ISSUES

2.1. Capital Financing Summary

27. The Council's capital expenditure programme is the key driver of treasury management activity. The output of the programme is reflected in the Prudential Indicators, which are required by the Prudential Code and are designed to assist

Members' overview. The values shown in the tables for 2017/18 and 2018/19 are actual and estimated outturn respectively and not the strategy for those years.

28. The figures and tables in this report are based on the proposed Capital Programme e which is set out in a separate report to Cabinet.
29. In previous years the Council has deferred the requirement to take external borrowing to finance the Capital Programme by using internal borrowing; reducing cash balances to finance capital expenditure to minimise the cost of borrowing. For 2018/19 total borrowing of £115.311 is required to finance the approved capital programme. As at 31st December 2018, £25 million short-term borrowing and internal borrowing had been taken to finance capital expenditure not funded from other sources. Short term borrowing though more cost-efficient, is not sustainable in the longer term and will need to be replaced by long-term borrowing from early in 2019/20. It is forecast that a further up to £34.9m of additional external borrowing will be required by 31 March 2019. External borrowing for 2018/19 forecast capital programme slippage will be taken in 2019/20.
30. From 2019/20 external borrowing will be required as internal balances have been used As set out in Table 4 (para.50), £95.803m additional new borrowing will be required in 2019/20 and £50.509m in 2020/21
30. From 2019/20 onwards all of the capital programme will need to be financed in-year from external borrowing Wherever practical PWLB annuity loans will be taken to ensure that the loan is repaid over the lifetime of the asset to manage the on-going debt burden on the Council
31. The 2018/19 revenue budget, in respect of the capital financing cost of the existing Capital Programme 2018/19 to 2020/21 is £24.6m. This figure of £24.6m will also relate to the cost of historic capital programme spend prior to 2018/19 and is approximately 15% of the net revenue budget of £168.9m.
32. Shown below are the capital financing costs that are already factored into the existing MTFS from 2018/19 to 2021/22 in relation to existing and historic capital programmes again expressed as a proportion of the 2018/19 net revenue budget of £168.9m:

2018/19	£24.6m (15%)
2019/20	£32.5m (19%)
2020/21	£33.6m (20%)
2021/22	£37.9m (22%)

33. The above figures are gross capital financing costs. Where schemes are included in the Capital Programme on a cost neutral basis (i.e. capital financing costs are covered by income generation or savings) the income or saving will be included elsewhere in the budget.

Capital Programme and Capital Prudential Indicators 2017/18 to 20/21.

34. Table 1 set out a summary of the Council's capital expenditure based on the approved Capital Programme and the way in which it will be financed.
Amendments may be necessary in the light of decisions taken during the budget cycle:

Table 1 Capital Expenditure and Funding HRA and Non HRA

	2017/18	2018/19	2019/20	2020/21
	Actual	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000
Expenditure				
Community	39,158	75,671	36,181	24,666
People Services	18,098	26,499	8,624	621
Regeneration & Enterprise	-	1,785	2,476	1,201
Regeneration Programme	15,255	7,062	19,693	5,193
Resources & Commercial	9,743	20,479	30,700	7,700
HRA	11,877	17,379	26,586	44,462
Total Expenditure	94,131	148,875	124,260	83,843
Funding:-				
Capital grants	13,309	16,402	20,845	14,562
Capital receipts	8,137	5,752	1,277	9,471
Regeneration Capital Receipts		337	-	-
Revenue financing	8,753	7,927	6,134	7,025
Section 106 / Section 20/ CIL	5,456	3,146	200	2,276
Total Funding	35,655	33,564	28,457	33,334
Net financing need for the year (Borrowing)	58,476	115,311	95,803	50,509

2.3 Capital Financing Requirement

35. The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). The CFR arises directly from the capital activity of the Council and the resources applied to fund the capital spend, and represents the unfinanced element of capital expenditure. Any new capital expenditure, which has not immediately been paid for, will increase the CFR.
36. The CFR includes any other long term liabilities (e.g. finance leases). Whilst these increase the CFR, and therefore the Council's borrowing requirement, these types of scheme include a funding facility and so the Council is not required to borrow separately for them. The Council currently has £15.6 of such schemes within the CFR.

CFR projections are included in the table below.

Table 2 Capital Financing Requirement

	2017/18	2018/19	2019/20	2020/21
	Actual	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000
CFR as at 31 March				
Non – HRA	343,209	443,267	504,689	517,571
HRA	151,015	150,046	162,622	178,859
TOTAL	494,224	593,313	667,310	696,429
Movement in CFR	41,892	99,089	73,997	29,119

Movement in CFR represented by				
Net financing need for the year	58,476	115,311	95,803	50,509
Less Minimum/Voluntary revenue provision and other financing movements	- 16,584	- 16,222	- 21,806	- 21,391
Movement in CFR	41,892	99,089	73,997	29,119

37. A key aspect of the regulatory and professional guidance is that elected members are aware of the size and scope of any commercial activity in relation to the authority's overall financial position. The Councils commercial property investments made to 31 March 2019 totals £17m which represents less than 5% of the Non-HRA CFR, and shows that the scale of commercial activity is proportionate to the Authority's remaining activity.
38. The Non-HRA CFR moves from £343.267m in 2018/19 to £517.571m in 2020/21, reflecting the increased borrowing and MRP provision required to finance the Capital Programme.

2.4 Minimum Revenue Provision (MRP) Policy Statement

39. Capital expenditure is generally defined as expenditure on assets that have a life expectancy of more than one year e.g. buildings, vehicles, machinery etc. The accounting approach is to spread the cost over the estimated useful life of the asset. The mechanism for spreading these costs is through an annual MRP. The MRP is the means by which capital expenditure, which is financed by borrowing or credit arrangements, is funded by Council Tax.
40. Regulation 28 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 (as amended) require the Council to approve an MRP Statement setting out what provision is to be made in the General Fund for the repayment of debt, and how the provision is to be calculated. The purpose of the Statement is to ensure the provision is prudent, allowing the debt to be repaid over a period reasonably commensurate with that over which the capital expenditure benefits. The Council is recommended to approve the statement as detailed in Appendix C.
41. There is no requirement on the HRA to make a minimum revenue provision but there is a requirement for a charge for depreciation to be made.

42. MRP Overpayments - A change introduced by the revised MHCLG MRP Guidance was the allowance that any charges made over the statutory MRP, voluntary revenue provision (VMRP) or overpayments, can, if needed, be reclaimed in later years if deemed necessary or prudent. In order for these sums to be reclaimed for use in the budget, it is recommended to disclose the cumulative overpayment made each year in a disclosure statement to full Council. Up until 31 March 2018, the total VMRP was £10.6m.

2.5 Core funds and expected investment balances

43. The application of resources (grants, capital receipts etc.) to finance capital expenditure or budget decisions to support the revenue budget will have an ongoing impact on investments unless resources are supplemented each year from new sources (asset sales etc.).
44. The Cash investment balance will be kept at approximately £30m. The working capital and borrowing position will be managed to maintain this level of cash balances.

3. BORROWING

45. The capital expenditure programme set out in Table 1 provides details of the service activity of the Council. The treasury management function ensures that the Council's cash is organised in accordance with the relevant professional codes, so that sufficient cash is available to meet the activities of the Council. This involves both the organisation of the cash flow and, where the Capital Programme requires it, the organisation of appropriate borrowing facilities. The strategy covers the relevant treasury indicators, the current and projected debt positions and the annual investment strategy.

3.1 Current and estimated portfolio position

46. The Council's borrowing position at 31 December 2018 is summarised below.

Table 3 Summary Borrowing and Investment Position at 31 December 2018

	Principal		Ave. rate
	£m	£m	%
Fixed rate funding			
	PWLB	248.4	
	Market	76.0	4.03
Temporary borrowing		25.0	0.83
Other long term liabilities (PFI & leases)		15.6	
Total Debt		365.0	
Total Investments at 31.12.2018		28.5	0.39

47. The Council has borrowed £20.8m under Lender Option, Borrower Option (LOBO) structures maturing in 2077. In exchange for an interest rate that was below that offered on long term debt by the PWLB, the lender has the option at the end of five years (and half yearly thereafter) to reset the interest rate. If the rate of interest changes, the Council is permitted to repay the loan at no additional cost.

48. The Council's borrowing position with forward projections is summarised below. Table 4 shows the actual external debt, against the underlying capital borrowing need, highlighting any under or over borrowing.
49. The expected change in debt in 2018/19, 2019/20 and 2020/2021 reflects the anticipated borrowing necessary to meet the Capital Programme described in Table 1.
50. Debt outstanding should not exceed CFR.

Table 4 Changes to Gross Debt

	2017/18	2018/19	2019/20	2020/21
	Actual	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000
External Debt				
Debt at 1 April	324,434	324,434	439,745	535,548
Expected change in Debt	-	115,311	95,803	50,509
Other long-term liabilities (OLTL) 1st April	16,627	15,568	15,136	14,704
Expected change in OLTL	-	1,059	432	432
Actual gross debt at 31 March	341,061	454,254	550,252	600,329
Capital financing requirement	494,224	593,313	667,310	696,429
Under / (Over) borrowing	153,163	139,059	117,058	96,101

51. Within the prudential indicators there are a number of key indicators to ensure that the Council operates its activities within well-defined limits. One of these is that the Council needs to ensure that its gross debt does not, except in the short term, exceed the total of the CFR in the preceding year plus the estimates of any additional CFR for 2019/20 and the following two financial years. This allows some flexibility for limited early borrowing for future years, but ensures that borrowing is not undertaken for revenue purposes.

The Director of Finance reports that the Council complied with this prudential indicator in the current year and does not envisage difficulties for the future.

52. This view takes into account current commitments, existing programmes and the proposals in the budget report.

3.2 Treasury indicators: limits to borrowing activity

The Operational Boundary

53. This is the limit which external debt is not normally expected to exceed.
54. The boundary is based on the Council's programme for capital expenditure, capital financing requirement and cash flow requirements for the year.

The Authorised Limit for External Debt.

55. This is a further key prudential indicator which represents a control on the maximum level of borrowing. It represents a limit beyond which external debt is prohibited. It relates to the financing of the Capital Programme by both external borrowing and other forms of liability, such as credit arrangements.

56. This is the statutory limit determined under section 3 (1) of the Local Government Act 2003. The Government retains an option to control either the total of all councils' programmes, or those of a specific council, although this power has not yet been exercised.

Table 5 Operational boundary and authorised limit (Non HRA and HRA)

	2017/18	2018/19	2019/20	2020/21
	Actual	Estimate	Estimate	Estimate
	£m	£m	£m	£m
Authorised Limit for external debt				
Borrowing and finance leases	494	593	667	696
Operational Boundary for external debt				
Borrowing	341	534	630	680
Other long term liabilities	17	16	16	15
Total	358	550	646	695
Upper limit for fixed interest rate exposure				
Net principal re fixed rate borrowing	340	534	630	680
Upper limit for variable rate exposure				
Net principal re variable rate borrowing	-	-	-	-
Upper limit for principal sums invested over 364 days	60	60	60	60

57. Due to the Council's current under borrowing position it is considered sufficient to set the Authorised limit at the same level as the CFR.
58. As shown in Table 5 above and in Appendix F: Counterparties, the Council may wish to make additional investments of over 365 days. The current limit for such investments is £60m.

HRA Debt Limit

59. Separately, the Council was also limited to a maximum HRA debt through the HRA self-financing regime. This limit and the HRA CFR are shown in the table 6 below.

Table 6 HRA Debt Limit and CFR

Table 2 Capital Financing Requirement

	2017/18	2018/19	2019/20	2020/21
	Actual	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000
CFR as at 31 March				
HRA	151,015	150,046	162,622	178,859
TOTAL	151,015	150,046	162,622	178,859
Movement in CFR	1,477	- 969	12,576	16,237

60. In October 2018 the Government announced the lifting of the HRA debt cap for new build only, with effect from 29.10.18. The increase in the HRA CFR from 2019/20 reflects the increase in planned new build.

3.3 Prospects for interest rates and economic commentary

61. The Treasury Management Adviser has provided a commentary on the prospects for interest rates, (Appendix D) and an economic background, (Appendix E).

3.4 Borrowing strategy

62. As shown in Table 3 (para 46), as at 31 December 2018 the Council had a debt portfolio of £349.4m. This includes £324.4m of long-term borrowing, with an average maturity of 35 years assuming no early repayment of the LOBO loans. Adjusting LOBO loans maturity in line with the next interest reset date, reduces the average maturity to 25 years. Cash balances at 31 December 2018 were £28.5m. With the investment portfolio yielding 0.39% and the likely average cost of new long term borrowing currently at 2.6%, there is a substantial short term cost of carrying excessive debt.
63. The Council is currently maintaining an under-borrowed position. This means that the capital financing requirement has not been fully funded with loan debt as internal cash balances have been used. This strategy was prudent with investment returns low and counterparty risk is still an issue to be considered
64. For 2018/19 total borrowing of £115.311m is required to finance the approved capital programme, As at 31st December 2018, £25 million short-term borrowing and internal borrowing had been taken to finance capital expenditure not funded from other sources. Short term borrowing though more cost-efficient, is not sustainable in the longer term and will need to be replaced by long-term borrowing from early in 2019/20. It is forecast that a further up to £34.9m of additional external borrowing will be required by 31 March 2019. External Borrowing for 2018/19 capital programme slippage will be taken in 2019/20.
65. From 2019/20 external borrowing will be required as internal balances have been used As set out in Table 4 (para.50), £95.803m additional new borrowing will be required in 2019/20 and £50.509m in 2020/21. The Council will have a range of funding sources available and will need to base its decisions on optimum borrowing times and periods taking into account current interest rates and likely future movements and the “cost of carry” (difference between rates for borrowing and rates for investments). The Council will consider using ‘forward-starting loans’ (where the interest rate is fixed in advance but the cash is receive in later years) This helps give certainty of cost and reduces the cost of carry.
66. It is also possible, but unlikely, that replacement long term borrowing in the next three years might be required if the remaining LOBO loans have to be refinanced early.
67. It may be necessary to use temporary borrowing from the money markets or other local authorities to cover mismatches in timing between capital grants and payments. However, with several Government grants now paid early in the financial year and robust daily monitoring of the cash flow position, the facility is not very likely.
68. To accelerate the repayment of debt, PWLB annuity loans will be taken in future to ensure the equal instalment of principle over the life time of the loan.
69. Against this background and the risks within the economic forecast, caution will be adopted in the 2019/20 treasury management operations. The Treasury Management

Group will monitor interest rates in financial markets and adopt a pragmatic approach to changing circumstances. This includes taking advice from Link Treasury Management Advisers.:

- If it was felt that there was a significant risk of a sharp fall in long and short term rates (e.g. due to a marked increase of risks around relapse into recession or of risks of deflation), then long term borrowings will be postponed. There is limited scope for debt rescheduling because of the high cost of early redemption of debt.
- If it was felt that there was a significant risk of a much sharper rise in long and short term rates than that currently forecast, perhaps arising from an acceleration in the start date and in the rate of increase in central rates in the USA and UK, an increase in world economic activity or a sudden increase in inflation risks, then the portfolio position will be re-appraised. Most likely, fixed rate funding will be drawn whilst interest rates are lower than they are projected to be in the next few years.

70. The Council has to date adopted a single pooled approach for debt. Allocations to HRA are based on its CFR, with interest charged to HRA at the average rate on all external borrowing. Longer term, the HRA's ability to repay borrowing will depend on future revenues and the capital expenditure programme. New HRA debt taken from 2019/20 will be maintained in a separate pool.

3.5 Treasury management limits on activity

71. There are three debt related treasury activity limits. The purpose of these is to restrain the activity of the treasury function within certain limits, thereby managing risk and reducing the impact of any adverse movement in interest rates. However, if these are set to be too restrictive they will impair the opportunities to reduce costs and improve performance.

Upper limit on variable interest rate exposure

72. This identifies a maximum limit for variable interest rates based upon the debt position net of investments. As shown in Table 5 (para. 57), the Council does not expect to undertake any borrowing on this basis.

Upper limit on fixed interest rate exposure

73. This identifies a maximum limit for fixed interest rates based upon the debt position net of investments. The Council's proposed limits are shown in Table 5

Maturity Structure of Borrowing

74. These gross limits are set to reduce the Council's exposure to large fixed rate sums falling due for refinancing, and are required for upper and lower limits.

75. The Council has no variable rate borrowing and the comments below relate only to its fixed rate portfolio.

76. In the table below, the maturity structure for the LOBO debt, in accordance with CIPFA Guidance, is shown as the first date that the interest rate can be increased.

Table 7 Maturity Structure of Fixed Rate Borrowing

	As at 31.12.2018 %	Upper limit %	Lower limit %
Under 12 months	13%	40	0
12 months to 23 months	0%	30	0
24 months to under 5 years	2%	30	0
5 years to under 10 years	3%	40	0
10 years and over	82%	100	30

3.6 Policy on borrowing in advance of need

77. The Council will not borrow more than, or in advance of, its needs purely in order to profit from the investment of the extra sums borrowed. Any decision to borrow in advance will be within forward approved CFR estimates and future authorised limits, and will be considered carefully to ensure that value for money can be demonstrated and that the Council can ensure the security of such funds.
78. Risks associated with any borrowing in advance activity will be subject to prior appraisal and subsequent reporting through the mid-year or annual reporting mechanism.

3.7 Debt rescheduling

79. Link Asset Services currently advise that:
80. *As short term borrowing rates will be considerably cheaper than longer term fixed interest rates, there may be potential opportunities to generate savings by switching from long term debt to short term debt. However, these savings will need to be considered in the light of the current treasury position and the size of the cost of debt repayment (premiums incurred).*
81. The reasons for any rescheduling to take place will include:
- *the generation of cash savings and / or discounted cash flow savings;*
 - *helping to fulfil the treasury strategy;*
 - *enhance the balance of the portfolio (amend the maturity profile and/or the balance of volatility).*
82. Opportunities to reduce the cost of debt by premature repayment or to improve the maturity profile are kept under review in discussion with the Treasury Management Adviser. Early repayment of market loans is by negotiation. For PWLB loans, there are daily published prices for early repayment that allows analysis of the opportunities for restructuring. There is currently a spread which has generally made restructuring uneconomic.
83. Should the LOBO loan with interest rate reset dates in 2019/20 (£20.8m) require refinancing, the most likely source would be external borrowing.
84. All rescheduling will be reported to Cabinet at the earliest meeting following the exercise.

4. ANNUAL INVESTMENT STRATEGY

4.1 Investment policy

85. MHCLG and CIPFA have extended the meaning of ‘investments’ to include both financial and non-financial investments. This report deals solely with financial investments, (as managed by the treasury management team). Non-financial investments, essentially the purchase of income yielding assets, are covered in the Capital Strategy.
86. The Council’s investment policy has regard to the following: -
- MHCLG’s Guidance on Local Government Investments (“the Guidance”)
 - CIPFA Treasury Management in Public Services Code of Practice and Cross Sectoral Guidance Notes 2017 (“the Code”)
 - CIPFA Treasury Management Guidance Notes 2018
 - The Council’s investment priorities will be security first, liquidity second and then return
87. The above guidance from the MHCLG and CIPFA places a high priority on the management of risk. This authority has adopted a prudent approach to managing risk and defines its risk appetite by the following means: -
- Minimum acceptable **credit criteria** are applied in order to generate a list of highly creditworthy counterparties. This also enables diversification and thus avoidance of concentration risk. The key ratings used to monitor counterparties are the short term and long-term ratings.
 - **Other information:** ratings will not be the sole determinant of the quality of an institution; it is important to continually assess and monitor the financial sector on both a micro and macro basis and in relation to the economic and political environments in which institutions operate. The assessment will also take account of information that reflects the opinion of the markets. To achieve this consideration the Council will engage with its advisors to maintain a monitor on market pricing such as “**credit default swaps**” and overlay that information on top of the credit ratings.
88. This authority has defined the list of **types of investment instruments** that the treasury management team are authorised to use. There are two lists in Appendix F Counterparties, under the categories of ‘specified’ and ‘non-specified’ investments:
- **Specified investments** are those with a high level of credit quality and subject to a maturity limit of one year.
 - **Non-specified investments** are those with less high credit quality, may be for periods in excess of one year, and/or are more complex instruments which require greater consideration by members and officers before being authorised for use.
89. As a result of the change in accounting standards for 2018/19 under IFRS 9, this authority will consider the implications of investment instruments which could result in an adverse movement in the value of the amount invested and resultant charges at the end of the year to the General Fund. (In November 2018, the Ministry of Housing, Communities and Local Government, [MHCLG], concluded a consultation for a

temporary override to allow English local authorities time to adjust their portfolio of all pooled investments by announcing a statutory override to delay implementation of IFRS 9 for five years commencing from 1.4.18.)

90. However, this authority will also pursue **value for money** in treasury management and will monitor the yield from investment income against appropriate benchmarks for investment performance, (see paragraph 4.5). Regular monitoring of investment performance will be carried out during the year.

4.2 Creditworthiness policy

91. The primary principle governing the Council's investment criteria is the security of its investments, although the return on the investment is also a key consideration. After this main principle, the Council will ensure that:
 92. It maintains a policy covering both the categories of investment types it will invest in, criteria for choosing investment counterparties with adequate security, and monitoring their security. This is set out in the specified and non-specified investment sections below; and
 93. It has sufficient liquidity in its investments. For this purpose it will set out procedures for determining the maximum periods for which funds may prudently be committed. These procedures also apply to the Council's prudential indicators covering the maximum principal sums invested. The Director of Finance will maintain a counterparty list in compliance with the following criteria and will revise the criteria and submit them to Council for approval as necessary. These criteria are separate to those which determine which types of investment instrument are either specified or non-specified as they provide an overall pool of counterparties considered high quality which the Council may use, rather than defining what types of investment instruments are to be used.
 94. The minimum rating criteria uses the lowest common denominator method of selecting counterparties and applying limits. This means that the application of the Council's minimum criteria will apply to the lowest available rating for any institution. For instance, if an institution is rated by two agencies, one meets the Council's criteria, the other does not, and the institution will fall outside the lending criteria.
 95. Credit rating information is supplied by the Treasury Management Adviser on all active counterparties that comply with the criteria below. Any counterparty failing to meet the criteria would be omitted from the counterparty list. Any rating changes, rating watches (notification of a likely change), rating outlooks (notification of a possible longer term change) are provided to officers almost immediately after they occur and this information is considered before dealing. For instance, a negative rating watch applying to counterparty at the minimum Council criteria will be suspended from use, with all others being reviewed in light of market conditions.
96. The Council's criteria for an institution to become counterparty are detailed in Appendix F.

4.3 Country Limits

97. The Council has determined that it will only use approved counterparties from the UK or from countries with a minimum sovereign credit rating of AA-. The current UK rating is the third level of AA. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

4.4 Annual Investment Strategy

In-house funds.

98. The Council's funds are mainly cash derived primarily from the General Fund and HRA. Balances are also held to support capital expenditure. Investments are made with reference to the core balance and cash flow requirements and the outlook for short-term interest rates (i.e. rates for investments up to 12 months).

99. Since April 2011, pension fund cash balances have been held separately from those of the Council. However, a separate investment strategy has not been developed for the pension fund and all its cash is held on overnight call account with RBS and in separate money market funds.

Investment returns expectations.

100. On the assumption that the UK and EU agree a Brexit deal in spring 2019, then Bank Rate is forecast by Link Asset Services to increase steadily but slowly over the next few years to reach 2.00% by quarter 1 2022. Bank Rate forecasts for financial year ends (March) are:

2018/19	0.75%
2019/20	1.25%
2020/21	1.50%
2021/22	2.00%

101. Link Asset Services suggest that budgeted investment earnings rates for returns on investments placed for periods of up to 100 days during each financial year are as follows:

2018/19	0.75%
2019/20	1.00%
2020/21	1.50%
2021/22	1.75%
2022/23	1.75%
2023/24	2.00%
Later years	2.55%

102. Link Asset Services further advise that "The overall balance of risks to economic growth in the UK is probably neutral. The balance of risks to increases in Bank Rate and shorter term PWLB rates, are probably also even and are dependent on how strong GDP growth turns out, how slowly inflation pressures subside, and how quickly the Brexit negotiations move forward positively.

103. Investment treasury indicator and limit - total principal funds invested for greater than 365 days. These limits are set with regard to the Council's liquidity requirements and

to reduce the need for early sale of an investment. The Council's limit for investments of over 365 days is currently £60m.

104. Interest rates receivable for short term investments have increased slightly since the base rate step increases in November 2017. The Council's return for the whole year is likely to be close to 0.5%. Whilst this is still above the short term LIBOR benchmark and comparable to peer authorities it represents a substantial reduction from rates earned in previous years.
105. As a result of the Council's strategy and the interest rates available the only counterparties actively in use during 2018/19 have been Lloyds, Royal Bank of Scotland Group and Svenska Handelsbanken. The investment portfolio has inevitably remained concentrated with RBS and Lloyds with 82.5% of the total portfolio invested with them on 31st December 2018. When opportunities arise consistent with the Council's policies diversification will be sought but it is not anticipated that there will be any significant change during 2019/20.
106. Authority has been given to place funds in 'non-standard investments' up to a value of £10m. Officers are considering what investment opportunities and counterparties should be included to utilise this facility.

4.5 Investment risk benchmarking

107. This Council uses the current LIBOR rates as a benchmark to assess the investment performance of its investment portfolio. In addition the Council is a member of a Link Asset Services investment portfolio benchmarking group through which performance is measured against peer London authorities. The risk of default attached to the Council's portfolio is reported by Capita on a monthly basis.

4.6 End of year investment report

108. At the end of the financial year the Council will report on its investment activity as part of the Treasury Management Outturn Report.

5 Affordability Prudential Indicators

109. The previous sections cover the overall capital and control of borrowing Prudential Indicators but within this framework Prudential Indicators are also required to assess the affordability of the capital investment programme. These provide an indication of the impact of the programme on the Council's overall finances and are shown in detail in Appendix G.

6 Implications of the recommendations

110. The recommendations primarily relate to the requirements for the Council to comply with statutory duties. However, the content of the report, covering borrowing and investment strategy, has implications for the Council's ability to fund its capital projects and revenue activities.
111. The recommendations do not directly affect the Council's staffing/workforce.

7 Performance issues

112. The Council meets the requirements of the CIPFA Treasury Management Code and, therefore, is able to demonstrate best practice for the Treasury Management function.
113. As part of the Code the Council must agree a series of prudential indicators and measure its performance against them. Success is measured by compliance with the indicators and the accuracy of future estimates so far as they are within the control of the Treasury Management function.

8 Environmental implications

114. There are no direct environmental implications.

9 Risk management implications

115. The identification, monitoring and control of risk are central to the achievement of treasury management objectives and to this report. Potential risks are identified, mitigated and monitored in accordance with Treasury Management Practice Notes approved by the Treasury Management Group.
116. Risks are included in the Directorate Risk Register as part of the overall MTFS risk.

10 Legal Implications

117. The purpose of this report is to comply with the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 and other relevant guidance referred to in the report.

11 Financial implications

118. Financial matters are integral to the report.

12 Equalities implications / Public sector equality duty

119. Officers have considered possible equalities impact and consider that there is no adverse equalities impact as there is no direct impact on individuals

13 Council priorities

120. This report deals with the Treasury Management Strategy which plays a significant part in supporting the delivery of all the Council's corporate priorities.

Section 3 - Statutory Officer Clearance

Name: Dawn Calvert



Director of Finance

Date: 8 February 2019

Name: David Hodge



on behalf of the
Monitoring Officer

Date: 8 February 2019

Section 3 - Procurement Officer Clearance

N/A

Name: Nimesh Mehta



Head of Procurement

Date: 8 February 2019

Ward Councillors notified:	No
EqIA carried out:	No
EqIA cleared by:	N/A

Section 4 - Contact Details and Background Papers

Contact: Iain Millar (Treasury and Pensions Manager)

Tel: 020-8424-1432/ Email: iain.millar@harrow.gov.uk

Background Papers: N/A

**Call-in Waived by the Chairman of Overview
and Scrutiny Committee**

NOT APPLICABLE (decision reserved to full Council)

LEGISLATION AND REGULATIONS IMPACTING ON TREASURY MANAGEMENT

The following items numbered 1 - 4 show the sequence of legislation and regulation impacting on the treasury management function. The sequence begins with primary legislation, moves through Government guidance and Chartered Institute of Public Finance and Accountancy (CIPFA) codes of practice and finishes with implementation through the Council's own Treasury Management Practices.

1. Local Government Act 2003

Link below

Local Government Act 2003

Below is a summary of the provisions in the Act dealing with treasury management.

In addition the Secretary of State is empowered to define the provisions through further regulations and guidance which he has subsequently done through statutory instruments, Department of Communities and Local Government Guidance and CIPFA codes of practice.

Power to borrow

The Council has the power to borrow for purposes relevant to its functions and for normal treasury management purposes – for example, to refinance existing debt.

Control of borrowing

The main borrowing control is the duty not to breach the prudential and national limits as described below.

The Council is free to seek loans from any source but is prohibited from borrowing in foreign currencies without the consent of Treasury, since adverse exchange rate movements could leave it owing more than it had borrowed.

All of the Council's revenues serve as security for its borrowing. The mortgaging of property is prohibited.

It is unlawful for the Council to 'securitise', that is, to sell future revenue streams such as housing rents for immediate lump-sums.

Affordable borrowing limit

The legislation imposes a broad duty for the Council to determine and keep under review the amount it can afford to borrow. The Secretary of State has subsequently defined this duty in more detail through the Prudential Code produced by CIPFA, which lays down the practical rules for deciding whether borrowing is affordable.

It is for the Council (at a meeting of the full Council) to set its own 'prudential' limit in accordance with these rules, subject only to the scrutiny of its external auditor. The Council is then free to borrow up to that limit without Government consent. The Council is free to vary the limit during the year, if there is good reason.

Requirements in other legislation for the Council to balance its revenue budget prevent the long-term financing of revenue expenditure by borrowing.

However the legislation does confer limited capacity to borrow short-term for revenue needs in the interests of cash-flow management and foreseeable requirements for temporary revenue borrowing are allowed for when borrowing limits are set by the Council.

The Council is allowed extra flexibility in the event of unforeseen needs, by being allowed to increase borrowing limits by the amounts of any payments which are due in the year but have not yet been received.

Imposition of borrowing limits

The Government has retained reserve power to impose 'longstop' limits for national economic reasons on all local authorities' borrowing and these would override authorities' self-determined prudential limits. Since this power has not yet been used the potential impact on the Council is not known.

Credit arrangements

Credit arrangements (e.g. property leasing, PFI and hire purchase) are treated like borrowing and the affordability assessment must take account not only of borrowing but also of credit arrangements. In addition, any national limit imposed under the reserve powers would apply to both borrowing and credit.

Power to invest

The Council has the power to invest, not only for any purpose relevant to its functions but also for the purpose of the prudential management of its financial affairs.

2. Department for Communities and Local Government Investment Guidance (March 2010)

The Local Government Act 2003 requires a local authority ".....to have regard (a) to such guidance as the Secretary of State may issue....." and the current guidance became operative on 1 April 2010.

The Guidance recommends that for each financial year the Council should prepare at least one investment Strategy to be approved before the start of the year. The Strategy must cover:

- **Investment security**

Investments should be managed prudently with security and liquidity being considered ahead of yield

Potential counterparties should be recognised as "specified" and "non-specified" with investment limits being defined to reflect the status of each counterparty

- **Investment risk**

Procedures should be established for monitoring, assessing and mitigating the risk of loss of invested sums and for ensuring that such sums are readily accessible for expenditure whenever needed.

The use of credit ratings and other risk assessment processes should be explained

The use of external advisers should be monitored. The training requirements for treasury management staff should be reviewed and addressed

Specific policies should be stated as regards borrowing money in advance of need

- **Investment Liquidity**

The Strategy should set out procedures for determining the maximum periods for which funds may prudently be committed

The Strategy should be approved by the full Council and made available to the public free of charge. Subject to full Council approval, or approved delegations, the Strategy can be revised during the year.

3. Treasury Management in the Public Services: Code of Practice and Cross-Sectoral Guidance Notes (CIPFA 2017)

The primary requirements of the Code are:

- Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council's treasury management activities.
- Creation and maintenance of Treasury Management Practices ("TMPs") that set out the manner in which the Council will seek to achieve those policies and objectives.
- Receipt by the full Council or Cabinet of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a Half-year Review Report and an Annual Report (stewardship report) covering activities during the previous year.
- Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
- Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body.

4. CIPFA Code of Practice on Treasury Management 2017

- CIPFA Prudential Code 2017
- CIPFA Treasury Management in the Public Services Guidance Notes 2018
- CIPFA statement 17.10.18 on borrowing in advance of need and investments in commercial properties
- CIPFA Bulletin 02 Treasury and Capital Management Update October 2018
- Statutory investment guidance where it has been updated in 2018 (*English local authorities*)

Statutory MRP guidance where it has been updated in 2018he main objective of the above was to respond to the major expansion of local authority investment activity over the last few years into the purchase of non-financial investments, particularly property. This development has raised several concerns: -

- A local authority should define its risk appetite and its governance processes for managing risk.
- A local authority should assess the risks and rewards of significant investments over the long term, as opposed to the usual three to five years that most local authority financial planning has been conducted over, in order to ensure the long term financial sustainability of the authority. (CIPFA has not defined what longer term means but it is likely to infer 20-30 years in line with the financing time horizon and the expected life of the assets, while medium term financial planning, at a higher level of detail, is probably aimed at around a 10 year time frame and to focus on affordability in particular.)
- The Prudential Code has also expressed concern that local authorities should ensure that an authority's approach to commercial activities should be proportional to its overall resources.
- A local authority should have access to the appropriate level of expertise to be able to operate safely in all areas of investment and capital expenditure, and to involve members adequately in making properly informed decisions on such investments.

The, the Prudential Code 2017 introduced a new requirement for local authorities to produce an annual Capital Strategy.

Compliance with the objectives of the Code by the Council should ensure that:

- a. Capital expenditure plans are affordable in terms of their implications on Council Tax and housing rents
- b. External borrowing and other long term liabilities are within prudent and sustainable levels
- c. Treasury management decisions are taken in accordance with good professional practice

As part of the two codes of practice above the Council is required to:

- agree a series of prudential indicators against which performance is measured
- produce Treasury Management Practice Notes for officers which set out how treasury management policies and objectives are to be achieved and activities controlled.

TREASURY MANAGEMENT DELEGATIONS AND RESPONSIBILITIES

The respective roles of the Council, Cabinet, GARMSC, the Section 151 officer, the Treasury Management Group the Treasury and Pensions Manager and the Treasury Team are summarised below. Further details are set out in the Treasury Management Practices.

Council

Under the Constitution, the Council is responsible for “decisions relating to the control of the Council’s borrowing requirement.”

It agrees the annual Treasury Management Strategy Statement including Prudential Indicators, Minimum Revenue Provision Policy Statement and Annual Investment Strategy.

Cabinet

Under the Constitution, the Cabinet “will exercise all of the local authority functions which are not the responsibility of any other part of the local authority, whether by law or under this Constitution.”

It considers and recommends to Council the annual Treasury Management Strategy Statement and receives a mid-year report and annual outturn report on Treasury Management activities.

Governance, Audit, Risk Management and Standards Committee

GARMSC reviews the Treasury Management Strategy and monitors progress on treasury management in accordance with CIPFA codes of practice.

Director of Finance (Section 151 Officer)

Under S151 of the Local Government Act 1972 the Council “shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs.” At Harrow, this responsibility is exercised by the Director of Finance.

The Director is responsibility for implementing the policies agreed by the Council and Cabinet.

Under the Local Government Finance Act 1988 and the Local Government Act 2003 the Director also has responsibilities in respect of budget arrangements and the adequacy of resources. In terms of Treasury Management this means that the financing costs of the Capital Programme are built into the Revenue Budget as are any assumptions on investment income.

The Director chairs the Treasury Management Group and agrees major treasury management decisions, specifically including any borrowing decisions, delegated to officers.

Treasury Management Group

Comprises Director of Finance, Head of Strategic and Technical Finance (Deputy S151 Officer), Treasury and Pensions Manager, Senior Finance Officer and is responsible for:

- Monitoring treasury management activity against approved strategy, policy, practices and market conditions;
- Ensuring that capital expenditure plans are continually reviewed in line with budget assumptions throughout the year to forecast when borrowing will be required.
- Approving changes to treasury management practices and procedures;
- Reviewing the performance of the treasury management function using benchmarking data on borrowing and investment provided by the Treasury Management Adviser (Link Asset Services Asset Services);
- Monitoring the performance of the appointed Treasury Management Adviser and recommending any necessary actions
- Ensuring the adequacy of treasury management resources and skills and the effective division of responsibilities within the treasury management function;
- Monitoring the adequacy of internal audit reviews and the implementation of audit recommendations

Treasury and Pensions Manager

Responsible for the execution and administration of treasury management decisions, acting in accordance with the Council's Treasury Management Strategy Statement and CIPFA's "Standard of Professional Practice on Treasury Management"

Treasury Team

Headed by Senior Finance Officer with responsibility for day-to-day treasury and investment and borrowing activity in accordance with approved Strategy, policy, practices and procedures and for recommending changes to the Treasury Management Group

Minimum Revenue Provision (MRP) Policy Statement

- For capital expenditure incurred before 1 April 2008 or which in the future will be Supported Capital Expenditure, the MRP policy will be the equal annual reduction of 2% of the outstanding debt at 1 April 2015 for the subsequent 50 years.
- For all capital expenditure financed from unsupported (prudential) borrowing (including PFI and finance leases), MRP will be based upon an asset life method in accordance with Option 3 of the guidance.
- In some cases where a scheme is financed by prudential borrowing it may be appropriate to vary the profile of the MRP charge to reflect the future income streams associated with the asset, whilst retaining the principle that the full amount of borrowing will be charged as MRP over the asset's estimated useful life.
- The regulations allow the Council to charge VMRP, which can be used to reduce future MRP by the same amount. A change introduced by the revised MHCLG MRP Guidance is that the voluntary MRP must be disclosed in a statement to the full council in order to reclaim it in future years as deemed necessary and prudent. Up until 31 March 2018, the total VMRP was £10.6m.
- Estimated life periods and amortisation methodologies will be determined under delegated powers. To the extent that expenditure is not on the creation of an asset and is of a type that is subject to estimated life periods that are referred to in the guidance, these periods will generally be adopted by the Council. However, the Council reserves the right to determine useful life periods and prudent MRP in exceptional circumstances where the recommendations of the guidance would not be appropriate.
- Freehold land cannot properly have a life attributed to it, so for the purposes of Asset Life method it will be treated as equal to a maximum of 50 years. But if there is a structure on the land which the authority considers to have a life longer than 50 years, that same life estimate will be used for the land.
- As some types of capital expenditure incurred by the Council are not capable of being related to an individual asset, asset lives will be assessed on a basis which most reasonably reflects the anticipated period of benefit that arises from the expenditure. Also, whatever type of expenditure is involved, it will be grouped together in a manner which reflects the nature of the main component of expenditure and will only be divided up in cases where there are two or more major components with substantially different useful economic lives.
- Repayments included in annual PFI or finance leases are applied as MRP.
- Where borrowing is undertaken for the construction of new assets, MRP will only become chargeable once such assets are completed and operational.
- Under Treasury Management best practice the Council may decide to defer borrowing up to the capital financing requirement (CFR) and use internal resources instead. Where internal borrowing has been used, the amount chargeable as MRP may be adjusted to reflect the deferral of actual borrowing.

Provided by Link Asset Services Asset Services January 2019

Interest Rate Forecasts 2019 - 2022

The Council has appointed Link Asset Services as its treasury advisor and part of their service is to assist the Council to formulate a view on interest rates. The following table gives our central view.

Link Asset Services Interest Rate View													
	Mar-19	Jun-19	Sep-19	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22
Bank Rate View	0.75%	1.00%	1.00%	1.00%	1.25%	1.25%	1.25%	1.50%	1.50%	1.75%	1.75%	1.75%	2.00%
3 Month LIBID	0.90%	1.00%	1.10%	1.20%	1.30%	1.40%	1.50%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%
6 Month LIBID	1.00%	1.20%	1.30%	1.40%	1.50%	1.60%	1.70%	1.70%	1.80%	1.90%	2.00%	2.10%	2.20%
12 Month LIBID	1.20%	1.30%	1.40%	1.50%	1.60%	1.70%	1.80%	1.90%	2.00%	2.10%	2.20%	2.30%	2.40%
5yr PWLB Rate	2.10%	2.20%	2.20%	2.30%	2.30%	2.40%	2.50%	2.50%	2.60%	2.60%	2.70%	2.80%	2.80%
10yr PWLB Rate	2.50%	2.60%	2.60%	2.70%	2.80%	2.90%	2.90%	3.00%	3.00%	3.10%	3.10%	3.20%	3.20%
25yr PWLB Rate	2.90%	3.00%	3.10%	3.10%	3.20%	3.30%	3.30%	3.40%	3.40%	3.50%	3.50%	3.60%	3.60%
50yr PWLB Rate	2.70%	2.80%	2.90%	2.90%	3.00%	3.10%	3.10%	3.20%	3.20%	3.30%	3.30%	3.40%	3.40%

The flow of generally positive economic statistics after the quarter ended 30 June meant that it came as no surprise that the MPC came to a decision on 2 August to make the first increase in Bank Rate above 0.5% since the financial crash, from 0.5% to 0.75%. Growth became increasingly strong during 2018 until slowing significantly during the last quarter. At their November quarterly Inflation Report meeting, the MPC left Bank Rate unchanged, but expressed some concern at the Chancellor's fiscal stimulus in his Budget, which could increase inflationary pressures. However, it is unlikely that the MPC would increase Bank Rate in February 2019, ahead of the deadline in March for Brexit. On a major assumption that Parliament and the EU agree a Brexit deal in the first quarter of 2019, then the next increase in Bank Rate is forecast to be in May 2019, followed by increases in February and November 2020, before ending up at 2.0% in February 2022.

The overall longer run future trend is for gilt yields, and consequently PWLB rates, to rise, albeit gently. However, over about the last 25 years, we have been through a period of falling bond yields as inflation subsided to, and then stabilised at, much lower levels than before, and supported by central banks implementing substantial quantitative easing purchases of government and other debt after the financial crash of 2008. Quantitative easing, conversely, also caused a rise in equity values as investors searched for higher returns and purchased riskier assets. In 2016, we saw the start of a reversal of this trend with a sharp rise in bond yields after the US Presidential election in November 2016, with yields then rising further as a result of the big increase in the US government deficit aimed at stimulating even stronger economic growth. That policy change also created concerns around a significant rise in inflationary pressures in an economy which was already running at remarkably low levels of unemployment. Unsurprisingly, the Fed has continued on its series of robust responses to combat its perception of rising inflationary pressures by repeatedly increasing the Fed rate to reach 2.25 – 2.50% in December 2018. It has also continued its policy of not fully reinvesting proceeds from bonds that it holds as a result of quantitative easing, when they mature. We therefore saw US 10 year bond Treasury yields rise above 3.2% during October 2018 and also investors causing a sharp fall in equity prices as they sold out of holding riskier assets. However, by early January 2019, US 10 year bond yields had fallen back considerably on fears that the Fed was being too aggressive in raising interest rates and was going to cause a recession. Equity prices have been very volatile on alternating good and bad news during this period.

From time to time, gilt yields, and therefore PWLB rates, can be subject to exceptional levels of volatility due to geo-political, sovereign debt crisis, emerging market developments and sharp changes in investor sentiment. Such volatility could occur at any time during the forecast period.

Economic and interest rate forecasting remains difficult with so many external influences weighing on the UK. The above forecasts, (and MPC decisions), will be liable to further amendment depending on how economic data and developments in financial markets transpire over the next year. Geopolitical developments, especially in the EU, could also have a major impact. Forecasts for average investment earnings beyond the three-year time horizon will be heavily dependent on economic and political developments.

Investment and borrowing rates

- Investment returns are likely to remain low during 2019/20 but to be on a gently rising trend over the next few years.
- Borrowing interest rates have been volatile so far in 2018/19 and while they were on a rising trend during the first half of the year, they have back tracked since then until early January. The policy of avoiding new borrowing by running down spare cash balances has served well over the last few years. However, this needs to be carefully reviewed to avoid incurring higher borrowing costs in the future when authorities may not be able to avoid new borrowing to finance capital expenditure and/or the refinancing of maturing debt;
- There will remain a cost of carry, (the difference between higher borrowing costs and lower investment returns), to any new long-term borrowing that causes a temporary increase in cash balances as this position will, most likely, incur a revenue cost.

Provided by Link Asset Services Asset Services at 9 January 2019

ECONOMIC BACKGROUND

GLOBAL OUTLOOK. World growth has been doing reasonably well, aided by strong growth in the US. However, US growth is likely to fall back in 2019 and, together with weakening economic activity in China and the eurozone, overall world growth is likely to weaken.

Inflation has been weak during 2018 but, at long last, unemployment falling to remarkably low levels in the US and UK has led to an acceleration of wage inflation. The US Fed has therefore increased rates nine times and the Bank of England twice. However, the ECB is unlikely to start raising rates until late in 2019 at the earliest.

KEY RISKS - central bank monetary policy measures

Looking back on nearly ten years since the financial crash of 2008 when liquidity suddenly dried up in financial markets, it can be assessed that central banks' monetary policy measures to counter the sharp world recession were successful. The key monetary policy measures they used were a combination of lowering central interest rates and flooding financial markets with liquidity, particularly through unconventional means such as quantitative easing (QE), where central banks bought large amounts of central government debt and smaller sums of other debt.

The key issue now is that period of stimulating economic recovery and warding off the threat of deflation, is coming towards its close. A new period is well advanced in the US, and started more recently in the UK, of reversing those measures i.e. by raising central rates and, (for the US), reducing central banks' holdings of government and other debt. These measures are now required in order to stop the trend of a reduction in spare capacity in the economy and of unemployment falling to such low levels, that the re-emergence of inflation is viewed as a major risk. It is, therefore, crucial that central banks get their timing right and do not cause shocks to market expectations that could destabilise financial markets. In particular, a key risk is that because QE-driven purchases of bonds drove up the price of government debt, and therefore caused a sharp drop in income yields, this also encouraged investors into a search for yield and into investing in riskier assets such as equities. Consequently, prices in both bond and equity markets rose to historically high valuation levels simultaneously. This meant that both asset categories were exposed to the risk of a sharp downward correction and we have, indeed, seen a sharp fall in equity values in the last quarter of 2018. It is important, therefore, that central banks only gradually unwind their holdings of bonds in order to prevent destabilising the financial markets. It is also likely that the timeframe for central banks unwinding their holdings of QE debt purchases will be over several years. They need to balance their timing to neither squash economic recovery, by taking too rapid and too strong action, or, conversely, let inflation run away by taking action that was too slow and/or too weak. **The potential for central banks to get this timing and strength of action wrong are now key risks.** At the time of writing, (early January 2019), financial markets are very concerned that the Fed is being too aggressive with its policy for raising interest rates and is likely to cause a recession in the US economy.

The world economy also needs to adjust to a sharp change in **liquidity creation** over the last five years where the US has moved from boosting liquidity by QE purchases, to reducing its holdings of debt (currently about \$50bn per month). In addition, the European Central Bank ended its QE purchases in December 2018.

UK. The flow of positive economic statistics since the end of the first quarter of 2018 has shown that pessimism was overdone about the poor growth in quarter 1 when adverse weather caused a temporary downward blip. Quarter 1 at 0.1% growth in GDP was followed by a return to 0.4% in quarter 2 and by a strong performance in quarter 3 of +0.6%. However, growth in quarter 4 is expected to weaken significantly.

At their November quarterly Inflation Report meeting, the MPC repeated their well-worn phrase that future Bank Rate increases would be gradual and would rise to a much lower equilibrium rate, (where monetary policy is neither expansionary or contractionary), than before the crash; indeed they gave a figure for this of around 2.5% in ten years' time, but declined to give a medium term forecast. However, with so much uncertainty around Brexit, they warned that the next move could be up or down, even if there was a disorderly Brexit. While it would be expected that Bank Rate could be cut if there was a significant fall in GDP growth as a result of a disorderly Brexit, so as to provide a stimulus to growth, they warned they could also raise Bank Rate in the same scenario if there was a boost to inflation from a devaluation of sterling, increases in import prices and more expensive goods produced in the UK replacing cheaper goods previously imported, and so on. In addition, the Chancellor could potentially provide fiscal stimulus to support economic growth, though at the cost of increasing the budget deficit above currently projected levels.

It is unlikely that the MPC would increase Bank Rate in February 2019, ahead of the deadline in March for Brexit. Getting parliamentary approval for a Brexit agreement on both sides of the Channel will take well into spring 2019. However, in view of the hawkish stance of the MPC at their November meeting, the next increase in Bank Rate is now forecast to be in May 2019, (on the assumption that a Brexit deal is agreed by both the UK and the EU). The following increases are then forecast to be in February and November 2020 before ending up at 2.0% in February 2022.

Inflation. The Consumer Price Index (CPI) measure of inflation has been falling from a peak of 3.1% in November 2017 to 2.1% in December 2018. In the November Bank of England quarterly Inflation Report, inflation was forecast to still be marginally above its 2% inflation target two years ahead, (at about 2.1%), given a scenario of minimal increases in Bank Rate.

As for the **labour market** figures in October, unemployment at 4.1% was marginally above a 43 year low of 4% on the Independent Labour Organisation measure. A combination of job vacancies hitting an all-time high, together with negligible growth in total employment numbers, indicates that employers are now having major difficulties filling job vacancies with suitable staff. It was therefore unsurprising that wage inflation picked up to 3.3%, (3 month average regular pay, excluding bonuses). This meant that in real terms, (i.e. wage rates less CPI inflation), earnings are currently growing by about 1.2%, the highest level since 2009. This increase in household spending power is likely to feed through into providing some support to the overall rate of economic growth in the coming months. This tends to confirm that the MPC was right to start on a cautious increase in Bank Rate in August as it views wage inflation in excess of 3% as increasing inflationary pressures within the UK economy.

In the **political arena**, the Brexit deal put forward by the Conservative minority government was defeated on 15 January. It is unclear at the time of writing, how this situation will move forward. However, our central position is that Prime Minister May's government will endure, despite various setbacks, along the route to reaching an orderly Brexit though the risks are increasing that it may not be possible to get full agreement by the UK and EU before 29 March 2019, in which case this withdrawal date is likely to be pushed back to a new date. If, however, the UK faces a general election in the next 12 months, this could result in a potential loosening of monetary and fiscal policy and therefore medium to longer dated gilt yields could rise on the expectation of a weak pound and concerns around inflation picking up.

USA. President Trump's massive easing of fiscal policy is fuelling a (temporary) boost in consumption which has generated an upturn in the rate of strong growth which rose from 2.2% (annualised rate) in quarter 1 to 4.2% in quarter 2 and 3.5%, (3.0% y/y), in quarter 3, but also an upturn in inflationary pressures. The strong growth in employment numbers and the reduction in the unemployment rate to 3.9%, near to a recent 49 year low, has fed through to an upturn in wage inflation which hit 3.2% in November. However, CPI inflation overall fell to 2.2% in November and looks to be on a falling trend to drop below the Fed's target of 2% during 2019. The Fed has continued on its series of increases in interest rates with another 0.25% increase in December to between 2.25% and 2.50%, this being the fifth increase in 2018 and the ninth in this cycle. However, they did also reduce their forecast for further increases from three to two. This latest increase compounded investor fears that the Fed is over doing the speed and level of increases in

rates and that it is going to cause a US recession as a result. There is also much evidence in previous monetary policy cycles of the Fed's series of increases doing exactly that. Consequently, we have seen stock markets around the world falling under the weight of fears around the Fed's actions, the trade war between the US and China and an expectation that world growth will slow.

The tariff war between the US and China has been generating a lot of heat during 2018, but it is not expected that the current level of actual action would have much in the way of a significant effect on US or world growth. However, there is a risk of escalation if an agreement is not reached soon between the US and China.

Eurozone. Growth was 0.4% in quarters 1 and 2 but fell back to 0.2% in quarter 3, though this was probably just a temporary dip. In particular, data from Germany has been mixed and it could be negatively impacted by US tariffs on a significant part of its manufacturing exports e.g. cars. For that reason, although growth is still expected to be in the region of nearly 2% for 2018, the horizon is less clear than it seemed just a short while ago. Having halved its quantitative easing purchases of debt in October 2018 to €15bn per month, the European Central Bank ended all further purchases in December 2018. The ECB is forecasting inflation to be a little below its 2% top limit through the next three years so it may find it difficult to warrant a start on raising rates by the end of 2019 if the growth rate of the EU economy is on a weakening trend.

China. Economic growth has been weakening over successive years, despite repeated rounds of central bank stimulus; medium term risks are increasing. Major progress still needs to be made to eliminate excess industrial capacity and the stock of unsold property, and to address the level of non-performing loans in the banking and credit systems. Progress has been made in reducing the rate of credit creation, particularly from the shadow banking sector, which is feeding through into lower economic growth. There are concerns that official economic statistics are inflating the published rate of growth.

Japan - has been struggling to stimulate consistent significant GDP growth and to get inflation up to its target of 2%, despite huge monetary and fiscal stimulus. It is also making little progress on fundamental reform of the economy. It is likely that loose monetary policy will endure for some years yet to try to stimulate growth and modest inflation.

Emerging countries. Argentina and Turkey are currently experiencing major headwinds and are facing challenges in external financing requirements well in excess of their reserves of foreign exchange. However, these countries are small in terms of the overall world economy, (around 1% each), so the fallout from the expected recessions in these countries will be minimal.

INTEREST RATE FORECASTS

The interest rate forecasts provided by Link Asset Services in paragraph 3.2 are **predicated on an assumption of an agreement being reached on Brexit between the UK and the EU.** On this basis, while GDP growth is likely to be subdued in 2019 due to all the uncertainties around Brexit depressing consumer and business confidence, an agreement is likely to lead to a boost to the rate of growth in 2020 which could, in turn, increase inflationary pressures in the economy and so cause the Bank of England to resume a series of gentle increases in Bank Rate. Just how fast, and how far, those increases will occur and rise to, will be data dependent. The forecasts in this report assume a modest recovery in the rate and timing of stronger growth and in the corresponding response by the Bank in raising rates.

- In the event of an **orderly non-agreement exit**, it is likely that the Bank of England would take action to cut Bank Rate from 0.75% in order to help economic growth deal with the adverse effects of this situation. This is also likely to cause short to medium term gilt yields to fall.
- If there was a **disorderly Brexit**, then any cut in Bank Rate would be likely to last for a longer period and also depress short and medium gilt yields correspondingly. It is also possible that the government could act to protect economic growth by implementing fiscal stimulus.

However, there would appear to be a majority consensus in the Commons against any form of non-agreement exit so the chance of this occurring has now substantially diminished.

The balance of risks to the UK

- The overall balance of risks to economic growth in the UK is probably neutral.
- The balance of risks to increases in Bank Rate and shorter term PwLB rates, are probably also even and are broadly dependent on how strong GDP growth turns out, how slowly inflation pressures subside, and how quickly the Brexit negotiations move forward positively.

One risk that is both an upside and downside risk, is that all central banks are now working in very different economic conditions than before the 2008 financial crash as there has been a major increase in consumer and other debt due to the exceptionally low levels of borrowing rates that have prevailed for ten years since 2008. This means that the neutral rate of interest in an economy, (i.e. the rate that is neither expansionary nor deflationary), is difficult to determine definitively in this new environment, although central banks have made statements that they expect it to be much lower than before 2008. Central banks could therefore either over or under do increases in central interest rates.

Downside risks to current forecasts for UK gilt yields and PwLB rates currently include:

- **Brexit** – if it were to cause significant economic disruption and a major downturn in the rate of growth.
- **Bank of England monetary policy** takes action too quickly, or too far, over the next three years to raise Bank Rate and causes UK economic growth, and increases in inflation, to be weaker than we currently anticipate.
- A resurgence of the **eurozone sovereign debt crisis**, possibly in **Italy**, due to its high level of government debt, low rate of economic growth and vulnerable banking system, and due to the election in March of a government which has made a lot of anti-austerity noise. The EU rejected the initial proposed Italian budget and demanded cuts in government spending which the Italian government initially refused. However, a fudge was subsequently agreed, but only by *delaying* the planned increases in expenditure to a later year. This can have therefore only been kicked down the road to a later time. The rating agencies have started on downgrading Italian debt to one notch above junk level. If Italian debt were to fall below investment grade, many investors would be unable to hold it. Unsurprisingly, investors are becoming increasingly concerned by the words and actions of the Italian government and consequently, Italian bond yields have risen – at a time when the government faces having to refinance large amounts of debt maturing in 2019.
- Weak capitalisation of some **European banks**. Italian banks are particularly vulnerable; one factor is that they hold a high level of Italian government debt - debt which is falling in value. This is therefore undermining their capital ratios and raises the question of whether they will need to raise fresh capital to plug the gap.
- **German minority government**. In the German general election of September 2017, Angela Merkel's CDU party was left in a vulnerable minority position dependent on the fractious support of the SPD party, as a result of the rise in popularity of the anti-immigration AfD party. Then in October 2018, the results of the Bavarian and Hesse state elections radically undermined the SPD party and showed a sharp fall in support for the CDU. As a result, the SPD is reviewing whether it can continue to support a coalition that is so damaging to its electoral popularity. After the result of the Hesse state election, Angela Merkel announced that she would not stand for re-election as CDU party leader at her party's convention in December 2018, (a new party leader has now been elected). However, this makes little practical difference as she is still expected to aim to continue for now as the Chancellor. However, there are five more state elections coming up in 2019 and EU parliamentary elections in May/June; these could result in a further loss of electoral support for both the CDU and SPD which could also undermine her leadership.
- **Other minority eurozone governments**. Spain, Portugal, Ireland, the Netherlands and Belgium all have vulnerable minority governments dependent on coalitions which could prove fragile. Sweden is also struggling to form a government due to the anti-immigration party holding the balance of power, and which no other party is willing to form a coalition with. The Belgian coalition collapsed in December 2018 but a minority caretaker government has been appointed until the May EU wide general elections.

- **Austria, the Czech Republic and Hungary** now form a strongly anti-immigration bloc within the EU while **Italy**, in 2018, also elected a strongly anti-immigration government. Elections to the EU parliament are due in May/June 2019.
- Further increases in interest rates in the US could spark a **sudden flight of investment funds** from more risky assets e.g. shares, into bonds yielding a much improved yield. Throughout the last quarter of 2018, we saw sharp falls in equity markets interspersed with occasional partial rallies. Emerging countries which have borrowed heavily in dollar denominated debt, could be particularly exposed to this risk of an investor flight to safe havens e.g. UK gilts.
- There are concerns around the level of **US corporate debt** which has swollen massively during the period of low borrowing rates in order to finance mergers and acquisitions. This has resulted in the debt of many large corporations being downgraded to a BBB credit rating, close to junk status. Indeed, 48% of total investment grade corporate debt is now rated at BBB. If such corporations fail to generate profits and cash flow to reduce their debt levels as expected, this could tip their debt into junk ratings which will increase their cost of financing and further negatively impact profits and cash flow.
- **Geopolitical risks**, especially North Korea, but also in Europe and the Middle East, which could lead to increasing safe haven flows.

Upside risks to current forecasts for UK gilt yields and PWLB rates

- **Brexit** – if both sides were to agree by 29 March a compromise that quickly removed all threats of economic and political disruption and so led to an early boost to UK economic growth.
- **The Fed causing a sudden shock in financial markets** through misjudging the pace and strength of increases in its Fed Funds Rate and in the pace and strength of reversal of QE, which then leads to a fundamental reassessment by investors of the relative risks of holding bonds, as opposed to equities. This could lead to a major flight from bonds to equities and a sharp increase in bond yields in the US, which could then spill over into impacting bond yields around the world.
- The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflation pressures to build up too strongly within the UK economy, which then necessitates a later rapid series of increases in Bank Rate faster than we currently expect.
- **UK inflation**, whether domestically generated or imported, returning to sustained significantly higher levels causing an increase in the inflation premium inherent to gilt yields.

Brexit timetable and process

- March 2017: UK government notified the European Council of its intention to leave under the Treaty on European Union Article 50 on 29 March 2019.
- 25.11.18 EU27 leaders endorsed the withdrawal agreement
- Dec 2018 vote in the UK Parliament on the agreement was postponed
- 21.12.18 – 8.1.19 UK parliamentary recess
- 15.1.19 Brexit deal defeated in the Commons vote by a large margin
- By 29.3.19 second vote (?) in UK parliament
- By 29.3.19 if the UK Parliament approves a deal, then ratification by the EU Parliament requires a simple majority
- By 29.3.19 if the UK and EU parliaments agree the deal, the EU Council needs to approve the deal; 20 countries representing 65% of the EU population must agree
- 29.3.19 Either the UK leaves the EU, or asks the EU for agreement to an extension of the Article 50 period if the UK Parliament has been unable to agree on a Brexit deal.

- 29.3.19: if an agreement is reached with the EU on the terms of Brexit, then this will be followed by a proposed **transitional period ending around December 2020**.
- UK continues as a full EU member until March 2019 with access to the single market and tariff free trade between the EU and UK. Different sectors of the UK economy may leave the single market and tariff free trade at different times during the transitional period.
- The UK and EU would attempt to negotiate, among other agreements, a bi-lateral trade agreement over that period.
- The UK would aim for a negotiated agreed withdrawal from the EU, although the UK could also exit without any such agreements in the event of a breakdown of negotiations.
- If the UK exits without an agreed deal with the EU, World Trade Organisation rules and tariffs could apply to trade between the UK and EU - but this is not certain.
- On full exit from the EU: the UK parliament would repeal the 1972 European Communities Act.

Counterparties

Specified Investments

These are sterling investments of a maturity period of not more than 365 days, or those which could be for a longer period but where the lender has the right to be repaid within 365 days if it wishes. These are low risk assets where the possibility of loss of principal or investment income is negligible. The instruments and credit criteria to be used are set out in the table below.

Table 8 Specified Investments

Instrument	Minimum Credit Criteria	Use
Debt Management Agency Deposit Facility	Government backed	In-house
Term deposits – other LAs	Local Authority issue	In-house
Term deposits – banks and building societies	AA- Long Term F1 Short-term UK or AA- Sovereign	In-house
Money Market Funds (CNAV), (LVNAV) and (VNAV)	AAA	In-house

Non-Specified Investments

Non-specified investments are any other type of investment (i.e. not defined as Specified above). They normally offers the prospect of higher returns but carry a higher risk. The identification and rationale supporting the selection of these other investments are set out in the table below.

Table 9 Non - Specified Investments

	Minimum Credit Criteria	Use	Max total investment	Max. maturity period
Banks and building societies (excluding Lloyds / HBOS)	A- Long Term F1 Short-term UK or AA- Sovereign	In-house	50%	3 months
Lloyds / HBOS	A- Long Term F1 Short-term	In-house	50%	12 months
Callable Deposits	A- Long Term F1 Short term UK or AA- Sovereign	In-house	50%	3 months
Council's Bank/(RBS)	F2 Short-term	In-house	60%	36 months
Enhanced Cash Funds	AAA	In-house	25% (maximum £10 million per fund)	Minimum monthly redemption
Corporate bonds pooled funds, other non-standard investments and gilts		In house	£10m in total	Dependent on specific agreement
HB Public Law Ltd		In house	£0.1m	Dependent on specific agreement
Investment Property Strategy		In house	£45.0m	Dependent on specific agreement
Concilium Group		In house	£0.702m	60 months

	Minimum Credit Criteria	Use	Max total investment	Max. maturity period
Startup capital				
Concilium Group 5% Long Term Investment		In house	£1.5m	Dependent on specific agreement
Concilium Assets LLP		In house	£0.175m	Dependent on specific agreement

Affordability Prudential Indicators

1 Ratio of Financing Costs to Revenue Stream

This indicator identifies the trend in the cost of capital (borrowing, depreciation, impairment and other long term obligation costs net of investment income) against the net revenue stream. Tables 10 and 11 below show the current position for the General Fund and HRA respectively.

Table 10 Ratio of Financing Costs to Revenue Stream – General Fund

	2017/18	2018/19	2019/20	2020/21
	Actual	Estimate	Estimate	Estimate
Net revenue stream (£'000)	164,987	168,917	168,780	167,760
Interest costs (£'000)	7,316	7,409	10,093	11,676
Interest costs - finance leases (£'000)	1,717	1,700	1,700	1,700
Interest and investment income (£'000)	-1,296	-1,300	-1,300	-1,300
MRP (£'000)	16,584	17,191	22,379	21,932
Total financing costs (£'000)	24,321	25,000	32,872	34,008
Ratio of total financing costs against net revenue stream (%)	14.7	14.8	19.5	20.3

The ratio of total financing costs against net revenue stream increases significantly between 2018/19 and 2021/22 due to the impact of the increased borrowing requirement to finance the Capital Programme and the required increase in MRP.

Table 11 Ratio of Financing Costs to Revenue Stream – HRA

	2017/18	2018/19	2019/20	2020/21
	Actual	Estimate, Qtr 3	Estimate	Estimate
Gross revenue stream (£'000)	32,245	31,703	31,928	32,860
Interest costs of self-funding borrowing (£'000)	6,242	6,237	6,065	6,043
Interest costs of other borrowing (£'000)	0	0	197	700
Interest and investment income (£'000)	7	1	3	3
Depreciation (£'000)	7,679	8,026	7,775	7,903
Impairment (£'000)	330	0	0	0
Total financing costs (£'000)	14,258	14,264	14,041	14,649
Ratio of total financing costs against net revenue stream (%)	44.2	45.0	44.0	44.6

The ratio of total financing costs (excluding depreciation and impairment) against net revenue stream shows a gradual increase due largely to the mandatory reduction in dwelling rent and the reduction of interest income due to reducing balances on the revenue account and Major Repairs reserve.

2 Incremental Impact of Capital Investment Decisions on Council Tax and Housing Rents

This indicator identifies the revenue costs associated with proposed Capital Programme and the impact on Council Tax and Housing Rents.

Table 12 Incremental Impact of Capital Investment Decisions – Council Tax

	2017/18	2018/19	2019/20	2021/22
	Actual	Estimate	Estimate	Estimate
Net Financing need (£'000)	43,221	57,028	72,633	44,116
Borrowing @ 25-50years PWLB rate (£'000)	1,098	1,534	2,206	1,406
MRP @ 2% (£'000)	864	1,141	1,453	882
Total increased costs (£'000)	1,962	2,675	3,659	2,289
Ctax base (£'000)	82,000	83,500	84,466	85,946
% Increase	2.4	3.2	4.3	2.7
Band D Council Tax	1,348	1,395	1,464	1,493
Overall increase £ pa	32.25	44.67	63.43	39.77

Table 13 Incremental Impact of Capital Investment Decisions – Housing Rents
Incremental Impact of Capital Investment Decisions – Housing Rents

	2017/18	2018/19	2019/20	2020/21	2021/22
	Actual	Estimate, Qtr 3	Estimate	Estimate	Estimate
Net Financing need (£'000)	1,477	-	13,149	16,778	23,564
Borrowing @ 2% (25-50years PWLB rate) (£'000)	1,477	-	13,149	16,778	23,564
Depreciation @ 2% (£'000)	-	-	-	-	-
Total increased costs	1,477	-	13,149	16,778	23,564
Number of dwellings (average)	4,825	4,812	4,812	4,808	4,839
Increase in average housing rent per week £	£5.89	£0.00	£52.55	£67.11	£93.64
<i>Increase required in rental income appears high due to increased borrowing required for new build. Expenditure financed from a range of sources including revenue, capital receipts, contributions and grant as well as borrowing.</i>					

Local HRA indicators

The Council should also be aware of the following ratios when making its treasury management decisions.

Table 14 HRA Ratios

	2017/18	2018/19	2019/20	2020/21
	Actual	Estimate, Qtr 3	Estimate	Estimate
Debt (CFR) @ 31 March (£m)	151.01	150.05	162.62	178.86
Gross Revenue Stream (£m)	32.24	31.70	31.93	32.86
Ratio of Gross Revenue Stream to Debt (%)	21	21	20	18
Average Number of Dwellings	4,825	4,812	4,812	4,808
Debt outstanding per dwelling (£)	31,298	31,182	33,795	37,200

Rents in the Housing Revenue Account are projected to reduce by 1% each year for four years commencing in 2016/17, in line with the provisions of the Welfare Reform and Work Act. The reduction in income is expected to be mitigated over the next two years by additional rent income generated as a result of an increase in HRA property numbers from the Council's HRA new build and purchase and repair programmes.

DRAFT CAPITAL STRATEGY 2019-21

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Section 1 – Principles of the Draft Capital Strategy

1. Introduction

1) Introduction

In December 2017, the Chartered Institute of Public Finance & Accountancy issued a revised Prudential and Treasury Management Code, requiring all local authorities to produce a Capital Strategy report from 2019-20 onwards to show

- a high-level long term overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of services
- an overview of how the associated risk is managed
- the implications for future financial sustainability

This capital strategy meets the requirement by setting out the Council's capital investment programme and how it contributes to the achievement of strategic priorities as detailed in the Harrow Action Plan, while considering resource availability and the wider financial context. It is intended to be supportive of the Council's other strategy framework documents.

2. Objectives

The main objectives of the capital strategy, as per the Council's Financial Regulations, are as follows:

The following document sets out how the Council sets out its priorities for Capital investment including links to existing delivery plans and strategy documents. It also considers the ways in which capital expenditure may be financed, including the impact that the Strategy has on the budgets of both the General Fund and the Housing Revenue Account (HRA). The strategy will also set out the links with Treasury Management objectives and determine the authority's approach to risk in those objectives.

This document is a fundamental part of the Council's business planning process from both a financial and service perspective. It sets out a framework whereby the authority's capital resources can be effectively allocated to those projects which may help the Council achieve wider corporate objectives, protect existing assets and support financial sustainability.

Principles of the Capital Strategy

1. Capital Investment is a vital tool in delivering strategic priorities.
2. The capital programme will include only those schemes which assist in delivering a Council priority or commercial returns
3. The Council will consider schemes purely to generate a commercial return, as part of the budget strategy to close the gap between expenditure and resources.
4. The evaluation of capital schemes for inclusion on the programme will follow an agreed process which allows scrutiny whilst not limiting innovation and adaptability
5. The funding of the capital programme must be considered alongside the revenue budget and balance sheet position as part of the Council's Medium Term Financial Strategy (MTFS)
6. Capital projects will be monitored and reported to Cabinet on a quarterly basis.

3. Background

As part of its wider treasury management objectives the Council must have regard to the "Prudential Code for Capital Finance in Local Authorities" (henceforth to be referred to as the Prudential Code), as produced by the Chartered Institute of Public Finance & Accountancy (CIPFA). The 2018 revision of the Prudential Code introduces the requirement for authorities to produce a Capital Strategy. This document is the first version of such a strategy for Harrow and sets out baseline practices. As the capital ambitions of the authority continue to grow the Strategy will serve as a basis for building that capital programme and can be updated as and when new priorities, schemes or methods of financing are introduced. It is a live document underpinning the Council's capital programme

4. Capital Expenditure

Capital Expenditure is that which is incurred on the acquisition, creation or enhancement of an asset. These assets can be tangible such as buildings or vehicles, as well as intangible such as software products

5. The link between Revenue and Capital

Capital and revenue expenditure are separate components of local authority budgets and funding for each is considered separately. However, a vital component of successful financial planning is that revenue and capital budgets are intrinsically linked as the impact of capital expenditure must be reflected in revenue budgets. Therefore this capital strategy should be deemed to form a key part of the authority's medium term financial planning process.

The impact and affordability of capital expenditure must be considered in the assessment of capital projects at the business case stage. Effective financial planning must fully reflect the impact of capital plans in the revenue budget.

The following table sets out some of the key impacts of capital expenditure upon the revenue budget.

<p>Revenue Savings</p> <ul style="list-style-type: none"> •Direct Income from assets •Reduced maintenance costs of new or improved assets •Savings in labour costs <p>Revenue Costs</p> <ul style="list-style-type: none"> •Running costs of new assets •Minimum Revenue Provision (loan principal) •Interest costs from borrowing
--

As an indication of the current cost of the existing capital programme, table below shows the capital financing costs that are already factored into the existing MTFS for 2018/19 to 2021/22 in relation to the existing and historic capital programmes:

	2018/19	2019/20	2020/21	2021/22
General Fund	£000	£000	£000	£000
MRP	16,556	22,379	21,932	24,821
Interest	8,045	10,093	11,676	13,108
GF Total	24,601	32,477	33,608	37,929

6. The Purpose of Capital Investment

Investment through Capital Expenditure may serve a number of purposes; these can typically be classified as being related to service priorities and commercial investments.

The Council has identified five service priorities as part of the Harrow Ambition Plan. The Harrow Ambition Plan is being refreshed and will be brought to Cabinet in February 2019. Capital expenditure may be a specific component of the corporate priority itself, such as the delivery of new affordable housing or investment in an asset which helps to achieve the priority,

Commercial investments are those which are entered into with the explicit objectives of returning a surplus for Council and therefore improving the financial sustainability of the Council. These may include:

- Acquisition of Property to deliver a commercial return, usually through rental
- Investments in outside organisations with the view to making a return
- Investments which neither deliver a financial return nor achieve a service objective for the Council should not be considered for inclusion on the Capital Programme.

7. What are our Council priorities?

Council priorities are set out in the Harrow Ambition Plan (2019)

- Building a Better Harrow
- Supporting those most in Need
- Protecting Vital Public Services
- Delivering a Strong local Economy for All
- Modernising Harrow Council

The existing full plan can be found at http://www.harrow.gov.uk/info/100004/council_and_democracy/1789/harrow_s_ambition_plan/2

8. Existing Capital Priorities

Service directorates were invited to bid for capital resources, as part of their service proposals for 2019/20 to 2021/22. The proposals which have been put forward take into account the council's strategic vision of "Working together to make a difference for Harrow", the Council's priorities and equalities or other statutory duties such as health and safety.

In view of the current financial climate and reduced external funding service directorates were asked to limit new capital proposals to the following categories:

- a. Life and Limb/Health and Safety.
- b. Statutory Requirement/legislation.
- c. Schemes fully funded by external sources.
- d. Invest to Save Schemes (the capital expenditure must generate a revenue stream to cover the capital financing costs and make a net contribution to the MTFS).

New proposals as well as the existing Capital programme for 2019/20 and 2020/21, are being reviewed in preparation for the final Capital Programme being taken to Cabinet in February. The following principles are underpinning the review:

- Is this capital needed to meet a statutory obligation? Also, is the amount requested the minimum requirement?
- Is this capital required to operate safely? Also, is the amount requested the minimum requirement?

- Does the capital investment make a net financial contribution to Harrow after accounting for all revenue costs (capital financing costs, implementation costs and any ongoing running costs)?
- Does the capital investment generate additional external funding?
- Is this capital requirement essential to sustain the organisation? Also, is the amount requested the minimum requirement?
- Where a project has already started, can existing contractual arrangements be re-negotiated?

9. Use of Commercial Investment

The Council took its Investment Property Strategy to Council in December 2015. The strategy allowed the acquisition of an investment property portfolio at a total cost not to exceed £20m with no single purchase to exceed £5m. Under this strategy the Council have acquired 4 commercial investments at a cost of £17m and a £700k net income contribution is included in the budget.

The income target from the commercial portfolio makes up less than 5% of the Council's revenue budgets and therefore the risk can be considered to be minimal at this

10. Asset Management

Asset Management is the process by which the authority considers whether its assets are appropriate to deliver the high quality services demanded by residents. This process may identify a number of different outcomes for assets including;

- Change in use to meet the demands of a service
- Investment is required to improve the condition of an asset
- A new asset is required to better meet the Council priorities
- The need to dispose of the asset to realise its value in monetary terms

The Council will use active asset management to consider both its current asset base and its future asset base. The capital programme will be used to bridge the gap to ensure that the authority has sufficient assets in the long term.

The Council has an existing Corporate Asset Management Strategy which is being refreshed and due to be brought to Cabinet in due course.

11. Capital Disposals

The asset management process may determine that the value of an asset is best realised through disposal. Sale of assets should be through an open market process to determine the best value.

Cash received from a sale of a property is a capital receipt. The use of these funds is restricted to purchasing new assets or repayment of existing debt. The Council will not make

decisions about the ring-fencing of capital receipts before amounts are known and the use of such receipts has been considered in the light of the Council's overall financial position.

The existing General Fund capital programme includes a limited amount of capital receipts in relation to two regeneration schemes – Haslam House and Waxwell Lane. The HRA capital programme includes assumptions on levels of right to buy receipts as well as other capital receipts.

12. Multi-Year Capital Projects

Capital projects deliver assets which will provide services and/or income to the Council for a number of years. As a result of the significance and complexity of a number of these projects they may take a number of years to plan and deliver.

When setting the Capital Programme Council will approve the schemes to be included, the budget for their delivery and the timescale in which they are to be achieved. Unless schemes have clearly defined development and delivery phases with separate objectives, budgets and timescales Council should be asked to approve a budget to cover the whole of the project being delivered. Approval of the entire budget at the point of inception gives certainty for the project and assists officers in ensuring delivery.

The budget for approval will include an expected cash flow projection showing how much of the anticipated project budget will be incurred in each year of the Capital Programme. Any variations in timing of cash flows between years will be reported as part of the budget monitoring process. This should be regarded as part of the normal development of a capital project.

13. Use of capital receipt flexibilities.

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 send up to 100% of their fixed asset receipts on the revenue costs of reform projects. This flexibility was initially offered for the three years 2016/17 to 2018/19, but has been extended as a part of the 2018/19 Finance settlement for a further 3 years from 2019/20 to 2021/22.

The Council signified its intent to make use of this flexibility in its final budget report to Cabinet and Council in February 2016. In November 2016, Cabinet approved a number of asset disposals and the capital receipts from these disposals are being applied within the new flexibilities. In 2017/18 capital receipt flexibilities of £3.039m were applied and the budget for 2018/19 includes capital receipt flexibilities of £2.7m. For 2019/20 a further £800k is assumed as part of this draft budget report and will be reported to February Cabinet and finally approved by full Council in February 2019.

Section 2 – Selecting, Approving and Monitoring Capital Schemes

14. The Importance of Capital Business Cases

The processes described in the following section are to be regarded as the authority's formal procedures for setting and monitoring capital projects. This process has been developed to ensure that the Council's capital programme contains schemes which are in line with objectives, meet its asset management requirements and are both affordable and deliverable. This process will give elected members confidence that decisions they are being asked to make regarding the capital programme have been based on a sound system of decision making.

All capital schemes to be considered in the capital programme must have been the subject of an evaluation process including a business case to ensure the Council can target its capital resources effectively.

15. Information to be considered in Capital Decision Making

When making decisions as to which schemes are included on the capital programme the presented business case must include information on these main factors.

- Financials – All anticipated costs and potential revenue streams must be set out. This should include risk analysis to show factors which may impact upon those numbers and where appropriate sensitivity analysis to show potential future scenarios.
- Strategic Objectives – As discussed capital schemes must meet Council priorities and the ability of a scheme to impact upon objectives must be clearly demonstrated. This should include the wider social and environmental impact of the capital project. This must be accompanied by evidence supporting the conclusions made.
- Capacity - All capital schemes, even those funded by external sources, require officers within the Council to implement them and this must be considered as part of the appraisal process. Where a project requires the procuring of additional resource to deliver the scheme this detail must be included in the financial analysis.
- Deliverability - The success of capital projects depends not just on the financial and non-financial resources of the Council. External factors which impact on the deliverability of the project should also be considered as part of the planning process.

16. Governance of the Capital Programme

This strategy sets out the governance relationship relating to the capital programme and the respective role of Members and Officers in relation to the decision making process. The roles of the various groups are as follows.

Decision making on the capital programme is likely to be an iterative and often circular process with information flowing both ways between these respective groups.

As an example the following timescale may be followed for producing the capital programme during the main budget setting process.

Council

- Formally agrees the capital programme
- Receives budget monitoring reports covering financial and non-financial elements of capital schemes
- Approves commercial capital investments

Capital Forum

- Allows panel a chance to comment on capital schemes before formal approval of releasing the funding approved as part of the Capital Programme

Corporate Team

- Reviews Business Cases submitted
- Performs initial sift of viable schemes
- Approves proposed list of capital schemes
-

Service Managers / Heads of Service

- Identify priorities and opportunities for capital investment
- Act as, or appoint, project managers to lead on schemes and complete outline business cases

17. In-Year Capital Decisions

Selecting projects to go onto the Capital Programme must remain possible outside of the usual capital budget setting process. The authority needs the flexibility to take advantage of schemes which present themselves at any stage during the year.

Capital schemes presented in year should go through the same appraisal process as schemes considered at budget setting time. The business case must indicate that they are self-financing (through an external grant or savings/income which meets borrowing costs).

Capital schemes fully funded by external grants should not automatically be included on the capital programme without a process of due consideration as even fully funded schemes have a cost in relation to officer time.

18. Monitoring Capital Projects

Effective monitoring of projects is a vital element of good capital governance.

Capital projects are often significant not only in terms of financial resources required but in terms of organisational capacity, impact upon Service delivery and reputational risk. It is therefore vital that there is sufficient monitoring carried out upon schemes to allow stakeholders to be informed of progress and for members and officers to make decisions as required.

In order to meet these requirements the Corporate Team will receive a quarterly monitoring report showing the current spend against capital projects, the forecast for the end of the financial year include the underspend or slippage into the following year at the end of each financial quarter, with an outturn report at year-end.

Cabinet will receive quarterly information on the progress of capital projects as part of the quarterly finance update. budget monitoring reports already received.

Schemes requiring additional funding to be committed by the Council as a result of either changes in cost estimate or extensions of scope will be the subject of a report to, and decision by, both Cabinet and Council. It should be regarded as a key element of a well-managed capital programme

Section 3- Financing the Capital Programme

20. Capital Funding

There are a number of distinct sources of funding which can be utilised to finance capital expenditure. Some funding sources are ring fenced and can only be used for Housing Revenue Account capital expenditure, or a particular capital project. Consideration of funding must be made when projects are at the planning stage. No capital project will be put forward without funding having been identified to complete the project. Where capital schemes are in multiple phases, perhaps requiring an initial development phase to ensure funding for the final phases, this will be considered as part of the planning stage and clearly reported.

Capital funding cannot be used to fund revenue costs which may arise from a capital scheme such as consultant's costs on feasibility before a project is identified.

21. Capital Resources

Capital Receipts

The sale of assets with a value of more than £10,000 generates income known as capital receipts. Legislation requires these to be spent on either new capital investment or the repayment of existing debt. The government is allowing some flexibility in the use of capital

receipts up until 31 March 2022 to fund revenue costs of transformation projects where these are expected to generate revenue savings in future years.

HRA Right to Buy compulsory sale of council houses generate receipts that may be retained to cover the cost of transacting the sales and to cover outstanding debt on the property sold, but a proportion of the remainder must be surrendered to Central Government.

All other HRA capital receipts may be retained provided they are spent on affordable housing, regeneration or paying off housing debt.

General Fund capital receipts can be retained in full. These can arise from the sale of land and buildings, vehicles, plant and equipment, and also through the repayment of loans or grants.

An active asset management planning process is needed to review the asset requirements of the Council and therefore to identify surplus assets which may be sold to generate capital receipts.

Reserves

Reserves are set aside from revenue resources and earmarked for particular purposes. The capital reserve is earmarked to be used to finance properly authorised capital schemes. At any one time, some or all of the capital reserve will be earmarked to finance part of the current year and future years' capital programme. Revenue reserves may also be used to fund the Capital Programme.

Prudential Borrowing

The Council is able to borrow money on the money market or from the Public Works Loans Board (PWLB) to fund capital schemes. A preferential Certainty Rate of interest is allocated

to Councils who apply for it and it is the policy of this Council to take advantage of the certainty rate each year.

For all schemes initially funded from borrowing, the Council will have to fund the repayment and interest costs as there is no longer any central government "supported borrowing" allocations and related revenue support.

The Council is only able to borrow for Prudential Borrowing, under the guidance contained in the CIPFA Prudential Code whereby, in summary, the Council is required to ensure that all borrowing is both prudent and affordable. All schemes funded from prudential borrowing are approved by full Council. As part of the Treasury Management Strategy each year full Council approves a limit for affordable borrowing and capital schemes will be considered in the light of that limit.

22. External Funding

Capital Grant from Government or Government Agency

Central government and government agencies provide capital grant funding that can be either ring fenced or non-ring fenced. Examples of ring fenced grants that the Council has received are disabled facilities grants (DFG's) and Heritage Lottery Fund (HLF) funding.

Community Infrastructure Levy (CIL)

Any monies received from developers for infrastructure from the Community Infrastructure Levy will not be allocated to a specific service but will be allocated under the CIL arrangements ("the Regulation 123 List") in line with Council's capital scheme priorities.

The process for allocating CIL funds will be in accordance with the process agreed by Cabinet

Community Infrastructure Levy (CIL) Funding

The Community Infrastructure Levy (CIL) enables the council to raise funds for infrastructure from new development. It is levied on the net increase in floor space arising from new developments and is paid when that development starts. The Community Infrastructure Levy (CIL) is a tool for local authorities to support the development of their area by funding the provision, improvement, replacement, operation or maintenance of infrastructure. However the focus of CIL is on the delivery of new infrastructure to meet and mitigate the impacts of new development in an area.

CIL receipts can be used to fund a wide range of infrastructure including transport, schools, health and social care facilities, libraries, play areas, green spaces and sports facilities. Harrow’s list of strategic infrastructure requirements known as a Regulation 123 list is shown below:

Regulation 123 List

The following table comprises Harrow Council’s Regulation 123 List. It includes the strategic infrastructure that the Council currently considers it is likely to apply CIL revenues to. The Regulation 123 List will be kept under review and may change depending upon the following:

- Changes to local or national funding streams in respect of CIL eligible infrastructure; and
- The requirements of the regulations governing the level of the “meaningful proportion” of CIL that is to be passed to local communities.

Infrastructure currently considered likely to benefit from the application of CIL funding	
Education facilities	Early years, primary and secondary schools
Health services	GPs, acute healthcare
Social care	Supported accommodation
Emergency services	Police, Ambulance and Fire Services
Cultural and community facilities	Libraries and community halls
Improvements to public open space	Parks, natural green space, civic space and green corridors and green grid
Improvements to biodiversity	
Public recreation and leisure facilities	Neighbourhood and Youth Play space, sports and leisure centres, swimming pools and playing pitches
Cemeteries and burial space	
Strategic transport facilities	Roads, buses, cycling, rail and underground
Strategic flood mitigation	

Of all CIL monies collected, 85% is used to fund strategic borough wide infrastructure projects, which includes a 5% allowance to cover the administrative costs of CIL. The decisions on where to spend CIL at a borough-wide level is determined by the Council. The remaining 15% is allocated to Neighbourhood CIL (NCIL) and must be spent on projects that have taken account of the views of the communities in which the income was generated and these projects should support the development of the area.

A report was presented to the Major Development Panel (MDP) on 14th November 2017, recommending that the allocation of Borough and Neighbourhood CIL is included as part of the Annual Budget Setting process and included in the Capital Programme report which goes to Cabinet in draft in December and in February in its final version. The recommendations from the Major Development Panel (MDP) report were agreed by Cabinet on 7th December 2017 which agreed:

- *the allocation of the Borough Community Infrastructure Levy (CIL) be included as part of the Annual Budget Setting process and included in the Capital Programme report which is presented to Cabinet every year in December (draft budget) and February (final budget);*
-
- Specific projects to be funded by Neighbourhood CIL can be put forward by the relevant Directorates / Ward members and assessed against the criteria outlined in the CIL Allocations report agreed by the Major Development Panel in November 2017. The final decision on what projects are funded from the agreed NCIL allocations will be delegated to the Divisional Director – Regeneration and Planning, in consultation with the Portfolio Holders for Regeneration and Planning, and Finance and Commercialisation

. The recommendation for NCIL was as follows:

- (i) the broad allocation of Neighbourhood CIL be agreed as part of the Capital Programme (based on available funds at the time and allocated as per 3(i) and 3(ii) above), and included in the Capital Programme report which is presented to Cabinet every year in December (draft budget) and February (final budget).*
- (ii) Once the broad allocation of NCIL is agreed as part of the Capital Programme, individual projects put forward by the relevant Directorates / Ward Members be assessed against the criteria outlined in section 7 of the MDP report (including the extent of consultation and level of community support), with the final decision on what projects were funded from the agreed CIL allocations being delegated to the Divisional Director of Regeneration and Planning, following consultation with the Portfolio Holders for Regeneration and Planning, and Finance and Commercialisation.*

The Borough CIL element will be used to fund the core Capital programme and can be considered as a funding source for new capital bids as well as existing projects in the Capital programme.

In addition to the principles already reached on how CIL funding should be used to fund the capital programme, in light of the budget gaps in future years, it was recommended by Cabinet in December 2018, that CIL should be **first** be applied to any schemes in the existing capital programme rather than applying it to new schemes. The rationale for this is that if applied to schemes that are currently funded from borrowing, by funding from CIL instead, this will reduce the existing capital financing costs.

Section 106 Agreements

Developer consents may attract Section 106 funding to spend on a particular asset or site as an alternative to CIL.

Capital contributions from partner organisation

When capital projects are devised it is open for project managers to invite funding from a range of partner organisations.

Revenue contributions Services who are leading a capital project may make savings within their revenue budgets during a particular year and in some circumstances use that saving to part-fund a capital project.

23. Policy on use of Capital Funding

The Council will look to use external funding sources where possible to meet the funding requirements of its capital programme.

Where the use of Council resources are required the authority will look to utilise reserves, revenue funding or capital receipts as these create no long term revenue cost implications on the Council.

Borrowing will be used as the last possible source of funding and should be restricted only to those schemes which generate sufficient savings or income to meet the costs of interest and the Minimum Revenue Provision.

Any borrowing incurred to support the provision of new build housing within the Housing Revenue Account must be demonstrated to be affordable over a period of 30 years.

24. Relationship between Capital Strategy and Treasury Management

Treasury management refers to the processes of managing and reporting on the Council's performance in matters of investment and borrowing.

The Council's policy on Treasury Management has numerous links to the Capital Strategy. It is not intended that this Strategy replace the reporting requirements of the Treasury Management Strategy and includes a summary of the major points of that strategy and associated governance processes.

Key Treasury decisions are the responsibility of full Council and are contained within the Treasury Management Strategy.

These include

- Approved limits on borrowing
- Limits for investment types and counterparty limits
- Planned capital expenditure
- Estimates for the future Capital Financing Requirement
- Policy on the Minimum Revenue Provision

Detailed discussion on these matters is delegated to the GARMS Committee who then makes recommendations to Cabinet. The key impact of a capital programme using borrowing is the creation of a "Capital Financing Requirement" (CFR). The CFR represents

the need to borrow external funds as a result of expenditure funded through borrowing. Having a CFR creates the need for a Minimum Revenue Provision (MRP), a sum to be put to one side each year from the General Fund for repayment of debt.

The Council's MRP policy is to make provision for the repayment of debt equally over the life of the asset that the borrowing relates to.

The Audit and Standards Committee receive at a minimum a mid-year monitoring report for Treasury management and an end of year outturn report. Where circumstances require, such as a material fall in the value of investments, a report would be prepared and presented to the next meeting of the Committee by the S151 Officer.

Section 4- Risk Management

25. Embedding Risk Management in the Capital Programme

The Capital Strategy must be considered alongside the principles of risk management. Risks are inevitable within a capital programme, as with all aspects of Council operations, and effective management of risk is a vital part of the capital strategy.

The types of risk the authority is exposed to in the Capital Programme are summarised below;

- Financial Risk** – The risk of significant cost overruns or commercial investments not performing as expected. The authority has a low appetite for this risk as it would impact upon available resources. Mitigation will be in the form of close scrutiny of capital spending through the budget monitoring process.

- Strategic Risk** – The risk of not delivering key Council priorities or projects. Mitigation will be in the form of careful selection and planning of capital projects before commencement and project managers reviewing project progress and taking corrective action where necessary. Major changes in the outcomes of schemes will be reported to the appropriate Committee.

- Governance risk** – The risk of capital spending decisions not being appropriately considered and decisions not being made at the correct level. Mitigation is the governance principles contained within the capital strategy.

- Resourcing risk** – The risk that insufficient funds are available to fund the capital programme or that the incorrect type of funds is applied to capital projects. This is mitigated

by the financing of capital projects being reviewed by the S151 Officer as part of the budget setting and the outturn.

26. Knowledge and Skills within the organisation

The Property Services team has officers of multiple disciplines who are experienced at leading capital projects, managing the Council's property portfolio and working within the local property market. They have experience of dealing with acquisitions, disposals, new commercial and residential development and redevelopment of brownfield sites.

The Finance team are involved in the development and monitoring of the Capital Programme. They have many years of experience in managing local authority capital programmes.

Legal Services will be provided by the Council's in-house legal team who will form a key part of the decision making around Capital projects. All solicitors are required to complete an annual Statement of Competence to the regulatory body to ensure any professional training needs are identified and addressed.

Where necessary external advice may be sought for all types of financial, property and legal advice. These costs, or at least appropriate estimates, will be included in the business cases of capital schemes.

Officers will work with members to ensure that training needs for elected members are appropriately identified. As a minimum annual training will be provided around the Treasury Management Strategy.

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REPORT FOR: CABINET

Date of Meeting: 21 February 2019

Subject: Final Capital Programme 2019/20 to 2020/21

Key Decision: Yes - involves expenditure in excess of £1m

Responsible Officer: Dawn Calvert, Director of Finance

Portfolio Holder: Councillor Adam Swersky,
Portfolio Holder for Finance and Resources

Exempt: No

Decision subject to Call-in: No

Wards affected: All

Enclosures: Appendix 1 – Total Capital Programme
2019/20 to 2020/21 – (including new Capital
additions in Appendix 2)

Appendix 2 – New Capital Additions 2019/20
to 2020/21

Section 1 – Summary and Recommendations

This report sets out the proposed Capital programme proposals for the financial years 2019/20 and 2020/21.

Recommendations:

Cabinet is requested to recommend the capital programme, as detailed within Appendix 1, to Council for approval.

Reason: To enable the Council to have an approved Capital Programme for 2019/20 to 2020/21.

Section 2 – Report

Development of the Capital Programme

1. This report sets out the Council's proposals for Capital investment over the period 2019/20 to 2020/21, which provide for significant investment over the next 2 years in the General Fund and Housing Revenue Account.
2. Traditionally, the Capital Programme covers a period of 3 years, however given the existing budget gaps in the revenue budget for 2020/21 and 2021/22, the Capital Programme is limited to 2 years. The Capital programme for 2021/22 will be considered as part of the next year's 2020/21 budget setting process.

New Capital proposals 2019/20 to 2020/21

3. Service directorates were invited to bid for capital resources, as part of their service proposals for 2019/20 to 2020/21. The proposals which have been put forward take into account the council's strategic vision of "Working together to make a difference for Harrow", the Council's priorities and equalities or other statutory duties.
4. In view of the current financial climate and reduced external funding service directorates were asked to limit new capital proposals to the following categories:
 - a. Life and Limb/Health and Safety.
 - b. Statutory Requirement/legislation.
 - c. Schemes fully funded by external sources.
 - d. Invest to Save Schemes (the capital expenditure must generate a revenue stream to cover the capital financing costs as a minimum and ideally make a savings contribution too).

Current cost of the existing Capital Programme

5. The 2018/19 capital financing budget for the existing Capital programme up to 2018/19 is £24.6m. This figure of £24.6m will also cover the cost of

historic capital programmes spent prior to 2018/19. £24.6m is approximately 15% of the net revenue budget of £168.9m.

6. Although there are no specific limits to borrowing in order to fund capital expenditure, the Council must be prudent when considering the revenue implications in the context of the overall revenue budget commitments in the medium term and the Capital Programme must be affordable.
7. In the current situation where the revenue budget continues to reduce each year, but capital financing costs increase as a result of increasing the capital programme each year, the proportion of the net revenue budget which funds capital financing costs will increase each year.
8. Table 1 below shows the capital financing costs that for the period 2018/19 to 2021/22. The costs relate to the existing and historic capital programmes as a proportion of the 2018/19 net revenue budget of £168.9m.
9. These are the gross capital financing costs. A number of proposals in the capital programme have been put into the programme to generate a return on the investment or as a minimum to cover their capital financing costs. Therefore, there will be income budgets included in the revenue budget which would offset these gross capital financing costs set out in Table 1.

Table 1 - Capital Financing Costs as % of the Net Revenue Budget

	Capital Financing Costs	Capital financing costs as % of 2018/19 Net Budget
	£m	%
2018/19	24.6	15%
2019/20	32.5	19%
2020/21	33.6	20%
2021/22	37.9	22%

Review of the existing Capital Programme and new Proposals

10. A review of the Capital Programme was carried out in order for the Programme to be aligned with principles being developed to help define what Council services in Harrow should look like in the future, given the current significant budget gaps in the Revenue Budget for 2020/21 and 2021/22.
11. The aim of this review being to set a revised affordable Capital Programme. The principles used are as follows:
 1. Is this capital needed to meet a statutory obligation? Also, is the amount requested the minimum requirement?
 2. Is this capital required to operate safely? Also, is the amount requested the minimum requirement?
 3. Does the capital investment make a net financial contribution to Harrow after accounting for all revenue costs (capital financing costs, implementation costs and any ongoing running costs)?
 4. Does the capital investment generate additional external funding?
 5. Is this capital requirement essential to sustain the organisation? Also, is the amount requested the minimum requirement?

6. Where a project has already started, can existing contractual arrangements be re-negotiated?

New Capital proposals put forward 2019/20 to 2020/21

12. The new capital proposals have been reviewed in line with the principles in paragraph 10 and those proposed to be included for 2019/20 and 2020/21 are summarised in the following table and detailed in appendix 2:

Table 2 – Summary new Capital bids 2019/20 to 2020/21

	2019/20			2020/21			TOTAL		
	Gross Value £000	External Funding £000	Net Value £000	Gross Value £000	External Funding £000	Net Value £000	Gross Value £000	External Funding £000	Net Value £000
Resources and Commercial Directorate	25,000	0	25,000	3,000	0	3,000	28,000	0	28,000
People									
Schools	1,674	1,674	0	621	621	0	2,295	2,295	0
Total People's Directorate	1,674	1,674	0	621	621	0	2,295	2,295	0
Community									
Environmental Services	3,691	641	3,050	6,991	541	6,450	10,682	1,182	9,500
Community & Culture	2,338	2,138	200	572	572	0	2,910	2,710	200
Housing General Fund	932	0	932	0	0	0	932	0	932
Regeneration & Enterprise	1,750	650	1,100	1,000	900	100	2,750	1,550	1,200
Total Community Directorate	8,711	3,429	5,282	8,563	2,013	6,550	17,274	5,442	11,832
Total General Fund	35,385	5,103	30,282	12,184	2,634	9,550	47,569	7,737	39,832
Housing revenue Account	6,723	0	6,723	30,626	0	30,626	37,349	0	37,349
Total General Fund + HRA	42,108	5,103	37,005	42,810	2,634	40,176	84,918	7,737	77,181

13. The gross value of the proposed General Fund additions to the programme is £47.569m, which after allowing for external funding of £7.737m, provides a net increase in the programme of £39.832m.
14. When bids were invited for 2019/20 and 2020/21, it was on the basis that unless they were life and limb/Health and Safety or were essential to sustain the organisation, they would be either funded from external funding or generate revenue savings which would as a minimum, cover the capital financing costs so there would be no net revenue impact to the Council as a result of any additional borrowing required.
15. A large number of the schemes proposed are included on the basis of generating a revenue contribution, some are externally funded and some can be funded from Borough CIL and Neighbourhood CIL. However after taking this into account there is a residual capital financing cost from the remaining schemes of £293k which will fall in 2020/21. The following table sets out the gross capital financing costs and then shows as set out in the table below.

Table 3 - Capital Financing Implications of Changes and Additions to the Capital Programme

Capital Financing Costs	Annual costs
	£000
Minimum Revenue Provision (MRP)	1,825
Interest	1,105
Total Capital Financing Costs	2,930
Savings in capital financing costs in existing Programme by funding from CIL	(259)
Savings in capital financing costs in existing Capital Programme from additional external funding in Schools	(150)
Savings in capital financing costs in existing Capital Programme from removal of schemes	(100)
Invest to save income from schemes	(2,128)
Net impact on Revenue Budget	293

Existing Capital Programme

16. As well as being reviewed in line with the principles set out in paragraph 11, the existing capital programme has also been realigned where appropriate for schemes where the original profile of spend has needed amendment. Overall any realigned budgets will total to the same amount, so this is cost neutral in terms of the overall programme. There have also been some other amendments in 2019/20 and 2020/21 as follows:

- An increase in the budget for the expansion of the central depot of £5m in 2020/21. The additional capital financing costs from this additional £5m cost is being financed from additional rental income to be achieved from additional rental and parking spaces.
- £1.5m of the current programme for 2019/20 in relation to Schools has had £1.5m of external funding now included which reduces the net cost to the programme by £1.5m and provides savings in capital financing costs of £150k pa as set out in Table 3.
- A total reduction in the programme between 2019/20 and 2020/21 totalling £560k for the following items which provides a saving in capital financing costs of £100k pa:
 - (1) £250k has been removed in 2019/20 from the Adults Programme for funding to support the implementation (including building new information system(s) to support the requirements including self-assessment tools) in relation to the Care Act. As the Care Act has been delayed this funding is not required in 2019/20. Funding will be sought pending further guidance on when the Care Act will be announced.
 - (2) £38k has been removed from the Programme for Green Gyms in 2020/21. Any future requirements for Green Gyms should be met

from NCIL and there is a budget in the programme available to be allocated to projects as they are agreed.

- (3) There is £150k in the programme for Green Grid improvements in 2019/20 and 2020/21 currently fully funded from borrowing. The sum available to be funded from Council borrowing has been reduced to £75k in each year with the expectation that NCIL be used where appropriate for any other projects which would be eligible for NCIL funding. This saves £150k in total.
- (4) Removal of improvement grants budgets in the Housing General Fund of £52k in 2019/20 and £70k in 2020/21 as these budgets are spent on Disabled Facilities Grants for which a budget already exists.
- The other most significant amendment to the existing programme relates to the Regeneration Programme which has been amended to reflect a reset of the programme as set out in the report to Cabinet in December 2018 and as summarised in the table below:

Table 4 - Revised Regeneration Programme 2019/20 to 2020/21

	2019/20	2020/21	Total
	£	£	£
Feb 2018 Approved Budget	162,119,729	35,534,010	197,653,739
Reduction	142,426,979	30,340,838	172,767,817
Revised Budget Dec 2018	19,692,750	5,193,173	24,885,923

Community Infrastructure Levy (CIL) Funding

17. The Community Infrastructure Levy (CIL) enables the council to raise funds for infrastructure from new development. It is levied on the net increase in floor space arising from new developments and is paid when that development starts. The Community Infrastructure Levy (CIL) is a tool for local authorities to support the development of their area by funding the provision, improvement, replacement, operation or maintenance of infrastructure. However the focus of CIL is on the delivery of new infrastructure to meet and mitigate the impacts of new development in an area.
18. CIL receipts can be used to fund a wide range of infrastructure including transport, schools, health and social care facilities, libraries, play areas, green spaces and sports facilities. Harrow's list of strategic infrastructure requirements known as a Regulation 123 list is shown below:

Regulation 123 List

The following table comprises Harrow Council's Regulation 123 List. It includes the strategic infrastructure that the Council currently considers it is likely to apply CIL revenues to. The Regulation 123 List will be kept under review and may change depending upon the following:

- Changes to local or national funding streams in respect of CIL eligible infrastructure; and
- The requirements of the regulations governing the level of the "meaningful proportion" of CIL that is to be passed to local communities.

Infrastructure currently considered likely to benefit from the application of CIL funding	
Education facilities	Early years, primary and secondary schools
Health services	GPs, acute healthcare
Social care	Supported accommodation
Emergency services	Police, Ambulance and Fire Services
Cultural and community facilities	Libraries and community halls
Improvements to public open space	Parks, natural green space, civic space and green corridors and green grid
Improvements to biodiversity	
Public recreation and leisure facilities	Neighbourhood and Youth Play space, sports and leisure centres, swimming pools and playing pitches
Cemeteries and burial space	
Strategic transport facilities	Roads, buses, cycling, rail and underground
Strategic flood mitigation	

19. Of all CIL monies collected, 85% is used to fund strategic borough wide infrastructure projects, which includes a 5% allowance to cover the administrative costs of CIL. The decisions on where to spend CIL at a borough-wide level is determined by the Council. The remaining 15% is allocated to Neighbourhood CIL (NCIL) and must be spent on projects that have taken account of the views of the communities in which the income was generated and these projects should support the development of the area.

20. A report was presented to the Major Development Panel (MDP) on 14th November 2017, recommending that the allocation of Borough and Neighbourhood CIL is included as part of the Annual Budget Setting process and included in the Capital Programme report which is agreed by Council each year in February. The recommendations from the Major Development Panel (MDP) report were agreed by Cabinet on 7th December 2017 and set out the principles as follows:

(1) *the allocation of the Borough Community Infrastructure Levy (CIL) be included as part of the Annual Budget Setting process and included in the Capital Programme report which is presented to Cabinet every year in December (draft budget) and February (final budget);*

(2) *for Neighbourhood CIL it was agreed that :*

(i) *allocation of 15% of CIL receipts raised in each Ward back to the respective Ward in which it was generated (except where received from within the geographical definition of the Harrow and Wealdstone Opportunity Area), provided there was no neighbourhood plan for that area (if there was, the amount be 25%).*

- (ii) *for CIL received within the geographical definition of the Harrow and Wealdstone Opportunity Area, (which was considered to form a neighbourhood), allocation of 15% of CIL receipts into a combined fund to be spent on projects across the entire area, to reflect that the area contained the greater proportion of strategic development sites within the borough.*
- (iii) *the broad allocation of Neighbourhood CIL be agreed as part of the Capital Programme (based on available funds at the time and allocated as per 3(i) and 3(ii) above), and included in the Capital Programme report which is presented to Cabinet every year in December (draft budget) and February (final budget).*
- (iv) *Once the broad allocation of NCIL is agreed as part of the Capital Programme, individual projects put forward by the relevant Directorates / Ward Members be assessed against the criteria outlined in section 7 of the MDP report (including the extent of consultation and level of community support), with the final decision on what projects were funded from the agreed CIL allocations being delegated to the Divisional Director of Regeneration and Planning, following consultation with the Portfolio Holders for Regeneration and Planning, and Finance and Commercialisation.*

21. The Borough CIL element will be used to fund the core Capital programme and can be considered as a funding source for new capital bids as well as existing projects in the Capital programme.
22. In addition to the principles already reached on how CIL funding should be used to fund the capital programme, in light of the budget gaps in future years, it is recommended that CIL should be **first** be applied to any schemes in the existing capital programme rather than applying it to new schemes. The rationale for this is that if applied to schemes that are currently funded from borrowing, by funding from CIL instead, this will reduce the existing capital financing costs rather than acting as cost avoidance mechanism on new proposals.
23. In terms of the Neighbourhood element of CIL, a total budget is held in the Capital Programme in 2018/19 of £960k. This was a general allocation with the intention being that as schemes are agreed, the budget gets reallocated to individual projects.
24. Specific projects to be funded by Neighbourhood CIL can be put forward by the relevant Directorates / Ward members and assessed against the criteria outlined in the CIL Allocations report agreed by the Major Development Panel in November 2017. The final decision on what projects are funded from the agreed NCIL allocations will be delegated to the Divisional Director – Regeneration and Planning, in consultation with the Portfolio Holders for Regeneration and Planning, and Finance and Resources.

25. The following table sets out the total CIL funding received to date plus allocations made to date which have previously been included in the Capital Programme up to 2018/19 as at December 2018:

Table 5 – CIL Funding and Allocations to 30th December 2018.

	CIL Receipt	BCIL	NCIL	Admin
	£	£	£	£
Total receipts up to 31/3/2018	-10,907,800	-8,744,647	-1,635,283	-527,870
18/19 receipts (9 months April - Dec 2018)	-2,371,501	-1,897,201	-355,725	-118,575
Total receipts as at Dec 2018	-13,279,301	-10,641,848	-1,991,008	-646,445
Allocations made up to 31/3/18	5,021,318	4,800,000	0	221,318
Commitments agreed to date	1,604,227	885,000	381,227	338,000
Total Allocations/Commitments to date	6,625,545	5,685,000	381,227	559,318
Available balance	-6,653,756	-4,956,848	-1,609,781	-87,127

26. The allocation of CIL funding to date amounts to £6.625m. £559k of this relates to the 5% administration allowance. After allowing for this a total of £6.066m has been allocated to fund schemes in the Capital Programme as follows:

Table 6: Schemes funded from CIL as at February 2019

Financial year	Description	BCIL	NCIL	Actual or Committed
		£	£	
2017/18	Highway projects	4,800,000		Actual
2018/19	Headstone Manor (Parks for People)	300,000		Committed
2018/19	Good Growth Fund - Lyon Road project mgt		75,000	Committed
2018/19	Rayners Lane Triangle project	40,000		Committed
2018/19	Rayners Lane Triangle project		297	Committed
2018/19	Rayners Lane Triangle project		6,930	Committed
2018/19	Parks Infrastructure (Playground replacement)	545,000		Committed
2018/19	Wealdstone Square		299,000	Committed
Total CIL Assigned		5,685,000	381,227	

27. Table 5 shows that after allowing for the allocation of CIL to date of £5.685m, a sum of £4.956m is available as Borough CIL funding and £1.610m for Neighbourhood CIL funding that can be used to fund the new or existing Capital Programme. Having been through the existing Capital Programme and new capital bids presented in Appendix 1, a total of £4.840m of schemes have been identified as being eligible to be funded from BCIL. After applying this sum, £116k of BCIL and £1.610m of NCIL will be available to fund future Capital projects which meet the criteria. The figures in Tables 5 and 6 only account for CIL received to 30th December 2018 and so will be higher by the 31st March 2019 as and when further CIL funding is received.

28. The decision on where CIL funding should be applied has been taken in a way that maximises the savings in capital financing costs. The application has also taken account of schemes which score highly in accordance with the principles set out in paragraph 11.
29. The following schemes make up the £4.840m of BCIL funding to be utilised:

Existing Capital Programme

- Highway drainage £400k - £200k each in 2019/20 and 2020/21
- Central Library refit £1.590m – all in 2019/20
- Flood Defence £600k - £300k each in 2019/20 and 2020/21

New Proposals

- Additional funding for Central Library refit £500k – all in 2019/20
- Harrow Arts Centre £1.150m – all in 2019/20
- Playground works £600k - £350k in 2019/20 and £250k in 2020/21.

30. To date only £381k of NCIL has been allocated, which means that £1.6m of NCIL remains unapplied. There are assumptions that a number of schemes in the existing and new capital programme will proceed on the basis that they can be funded from NCIL and have only been included in the programme on that basis. The schemes are as follows:

- Green Grid Programme - £75k assumed to be funded from NCIL out of a total of £150k. (In the existing Capital Programme – see paragraph 16 (3))
- Refurbishment of 3 libraries (Pinner, Roxeth and Wealdstone) - £150k requirement in 2019/20 and 2020/21 is assumed as being funded from NCIL. (New proposals)
- High Street Fund – the total scheme is in the programme at £1.75m of which £200k of Council funding is included. The rest will be funded from a combination of external funding, mainly NCIL and future BCIL, subject to eligibility. (New proposals)

31. As further CIL income becomes available in future years it will be applied as a funding source for future Capital Programmes.

Housing Revenue Account (HRA)

32. The proposed HRA Capital Programme is detailed in a separate report to Cabinet elsewhere on this agenda. Any implications from the HRA Capital Programme are funded from the Housing Revenue Account and do not impact upon the General Fund Budget. The Budget report on the Housing Revenue Account elsewhere on this agenda sets out the detail, but in summary, the HRA capital programme has increased by £37.3m for 2019/20 and 2020/21 mainly in connection with the proposed new build programme including Grange Farm, Gayton Road and a broader spectrum of units across the Borough.

Options considered

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

Legal Implications

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

Financial Implications

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

Procurement Implications

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

Performance Issues

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

Risk Management Implications

40. The individual schemes within the programme will either be incorporated within departmental registers or have individual registers. A significant consideration in developing the programme has been the risks arising from not keeping our infrastructure in good order. Not doing so would lead to an increase in health and safety risks and additional costs in replacing assets when they deteriorate too much to repair.

Equalities implications / Public Sector Equality Duty

41. One of the aims of the Capital Strategy is to ensure the responsible allocation of funding in line with the Council's priorities and legislative requirements such as equalities legislation. Equalities implications form part of the way that the projects are prioritised. The officer's initial views are that no protected group is adversely affected by the proposals. A number of the projects proposed in the programme will require full Equality Impact Assessments before they commence. Following consultation the impact will be further reviewed before the programme is finalised.
42. Decision makers should have due regard to the public sector equality duty in making their decisions. Consideration of the duties should precede the decision. It is important that Cabinet has regard to the

statutory grounds in the light of all available material such as material in the press and letters from residents. The statutory grounds of the public sector equality duty are found at section 149 of the Equality Act 2010 and are as follows:

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

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

The relevant protected characteristics are:

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

43. Consultation responses received on this draft programme will be taken into account in drafting the final EIA.

Council Priorities

The Council's vision is:

Working Together to Make a Difference for Harrow

This report deals with the use of financial resources which is key to delivering the priorities of the Harrow Ambition Plan:

- Build a Better Harrow
- Be More Business-Like and Business Friendly
- Protecting the most Vulnerable and Support Families.

Section 3 - Statutory Officer Clearance

Name: Dawn Calvert...	<input checked="" type="checkbox"/>	Chief Financial Officer
Date: 05/02/19		
Name: David Hodge	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 08/02/19		

Section 3 – Procurement Clearance

Name: Nimesh Mehta



Head of Procurement

Date: 05/02/18

Ward Councillors notified:	NO, as it impacts on all Wards
EqIA carried out:	NO
EqIA cleared by:	Any projects with potential impacts will separately be required to do an impact assessment.

Section 4 - Contact Details and Background Papers

Contact: Sharon Daniels, Head of Strategic and Technical Finance (Deputy S151)

Email: sharon.daniels@harrow.gov.uk

Background Papers: [Community Infrastructure Levy \(CIL\)- Proposed Allocations Process report to Major Development Panel - 14th November 2017](#)

Call-In Waived by the Chairman of Overview and Scrutiny Committee	NOT APPLICABLE – as the decision is reserved to full Council
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Total Capital Programme 2019/20 to 2020/21 - including new proposals in Appendix 2

Appendix 1

Project Title	2019/20			Funding			2020/21			Funding			TOTAL		
	Gross Value £000	External Funding £000	Net Value £000	Borrowing £000	Capital grants £000	Section 106/ CIL funding £000	Gross Value £000	External Funding £000	Net Value £000	Borrowing £000	Capital grants £000	Section 106/ CIL funding £000	Gross Bid Value	External Funding £000	Net Bid Value
Resources and Commercial Directorate															
Ongoing refresh & enhancement of ICT 'Replacement, upgrades and enhancements to applications, infrastructure and end user devices, not included within the agreed supplier service charges or transformation programme	5,000		5,000	5,000			3,000	0	3,000	3,000			8,000	0	8,000
Devolved Applications Refresh -In order to maintain external compliance and to support the deployment of new applications a roadmap has been agreed with Sopra Steria to keep the IT infrastructure up to date. This will result in the need to upgrade line of business applications (owned by the services) in order for them to remain compatible and maintain external compliance.	700		700	700			1,700	0	1,700	1,700			2,400	0	2,400
Commercial Property Investment - to increase investment in commercial properties on the basis that a revenue stream is provided to support the revenue budget from commercial property rents	25,000		25,000	25,000									25,000	0	25,000
SAP upgrade/alternative provision - there is £1m provision in the existing programme in 2019/20 to contribute towards the project which is estimated to cost £4m.							3,000		3,000	3,000			3,000	0	3,000
Total Resources and Commercial Directorate	30,700	0	30,700	30,700	0	0	7,700	0	7,700	7,700	0	0	38,400	0	38,400
People's Directorate															
Adults															
In-House Residential Establishments Investment to maintain the infrastructure of the Council's internal residential and day care facilities. Requirement ceases post 2019/20 linking to revenue MTFs service re-provision proposals	200	0	200	200					0				200	0	200
Total Adults	200	0	200	200	0	0	0	0	0	0	0	0	200	0	200
Schools															

Total Capital Programme 2019/20 to 2020/21 - including new proposals in Appendix 2

Appendix 1

Project Title	2019/20			Funding			2020/21			Funding			TOTAL		
	Gross Value £000	External Funding £000	Net Value £000	Borrowing £000	Capital grants £000	Section 106/ CIL funding £000	Gross Value £000	External Funding £000	Net Value £000	Borrowing £000	Capital grants £000	Section 106/ CIL funding £000	Gross Bid Value	External Funding £000	Net Bid Value
SEN Expansion - The LA will receive £2.295m from the DfE's capital grant for special provision. The proposal is to add this grant to the capital programme in addition to the existing £4.5m taking the total budget available for SEN provision to £6.795m (including funding allocated in 18-19)	1,674	1,674	0		1,674		621	621	0		621		2,295	2,295	0
Bulge Classes Bulge class funding relates to capital works required at a school when an additional form of entry are placed in a particular year which then passes through the school without being followed by additional classes.	150	150	0		150								150	150	0
Children's Capital Maintenance Programme Proactive and reactive programme of maintenance across the schools estate	1,350	1,350	0		1,350								1,350	1,350	0
Secondary Expansion The growth in demand for primary places will progress to secondary schools. Additional capacity has been secured through the expansion of two schools, Bentley Wood and Whitefriars , the permanent location of Avanti House and a further 6 forms of entry secured through the successful free school bid for Pinner High. However, there will still be a shortfall of approx 5 forms of entry from 2022/23 which will require capital funding to create additional places	5,250	2,625	2,625	2,625	2,625								5,250	2,625	2,625
Total Schools	8,424	5,799	2,625	2,625	5,799	0	621	621	0	0	621	0	9,045	6,420	2,625
Total People's Directorate	8,624	5,799	2,825	2,825	5,799	0	621	621	0	0	621	0	9,245	6,420	2,825
Community Directorate															
Environmental Services															
Flood Defence Renewal of ageing drainage infrastructure to reduce the risk of flooding impact on residents, properties and business continuity. To be funded from BCIL.	300	300	0			300	300	300	0			300	600	600	0

Total Capital Programme 2019/20 to 2020/21 - including new proposals in Appendix 2

Appendix 1

Project Title	2019/20			Funding			2020/21			Funding			TOTAL		
	Gross Value £000	External Funding £000	Net Value £000	Borrowing £000	Capital grants £000	Section 106/ CIL funding £000	Gross Value £000	External Funding £000	Net Value £000	Borrowing £000	Capital grants £000	Section 106/ CIL funding £000	Gross Bid Value	External Funding £000	Net Bid Value
Waste & Recycling Replacement of aged, damaged and/or lost wheeled bins, as well as bins provision for new residential developments within the borough. On-going improvement works at CA site.	150		150	150			150	0	150	150			300	0	300
Highway Programme Renewal and replacement of highways and footways.	3,300		3,300	3,300			6,700	0	6,700	6,700			10,000	0	10,000
Highway Drainage Improvements to critical drainage areas identified in Surface Water Management Plan as required by The Flood & Water Management Act 2010. To be funded from BCIL.	200	200	0			200	200	200	0			200	400	400	0
Local Implementation Plan (LIP) including CPZ schemes Implementation of the Mayor of London's Transport Strategy as well as Harrow's Transport Local Implementation Plan & parking management programmes.	1,591	1,291	300	300	1,291		1,591	1,291	300	300	1,291		3,182	2,582	600
High Priority Planned Maintenance Improvements to corporate properties (excluding schools) to ensure that they are in a safe condition for occupants.	750		750	750			650		650	650			1,400	0	1,400
Bannisters Former Civil Defence Building Refurbishment and redevelopment of a redundant building to bring it back into use as part of our more commercial approach to maximise the value of existing assets. There is no alternative use for this site as it is not possible to dispose of this building due to the location within a bigger site.	350		350	350									350	0	350
Harrow Weald Toilet Block Refurbishment and redevelopment of a redundant building to bring it back into use as part of our more commercial approach to maximise the value of existing assets. There is no facility to dispose of this site.	150		150	150									150	0	150

Total Capital Programme 2019/20 to 2020/21 - including new proposals in Appendix 2

Appendix 1

Project Title	2019/20			Funding			2020/21			Funding			TOTAL		
	Gross Value £000	External Funding £000	Net Value £000	Borrowing £000	Capital grants £000	Section 106/ CIL funding £000	Gross Value £000	External Funding £000	Net Value £000	Borrowing £000	Capital grants £000	Section 106/ CIL funding £000	Gross Bid Value	External Funding £000	Net Bid Value
Parks Infrastructure Prioritise parks infrastructure which are most in need of repair in order to provide safe access and use of facilities for all.	506		506	506			675	0	675	675			1,181	0	1,181
Street Lighting Replacement of aged and dangerous lighting columns as well as investment in new lighting to support Climate Change strategy and to provide variable lighting solutions.	1,500		1,500	1,500			1,000		1,000	1,000			2,500	0	2,500
Corporate Accommodation Improvements to corporate buildings to provide a safe and secure environment in which to operate its business.	255		255	255			205	0	205	205			460	0	460
Green Grid Programme Improvements to Harrow's green infrastructure to provide a network of interlinked and multifunctional open spaces. It is assumed that 50% of the scheme will be funded from NCIL.	150	75	75	75		75	150	75	75	75		75	300	150	150
CCTV Cameras and equipment at depot Installation of parking enforcement cameras at certain locations where it is permissible to capture contraventions by cameras following Deregulation Bill. Upgrade of equipment and facilities at the depot.	50		50	50			50		50	50			100	0	100
CCTV Infrastructure - this project is to upgrade the borough's CCTV infrastructure. The current infrastructure has been in place since 2001.	800		800	800									800	0	800
Purchase of Trade Waste Bins Purchase of bins to support expansion of business as part of Project Phoenix	100		100	100			100	0	100	100			200	0	200
Car parks Infrastructure Improvement to car parking facilities to comply with H&S requirements and to commercialise council owned car parks.	15		15	15			15		15	15			30	0	30

Total Capital Programme 2019/20 to 2020/21 - including new proposals in Appendix 2

Appendix 1

Project Title	2019/20			Funding			2020/21			Funding			TOTAL		
	Gross Value £000	External Funding £000	Net Value £000	Borrowing £000	Capital grants £000	Section 106/ CIL funding £000	Gross Value £000	External Funding £000	Net Value £000	Borrowing £000	Capital grants £000	Section 106/ CIL funding £000	Gross Bid Value	External Funding £000	Net Bid Value
Street Litter Bins: This funding is to support the provision and replacement of adequate numbers of on street litter bins, creating an environment where there are adequate numbers of bins provided to meet demand.	300		300	300									300	0	300
Depot redevelopment - this proposal is to redevelop the Central depot to consolidate and intensify the existing site.	5,830		5,830	5,830			5,000		5,000	5,000			10,830	0	10,830
Redevelopment of Vernon Lodge & Atkins House - this is the redevelopment of the Council's only homelessness hostel, Vernon Lodge, to increase capacity and create purpose built accommodation that will provide capacity for the council to house its homeless. It will also provide units that can be rented to those able to afford the rental.	8,225		8,225	8,225			1,324		1,324	1,324			9,549	0	9,549
Headstone Manor - Park for People project - the project will address health and safety issues with the historic moat and improve existing footpath network and car park surface to cope with additional visitors.	1,722	1,722	0	0	1,020	702	0	0	0				1,722	1,722	0
Probation Centre Refurbishment and redevelopment of the building after it is handed back to the Authority to maximise the value of the asset	2,000		2,000	2,000			3,000		3,000	3,000			5,000	0	5,000
Playground Infrastructure To undertake a comprehensive investment programme to bring all playground assets up to a minimum "low risk" standard, ensuring regulatory compliance and providing an appropriate base for future management and maintenance This will be funded from BCIL	350	350	0			350	250	250	0			250	600	600	0
Development of unmanned aerial vehicles to support a range of Council services and activities. The is put in the programme as cost neutral and income equivalent to the capital financing costs will be included in the Community Directorate.	400		400	400					0				400	0	400

Total Capital Programme 2019/20 to 2020/21 - including new proposals in Appendix 2

Appendix 1

Project Title	2019/20			Funding			2020/21			Funding			TOTAL		
	Gross Value £000	External Funding £000	Net Value £000	Borrowing £000	Capital grants £000	Section 106/ CIL funding £000	Gross Value £000	External Funding £000	Net Value £000	Borrowing £000	Capital grants £000	Section 106/ CIL funding £000	Gross Bid Value	External Funding £000	Net Bid Value
Total Environmental Services	28,994	3,938	25,056	25,056	2,311	1,627	21,360	2,116	19,244	19,244	1,291	825	50,354	6,054	44,300
Community & Culture															
Leisure & Libraries Capital Infrastructure - Capital to be invested in a targeted programme to improve the infrastructure of the Council's leisure and library facilities. There is a high risk, particularly with Harrow Leisure Centre, that failure to maintain the infrastructure will inevitably lead to a building closure if a major fault occurs and be a risk to leisure income.	110		110	110			150		150	150			260	0	260
Harrow Museum Capital Infrastructure - this covers regular planned works beyond day to day maintenance revenue costs.							104	60	44	44	60	0	104	60	44
Harrow Arts Centre - IBackHAC Harrow Arts Centre - IBackHAC The proposal will enable the council to increase participation in the arts, create new workspace through fit-out improvement works on derelict buildings on the site, improve the public realm and wayfinding on the site and install new modular units on site in lieu of 3 portacabins that are no longer fit for purpose. The project will increase the rental income for HAC to make it financially sustainable. Total estimated costs of the project are £1.91m. GLA Good Growth Fund of £0.76m has been secured to part fund the project. The remaining £1.150m will be met from BCIL.	1,488	1,488	0		338	1,150	422	422	0		422		1,910	1,910	0

Total Capital Programme 2019/20 to 2020/21 - including new proposals in Appendix 2

Appendix 1

Project Title	2019/20			Funding			2020/21			Funding			TOTAL		
	Gross Value £000	External Funding £000	Net Value £000	Borrowing £000	Capital grants £000	Section 106/ CIL funding £000	Gross Value £000	External Funding £000	Net Value £000	Borrowing £000	Capital grants £000	Section 106/ CIL funding £000	Gross Bid Value	External Funding £000	Net Bid Value
New Town Centre library As part of the town centre regeneration scheme on College Road to be funded from CIL. The new library is being built by Barratt Homes as part of the CIL in-kind agreement and will be handed over to the Council on a shell and core basis. The Council is responsible for the fit-out works. The latest cost estimate for the project is £2.3m. There is £1.8m funding in the approved capital programme, therefore the budget is to be increased by £500k. This budget requirement will be funded from CIL.	2,090	2,090	0			2,090			0				2,090	2,090	0
Priority works for libraries identified from the condition surveys following the service being brought back in-house.	200	0	200	200					0				200	0	200
Refurbishment of 3 libraries (Pinner, Roxeth, and Wealdstone) requested by the Cross Party Members Steering Group. This would require a minimum of £150k per library. This is assumed as being funded from NCIL.	150	150	0			150	150	150	0			150	300	300	0
Total Community & Culture	4,038	3,728	310	310	338	3,390	826	632	194	194	482	150	4,864	4,360	504
Housing General Fund															
Better Care Fund - Disabled Facilities Grant - Grants to fund adaptations to private properties to help enable residents to remain in their existing homes	1,500	650	850	850	650		1,500	650	850	850	650		3,000	1,300	1,700
Empty Properties Grants - Grants to help bring empty properties back into use, generally in exchange for nomination rights for a period of time	187		187	187			450		450	450			637	0	637

Total Capital Programme 2019/20 to 2020/21 - including new proposals in Appendix 2

Appendix 1

Project Title	2019/20			Funding			2020/21			Funding			TOTAL		
	Gross Value £000	External Funding £000	Net Value £000	Borrowing £000	Capital grants £000	Section 106/ CIL funding £000	Gross Value £000	External Funding £000	Net Value £000	Borrowing £000	Capital grants £000	Section 106/ CIL funding £000	Gross Bid Value	External Funding £000	Net Bid Value
Better Care Fund - Disabled Facilities Grant - Grants to fund adaptations to private properties to help enable residents to remain in their existing homes - Includes assumed use of additional DFG grant to fund additional works - no net cost to the Council as additional works grant funded. Linked to income generation proposal for Home Improvement Agency.	530	530	0		530		530	530	0		530		1,060	1,060	0
Disabled Facilities Grant - to increase the existing programme by £932k which will bring the total allocation in 2019/20 to £2.962m.	932		932	932					0				932	0	932
Total Housing General Fund	3,149	1,180	1,969	1,969	1,180	0	2,480	1,180	1,300	1,300	1,180	0	5,629	2,360	3,269
Total Community Directorate	36,181	8,846	27,335	27,335	3,829	5,017	24,666	3,928	20,738	20,738	2,953	975	60,847	12,774	48,073
Regeneration															
Regeneration programme	19,693		19,693	19,693			5,193		5,193	5,193			24,886	0	24,886
Lyon Road Pop Up Restaurant and Square (GLA and S106 funded) - - this project is to transform an existing car park in Harrow Town Centre into a multi-function public space to facilitate events. The space will hold 5 kiosks subject to planning permission. Also as part of the programme, a pop up test restaurant will be created to enable restaurateurs to test their menus in a safe space.	726	726	0			726	201	201	0			201	926	926	0

Total Capital Programme 2019/20 to 2020/21 - including new proposals in Appendix 2

Appendix 1

Project Title	2019/20			Funding			2020/21			Funding			TOTAL		
	Gross Value £000	External Funding £000	Net Value £000	Borrowing £000	Capital grants £000	Section 106/ CIL funding £000	Gross Value £000	External Funding £000	Net Value £000	Borrowing £000	Capital grants £000	Section 106/ CIL funding £000	Gross Bid Value	External Funding £000	Net Bid Value
Harrow High Street Fund - This is a programme to deliver improvements in Town Centres and High Streets in Harrow. The funding will be used to deliver interventions which have a high impact and which are delivered in partnership with local traders and their partners. Resources will be allocated based on a range of criteria including where the need is the greatest and where partners have been identified to assist in the project. Initiatives with match funding will be prioritised. The Council will support traders and their partners in identifying priorities and will also lead on the delivery element. The funding will also fund a post to work with traders and community groups to develop action plans and proposals that meet the criteria. .Examples of projects can include street art, shop front enhancements, creating an identify for parades, targeted public realm enhancements and any similar project which enhances High Streets in Harrow. The Funding source will be a combination of NCIL/BCIL and other external funding. The Council will put in £100k pa in order to attract other external funding.	750	650	100	100		650	1,000	900	100	100		900	1,750	1,550	200
New Planning IT system Implementation of a replacement for the Northgate (M3) planning system, enabling service improvements and the move towards greater digitalisation of the service. Indicative capital costs only at this stage until the scoping work and system specification is completed.	1,000		1,000	1,000									1,000	0	1,000
Total Regeneration	22,169	1,376	20,793	20,793	0	1,376	6,394	1,101	5,293	5,293	0	1,101	28,562	2,476	26,086
Total General Fund	97,674	16,021	81,653	81,653	9,628	6,393	39,381	5,650	33,731	33,731	3,574	2,076	137,054	21,670	115,384
Housing Revenue Account															
Planned Investment Programme - Includes Internal and External works, Mechanical and Electrical, Garages,Aids and Adaptations and Health and Safety works	6,334		6,334				7,225		7,225				13,559	0	13,559

Total Capital Programme 2019/20 to 2020/21 - including new proposals in Appendix 2

Appendix 1

Project Title	2019/20			Funding			2020/21			Funding			TOTAL		
	Gross Value £000	External Funding £000	Net Value £000	Borrowing £000	Capital grants £000	Section 106/ CIL funding £000	Gross Value £000	External Funding £000	Net Value £000	Borrowing £000	Capital grants £000	Section 106/ CIL funding £000	Gross Bid Value	External Funding £000	Net Bid Value
Grange Farm Phase I (HRA report includes £5.371m of slippage from 2018/19 not included here)	3,004		3,004				12,383		12,383				15,387	0	15,387
Affordable Housing - Infill Phase 2	2,818		2,818				3,829		3,829				6,647	0	6,647
Gayton Road	7,696		7,696				0		0				7,696	0	7,696
Other Schemes	6,754		6,754				21,025		21,025				27,779	0	27,779
Total HRA	26,606	0	26,606				44,462	0	44,462				71,068	0	71,068
Total General Fund + HRA	124,280	16,021	108,259				83,843	5,650	78,193				208,122	21,670	186,452

New Capital Proposals 2019/20 to 2020/21

Appendix 2

Project Title	2019/20			2020/21			TOTAL		
	Gross Value £000	External Funding £000	Net Value £000	Gross Value £000	External Funding £000	Net Value £000	Gross Value £000	External Funding £000	Net Value £000
Resources and Commercial Directorate									
SAP upgrade/alternative provision - there is £1m provision in the existing programme in 2019/20 to contribute towards the project which is estimated to cost £4m.			0	3,000		3,000	3,000	0	3,000
Commercial Property Investment - to increase investment in commercial properties on the basis that a revenue stream is provided to support the revenue budget from commercial property rents	25,000		25,000	0		0	25,000	0	25,000
Total Resources and Commercial Directorate	25,000	0	25,000	3,000	0	3,000	28,000	0	28,000
People's Directorate									
Adults			0			0	0	0	0
Total Adults	0	0	0	0	0	0	0	0	0
Schools									
SEN Expansion - The LA will also receive £2.295m from the DfE's capital grant for special provision. The proposal is to add this grant to the capital programme in addition to the existing £4.5m taking the total budget available for SEN provision to £6.795m	1,674	1,674	0	621	621	0	2,295	2,295	0
Total Schools	1,674	1,674	0	621	621	0	2,295	2,295	0
Total People's Directorate	1,674	1,674	0	621	621	0	2,295	2,295	0
Community Directorate									
Environmental Services									
Highway Programme Renewal and replacement of highways and footways.			0	3,300		3,300	3,300	0	3,300
Local Implementation Plan (LIP) including CPZ schemes Implementation of the Mayor of London's Transport Strategy as well as Harrow's Transport Local Implementation Plan & parking management programmes.	291	291	0	291	291	0	582	582	0

New Capital Proposals 2019/20 to 2020/21

Appendix 2

Project Title	2019/20			2020/21			TOTAL		
	Gross Value £000	External Funding £000	Net Value £000	Gross Value £000	External Funding £000	Net Value £000	Gross Value £000	External Funding £000	Net Value £000
High Priority Planned Maintenance Improvements to corporate properties (excluding schools) to ensure that they are in a safe condition for occupants.	150		150	150		150	300	0	300
Bannisters Former Civil Defence Building Refurbishment and redevelopment of a redundant building to bring it back into use as part of our more commercial approach to maximise the value of existing assets. There is no alternative use for this site as it is not possible to dispose of this building due to the location within a bigger site.	350		350			0	350	0	350
Harrow Weald Toilet Block Refurbishment and redevelopment of a redundant building to bring it back into use as part of our more commercial approach to maximise the value of existing assets. There is no facility to dispose of this site.	150		150			0	150	0	150
Probation Centre Refurbishment and redevelopment of the building after it is handed back to the Authority to maximise the value of the asset	2,000		2,000	3,000		3,000	5,000		5,000
Playground Infrastructure To undertake a comprehensive investment programme to bring all playground assets up to a minimum "low risk" standard, ensuring regulatory compliance and providing an appropriate base for future management and maintenance This will be funded from BCIL	350	350	0	250	250	0	600	600	0
Development of unmanned aerial vehicles to support a range of Council services and activities. The is put in the programme as cost neutral and income equivalent to the capital financing costs will be included in the Community Directorate.	400		400			0	400	0	400
Total Environmental Services	3,691	641	3,050	6,991	541	6,450	10,682	1,182	9,500

New Capital Proposals 2019/20 to 2020/21

Appendix 2

Project Title	2019/20			2020/21			TOTAL		
	Gross Value £000	External Funding £000	Net Value £000	Gross Value £000	External Funding £000	Net Value £000	Gross Value £000	External Funding £000	Net Value £000
Cultural Services									
Harrow Arts Centre - IBackHAC Harrow Arts Centre - IBackHAC The proposal will enable the council to increase participation in the arts, create new workspace through fit-out improvement works on derelict buildings on the site, improve the public realm and wayfinding on the site and install new modular units on site in lieu of 3 portacabins that are no longer fit for purpose. The project will increase the rental income for HAC to make it financially sustainable. Total estimated costs of the project are £1.91m. GLA Good Growth Fund of £0.76m has been secured to part fund the project. The remaining £1.150m will be met from BCIL.	1,488	1,488	0	422	422	0	1,910	1,910	0
New Town Centre library The new library is being built by Barratt Homes as part of the CIL in-kind agreement and will be handed over to the Council on a shell and core basis. The Council is responsible for the fit-out works. The latest cost estimate for the project is £2.3m. There is £1.8m funding in the approved capital programme, leaving a shortfall of £500k. This additional budget requirement will be funded from CIL.	500	500	0	0		0	500	500	0
Priority works for libraries identified from the condition surveys following the service being brought back in-house.	200		200	0		0	200	0	200
Refurbishment of 3 libraries (Pinner, Roxeth, and Wealdstone) requested by the Cross Party Members Steering Group. This would require a minimum of £150k per library. This is assumed as being funded from NCIL.	150	150	0	150	150	0	300	300	0
Total Cultural Services	2,338	2,138	200	572	572	0	2,910	2,710	200

New Capital Proposals 2019/20 to 2020/21

Appendix 2

Project Title	2019/20			2020/21			TOTAL		
	Gross Value £000	External Funding £000	Net Value £000	Gross Value £000	External Funding £000	Net Value £000	Gross Value £000	External Funding £000	Net Value £000
Housing General Fund									
Disabled Facilities Grant - to increase the existing programme by £932k which will bring the total allocation in 2019/20 to £2.962m.	932		932	0		0	932	0	932
Total Housing General Fund	932	0	932	0	0	0	932	0	932
Harrow High Street Fund - This is a programme to deliver improvements in Town Centres and High Streets in Harrow. The funding will be used to deliver interventions which have a high impact and which are delivered in partnership with local traders and their partners. Resources will be allocated based on a range of criteria including where the need is the greatest and where partners have been identified to assist in the project. Initiatives with match funding will be prioritised. The Council will support traders and their partners in identifying priorities and will also lead on the delivery element. The funding will also fund a post to work with traders and community groups to develop action plans and proposals that meet the criteria. Examples of projects can include street art, shop front enhancements, creating an identify for parades, targeted public realm enhancements and any similar project which enhances High Streets in Harrow. The Funding source will be a combination of NCIL/BCIL and other external funding. The Council will put in £100k pa in order to attract other external funding.	750	650	100	1,000	900	100	1,750	1,550	200
New Planning IT system Implementation of a replacement for the Northgate (M3) planning system, enabling service improvements and the move towards greater digitalisation of the service. Indicative capital costs only at this stage until the scoping work and system specification is completed.	1,000		1,000			0	1,000		1,000
Total Regeneration, Enterprise and Planning	1,750	650	1,100	1,000	900	100	2,750	1,550	1,200

New Capital Proposals 2019/20 to 2020/21

Appendix 2

Project Title	2019/20			2020/21			TOTAL		
	Gross Value £000	External Funding £000	Net Value £000	Gross Value £000	External Funding £000	Net Value £000	Gross Value £000	External Funding £000	Net Value £000
Total Community Directorate	8,711	3,429	5,282	8,563	2,013	6,550	17,274	5,442	11,832
Total General Fund	35,385	5,103	30,282	12,184	2,634	9,550	47,569	7,737	39,832
HRA	6,723	0	6,723	30,626	0	30,626	37,349		37,349
Total General Fund + HRA	42,108	5,103	37,005	42,810	2,634	40,176	84,918	7,737	77,181

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REPORT FOR: CABINET

Date of Meeting:	21 February 2019
Subject:	Housing Revenue Account Budget 2019-20 and Medium Term Financial Strategy 2020-21 to 2021-22
Key Decision:	Yes
Responsible Officer:	Dawn Calvert, Director of Finance, Paul Walker, Corporate Director of Community
Portfolio Holder:	Councillor Phillip O'Dell, Portfolio Holder for Housing Councillor Adam Swersky, Portfolio Holder for Finance and Resources
Exempt:	No
Decision subject to Call-in:	Yes
Wards affected:	All
Enclosures:	Appendix 1 – HRA Budget 2019-20 Appendix 2 – Average Rents & Service Charges (Tenants) Appendix 3 – Garage & Parking charges Appendix 4 – Facility Charges Appendix 5 – Water charges Appendix 6 – Community Centre Charges Appendix 7 – Capital Programme Appendix 8- Equality Impact Assessment

Section 1 – Summary and Recommendations

This report sets out the Housing Revenue Account (“HRA”) Budget for 2019-20 and Medium Term Financial Strategy (“MTFS”) for 2020-21 to 2021-22.

Recommendations:

Cabinet is requested to:

- 1) Approve the proposed average rent for non-sheltered accommodation of £113.09 per week for 2019-20, representing a decrease of 1% in average rent from the 2018-19 figure and for fifty three rent weeks to be charged in financial year 2019-20.
- 2) Approve the proposed average rent for sheltered accommodation of £93.66 per week for 2019-20, representing a decrease of 1% in average rent from the 2018-19 figure and for fifty three rent weeks to be charged in financial year 2019-20;
- 3) Approve an average tenant service charge of £3.22 per week, an increase of 2.4% in line with CPI as detailed in appendix 2. Should review of tenant service charges support a further increase with appropriate consultation, approval from Cabinet will be sought for an in year increase.
- 4) Approve a proposed average rent for new build units at affordable rent of £197.29 reflecting the statutory 1% rent reduction and non-grant funding and for fifty three rent weeks to be charged in financial year 2019-20.
- 5) Approve a proposed average rent for shared ownership units of £150.03 per week reflecting 75% equity share held by Council following approval by Cabinet 6th December 2018 of the Shared Ownership Allocation and Affordability Policy.
- 6) Approve proposed increases in Facility charges and Community Halls of 3% and 4% respectively (appendices 4 and 6), and note charges for Garages and Water (appendices 3 and 5) remain unchanged.
- 7) Approve policy of repayment of HRA debt on new RTB disposals using a proportion of right to buy receipts as part of a policy to reduce interest exposure on the revenue account with due regard to borrowing requirements for new build.
- 8) Approve an increase in the planned investment programme of £8m over five years based on latest stock condition survey in line with affordability testing in the HRA Business Plan
- 9) Approve an increase in Home-4-Harrow programme of £123.7m for provision of 659 additional homes in accordance with Government’s stated objective to provide 10,000 new Council homes in the capital by 2030, comprising £25.8m for Grange Farm phases 1 & 2; £2.8m for Infill phase 2; £7.7m Gayton Road and £87.4m other schemes
- 10) Approve phased increase in borrowing of up to £83.6m to complete existing, and start new schemes for provision of new housing supply; additional borrowing to be raised in separate HRA loans pool and subject to ongoing affordability testing through Business Planning process as set out in the risks & mitigations section of this report.
- 11) Approve set up of earmarked reserves assuming adequate resources becoming available to mitigate the risks identified in construction of budget and MTFS.

Reason: To recommend the HRA budget and capital programme for 2019-20 and the MTFS for 2020-21 to 2021-22, increases in capital programme and increase in borrowing required to support new housing supply.

Section 2 – Report

Introductory paragraph

1. The Council has a statutory obligation to agree and publish the HRA budget for 2019-20. This report sets out the budget proposals for 2019-20 along with the Medium Term Financial Strategy to 2021-22, which sets out indicative income and expenditure for this period and shows how income collected will be spent in the management and maintenance of Council's stock, meeting its landlord obligations and investment in new build.
2. The budget and MTFS have been set within the framework set out in the HRA Business Plan update, reported to Cabinet 15th November 2018, including impact of legislation contained in the Welfare Reform & Work Act 2016, Housing & Planning Act 2016 including the statutory rent reduction of 1% for each of the four years 2016-17 – 2019-20, and subsequent increase by CPI +1% from 2020-21. The Business Plan update also included assumptions around inflation and interest rates as well as cost reductions in revenue expenditure required to produce a sustainable financial position for the Council's HRA. Revenue cost reductions assumed at £1.90m will be phased in fully by 2020 and increased investment in existing stock of £1.6m p.a. based on latest stock condition survey results with focus on essential health & safety, compliance and statutory requirements.
3. Relaxation of borrowing limits on the HRA in respect of new build combined with successful bids for grant funding from Greater London Authority ("GLA") of £32m and reforms of the way right to buy receipts can be used to support new build have made it possible for Council to refresh its financial models and HRA Business Plan to address the Mayor of London's "Building Council Homes for Londoners" programme.
4. Based on a broad range of assumptions including
 - construction costs and timing of delivery
 - capital values & rents
 - grant funding (dependant on achieving GLA targets)
 - interest rates
 - full achievement of cost reduction on revenue account

it is anticipated the HRA can support the construction of over 600 homes.

5. In line with the Business Plan update and report to Cabinet 6th December 2018 it has been assumed :
 - Grange Farm phase 1 continues and is expected to provide a total of 89 units, 68 affordable rented and 21 shared ownership funded through the GLA Right to Buy Ring-Fence Offer (RTBRFO) and Housing Infrastructure Fund ("HIF") although HIF funding has yet to be confirmed
 - Infill phase1 continues with 25 units (two of which are for private sale)

expected to be delivered using RTB receipts and other internal resources only (other capital receipts and GLA grant for shared ownership units); remaining units from phase 1 expected to continue following relaxation of borrowing constraints as part of other site, see below.

6. In addition the following additional new build schemes have been included bringing the total of new homes to 659 :
 - Gayton Road, 72 homes, part funded from retained right to buy receipts, let at affordable rents
 - Infill phase 2, 26 homes, part funded from GLA grant, let at London Affordable Rent
 - Grange Farm, phase 2, 100 homes, part funded from RTBFO, let at social rents in line with commitments given to residents
 - Other sites, 347 homes, part funded form GLA grant, let at London Affordable Rent
 - Given the scale of these proposals, Council would be exposed to a number of risks including over extension of resources and borrowing to support the programme; mitigations are proposed including expedition of the programme and new borrowing in phases to limit exposure and this is covered in **risks & mitigations** section of this report.

Options considered

7. The HRA was in a unique position as one of only two in London at its borrowing cap. However the Ministry of Housing, Communities & Local Government (“MHCLG”) has recently lifted this cap for new build schemes only, which, combined with Council’s successful bid for £32.144m grant funding from GLA, and pending the bid for £10m grant funding from the Housing Infrastructure Fund (“HIF”) in accordance with the Mayor’s “Building Council Homes for Londoners” programme, will enable additional homes to be built. Failure to win the full £10m HIF funding will require re-assessment of the new build programme, covered in **risk & mitigations** section.
8. As well as significantly reversing the impact of historic RTB losses, these additional units will also improve the capacity to provide accommodation for homeless families thereby mitigating pressures on General Fund by potentially increasing social units available to permanently house homeless tenants.
9. This report assumes the full spectrum of new build at rents which reflect the funding mechanism.
10. It should be noted the programme of cost reductions which requires permanent reductions of £1.9m on the revenue account must be achieved to ensure the additional debt can be serviced thereby ensuring continued

viability of the HRA. If these cost reductions are not achieved in full and within set timescales, the impact of risks set out in the **risks & mitigations** section would cause the suspension or cancellation of new build schemes compromising overall viability of the Council's HRA.

Base case, complete 112 units comprising Infill phase 1, 23 units and Grange Farm phase 1, 89 units; the base case does not allow for acquisition of 72 Gayton Road units into HRA, not proceeding with further Infill phases and Grange Farm phases 2 and 3.

11. Although this would increase HRA stock and maintain short term capacity to alleviate homelessness pressures, likely impact of right to buy sales will continue to deplete stock ultimately leading to HRA becoming unviable which is not legally permitted.
12. Corrective action would therefore have to be agreed and implemented to prevent this.

GLA bid, build additional 547 units to make total of 659 units utilising GLA funding and additional borrowing

13. This report sets out the HRA Budget 2019-20 & MTFs 2020-21 to 2021-22 assuming a total of 659 additional units using newly approved GLA grant £32.144m, additional borrowing, other HRA resources and HIF funding of £10m which has yet to be finalised.
14. The programme and financing will be constructed to maximise flexibility and advantage to Council whilst utilising retained RTB receipts in line with current arrangements and assuming new freedoms in the use of returned right to buy resources can be used.
15. Although criteria for additional borrowing have yet to be clarified, it has been assumed these will be based on existing Prudential Indicators therefore the final budget will be based on the assumptions the new schemes will be fully financed and rental income yields will be sufficient to service the additional debt.
16. To limit Council's exposure it is proposed any new build schemes are implemented in phases so borrowing exposure is limited only to committed expenditure permitting scaling back of expenditure where shortfalls in resources are anticipated.
17. A key part of all options is full achievement of permanent revenue cost reductions of £1.9m.

Background

18. Statutory rent reductions spanning 2016-17 to 2019-20 imposed by Government removed any discretion for rent setting and the resulting impact on the HRA required service reviews across the HRA to reduce costs and maximise income.

- **Rental income** - 1% rent cut continues to March 2020 with rent increases CPI plus 1% from April 2020 for five years; although there is no information beyond March 2025 the Business Plan update assumes these annual increases will be permitted indefinitely; this is considered reasonable in the absence of further information as this was the approved formula prior to introduction of rent reductions. Rents for new build have been assumed at London Affordable Rent for Infill although rents for Grange Farm have been restricted to Social rent in line with commitments made to residents.
- **Universal Credit and benefits cuts** – the roll out of Universal Credit resulting in reductions in benefits for some residents is substantially completed and is expected to generate increases in HRA rent arrears; the bad debt provision has been reduced to £150k 2019-20 then increased to £200k thereafter to reflect the anticipated impact of these reforms. Set up of the Hardship Fund, intended to provide assistance to the most vulnerable tenants, has been assumed to take effect 2020-21 and these assumptions will be kept under review as the reforms take effect.
- **Right to buy (“RTB”) receipts** – Council entered into a retention agreement with Government in 2012 which permitted the HRA to retain an increased share of RTB receipts on proviso they are reinvested within three years in line with certain criteria. Like most London Councils which have limited land Harrow has found it difficult to invest these receipts and has been required to return a limited amount of receipts with interest. The Government gives returned receipts from London Authorities to GLA who are able to invest these anywhere in London. GLA introduced the RTBRFO (“Right to Buy Ring-Fence Offer”) in May 2018 which enables GLA to invest returned RTB receipts in new supply in the Local Authority area from where they were generated and this has been assumed in this report.

Consultation

19. Under s.105 of the Housing Act 1985, the Council is required to maintain such arrangements as it considers appropriate to enable secure tenants to be informed and consulted about housing management matters which substantially affect them. However, rent and other charges for facilities are specifically excluded from the definition of housing management; therefore there is no statutory requirement to consult secure tenants on proposed rent changes. The Council has however, always consulted residents on proposed changes via representative groups such as the Value for Money group and the quarterly residents’ drop in meeting (Housing Matters), formerly TLRCF (the Tenants’, Leaseholders and Residents’ Consultative Forum).
20. Further consultation in respect of the budget will be undertaken via the framework described above.
21. A review of tenant and leaseholder service charges is also under way to ensure all costs incurred in the provision of services are properly being recovered and a series of consultation events have taken place to obtain

view of residents. This review, which is ongoing, will inform a revision of service charges and will be reported to Cabinet when complete.

Balances

22. HRA Balances were £7.5m as at 31 March 2018 and these are expected to be £5.4m at end of 2021-22 which are above the minimum balances considered prudent.
23. This assumes £377k interest on returned right to buy receipts are charged against revenue balances then drawn down as RTBRFO to finance future new build. This charge has not been reflected on in Qtr 3 revenue monitoring, elsewhere on this agenda, as it is contingent on approval for new build schemes recommended for approval in this report.
24. In year deficits of £279k in 2019-20 and £507k in 2020-21 are expected, followed by surpluses as a result of increased income as new build units become operational and annual rent increases. Deficit in 2019-20 due mainly to interest on additional borrowing for new build and full year impact of £1.9m cost reductions not being realised until the following financial year. Deficit in 2020-21 due mainly to additional interest costs of new borrowing as new build programme gathers momentum.

Income

Dwelling rents

25. As indicated above, rents are assumed to reduce by 1% each year until March 2020 then increase by CPI plus 1% from April 2020.
26. The average rent for Council housing stock for 2019-20 will therefore be £110.84 per week on average (2018-19 current average £111.96). Average rents and service charges under the existing strategy are detailed in Appendix 2.
27. Rents for new build homes are governed by different criteria depending on funding source:
 - Non-grant funded units : let at Affordable Rent, a sub market rent product linked to market rents; provides Council with greater freedoms in setting rents and a higher income stream.
 - Grant funded units : let at London Affordable Rent (“LAR”), lower than affordable rent; linked to GLA new build targets, provides Council with a lower income stream.
28. Appendix 2 shows rents for the twenty three new build units for Infill phase 1; £197.29 per week Affordable Rent for non-grant funded units and £150.03 per week for shared ownership units partly funded by GLA grant based on lower LAR, reflecting 75% retained equity share by Council, both products reflecting the last year’s statutory 1% rent reduction.

29. Rents for other future schemes will be linked, as above, to funding source and these have been assumed in rental income estimates in appendix 1.

Right-to-Buy sales

30. There have been eight sales under Right-to-Buy (“RTB”) so far in 2018-19 (Q3) and a total of fifteen are expected this financial year with 13 expected in 2019-20 then increasing to 17 p.a. by 2026-27. This reduction in forecast RTB sales reflects a reduction in applications and the impact of uncertainties around Brexit.

Service charges: Tenants & Leaseholders

31. Tenants who benefit from specific estate based services pay a charge to the Council on a weekly basis in addition to their weekly rent charge. This service charge was £3.15 in 2018-19 and it is proposed this is increased by 2.4% in line with CPI to an average of £3.22 in 2019-20.
32. A review of service charges is in progress and changes to these charges maybe implemented as an in year adjustment in financial year 2019-20 assuming the results are available and due consultation is complete
33. Leaseholders are invoiced annually by the end of September for the previous financial year, based on actual costs. Income expected from leaseholders in 2019-20 (excluding s20 income for capital schemes) is £640k and reflects the recovery of costs from leaseholders of estate based costs, communal lighting, repairs, ground maintenance, insurance premiums and administration charges.

Other income

34. Historically other rental income from garages, car parking, facilities charges are recommended to increase by an annual percentage, consistent with fees & charges across the Council. Garage rents have been held since 2011-12 as garages are not in high demand and the Garage Strategy Review concluded increasing rents would be counter-productive.
35. Rents for shops and commercial units situated on HRA land are reviewed in accordance with leases and their renewal dated with due regard to the economic climate.
36. Details of proposed rents for garages & parking, facility charges and charges for community centres are given in appendices 3, 4, 5 and 6 respectively.

Expenditure

Employee Costs

37. The HRA budgets are based on the staffing establishment, and assume a pay, National Insurance & superannuation increase of 2.87% reflecting the overall increase expected for 2019-20 and subsequent years.
38. Post reductions already included in the Service Review and approved by the Service Review Programme Board have been included in the establishment for 2019-20 onwards.
39. An estimate of redundancy and pension strain costs associated with these reductions is also included; it is anticipated these will be funded from HRA transformation reserve as there is no specific provision set aside.

Utility Costs

40. These have been reviewed against historic trends and estimates constructed in line with anticipated usage assuming inflationary increases of 4% where appropriate.

Central Recharges

41. Costs of support services are allocated to service users in the Council using suitable bases of apportionment (e.g. number of staff, estimated time allocation, gross budget) so recharges reflect full cost of all services and permit transparency and challenge to secure value for money.

Repairs

42. Expenditure on repairs has been driven by a focus on legislative and Health & Safety requirements with due regard to the cost reductions identified by the Service Reviews and approved by the Programme Board. These have been reviewed in conjunction with the capital programme which is driven by the latest stock condition survey which has prioritised health & safety and compliance works over non-essential works.

Charges for Capital

43. Historic HRA borrowing will continue to attract interest at 4.05% and it is proposed this borrowing is repaid to reflect the depletion of stock from right to buy sales as this will progressively reduce interest payable as well as providing borrowing capacity for future investment in existing stock by keeping the borrowing below the Government imposed debt cap of £150.683m applicable for non-new build schemes.
44. Borrowing to support new build schemes will be kept separate and benefit from a lower interest rate of around 3% (increasing ¼% p.a.) although this will be subject to change in the economic outlook.

45. To mitigate the risk of exposure to fluctuating interest rates borrowing for schemes will be expedited in phases, reflected in Council's Treasury Management Strategy, and Business Plan update, and stress tested on an ongoing basis, covered in **risks & mitigations** section.

Planned Investment - capital

46. HRA general capital programme was previously reduced from £8.6m to £5.45m with focus on Health & Safety and statutory works; based on latest stock condition survey results, investment now assumed at around £7.2m p.a. Further details shown in Appendix 7.
47. In line with prior years and following consultation with Portfolio Holders Housing Services propose to use the scheme of delegation to implement variations to the HRA Capital programme within the approved programme following appropriate consultation to ensure delivery against the programme can be maximised. As is currently the case, the HRA Capital programme will continue to be funded exclusively from HRA internal resources (mainly revenue contributions), therefore variations would not affect the Council's borrowing position or General Fund resources.

Homes for Harrow - capital

48. Phase 1 of the Infill programme originally assumed construction of some fifty homes using a mix of internal resources and approved borrowing, however this has been reduced to 23 homes due to withdrawal, by MHCLG, of borrowing approvals in financial year 2017-18. Ten homes have already been completed and let with the remaining thirteen due to complete by June 2019.
49. The remaining homes will be completed as part of Infill phase 2 which will be part funded from GLA grant and borrowing.
50. Resources to support new build from the Community Infrastructure Levy ("CIL") are likely to be received and this will be included as part of the refresh of the Business Plan when this information becomes available.
51. Grange Farm phase 1 will be funded partly from the Right to Buy Ring Fence Offer and we await confirmation of HIF funding and will deliver 68 affordable rented and 21 shared ownership units and details of this are covered in a Grange Farm update report to be submitted to Cabinet 14th March 2019.
52. Remaining schemes including Grange Farm phase 2 and Gayton Road will contribute to a total of 659 homes, further details of which are provided in Homes-4-Harrow Regeneration report elsewhere on this agenda and appendix 7 of this report with Grange Farm to be submitted to Cabinet 14th March 2019.
53. The HRA Business Planning process requires continuous review and update to reflect a broad range of variants including build costs, borrowing

costs, Government policy around rent regulation, right-to-buy and external funding.

54. This continuous re-appraisal tests the affordability of new build schemes against a constantly changing backdrop heavily influenced by macro-economic conditions (Brexit and housing market) as well as other Council priorities (homelessness and broader MTFS savings requirements).
55. Accordingly, the next section sets out the risks associated with the Business Planning process.

Risks

56. A number of risks have been identified, listed below which, if they materialise individually or collectively, could impede delivery of core services or require one or more schemes to re-configured or aborted.
 - **Rent increases** – Government has permitted rent increases for five years from 2020-21 to 2024-25, although the current Business Plan assumes rent increases beyond this; if rent increases are below those assumed in the Business Plan from 2024 this will have an impact on revenue balances and the capacity of the HRA to continue with the new build programme in its present form.
 - **Additional week rent charge 2019-20** – budget assumes there will be fifty three weeks rental income for financial year 2019-20 instead of the customary fifty two weeks because there are 53 Mondays in the 2019-20 year. Advice has been taken to ensure compliance with the statutory rent reduction requirement , for which 2019-20 is the final year;
 - **Redundancy & pension strain costs** – HRA has no provision set aside for these costs which may materialise as part of the Service Review programme aimed at securing permanent revenue cost savings; these costs will therefore have to be contained within existing budget provision or funded from the HRA transformation reserve.
 - **Welfare reforms** – Government’s reform of welfare and benefits is likely to impact rent collection and cash balances; these are being assessed by a dedicated working group and reported through in year monitoring.
 - **Decapitalisation or delays of schemes** – GLA grant funding and additional borrowing will be linked to successful delivery of additional housing supply in line with agreed targets for start on sites and completions. Failure to deliver new supply in line with these targets could result in withdrawal of funding and/or borrowing which would result in the write off of costs to the HRA revenue account.
 - **Macro-economic uncertainties** – although borrowing for new build will be kept separate and benefit from a lower rate of interest than historic borrowing, a significant and sustained increase in the cost of borrowing could render one or more scheme to become unviable. Economic

uncertainties driven by Brexit are expected to impact on borrowing costs and the housing market as well as the supply of materials and labour essential for the new build programme therefore this will have to be monitored closely.

- **Borrowing cap** – Government imposed limit on borrowing of £150.683m remains in respect of non-new build schemes within the HRA; this means any shortfall in funding for improvement of existing stock has to be met from internal HRA resources which may impact on the new build proposals.
- **Service charge review** – work on ensuring the maximum amount of income which can legitimately be recovered from tenants and leaseholders to ensure full cost recovery continues; delays or lower than expected income from this review may impact on the revenue position which currently assumes inflationary increases in service charges. An in year adjustment is possible assuming results become available and this will be reflected in the HRA Business Plan update.
- **HIF** – confirmation of £10m allocation for Grange Farm phase 1 & 2 not yet received although it is expected this will be received by March 2019; failure to achieve some or all of this funding will require reassessment of the build programme including possibly delaying or eliminating particular schemes to ensure overall viability.
- **Gayton Road valuation** – seventy two units currently held in General Fund to be transferred to HRA valued at cost however new valuation will be required to comply with accounting rules; significant increase will require additional borrowing.

Mitigations

57. To mitigate these risks it is therefore essential the permanent cost reductions are achieved in line with the budget and MTFS contained in this report; if these are not achieved the impact of the above risks will be significant. In addition the following measures will be implemented to limit Council's exposure :

- **Additional week rent charge 2019-20** – in line with MHCLG guidance the Council will charge a full week's rent for the 53rd Monday that falls in 2019/20 and legal advice has been obtained on this. Alternative would be to forgive additional week's rent charge, necessitating additional cost reductions of £600k by 2023-24.
- **Scheme phasing** – new build schemes will be procured in a phased manner once planning consents and external funding has been secured to prevent over extension of resources which would otherwise adversely impact on delivery of core services; borrowing would also be drawn down in phases to limit Council's exposure to debt.
- **Continuous re-appraisal** – Business Planning process to continue with re-appraisals addressing a broad range of factors including scheme costs,

cost of borrowing and achievement of cost reductions on HRA revenue account

- **External Funding changes** – Mayor of London’s Building Council Houses for Londoners programme combined with recent announcements around right-to-buy, grant funding and relaxation of borrowing indicate further innovations and policy changes are probable which would require continued engagement and lobbying with GLA and Government Department to secure advantage to the Council from upcoming changes.
- **Set up earmarked** – for potential decapitalisations and client contingency for cost variations; this will ensure specific resources are set aside and kept separate from general reserves and a recommendation to this effect has been included in this report.

Impairment Allowance

58. Although current tenant arrears have shown an increase as a result of the roll out of Universal Credit, arrears have remained under control as a result of ongoing tenant education and engagement. A review of debt profiles and a judgemental review by the service indicate bad debt provision required of £150k in 2019-20 then £250k.

General Contingency

59. In addition to the HRA balances, an annual amount of £200k is set aside to cover unforeseen expenditure that may arise in the management and maintenance of the housing stock or in service development initiatives.

Cost reductions

60. Of the £1.9m revenue cost reductions required, £1.202m have been achieved to 31st March 2018 leaving £698k to be achieved. This is an improvement on position reported in Business Plan update, submitted to Cabinet 15th November 2018, following a review of the position following staffing restructure, subject to consultation.

61. Table below shows total cost reductions of £1.926m are expected by 31st March 2020, an overachievement over the original target of £26k.

Description (£'000s)	2017-18 & 2018-19	2019-20	2020-21
Brought fwd cumulative saving	-	-1,202	-1,926
Staffing	-537	-335	-
Repairs	-471	-197	-
Supplies & services	-194	-192	-
Cumulative	-1,202	-1,926	-1,926
Assumed in Business plan	-880	-1,230	-1,900
(Over) achieved	-322	-696	-26

62. Further cost reductions may be required as a result of the ongoing review of the Business Plan as stated in the **risks & mitigations** section.

Consultations

63. As at the date of this report Government consultations on rents for social housing and use of RTB receipts, both of which would affect the longer term position of the HRA and its ability to generate new build units, had closed and Government were in process of reviewing responses :
64. **“Rents for social housing from 2020-21”** – confirms the Government will permit Councils to increase social and affordable rents by CPI + 1% from April 2020 for five financial years, although there is no assurances past March 2025.
65. This update assumes CPI + 1% rent increases for all years from April 2025 as it is considered a fair and reasonable assumption given the information as at the date of this report.
66. Council’s response sought clarity on new formula for rent rebate subsidy limitation as this will affect the revenue account.
67. **“Use of receipts from Right to Buy sales”** – Government is consulting on options including increasing proportion of eligible new build expenditure which can be funded from retained right to buy receipts from 30% to 50% as well as potentially extending the deadline for reinvestment of these proceeds from three to five years enabling Councils more time and manoeuvrability to reinvest earmarked sales proceeds to replenish stock lost through right to buy. This will mean Council will have to put less of its own resources in either through retained receipts or additional borrowing should this proposal go through.
68. These measures will be particularly useful when combined with increased borrowing capacity.
69. Other proposals in this consultation paper include ring fencing of returned 1-4-1 retained RTB receipts and interest for future use by Council as a recycled grant, and allowing greater flexibility in use of Council owned housing companies to reinvest these proceeds on Council’s behalf as well as extending use of retained RTB receipts to fund shared ownership products and providing increased flexibility for transfer of vacant General Fund land to HRA for development.
70. This update assumes the current arrangements of 30% financing ratio and three year deadline for reinvestment is continuing. Council submitted a consultation response positively supporting these proposals.

Variation to MTFS 2019-20

71. The MTFS approved by Cabinet and Council in March 2018 estimated an in year deficit of £113k for 2019-20. Proposed budget changes result in a deficit of £279k, an increase in budgeted deficit of £166k explained below:

- Operating costs +£167k, increase in revenue costs associated with new build programme offset by reductions in central charges and other operating costs as a result of service reviews programme
- Bad debt provision -£100k, reduced requirement 2019-20
- Hardship Fund -£100k, no requirement anticipated 2019-20
- Investment in Services -£100k, reduced requirement 2019-20
- Repairs -£279k, reduction in non-essential expenditure as part of service reviews
- Capital financing -£106k, reduction in interest charges resulting from loss of approved borrowing in prior year
- Rental income +£650k, revision of new build assumptions and transfer of Watkins House sheltered scheme to Harrow Churches Housing Association in return for nomination rights in perpetuity
- Other +£34k

Summary

72. The HRA Budget and MTFS detailed in Appendices 1 and 7 reflect the impact of the 1% per annum rent reduction and proposals to implement the full spectrum of new build proposals aimed at providing over 600 additional homes.

73. The risks associated with these proposals will have to be monitored and mitigated where possible; an essential component of this will be the continual review update and stress testing of the HRA Business Plan.

74. Collateral impact of changes in external and internal environments will have to be reviewed and assessed with appropriate adjustments to the new build programme to minimise risk and secure advantage for Council.

75. The recommendation to start repaying HRA debt is aimed at gaining more flexibility for future capital investment as well as reducing exposure on the revenue account to provide capacity in service provision in other areas.

Risk Management Implications

Risk included on Directorate risk register? Yes

Separate risk register in place? Yes

76. The key risks which should be highlighted, and which are referenced in the main body of the report, are related to need to make savings to ensure a viable and sustainable HRA.

77. Additional grant funding and borrowing capacity will place obligations on Council to meet stringent new build targets which, if not satisfied, could

lead to withdrawal of resources resulting in schemes becoming decapitalised. This could then result in significant revenue charges which would have to be met from HRA revenue reserves.

78. Framework for monitoring and regulation on borrowing are not yet known therefore adequate resources will have to be set aside for essential monitoring and control including setting up of one or more earmarked reserves to fund potential decapitalisations or cost variations, see **risks & mitigations** section.
79. Additional borrowing will attract interest charges which, together with recommendation to start repaying debt attached to new disposals from 2019, will place pressure on resources. It is therefore essential all required cost reductions are fully achieved and the HRA Business Plan regularly updated to ensure adequate resources continue to be in place.

These risks are detailed on the Housing risk register.

Procurement Implications

80. Procurement resulting from this paper will be supported by the procurement team and will comply with the Public Contract Regulations 2015 and the Councils Contract Procedure Rules.

Legal Implications

81. Under section 103 of Housing Act 1985 the terms of a secure tenancy which is a periodic tenancy may be varied by the landlord by a notice of variation served on the tenant. The landlord authority is required to serve a preliminary notice on the secure tenant giving them advance notification of any change proposed to be made to the terms of tenancy and inviting their comments. A preliminary notice is not required for variation of rent or payments in respect of services or facilities provided by the landlord. Although a preliminary notice is not required in respect of a variation to the rent (or services/facilities) charge, a notice of variation is needed and this must set out what the change is and date on which it takes effect. The period between date notice is served and date it takes effect must be at least four weeks or rental period, whichever is longer.
82. Section 105 of the Housing Act 1985 requires a landlord authority to maintain such arrangements as it considers appropriate to enable those secure tenants who are likely to be substantially affected by matters of housing management, to be informed and consulted about the proposals, and before deciding on the matter, the landlord authority has to consider any representations made. The legislation sets out what matters of housing management relate to but this does not extend to the rent payable under a secure tenancy or to charges for services or facilities provided by the authority.
83. Under section 23 of the Welfare Reform and Work Act 2016 registered providers of social housing are obliged, in respect of the relevant year, to

reduce social rent by at least 1% from the rent payable by the tenant in the preceding 12 months for the years beginning 1st April 2016, 1st April 2017, 1st April 2018 and 1st April 2019.

84. There are 53 Mondays in the year 2019/20 and as rents are charged on a Monday, authority is sought to charge 53 weeks rent in the year 2019/20.
85. Under section 74 of the Local Government & Housing Act 1989, the Council, as a Local Housing Authority, must maintain a Housing Revenue Account (HRA) which includes sums falling to be credited or debited in accordance with category of properties listed within s74(1), which consists primarily of Council housing stock. The HRA must include any capital expenditure on housing stock which a Local Authority has decided to charge to revenue. Save in accordance with a direction of Secretary of State, sums may not be transferred between HRA or General Fund, therefore the HRA is ring-fenced and cannot be used to subsidise a budget deficit within General Fund, neither can the General Fund be used to subsidise budget deficit in the HRA. s76 of 1989 Act requires Local Authorities to formulate and implement proposals to secure that the HRA for each financial year does not show a debit balance. If a debit occurs, this must be carried forward to next financial year.

Financial Implications

86. Financial matters are integral to this report.

Equalities implications / Public Sector Equality Duty

87. Pursuant to the Equality Act 2010 (“the Act”), the Council, in the exercise of its functions, has to have ‘due regard’ to (i) eliminating discrimination, harassment, victimisation and any other conduct prohibited by or under the Act; (ii) advancing equality of opportunity between those with a relevant protected characteristic and those without; and (iii) fostering good relations between those with a relevant protected characteristic and those without. Relevant protected characteristics are age, race, disability, gender reassignment, pregnancy and maternity, religion or belief, sex and sexual orientation.
88. When making decisions, the Council must take account of the equality duty and in particular any potential impact on protected groups.
89. There are no adverse impacts on any protected groups envisaged as a result of the recommendations in this report and they represent a continuation of existing policy for 2019-20.
90. Consultation with tenant, leaseholder and resident representative groups on the proposals for cost reductions and revision of fees and charges has taken place throughout the year and will continue into 2019.

Council Priorities

The Council's vision:

Working Together to Make a Difference for Harrow

This report incorporates the following Council priorities:

Making a difference for the vulnerable – through providing support in finding appropriate affordable housing solutions to meet need, and developing new housing to meet future assessed need.

Making a difference for communities – through engaging residents in decisions around regeneration of estates and the wider communities, and delivering housing people want to live in, in areas they are proud to call home.

Making a difference for local businesses – through supporting Council-wide regeneration agenda, and maximizing the contribution new housing can make towards delivering the regeneration vision and objectives.

Making a difference for families – through providing good quality housing and safe neighbourhoods, and targeting our resources as best we can so families can feel the full benefits of economic growth. Our priority for every family is to ensure they can live in a neighbourhood which has a real sense of community, in a house they can be proud to call their home.

Section 3 - Statutory Officer Clearance

Name: Tasleem Kazmi Date: 25th January 2019	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Name: Paresh Mehta Date: 31st January 2019	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer

Section 3 - Procurement Officer Clearance

Name: Nimesh Mehta Date: 29th January 2019	<input checked="" type="checkbox"/>	Head of Procurement
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Ward Councillors notified:	NO, as it impacts on all Wards
EqIA carried out: Milan Joshi EqIA cleared by: Alex Dewsnapp	

Section 4 - Contact Details, background papers

Contact:

Milan Joshi, Service Accountant – Housing, milan.joshi@harrow.gov.uk
Tel: 0208 416 8662 (Ext 8662)

Background Papers:

HRA Draft Budget 2019-20 and MTFS 2020-21 to 2021-22, report to Cabinet 6th Dec 2019

<http://moderngov:8080/documents/g64380/Public%20reports%20pack%20Thursday%2006-Dec-2018%2018.30%20Cabinet.pdf?T=10>

HRA Business Plan Update, report to Cabinet 15th Nov 2018

<http://moderngov:8080/documents/g64379/Public%20reports%20pack%20Thursday%2015-Nov-2018%2018.30%20Cabinet.pdf?T=10>

**Call-In Waived by Chair of
Overview & scrutiny
Committee**

NO – CALL IN APPLIES

Appendix 1

HRA Budget 2019-20 and MTFs 2020-21 to 2021-22 – Expenditure

All figures in £s	Budget 2019-20	Budget 2020-21	Budget 2021-22
Employee Costs	2,604,280	2,668,310	2,701,400
Supplies & Services	1,259,980	1,273,490	1,280,450
Utility cost	229,110	236,930	245,060
Estate & Sheltered Services	3,192,360	3,239,770	3,288,680
Central Recharges	3,383,840	3,472,910	3,552,780
Operating Expenditure	10,669,570	10,891,410	11,068,370
Repairs – Voids	1,050,000	1,050,000	1,050,000
Repairs – Responsive	3,500,380	3,500,380	3,500,380
Repairs – Other	1,929,480	1,953,210	1,988,120
Repairs Expenditure	6,479,860	6,503,590	6,538,500
Contingency – General	200,000	200,000	200,000
Investment in Services	100,000	200,000	200,000
Bad debt provision	150,000	250,000	250,000
Affordable Housing	510,710	518,300	526,110
Charges for Capital	6,324,130	6,804,310	7,542,210
Depreciation	7,775,130	7,902,900	7,909,290
Hardship Fund	0	100,000	100,000
Other Expenditure	15,059,970	15,975,510	16,727,610
Total Expenditure	32,209,400	33,370,510	34,334,480

Appendix 1 (continued)

HRA Budget 2019-20 and MTFS 2020-21 to 2021-22 – Income

All figures in £s	Budget 2019-20	Budget 2020-21	Budget 2021-22
Rent Income – Dwellings	(28,014,840)	(28,937,100)	(30,492,940)
Rent Income – Non Dwellings	(598,880)	(601,170)	(601,170)
Service Charges – Tenants	(1,794,040)	(1,787,100)	(1,791,380)
Service Charges – Leaseholders	(605,450)	(599,750)	(596,900)
Facility Charges	(664,390)	(681,990)	(681,990)
Interest	(3,100)	(3,100)	(3,100)
Other Income	(84,370)	(86,900)	(86,900)
Recharge to General Fund	(165,650)	(165,650)	(165,650)
Total Income	(31,930,720)	(32,862,760)	(34,420,030)
In Year Deficit / (Surplus)	278,680	507,750	(85,550)
BALANCE brought forward	(6,140,970)	(5,862,290)	(5,354,540)
BALANCE carried forward	(5,862,290)	(5,354,540)	(5,440,090)

Average Rent & Service Charges – Social Rented Units Appendix 2

Social rented units	No. units	2018-19 weekly charge	2019-20 rent	2019-20 service charge	2019-20 total	Decrease
Bedsit bungalow	19	£103.72	£99.85	£2.93	£102.78	-£0.94
1 Bed bungalow	115	£113.76	£110.27	£2.43	£112.70	-£1.06
2 Bed bungalow	27	£129.59	£124.58	£3.85	£128.42	-£1.17
Bedsit flat	84	£89.53	£84.47	£4.43	£88.90	-£0.63
1 bed flat	1,185	£99.35	£94.64	£3.84	£98.49	-£0.87
2 bed flat	792	£113.13	£107.74	£4.41	£112.15	-£0.98
3 bed flat	42	£125.62	£119.37	£5.16	£124.53	-£1.08
1 bed Maisonette	6	£92.48	£91.13	£0.44	£91.57	-£0.91
2 bed Maisonette	50	£112.18	£107.33	£3.85	£111.18	-£0.99
3 bed Maisonette	45	£125.07	£119.37	£4.60	£123.97	-£1.10
4 bed Maisonette	1	£131.30	£129.99	£0.00	£129.99	-£1.31
2 bed Parlour House	35	£124.73	£122.24	£1.29	£123.53	-£1.20
3 bed Parlour House	524	£137.54	£134.37	£1.86	£136.23	-£1.31
4 bed Parlour House	55	£150.36	£146.28	£2.67	£148.95	-£1.42
5 & 6 bed Parlour House	10	£161.07	£150.88	£8.87	£159.76	-£1.32
2 bed Non Parlour House	500	£121.03	£117.72	£2.17	£119.89	-£1.14
3 bed Non Parlour House	715	£132.72	£129.16	£2.31	£131.47	-£1.25
4 bed Non Parlour House	33	£146.65	£142.06	£3.23	£145.29	-£1.36
5,6 & 7 bed Non Parlour	6	£158.44	£155.65	£1.25	£156.90	-£1.54
Sheltered bedsit	55	£91.57	£87.88	£2.87	£90.75	-£0.82
Sheltered – other units	500	£98.62	£94.30	£3.45	£97.75	-£0.87
Non sheltered	4,244	£117.35	£113.09	£3.12	£116.21	-£1.14
Sheltered	555	£97.91	£93.66	£3.31	£96.97	-£0.94
Total	4,799	£115.11	£110.86	£3.22	£114.08	-£1.03

Average charge for social rented units 2018-19 was £115.11 per week comprising £111.96 rent, £3.15 service charge compared to budgeted £112.38 and £3.15 per week respectively.

Estimated average charge 2019-20 is £114.08 per week comprising £110.86 rent, £3.22 service charge, reflecting statutory rent reduction 1% and increase of 2.4% for tenant service charges in line with CPI, pending results of review.

Average Rent – Affordable Rented Units Appendix 2 (continued)

Description	No. units	2018-19 rent	2019-20 rent	Decrease
1 bed flat	1	£121.00	£119.79	-£1.21
2 bed flat	3	£173.74	£172.00	-£1.24
3 bed House	10	£205.83	£203.77	-£2.06
4 bed House	4	£221.65	£219.43	-£2.22
3 bed Parlour House (shared ownership)	5	£151.55	£150.03	-£1.52
Affordable rented	18	£199.28	£197.29	-£1.99
Shared ownership	5	£151.55	£150.03	-£1.52
Total	23	£188.91	£187.01	-£1.90

Twenty three new build units from Infill phase 1 programme expected to complete by Summer 2019; table above shows average rents for 2018-19 and 2019-20 reflecting 1% statutory rent reduction.

Shared ownership units, which will form part of separate report to Cabinet, expected to be sold equity 25% with 75% retained by Council until such time as more of the equity is disposed of.

Income from these units is included in the draft HRA budget based on expected completion dates.

Garages & parking space charges**Appendix 3**

	Current Weekly Rental	Proposed Weekly Rental
	2018-19	2019-20
	£	£
Garages	14.05	14.05
Car Spaces	9.16	9.16

Facility Charges

Appendix 4

Sheltered Block	No. of properties	Current average weekly facility charge (Heating) 2018-19	Proposed average weekly facility charge (Heating) 2019-20 3% increase
Alma Court	30	15.74	16.21
Belmont Lodge	30	15.74	16.21
Boothman House	30	15.74	16.21
Cornell House	30	15.74	16.21
Durrant Court	27	15.74	16.21
Edwin Ware Court	30	12.24	12.61
Goddard Court	30	15.74	16.21
Grahame White House	30	15.74	16.21
Grange Court	30	12.24	12.61
Harkett Court	30	15.74	16.21
Harrow Weald Park 0 Bed	12	10.63	10.95
Harrow Weald Park 1 Bed	19	14.37	14.80
Harrow Weald Park 3 Bed	1	21.36	22.00
John Lamb Court	32	16.53	17.03
Meadfield	30	15.74	16.21
Sinclair House	27	15.74	16.21
Tapley Court	26	15.74	16.21
Thomas Hewlett House	30	15.74	16.21
William Allen House	29	12.24	12.61
Resident Warden Accommodation	11	21.36	22.00
Other Non-Sheltered	95	13.56	13.97

Water Charges

Appendix 5

Sheltered Block	No.of flats	Current Range Water Charge 2018-2019		Proposed Range Charge at 0% increase for 2019-2020	
		Lower	Higher	Lower	Higher
Alma Court	30	£5.87	£5.87	£5.87	£5.87
Belmont Lodge	30	£6.03	£6.03	£6.03	£6.03
Boothman House	30	£6.20	£6.20	£6.20	£6.20
Cornell House	30	£6.12	£6.41	£6.12	£6.41
Durrant Court	27	£5.87	£5.49	£5.87	£5.49
Edwin Ware Court	30	£4.99	£6.49	£4.99	£6.49
Goddard Court	30	£6.03	£6.03	£6.03	£6.03
Grahame White House	30	£6.20	£6.20	£6.20	£6.20
Grange Court	30	£4.99	£6.20	£4.99	£6.20
Harkett Court	30	£6.20	£6.20	£6.20	£6.20
Harrow Weald Park	31	£4.99	£6.68	£4.99	£6.68
John Lamb Court	32	£6.20	£6.20	£6.20	£6.20
Meadfield	30	£6.12	£6.41	£6.12	£6.41
Sinclair House	27	£5.87	£6.30	£5.87	£6.30
Tapley Court	26	£5.87	£6.20	£5.87	£6.20
Thomas Hewlett House	30	£6.12	£6.12	£6.12	£6.12
William Allen House	29	£4.99	£6.20	£4.99	£6.20
Total No.of Sheltered Flats	502				
Resident Warden Accommodation	11	£7.40	£9.44	£7.40	£9.44
Total Sheltered Flats incl Warden	513				
Other Non-Sheltered	95	£6.20	£6.20	£6.20	£6.20

Community Centres

Appendix 6

Community Hall and Capacity	Current 2018-19			Proposed 2019-20		
	Charges per first 3 hours block booking then subsequent hourly rate			Charges per hour letting 4% Price Increase		
	Evening Rate	Daytime Rate	Weekend Rate	Evening Rate	Daytime Rate	Weekend Rate
	£	£	£	£	£	£
Augustine Road [max 30]	25.31	12.66	37.96	26.32	13.17	39.48
Marsh Road Hall [max 30]	25.31	12.66	37.96	26.32	13.17	39.48
Brookside Hall [max 30]	25.31	12.66	37.96	26.32	13.17	39.48
Woodlands Hall [max 60]	37.96	18.97	51.82	39.48	19.73	53.90
Churchill Place [max 100]	50.61	22.76	63.26	52.63	23.67	65.79
Kenmore Park [max 100]	50.61	22.76	63.26	52.63	23.67	65.79
Pinner Hill Hall [max 100]	50.61	22.76	63.26	52.63	23.67	65.79
Northolt Road [max 100]	48.66	21.88	60.83	50.61	22.76	63.26

Terms & Conditions associated with Hall lets:

- Lets to Tenants & Residents Assocs free, providing 4 weeks' notice provided.
- Charges shown are exclusive of VAT at 20% and Insurance Premium at 7%
- Day time rates are from 9.00am to 3.30pm
- Commercial lets will be charged at above hourly rates plus 20%.
- Registered Charities will receive a discount of 50% (9.00am to 3.30pm only).
- Block Bookings of 6 months minimum will receive a 25% discount.
- Refundable deposit of £100 against loss or damage required by all other users.

Of the 10 community centres, there are a number of premises that are fully let and supported by lease agreements and therefore charges not levied in accordance with the above schedule. These are:

- Stonegrove Gardens fully let to nursery on lease agreement £12,700 rent pa
- Northolt Road hall partly let as nursery on lease agreement of £5,200 rent pa
- Churchill Place hall partly let as nursery on lease agreement of £13,000 rent pa
- 27 Northolt Road let on lease agreement of £18,750 rent pa

HRA Capital Programme

Appendix 7

Budget Description (all in £'s)	2019/20	2020/21	2021/22	2022/23	2023/24
Internal Works	1,468,600	1,468,600	1,468,600	1,468,600	1,468,600
External Works	2,810,420	754,600	754,600	754,600	754,600
Mechanical & Electrical	3,256,780	4,147,630	4,147,630	4,147,630	4,147,630
Garages	62,940	62,940	62,940	62,940	62,940
Aids and Adaptations	645,140	645,140	645,140	645,140	645,140
Health & Safety works	146,580	146,580	146,580	146,580	146,580
Planned Investment programme	8,390,460	7,225,490	7,225,490	7,225,490	7,225,490
Grange Farm phase 1	8,375,120	12,382,950	430,690	0	0
Grange Farm phase 2	0	0	16,298,580	8,099,360	0
Infill phase 2	2,817,650	3,829,100	0	0	0
Gayton Road	7,695,920	0	0	0	0
Other schemes	6,754,070	21,024,930	29,087,000	31,235,830	4,173,470
Homes for Harrow	25,642,756	37,236,984	45,816,281	39,335,197	4,173,469
Total HRA Capital Programme	34,033,216	44,462,474	53,041,771	46,560,687	11,398,959

Planned Investment programme includes :

- estimated slippage from 2018-19 £2.056m and
- net addition £8m split over five years based on stock condition survey

Grange Farm phase 1 includes :

- slippage £5.4m from 2018-19 split £2.4m 2019-20 and £3m 2020-21
- addition £1.4m split 2020-21 £970k and 2021-22 £430k

Grange Farm phase 2 comprises addition £24.4m split £16.3m £2021-22 and £8.1m 2022-23

Infill phase 2 includes net addition £2.8m in 2020-21

Gayton Road comprises addition of £7.7m reflecting cost to HRA of acquiring completed units in 2019-20

Other schemes comprises net addition £87.4m split £1.9m 2019-20, £21m 2020-21, £29.1m 2021-22, £31.2m 2022-23 and £4.2m 2023-24

All schemes fully financed from combination of internal resources, external grant (GLA and HIF), recycled right to buy receipts and borrowing.

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You will need to produce an Equality Impact Assessment (EqIA) if:

- You are developing a new policy, strategy, or service
- You are making changes that will affect front-line services
- You are reducing budgets, which may affect front-line services
- You are changing the way services are funded and this may impact the quality of the service and who can access it
- You are making a decision that could have a different impact on different groups of people
- You are making staff redundant or changing their roles

Guidance notes on how to complete an EqIA and sign off process are available on the Hub under Equality and Diversity. You must read the [guidance notes](#) and ensure you have followed all stages of the EqIA approval process (outlined in appendix 1). Section 2 of the template requires you to undertake an assessment of the impact of your proposals on groups with protected characteristics. Equalities and borough profile data, as well as other sources of statistical information can be found on the Harrow hub, within the section entitled: [Equality Impact Assessment](#) - sources of statistical information.

Equality Impact Assessment (EqIA)		
Type of decision	Cabinet	
Title of Proposal	HRA Budget 2019-20 & MTFS 2020-21 to 2021-22	20/12/2018
Name and job title of completing/lead Officer	Milan Joshi	
Directorate/ Service responsible	Resources and Commercial/Finance	
Organisational approval		
EqIA approved by Directorate Equalities Lead	Name Alex Dewsnap	Signature <input checked="" type="checkbox"/> Tick this box to indicate that you have approved this EqIA Date of approval:07/02/2019

1. Summary of proposal, impact on groups with protected characteristics and mitigating actions (to be completed after you have completed sections 2 - 5)	
a) What is your proposal?	Reduction in social rents in line with statutory rent reduction Increase in Facilities, service and community hall charges Proposals for new housing development
b) Summarise the impact of your proposal on groups with protected characteristics	<p>Rents – statutory 1% rent reduction for 2019-20 which his last year of rent reduction, thereafter to increase by CPI + 1% Facilities & Community Halls – charges to increase by 3% and 4% respectively reflecting cost of services and requirement to legitimately recover cost from tenants. Tenants will continue to benefit from a reduction in rent. Impact on Council mitigated by service review programme aimed at prioritising expenditure and services to ensure adverse impact on tenants, if any, is minimised.</p> <p>Tenant Service Charges – increase by CPI 2.4% reflecting increase in associated costs; review of these charges aimed at ensuring full recovery of all appropriate costs using fair and transparent methodology ongoing; in year adjustment 2019-20 possible following conclusion of project subject to Cabinet approval. Charges will help pay for costs of maintaining blocks and estates in shorter term with review aimed at ensuring transparency moving forwards which will assist tenants in selecting those services which can be scaled back or enhanced.</p> <p>New Housing Development – proposals to build additional 659 new homes using new borrowing freedoms for new build, external grant and freedoms in reinvestment of right to buy receipts. Additional supply will comprise affordable rented and shared ownership units and address family sized housing shortage for persons otherwise not adequately serviced by private rented sector.</p>
c) Summarise any potential negative impact(s) identified and mitigating actions	Increases in service and other charges reflect cost of provision reviews aimed at ensuring full cost recovery and transparency in progress.

New build programme will bring significant risks to Council and these will be mitigated by setting up adequate financial reserves to offset adverse impacts e.g. increases in interest rates or build costs.

Mitigations will prevent adverse impact on front line services and ensure continuity for tenants and leaseholders in the Borough.

Tenants experiencing payment difficulties have recourse to specialist advice from HRA Resident Services who can advise on impact of Government's Welfare Reforms (mainly Universal Credit). These include payment plans, budgeting and alternative accommodation in the case of under occupation. Assistance and advice of this type is a key and important part of the service provided by Council's HRA.

2. Assessing impact					
You are required to undertake a detailed analysis of the impact of your proposals on groups with protected characteristics. You should refer to borough profile data , equalities data , service user information, consultation responses and any other relevant data/evidence to help you assess and explain what impact (if any) your proposal(s) will have on each group. Where there are gaps in data, you should state this in the boxes below and what action (if any), you will take to address this in the future.		What does the evidence tell you about the impact your proposal may have on groups with protected characteristics? Click the relevant box to indicate whether your proposal will have a positive impact, negative (minor, major), or no impact			
Protected characteristic	For each protected characteristic, explain in detail what the evidence is suggesting and the impact of your proposal (if any). Click the appropriate box on the right to indicate the outcome of your analysis.	Positive impact	Negative impact		No impact
			Minor	Major	
Age	<p>Population: Harrow's resident population is estimated to be 248,7501 so Harrow's population is estimated to have increased by 42,550 (20.5%) since 2001.</p> <p>Age – 20.6% of Harrow's residents are under 16. 64.2% of Harrow's population are of working age (16 to 64) and 15.2% of Harrow's residents are 65 or older.2 The average (median) age is 37.4 years, lower than many other places3. As with most areas in the country, the borough has an aging population. It is expected that the number of residents aged 65 plus will increase by 41% and those aged 85 plus could increase by over 67% by 20314. It is also expected that the number of children (0-15) will also increase by 14% during the 10 year period between 2014 – 2024.</p> <p>Age profile of users of all of the services covered by report has not been collated. Increase in rents in line with statutory requirements and other charges considered fair and reasonable.</p>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Disability	<p>Harrow profile*: Disability – 13.7% of Harrow's working age population classified themselves as disabled, a total of 22,100 people5. 6,470 individuals, 2.6% of the total population, receive Disability Living Allowance.6 A total of 2302 people received long term social care services primarily for physical support needs during 2016-17. This is about 1% of the total resident population. An</p>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	<p>additional 86 people received long term support primarily for sensory impairments. There were 575 Harrow residents receiving long-term social care support from Harrow Adult Social Care Services for learning disabilities during '16-17. 518 (approximately 90%) were younger adults under the age of 65. (source: SALT). 18% of younger adults with learning disabilities were in paid employment during the year. In comparison to London (7.2%) and England (5.7%), Harrow has a high number of LD clients who are in employment. In 2016-17, 73% younger adults with learning disabilities were in settled accommodation (with security of tenure). This is slightly below the England average (76%), but is above that of London (71%).</p> <p>Disability profile of users of all of the services covered by report has not been collated. Increase in rents in line with statutory requirements and other charges considered fair and reasonable. Specific adaptations for Council tenants included as part of capital program and commitment to wellbeing of disabled tenants remain priority for the service.</p>				
Gender reassignment	This data is currently not available.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Marriage and Civil Partnership	54% of Harrow residents are married, the highest level in London. As of 31st December 2016, there have been 142 Civil Partnerships in Harrow, 19 of which have been converted to marriage. There have been 32 same sex marriages in Harrow since inception on 29th March 2014.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Pregnancy and Maternity	In 2016 there were 14.5 live births per 1000 population which is higher than the UK average of 11.8. The fertility rate is 2.03 children per woman, higher than the UK average of 1.79. For women under the age of 18, the birth rate was 3.7 per 1000 population which is in line with the London average of 3.8 and lower than the UK average of 5.7. Harrow has the lowest levels of live births outside of	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

	<p>marriage in the country (19.4%).</p> <p>Pregnancy and Maternity profile of users of all of the services covered by report has not been collated. Although we don't have specific data, the nature of the homes being built are aimed at families and therefore this means that there is a proportionate increase in the chance that the build programme will have a positive impact on this characteristic.'</p> <p>Increase in rents in line with statutory requirements and other charges considered fair and reasonable; these, together with new build program, will be implemented impartial to this protected characteristic.</p>				
Race/ Ethnicity	<p>Harrow profile (Census): 61.8% of residents classify themselves as belonging to a minority ethnic group. The White British group forms the remaining 38.2% of the population, (down from 50% in 2001). 26.4% of Harrow's residents are of Indian origin – the largest minority ethnic group in the borough, followed by Kenyans and Sri Lankans. Harrow is home to the largest Sri Lankan born community in the country. 8.2% of residents are 'White Other', up from 4.5% in 2001.</p> <p>In 2015/16 Harrow recorded its 2nd highest levels of migration in a decade signifying a significant change in population make up since the 2011 census. The top three nationalities of these most recent arrivals are Romanian, Indian and Polish.</p> <p>The top 5 most recorded community languages in Harrow are: English, Gujarati, Tamil, Romanian, Arabic and there are over 155 languages spoken in Harrow schools.</p> <p>Race and Ethnicity profile of users of all of the services covered by report has not been collated. Increase in rents in line with statutory requirements and other charges considered fair and reasonable; these, together with new build program, will be implemented impartial to this protected characteristic.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Religion or belief	<p>Harrow profile: Harrow is also said to be the most religiously diverse borough in the country. The borough had the highest proportion of Hindus, Jains and members of the Unification Church, the second highest figures for Zoroastrianism and was 6th for Judaism. 37% of the population are Christian, the 5th lowest figure in the country. Muslims accounted for 12.5% of the population⁸. In Greenhill and Wealdstone there are proportionately more followers of Islam and slighter lower Hindus. There is a higher proportion of Bangladeshi and Pakistanis in these wards. Those ethnic groups have high levels of residents aged 16-64 who are economically inactive (35.4%) compared to Indians (14.7%).</p> <p>Religion and Belief profile of users of all of the services covered by report has not been collated. Increase in rents in line with statutory requirements and other charges considered fair and reasonable; these, together with new build program, will be implemented impartial to this protected characteristic.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Gender	<p>Harrow profile: 49.9% of the population are male and 51.1% are female</p> <p>Gender profile of users of all of the services covered by report has not been collated. Increase in rents in line with statutory requirements and other charges considered fair and reasonable; these, together with new build program, will be implemented impartial to this protected characteristic.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Sexual Orientation	<p>Harrow profile: It is estimated that 10% of the UK population are lesbian, gay and bisexual (LGB), which would equate to approximately 24,713 of our residents.</p> <p>Sexual orientation profile of users of all of the services covered by report has not been collated. Increase in rents in line with statutory requirements and other charges considered fair and reasonable; these, together with new build program, will be implemented impartial to this protected characteristic.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

2.1 Cumulative impact – considering what else is happening within the Council and Harrow as a whole, could your proposals have a cumulative impact on groups with protected characteristics?

Yes No

If you clicked the Yes box, which groups with protected characteristics could be affected and what is the potential impact? Include details in the space below

2.2 Any other impact - considering what else is happening nationally/locally (national/local/regional policies, socio-economic factors etc), could your proposals have an impact on individuals/service users, or other groups?

Yes No

If you clicked the Yes box, Include details in the space below

3. Actions to mitigate/remove negative impact

Only complete this section if your assessment (in section 2) suggests that your proposals may have a negative impact on groups with protected characteristics. If you have not identified any negative impacts, please complete sections 4 and 5.

In the table below, please state what these potential negative impact (s) are, mitigating actions and steps taken to ensure that these measures will address and remove any negative impacts identified and by when. Please also state how you will monitor the impact of your proposal once implemented.

State what the negative impact(s) are for each group, identified in section 2. In addition, you should also consider and state potential risks associated with your proposal.	Measures to mitigate negative impact (provide details, including details of and additional consultation undertaken/to be carried out in the future). If you are unable to identify measures to mitigate impact, please state so and provide a brief explanation.	What action (s) will you take to assess whether these measures have addressed and removed any negative impacts identified in your analysis? Please provide details. If you have previously stated that you are unable to identify measures to mitigate impact please state below.	Deadline date	Lead Officer

4. Public Sector Equality Duty

How does your proposal meet the Public Sector Equality Duty (PSED) to:

1. Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010
2. Advance equality of opportunity between people from different groups
3. Foster good relations between people from different groups

Proposals are made impartial to protected characteristics.

Tenants experiencing financial difficulties are offered help, advice and support from suitably qualified staff in accordance with agreed service standards. Tenants are regularly invited to consultative forums to ensure they are kept up to date with proposed developments and have opportunity to discuss issues directly with Council officers.

5. Outcome of the Equality Impact Assessment (EqIA) click the box that applies

Outcome 1

No change required: the EqIA has not identified any potential for unlawful conduct or disproportionate impact and all opportunities to advance equality of opportunity are being addressed

Outcome 2

Adjustments to remove/mitigate negative impacts identified by the assessment, or to better advance equality, as stated in section 3&4

Outcome 3

This EqIA has identified discrimination and/ or missed opportunities to advance equality and/or foster good relations. However, it is still reasonable to continue with the activity. Outline the reasons for this and the information used to reach this decision in the space below.

Include details here



REPORT FOR: CABINET

Date of Meeting: 17 January 2019

Subject: Changes to Council Tax Long Term Empty Property Premiums

Key Decision: Yes

Responsible Officer: Dawn Calvert
Director of Finance,

Portfolio Holder: Adam Swersky – Portfolio Holder for Finance and Resources

Exempt: No

Decision subject to Call-in: Yes

Wards affected: All

Enclosures: Appendix 1 – Equality Impact Assessment

Section 1 – Summary and Recommendations

This report sets out a proposal for Harrow to change its policy with regards to the Premium charged to Council Tax payers regarding properties which have been empty for a continuous period of at least 2 years. The changes arise from the flexibility granted to Local Authorities in the November 2017 budget announcement, and the subsequent changes to Section 11B of the Local Government Finance Act (LGFA) 1992, subsections (1) to (3), as introduced by the Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018.

Recommendations:

Cabinet is requested to:

1. Agree that the Authority exercises its discretion and changes the premium charged to long term empty property from 1.5 times the standard Council Tax for the said band, to the new ratios as set out in the table below (expressed as additional percentages of annual Council Tax);

2.

Long term empty property criteria giving rise to additional Council Tax premiums;	From 1/4/2019 Financial Year	From 1/4/2020 Financial Year	From 1/4/2021 Financial Year
For Properties which have remained empty for at least 2 Years	100%	100%	100%
For Properties which have remained empty for less than 5 Years	N/A	100%	100%
For Properties which have remained empty for at least 5 & but less than 10 Years	N/A	200%	200%
For Properties which have remained empty for at least 10 Years	N/A	N/A	300%

3. Recommend the determination to Full Council as required by legislation.

Reason: (for recommendation)

Agreeing the proposed changes to the Council Tax Premium will result in the Council generating an extra £60,000 in Council Tax revenue annually. More importantly it will discourage owners from keeping much needed residential property in the borough empty.

Section 2 – Report

Introduction

Harrow has a Housing crisis with little or no affordable homes available to rent in the Borough. Additionally empty homes tend to attract anti-social behaviour and the involvement of public services in dealing with empty home issues generally lead to a disproportionate cost compared to what is spent on issues arising from occupied dwellings. The Council therefore has a responsibility to change behaviours and this report proposes increasing the “long term empty” premium to support that objective.

Currently, the Local Government Finance Act 1992 allows a billing authority to determine that a long term empty dwelling will not qualify for a discount and that the amount of council tax shall be increased by a percentage of not more than 50%. A long term empty dwelling is defined as a dwelling which has been unoccupied and substantially unfurnished for a continuous period of 2 years.

On the 22/11/2012 Cabinet agreed that Harrow Council would, with regards to long term empty property, charge a council tax premium of 50% on top of the normal council tax charge, with effect from 1/4/2013, for properties which met the definition of “long term empty”.

Following recent changes in legislation, deriving from the announcement in the budget speech of 22/11/2017, local authorities now have the flexibility to increase this premium charge from 50% to 100% immediately and up to 300% over time, depending on the length of time a property remains empty.

This report asks that Cabinet agree to change its Council Tax Discount & Premium policy to increase the charge levied on long term empty properties to between 100% and 300% of the standard Council Tax that would be applicable for the relevant banded property, in line with the maximums allowance under the legislation. It is further proposed that the above change is implemented with effect from 1/4/2019.

This will mean that all long term empty properties will be liable to pay an empty property premium, which will be calculated by taking the council tax liability that would normally be levied at the relevant band amount (assuming no reductions for any reasons, including single person discounts) and adding on the percentage increases as set out in the table below depending on the length of time the property has been empty. For clarification this would mean a property which has been empty for at least 2 years would be charged double the amount of council tax for the property’s band (or 100% premium).

This will affect approximately 61 households and raise around £60k annually.

	From 1/4/2019	From 1/4/2020	From 1/4/2021
Long term empty property criteria giving rise to additional Council Tax premiums;	Additional CT premium percentage applicable	Additional CT premium percentage applicable	Additional CT premium percentage applicable
For Properties which have remained empty for at least 2 Years	100%	100%	100%
For Properties which have remained empty for less than 5 Years	N/A	100%	100%
For Properties which have remained empty for at least 5 but less than 10 Years	N/A	200%	200%
For Properties which have remained empty for at least 10 Years	N/A	N/A	300%

Consultation Outcome & Impacts

Consultation Feedback

A 4 week consultation was carried out on-line between the 29th October 2018 and 23rd November 2018

There was little response to the consultation, with only two responses having been received, one being from the GLA.

The key messages from the GLA (see Appendix 1 attached) and the other respondent were;

Respondent	
GLA	<p><i>“The GLA supports the proposals for the revised long term empty property premiums proposed by Harrow in its consultation. The Mayor is committed to tackling London’s housing crisis; as such, the GLA has welcomed the additional flexibilities provided to billing authorities by central government, with the aim of bringing more empty homes back into use.</i></p> <p><i>The Council has proposed these changes based on the clear rationale that the increases in the premium are intended to change behaviour, in order to reduce the number of properties that are ‘long-term empty’. The borough faces a housing shortage, as do other areas of London. In addition, the Council notes that empty homes tend to attract anti-social behaviour and consequent additional costs to public services</i></p> <p><i>Whilst reducing the number of empty homes is clearly the primary objective of the premium, the GLA has previously encouraged billing authorities to consider the impact of the additional revenue councils can raise from the current 50% empty homes premium, when determining schemes for council tax support. If the increases in the premium permitted under the new legislation result in significant additional revenues, we recommend the Council should take these into account if, in the future, it is reviewing changes to its council tax support scheme”.</i></p>
Other	<p>They agreed with the current policy that if a property is not in use as anyone’s sole or main residence that they should pay more council tax</p> <p>They agreed with the proposal that if it has not been used for between 2-5 years the Council Tax charge should be 200%</p> <p>They agreed with the proposal that if a property has not been used for between 5-10 years the Council Tax charge should be 300%</p> <p>They agreed with the proposal that if a property has not been used for over 10 years the Council Tax charge should be 400%</p> <p>Their general comments were:-</p> <p>I believe that if the property is left empty for over 5 years then there should be an investigation on the reasons behind this and also a complete inspection should be done on the property to investigate its state.</p> <p>If it is found that the property is not in up to specified standards and the owner is not putting any effort to maintain the property then some sort of order must be issued to make the owner sell the property to either a property developer or housing agency or at a cheaper rate to first time buyers so that they can get the property up to standard and either rent it out or sell to others who need help to get on property ladder.</p> <p>Response was from a Harrow Council Tax payer.</p>

Impacts

In Harrow, there are still 554 properties which have been empty for more than 6 months but of this number, 548 have been empty for less than 2 years.

The proposals will impact on an additional 6 existing empty properties on top of the 79 that are already affected by the earlier adopted policy. (The current adopted policy in Harrow sets out that the premium can only be charged once a property has been empty for more than 2 years).

Of the 79 properties to which the premium currently applies, and where the owners are paying this premium, the following would apply;

48 have been empty for between 2 – 5 years	And would become subject to the 100% premium in 2019/20, i.e. 200% Council Tax charge,
15 have been empty for between 5- 10 years	And would become subject to the 100% premium in 2019/20 and be liable for 200% premium from 2020/21
16 have been empty for more than 10 years	And would become subject to the 100% premium in 2019/20, 200% premium in 2020/21 and 300% premium in 2021/22.

The additional 6 would fall into the first category, and be charged 200% of the existing Council Tax.

Based on the current figures it would appear that this policy change would impact on very few owners. Additionally, those owners who can demonstrate that their properties are genuinely on the market for sale or rent could be potentially exempted, but a change in policy would be an incentive for those that have chosen to keep their property empty. These properties can be seen as a wasted resource when there is homelessness in the borough and can, in some cases, lead to properties becoming poorly maintained impacting on not just the empty property itself, but also adjoining properties.

Exceptions

There are exemptions from this premium already covered in legislation where for example a property is left empty due to the council taxpayer being in a home; or having gone elsewhere to receive or provide care; or where they have passed away and probate has not yet been granted. In addition to this when the reforms were introduced in 2013 further clarity was given that these premiums must not apply to:-

- a) Properties left empty where the council tax payer is not at the property due being a member of the armed services and is required to live elsewhere due to this;
- b) An unoccupied annexe which is being used by a resident of the main property
- c) Properties which are subject to a planning condition which prevents occupation of a continuous period of 28 days

These exceptions will remain, which will give protection to those who have to leave their homes empty through no fault of their own or due to specific prescribed reasons.

Legal Background

The Local Government Finance Act 2012 inserted new clauses into the LGFA 1992. Under s11A(2) of the LGFA 1992, the council is required to make a determination regarding any change to reducing discounts on unoccupied

properties, whilst s11A(6) requires that the determination be published in a local newspaper within 21 days of the determination. There is no statutory requirement for consultation, although there are publication requirements.

The Rating (Property in Common Occupation) and Council Tax (Empty Dwellings) Act 2018 further amended the LGFA 1992, specifically Section 11B and subsections (1) to (3). The Act requires certain determinations to be made by full Council and this includes determinations under Section 11A and Section 11B as set out above.

When making policy decisions, the Council must take into account of all relevant material, including financial resources, consultation responses if consultation was carried out, and potential equality impacts in order to reach a decision.

Notice of any determination under this section must be published in a local newspaper within 21 days of the determination. There is no statutory duty to consult on these technical reforms.

Article 13 of the Council's Constitution states a key decision is an executive decision which:

- (i) is likely to result in the Council incurring expenditure which is, or the making of savings which are, significant having regard to the Council's budget for the service or function to which the decision relates; or
- (ii) is likely to be significant in terms of its effects on communities living or working in an area of two or more wards of the Borough.

A decision is significant for the purposes of (i) above if it involves expenditure or the making of savings of an amount in excess of £1m for capital expenditure or £500,000 for revenue expenditure or, where expenditure or savings are less than the amounts specified above, they constitute more than 50% of the budget attributable to the service in question.

Financial Implications

Government previously changed the rules on discounts and exemption flexibility to deliberately allow billing authorities to raise additional income streams to mitigate the loss of support grant. The policy change will raise only a negligible amount of money per year, but is designed to encourage people to get houses into use. The policy's objective is to ensure, that for those who leave properties empty in the hope they will benefit from house price increases, the owners will see a significantly increase in the cost of holding that investment; hopefully stopping owners from leaving property empty purely to speculate on future house prices.

Implementing these further changes will link to our Housing Strategy which was reviewed as part of the implementation of the Welfare Reform Act changes which supports bringing properties back into use through a raft of different means to minimise residents unable to find affordable homes including:-

- reducing under occupied properties by offering downsized accommodation either within or outside of the borough
- offering incentives to free up council housing where tenants no longer wish to live in the borough
- incentives for private landlords via renovation grants to bring properties back into use for the rental market.
- redeveloping existing council property to increase the number of units
- support to private landlords via rental schemes or our letting agency

Performance Issues

Considering the small number of properties affected, there are no expected performance issues that need to be considered.

It should be noted however that the levy of a higher additional charge on long-term empty properties may encourage behaviours that will encourage property owners to find ways of avoiding payment of any additional charges. As such additional checks may need to be undertaken to verify and/or challenge such claims.

Environmental Impact

None

Risk Management Implications

A tax payer will be able to challenge the application of the premium charge if they are affected personally, by making an appeal to the Valuation Tribunal; a process which already exists and is already dealt with by Revenues staff through the normal operational procedures for council tax administration. This risk will therefore be managed by existing processes in place.

Equalities implications

When making this decision, Cabinet should have due regard to the public sector equality duty. Cabinet must take account of the equality duty and in particular any potential impact on protected groups.

Section 149 of the Equalities Act 2010 created the public sector equality duty. Section 149 states:-

- (1) 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.

Corporate Priorities

The report addresses the Council's corporate priorities as the change in policy will ensure additional monies are raised from council tax to support services. By increasing the Council's tax base it also ensures this is an on-going process which will continue delivering the extra funds in future years.

Section 3 - Statutory Officer Clearance

Name: Sharon Daniels	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 3 December 2018		
Name: Baljeet Virdee	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 4 December 2018		

Name: Nimesh Mehta	<input checked="" type="checkbox"/>	Head of Procurement
Date: 3 December 2018		

Ward Councillors notified:	NO
EqIA carried out:	Yes
EqIA cleared by:	Alex Dewsnap

Section 4 - Contact Details and Background Papers

Contact:

Fern Silverio (Head of Service – Collections & Housing Benefits),
Tel: 020-8736-6818 / email: fern.silverio@harrow.gov.uk

Background Papers:

None

**Call-In Waived by the
Chair of Overview and
Scrutiny Committee**

NO – CALL IN APPLIES

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You will need to produce an Equality Impact Assessment (EqIA) if:

- You are developing a new policy, strategy, or service
- You are making changes that will affect front-line services
- You are reducing budgets, which may affect front-line services
- You are changing the way services are funded and this may impact the quality of the service and who can access it
- You are making a decision that could have a different impact on different groups of people
- You are making staff redundant or changing their roles

Guidance notes on how to complete an EqIA and sign off process are available on the Hub under Equality and Diversity. You must read the [guidance notes](#) and ensure you have followed all stages of the EqIA approval process. Section 2 of the template requires you to undertake an assessment of the impact of your proposals on groups with protected characteristics. Borough profile data and other sources of statistical information on each group can be found on the Harrow hub, within the section entitled: Equality Impact Assessment - [Borough profile data](#) and other sources of information to help you complete your EqIA template.

Equality Impact Assessment (EqIA)		
Type of Decision:	<input type="radio"/> Cabinet <input type="radio"/> Portfolio holder <input checked="" type="radio"/> Other (state)	
Title of Proposal	Amendment to Council Tax Premiums	Date EqIA created 12.9.18 Reviewed after online consultation ended 29.11.2018
Value of savings to be made (if applicable):	N/A	
Name and job title of completing/lead Officer	Lynn Allaker Revenues Service Manager	
Directorate/ Service responsible		
Organisational approval		
EqIA approved by Directorate Equality Task Group (DETG) Chair	Name Alex Dewsnap	Signature <input checked="" type="checkbox"/> Tick this box to indicate that you have approved this EqIA Date of approval 21/12/2018

1. Summary of proposal, impact on groups with protected characteristics and mitigating actions (to be completed after you have completed sections 2 - 5)
<p>a) What is your proposal? Central Government is proposing to issue updated regulations to allow local authority to increase the level of Council Tax premium where properties have been left empty and unoccupied for more than 2 years. This will impact on owners of 2nd properties, Housing Associations, LB Harrow Housing department, property developers.</p> <p>The proposal covers the following:</p> <ul style="list-style-type: none"> • Implement 100% premium on long term empty properties where the property has been empty for between 2 and 5 years from 1st April 2019 • Implement 200% premium on long term empty properties where the property has been empty for between 5 and 10 years from 1st April 2020 • Implement 300% premium on long term empty properties where the property has been empty for more than 10 years from 1st April 2021 <p>Initial calculations suggested that only 79 properties would be impacted by this change but only 48 from the 1st April 2019 which would generate an additional income of just under £200,000. The determination needs to be made by members as part of the tax setting process so that the correct demands can be issued by 1st April 2019 and any additional income considered for the budget calculations for 2019-20</p>
<p>b) Summarise the impact of your proposal on groups with protected characteristics</p> <p>None identified</p>
<p>c) Summarise any potential negative impact(s) identified and mitigating actions</p> <p>N/a</p>

2. Assessing impact					
You are required to undertake a detailed analysis of the impact of your proposals on groups with protected characteristics. You should refer to borough profile data , equalities data , service user information, consultation responses and any other relevant data/evidence to help you assess and explain what impact (if any) your proposal(s) will have on each group. Where there are gaps in data, you should state this in the boxes below and what action (if any), you will take to address this in the future.		What does the evidence tell you about the impact your proposal may have on groups with protected characteristics? Click the relevant box to indicate whether your proposal will have a positive impact, negative (minor, major), or no impact			
Protected characteristic	For each protected characteristic, explain in detail what the evidence is suggesting and the impact of your proposal (if any). Click the appropriate box on the right to indicate the outcome of your analysis.	Positive impact	Negative impact		No impact
			Minor	Major	
Age	This proposal is only affecting empty properties. Where the property has been left empty as the resident is receiving care which may be due to age then this policy change will not affect them as there is a council tax exemption which applies.. Council Tax is only payable by persons over the age of 18. Age is not held on the Council Tax system unless noted as an indicator of vulnerability. This policy is dependent on the length of time the property has remained empty not on a council tax payers age.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Disability	This proposal is only affecting empty properties where they have been empty for 2 years or more. This should allow any customers who need additional support to sell or rent their 2 nd property time to get this in place. This policy is dependent on the length of time the property has remained empty not on a council tax payers disability. A customers disability will only be held on the Council tax records if they are:- <ul style="list-style-type: none"> a) Claiming a disabled band reduction which is only applicable on occupied properties b) Claiming a discount as a carer of someone else in the property which is only applicable on occupied properties c) Claiming a discount as severely mentally impaired which is only applicable on occupied properties 	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Gender reassignment	This proposal is only affecting empty properties. This policy is dependent on the length of time the property has remained empty not on a council tax payers gender reassignment. This information is not held on the Council tax records.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

Marriage and Civil Partnership	This proposal is only affecting empty properties where they have been empty for 2 years or more. Whilst a council taxpayers title may be held on our records, this policy is dependent on the length of time the property has remained empty not on a council tax payers marital or civil partnership status.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Pregnancy and Maternity	This proposal is only affecting empty properties where they have been empty for 2 years or more. This policy is dependent on the length of time the property has remained empty not on a council tax payers pregnancy or maternity status. This information is not held on the Council tax records unless it has been noted as indicator of vulnerability.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Race/ Ethnicity	This proposal is only affecting empty properties where they have been empty for 2 years or more This policy is dependent on the length of time the property has remained empty not on a council tax payers race/ethnicity. This information is not held on the Council tax records.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Religion or belief	This proposal is only affecting empty properties where they have been empty for 2 years or more. This policy is dependent on the length of time the property has remained empty not on a council tax payers religion/belief.. This information is not held on the Council tax records.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Sex	This proposal is only affecting empty properties where they have been empty for 2 years or more This policy is dependent on the length of time the property has remained empty not on a council tax payers sex.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
Sexual Orientation	This proposal is only affecting empty properties where they have been empty for 2 years or more. This policy is dependent on the length of time the property has remained empty not on a council tax payers sexual orientation. This information is not held on the Council tax records.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

2.1 Cumulative impact – considering what else is happening within the Council and Harrow as a whole, could your proposals have a cumulative impact on groups with protected characteristics?

Yes No

If you clicked the Yes box, which groups with protected characteristics could be affected and what is the potential impact? Include details in the space below

3. Actions to mitigate/remove negative impact

Only complete this section if your assessment (in section 2) suggests that your proposals may have a negative impact on groups with protected characteristics. If you have not identified any negative impacts, please complete sections 4 and 5.

In the table below, please state what these potential negative impact (s) are, mitigating actions and steps taken to ensure that these measures will address and remove any negative impacts identified and by when. Please also state how you will monitor the impact of your proposal once implemented.

State what the negative impact(s) are for each group, identified in section 2. In addition, you should also consider and state potential risks associated with your proposal.	Measures to mitigate negative impact (provide details, including details of and additional consultation undertaken/to be carried out in the future). If you are unable to identify measures to mitigate impact, please state so and provide a brief explanation.	What action (s) will you take to assess whether these measures have addressed and removed any negative impacts identified in your analysis? Please provide details. If you have previously stated that you are unable to identify measures to mitigate impact please state below.	Deadline date	Lead Officer

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4. Public Sector Equality Duty

How does your proposal meet the Public Sector Equality Duty (PSED) to:

1. Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010
2. Advance equality of opportunity between people from different groups
3. Foster good relations between people from different groups

Include details in the space below

An online consultation was carried out between 29th October 2018 and 23rd November 2018. Two responses were received, 1 from the GLA and 1 from a Harrow Council Tax payer.

“The GLA supports the proposals for the revised long term empty property premiums proposed by Harrow in its consultation. The Mayor is committed to tackling London’s housing crisis; as such, the GLA has welcomed the additional flexibilities provided to billing authorities by central government, with the aim of bringing more empty homes back into use.

The Council has proposed these changes based on the clear rationale that the increases in the premium are intended to change behaviour, in order to reduce the number of properties that are ‘long-term empty’. The borough faces a housing shortage, as do other areas of London. In addition, the Council notes that empty homes tend to attract anti-social behaviour and consequent additional costs to public services

Whilst reducing the number of empty homes is clearly the primary objective of the premium, the GLA has previously encouraged billing authorities to consider the impact of the additional revenue councils can raise from the current 50% empty homes premium, when determining schemes for council tax support. If the increases in the premium permitted under the new legislation result in significant additional revenues, we recommend the Council should take these into account if, in the future, it is reviewing changes to its council tax support scheme”.

*“ They agreed with the current policy that if a property is not in use as anyone’s sole or main residence that they should pay more council tax
They agreed with the proposal that if it has not been used for between 2-5 years the Council Tax charge should be 200%
They agreed with the proposal that if a property has not been used for between 5-10 years the Council Tax charge should be 300%
They agreed with the proposal that if a property has not been used for over 10 years the Council Tax charge should be 400%*

Their general comments were:-

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I believe that if the property is left empty for over 5 years then there should be an investigation on the reasons behind this and also a complete inspection should be done on the property to investigate its state.

if it is found that the property is not in a specified standards and the owner is not putting any effort to maintain the property then some sort of order must be issued to make the owner sell the property to either a property developer or housing agency or at a cheaper rate to first time buyer so that they can get the property upto standard and either rent it out or sold to others who need help to get on property ladder”

As only 1 respondent was received I have not summarised their responses to the protected characteristics but as can be seen from Part 2 this policy is not based on any protected characteristics and the numbers potentially affected are less than 0.01% of the total Council Tax properties in the borough.

5. Outcome of the Equality Impact Assessment (EqIA) click the box that applies

Outcome 1

No change required: the EqIA has not identified any potential for disproportionate impact and all opportunities to advance equality of opportunity are being addressed

Outcome 2

Adjustments to remove/mitigate negative impacts identified by the assessment, or to better advance equality, as stated in section 3&4

Outcome 3

This EqIA has identified missed opportunities to advance equality and/or foster good relations. However, it is still reasonable to continue with the activity. Outline the reasons for this and the information used to reach this decision in the space below.

**REPORT FOR: GOVERNANCE, AUDIT
AND RISK
MANAGEMENT AND
STANDARDS
COMMITTEE**

Date of Meeting:

5 December 2018

Subject:

Audit Committee Review

Responsible Officer:

Dawn Calvert – Director of Finance

Exempt:

No

Enclosures:

Appendix A – The draft Internal Audit report
Appendix B – The Committee’s Self-
Assessment
Appendix C – The Committee’s current Terms
of Reference
Appendix D – The proposed updated Terms of
Reference

Section 1 – Summary and Recommendations

This report outlines the draft findings and recommendations of the Internal Audit review of the audit committee as agreed as part of the 2018/19 Internal Audit Plan.

Recommendations:

The Committee is requested to:

- Review the draft Internal Audit report;
- Agree the report’s recommendations; and
- Review the proposed updated Terms of Reference for the Committee for referral to Council so that it may be included in the constitution.

Section 2 – Report

Background

- 2.1. As part of the 2017/18 annual governance review it was identified that the audit committee role, undertaken by the GARMS Committee, has not been specifically reviewed against best practice, as contained in CIPFA guidance, for several years. This was identified as a minor governance gap and to address this an Internal Audit review of the audit committee was included in the 2018/19 Internal Audit Plan, as agreed by the GARMS Committee on 17/07/18.
- 2.2. A Terms of Reference for the review, was agreed with the Chair of GARMS, and presented to the last meeting of the Committee for information along with the CIPFA Audit Committees/Practical Guidance for Local Authorities on which the review was based.

Overview of CIPFA Guidance

- 2.3. The CIPFA guidance incorporates *CIPFA's Position Statement: Audit Committees in Local Authorities and Police (2018)* ('the Position Statement'), which sets out CIPFA's view of the role and functions of an audit committee.
- 2.4. The Position Statement emphasises the importance of audit committees being in place in all principal local authorities and recognises that audit committees are a key component of governance.
- 2.5. It states that the purpose of an audit committee is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes.
- 2.6. Audit committees in local authorities are necessary to help satisfy certain statutory requirements. For example in England, the Accounts and Audit (England) Regulations 2015 state that a local authority is responsible "for a sound system of internal control which facilitates the effective exercise of its functions and the achievement of its aims and objectives; ensures that the financial and operational management of the authority is effective and includes effective arrangements for the management of risk". In addition, in England, Section 151 of the Local Government Act 1972 requires every local authority to "make arrangements for the proper administration of its financial affairs".
- 2.7. The chief financial officer (CFO) has overarching responsibility for discharging the requirement for sound financial management. To be truly effective, the CFO requires an effective audit committee to provide support and challenge. An essential role for the audit committee is to oversee internal audit, helping to ensure that it is adequate and effective. Both these elements are now enshrined in the Public Sector Internal Audit Standards (PSIAS) and the supporting Local Government Application Note for the United Kingdom Public Sector Internal Audit Standards (LGAN).

- 2.8 The guidance states that best practice dictates that governance, risk management and strong financial controls be embedded in the daily and regular business of an organisation. The existence of an audit committee does not remove responsibility from senior managers, members and leaders, but provides an opportunity and resource to focus on these issues.
- 2.9 As well as the Position statement the guidance (provided in full at the last meeting) covers:
- The purpose of audit committees;
 - The core functions of an audit committee;
 - Possible wider functions of an audit committee;
 - Independence and accountability;
 - Membership and effectiveness;
 - Sector and devolved government guidance;
 - Suggested terms of reference;
 - Audit committee members – knowledge and skills framework;
 - Self-assessment of good practice; and
 - Evaluating the effectiveness of the audit committee.

Review Findings

- 2.10 Appendix A is the draft Internal Audit report outlining the findings of the review. Overall an Amber/Green assurance has been given to the performance of the Audit Committee (GARMS) against the good practice principles outlined in the CIPFA Guidance indicating that the committee is soundly based and has in place a knowledgeable membership. Overall 71% of the good practice was found to be in place and operating or substantially operating effectively. 11 recommendations have been made to address the areas identified as only partially or not operating, 8 are rated as medium risk and 3 are rated as low risk.
- 2.11 Appendix B documents the self-assessment undertaken by the Committee at the last meeting that underpins the report's findings.
- 2.12 Appendix C is the current terms of reference of the Committee and indicates what has and has not been included in the updated terms of reference. Appendix D is the proposed updated Terms of Reference for the Committees consideration.

Further Information

Once the Committee has approved the updated terms of reference it will go to full Council for approval.

Financial Implications

There are no financial implications to this report.

Equalities implications

None

Corporate Priorities

The Internal Audit and Corporate Anti-Fraud Service contribute to all the corporate priorities by enhancing the robustness of the control environment and governance mechanisms that directly or indirectly support these priorities.

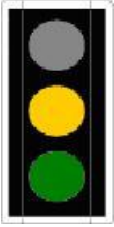
Section 3 - Statutory Officer Clearance

Name: Dawn Calvert	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 21/11/18		
Name: Jessica Farmer	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 21/11/18		

Section 4 - Contact Details and Background Papers

Contact: Susan Dixson, Head of Internal Audit & Corporate Anti-Fraud,
Tel: 0208 424 1420

Background Papers: None



AMBER/GREEN
ASSURANCE

AUDIT COMMITTEE REVIEW

DATE: 21st November 2018

CLIENT: GARMS Committee

AUDITOR: Susan Dixson – Head of Internal Audit

MANAGER: Susan Dixson – Head of Internal Audit

DISTRIBUTION LIST: GARMS Committee
Dawn Calvert – Director of Finance

Internal Audit

Executive Summary

1. The review forms part of the 2018/19 Internal Audit annual plan which has been developed from a risk assessment and consultation process. This review provides an independent and objective opinion on the system under review by evaluating its effectiveness in achieving the organisations objectives.
2. **The system objective:**
The purpose of an audit committee is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance processes.
CIPFA :Audit Committees: Practical Guidance for Local Authorities and Police \ 2018 Edition
3. **The audit objective:**
The objective of this review is to provide assurance that the Council's Audit Committee (Governance, Audit, Risk Management and Standards Committee – GARMS) complies with best practice as outlined in the CIPFA :Audit Committees: Practical Guidance for Local Authorities and Police \ 2018 Edition.
4. **The Scope:**
 - Audit committee purpose and governance;
 - Functions of the committee;
 - Membership and support;
 - Effectiveness of the committee;
 - Review and update of the GARMS Committee Terms of Reference.
5. **Methodology**
An evidence based self-assessment was undertaken by the GARMS Committee against the CIPFA: Audit Committees: Practical Guidance for Local Authorities and Police \ 2018 Edition facilitated and evidenced by the Head of Internal Audit & Corporate Anti-fraud. In addition the Terms of Reference for the Committee has been reviewed against the guidance.
6. Recommendations made have been rated according to risk:
High Risk: major issues that require action, key objectives will not be met and serious threat of fraud.
Medium Risk: serious threat to the achievement of objectives and potential threat of fraud.
Low Risk: best practice where there is a small effect on objectives.
7. All internal audit reports are given an assurance rating.

Amber/Green reports will indicate medium to low risk in need of attention to prevent them becoming high risk and

Audit Opinion

8. An **Amber/Green** assurance is given to the performance of the Audit Committee (GARMS) against the good practice principles outlined in the CIPFA Guidance indicating that the committee is soundly based and has in place a knowledgeable membership. Overall 71% of

the good practice was found to be in place and operating or substantially operating effectively. 11 recommendations have been made to address the areas identified as only partially or not operating, 8 are rated as medium risk and 3 are rated as low risk.

Agreed Actions

9. In the final report the agreed actions will be shown with the implementation date and the responsible officer.

DETAILED REPORT

10. An evidence based self-assessment was undertaken by the GARMS Committee against the CIPFA: Audit Committees: Practical Guidance for Local Authorities and Police\2018 Edition, facilitated and evidenced by the Head of Internal Audit & Corporate Anti-fraud. Results are shown in Appendix B. All members of the Committee took part in the self-assessment and were asked to individually assess whether the committee meets the good practice outlined in the guidance. Part 1 is covered in paragraphs 11 – 14 below and good practice was rated Yes (in place), Partially (in place) or No (not in place) with the majority of answers being used as the final rating. For Part 2 covered in paragraph 15 below individual assessments were rated 1-5 (descriptions for each assessment shown in Appendix A) and an average was taken of these to provide the final assessment as there was not a clear majority in very area.

11. Audit Committee Purpose and Governance

The following good practice was identified as being in place:

- the authority has a dedicated audit committee;
- the audit committee report directly to full council;
- the audit committee provide support to the authority in meeting the requirements of good governance.

The following good practice was identified as being partially in place:

- the role and purpose of the audit committee is understood and accepted across the authority;
- the arrangements to hold the committee to account for its performance are operating satisfactorily.

The following good practice was identified as not being in place:

- the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement

12. Functions of the Committee

The following good practice was identified as being in place:

- the committee's terms of reference explicitly address all the following core areas identified in CIPFA's Position Statement:
 - good governance;
 - internal audit:

- external audit;
 - financial reporting;
 - risk management;
 - counter fraud and corruption;
- the audit committee have considered the wider areas identified in CIPFA's Position Statement and whether it would be appropriate for the committee to undertake them;
 - the committee has maintained its advisory role by not taking on any decision-making powers that are not in line with its core purpose.

The following good practice was identified as being partially in place:

- the committee's terms of reference explicitly address all the following core areas identified in CIPFA's Position Statement:
 - assurance framework, including partnerships and collaboration arrangements;
 - supporting the ethical framework.

The following good practice was identified as not being in place:

- the committee's terms of reference explicitly address all the following core areas identified in CIPFA's Position Statement:
 - value for money or best value;
- an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas

13. **Membership and Support**

The following good practice was identified as being in place:

- the chair of the committee has appropriate knowledge and skills;
- arrangements are in place to support the committee with briefings and training;
- the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO;
- adequate secretariat and administrative support to the committee is provided;
- an effective audit committee structure and composition of the committee has been selected including separation from the executive, an appropriate mix of knowledge and skills among the membership, a size of committee that is not unwieldy.

The following good practice was identified as being substantially in place:

- consideration has been given to the inclusion of at least one independent member.

The following good practice was identified as not being in place:

- the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory.

14. Effectiveness of the Committee

The following good practice was identified as being in place:

- meetings are effective with a good level of discussion and engagement from all the members;
- the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers;

The following good practice was identified as not being in place:

- the committee has obtained feedback on its performance from those interacting with the committee or relying on its work;
- the committee make recommendations for the improvement of governance, risk and control and are these acted on;
- the committee evaluated whether and how it is adding value to the organisation;
- the committee have an action plan to improve any areas of weakness (however the action plan of this review will serve this purpose);
- the committee publish an annual report to account for its performance and explain its work.

15. Evaluating the Effectiveness of the Audit Committee

Clear evidence is available from a number of sources that the committee is actively supporting improvements across all aspects of this area. The improvements made are clearly identifiable:

- supporting the development of robust arrangements for ensuring value for money.

Clear evidence from some sources that the committee is actively and effectively supporting improvement across some aspects of these areas:

- contributing to the development of an effective control environment;
- supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks;
- advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively;
- supporting the quality of the internal audit activity, particularly by underpinning its organisational independence;
- helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks.

The committee has had mixed experience in supporting improvement in these areas. There is some evidence that demonstrates their impact but there are also significant gaps:

- promoting the principles of good governance and their application to decision making;
- aiding the achievement of the authority's goals and objectives through helping to ensure appropriate governance, risk, control and assurance arrangements.

There is some evidence that the committee has supported improvements in the following area, but the impact of this support is limited:

- promoting effective public reporting to the authority's stakeholders and local community and measures to improve transparency and accountability.

16. Review of the Terms of Reference

The review of the committee's terms of reference takes into account the current terms of reference (Appendix C) indicating what has been included in the new terms of reference and what has not, the CIPFA Guidance suggested terms of reference (as reported to the last meeting), the self-assessment against best practice undertaken by the committee as part of this review and current practice.

The proposed updated terms of reference (Appendix D) is provided for the committee's consideration and agreement.

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DETAILED REPORT / ACTION PLAN

Ref	Associated Risk	Findings	Recommendation	Risk Rating H/M/L	Agreed Action / Responsible Officer / Implementation Date
1.Audit Committee Purpose and Governance					
1.1	The purpose and role of the committee is unclear.	<p>The GARMS Committee Terms of Reference has not been reviewed/updated since 2010 although it is being reviewed as part of this review.</p> <p>The current Terms of Reference does not clearly set out the purpose of the committee in accordance with CIPFA's 2018 Position Statement and does not clearly reflect the committee's current role.</p> <p>Having an up to date and clear Terms of Reference will help to ensure that the role and purpose of the committee is understood and accepted across the authority as it forms part of the Constitution.</p>	To agree the Terms of Reference updated as part of this review to clearly reflect the purpose of the committee and its current role.	M	<p>Agreed Action:</p> <p>Responsible Officer:</p> <p>Implementation Date:</p>

DRAFT

DETAILED REPORT / ACTION PLAN

Ref	Associated Risk	Findings	Recommendation	Risk Rating H/M/L	Agreed Action / Responsible Officer / Implementation Date
1.2	The committee is not accountable for its performance.	<p>The committee does not currently report on its performance to those charged with governance: the Council.</p> <p>The preparation of an annual report by the committee can be a helpful way to address the key areas where the committee should be held to account. The annual report should be presented to those charged with governance: the council. In addition, publication of the report will assist other stakeholders to understand the work of the committee.</p> <p>Many Audit Committees in other authorities prepare such a report.</p>	<p>(a) An annual report should be prepared for Council and published. Consideration should be given to including the following aspects in the report:</p> <ul style="list-style-type: none"> • whether the committee has fulfilled its agreed terms of reference • whether the committee has adopted recommended practice • whether the development needs of committee members have been assessed and whether committee members are accessing briefing and training opportunities • whether the committee has assessed its own effectiveness or been the subject of a review and the conclusions and actions from that review • what impact the committee has on the improvement of governance, risk and control within the authority. 	M	<p>Agreed Action:</p> <p>Responsible Officer:</p> <p>Implementation Date:</p>
			<p>(b) The Head of Internal Audit should prepare a draft format for the report, taking into account reports in other authorities, for the committee to agree.</p>	M	<p>Agreed Action:</p> <p>Responsible Officer:</p> <p>Implementation Date:</p>

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DETAILED REPORT / ACTION PLAN

Ref	Associated Risk	Findings	Recommendation	Risk Rating H/M/L	Agreed Action / Responsible Officer / Implementation Date
2.Functions of the Committee:					
2.1	The committee do not cover the core areas identified in the CIPFA's Position Statement.	<p>The committee's terms of reference does not explicitly/fully address the following core areas identified in CIPFA's Position Statement:</p> <ul style="list-style-type: none"> ➤ assurance framework, including partnerships and collaboration arrangements; ➤ supporting the ethical framework; ➤ value for money or best value; <p>These have been included in the proposed new Terms of reference prepared as part of this review.</p>	See recommendation 1.1		
2.2	The committee does not fulfil its terms of reference and core areas are not adequately considered.	An annual evaluation is not currently undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas.	An annual evaluation should be undertaken and the results included in the annual report.	M	<p>Agreed Action:</p> <p>Responsible Officer:</p> <p>Implementation Date:</p>

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Ref	Associated Risk	Findings	Recommendation	Risk Rating H/M/L	Agreed Action / Responsible Officer / Implementation Date
3. Membership and support:					
3.1	The core knowledge and skills of committee members are not satisfactory.	The membership of the committee has not been assessed against the core knowledge and skills framework and found to be satisfactory.	Committee members should review their knowledge and skills against the core knowledge and skills framework contained within the CIPFA guidance to enable training needs to be identified and addressed.	M	Agreed Action: Responsible Officer: Implementation Date:
4. Effectiveness of the committee:					
4.1	The committee spends too much time on minor areas rather than strategic or wide-ranging issues.	The committee has not obtained feedback on its performance from those interacting with the committee or relying on its work.	(a) Consideration should be given to seeking feedback from meeting participants, e.g. support officers, managers, external auditors and Council on an annual basis to supplement the annual evaluation process recommended in 2.2.	M	Agreed Action: Responsible Officer: Implementation Date:
	Political points of view interfere with the work of the audit committee.		(b) The Head of Internal Audit should prepare a draft format seeking feedback for the committee to agree.	M	Agreed Action: Responsible Officer: Implementation Date:
4.2	The committee does not help to improve the governance, risk and control environment of the organisation.	The committee does not generally make formal recommendations for the improvement of governance, risk and control. However informal recommendations have been made in the past on, for example, the Corporate Risk Register, management responses to internal audit reports and changes have been formally requested to the draft annual governance statement and matters have occasionally been referred to other committees.	Consideration to be given to whether the committee wishes to make formal recommendations for action to senior management for the improvement of governance, risk and control in the future and how this will be recorded and responses received and followed up.	L	Agreed Action: Responsible Officer: Implementation Date:

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Ref	Associated Risk	Findings	Recommendation	Risk Rating H/M/L	Agreed Action / Responsible Officer / Implementation Date
4.3	The committee is not recognised as adding value to the organisation.	The committee does not currently evaluate whether and how the governance arrangements support the achievement of sustainable outcomes.	To be evaluated annually and covered in the annual report.	L	Agreed Action: Responsible Officer: Implementation Date:
4.4	Failing to promote effective public reporting to the authority's stakeholders and local community and measures to improve transparency and accountability	The committee does not currently publish an annual report to account for its performance and explain its work	See recommendation 1.2(a)		
5. Evaluating the effectiveness of the audit committee:					
5.1	The committee does not effectively promote the principles of good governance and their application to decision making	The committee does not actively work with key members to improve their understanding of the AGS and their contribution to it.	Consideration should be given by the committee to how this could be achieved e.g. the publication of an annual report by the committee, briefings provided by the Chair to the Leader/Cabinet, briefings provided by the Vice-chair to the Leader of the opposition/shadow cabinet.	M	Agreed Action: Responsible Officer: Implementation Date:

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Ref	Associated Risk	Findings	Recommendation	Risk Rating H/M/L	Agreed Action / Responsible Officer / Implementation Date
5.2	Failure to aid the achievement of the authority's goals and objectives through helping to ensure appropriate governance, risk, control and assurance arrangements	<p>The committee review how the governance arrangements support the achievement of sustainable outcomes via the annual review of governance process; reviews of major projects and programmes to ensure governance and assurance arrangements are in place are included in the Internal Audit Plan and the committee specifically considers the performance management of Internal Audit, Corporate Anti-fraud, Finance and Treasury Management (via regular reports throughout the year) and performance in value for money is considered as part of the Annual Governance Review and Statement.</p> <p>However the committee's self- assessment rated this area as a 3 = The committee has had mixed experience in supporting improvement in this area. There is some evidence that demonstrates their impact but there are also significant gaps.</p>	<p>Consideration should be given to whether the committee would like to increase their review of:</p> <ul style="list-style-type: none"> • governance arrangements support the achievement of sustainable outcomes; • major projects and programmes to ensure that governance and assurance arrangements are in place; <p>or</p> <ul style="list-style-type: none"> • the effectiveness of performance management arrangements; <p>and how this would be achieved.</p>	L	<p>Agreed Action:</p> <p>Responsible Officer:</p> <p>Implementation Date:</p>
5.3	Failure to promote effective public reporting to the authority's stakeholders and local community and measures to improve transparency and accountability	<p>Committee meetings are held in public, with the exception of exempt items, and this contributes to the accountability of the authority to the public and stakeholders.</p> <p>However, as stated above the committee do not currently publish an annual report.</p>	See recommendation 1.2(a)		

Self-assessment of good practice

This self-assessment provides a high-level review that incorporates the key principles set out in CIPFA's Position Statement and Guidance. Where an audit committee has a high degree of performance against the good practice principles, then it is an indicator that the committee is soundly based and has in place a knowledgeable membership. These are the essential factors in developing an effective audit committee.

A regular self-assessment can be used to support the planning of the audit committee work programme and training plans. It can also inform an annual report.

PART 1				
Good practice questions		Yes	Partly	No
Audit committee purpose and governance				
1	Does the authority have a dedicated audit committee?	7		
2	Does the audit committee report directly to full council? (applicable to local government only)	7		
3	Do the terms of reference clearly set out the purpose of the committee in accordance with CIPFA's Position Statement?			7
4	Is the role and purpose of the audit committee understood and accepted across the authority?	1	6	
5	Does the audit committee provide support to the authority in meeting the requirements of good governance?	7		
6	Are the arrangements to hold the committee to account for its performance operating satisfactorily?		6 ¹	
Functions of the committee				
7	Do the committee's terms of reference explicitly address all the core areas identified in CIPFA's Position Statement?			
	<ul style="list-style-type: none"> good governance 	7		
	<ul style="list-style-type: none"> assurance framework, including partnerships and collaboration arrangements 		7	
	<ul style="list-style-type: none"> internal audit 	7		
	<ul style="list-style-type: none"> external audit 	7		

¹ One member did not respond to this question

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	<ul style="list-style-type: none"> financial reporting 	7		
	<ul style="list-style-type: none"> risk management 	7		
	<ul style="list-style-type: none"> value for money or best value 			7
	<ul style="list-style-type: none"> counter fraud and corruption 	6	1	
	<ul style="list-style-type: none"> supporting the ethical framework 		5	2
8	Is an annual evaluation undertaken to assess whether the committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas?			7
9	Has the audit committee considered the wider areas identified in CIPFA's Position Statement and whether it would be appropriate for the committee to undertake them?	7		
10	Where coverage of core areas has been found to be limited, are plans in place to address this?	n/a		
11	Has the committee maintained its advisory role by not taking on any decision-making powers that are not in line with its core purpose?	7		
Membership and support				
12	Has an effective audit committee structure and composition of the committee been selected? This should include: separation from the executive an appropriate mix of knowledge and skills among the membership a size of committee that is not unwieldy consideration has been given to the inclusion of at least one independent member (where it is not already a mandatory requirement)	2	5 ²	
13	Have independent members appointed to the committee been recruited in an open and transparent way and approved by the full council or the PCC and chief constable as appropriate for the organisation?	n/a		
14	Does the chair of the committee have appropriate knowledge and skills?	6 ³		
15	Are arrangements in place to support the committee with briefings and training?	5 ⁴	2	
16	Has the membership of the committee been assessed against the core knowledge and skills framework and found to be satisfactory?			7

² This is considered to be substantially operating as all but one element (consideration of an independent member) is in place

³ One member did not respond to this question

⁴ One positive response included comment 'could do more'

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17	Does the committee have good working relations with key people and organisations, including external audit, internal audit and the CFO?	7		
18	Is adequate secretariat and administrative support to the committee provided?	5	2	
Effectiveness of the committee				
19	Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work?		2	5
20	Are meetings effective with a good level of discussion and engagement from all the members?	7		
21	Does the committee engage with a wide range of leaders and managers, including discussion of audit findings, risks and action plans with the responsible officers?	5	2	
22	Does the committee make recommendations for the improvement of governance, risk and control and are these acted on?		1	6
23	Has the committee evaluated whether and how it is adding value to the organisation?	1		6
24	Does the committee have an action plan to improve any areas of weakness?		1	6
25	Does the committee publish an annual report to account for its performance and explain its work?	1		6

PART 2

Evaluating the effectiveness of the audit committee

Assessment key

Clear evidence is available from a number of sources that the committee is actively supporting improvements across all aspects of this area. The improvements made are clearly identifiable.		5
Clear evidence from some sources that the committee is actively and effectively supporting improvement across some aspects of this area.		4
The committee has had mixed experience in supporting improvement in this area. There is some evidence that demonstrates their impact but there are also significant gaps.		3
There is some evidence that the committee has supported improvements, but the impact of this support is limited.		2
No evidence can be found that the audit committee has supported improvements in this area.		1
Areas where the audit committee can add value by supporting improvement	Examples of how the audit committee can add value and provide evidence of effectiveness	Self-evaluation, examples, areas of strength and weakness
Promoting the principles of good governance and their application to decision making	<ul style="list-style-type: none"> Supporting the development of a local code of governance Providing robust review of the AGS and the assurances underpinning it Working with key members to improve their understanding of the AGS and their contribution to it Supporting reviews/audits of governance arrangements Participating in self-assessments of governance arrangements Working with partner audit committees to review governance arrangements in partnerships 	<ul style="list-style-type: none"> Annual governance process Review of draft and final AGS + evidence table detailing the assurances underpinning the AGS] Internal Audit annual plan process, approval of annual plan Audit committee self-assessment
		Overall assessment: 5 – 1 See key above 2x4 5x3 Ave=3

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Areas where the audit committee can add value by supporting improvement	Examples of how the audit committee can add value and provide evidence of effectiveness	Self-evaluation, examples, areas of strength and weakness	Overall assessment: 5 – 1 See key above
Contributing to the development of an effective control environment	<ul style="list-style-type: none"> • Actively monitoring the implementation of recommendations from auditors • Encouraging ownership of the internal control framework by appropriate managers • Raising significant concerns over controls with appropriate senior managers 	<ul style="list-style-type: none"> • Review of mid-year and year-end Internal Audit reports detailing implementation of recommendations • Requiring managers, including senior managers, to attend the committee to discuss red and red/amber audit reports and significant governance gaps 	<p>3x5</p> <p>3x4</p> <p>1x2</p> <p>Ave = 4</p>
Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks	<ul style="list-style-type: none"> • Reviewing risk management arrangements and their effectiveness, eg risk management benchmarking • Monitoring improvements • Holding risk owners to account for major/strategic risks 	<ul style="list-style-type: none"> • Review of the Corporate Risk Register 3/4 times a year • Corporate Risk Register shows improvements from one quarter to the next • Risk Owners are identified in the register and issues raised by the Committee are referred back to them and responses provided 	<p>2x5</p> <p>3x4</p> <p>1x3</p> <p>1x2</p> <p>Ave=4</p>
Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively	<ul style="list-style-type: none"> • Specifying its assurance needs, identifying gaps or overlaps in assurance • Seeking to streamline assurance gathering and reporting • Reviewing the effectiveness of assurance providers, eg internal audit, risk management, external audit 	<ul style="list-style-type: none"> • Other sources of assurance are highlighted in the Internal Audit Plan committee report • The annual governance review evidence table presented to committee to support the AGS demonstrates how assurance has been gathered • The effectiveness of internal audit is reviewed annually and reported to the committee 	<p>2x5</p> <p>2x4</p> <p>2x3</p> <p>1x2</p> <p>Ave=4</p>
Supporting the quality of the internal audit activity, particularly by underpinning its organisational independence	<ul style="list-style-type: none"> • Reviewing the audit charter and functional reporting arrangements • Assessing the effectiveness of internal audit arrangements, providing constructive challenge and supporting improvements • Actively supporting the quality assurance and improvement programme of internal audit 	<ul style="list-style-type: none"> • Reviewed annually as part of the Internal Audit Annual Plan report to Committee • Annual Internal Audit self-assessment/5 yearly external assessment reported as part of the Internal Audit Annual Plan report to Committee as is the output of the quality assurance and improvement programme 	<p>4x5</p> <p>2x4</p> <p>1x2</p> <p>Ave=4</p>

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Areas where the audit committee can add value by supporting improvement	Examples of how the audit committee can add value and provide evidence of effectiveness	Self-evaluation, examples, areas of strength and weakness	Overall assessment: 5 – 1 See key above
Aiding the achievement of the authority's goals and objectives through helping to ensure appropriate governance, risk, control and assurance arrangements	<ul style="list-style-type: none"> • Reviewing how the governance arrangements support the achievement of sustainable outcomes • Reviewing major projects and programmes to ensure that governance and assurance arrangements are in place • Reviewing the effectiveness of performance management arrangements 	<ul style="list-style-type: none"> • Covered by the annual review of governance • Review of major projects/programmes included in the Internal Audit Plan • The committee specifically considers the performance management of Internal Audit, Corporate Ant-fraud, Finance and Treasury Management (via regular reports throughout the year) and performance in value for money is considered as part of the Annual Governance Review and Statement. 	<p>1x5</p> <p>2x4</p> <p>3x3</p> <p>1x2</p> <p>Ave=3</p>
Supporting the development of robust arrangements for ensuring value for money	<ul style="list-style-type: none"> • Ensuring that assurance on value for money arrangements is included in the assurances received by the audit committee • Considering how performance in value for money is evaluated as part of the AGS 	<ul style="list-style-type: none"> • Covered by annual review of governance reported annually to the Committee 	<p>5x5</p> <p>1x4</p> <p>1x3</p> <p>Ave=5</p>
Helping the authority to implement the values of good governance, including effective arrangements for countering fraud and corruption risks	<ul style="list-style-type: none"> • Reviewing arrangements against the standards set out in the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014) • Reviewing fraud risks and the effectiveness of the organisation's strategy to address those risks • Assessing the effectiveness of ethical governance arrangements for both staff and governors 	<ul style="list-style-type: none"> • Annual self-assessment against CIPFA Code undertaken and reported to Committee • Fraud risk Register being developed • Ethical governance arrangements reviewed annually as part of the annual governance review and also included in the risk based Internal Audit Plan as appropriate 	<p>2x5</p> <p>4x4</p> <p>1x3</p> <p>Ave=4</p>

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Areas where the audit committee can add value by supporting improvement	Examples of how the audit committee can add value and provide evidence of effectiveness	Self-evaluation, examples, areas of strength and weakness	Overall assessment: 5 – 1 See key above
<p>Promoting effective public reporting to the authority's stakeholders and local community and measures to improve transparency and accountability</p>	<ul style="list-style-type: none"> • Improving how the authority discharges its responsibilities for public reporting; for example, better targeting at the audience, plain English • Reviewing whether decision making through partnership organisations remains transparent and publicly accessible and encourages greater transparency • Publishing an annual report from the committee 	<ul style="list-style-type: none"> • Committee meetings are held in public, with the exception of exempt items, and this contributes to the accountability of the authority to the public and stakeholders. 	<p>1x3</p> <p>6x2</p> <p>Ave=2</p>

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Information about Governance, Audit, Risk Management and Standards Committee

This Committee was formerly known as the [Audit Committee](#). It was renamed at Council on 18 October 2007.

The Governance Audit and Risk Management Committee was amalgamated with the Standards Committee on 12 June 2014 and has the following powers and duties:

- i) To ensure that the Council's governance framework is in line with current guidance and best practice ✓
- ii) To review the Council's governance framework and annual improvement plan and monitor progress ✓
- iii) To review the Council's risk management strategy and monitor progress on risk management ✓
- iv) To monitor the Council's insurance arrangements ✗ *No longer undertaken by the committee*
- v) To review the Council's emergency planning and business continuity arrangements and monitor progress on emergency planning and business continuity ✗ *No longer undertaken by the committee*
- vi) To review the Council's Health and Safety arrangements and monitor progress on Health and Safety ✓
- vii) To approve the financial statements of the authority, in particular: ✓
 - The outcome of reviews of the effectiveness of the internal control arrangements including internal audit ✓
 - Changes in and compliance with accounting policies and practices ✓
 - Unadjusted mis-statements in the financial statements ✗ *Covered in review of External Audit recommendations*
 - Major judgemental areas ✓
 - Significant adjustments resulting from the audit ✓
 - Any relevant issues raised in the external auditor's report to those charged with governance ✓
 - the Annual Governance Statement prior to sign-off ✓

- viii) To review the Treasury Management strategy and monitor progress on treasury management in accordance with CIPFA codes of practice ✓
- ix) To monitor compliance with internal controls ✓
- x) To consider matters arising from External Audit work which are required to be communicated to those charged with governance under the Statement of Auditing Standards (ISA260) ✓
- xi) To receive and consider the Annual Audit and Inspection Letter (or equivalent) and make recommendations as appropriate ✓
- xii) To scrutinise/comment on the Internal Audit three year strategic plan and annual plan ✓
- xiii) To monitor progress against the Internal Audit plan and receive summaries of audit work completed and key recommendations ✓
- xiv) To consider all individual Internal Audit reports on a regular basis* *This has never actually happened – summaries of all individual reports are included in the mid-year and year-end reports.*
- xv) To scrutinise/comment on the External Audit plan and fees ✓
- xvi) To monitor progress against the External Audit plan and receive summaries of audit work completed and key recommendations ✓
- xvii) To consider individual External Audit reports and inspection reports carried out by external agencies as appropriate and at the request of the Committee. ✓
- xviii) To review the management response to audit and regulatory recommendations and progress on implementation of recommendations ✓
- xix) To recommend action where audit and regulatory recommendations are not being implemented ✓
- xx) To monitor on a regular basis the Council's approach to tackling fraud and corruption and promote an anti-fraud culture ✓
- xxi) To consider the appointment of co-opted members and review the adequacy of meeting frequencies in response to the Committee's remit ✓
- xxii) To appoint and maintain appropriate Lead Members from the Committee to monitor, review and update on specific areas of the Committee's remit.* *Lead members no longer in place*
- xxiii) Promoting and maintaining high standards of conduct by Councilors, co-opted members and "church" and parent governor representatives. ✓

- xxiv) Assisting Councillors, co-opted members and “church” and parent governor representatives to observe the Members’ Code of Conduct.✓
- xxv) Advising the Council on the adoption or revision of the Members’ Code of Conduct.✓
- xxvi) Monitoring the operation of the Members’ Code of Conduct.✓
- xxvii) Developing and recommending local protocols to the Council to supplement the Members’ Code of Conduct.✓
- xxviii) Enforcing local protocols and applying sanctions in respect of breaches as appropriate.✓
- xxix) Advising, training or arranging to train Councillors, co-opted members and “church” and parent governor representatives on matters relating to the Members’ Code of Conduct.✓
- xxx) Granting dispensations to Councillors, co-opted members and “church” and parent governor representatives from requirements relating to interests set out in the Members’ Code of Conduct.✓
- xxxi) To keep under review and amend, as appropriate, the Protocol on Councillor/Officer Relations.✓
- xxxii) To keep under review the Officer Code of Conduct and, after consultation with unions representing staff, make recommendations to Council for amendment or addition.✓
- xxxiii) To receive reports and keep a general overview of probity matters arising from ombudsman investigations, Monitoring Officer reports, reports of the Chief Financial Officer and Audit Commission.✓
- xxxiv) To have oversight of the Council’s Whistleblowing Policy.✓
- xxxv) To agree the policy for decisions on payments to those adversely affected by Council maladministration (under section 92 Local Government Act 2000).✓
- xxxvi) To establish sub-committees and working groups to deal with complaints that a member or a co-opted member has failed to comply with the Council’s Code of Conduct.✓
- xxxvii) To consider any application received from any officer of the Authority for exemption from political restriction under Sections 1 and 2 of the Local Government and Housing Act 1989 in respect of the post held by that officer and may direct the Authority that the post shall not be considered to be a politically restricted post and that the post be removed from the list maintained by the Authority under Section 2(2) of that Act.✓

- xxxviii) Upon the application of any person or otherwise, consider whether a post should be included in the list maintained by the Authority under Section 2(2) of the 1989 Act, and may direct the Authority to include a post in that list. ✓
- xxxix) On referral from the Monitoring Officer, to decide whether to take action against a member for breach of the Code of Conduct and if so, to decide what action should be taken. ✓

Membership rules:

- i. An Elected Mayor or the Leader may not be Members; ✓
- ii. The Chair of the Committee must not be a Member of the Executive; ✓
- iii. Only one member of the Executive can be a member of the Committee. * *No longer considered good practice to have a member of the Executive as a member of the committee.*
- iv. The Independent Persons are not members of GARMS and shall be invited to meetings if there is a Standards item on the agenda. ✓

GOVERNANCE, AUDIT, RISK MANAGEMENT AND STANDARDS COMMITTEE

1. Statement of purpose

- 1.1 The Governance, Audit, Risk Management and Standards Committee is a key component of Harrow Council's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.
- 1.2 The purpose of the committee is to provide independent assurance to the members of the adequacy of Harrow Council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place. It also acts as the Standards Committee.
- 1.3 The Governance, Audit, Risk Management and Standards Committee has the following powers and duties:

2. Governance

- 2.1 To review the council's corporate governance arrangements against the good governance framework, including the ethical framework and consider the local code of governance.
- 2.2 To review the Annual Governance Statement (AGS) prior to approval and consider whether it properly reflects the risk environment and supporting assurances and legal and financial advice, taking into account internal audit's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control.
- 2.3 To monitor the progress of agreed actions to close significant governance gaps.
- 2.4 To consider the council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
- 2.5 To consider the council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council.
- 2.6 To review the governance and assurance arrangements for significant partnerships.

3. Risk Management

- 3.1 To review the Council's risk management strategy.
- 3.2 To monitor the effective development and operation of risk management in the council via the review of the Council's Corporate Risk Register on a regular basis.

- 3.3 To monitor progress in addressing risk-related issues reported to the committee.

4. Countering Fraud and Corruption

- 4.1 To review the assessment of fraud risks and potential harm to the council from fraud and corruption.
- 4.2 To monitor the counter-fraud strategy, actions and resources and the Council's approach to tackling fraud and corruption and promote an anti-fraud culture.
- 4.3 To review and approve the annual Corporate Anti-Fraud Team Plan.
- 4.4 To consider reports from the Head of Internal Audit/ Corporate Anti-Fraud Manager on the Corporate Anti-Fraud Team's performance at mid-year and at year-end.

5. Internal audit

- 5.1 To approve the internal audit charter and support the independence of Internal Audit.
- 5.2 To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.
- 5.3 To approve the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.
- 5.4 To approve significant interim changes to the risk-based internal audit plan and resource requirements.
- 5.5 To make appropriate enquiries of both management and the Head of Internal Audit to determine if there are any inappropriate scope or resource limitations.
- 5.6 To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the Head of Internal Audit.
- 5.7 To approve and periodically review safeguards to limit such impairments.

- 5.8 To consider reports from the Head of Internal Audit on internal audit's performance at mid-year and year-end, including the performance of external providers of internal audit services.¹
- 5.9 To consider Red and Red/Amber assurance reports and summaries of specific internal audit reports as requested.
- 5.10 To contribute to the Quality Assurance Improvement Programme and in particular, to the external quality assessment of internal audit that takes place at least once every five years.
- 5.11 To consider the report on the effectiveness of internal audit contained within the AGS.
- 5.12 To provide free and unfettered access to the GARMS Committee Chair for the Head of Internal Audit, including the opportunity for a private meeting with the committee.

6. External audit

- 6.1 To support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by Public Sector Audit Appointments (PSAA).
- 6.2 To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.
- 6.3 To consider specific reports as agreed with the external auditor.
- 6.4 To comment on the scope and depth of external audit work and to ensure it gives value for money.
- 6.5 To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

¹ These will include:

- a) updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work
- b) annual report on the results of the internal audit Quality Assurance Improvement Programme (QAIP)
- c) statement of the level of conformance with the Public Sector Internal Audit Standards (PSIAS) and reports on instances where the internal audit function does not conform to the PSIAS, considering whether the non-conformance is significant enough that it must be included in the AGS.
- d) The opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control together with the summary of the work supporting the opinion – these will assist the committee in reviewing the AGS.
- e) the level of management response to internal audit recommendations and progress on implementation of recommendations and to recommend action where internal audit recommendations are not being implemented.
- f) the action taken where the Head of Internal Audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.

- 6.6 To scrutinise/comment on the External Audit plan and fees.
- 6.7 To monitor progress against the External Audit plan and receive summaries of audit work completed and key recommendations.
- 6.8 To review the management response to external audit recommendations and progress on implementation of recommendations.
- 6.9 To recommend action where external audit recommendations are not being implemented.

7. Financial reporting

- 7.1 To review the annual statement of accounts prior to approval and satisfy themselves that appropriate steps have been taken to meet statutory and recommended professional practices. Specifically to:
- review the narrative report to ensure consistency with the statements and the financial challenges and risks facing the authority in the future
 - review whether the narrative report is readable and understandable by a lay person
 - review the key messages from each of the financial statements and evaluating what that means for the authority in future years
 - monitor trends and review for consistency with what is known about financial performance over the course of the year
 - review the suitability of accounting policies and treatments
 - seek explanations for changes in accounting policies and treatments
 - review major judgemental areas, eg provisions or reserves
 - seek assurances that preparations are in place to facilitate the external audit.
- 7.2 To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

8. Treasury Management

- 8.1 To review the Treasury Management strategy and monitor progress on treasury management in accordance with CIPFA codes of practice.

9. Health & Safety

- 9.1 To review the Council's Health and Safety arrangements and oversee progress on Health and Safety.

10. Accountability arrangements

- 10.1 To report to those charged with governance on the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control

frameworks, financial reporting arrangements, and internal and external audit functions.

- 10.2 To report to full council on an annual basis on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.
- 10.3 To publish an annual report on the work of the committee.

11. Standards

- 11.1 Promoting and maintaining high standards of conduct by Councillors, co-opted members and "church" and parent governor representatives.
- 11.2 Assisting Councillors, co-opted members and "church" and parent governor representatives to observe the Members' Code of Conduct.
- 11.3 Advising the Council on the adoption or revision of the Members' Code of Conduct.
- 11.4 Monitoring the operation of the Members' Code of Conduct.
- 11.5 Developing and recommending local protocols to the Council to supplement the Members' Code of Conduct.
- 11.6 Enforcing local protocols and applying sanctions in respect of breaches as appropriate.
- 11.7 Advising, training or arranging to train Councillors, co-opted members and "church" and parent governor representatives on matters relating to the Members' Code of Conduct.
- 11.8 Granting dispensations to Councillors, co-opted members and "church" and parent governor representatives from requirements relating to interests set out in the Members' Code of Conduct.
- 11.9 To keep under review and amend, as appropriate, the Protocol on Councillor/Officer Relations.
- 11.10 To keep under review the Officer Code of Conduct and, after consultation with unions representing staff, make recommendations to Council for amendment or addition.
- 11.12 To receive reports and keep a general overview of probity matters arising from ombudsman investigations, Monitoring Officer reports, reports of the Chief Financial Officer and Audit Commission.
- 11.13 To have oversight of the Council's Whistleblowing Policy.
- 11.14 To agree the policy for decisions on payments to those adversely affected by Council maladministration (under section 92 Local Government Act 2000).

- 11.15 To establish sub-committees and working groups to deal with complaints that a member or a co-opted member has failed to comply with the Council's Code of Conduct.
- 11.16 To consider any application received from any officer of the Authority for exemption from political restriction under Sections 1 and 2 of the Local Government and Housing Act 1989 in respect of the post held by that officer and may direct the Authority that the post shall not be considered to be a politically restricted post and that the post be removed from the list maintained by the Authority under Section 2(2) of that Act.
- 11.17 Upon the application of any person or otherwise, consider whether a post should be included in the list maintained by the Authority under Section 2(2) of the 1989 Act, and may direct the Authority to include a post in that list.
- 11.18 On referral from the Monitoring Officer, to decide whether to take action against a member for breach of the Code of Conduct and if so, to decide what action should be taken.

12. Membership rules:

- 12.1 An Elected Mayor, the Leader or a member of the Executive may not be Members;
- 12.2 The Chair of the Committee must not be a Member of the Executive;
- 12.3 The appointment of co-opted/independent members can be considered;
- 12.4 The Independent Persons are not members of GARMS and shall be invited to meetings only if there is a Standards item on the agenda.



REPORT FOR: CABINET

Date of Meeting:	21 February 2019
Subject:	Financial Regulations – Approval of Updated Set
Key Decision:	No
Responsible Officer:	Dawn Calvert, Director of Finance
Portfolio Holder:	Councillor Adam Swersky, Portfolio Holder for Finance and Resources
Exempt:	No
Decision subject to Call-in:	No, as the decision is reserved to Council
Wards affected:	All
Enclosures:	Appendix 1 – Current Financial Regulations (as approved by Council in November 2014) Appendix 2 – Proposed updated Financial Regulations (as at February 2019)

This report sets out the revised updated Financial Regulations which form part of the Council's Constitution.

Recommendations:

Cabinet is recommended to:

- 1) Agree the revised Financial Regulations for final approval by Council, as detailed at Appendix 2

Reason: (for recommendations)

The Chief Financial Officer (CFO) has the duty to maintain an up to date set of Financial Regulations. The previous version was agreed by Council in November 2014. Updating the Financial Regulations will ensure that the Council has effective governance arrangements in place.

Section 2 – Report**1.0 INTRODUCTION**

- 1.1 In order to conduct its business efficiently a Local Authority must have in place financial management policies which are strictly adhered to. Part of this process is the creation of a set of Financial Regulations that set out the financial policies of the Authority.
- 1.2 Section 151 of the Local Government Act 1972 states that “every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs”.
- 1.3 Changes in this Authority’s structure, it’s systems and procedures requires the financial regulations to be reviewed and updated where appropriate to ensure that all risks and safeguards are appropriate.

BACKGROUND

- 1.4 The Authority’s financial regulations were last updated in November 2014 when a full refresh was made.
- 1.5 On recent review it was evident that some areas of the financial regulations were inconsistent with the current organisational structures and processes.

A small working group of key stakeholders was established to review the Financial Regulations. The stakeholder group included Internal Audit, Corporate and Technical Finance, Procurement and Legal. The updated Financial Regulations has been reviewed by the Portfolio Holder for Finance and Resources, the Corporate Strategic Board and individual management teams. The Financial Regulations were taken to the Constitutional Review Working Group on 25th September 2018 and subsequently shared with Members of the GARMS Committee.

KEY Changes from November 2014

- 1.6 The main changes to the Financial Regulations are outlined below:-

Raising Awareness of the Financial Regulations (para B7)

A new paragraph has been included explaining how the Financial Regulations will be communicated to all staff and by what means. It is important that the profile of the regulations is raised and explained.

New Additions to the Capital Programme – Financial Limit Updated (para B48)

Previously the Constitution was amended to allow for additions to the Capital Programme, which are externally funded, to be approved by Cabinet up to and including a value of £500,000 for each individual project but with total additions not exceeding £2.5m in any financial year. The proposed regulations have increased the value to £5m for any individual project with a maximum total addition for the year of £20m. This will remove the need for reports to go to Council that are best dealt with by Cabinet.

Circumstances when a capital scheme is aborted (B66 and new table within Section F)

Corporate Directors must inform the Director of Finance of any capital expenditure where it becomes necessary to take the decision to abort that scheme as the expenditure will need to be reclassified as revenue expenditure.

Responsibility of Portable IT Equipment (C77)

Service managers are responsible for the security of IT equipment in their section and must ensure all such equipment is returned when a member of their staff leaves.

Use of Agency Staff and their Employment Status (para C114)

HMRC have tightened up on their definition of employment status.

Creation of New Supplier on Accounts Payable (para D57)

The process and controls are explained between Procurement, Accounts Payable and the SAP system support team.

Awareness of Corporate Criminal Offence Legislation (D77)

This legislation covers all forms of loss of taxation to HM Treasury through the facilitation of tax evasion and imposes duties on a person acting on behalf of the Authority to ensure all taxation matters are declared correctly to HM Treasury.

Scheme of Approval and Delegation of Financial Transactions (Section F)

The financial limits for delegation of financial transactions have been updated at Section F with the main changes set out in the following paragraphs;

- Write off Approvals and Delegation Limits (para F3) The table incorporating debt write offs has been updated with delegation limits now also provided to the Deputy Section 151 officer and for write offs over a certain value to be authorised by the Portfolio Holder with Responsibility for Finance and Resources rather than being approved by Cabinet.

- Journal Authorisation Limits (para F9) A new table is now included within Section F showing the journal authorisation and approval limits required before a journal accounting entry can be loaded into the general ledger accounting system.
- Update of Approvals for HR Related Activities (para F10) The grade / level at which certain tasks are authorised have been updated.

Financial Procedure Notes, Policies and Strategies

The schedule has been updated

Improved Presentational Layout

The general layout has been improved to ease readability.

Replacement of Job Titles / Directorate Titles

Throughout the document job titles and directorate titles have been updated.

Constitutional Review Working Group

The proposed updated Financial Regulations were taken to the Constitutional Review Working Group (CRWG) on 25th September 2018. It was agreed that the Members of the GARMS Committee be consulted on the Financial Regulations.

2.0 PERFORMANCE IMPLICATIONS

- 2.1 Adhering to the Financial Regulations ensures that safeguards are in place for the Council's business.

3.0 RISK MANAGEMENT IMPLICATIONS

- 3.1 Risk included in the risk register ? No
 Separate risk register in place ? No

The Financial Procedure Rules contain clear guidance on risk management which is ultimately the responsibility of the Head of Paid Service, though it must be integrated into service management.

4.0 LEGAL IMPLICATIONS

- 4.1 The Council is required by the Local Government Act 2000 to prepare and keep under review a written constitution. The Government's model constitution includes financial regulations.
- 4.2 Under the Functions and Responsibilities Regulations 2000 at paragraph 2 and 3 of Schedule 4 they confirm that the determination of the authority's budget and borrowing and capital expenditure cannot be the responsibility of Cabinet where the decision is contrary to or not wholly in accordance with the authority's budget or plan or strategy approved by the authority in relation to its capital expenditure. The authority's budget and borrowing and capital expenditure has to be the responsibility of Full Council. So there needs to be a limit of what the

executive can do in relation to these factors. These limits are shown in paragraph B48 of the regulations.

- 4.3 The Government and External Audit recommend that Council's should keep their Constitutions under regular review to ensure the provisions reflect current law and practice.

5.0 FINANCIAL IMPLICATIONS

- 5.1 Revising the Financial Regulations will have no direct financial implications for the authority. The Financial Regulations are however integral to ensuring the proper administration of the Council's financial affairs.

6.0 EQUALITIES IMPLICATIONS / PUBLIC SECTOR EQUALITY DUTY

- 6.1 The proposals described above do not adversely impact upon persons within the protected categories.

7.0 COUNCIL PRIORITIES

- 7.1 The Council's Financial Regulations (February 2019 version) have been prepared in line with the Council's vision:

Working Together to Make a Difference for Harrow

- Making a difference for the vulnerable
- Making a difference for communities
- Making a difference for local businesses
- Making a difference for families.

Section 3 - Statutory Officer Clearance

Name: Sharon Daniels	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 6 February 2019		
Name: Jessica Farmer	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 13 February 2019		

Section 3 - Procurement Officer Clearance

Name: ...Nimesh Mehta

Head of Procurement

Date: 13th Feb 2019

Ward Councillors notified:

No, as it impacts on all Wards

EqIA carried out:

No

EqIA cleared by:

N/A

Section 4 - Contact Details and Background Papers

Contact: Dawn Calvert, Director of Finance (S151 Officer),
Tel: 020 8420 9269, dawn.calvert@harrow.gov.uk

Background Papers:

**Call-In Waived by the
Chairman of Overview and
Scrutiny Committee**

NOT APPLICABLE

*[Call-in does not apply as the
decision is reserved to Council]*

**Financial Regulations
November 2014**

1. Purpose

The purpose of this document is to set out the Financial Regulations of the Council having due regard to the overall regulatory framework of Local Authorities, as well as Harrow's own approach to financial management.

To conduct its business effectively, the Authority needs to have sound financial management policies in place that are strictly adhered to. Part of this process is to adopt and implement Financial Regulations. The Regulations contained herein have been drawn up to ensure the financial matters of the Authority are conducted properly, reflect the application of best practice and the requirements of legislation. These include but are not restricted to:

- a. s151 Local Government Act, 1972;
- b. s113 Local Government Finance Act, 1988;
- c. s114 and S114 (7) Local Government Finance Act, 1988;
- d. Local Government Act, 2003 (England and Wales);
- e. Proceeds of Crime Act, 2002;
- f. Accounts and Audit (England) Regulations, 2011, SI 2011/817 DCLG;
- g. Approved Accounting Standards – International Accounting Standards Board
- h. Code of Practice on Local Authority Accounting – CIPFA;
- i. Public Sector Internal Audit Standards (PSIAS) – CIPFA and IIA;
- j. Code of Recommended Practice for Local Authorities on Data Transparency – CLG;
- k. Money Laundering Regulations, 2007 SI 2007/2157;
- l. Prudential Code for Capital Finance in Local Authorities – CIPFA ;
- m. Service Reporting Code of Practice – CIPFA;
- n. Statement on the Role of the Chief Financial Officer – CIPFA;
- o. Standing Guide to Commissioning Local Authority Work and Services – CJC;
- p. Treasury Management in the Public Sector Code of Practice – CIPFA

They also seek to reinforce the standards of conduct in public life required by the Authority of its Members and officers, and in particular the need for openness, accountability and integrity.

2. Status

Financial Regulations provide the framework for managing the Authority's financial affairs and form part of the Authority's Constitution. They apply to every Member and officer of the authority. The Financial Regulations should not be seen in isolation, but rather as part of the overall regulatory framework of the Authority that includes the role of committees, codes of conduct for Members and officers, schemes of delegation and Contract Procedure Rules ("CPRs"), as well as detailed procedure guides. The role of the Chief Finance Officer ("CFO") is defined in detail in the Council's Constitution.

Compliance with Financial Regulations is mandatory. Breaches of Financial Regulations of a serious nature may result in action being undertaken under the Conduct procedure. Breaches shall be reported in the first instance to the CFO who will decide what further action needs to be taken, in consultation with the Monitoring Officer.

3. Contents

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Section C	Corporate Governance, Risk Management & Control of Resources	p16
Section D	Financial Administration	p32
Section E	External Arrangements	p43
Section F	Approval and Delegated Limits	p48
Section G	Glossary	p56

References are made throughout the individual sections to delegated limits of authority. The actual value of each limit is contained in Section F in order to avoid reviewing the whole set of Financial Regulations when changes to delegated limits are approved by Council.

Section A. Financial Management Framework

- A1 Financial management covers all financial accountabilities in relation to the running of the authority, including the policy framework and budget.
- **Policy Framework**
- **Roles and Responsibilities**
- A2 The role and responsibility of Council are described in Article 4 of the Constitution
- A3 The role and responsibilities of the statutory officers are laid out in Article 12 of the Constitution.
- **Chief Financial Officer/ s151 Officer (“CFO”)**
- A4 The CFO is the Authority’s’ most senior executive role charged with leading and directing financial strategy and operations. This role is a statutory role under section 151 of the Local Government Act, 1972.
- **Directors:**
- A5 For the purpose of these regulations only, Directors includes the Head of Paid Service, all Corporate Directors, Divisional Directors and Head Teachers of Maintained Schools.
- A6 Directors are responsible for ensuring that Executive Members are advised of the financial implications of all proposals and that the financial implications have been agreed by the CFO.
- A7 It is the responsibility of Directors to consult with the CFO and seek approval on any matter liable to affect the Authority’s’ finances materially, before any commitments are incurred. They must also provide the CFO with the access they require to all locally held financial records and systems.
- A8 Directors' responsibilities also include:
 - ensuring their staff including consultants or temporary staff are aware of the existence and content of the Authority’s’ Financial Regulations and other internal regulatory documents and that they comply with them;
 - notifying the CFO of any situation that may create a contingent liability, potential claim or an overspend of their budget;
 - signing contracts on behalf of the Council within the approved Officers’ Scheme of Approval and Delegation and Contract Procedure rules;
 - complying with any Council wide spending restriction protocol determined by the CFO;
 - ensure that there is an effective management hierarchy and budget management.

- A9 A delegation in Financial Regulations to a Chief Officer shall permit further delegation to other officers, provided that the terms of the delegation are clearly documented and authorised. Directors remain accountable for their operation.

- **Other Accountabilities**

- **Virement**

- A10 The full council is responsible for agreeing procedures for virement of expenditure between budget headings

- **Treatment of year-end balances**

- A11 The full council is responsible for agreeing procedures for carrying forward under- and overspendings on budget headings.

- **Accounting policies**

- A12 The CFO is responsible for selecting accounting policies and ensuring that they are applied consistently subject to the approval of the Governance, Audit, Risk Management and Standards Committee. (GARMS).

- **Accounting records and returns**

- A13 The CFO is responsible for determining the accounting procedures and records for the authority subject to the approval of GARMS.

- **The Annual Statement of Accounts**

- A14 The CFO is responsible for ensuring that the Annual Statement of Accounts is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom and in accordance with statutory deadlines.

- A15 GARMS is responsible for approving the annual Statement of Accounts within the statutory deadlines.

- **Budget Managers**

- A16 Budget managers are responsible for the delivery and monitoring of their service revenue and capital budgets and achieving the level of service/performance required to be delivered within them.

- **Individual's responsibilities**

- A17 All employees involved with finance should be aware of the regulations and relevant procedures for their work area. If an officer is unclear about some aspect of these rules they should seek advice before acting from their line manager, Finance Team or Head of Internal Audit.

- A18 All Members and staff have a general responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring

that the use of these resources is legal, is properly authorised and provides value for money.

- **Schools**

- A19 Delegated budgets of schools, in accordance with the Schools Standards and Framework Act 1998, remain part of the authority. The statutory responsibilities of the CFO apply to schools in the same way as any other part of the Council.

Section 2 Financial Management

- B1 Financial management covers all financial accountabilities in relation to the running of the authority, including the policy framework and budget.
- **Policy Framework**
- B2 The full council is responsible for agreeing the Authority's policy framework and budget, which will be proposed by the Executive. In terms of financial planning, the key elements are:
 - the Corporate Plan;
 - the Revenue Budget; and
 - the Capital Programme.
 - the Medium Term Financial Strategy ("MTFS")
- B3 The full Council is responsible for approving the policy framework and budget. In addition, local authorities can specify additional plans or strategies (statutory or non-statutory) to be adopted or approved by the full council. The detailed policy framework can be found in Article 4 of the Constitution.
- B4 All Members and officers have a duty to abide by the highest standards of probity dealing with financial issues. This is facilitated by ensuring that all officers are clear about the standards to which they are working and the controls that are in place to ensure that these standards are met.
- B5 Members, the Corporate Strategic Board (CSB) and the CFO shall receive updates on the financial performance of the Authority by receiving regular budget monitoring and outturn reports, and also the annual External Audit management letter.
- B6 The Head of Paid Service will ensure there is an effective performance management framework in place that brings together financial and non-financial information in a meaningful way to assist financial planning and management.
- B7 The CFO shall ensure that all officers:
 - are aware of, and comply with, proper financial management standards, including these Financial Regulations;
 - are properly managed, developed, trained and have adequate support to carry out their financial duties effectively.
- B8 Directors shall ensure that specific duties and responsibilities in financial matters are made clear to individual officers and that these are properly recorded. This includes ensuring that financial information is made available to the CFO to enable accurate and timely monitoring and reporting of comparisons of national, regional and local financial performance indicators.

- B9 All officers, but especially the statutory officers should be mindful of the 'Wednesbury' rules which emphasise the importance of ensuring that when developing policy all relevant matters are properly considered. (See Glossary).

- **Financial Planning**

- B10 The Head of Paid Service will ensure that there are processes in place to develop corporate priorities, a corporate strategy and directorate service plans.
- B11 The CFO will ensure that procedures are in place for an integrated financial planning process, linked to the corporate strategies and service plans.
- B12 The annual Revenue Budget, MTFS, capital programme, Treasury Management Strategy and Housing Revenue Account must be recommended by the Cabinet to Council in accordance with the statutory timetable. The Council must agree the final Revenue Budget and Council Tax prior to the 10th March.

- **Medium Term Financial Strategy (MTFS)**

- B13 The CFO shall ensure that there are sound medium to long term financial plans for both revenue and capital and that these are subject to regular review, including the continuing relevance of the underlying assumptions.
- B14 The CFO shall determine the format of the Medium Term Financial Strategy to be presented to the Authority, in consultation with the Head of Paid Service. The format is to comply with all legal requirements and with latest guidance issued by the Chartered Institute of Public Finance & Accountancy (“CIPFA”).
- B15 The CFO is responsible for issuing financial planning guidance, co-ordinating the MTFS process, ensuring that it is integrated with service planning and that there is effective consultation with Members, officers and other stakeholders. He/she is ultimately responsible for ensuring that a lawful budget is approved by Council.
- B16 It is unlawful for an authority to set a deficit budget. Under section 25 of the Local Government Act 2003 the CFO is responsible for advising the Cabinet and the Council on the robustness of the budget and on the adequacy of the levels of reserves.
- B17 The CFO, in consultation with Directors, is responsible for providing timely advice on the available funding options for the budget for at least three years after the current financial year. This includes advice on central government funding, capping, general grant, fees and charges and other grants, options for borrowing and appropriations to and from reserves and use of provisions; based upon an interpretation of government funding assumptions and the information available at that time. This will include potential implications for local taxation.
- B18 The CFO will actively seek to increase and diversify the Authority’s resource base, within an appropriate risk management strategy.
- B19 The CFO shall ensure that roles and responsibilities in budget development, management and monitoring are clear and that there is adequate financial advice and support to officers and Members.
- B20 Directors are responsible for responding to the guidance, meeting deadlines, drafting integrated service and financial plans, and identifying and quantifying issues and risks which have an impact on the budget over the medium term.

- B21 Directors have overall responsibility for ensuring that their proposals are robust and that they have identified all of the issues and for giving this assurance to the CFO. This will include:
 - policy requirements approved by the Authority as part of the policy framework;
 - unavoidable future commitments, including legislative requirements;
 - initiatives already underway;
 - spending patterns and pressures revealed through the budget monitoring process;
 - proposed service developments and plans which reflect public consultation;
 - the need to deliver efficiency and/ or productivity savings;
 - government grant allocations and other external income; and
 - revenue implications of the draft four year capital programme;
- B22 Directors must ensure that the guidelines and associated instructions are fully cascaded through their Budget managers so that they understand and are involved in the budget setting process from the bottom up.
- B23 Given that there is likely to be a gap between available resources and required resources, Directors must ensure that spending plans are prioritised carefully.
- **Capital Strategy**
 - B24 The CFO will revise annually, in consultation with Directors, the corporate Capital Strategy within the agreed timetable. The strategy will cover a minimum of four years and should show how capital investment will be prioritised to deliver the Authority's' objectives and priorities. The CFO will seek approval from Cabinet to recommend to Council the Capital Strategy.
 - B25 Directors will contribute to the development of the Capital Strategy within the corporate deadline and will ensure it is consistent with Directors' other plans and strategies.
- **Annual Revenue Budget Preparation and Approval**
 - B26 The budget is the financial expression of the Council's plans and policies. The Council has adopted an integrated planning framework to ensure that the corporate plan and MTFs are developed in tandem.
 - B27 The format of the annual budget determines the level of detail to which financial control and management will be exercised and shapes how the virement rules operate. The general format of the Budget will be approved by the Council on the advice of the CFO. The proposed budget will include allocations to directorates at service level, proposed taxation levels, contingency funds and allocations to reserves and balances.

- B28 The Executive must before 31st January each year approve the Council tax base and calculate the estimated level of non-domestic rates (NDR) it anticipates to collect for the following financial year. The CFO will inform DCLG, precepting and levying bodies of the approved Council tax base and NDR income.
- B29 The CFO will determine the probable Collection Fund surplus or deficit for the year, notify precepting bodies, and report to the Executive before the 31st January, or such other date as is specified in legislation.
- B30 The Executive will make recommendations to the Council regarding the annual budget for the following financial year and the Council tax required to finance it, including any prudential borrowing.
- B31 At a meeting on or before 10 March each year, the Council will approve the budget and any prudential borrowing proposal and set the resulting Council tax for the following financial year.
- **Format of the Annual Budget**
- B32 The format of the budget determines the level of detail to which financial control and budget management will be exercised.
- B33 The CFO will:
 - advise Members on the format of the budget to be proposed by the Executive to be approved by full Council in accordance with statutory requirements. The draft budget should include allocations to different services and projects, proposed taxation levels and contingency funds; and
 - determine the detailed form of revenue and capital estimates and the method for their preparation. They shall be consistent with the approved budget.
- B34 Directors will comply with the guidance issued by the CFO and provide the information required to produce a balanced budget, in the format and to the timescales specified.
- **Budget preparation**
- B35 The CFO is responsible for ensuring that a revenue budget is prepared on an annual basis and consistent with the MTFs, before submission to the full Council.
- B36 The full Council may amend the budget or ask the Executive to reconsider it before approving it.
- B37 The CFO is responsible for issuing guidance on the general content of the budget as soon as possible following approval by the full Council. They will ensure that:
 - the Budget format will be consistent with statutory and CIPFA guidance and will be on a Total Cost basis. All expenditure budgets and revenue costs must be gross, and not reduced by any income, even where the income is in respect of a successful insurance claim or other reimbursements or abatements of expenditure;

- a Corporate Budget Book is issued at the start of each financial year at an appropriate level of detail; and
- the revenue budget will be presented and approved at service level by full Council following the recommendation by the Cabinet and having considered the advice of the CFO. This will determine the level of detail to which financial control and management can be exercised.
- B38 It is the responsibility of Directors to ensure that budget estimates reflecting agreed service plans are submitted to the Executive and that these estimates are prepared in line with guidance issued by the CFO.

- **Preparation of the Capital Programme**

- B39 Capital expenditure, involves the acquisition, creation or the significant enhancement of fixed assets with a long-term value to the Authority, such as land, buildings, and major items of plant, equipment, vehicles or intangible assets such as IT systems or software licences. Capital assets shape the way services are delivered for the long term and create financial commitments for the future in the form of financing costs and revenue running costs.
- B40 Any expenditure on a single capital item, or a group of similar items within a financial year, that totals less than the capital de minimus outlined in Section F, is to be treated as revenue.
- B41 The CFO is responsible for:
 - producing an annual capital strategy for Cabinet to recommend to Council;
 - setting up procedures under which capital expenditure proposals are evaluated and appraised to ensure that value for money is being achieved;
 - ensuring that a Medium-Term Capital Programme is prepared annually which is derived from the Capital Strategy, the Asset Management Plan, and the evaluation process;
 - that the capital programme is consistent with corporate, service and asset management objectives and priorities;
 - that there is a robust process for scrutinizing the capital schemes to be added to the capital programme;
 - that the programme is fully funded and is affordable and sustainable in accordance with the Prudential Code;
 - setting up procedures for corporate monitoring of all sources of capital funding;
 - that the tax implications of significant capital schemes are considered, including the impact on the VAT partial exemption calculation; and
 - that the revenue implication of capital schemes is included in the Budget and MTFs.
- B42 The inclusion of a scheme in the approved Capital Programme does not imply automatic approval to spend. These can be subject to meeting further criteria relating to the objectives, cost or funding confirmed through the governance process. Directors must ensure that all necessary levels of approval in accordance with the associated financial procedure note have been obtained for projects to proceed.
- B43 Directors are responsible for ensuring that where a project is dependent on external funding, it must not proceed until there is confirmation that this has been secured and the grant conditions can be met.
- B44 In all cases Directors must follow the Contract Procedure Rules before expenditure is incurred.

- **Budget Amendment**

- B45 Approved revenue budgets, may be amended during a financial year in the following circumstances:

- a) virements in accordance with the Scheme of Approval (Section F);
- b) under-spends approved for carry forward from previous years in accordance with Financial Regulations;
- c) supplementary requests from General Fund reserves or the Council Contingency Funds with the approval of the Portfolio Holder with Responsibility for Finance or full Cabinet; and
- d) grants, in accordance with the Scheme of Virement.

- B46 Where the responsibility for a service is transferred from one directorate to another, the CFO will transfer the appropriate resources in consultation with the relevant chief officer(s) and report to the Cabinet.

- B47 The CFO will provide a schedule of revenue grants as part of the overall budget proposals to the Council. Capital grants are shown in relation to the capital programme. All grants including new grants received in year will be reported to the Cabinet via the quarterly financial monitoring.

- B48 Additions in year to the Capital Programme

- Up to £500,000 additional capital spending can be approved by Cabinet on specific projects where

- the expenditure is wholly covered by additional external sources; and

- the expenditure is in accordance with at least one of the priorities listed in the capital programme; and

- there are no significant full year revenue budget effects.

- The additional capital spending agreed by Cabinet in one financial year cannot exceed £2.5million

- **Scheme of Virement**

- B49 A virement is a planned movement of resources between approved budgets that leaves the Authority's overall revenue and capital budget unchanged. Ad-hoc virements during the year are generally discouraged, especially where they relate to temporary adjustments. The financial Limits for the Scheme of Virement for revenue and capital expenditure are outlined in Section F and are intended to enable the Directors to manage their service budgets with a degree of flexibility within the overall policy framework determined by the Authority.

- B50 The published budget book is used for determining the service level and analysis of type of expenditure to which making changes constitute virement in relation to revenue. The capital programme agreed at Council is the level to which changes made constitute virement in relation to capital.

- B51 Technical budget changes do not require virement. Examples of these are Support Service Charge changes and Capital Financing Charge changes, where there is no service or overall financial impact
- B52 The exceptions to the above framework that are not allowed are:
 - a) provisions included within departmental budgets on the instructions of the CFO, e.g. insurance, capital and depreciation charges, leasing costs, transfer payments, central support service recharges and revenue expenditure funded from capital etc., can only be vired by the CFO;
 - b) virement between capital and revenue;
 - virements between an income budget line and an expenditure budget line require the approval of the CFO, as they change the revenue commitments of the Authority;
 - budget variances that apply to the current year only. These should be reported as a Variance in the monthly forecast; and
 - between salaries and non-salaries budget heads unless supported by an approved amendment to the establishment.
- B53 For the purposes of the financial limits outlined in Section F virements between the budget heads within the same financial year must be aggregated to determine the appropriate approval limit.

- **Budget Monitoring and Control**

- B54 The CFO is responsible for providing appropriate financial information to enable budgets to be monitored effectively and for presenting consolidated monitoring reports to the Executive on a regular basis.

- **Overview and Control**

- B55 Budget management is a continuous process that ensures the approved resources are used for their intended purpose and are properly accounted for, subject to virement rules. It also provides the mechanism that calls to account managers responsible for defined elements of the budget.
- B56 The Authority itself operates within an annual cash limit, approved when setting the overall budget. To ensure that the Authority in total does not overspend, each budget manager is required to manage expenditure within their budget allocation, subject to the rules of virement.
- B57 Management of budgets must not be seen in isolation but in conjunction with service outputs and performance measures, which bring together financial and non-financial information in a meaningful way.

- **Revenue Budget Monitoring**

- B58 The CFO has overall responsibility for ensuring that there are appropriate systems in place to ensure that relevant, accurate, complete and timely budgetary control information is received by budget managers, Directors and Members. The

process will include reporting the revenue budget and capital programme financial position internally and to Cabinet on a regular basis.

- B59 Directors must ensure that there is a clear allocation of responsibility for revenue budgets at cost centre level and capital schemes within their areas. Budget responsibility should be aligned as closely as possible to the decision making that commits expenditure.
- B60 Directors and Budget managers (as appropriate) have authority to incur expenditure on the approved policies and activities of the Council where financial provision exists in the approved budget for the year. The Scheme of Delegation is included at Section F. It sets out the limits for authorising financial transactions. Directors should ensure that they properly record any local delegations specific to their service area.
- B61 Directors are responsible for ensuring that they manage expenditure within the total net budget for their services. Budget managers are responsible for monitoring their budgets on a monthly basis. Over spends and under spends relative to the approved budget should be formally reported as soon as they are known and closely monitored. At the same time corrective action to be taken by Budget managers should be identified. Budget monitoring should reflect the level of risk associated with particular budgets.
- B62 Directors and Budget managers should monitor and report on significant and overall income performance at each monthly reporting interval with the same rigour as applied for expenditure monitoring. Income should be tracked each month to ensure overall income forecasts are likely to be met and to respond to any changes in income with either service or charge alterations.
- **Capital Monitoring**
- B63 The CFO is responsible for the preparation, review and monitoring of the capital programme. The CFO must ensure that all capital proposals are supported by option appraisals; robust costed business cases including whole life costing in accordance with proper governance arrangements as set out in the financial procedures. The size and substance of a capital scheme will determine the degree to which the Council's mandatory project management approach will be applied.
- B64 Changes to the approved programme must be reported to Cabinet for approval in accordance with the Scheme of Delegation (Section F).
- B65 Directors are responsible for supplying accurate capital forecasts in the manner and to the timetable determined by the CFO, which identify and explain variances and clearly identify slippage.
- **Carried Forward Balances**
- B66 A year-end balance is the amount by which actual income and expenditure varies from the final budget, normally identified down to budget manager level. Unspent balances will not be carried forward, except with the permission of the CFO. Unspent balances will only be considered for carry forward where:

- There is an unspent ring fenced grant and grant must be repaid if it is not spent on its intended purpose.
- Funding has been allocated to a specific project and the project is not yet complete, and both the directorate and the Council in total are not overspent.
- External funding has been received for a specific project which is not yet complete
- B67 All other commitments will have to be accommodated within the new year budget.
- **Statement of Accounts**
- **Responsibilities of the CFO**
- B68 The CFO is responsible for the preparation of the Authority's Statement of Accounts for each financial year ending 31 March, within the statutory deadline, in accordance with proper accounting practices as set out in the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (CIPFA/LASAAC),
- In addition to complying with the local authority code, the CFO is responsible for:
 - Selecting suitable accounting policies and then applying them consistently;
 - Making judgements and estimates that are reasonable and prudent;
 - prepare, sign and date the Statement of Accounts, stating that it presents fairly the financial position of the Authority at the accounting date and its income and expenditure for the financial year just ended; and
 - publish the approved and audited accounts of the Authority each year, in accordance with the statutory timetable;
- B69 To ensure detailed guidance and timetable for final accounts is issued to Directors and Budget managers as appropriate each year to ensure that the relevant information is collected and that the statutory deadline is achieved.
- B70 The CFO will ensure that the accounts are subject to external audit, to provide assurance that the accounts have been prepared properly, that proper accounting practices have been followed and that high quality arrangements have been made for securing economy, efficiency and effectiveness in the use of the Authority's resources.
- B71 The Governance, Audit, Risk Management & Standards Committee ("GARMS") has specific responsibility for approving the statutory Annual Statement of Accounts.
- **Accounting Records and Returns**
- B72 Directors shall be responsible for ensuring that records are carefully and systematically filed and retained for inspection by the CFO, Internal and External Audit or Government agencies (e.g. HM Revenue and Customs).

- B73 Accounting records (see Glossary for detail) should be retained for a period of 6 years plus the current financial year, unless otherwise instructed by the CFO. The advised minimum periods for the retention of financial records are set out below:
 - mortgages, bonds, stocks and other holdings, insurance, contracts, pension information and transfer values should be held indefinitely;
 - PFI contracts should be retained for the period of the contract plus 12 years; and
 - other contract documents including the final account where the contract is under seal should be retained for 12 years.
- **Finance Comments on Reports**
 - B74 The CFO is responsible for monitoring the quality of the financial implications information included in Committee Reports, Scrutiny reports and other formal reports by Directors and providing financial comments where there are implications such as corporate revenue or capital resources requirements.
 - B75 Directors are responsible for ensuring:
 - suitable options appraisal are carried out in relation to all significant policy issues;
 - that financial implications in the current and future years are identified in all relevant reports and that such financial implications are agreed by the CFO and are in accordance with virement rules;
 - that where reports impact on other directorates or have implications for corporate resources, financial implications comments are requested from them and/or the CFO sufficiently in advance of reporting deadlines; and
 - the financial implications in reports are reflected in current budgetary provisions and in the agreed Budget and MTFS.

Section C. Corporate Governance, Risk Management and Control of Resources

- C1 It is essential that robust, integrated systems are developed and maintained for identifying, evaluating and managing risk to the authority. This process should be integrated with the Financial Planning and Business Planning process.
- **Treasury Strategy**
- C2 The CFO will ensure that a Treasury Strategy is prepared, formally agreed in line with the Constitution and published annually before 31 March. The strategy will comply with statutory regulation, including that issued under section 15(1)(a) of the Local Government Act 2003 and the CIPFA Treasury Management Guide. In particular:
 - a) the investment priorities should be security and liquidity. Yield should be considered but only within the properly established security and liquidity levels;
 - b) the Investment Strategy should go to the full Council at the start of each year and reviewed mid-year, or more often should market conditions require it;
 - c) it should comment on the use of credit ratings and of any additional sources of information on credit risk;
 - d) it should comment on the use of treasury management advisers;
 - e) it should contain the training programme for officers and Members;
 - f) strategies should comment on the investment of money borrowed in advance of spending need; and
 - g) it will include a policy in regard to Minimum Revenue Provision.

- **Pensions Governance**

- C3 The Administrating authority (the 'Council') is responsible for investing on behalf of employees, ex-employees and pensioners. It is essential that the use of these finances is properly planned and controlled to provide maximum benefit to the Pension Fund whilst not exposing those finances to undue risk.
- C4 The CFO must ensure that a Funding Strategy Statement is reviewed annually and published.

- **Asset Management Plan**

- C5 The Corporate Director of Environment and Enterprise is responsible for corporate asset management, apart from Housing assets which are the responsibility of the Asset Management team within CHW (Housing).
- They should maintain adequate asset management plans (AMPs) for Schools, Housing, Highways and Corporate assets. These plans should show the number and value of the assets held, how assets are used and whether they are operational or non-operational, running costs, the condition of assets and the maintenance required. The plans will inform the Council's capital and revenue budget strategy and disposals policy.
- C6 The CFO must ensure that the Asset Management Plans are supported by detailed asset registers and accurate valuations. The registers are used as a day to day management tool and to provide information for the Council's accounts and insurance purposes.
- C7 Directors must ensure that records and assets are properly maintained and securely held. They should also ensure that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place in line with Corporate Policy. Directors must supply the information required by the CFO.
- C8 Budget managers are responsible for ensuring that all assets in their control are appropriately maintained, clearly identified and marked as property of the Council where appropriate. No Council asset should be subject to personal use by an employee without prior authorisation from the appropriate Chief Officer.

- **Projects and Programmes**

- C9 The Director for Customer Service and Business Transformation Programme (BTP) is responsible for issuing guidance on the preparation of business cases and programme management.
- C10 Directors are responsible for ensuring that programmes are conducted using the Council's mandatory project and programme management approach. The degree to which the approach will be applied will be determined according to the limits defined in the procedure guidance notes.
- C11 Directors must obtain the agreement of the CFO as to the expenditure and funding for all new schemes not included in the approved budget or capital programme and submit to Cabinet for approval. See Section F.

- **Leasing arrangements**

- C12 Property leases may constitute a capital liability. Directors shall notify the CFO of all proposed property leases or renewals before any agreement is made and these shall be included in the proposed capital programme. Any lease with a value, or term, above the limits set out in Section F must be approved by Cabinet.
- C13 Directors must not enter into credit arrangements, such as leasing agreements, without the prior approval of the CFO and, if applicable, approval of the scheme should be included as part of the capital programme.
- C14 The CFO shall be responsible for the evaluation and arrangement of all capital financing facilities. This excludes the short term hiring of equipment for periods of less than 12 months.
- C15 Budget managers must take appropriate advice from Finance and Legal before entering into a lease agreement.

- **Contingent Asset and Liabilities**

- C16 Directors must inform the CFO of any potential contingent assets and contingent liabilities.

- **Maintenance of Provisions and Reserves**

- C17 Provisions are held against present obligations (liabilities) of uncertain timing that can reasonably be estimated. If the event itself rather than the timing is uncertain then it would be a Contingent Liability or Asset.
- C18 Any sum set aside that is not a provision, is a reserve. Reserves can be Earmarked Reserves set aside for specific policy purposes or General Reserves, set aside for purposes such as general contingencies and cash flow management.
- C19 The CFO is responsible for advising on prudent levels of reserves for the Council when the annual budget is being considered, having regard to assessment of the financial risks facing the authority and the views of the external auditor.
- C20 The CFO must make an annual statement on the adequacy of general reserves and provisions.
- C21 All contributions to, and appropriations from, General Fund reserves must be approved by the Portfolio Holder with Responsibility for Finance, subject to any limitations set by the Council in the approved budget framework.
- C22 The CFO can establish earmarked reserves. The CFO is responsible for ensuring that detailed controls are established for the creation of new reserves and provisions and any disbursements therefrom. This should include:
 - the reason for the reserve;
 - how and when it can be used;
 - the responsibilities for their management and reporting in the Medium Term Financial Strategy and annual budgets; and
 - the timescale for review, at least annually, to ensure adequacy.
- C23 Directors must inform the CFO of any future liabilities that have been incurred and may need to be accounted for.

- **Reporting Key Decisions**

- C24 The definition and rules concerning Key Decisions are to be found in Article 13 of the Constitution.

- **Risk Management and Risk Strategy**

- C25 All organisations face risks to their people, property, finances, services, reputation and continued operations. Whilst risk cannot be eliminated altogether, risk management provides a planned and systematic approach to the identification, evaluation and control of risk. It is an integral part of good business practice and is essential to the Council achieving its objectives, securing its assets and to ensuring continued financial and organisational wellbeing.

- C26 Regulation 4 of The Accounts and Audit (England) Regulations 2011 SI 2011/8171 specifically requires that the “relevant body shall be responsible for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body's functions and which includes arrangements for the management of risk.”
- C27 The Head of Paid Service in conjunction with the Monitoring Officer is responsible for preparing and promoting the Authority's risk management policy and strategy, securing the endorsement of the Council, and maintaining the Corporate Risk Register and other risk registers and risk analyses as appropriate.
- C28 Directors are responsible for ensuring that there is a continuous review of exposure to risk within their departments, maintaining detailed Risk Registers and action plans, and maintaining Business Continuity Plans. It is essential that risk management is integrated into business processes in line with corporate guidelines. These processes include budget preparation and integrated service and financial planning, budget monitoring and performance management, programme and project management, procurement and contract management.
- **Business Continuity and Disaster Recovery**
- C29 The Head of Paid Service will establish and regularly test comprehensive business continuity and disaster recovery procedures to deal with the consequences of events and minimise potential disruption.
- C30 Directors will ensure that controls are in place to minimise the likelihood of the risk occurring and/or minimising its potential impact through regular inspection and continuous monitoring of identified key risk areas.
- **Insurance**
- C31 The Council maintains insurance cover to deal with the financial consequences of any incident which may give rise to a claim being made by/against the Council or result in financial cost or loss which may not otherwise be provided for. The extent to which the Council “self insures” is informed by the perceived risk and the Council's claims history.
- C32 The CFO is responsible for effecting corporate insurance cover, through external insurance and internal funding, and negotiating all claims in consultation with other officers, where necessary.
- C33 Directors should
 - notify the CFO immediately of any loss, liability or damage that may lead to a claim being made by/against the Council and take appropriate action to prevent a repeat loss;
 - inform the CFO of all new risks, properties or vehicles that may require insurance, and of any alterations or disposals affecting existing insurances;

- ensure that claims against insurance policies are made promptly and comply with the timescales for investigating claims and the insurer's conditions;
- ensure that before any contract for works is made, that adequate insurance cover is furnished by the contractor in respect of any act or default;
- ensure that procedures are in place to identify Contingent Liabilities, which are doubtful events that may represent a charge to the Authority at a future date, and ensure that these are recorded in a note to the annual accounts;
- ensure that employees, or anyone covered by the Authority's insurances, do not admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim. Failure could directly affect the Authority's ability to make or defend a claim or could result in financial penalties being imposed on the Authority; and
- consult the CFO and seek legal advice on the terms of any indemnity that the Authority is requested to give.
- **Internal Controls**
- C34 Internal controls are systems put in place by management to mitigate risk, increase the likelihood that the Authority's objectives are met and to safeguard the Authority's staff, assets and interests.
- C35 Internal controls must be reviewed on a regular basis by management. Control systems should provide for clarity of policies, objectives, targets, responsibilities and accountabilities, and appropriate authorisations and approvals, separation of duties, level of internal check, management information and physical safeguards.
- C36 The CFO will ensure that the Authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government.
- C37 The CFO will ensure that effective internal controls are an integral part of the Authority's underlying framework of corporate governance and that they are reflected in its local code, ensuring that clear Financial Regulations exist.
- C38 The CFO in conjunction with the Monitoring Officer is responsible for assisting the authority in putting in place an appropriate control environment and effective internal controls that comply with all applicable statutes, regulations and codes of practice.
- C39 Regulation 4 of The Accounts and Audit (England) Regulations 2011 require the publication of an Annual Governance Statement. The statement includes a description and evaluation of the internal control environment, the review process, and identifies any gaps. It must include a statement that the Authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government. There should be an action plan to address the issues identified and a report on progress on the issues identified in previous years. The Governance, Audit, Risk Management & Standards ("GARMS") Committee should seek to satisfy itself that it has obtained

sufficient, relevant and reliable evidence to support the disclosures made and that statutory guidance has been followed.

- C40 The Governance Statement should be approved at a meeting of the Authority or delegated committee (GARMS) and signed by the Head of Paid Service and the Portfolio Holder.
- C41 Directors are responsible for establishing, maintaining, monitoring and reporting on systems of internal control which guard against risk and promote the achievement of objectives. On an annual basis they are required to complete a Management Assurance Statement, in the format and timescale specified the Head of Paid Service, of the Council. The statements and supporting evidence will be independently reviewed by Internal Audit, evaluated by the Corporate Governance Group and results fed into the Council's Annual Governance Statement.
- **Internal Audit**
- C42 Section 151 of the Local Government Act 1972, requires that the Authority 'makes arrangements for the proper administration of their financial affairs. Further specific arrangements are detailed in Regulation 6 of The Accounts and Audit Regulations 2011 (as amended) in that a 'relevant body must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control'. The arrangements must follow statutory guidance and professional standards
- C43 Internal Audit is an independent and objective appraisal function established by an authority to add value and improve the organisation's operations. It helps the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management; control and governance processes.
- C44 The CFO must develop and maintain an effective Audit Committee (for Harrow this is the GARMS).
- C45 Internal audit is an important independent internal scrutiny activity. The CFO must support the Authority's internal audit arrangements and ensure that the Authority's Audit Committee (GARMS) receives the necessary advice and information, so that both functions can operate effectively.
- C46 The CFO must ensure the provision of an effective, properly resourced, internal audit service, for the internal audit of the control environment and systems of internal control as required by professional standards.
- C47 The Head of Internal Audit is the officer responsible for effectively managing the internal audit activity in accordance with the internal audit charter and the PSIASs Definition of Internal Auditing, the Code of Ethics and the Standards. The Head of Internal Audit:
 - must periodically review the internal audit charter and present it to senior management and the board for approval;
 - must report to a level within the organisation that allows the internal audit activity to fulfil its responsibilities. The Head of internal Audit must confirm to the GARMS

Committee, at least annually, the organisational independence of the internal audit activity;

- must effectively manage the internal audit activity to ensure it adds value to the organisation;
- must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals;
- must communicate the internal audit activity's plans and resource requirements, including significant interim changes, to senior management and the GARMS Committee for review and approval. The Head of Internal Audit must also communicate the impact of resource limitations;
- must ensure that internal audit resources are appropriate, sufficient and effectively deployed to achieve the approved plan;
- must report periodically to senior management and the GARMS Committee on the internal audit activity's purpose, authority, responsibility and performance relative to its plan;
- must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement. This opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.
- C48 Internal Auditors have the authority to:
 - access Authority premises at reasonable times;
 - access all assets, records, documents, correspondence and control systems;
 - receive any information and explanation considered necessary concerning any matter under consideration;
 - require any employee of the authority to account for cash, stores or any other authority asset under his or her control;
 - access records belonging to third parties, such as contractors, when required (third party contracts should specify access rights); and
 - directly access the senior managers and elected Members where appropriate.
- C49 Managers are required to notify the Head of Internal Audit of new areas of risk which may need to be subject to audit review and ensure that internal auditors are given access at all reasonable times to premises, personnel, documents and assets and provided with information and explanations that the auditors consider necessary for the purposes of their work.
- C50 Managers are also required to consider and respond promptly to recommendations in audit reports, ensure that agreed actions arising from audit recommendations are carried out in a timely and efficient fashion and in line with the timescale agreed with the Head of Internal Audit, and report on progress.

- C51 Directors must provide internal audit with access to their premises, records and systems and staff in a timely manner.
- **External Audit**
- C52 The basic duties of the external auditor are defined in the Local Government Act 1999 and the Audit Commission's Code of Audit Practice. These require the auditor to review and report upon:
 - the Council's Accounts;
 - whether the Council has made proper arrangements for securing financial resilience and
 - whether the Council has proper arrangements for securing economy, efficiency and effectiveness.
- C53 The CFO in conjunction with the Head of Paid Service advises on the development of the Annual Audit Plan, leads on any negotiations related to the annual audit fee and advises the Cabinet and Directors on their responsibilities in relation to external audit and issues arising from the Annual Audit and Inspection Letter.
- C54 Directors are required to ensure that external auditors are given access at all reasonable times to premises, personnel, documents, and assets, and provided with information and explanations which the external auditors consider necessary for the purposes of their work, in the timescales required.
- C55 Directors are also required to consider and respond promptly to recommendations in audit reports, ensure that agreed actions arising from audit recommendations are carried out in a timely and efficient fashion and in line with the timescale agreed with the external auditor, and report on progress.
- **Preventing Fraud, Bribery and Corruption**
- C56 The Council is responsible for substantial public funds and other assets and has a duty to demonstrate the highest standards of probity and stewardship in the day to day management of its affairs. It is therefore essential to develop and maintain an anti-fraud culture and to create a working climate in which all staff and elected Members remain alert to the potential for fraudulent or corrupt behaviour against the Council from outside or inside the organisation and are aware of the mechanisms available for the confidential reporting and investigation of any reported instances.
- C57 The key controls regarding the prevention of financial irregularities are that:
 - the Head of Paid Service will ensure a formal code of conduct is established and widely publicised and, as part of this, a Register of Interests is maintained and the receipt of hospitality and gifts covering both Members and officers in accordance with any relevant statutory code of conduct;
 - the Public Interest Disclosure Act 1998 (PIDA) protects workers who 'blow the whistle' about malpractice or wrongdoing within an organisation. The Head of Paid Service will maintain and make available a whistle-blowing policy and procedures

that enables officers, the general public and contractors to make allegations of fraud, misuse and corruption in confidence, and without recrimination, to an independent contact. All such allegations are diligently and robustly investigated;

- the CFO will ensure that the Authority has an effective anti-fraud and corruption policy consistent with legislation including the Bribery Act 2010, the Public Interest Disclosure Act 1998 and the Freedom of Information Act 2000;
- the CFO will ensure internal control systems exist which minimise the risk of fraud and corruption occurring;
- the CFO is responsible for developing and maintaining an anti-fraud, bribery and corruption policy and ensuring that effective internal controls are in place to minimise the risk of fraud, corruption and financial irregularities;
- the CFO is responsible for the Corporate Anti-Fraud Team and ensuring that effective procedures are in place to identify fraud and investigate promptly any suspected fraud. The team investigates cases of both internal fraud and external fraud.
- C58 Council employees and Members have a duty to report to the Authority any impropriety, bribery, breach of procedure or failure of the manner in which services are being provided without fear of recrimination (Code of Conduct). This includes a duty to report a suspected breach of the Council's Contract Procedure Rules and Financial Regulations.
- C59 Directors are required to ensure that their policies comply with Council's Contract Procedure Rules and Financial Regulations and that staff are trained where appropriate and adopt suitable compliance and disciplinary measures.
- C60 Directors must ensure that where financial impropriety is discovered or suspected, the CFO and the Head of Internal Audit are informed immediately and take all necessary steps to prevent further loss and to secure records and documents against removal or alteration. Directors must ensure the full co-operation of senior management in any investigation and instigate the Authority's disciplinary procedures where the outcome of an audit investigation indicates improper behaviour.
- C61 Officers and Members must ensure that they comply with all of the Council's codes, protocols and procedures particularly the Officers' Code of Conduct, its procurement practices and its anti-fraud and corruption policies.
- **Money Laundering**
- C62 Money laundering involves the 'cleaning' of illegal proceeds through legitimate transactions, usually cash, in order to disguise their criminal origin.
- C63 Local Authorities must be mindful of the Money Laundering Regulations, 2007 SI 2007/2157. There is substantial reputational risk for an authority which does not have money laundering policies and procedures in place and they have a duty of vigilance to prevent the financing of terrorism and money laundering.
- C64 The Council enters into thousands of transactions every day and could be subject to money laundering attempts when accepting payments by cash, cheque or

credit/debit cards for instance in relation to the purchase of a council house, the payment of substantial bills, or receiving an overpayment in cash which is then refunded by cheque.

- C65 The CFO will:
 - ensure that processes are in place to identify and appropriately train staff most likely to be exposed to money laundering of the organisations and their own obligations under Proceeds of Crime Act 2002 (POCA) to detect and report suspicious activity;
 - establish procedures to preclude the acceptance of cash sum or series of sums (in coin, notes or travellers cheques) in respect of goods that in total are more than the maximum allowed for any single customer account per annum in Section F; and
 - maintain a written Anti- Money Laundering Policy.
- C66 All staff have a duty to report any suspicions to the Money Laundering Reporting Officer (currently the CFO) or their deputy. There is a template for reports attached to the policy. It is very important that in the process of reporting nothing is done to tip off anyone connected with the transaction.
- C67 Directors and managers will ensure that staff who regularly accept payments, or administer payments or the Council's bank accounts receive training on money laundering. It is the responsibility of the CFO to ensure that these staff are identified and trained.
- **Proceeds of Crime**
- C68 The relevant Corporate Director in consultation with the Monitoring Officer and the CFO is authorised to institute investigations under the POCA on behalf of the Council.
- C69 The relevant Corporate Director will ensure that in relation to POCA investigations all statutory guidance is followed, including ensuring there is an appropriate, accredited financial investigator.
- C70 Prosecutions under POCA must be jointly authorised by the CFO and the Monitoring Officer.
- C71 Awards made to the authority under POCA incentive schemes or from asset recovery shall be applied first to the Authority's costs in relation to the related investigation and prosecution and any statutory charges. The balance shall be used as determined by the MTFs and any statutory limitations.

- **Security of Assets**

- C72 The Authority holds valuable assets in the form of property, vehicles, equipment, furniture and other items. It is important that assets are safeguarded and used efficiently in service delivery, and that there are arrangements for the security of both assets and information required for service operations.
- C73 The CFO will ensure an up-to-date Asset Register is maintained to enable sound fixed asset accounting and asset management.
- C74 The Monitoring Officer will ensure a corporate property database is maintained containing the details of all council properties to support land and property management.
- C75 The Corporate Director of Environment and Enterprise will ensure a terrier is maintained to identify all the land and property holdings of the Council recording the location, extent, plan, purchase details, nature of the interests, tenancies granted, charges held, rents payable and purpose for which held.

- **Inventories**

- C76 Inventories must be maintained by Directors for portable, high value items above the de minimus in Section F. The inventories shall contain an adequate description of the asset including where relevant the model number, serial number and location and its estimated value.
- C77 Directors are required to check the existence of a random sample of inventory items on an annual basis.

- **Stocks and Stores**

- C78 Directors are responsible for:
 - ensuring that stocks of goods and materials are held at a level appropriate to the business needs of the Council, and that stock levels are checked regularly and as a minimum as part of year end annual stock take procedures;
 - ensuring that adequate arrangements are in place for their care and custody; and
 - writing off the value of obsolete stock in their Departments in accordance with the procedures.

- **Intellectual Property**

- C79 Intellectual property is a generic term that includes inventions and writing. Certain activities undertaken within the authority may give rise to items that may be patentable, for example, software development. Breaching copyright laws exposes the Council to financial risk.

- **Responsibilities of Directors**

- C80 To put controls in place to ensure that staff do not carry out private work in the Council's time and that staff are aware that anything they create during the course of their employment, whether written or otherwise, belongs to the Council.
- C81 To comply with the copyright, designs and patent legislation and, in particular, to ensure that:
 - a) only licensed software is installed by the authority is used on its computers,
 - b) staff are aware of legislative provisions, and
 - c) in developing systems, due regard is given to the issue of intellectual property rights.
- **Asset Disposal**
- C82 Assets that are surplus to service requirements or are not cost effective to retain should be disposed of safely, for the best price. Disposal should be in accordance with national legislative requirements for health and safety and waste disposal and the European Waste Electrical and Electronic Equipment Directive.
- **Land and Buildings**
- C83 The Corporate Director of Environment and Enterprise (General Fund) and the Corporate Director of Community, Health and Well Being (Housing Revenue Account) are responsible for all disposals of land and property for the General Fund and the HRA respectively, in conjunction with the Portfolio Holder with responsibility for Finance and Major Contracts and for identifying any revenue implications arising from the sale of assets.
- C84 These Corporate Directors in conjunction with the portfolio holder have delegated authority for General Fund disposals as outlined in Section F. Anything above this limit must be reported to the Cabinet for approval.
- C85 The Corporate Directors must before any disposal is agreed or negotiations begin:
 - seek Legal advice to ensure that the disposal falls under a General Disposal Consent, Right to Buy legislation or if Secretary of State's permission is required;
 - obtain best consideration under s123 of Local Government Act 1972;
 - depending on the method of sale an independent valuation before sale should be obtained to ensure best consideration is achieved;
 - ensure that the disposal is consistent with the Asset Management Plan, that no other service requires the building and that it has formally been declared as surplus to requirements; and
 - seek financial advice to ensure the proper accounting of capital receipts, cost of sale and tax.
- **Other Assets**
- C86 Budget managers may seek the authority of their Chief Officer to dispose of revenue assets through sale, donation or scrapping. They must assure themselves that the assets concerned are the property of the Council (rather than a leasing

company) and surplus to organisational requirements, before disposing of them. Budget managers must be able to demonstrate that value for money is obtained for every disposal and maintain adequate records demonstrating value for money, the reasons for the disposal, and that the assets are obsolete or surplus to requirements. All property, plant or equipment assets disposed of over the value shown in Section F must additionally be cleared with the CFO or his/her nominated representative before they can be disposed of.

- C87 Budget managers must ensure that legal and environmental issues are addressed when disposing of any assets. Budget managers should notify Facilities Management of any disposals, who will determine if the assets are surplus to requirements.
- C88 The CFO will:
 - issue guidelines representing best practice for the disposal of assets and consistent with statutory powers including:
 - issuing of a receipt;
 - accounting and banking of the income;
 - segregation of duties between those who authorise the sale and the receipt of the payment; and
 - adjustment to Inventory records;
 - ensure appropriate accounting entries are made to remove the value of disposed assets from the Authority's records and to include the sale proceeds in the Council's accounts; and
- Maintain a schedule of disposals above the de minimus recorded in Section F with both estimated and actual values and disposal dates.
- C89 Directors will notify the CFO of any disposals of assets above the de minimus in Section F (see Procedure Note P27 on Disposal of Assets).
- **Treasury Management**
 - C90 The Council has adopted CIPFA's Code of Practice for Treasury Management in Public Services.
 - C91 The CFO is responsible for reporting to GARMS and the Cabinet at least twice in each financial year on the activities of the treasury management operation and on the exercise of his or her delegated treasury management powers. He/she is required to produce:
 - a proposed treasury management strategy for the coming financial year before the start of each financial year;
 - an annual report on the treasury management activity for presentation by 30th September of the succeeding financial year; and

- a mid year report to Cabinet.
- C92 The Council has delegated responsibility for the implementation and monitoring of its Treasury Management Policies and Practices to the CFO and for the execution and administration of Treasury Management decisions to the Treasury and Pension Fund Manager, who will act in accordance with the Council's Treasury Policy Statement and CIPFA's 'Standard of Professional Practice on Treasury Management'.
- C93 The CFO will ensure that all:
 - investments of money are made in the name of the authority or in the name of nominees approved by the full Council;
 - securities which are the property of the authority or its nominees and the title deeds of all property in the Authority's ownership are held in the custody of the Director of Legal Services; and
 - borrowings are in the name of the authority.
- C94 Directors will not enter into any loan or credit arrangements with any party whatsoever or acquire an interest in companies, joint ventures or other enterprises whatsoever.
- **Pension Fund Investment**
 - C95 The CFO will ensure that the accounting for the Pension Fund satisfies the Council's statutory obligations, including that it is accounted for separately, that only relevant costs, assets and liabilities are valued by an actuary every three years.
 - C96 The CFO is responsible for pension fund investment and makes recommendations to the Pension Fund Committee about the appointment of the actuary, investment adviser, and external fund managers. The CFO provides regular reports to the Pension Fund Committee on the performance of the fund and any regulatory matters.
 - C97 The CFO is responsible for ensuring the Council's contributions are consistent with its Pension Fund strategy and actuarial review.
 - C98 Approval to the making of lump sum payments and fund transfers from the pension fund will be in accordance with the schedule in section F.
- **Trust Funds, Funds Held For Third Parties and Other Voluntary Funds**
 - C98 The CFO is responsible for trust funds and ensures that funds are only drawn down for the purposes intended by the Trustees and that accounts are prepared and audited each year.
 - C99 All trust funds, funds held for third parties and other voluntary (unofficial) funds excluding schools must be approved by the CFO. A voluntary fund is defined as any fund, other than an official fund for the Council, which is controlled wholly or in part by an officer by reason of his or her employment by the Council. Such funds should be separately identified but managed in line with the Council's Financial Regulations.

- **Banking and Imprest Accounts**

- C100 The CFO is responsible for opening all bank accounts and agreeing the associated mandates.
- C101 The CFO is responsible for managing the banking contract and the day to day administration and reconciliation of accounts.
- C102 Staff must not open accounts in the name of the Council, Members or officers unless they are acting on the instructions of the CFO. Opening an unauthorised bank account is a disciplinary offence.
- C103 An imprest or petty cash account must only be used in accordance with guidance issued by the CFO (see Procedure Note P25 in section F). It is the responsibility of Directors to ensure that systems are in place to monitor and control this.

- **Staffing Establishment**

- C109 The Head of Paid Service will ensure there are in place accurate and effective systems to monitor the establishment and that the following procedures and regulations must be followed:
 - appointments are made in accordance with HR and payroll policies;
 - appointments are in accordance with the approved establishment and grade for the post;
 - the organisational structure on SAP must be kept up to date;
 - all appointments, terminations or variations which may affect the pay or pension of an employee or former employee, are notified promptly and in accordance with required forms, timescale and authorisation;
 - payments are only made where there is a valid entitlement;
 - conditions and contracts of employment are correctly applied; and
 - employees names listed on the payroll are checked at regular intervals to verify accuracy and completeness.
- C110 Regulation 7 Accounts and Audit (England) Regulations 2011 [SI 2011/817] places a statutory requirement on the Authority to report on the remuneration of senior employees; this is the responsibility of the CFO. The Head of Paid Service will publish pay data on senior staff in accordance with guidance and a policy statement about staff pay, including senior and lower-paid staff.
- C111 The CFO will agree annually the budget to support the approved establishment. The CFO will ensure appropriate procedures are in place to amend the establishment throughout the year.
- C112 Directors are responsible for controlling total staff numbers within their approved establishment. Staff can only be appointed to an approved post and within

the overall budgetary provision and should not create a commitment which cannot be met in future years. Where the existing approved establishment cannot be fully funded from available budget – then an appropriate level of vacancy management in line with operational need should be exercised during the year. Where posts have been vacant for periods in excess of 12 months and are deemed not to be required, they should be deleted.

- **Use of Agency Staff**

- C113 Agency staff are temporary workers who must be obtained and paid for, through an approved agency via appropriately procured corporate contracts. Generally, agency should only be employed either to:
 - cover budgeted seasonal or unusual demand periods (e.g. salting roads in winter, cleaning parks in summer);
 - cover essential temporary establishment vacancies, where cover is unavailable and there will be an adverse service impact if the post is not filled. For example where the post holder is on long term sick or maternity leave, has been seconded, or a post is being held open pending a restructure;
 - bring in Special Skills for a one-off project or event, or time limited role, where appropriately skilled staff are not available internally or it is not cost effective to permanently fill.
- C114 The Director of HR is responsible for ensuring that:
 - the staffing establishment on SAP is maintained;
 - relevant employment law is complied with, including the Agency Workers Regulations, 2010; and
 - Equal Pay regulations and case law are complied with.
- C115 Directors are responsible for ensuring that all staff within their Directorates are recruited according to the corporate procedures and that there is no unbudgeted employee or agency related expenditure.

- **Use of Consultants**

- C116 Directors must ensure that their staff are familiar with the Council's guidelines on use of agency workers and understand the distinction between employees, agency workers and workers on contracts for services.
- C117 Where a worker is engaged on a contract for services to carry out a project which has a clear start and end date and is described in a brief or specification, and where the worker will be taking on the risk and providing their own premises, equipment and insurance etc., then it is likely that the work will be governed by a contract for services with the Council and the worker will be paid via the Corporate Accounts Payable system through the raising of an official order and goods receipt. In these circumstances the Council's contract procedure rules should be applied. The insurance requirements must be clear in the documentation supporting the contract and evidence that the policy is in place should be obtained from the worker.

- C118 Directors must ensure that where payments are to be made to workers other than through the Council's payroll system, that there is a clear justification for this and that there are no tax implications that may arise.
- C119 Managers should give careful consideration to the employment status of individuals employed on a self-employed contract or subcontract basis. HMRC applies a tight definition for employee status, and in cases of doubt, advice should be sought from the Manager responsible for Payroll and/or Legal.

Section D. Financial Administration

- D1 Systems
- The CFO has statutory duties for the proper administration of the Authority's financial affairs. The CFO responsibilities are to:
 - issue advice, guidance and procedures for officers and others acting on the Authority's behalf,
 - determine the accounting systems, the form of accounts and supporting financial records;
 - establish arrangements for audit of the Authority's financial affairs;
 - approve any new financial systems and interfaces to be introduced;
 - approve any changes to be made to existing financial systems, including interfaces to the General ledger, Accounts Receivable and Accounts Payable; and
 - establish arrangements for access control and general security of the Authority's corporate financial systems.
- D2 Directors' Responsibilities include:
 - a) to ensure that local accounting prime records are maintained properly and held securely and only destroyed with the approval of the CFO;
 - b) to incorporate appropriate controls to ensure that, where relevant:
 - i) all input is genuine, complete, accurate, timely and not previously processed;
 - ii) all processing is carried out in a complete, accurate and timely manner, and
 - iii) output from the system is complete, accurate and timely and in the format specified by the CFO.
 - a) to ensure that the organisational structure provides an appropriate segregation of duties to facilitate adequate internal controls and to minimise the risk of fraud or other malpractice;
 - b) to ensure, jointly with the Head of Paid Service, that there is a documented Recovery Plan to allow information system processing to resume quickly in the event of an interruption;
 - c) to ensure that effective contingency arrangements, including back-up procedures, exist for computer systems;
 - d) to ensure that systems are documented and staff trained in the operation of them;
 - e) to seek the approval of the CFO before changing any existing financial system or introducing new financial systems. New financial systems must not be introduced nor changes made prior to obtaining this approval;
 - f) to ensure that authorisation limits for staff are consistent with the Authority's financial delegations as detailed in section F;
 - g) to ensure the Scheme of Delegation is maintained and complied with for those authorised to act on behalf of the CFO in respect of payments, income collection and placing orders, including variations;

- h) to ensure that relevant standards and guidelines for computer systems are observed, including data protection legislation and that their staff are aware of their responsibilities under the legislation; and
- i) to ensure that computer equipment and software are protected from loss and damage through theft, vandalism, etc.

- **Chart of Accounts**

- D3 The CFO is the responsible officer and owner of the Chart of Accounts. The Chart of Accounts cannot be changed without express authority from the CFO Officer or their nominee. This includes all changes to the Chart of Accounts including the addition, deletion or amendment of a:
 - a) hierarchy;
 - b) profit centre;
 - c) cost centre assignation;
 - d) cost element assignation;
 - e) sub cost centre hierarchy changes;
 - f) cost centre closure: input or hierarchy;

- **Income**

- D4 Directors are responsible for ensuring that there is as a minimum an annual review of fees and charges, within the strategic, financial, economic and service context after appropriate consultation; proposals for the level of fees and charges should be in accordance with guidance published by the CFO. Changes to fees and charges (at any point during the year) should be approved by the relevant Portfolio Holder and presented to the Cabinet as part of the Budget and MTFS proposals.
- D5 Directors are required to hold an in depth review of each service area's fees and charges on a three-year rolling basis.

- **Income Collection**

- D6 The Council collects substantial amounts of income (council tax, business rates, rents, service charges and fees and charges) and effective income collection systems are necessary to ensure that all income due is identified, collected, receipted and banked properly, and that VAT is correctly accounted for.
- D7 The CFO will ensure there are clear Corporate and Departmental Accountabilities for Accounts Receivable and income collection, supported by an appropriate Scheme of Delegation. Procedures for the receipt of income shall reflect the principles of separation of duties and internal check.
- D8 The CFO is responsible for the procedures, systems and documentation relating to the setting, charging, and collection of all income due to the Council. In particular the CFO will ensure that there is an overarching debt management policy and a credit policy for sundry debtors.
- D9 The CFO must satisfy him/herself with the adequacy of the arrangements for the control and safe storage of records, including electronic storage media.
- D10 The CFO will ensure that Service Directorates bear the cost of their uncollected debts through an appropriate impairment of debts, based on a realistic assessment of the chances of recovery of all debts outstanding.

- **Billing**

- D14 Directors must ensure that the customer is provided with a clear and accurate bill for chargeable services in a timely manner or in accordance with statutory requirements.
- D15 Directors will ensure that all income due is identified and Accounts Receivable are raised via the Council's main financial system promptly, unless in the opinion of the Chief Financial Officer it is not practicable to do so.

- **Collection**

- D16 Directors will ensure that wherever possible and appropriate, payment is received in advance of the service being offered and that the use of on-line payment systems is the default payment mechanism. Direct debits should be promoted, the use of cash, cheque or telephone payments should be avoided wherever possible.

- D17 Directors will pursue all commercial debts until it is un-economic to continue to do so using agreed written procedures.
- D18 Directors will set annual collection targets and VFM measures consistent with continuous improvement, the budgeted income and the medium term financial strategy. Performance will be monitored corporately every month.
- D19 Directors will ensure that:
 - income collection staff are appropriately trained;
 - any cash or cheques received by their staff are stored securely whilst in their possession and passed as soon as possible to the Cashiers, or as he or she directs, to the Authority's bank or National Giro account, and properly recorded;
 - there is segregation of duties between those who authorise the sale and those who receive the payment;
 - all income received for goods and services provided by the authority will be accounted for in the financial year in which the service was delivered. Where no debtor has been raised before the financial year-end by the Authority then an accrual will be set up for the estimated debtor in accordance with guidance issued by the CFO.
- **Uncollectable Debts and Write Off's**
 - D20 Once raised, no bona fide debt can be cancelled except by payment in full, its formal writing off or in the form of an adjustment under procedures agreed with the CFO.
 - D21 Directors are responsible for submitting quarterly debt write-off reports where debts are considered un-collectable, to the CFO in the format specified.
 - D22 The CFO is responsible for writing off irrecoverable bad debts up to the limits specified in Section F where necessary. All requests for write-off must be accompanied by a brief report in a format specified by the CFO that includes the following:
 - a schedule of all debts to be written off, recovery action that has been undertaken and the reasons for the write-off request;
 - the total debt outstanding, the current bad debt provision, the amount of provision required and the remaining balance.
- **Grants and External Funding**
 - D23 External funding can be a very important source of income to Harrow. The main source of such funding for this Authority will tend to be specific government grants. Consideration needs to be given to the funding conditions to ensure they are compatible with the aims and objectives of the Authority.

- D24 Any match funding requirements and exit strategies should be given due consideration prior to any bidding exercise or entering into any agreements and resources identified for future commitments.
- D25 The Directors should consult and where required seek the approval of the CFO, the Portfolio Holder and any relevant committee on proposals to bid for external funding to support expenditure that has not already been included in the approved revenue budget or capital programme.
- D26 The Council bids for funds from a number of UK and European programmes. Each funding regime is subject to rules and regulations and the process for submitting applications and drawing down funding varies.
- D27 It is important to ensure that key conditions of funding and any statutory requirements are complied with and that the responsibilities of the Council are clearly understood.
- D28 The CFO shall maintain a Register of Grants awarded to the Authority, which will include as a minimum the grant name, the grantor, the allocation by financial year, a brief description of the purpose of the grant, grant conditions, and the responsible officer. The CFO will ensure that Grants are properly recorded in the Authority's accounts.
- D29 Directors shall:
 - not commit to expenditure in relation to a grant, beyond the term of a grant allocation, without the permission of the CFO, and will ensure that the necessary contractual break clauses are in place at the grant review dates,
 - ensure that all applications for funding are consistent with the Council's priorities and approve them in principle before detailed work commences;
 - ensure that the Council's project management framework is applied and that a Project Initiation Document (start form) is completed where appropriate;
 - consult the relevant Directorate Finance Business Partner when preparing applications to ensure that full costs are identified including any match funding required, and ongoing commitments are taken into account;
 - notify the CFO of all applications prior to submission;
 - ensure that the application is signed off by the CFO or an appropriate officer in the Directorate;
 - ensure that the rules and regulations for the particular funding stream are complied with at application stage and throughout the life of the project;
 - ensure that all requirements relating to the delivery of outputs and spend are met in line with the approved bid or project plan;
 - ensure that all funding notified by external bodies is claimed and received; and

- check the audit requirements and notify Finance & Assurance of any claims that must be audited by the Council's external auditor.
- D30 Grant expenditure and income is monitored and reported as part of the monthly monitoring process. All expenditure incurred must be in accordance with the terms and conditions attached to the grant and with Financial Regulations and Contract Procedure Rules.
- D31 Proper records of expenditure must be kept to allow verification of amounts claimed by the grant giving body and the external auditor.
- D32 Wherever possible and appropriate staff employed to meet the grant criteria for spending should be on fixed contracts intended to be terminated when funding ceases.
- **Section 106 and Community Infrastructure Levy (CIL)**
- D33 Section 106 of the Town and Country Planning Act 1990, section 278 of the Highways Act 1980 and section 75 of the Town and Country Planning Act 1997 permits local planning authorities to enter into enforceable 'planning obligations' with landowners and/or developers. A Community Infrastructure Levy (CIL) was set out in the Planning Act 2008 and subsequent regulations.
- D34 The CFO will set out proper procedures for agreeing, collecting, recording, accounting and disbursing s106 and CIL monies, in accordance with legislation.
- D35 The CFO will record, monitor and report on all s106 or CIL receipts and payments.
- D36 Planning will notify the CFO of any agreements and will ensure that the procedures are followed. They are responsible for delivery of the agreements, including making payments and the billing and receiving of income.
- D37 The Monitoring Officer will ensure that Obligations are registered as Local Land Charges.
- **Ordering and Paying for Work, Goods and Services Need to be checked with Linda D Souza**
- D38 The Authority's procedures are designed to ensure that services obtain value for money from their purchasing arrangements. These procedures should be read in conjunction with the Authority's Procurement Policy and Contract Procedure Rules.
- D39 Every officer and Member of the authority must declare any links or personal interests that they may have with suppliers and/or contractors if they are engaged in contractual or purchasing decisions on behalf of the authority, in accordance with appropriate codes of conduct.
- D40 Sound systems and procedures are essential for an effective framework of accountability and control. The CFO is responsible for ensuring that there are effective financial systems and controls, although the operations may be carried out in another directorate other than Finance & Assurance.

- D41 The CFO is responsible for:
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- the operation of the Council's General Ledger and its accounting systems, the form of accounts and the supporting financial records. All the Authority's transactions, material commitments and contracts and other essential accounting information must be recorded completely, accurately and on a timely basis. All prime documents must be retained in accordance with legislative and other requirements;
- determining the accounting procedures and records for the authority. Where these are maintained outside the finance department, or outside the Authority, the CFO must approve the controls to be applied in consultation with the Corporate Director concerned; and
- ensuring there is adequate separation of duties in evidence in the accounting procedures.
- D42 Directors must:
- adhere to the accounting policies and guidelines approved by the CFO, supply information as and when required, and ensure that the advice of the CFO is sought on the development and implementation of any localised systems of costing, accounting and financial control;
- ensure all local systems are integrated with the central accounting system as far as possible and reconciled to the central accounting system on a regular basis;
- ensure that the organisational structure reflects an appropriate segregation of duties to provide adequate internal controls and to minimise the risk of fraud or other malpractice;
- maintain adequate records to provide an audit trail leading from the source of income/expenditure through to the accounting statements and ensure the secure retention of all documents and vouchers with financial implications for the periods stipulated by the CFO, usually a minimum 6 years;
- ensure that their staff receive relevant financial training;
- ensure that use of computer and other information systems are registered in accordance with data protection legislation and government connects where relevant; and
- ensure that staff are aware of and comply with freedom of information legislation.
- **Purchase Orders**
- D43 It is mandatory to raise Purchase Orders on the Corporate Financial System prior to procuring goods and services, unless an exemption is approved by the CFO.
- D44 Purchase Orders must be raised on the Corporate Financial System for all works, goods and services to be supplied to the Authority, except for periodic

payments such as rent, rates and petty cash purchases unless specifically agreed with the CFO.

- D45 Commitments will be automatically recorded onto the Corporate Financial System through the approval of the purchase order. This ensures that the finance system gives a true picture of the amount of expenditure incurred and the balance remaining against each budget head.
- D46 Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of authority contracts.
- **Goods Receipting**
- D47 Budget Holders are responsible for ensuring that:
 - all works, goods or services received are “goods receipted” onto the Corporate Financial System;
 - any mismatches between the order and the goods receipt are resolved in a timely fashion in accordance with the procedures;
 - any mismatches between the goods receipt and the actual invoices are cleared on the system in a timely fashion in accordance with the procedures; and
 - any blocked invoices notified are dealt with in a timely manner.
- **Procurement Cards**
- D48 Procurement Cards can provide an effective method for payment for designated officers who in the course of their official business, have an immediate requirement for expenditure which is relevant to discharge their duties. Officers are required to adhere to the Procurement Card policy.
- **Payments to Suppliers**
- D56 Payment to external organisations for goods and services accounts for a large percentage of the Council’s expenditure each year. Directors should ensure that Contract Procedure Rules are followed for all spending in their departments and that all ongoing arrangements are 100% compliant with a contract and order in place before the issuing of invoices.
- D57 Notwithstanding the need to ensure VFM in all internal & external arrangements, Directors and Budget managers should all ensure that the full requirements of contracts are met before payments are made and that any non-delivery areas are deducted from invoices. Annual and up-front payments to external organisations or contractors should not be made without prior agreement from the relevant Finance & Commercial Procurement Business Partners.
- D58 Where a purchase order has been raised, the supplier must send an invoice to the Corporate Accounts Payable Department. Any invoices received elsewhere in error should be forwarded to the Corporate Accounts Payable Department.

- D59 Payment of all invoices and corporate contracts is made by the Corporate Accounts Payable Team. The method of payment for invoices is BACS and all suppliers/contractors are asked to complete a BACS form.
- D60 The Direct Debit payment method and CHAPS payments are not allowed under normal circumstances. Exceptional circumstances must be authorised by CFO.
- D61 Payment will not be made unless a proper VAT invoice quoting the appropriate purchase order number (or spreadsheet in an approved format) has been received, Corporate Accounts Payable will be responsible for entering all invoices into the corporate finance system and matching against purchase orders raised and the Goods Received Note. Any blocked invoices will be automatically notified to the requisitioner, responsible for the purchase order.
- D62 Directors are responsible for ensuring that any blocked invoices notified to Budget managers are dealt with in a timely manner.
- D63 The CFO is responsible for ensuring that there is a separation of duties between the person authorising the Purchase Order and the person authorising the payment.
- D64 Directors are responsible for ensuring that suppliers are requested to provide invoices for goods, services and works in a timely manner quoting the purchase order number.
- D65 With respect to contracts for works, Directors should document and agree with the CFO the systems and procedures to be adopted in relation to certification of interim and final payments.
- D66 Where a payment under a contract varies from the value specified in the contract, documentation must be obtained to explain the variation, approved as necessary, and retained on file to provide a full audit trail.
- **Unsupported Payments [FB60]**
- D67 All payments to third parties for goods and services should be made to a supplier that has been set up in the financial system, to ensure that the proper procurement process has been followed. Where single payments have to be made to an individual (and no further payments can reasonably be expected) then the Council's unsupported (non invoice) payment process can be used (FB60s). Examples of allowable payments are refunds, insurance claims and legal payments.
- D68 The CFO is responsible for the provision of appropriate guidelines and systems controls to prevent the use of the unsupported payment process to avoid the purchase to pay controls. These will ensure that there is appropriate segregation of duty between raising and authorising the payment.
- D69 Directors must ensure that the unsupported payment process is used appropriately, that guidance issued by the CFO is followed, and that all expenditure is appropriately authorised.
- **Urgent or Emergency Payments**

- D70 In very rare circumstances, the Council may wish to make an urgent payment, for example when a child is at risk or if it would incur a penalty charge if it did not do so. The CFO is responsible for issuing guidance on urgent payments. All urgent payments must be authorised by the CFO.

- **Payments to Employees and Members**

- D71 Staff costs are the largest item of expenditure for most services. It is therefore important that payments are accurate, timely, and made only where they are due for services to the authority, and that payments accord with an individual's conditions of employment. It is also important that all payments are accurately and completely recorded and accounted for and that Members' allowances are in accordance with the scheme adopted by the full Council.

- D72 The Head of Paid Service is responsible for all payments of salaries and wages and expenses to staff, including payments for overtime, honoraria etc. and submission of tax returns to HM Revenue and Customs by their due date for the above. The Head of Paid Service is also responsible for the timely provision of information, and the maintenance of sound financial controls to meet the responsibilities in connection with taxation issues arising from payments to employees.

- **Taxation**

- D73 Under section 33 of the Value Added Tax Act, 1994 Local Authorities are able to fully recover VAT. Like all organisations, the Authority is responsible for ensuring its tax affairs are in order. Tax issues are often very complex and the penalties for incorrectly accounting for tax are often severe. It is important that all relevant officers are kept up to date on tax issues and instructed on required record keeping.

- D74 The Resources Corporate Director is responsible for
 - a) providing information to HMRC as required including Pay as You Earn (PAYE), and the Construction Industry Tax Deduction Scheme;
 - b) advising Directors of their responsibilities under the scheme;
 - c) The CFO is responsible for
 - d) completing an accurate monthly return of VAT (inputs and outputs) to HMRC and ensuring that all payments are made within statutory deadlines;
 - e) monitoring the VAT partial exemption calculation in respect of the Authority's de minimus limit of 5% to ensure that it is not exceeded. Completing the annual VAT partial exemption calculation in respect of the Authority's de minimus limit of 5%.

- D75 Directors and Budget managers are responsible for ensuring that the appropriate controls and procedures are operated within the Department or relevant service area in relation to taxation issues. This will include seeking advice from the CFO on VAT matters and ensuring that the correct VAT liability is attached to all income due and that all VAT payable on purchases complies with HM Revenue and Customs regulations.
- D76 The CFO will ensure that the Authority receives appropriate advice on the taxation implications of all significant policy and management initiatives involving partnerships and joint ventures.
- **Ex Gratia Payments**
- D77 An ex gratia payment is a payment made by the Authority where no contractual or legal obligation has been established. An example may be out of court settlement for costs associated with a Member of staff acting on behalf of the authority or to a Member of staff.
- D78 Ex-gratia payments should generally not be made and must always be approved by the CFO and the Monitoring Officer above the limit specified in Section F.
- **Trading Accounts**
- D79 In some areas the Council may operate a trading account. This means that the costs and income from charges relating to the service are ring-fenced in the accounts. Any surplus or deficit is added to a reserve each year.
- D80 The CFO is responsible for ensuring that trading accounts are treated properly in the Council's accounts.
- D81 Directors are responsible for ensuring that, in line with the Local Government Act 2003, charges are set to recover costs without building up significant surpluses, and that any changes in take up of the service which could result in a deficit are reported at an early stage. All charges must be reviewed on a regular basis and annually as a minimum as part of integrated service and financial planning.
- D82 Directors must ensure that work for third parties is approved and covered by a suitable contract or agreement so that the responsibilities of each party are clear. Financial and legal advice should be sought at an early stage. This will ensure that the Council only carries out work that is within its legal powers, and that financial issues such as insurance and taxation are properly considered.
- D83 Directors must provide appropriate information to the CFO to enable a note to be entered into the Statement of Accounts where necessary.
- **Internal Recharges**
- D84 The CFO will establish a framework for budgeting and accounting for internal recharges, central support services and other departmental recharges in accordance with proper accounting practices and the Service Reporting Code of Practice ("SeRCOP")

- D85 The CFO will arbitrate on disputed recharges.
- D86 The CFO will ensure that recharges are accurate and processed in a timely manner.
- D87 Directors will:
 - notify and agree with client departments in advance of any service provision of all recharges.
 - notify and/or respond to disputed recharges in accordance with the timescales laid down by the CFO.
 - ensure that internal recharges for their services are processed on a monthly basis.
 - ensure that budgets for the purchase and provision of internal services are agreed between purchaser and provider and properly reflected in annual budgets and business plans and budget monitoring statements.
- **Journals**
- D88 Journals are used to correct the coding of income and expenditure, recharges or to carry out balance sheet transactions on the financial System. The CFO will establish a process to ensure that:
 - a) journals can only be generated within agreed levels of delegation and security;
 - b) only authorised inputters and authorisers can generate journal entries;
 - c) an authorised list of inputters and authorisers is maintained on the corporate finance system to verify compliance;
 - d) there is a separation of duties between inputters and authorisers of journals, and
 - e) the corporate financial system will only allow 'balanced' journals to be accepted.

Section E. External Arrangements

- **Contractual Relationships**

- E1 Directors must ensure that work carried out by third parties for the Council is approved and covered by a suitable contract or agreement so that the responsibilities of each party are clear. Financial, legal and procurement advice should be sought at an early stage. This will ensure that the organisation only carries out work that is within the relevant legal powers, and that financial issues such as responsibility for managing budgets, insurance and taxation are properly considered. All contractual arrangements should be consistent with the CPR.

- **Partnership Arrangements**

- E2 The Council provides a distinctive leadership role for the community and brings together the contributions of the various stakeholders. It must also act to achieve the promotion or improvement of the economic, social or environmental well-being of the Borough.
- E3 The Cabinet is responsible for approving delegations, including frameworks for partnerships.
- E4 The CFO must ensure that the accounting arrangements to be adopted relating to partnerships and joint ventures are proper. He or she must also consider the overall corporate governance arrangements and legal issues when arranging contracts with external bodies. He or she must ensure that the risks have been fully appraised before agreements are entered into with external bodies.
- E5 Directors must ensure that the full implications of any partnership are explored and that Finance and Legal officers are consulted at an early stage. The following issues should be addressed:
 - Is a partnership the best vehicle for achieving the desired outcome?
 - What are the objectives of the partnership and are they consistent with the Council's priorities?
 - What is the legal status of the partnership and how will it be governed?
 - What is the liability of the Council and the other partners?
 - Are the respective roles and responsibilities clear?
 - What are the risks and how will they be managed and monitored?
 - How will the performance of the partnership be monitored and how will success be measured?
 - Who employs and manages the staff?
 - How will the partnership be funded and who is responsible for the financial management, accounts and audit arrangements?
 - Are there any taxation issues?
 - Is there a robust business case?
 - How will goods and services required by the partnership be procured?
 - What are the resource implications in terms of staff, premises etc.?

- E6 Directors are responsible for appropriate approvals before any commitment or agreement is entered into.
- E7 A partnership arrangement must not be used as a means of avoiding the procurement rules. Chief Officer Responsibilities are to:
 - (a) Report all new partnerships proposals as required by the Scheme of Delegation.
 - (b) The value of the partnership for this purpose is the sum of the Council's contribution over the life of the partnership (whether capital or revenue) and the value of any contributions in kind e.g. premises, staffing, IT systems etc.
 - (b) Ensure that all new partnerships have a written agreement between the partners covering the following points:
 - the duration, purpose and benefits to be derived from the partnership;
 - the governance arrangements, including the accountable body;
 - agreed service targets and performance reporting;
 - financial reporting, partner contributions over time, ownership of assets, and fees and charges;
 - arrangements for joining, leaving and winding up the partnership;
 - employer and terms of conditions of any staff;
 - insurance arrangements;
 - treatment of VAT and any other tax implications of the partnership.
- **Public Finance Initiative (PFI) and Local Improvement Finance Trust (LIFT)**
- E8 A PFI scheme is one where the local authority is purchasing a capital intensive service from the private sector over the period of a long term contract, normally between 25 to 30 years.
- E9 The CFO's and Council authorisation is required for PFI projects.
- E10 Chief Officers must notify the CFO of any proposed PFI projects before negotiation or funding requests are made and seek Cabinet approval, supported by a business case and an option appraisal. The Chief Officer must seek Financial, Legal and Procurement advice from the outset.
- **Grants to outside Bodies**
- E11 Grants to voluntary bodies and community organisations must be effectively managed, in a similar way to partnerships and procurements.
- E12 Decisions to approve assistance to an outside body by grant must follow the agreed procedures and Scheme of Delegations:-
 - i) the receiving body has been properly identified, has suitable lead parties, a defined work area or purpose, and suitable trust documents or Constitution;
 - ii) any conflicts of interest have been declared and properly managed;
 - iii) any risks to such agreements and to the Council's interests are being adequately and appropriately managed;
 - iv) the assistance contributes to the delivery of the Council's services or to the achievement of the Council's corporate objectives;
 - v) the extent and purpose of the assistance have been properly identified;

- vi) arrangements for the repayment of any loan have been made;
- vii) arrangements to gain repayment or recovery for the value of the assistance are in place in the event of default by the recipient;
- viii) any specific conditions relating to the assistance have been identified;
- ix) monitoring arrangements have been put in place, linked to stage payments, to ensure the assistance is used for the purpose approved;
- x) the recipient will provide evidence to the Council demonstrating proper accounting for, and use of, the assistance, including, access to the accounts of the body for the CFO, or designated representative, and to supporting information, documents and evidence;
- xi) a legally binding agreement is in place between the Council and the body covering the above conditions relating to the use of grant or other assistance;
- xii) full records will be maintained of all grants and related applications for assistance, that should identify which staff are involved in the processing of applications and grants, record the date of approval of any grant or other assistance, by whom, and any other relevant transaction information;
- xiii) Members will approve all grants and assistance to external bodies in accordance with the agreed grants programme guidance;

- E13 The Responsibilities of the CFO are:
- to advise on effective controls;
- to advise on any funding implications of grants or assistance;
- to ensure the accounting arrangements are satisfactory;

- E14 The responsibilities of Directors are:
 - to ensure that the key controls set out above are implemented in respect of all grants made and assistance provided;
 - to undertake any research, e.g. by making enquiries of the Charity Commissioners, into the financial standing of proposed grant receiving bodies;
 - to ensure the use of any corporate standard agreements drawn up by the CFO (as updated from time to time), with any specific conditions incorporated therein.
- **Accountable Body**
 - E15 The Council may from time to time choose to act as the Accountable body for a third party, for example to support local partnership arrangements, pooled budget arrangements or as a condition of grant funding. These arrangements may form part of our contribution in kind to a valued partnership. However, there is work required to support the accountable body role and assuming this responsibility also carries financial risks
- **Chief Financial Officer's Responsibilities**
 - E16 The CFO must approve all Accountable Body arrangements before they are entered into on behalf of the Authority
 - E17 In doing so, the CFO will confirm:
 - there is a suitable formal agreement in place covering duties and responsibilities of all the parties for financial matters (See Partnership Section)
 - the resources are available to undertake the Accountable Body role;
 - there are adequate arrangements in place to recoup the Accountable Body costs from the 3rd party or include them as part of the Council's contribution to the 3rd party arrangements;
 - appropriate checks and safeguards are in place to prevent financial loss to the Council arising from its duties as Accountable Body, including arrangements such as grant claw back, treatment of overspends, loss of assets or fraud;
 - the Council retains the power to retain funding where there is a breach of governance arrangements.
- **Directors Responsibilities**
 - E18 To refer all Accountable Body agreements to the CFO for approval before they are entered into.
 - E19 To provide the CFO with all information and documentary evidence requested in order for the CFO to undertake the Accountable Body role.

- **Emergency Planning**

- E20 In the event of a catastrophic incident being declared, the CFO is authorised to make emergency payments under the London Councils Gold Resolution, to be reimbursed by central government.
- E21 Nothing in these regulations shall prevent expenditure being lawfully incurred by the Head of Paid Service in respect of an emergency under section 138 of Local Government Act, 1972, in accordance with the agreed Scheme of Delegation and emergency plans.
- E22 The CFO must ensure systems are in place to keep proper records of all such emergency expenditure to allow for the submission of a formal claim under the Bellwin or other relevant scheme.
- E23 Directors must ensure that records of all payments and receipts are kept and made available to the CFO in order to facilitate any future claim for assistance.

Section F. Scheme of Approval and Delegation for Financial Transactions

- F1 The following tables show the levels of authority and delegations for financial transactions up to the limits indicated in relation to the approved policies and activities of the Council and provided there is adequate budget provision.
- F2 Financial delegations in relation to Maintained Schools are maintained locally by the appropriate Governing Body.

Delegations – Orders, Unsupported payments and Award of Contract Value

Delegation	Approval of Orders (on SAP)	Approval of Unsupported payments (on SAP)	Award of Contract (Total Value over life of Contract)	Counter signature (*)
Cabinet	N/A	N/A	Over £500,000	
Head of Paid Service	Unlimited	Unlimited	£250,000 to £499,999*	Portfolio holder for Finance
CFO	To approve all payments over £1m (in addition to Corporate Director/Monitoring Officer).	To approve all payments over £1m (in addition to Corporate Director/Monitoring Officer).	£250,000 to £499,999*	Portfolio holder for Finance
Corporate Director/ Monitoring Officer	Unlimited	Unlimited	£100,000 to £249,999	
Director (D grades)	£100,000 to £499,999	£100,000 to £499,999	£50,000 to £99,999	
'M' grades	£50,000 to £99,999	£50,000 to £99,999	£25,000 to £49,999	
'G9 to G11' grades	£0 to £49,999	£0 to £49,999	£0 to £24,999	

Delegations – Petty Cash and Virements (Revenue and Capital)

Delegation	Petty Cash Payment	Virements (Revenue & Capital)	Counter signature (*)
Cabinet	N/A	Over £500,000	
Head of Paid Service	£0 to £250 cash and cheque	£250,000 to £499,999 *	CFO and Portfolio holder for Finance
CFO	£0 to £250 cash and cheque	£250,000 to £499,999 *	Portfolio holder for Finance
Corporate Director/ Monitoring Officer	£0 to £250 cash and cheque	£100,000 to £249,999 *	CFO and Portfolio holder for Finance
Director (D grades)	£0 to £250 cash and cheque	£25,000 to £99,999 *	Corp Director and CFO
'M' grades	£50 to £99 cash £100 to £250 cheque	£10,000 to £24,999 *	Director and CFO
'G9 to G11' grades	£0 to £49 cash £0 to £99 cheque	£0 to £9,999 *	Director and CFO

• **Pension Fund Payments**

Delegation	Approval of Lump sum payments and Fund Transfers
CFO & in their absence Corporate Director of Resources	unlimited
Divisional director – HRD and Shared Service	<£300,000
Service Manager – Shared Services	<£100,000

• **Authorisation of BACS payroll payments**

The following postholders are authorised to approve the payment via BACS of the payroll output from the periodic SAP pay runs.

- Service Managers – Shared Services
- Divisional Director – HRD and Shared Services

- **Procurement of Care Spot Placements**

Procurement of care spot placements – (i.e. individual placements that fall outside of any block contracting arrangements) do not require approval from the Strategic Procurement Board.

A general waiver is granted so that there is no need to tender such requirements acknowledging at all times that the Council has a duty to achieve best value in making such placements.

The Scheme of Delegation for the procurement of care spot placements is as given in the table below.

Further information can be found in the Contract Procedure Rules s 7.9

Social Care Spot Placements Procurement

Delegation	Annual Contract Value of Placements
Statutory Director (portfolio holder must be informed)	£250,000
Statutory Director	£125,000
Head of Service	£62,500

- **Approval Required to commence schemes in the approved capital programme**

Delegation	Amount £
CFO	< £1,000,000
CFO, Leader and Portfolio Holder for Finance	£1,000,000 - £5,000,000
CSB and Cabinet	> £5,000,000
Capital De Minimus - Assets or a group of like assets will be treated as revenue below this level	£10,000

Severance and Ex Gratia Payments

Severance Payments - Pension Fund Committee	> £100,000
Severance Payments – Officer sub group consisting of CFO, Monitoring Officer and Divisional Director of HRD and Shared Services and additionally the Portfolio holder for Finance	£50,000 - £100,000
Severance Payments – Officer sub group consisting of CFO, Monitoring Officer and Divisional Director of HRD and Shared Services	<£50,000
Ex Gratia Payments (excl Severance) – CFO, Monitoring Officer & Cabinet	>£100,000
Ex Gratia Payments (excl Severance) – CFO & Monitoring Officer and Portfolio holder for Finance	£50,000 - £100,000

Ex Gratia Payments (excl Severance) – CFO & Monitoring Officer	<£50,000
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- **Debt Write off**

- F3 Write-offs are subject to approval as follows:

Category	Limit (£)
CFO	£0 - £10,000
Portfolio Holder with responsibility for Finance	£10,000 – £25,000
Cabinet	>£25,000

- F4 The limits apply to individual debts or category of debts. A quarterly report will be submitted to Cabinet summarising write offs of £25,000 and below.

- **Assets**

- F5 The CFO shall maintain inventories that record an adequate description of portable and desirable items such as computers, monitors, printers, facsimile machines, mobile phones and photographic equipment above the value shown below.

- £1,000

- **Land and Property Disposals**

- F6 Corporate Directors in conjunction with the portfolio holder have delegated authority for General Land and Property disposals

- £0.250m. - Anything above £0.250m must be reported to the Cabinet for approval.

- **Fixtures and Fittings Disposals**

- F7 All property, plant or equipment assets disposed of over the value of £10,000 must be cleared with the CFO

- **Money Laundering**

- F8 The maximum amount receivable from a single customer in coin, notes, or travellers cheques in respect of goods or services.

- £5,000

- **HR Related Activities**

- F9 The table below sets out the minimum grade officers need to be to undertake various HR activities.

Task	Grade / Level	Notes
Appointment of staff – MG Grades	Director	Appointing Officer and Budget Manager need to authorise appointment
Appointment of Staff – MG Grades and below	MG 2	Appointing Officer and Budget

Task	Grade / Level	Notes
		Manager need to authorise appointment
Appointment of Staff – Below MG Grades	MG 4	Appointing Officer and Budget Manager need to authorise appointment
Re-organisation / restructure including JE - middle management and below	Director	In consultation with Head of HR
Authorisation of new assignment of Essential Car User allowance to post	Director	
Re-organisation / restructure including JE below middle management	MG 4	In consultation with Head of HR
Authorise job share	MG 4	
Authorise special payments (outside of main payroll run)	MG 4	
Authorise extensions to sick pay	MG 4	In consultation with Head of HR
Authority to manage collective changes to terms & conditions within the agreed HR policy framework (affecting groups of staff)	MG 4	In consultation with Head of HR
Authorise acting up and honorarium payments	MG 4	In consultation with Head of HR
Authority to suspend and dismiss	MG 4	In consultation with Head of HR
Authorise personal injury allowance payment	MG 4	In consultation with Head of HR
Authorise overtime	MG 2 Team Manager	
Authorisation of car loan claims	MG 2	
Authorisation of travel and subsistence claims	MG 2 Team Manager	
Authorise all special and unpaid leave requests	MG 2	In consultation with Head of HR
Authorise ex-gratia payments	MG 2	In consultation with Head of HR

Financial Procedure Notes, Policies & Strategies

Corporate Strategies and Plans				
No.	Financial Regulations section	Procedure Notes	Lead Officer	Reference
S1	Risk Management and Internal Control	Risk Management Strategy	Head of Internal Audit	UK corporate governance Code, 2010, http://harrowhub/info/200193/risk_management/313/risk_management/2
S2	Risk Management and Internal Control	Statement of Risk Appetite	Risk Manager	UK corporate governance Code, 2010, http://harrowhub/info/200193/risk_management/313/risk_management/2
S3	Financial Planning and Management	Medium Term Financial Strategy	s151 Officer	
S4	Financial Planning and Management	Capital Strategy	Deputy 151 Officer	
S5	Financial Planning and Management	Treasury Strategy	Treasury and Pension Fund Manager	
S6	Financial Planning and Management	Pensions Funding Strategy	Treasury and Pension Fund Manager	
S7	Financial Planning and Management	Asset Management Plan	CFO/Divisional Director of Commissioning Services	

Policy and Procedures				
No.	Financial Regulations section	Procedure Notes	Lead Officer	Reference
P2	Other Financial Accountabilities	Closure of Accounts and Accounting Policy	Head of Technical Finance and Accountancy	
P3	Risk Management and Internal Control	Anti-Fraud and Corruption Policy	Manager Corporate Anti-Fraud Team	
P4	Risk Management and Internal Control	Whistle blowing Policy and Procedure	Monitoring Officer	http://harrowhub.harrow.gov.uk/downloads/download/94/whistleblowing
P5	Risk Management	Fraud	Manager Corporate	

	and Internal Control	Investigation guidelines	Anti-Fraud	
P6	Risk Management and Internal Control	Proceeds of Crime Act and Anti Money Laundering Policy	Manager Corporate Anti-Fraud	
P7	Financial Planning and Management	MTFS/Budget Guidance Notes	Deputy s151 Officer	
P8	Financial Planning and Management	Capital Programme	Deputy s151 Officer	
P9	Financial Planning and Management	Fees and Charges Policy	Deputy s151 Officer	
P10	Financial Planning and Management	Budget Monitoring	Deputy s151 Officer	
P11	Financial Systems and Business processes	Debt Management overall Policy Sundry Credit Policy	Head of Collections & Housing Benefits	
P12	Financial Systems and Business processes	Goods Receipt and Invoice Receipt	Manager , Shared Services	
P13	Financial Systems and Business processes	Payment of Invoices	Manager , Shared Services	
P14	Financial Systems and Business processes	Procurement Cards	Director of Procurement	
P15	Financial Systems and Business processes	Expenses, travel and subsistence allowances	Manager , Shared Services	http://harrowhub/downloads/file/71/expenses_policy
P16	Financial Systems and Business processes	Management of the Banking Contract and Operation of Bank Accounts	Treasury and Pension Fund Manager	
P17	Financial Systems and Business processes	Cashier Procedures	Head of Collections & Housing Benefits	
P18	Financial Systems and Business processes	Bank Reconciliation	Head of Technical Finance and Accountancy	
P19	Financial Systems and Business processes	Retention of Documents	Head of Internal Audit	
P20	Property and Resources	Asset Management, including Disposal	Head of Corporate Estate	
P21	Property and Resources	Treasury Management policy and practices	Treasury and Pension Fund Manager	

P22	Property and Resources	Use of Consultants	Director (Human Resources and Development)	
P23	Chart of Accounts/SAP Hierarchy Control		Head of Technical Finance and Accountancy	
P24	Financial Systems and Business processes	Establishment Control	Divisional Director (Human Resources and Development)/CFO	http://harrowhub/downloads/file/278/org_structure_guide_for_managers
P25	Financial Systems and Business processes	Petty Cash Procedures	Head of Technical Finance and Accountancy	
P26	Financial Systems and Business processes	Unsupported Payments (FB60)	Head of Technical Finance and Accountancy / Head of Collections & Housing Benefits	
P27	Other Assets	Asset Disposal		

Registers and Lists				
No.	Financial Regulations section	Register Name	Lead Officer	Reference
R1	Grants and External Funding	Grants Register	Head of Technical Finance and Accountancy	
R2	Asset Management Plan	Asset registers	Directors	
R3	Preventing Fraud, Bribery and Corruption	Register of interests	Relevant Director	
R4	Risk Management and Risk Strategy	Corporate Risk Register	Head of Internal Audit	
R5		Local Land Charges Register	Monitoring Officer	
R6	Land and Buildings	Schedule of disposals	Corporate Director of Environment and Enterprise	
R7	Section 106 and Community Infrastructure Levy (CIL)	S106 and CIL	Deputy 151	
R8		Procurement Cards	Director Commercial, Contracts and Procurement	
R9	Land and Buildings	Terrier	Head of Corporate Estate	

Section G Glossary and Abbreviations

- **Accounting Officer**

Every central Government organisation is required to have an Accounting Officer, who is usually the senior official in the organisation. They have personal responsibility for the overall organisation, management and staffing of the department and for department-wide procedures in financial and other matters.

- **Accounting Records**

All of the prime documentation, whether paper, electronic or in another form, involved in the preparation of financial statements or records relevant to audits and financial reviews. Accounting records include records of assets and liabilities, monetary transactions, ledgers, journals, and any supporting documents such as purchase orders, goods receipt notes, cheques, invoices and receipts.

- **Accrual**

Procedure for accounting in one financial year for expenditure actually made or income actually received in the following year although due or chargeable in the year of account – entries made in the year of account are reversed in the following year.

- **Agency Staff or Worker**

Under Regulation 3 of the Agency Workers Regulations 2010, an “agency worker” is defined as an individual who is supplied by a temporary work agency to work temporarily for and under the supervision and direction of a hirer. They have a contract of employment with the agency or a contract to perform work and services personally with the agency. See also Consultant

- **AMP (Asset Management Plan)**

Corporate and departmental plans outlining how the Council plans to manage its assets.

- **Audit Committee**

In Harrow The Governance, Audit, Risk Management & Standards Committee is the Audit committee.

- **Balances**

Amounts carried forward in the accounts from one financial year to another

- **Budget**

The Council’s spending plans for a financial year. The revenue budget, when approved by the full Council and after deduction of Revenue Support Grant and redistributed Business Rates, determines the Council Tax for the year. The capital budget represents the approved amount of capital expenditure for a year together with how it will be funded. (Budget can refer to the total budget or to a service or part of a service).

- **Budgetary Control**

Comparison of actual expenditure and income against approved budgets during the year and the taking of action to resolve any variations which arise.

- **Capital Expenditure**

Expenditure on making, buying or substantially improving fixed assets.

- **Capital Programme**

Sets out the Council's capital expenditure plans for the near future.

- **Capital Receipts**

The net proceeds arising from the sale of land, buildings and other fixed assets owned by the Council and any other income deemed by statute to be of a capital nature.

- **Capital Resources**

Amounts available to finance capital expenditure - including borrowing, capital receipts, capital grants and revenue.

- **Cash Limit**

A budget set at a fixed level with no scope for subsequent increase.

- **Charges**

Income raised from the users of services both external or internal, which may be either set by central government or set by the authority.

- **Chart of Accounts**

The organisation and numbering of accounts held in the general ledger. For local authorities recommended best practice is contained within CIPFA's "Statement of Recommended Practice" (SeRCOP)

- **Chief Financial Officer (CFO)**

The Chief Financial Officer (CFO) is the organisation's most senior executive role charged with leading and directing financial strategy and operations. All Local Authorities must appoint a Chief Finance Officer (CFO) under Section 151 of the Local Government Act 1972. The CFO is critical to:

- Maintaining strong financial management underpinned by financial controls to maintain probity. This includes corporate risk management, partnership arrangements, effective prudential borrowing and fund management, internal audit function, anti-fraud and corruption, financial systems, sound financial records and information
- Leading and managing an effective and responsive financial service.
- Supporting and advising officers in their operational roles.
- Supporting and advising democratically elected representatives.
- Contributing to corporate management and leadership, ensuring that finance advice carries the appropriate weight and is of the proper standard.

- **Chartered Institute of Public Finance and Accountancy (CIPFA)**

One of the six chief accountancy institutes which make up the Consultative Committee of Accountancy Bodies. CIPFA is responsible for the education and training of professional accountants in the public sector and for setting accounting standards for local government. Much of the guidance issued by CIPFA has statutory force.

- **Chief Officer (s)**

Corporate Directors and Directors as appropriate.

- **Consultant**

Temporary workers genuinely engaged on a self-employed basis as a consultant or interim, those working on a Council 'as and when contract' or through a managed service contract, for example Capita employees.

- **Contingency**

Amount set aside within an approved budget but not assigned for a specific purpose which may cover, for example, inflation increases or sums retained centrally for allocation during the year.

- **Contingent Asset**

A contingent asset is a possible asset that may arise because of a gain that is contingent on future events that are not under the organisations control.

- **Contingent Liability**

A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the organisation's control

- **De Minimus**

Numerical limit below which the relevant rule or regulation does not apply.

- **Document Retention Schedule**

Details the time, dictated by statute or good practice, for which prime records for various areas of the Council's activity should be retained for possible examination.

- **Estimate**

Anticipated expenditure or income - generally synonymous with "budget".

- **Executive, The**

The decision making body of the Council, consisting of elected Members, in accordance with the Constitution. It can legally take the form of a leader and cabinet, an elected mayor and cabinet, or an elected mayor and council manager.

- **Finance Lease**

A form of credit arrangement where the Council accepts the risks and rewards of ownership of an asset for a major part of the economic life of the asset in return for a periodic payment.

- **FRS (Financial Reporting Standard)**

Accounting standards adopted by Accounting Standards Board.

- **Head of Internal Audit**

The Head of Internal Audit is the officer responsible for effectively managing the internal audit activity in accordance with the internal audit charter and the PSIASS *Definition of Internal Auditing*, the *Code of Ethics* and the *Standards*.

- **Head of Paid Service**

The Head of Paid Service is a statutory role and is responsible for the leadership and general administration of the Authority.

- **Maintained Schools**

Maintained schools are funded by central government via the local authority. Maintained schools are accounted for within the Council's accounts.

- **Medium Term Financial Strategy (MTFS)**

The MTFS is a forward looking financial strategy for the Council covering at least three years that both revenue and capital

- **Monitoring Officer**

The Monitoring Officer is a designated officer of the Authority appointed under section 5(1) of the Local Government and Housing Act 1989. The Monitoring Officer has responsibility for ensuring the legality of the actions of the Authority and its officers, and for ensuring that the policies of the Authority are properly developed and implemented. The Monitoring Officer is responsible for promoting and maintaining high standards of financial conduct and therefore provides support to the standards committee and the CFO.

- **MTFS**

See Medium Term Financial Strategy

- **Money Laundering Reporting Officer**

Businesses that are regulated by the Money Laundering Regulations must appoint a nominated officer to receive and make reports on suspicious activities.

- **Operating Lease**

An agreement whereby the leaser retains the risks and rewards associated with ownership of an asset and normally assumes responsibility for repairs, maintenance and insurance.

- **Overspending**

The excess of actual expenditure at the end of a year or contract which is greater than the approved budget, or actual income which is less than the approved budget.

- **Provision**

The setting aside of financial resources to meet the potential cost of a past occurrence likely to lead to a future obligation of which the timing or amount cannot be precisely quantified.

- **Reserves**

Amounts set aside for specific purposes to meet future expenditure which do not qualify as provisions (also called earmarked reserves).

- **Revenue Budget**

Approved amount of revenue expenditure for a financial year.

- **Revenue Expenditure**

Any expenditure that does not meet the capital test must be charged to the Consolidated Revenue Account, including capital charges and any capital expenditure not met from capital resources.

- **SeRCOP**

The CIPFA Service Reporting Code of Practice (SeRCOP) replaced the previous Best Value Accounting Code of Practice (BVACOP). SeRCOP applies to all local authority services throughout the United Kingdom from 1 April 2014 for the preparation of 2014/15 Budgets, Performance Indicators and Statements of Accounts.

- **Scheme of Delegation**

A formal document recording the agreed handing down of statutory (where allowed) and other responsibilities by the Council to the Cabinet, Cabinet Members, Committees, Panels and Officers.

- **Slippage**

Expenditure on a capital scheme delayed from one financial year into the next but which does not affect the total cost of the scheme.

- **Trading Accounts**

Under the SeRCOP Councils may choose to maintain trading accounts for services that provide goods and service under a commercial or semi commercial agreement:

- **Under spending**

The amount that actual expenditure is less than the approved budget for a given period or conversely actual income is above the approved budget. This represents amounts that will never be incurred or received and should be distinguished from Slippage, which is merely delayed expenditure.

- **Virement**

The approved transfer of budget from one area to another.

- **Wednesbury Rules**

When developing policy or taking decisions, under the Wednesbury Rules, all officers should ensure that the authority took into account those matters it should, ignored those it shouldn't and came to a reasonable conclusion.

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**Financial Regulations
February 2019**

1. Purpose

The purpose of this document is to set out the Financial Regulations of the Council having due regard to the overall regulatory framework of Local Authorities, as well as Harrow's own approach to financial management.

To conduct its business effectively, the Authority needs to have sound financial management policies in place that are strictly adhered to. Part of this process is to adopt and implement Financial Regulations. The Regulations contained herein have been drawn up to ensure the financial matters of the Authority are conducted properly, reflect the application of best practice and the requirements of legislation. These include but are not restricted to:

- a) s151 Local Government Act, 1972;
- b) s113 Local Government Finance Act, 1988;
- c) s114 and S114 (7) Local Government Finance Act, 1988;
- d) Local Government Act, 2003 (England and Wales);
- e) Proceeds of Crime Act, 2002;
- f) Accounts and Audit (England) Regulations, 2015,
- g) Approved Accounting Standards – International Accounting Standards Board
- h) Code of Practice on Local Authority Accounting – CIPFA;
- i) Public Sector Internal Audit Standards (PSIAS) – CIPFA and IIA;
- j) Code of Recommended Practice for Local Authorities on Data Transparency – CLG;
- k) Money Laundering Regulations, 2007 SI 2007/2157;
- l) Prudential Code for Capital Finance in Local Authorities – CIPFA ;
- m) Service Reporting Code of Practice – CIPFA;
- n) Statement on the Role of the Chief Financial Officer – CIPFA;
- o) Standing Guide to Commissioning Local Authority Work and Services – CJC;
- p) Treasury Management in the Public Sector Code of Practice – CIPFA
- q) [Criminal Finance Act 2017 – Corporate Criminal Offence in relation to facilitation of tax evasion](#)

They also seek to reinforce the standards of conduct in public life required by the Authority of its Members and officers, and in particular the need for openness, accountability and integrity.

2. Status

Financial Regulations provide the framework for managing the Authority's financial affairs and form part of the Authority's Constitution. They apply to every Member and officer of the authority. The Financial Regulations should not be seen in isolation, but rather as part of the overall regulatory framework of the Authority that includes the role of committees, codes of conduct for Members and officers, schemes of delegation and Procurement Standing Orders as well as detailed procedure guides. The role of the Chief Finance Officer ("CFO") is defined in detail in the Council's Constitution.

Compliance with Financial Regulations is mandatory. Breaches of Financial Regulations of a serious nature may result in action being undertaken under the Conduct procedure. Breaches shall be reported in the first instance to the CFO who will decide what further action needs to be taken, in consultation with the Monitoring Officer.

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References are made throughout the individual sections to delegated limits of authority. The actual value of each limit is contained in Section F in order to avoid reviewing the whole set of Financial Regulations when changes to delegated limits are approved by Council.

Section A. Financial Management Framework

A1 Financial management covers all financial accountabilities in relation to the running of the authority, including the policy framework and budget.

Policy Framework

Roles and Responsibilities

A2 The role and responsibility of Council are described in Article 4 of the Constitution

A3 The role and responsibilities of the statutory officers are laid out in Article 12 of the Constitution.

Chief Financial Officer/ s151 Officer (“CFO”)

A4 The CFO is the Authority’s most senior executive role charged with leading and directing financial strategy and operations. This role is a statutory role under section 151 of the Local Government Act, 1972.

Directors:

A5 For the purpose of these regulations only, Directors includes the Head of Paid Service, all Corporate Directors, Divisional Directors and Head Teachers of Maintained Schools.

A6 Directors are responsible for ensuring that Cabinet Members are advised of the financial implications of all proposals and that the financial implications have been agreed by the CFO. Budget decisions are taken by all Members at Full Council.

A7 It is the responsibility of Directors to consult with the CFO and seek approval on any matter liable to affect the Authority’s finances materially, before any commitments are incurred. They must also provide the CFO with the access they require to all locally held financial records and systems.

A8 Directors' responsibilities also include:

- I. ensuring their staff including consultants or temporary staff are aware of the existence and content of the Authority’s Financial Regulations and other internal regulatory documents and that they comply with them;
- II. notifying the CFO of any situation that may create a contingent liability, potential claim or an overspend of their budget;
- III. signing contracts on behalf of the Council within the approved Officers’ Scheme of Approval and Delegation and Contract Procedure rules;
- IV. complying with any Council wide spending restriction protocol determined by the CFO;
- V. ensure that there is an effective management hierarchy and budget management.

- A9** A delegation in Financial Regulations to a Chief Officer shall permit further delegation to other officers, provided that the terms of the delegation are clearly documented and authorised. Directors remain accountable for their operation.

Other Accountabilities

Virement

- A10** The full council is responsible for agreeing procedures for virement of expenditure between budget headings (see table within Section F)

Treatment of year-end balances

- A11** The full Council is responsible for agreeing procedures for carrying forward under- and overspendings on budget headings.

Accounting policies

- A12** The CFO is responsible for selecting accounting policies and ensuring that they are applied consistently subject to the approval of the Governance, Audit, Risk Management and Standards Committee. (GARMS).

Accounting records and returns

- A13** The CFO is responsible for determining the accounting procedures and records for the authority subject to the approval of GARMS.

The Annual Statement of Accounts

- A14** The CFO is responsible for ensuring that the Annual Statement of Accounts is prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom and in accordance with statutory deadlines.

- A15** GARMS is responsible for approving the annual Statement of Accounts within the statutory deadlines.

Budget Managers

- A16** Budget managers are responsible for the delivery and monitoring of their service revenue and capital budgets and achieving the level of service/performance required to be delivered within them.

Individual's responsibilities

- A17** All employees involved with finance should be aware of the regulations and relevant procedures for their work area. If an officer is unclear about some aspect of these rules they should seek advice before acting from their line manager, Finance Team or [Internal Audit](#)

- A18** All Members and officers (including temporary agency staff and consultants), have a general responsibility for taking reasonable action to provide for the security of the assets under their control, and for ensuring that the use of these resources is legal, is properly authorised and provides value for money.

Schools

- A19** Delegated budgets of schools, in accordance with the Schools Standards and Framework Act 1998, remain part of the authority. The statutory responsibilities of the CFO and [these regulations](#) apply to schools in the same way as any other part of the Council.

Section B Financial Management and Planning

B1 Financial management covers all financial accountabilities in relation to the running of the authority, including the policy framework and budget.

Policy Framework

B2 The full council is responsible for agreeing the Authority's policy framework and budget, which will be proposed by the Executive. In terms of financial planning, the key elements are:

- I. the Corporate Plan (Harrow Ambition Plan);
- II. the Revenue Budget;
- III. the Capital Programme, and
- IV. the Medium Term Financial Strategy ("MTFS")

B3 The full Council is responsible for approving the policy framework and budget. In addition, local authorities can specify additional plans or strategies (statutory or non-statutory) to be adopted or approved by the full council. The detailed policy framework can be found in Article 4 of the Constitution.

B4 All Members and officers have a duty to abide by the highest standards of probity dealing with financial issues. This is facilitated by ensuring that all officers are clear about the standards to which they are working and the controls that are in place to ensure that these standards are met.

B5 Members, the Corporate Strategic Board (CSB) and the CFO shall receive updates on the financial performance of the Authority by receiving regular budget monitoring and outturn reports, and also the annual External Audit management letter.

B6 The Head of Paid Service will ensure there is an effective performance management framework in place that brings together financial and non-financial information in a meaningful way to assist financial planning and management.

B7 The CFO shall ensure that all officers:

- I. are aware of, and comply with, proper financial management standards, including these Financial Regulations; [The Council's weekly newsletter to all staff will inform where the financial regulations are held on the intranet, highlight when they are updated and bring to the attention major changes. Compliance with the financial regulations would be a feature of all induction courses and refresher training for existing members of staff.](#)
- II. are properly managed, developed, trained and have adequate support to carry out their financial duties effectively. [This will be achieved through in house training and cascading of financial briefings throughout the year.](#)

B8 Directors shall ensure that specific duties and responsibilities in financial matters are made clear to individual officers and that these are properly recorded. This includes ensuring that financial information is made available to the CFO to enable accurate

and timely monitoring and reporting of comparisons of national, regional and local financial performance indicators.

- B9** All officers, but especially the statutory officers should be mindful of the 'Wednesbury' rules which emphasise the importance of ensuring that when developing policy all relevant matters are properly considered. In addition they should also be aware of other duties such as the public sector equality duty and the need to consult in certain circumstances. (See Glossary).

Financial Planning

- B10** The Head of Paid Service will ensure that there are processes in place to develop corporate priorities, a corporate strategy and directorate service plans.
- B11** The CFO will ensure that procedures are in place for an integrated financial planning process, linked to the corporate strategies and service plans.
- B12** The annual Revenue Budget, MTFS, capital programme, Treasury Management Strategy and Housing Revenue Account must be recommended by the Cabinet to Council in accordance with the statutory timetable. The Council must agree the final Revenue Budget and Council Tax prior to the 10th March each financial year.

Medium Term Financial Strategy (MTFS)

- B13** The CFO shall ensure that there are sound medium to long term financial plans for both revenue and capital and that these are subject to regular review, including the continuing relevance of the underlying assumptions.
- B14** The CFO shall determine the format of the Medium Term Financial Strategy to be presented to the Authority, in consultation with the Head of Paid Service. The format is to comply with all legal requirements and with latest guidance issued by the Chartered Institute of Public Finance & Accountancy ("CIPFA").
- B15** The CFO is responsible for issuing financial planning guidance, co-ordinating the MTFS process, ensuring that it is integrated with service planning and that there is effective consultation with Members, officers and other stakeholders. The CFO is ultimately responsible for ensuring that a lawful budget is approved by Council.
- B16** It is unlawful for an authority to set a deficit budget. Under section 25 of the Local Government Act 2003 the CFO is responsible for advising the Cabinet and the Council on the robustness of the budget and on the adequacy of the levels of reserves.
- B17** The CFO, in consultation with Directors, is responsible for providing timely advice on the available funding options for the budget for a period of up to three years after the current financial year. This includes advice on central government funding, capping, general grant, fees and charges and other grants, options for borrowing and appropriations to and from reserves and use of provisions; based upon an interpretation of government funding assumptions and the information available at that time. This will include potential implications for local taxation.
- B18** The CFO will actively seek to increase and diversify the Authority's resource base, within an appropriate risk management strategy.

- B19** The CFO shall ensure that roles and responsibilities in budget development, management and monitoring are clear and that there is adequate financial advice and support to Members and officers.
- B20** Directors are responsible for responding to the guidance, meeting deadlines, drafting integrated service and financial plans, and identifying and quantifying issues and risks which have an impact on the budget over the medium term.
- B21** Directors have overall responsibility for ensuring that their proposals are robust and that they have identified all of the issues and for giving this assurance to the CFO. This will include:
- I. policy requirements approved by the Authority as part of the policy framework;
 - II. unavoidable future commitments, including legislative requirements;
 - III. initiatives already underway;
 - IV. spending patterns and pressures revealed through the budget monitoring process;
 - V. proposed service developments and plans which reflect public consultation;
 - VI. the need to deliver efficiency and / or productivity savings;
 - VII. government grant allocations and other external income; and
 - VIII. revenue implications of the draft four year capital programme;
- B22** Directors must ensure that the guidelines and associated instructions are fully cascaded through their Budget managers so that they understand and are involved in the budget setting process from the bottom up.
- B23** Given that there is likely to be a gap between available resources and required resources, Directors must ensure that spending plans are prioritised carefully.

Capital Strategy

- B24** The CFO will revise annually, in consultation with Directors, the corporate Capital Strategy within the agreed timetable. The strategy will cover a minimum of **two** years and should show how capital investment will be prioritised to deliver the Authority's objectives and priorities. The CFO will seek approval from Cabinet to recommend to Council the Capital Strategy.
- B25** Directors will contribute to the development of the Capital Strategy within the corporate deadline and will ensure it is consistent with Directors' other plans and strategies.

Annual Revenue Budget Preparation and Approval

- B26** The budget is the financial expression of the Council's plans and policies. The Council has adopted an integrated planning framework to ensure that the corporate plan and MTFS are developed in tandem.

- B27** The format of the annual budget determines the level of detail to which financial control and management will be exercised and shapes how the virement rules operate. The general format of the Budget will be approved by the Council on the advice of the CFO. The proposed budget will include allocations to directorates at service level, proposed taxation levels, contingency funds, provisions and allocations to reserves and balances.
- B28** The Executive must before 31st January each year approve the Council tax base and calculate the estimated level of non-domestic rates (NDR) it anticipates to collect for the following financial year. The CFO will inform MHCLG, precepting and levying bodies of the approved Council tax base and NDR income.
- B29** By 15th January each year the CFO will determine the probable Collection Fund surplus or deficit for the year, notify precepting bodies, and report to the Executive before the 31st January, or such other date as is specified in legislation.
- B30** The Executive will make recommendations to the Council regarding the annual budget for the following financial year and the Council tax required to finance it, including any prudential borrowing.
- B31** At a meeting on or before 10th March each year, the Council will approve the budget and any prudential borrowing proposal and set the resulting Council tax for the following financial year.

Format of the Annual Budget

- B32** The format of the budget determines the level of detail to which financial control and budget management will be exercised.
- B33** The CFO will:
- I. advise Members on the format of the budget to be proposed by the Executive to be approved by full Council in accordance with statutory requirements. The draft budget should include allocations to different services and projects, proposed taxation levels and contingency funds; and
 - II. determine the detailed form of revenue and capital estimates and the method for their preparation. They shall be consistent with the approved budget.
- B34** Directors will comply with the guidance issued by the CFO and provide the information required to produce a balanced budget, in the format and to the timescales specified.

Budget preparation

- B35** The CFO is responsible for ensuring that a revenue budget is prepared on an annual basis and consistent with the MTFS, before submission to the full Council.
- B36** The full Council may amend the budget or ask the Executive to reconsider it before approving it.
- B37** **The CFO is responsible for issuing guidance on the general content of the budget as soon as possible following approval by full Council. This will ensure that:**

- I. the Budget format will be consistent with statutory and CIPFA guidance and will be on a Total Cost basis. All expenditure budgets and revenue costs must be gross, and not reduced by any income, even where the income is in respect of a successful insurance claim or other reimbursements or abatements of expenditure;
- II. a Corporate Budget Book is issued at the start of each financial year at an appropriate level of detail; and
- III. the revenue budget will be presented and approved at Directorate level by full Council following the recommendation by the Cabinet and having considered the advice of the CFO. This will determine the level of detail to which financial control and management can be exercised.

B38 It is the responsibility of Directors to ensure that budget estimates reflecting agreed service plans are submitted to the Executive and that these estimates are prepared in line with guidance issued by the CFO.

Preparation of the Capital Programme

B39 Capital expenditure, involves the acquisition, creation or the significant enhancement of non current assets with a long-term value to the Authority, such as land, buildings, and major items of plant, equipment, vehicles or intangible assets such as IT systems or software licences. Capital assets shape the way services are delivered for the long term and create financial commitments for the future in the form of financing costs and revenue running costs.

B40 Any expenditure on a single capital item, or a group of similar items within a financial year, that totals less than the capital de minimus outlined in Section F, is to be treated as revenue.

B41 The CFO is responsible for:

- I. producing an annual capital strategy for Cabinet to recommend to Council;
- II. setting up procedures under which capital expenditure proposals are evaluated and appraised to ensure that value for money is being achieved;
- III. ensuring that a Medium-Term Capital Programme is prepared and updated annually which is derived from the Capital Strategy, the Asset Management Plan, and the evaluation process;
- IV. that the capital programme is consistent with corporate, service and asset management objectives and priorities;
- V. that there is a robust process for scrutinising the capital schemes to be added to the capital programme;
- VI. that the programme is fully funded and is affordable and sustainable in accordance with the Prudential Code;
- VII. setting up procedures for corporate monitoring of all sources of capital funding;

- VIII. that the tax implications of significant capital schemes are considered, including the impact on the Council's VAT partial exemption calculation, any stamp duty land tax (SDLT) and Corporation Tax on profits from Council trading companies; and
- IX. that the revenue implication of capital schemes is included in the Budget and MTFS.

B42 The inclusion of a scheme in the approved Capital Programme does not imply automatic approval to spend. These schemes are subject to meeting further criteria relating to the objectives, cost or funding confirmed through the governance process at the Capital Forum. Directors must ensure that all necessary levels of approval have been obtained before projects proceed in accordance with the scheme of approval and delegation set out at Section F

B43 Directors are responsible for ensuring that where a project is dependent on external funding, it must not proceed until there is confirmation that this has been secured and the grant conditions can be met.

B44 In all cases Directors must follow the Contract Procedure Rules before expenditure is incurred.

Budget Amendment

B45 Approved revenue budgets, may be amended during a financial year in the following circumstances:

- I. virements in accordance with the Scheme of Approval (Section F);
- II. under-spends approved for carry forward from previous years in accordance with Financial Regulations;
- III. supplementary requests from General Fund reserves or the Council Contingency Funds with the approval of the Portfolio Holder with Responsibility for Finance or full Cabinet; and
- IV. grants, in accordance with the Scheme of Virement.

B46 Where the responsibility for a service is transferred from one directorate to another, the CFO will transfer the appropriate resources in consultation with the relevant chief officer(s) and report to Cabinet.

B47 Capital grants are shown in relation to the capital programme. Revenue grants should be included within the revenue budget in relation to the financial year that the grant is received in.

B48 Additions in year to the Capital Programme

- I. Up to **£5 million** - Additional capital spending can be approved by Cabinet on specific projects where :-
- II. the expenditure is wholly covered by additional external sources; and

- III. the expenditure is in accordance with at least one of the priorities listed in the capital programme; and
- IV. there are no full year revenue budget effects
- V. The additional capital spending agreed by Cabinet in one financial year cannot exceed £20 million`.

Scheme of Virement

- B49** A virement is a planned movement of resources between approved budgets that leaves the Authority's overall revenue and capital budget unchanged. Ad-hoc virements during the year are generally discouraged, especially where they relate to temporary adjustments. The financial Limits for the Scheme of Virement for revenue and capital expenditure are outlined in Section F and are intended to enable the Directors to manage their service budgets with a degree of flexibility within the overall policy framework determined by the Authority.
- B50** The published budget book is used for determining the service level and analysis of type of expenditure to which making changes constitute virement in relation to revenue. The capital programme agreed at Council is the level to which changes made constitute virement in relation to capital.
- B51** Technical budget changes do not require virement. Examples of these are Support Service Charge changes and Capital Financing Charge changes, where there is no service or overall financial impact
- B52** The exceptions to the above framework that are not allowed are:
- I. provisions included within departmental budgets on the instructions of the CFO, e.g. insurance, capital and depreciation charges, leasing costs, transfer payments, central support service recharges and revenue expenditure funded from capital etc., can only be vired by the CFO;
 - II. virement between capital and revenue;
 - III. virements between an income budget line and an expenditure budget line require the approval of the CFO, as they change the revenue commitments of the Authority;
 - IV. budget variances that apply to the current year only. These should be reported as a Variance in the monthly forecast; and
 - V. between salaries and non-salaries budget heads unless supported by an approved amendment to the establishment.
- B53** For the purposes of the financial limits outlined in Section F virements between the budget heads within the same financial year must be aggregated to determine the appropriate approval limit.

Budget Monitoring and Control

- B54** The CFO is responsible for providing appropriate financial information to enable budgets to be monitored effectively and for presenting consolidated monitoring reports to the Executive on a regular basis.

Overview and Control

- B55** Budget management is a continuous process that ensures the approved resources are used for their intended purpose and are properly accounted for, subject to virement rules. It also provides the mechanism that calls to account managers responsible for defined elements of the budget.
- B56** The Authority itself operates within an annual cash limit, approved when setting the overall budget. To ensure that the Authority in total does not overspend, each budget manager is required to manage expenditure within their budget allocation, subject to the rules of virement.
- B57** Management of budgets must not be seen in isolation but in conjunction with service outputs and performance measures, which bring together financial and non-financial information in a meaningful way.

Revenue Budget Monitoring

- B58** The CFO has overall responsibility for ensuring that there are appropriate systems in place to ensure that relevant, accurate, complete and timely budgetary control information is received by budget managers, Directors and Members. The process will include reporting the revenue budget and capital programme financial position internally and to Cabinet on a regular basis.
- B59** Directors must ensure that there is a clear allocation of responsibility for revenue budgets at cost centre level and capital schemes within their areas. Budget responsibility should be aligned as closely as possible to the decision making that commits expenditure.
- B60** Directors and Budget managers (as appropriate) have authority to incur expenditure on the approved policies and activities of the Council where financial provision exists in the approved budget for the year. The Scheme of Delegation is included at Section F. It sets out the limits for authorising financial transactions. Directors should ensure that they properly record any local delegations specific to their service area.
- B61** Directors are responsible for ensuring that they manage expenditure within the total net budget for their services. Budget managers are responsible for monitoring their budgets and forecasting future spending on a monthly basis by using My4Cast via the SAP system. Overspends and underspends relative to the approved budget should be formally reported as soon as they are known and closely monitored. The budget monitoring process will ensure that CSB receives on a monthly basis updates on budget v actual to date with forecasts of potential over / underspends. At the same time corrective action to be taken by Budget managers should be identified. Budget monitoring should reflect the level of risk associated with particular budgets.
- B62** Directors and Budget managers should monitor and report on significant and overall income performance at each monthly reporting interval with the same rigour as applied for expenditure monitoring. Income should be tracked each month to ensure overall income forecasts are likely to be met and to respond to any changes in income with either service or charge alterations.

Capital Monitoring

- B63** The CFO is responsible for the preparation, review and monitoring of the capital programme. The CFO must ensure that all capital proposals are supported by option appraisals; robust costed business cases including whole life costing in accordance with proper governance arrangements.
- B64** Changes to the approved programme must be reported to Cabinet for approval in accordance with the Scheme of Delegation (Section F).
- B65** Directors are responsible for supplying accurate capital forecasts in the manner and to the timetable determined by the CFO, which identify and explain variances and clearly identify slippage.
- B66** Corporate Directors must inform the Director of Finance of any capital expenditure on schemes where it becomes necessary to take the decision to abort that scheme. The Director of Finance will then report to the Build a Better Harrow Board of any such scheme and on recommendation of that Board the expenditure incurred will be reclassified from capital to revenue expenditure. The delegated authority limits are shown in Section F.

Carried Forward Balances

- B67** A year-end balance is the amount by which actual income and expenditure varies from the final budget, normally identified down to budget manager level. Unspent balances will not be carried forward, except with the permission of the CFO. Unspent balances will only be considered for carry forward where:
- I. There is an unspent ring fenced grant and the grant must be repaid if it is not spent on its intended purpose.
 - II. Funding has been allocated to a specific project and the project is not yet complete, and both the directorate and the Council in total are not overspent.
 - III. External funding has been received for a specific project which is not yet complete
- B68** All other commitments will have to be accommodated within the new year budget.

Statement of Accounts

Responsibilities of the CFO

- B69** The CFO is responsible for the preparation of the Authority's Statement of Accounts for each financial year ending 31st March, within the statutory deadline, in accordance with proper accounting practices as set out in the Code of Practice on Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice (CIPFA/LASAAC),

In addition to complying with the local authority code, the CFO is responsible for:

- I. Selecting suitable accounting policies and then applying them consistently;

- II. Making judgements and estimates that are reasonable and prudent;
- III. prepare, sign and date the Statement of Accounts, stating that it presents fairly the financial position of the Authority at the accounting date and its income and expenditure for the financial year just ended; and
- IV. publish the approved and audited accounts of the Authority each year, in accordance with the statutory timetable;

B70 To ensure detailed guidance and timetable for final accounts is issued to Directors and Budget managers as appropriate each year to ensure that the relevant information is collected and that the statutory deadline is achieved.

B71 The CFO will ensure that the accounts are subject to external audit, to provide assurance that the accounts have been prepared properly, that proper accounting practices have been followed and that high quality arrangements have been made for securing economy, efficiency and effectiveness in the use of the Authority's resources.

B72 The Governance, Audit, Risk Management & Standards Committee ("GARMS") has specific responsibility for approving the statutory Annual Statement of Accounts.

Accounting Records and Returns

B73 Directors shall be responsible for ensuring that records are carefully and systematically filed and retained for inspection by the CFO, Internal and External Audit or Government agencies (e.g. HM Revenue and Customs).

B74 Accounting records (see Glossary for detail) should be retained for a period of 6 years plus the current financial year, unless otherwise instructed by the CFO. The advised minimum periods for the retention of financial records are set out below:

- I. mortgages, bonds, stocks and other holdings, insurance, contracts, pension information and transfer values should be held indefinitely;
- II. PFI contracts should be retained for the period of the contract plus 12 years; and
- III. other contract documents including the final account where the contract is under seal should be retained for 12 years.

Finance Comments on Reports

B75 The CFO is responsible for monitoring the quality of the financial implications information included within Committee Reports, Scrutiny reports and other formal reports by Directors and providing financial comments where there are implications such as corporate revenue or capital resources requirements. The Director of Finance may delegate this responsibility to the [Deputy S151 officer](#) and respective Finance Business Partners (FBP's).

B76 Directors are responsible for ensuring:

- I. suitable options appraisal are carried out in relation to all significant policy issues;

- II. that financial implications in the current and future years are identified in all relevant reports and that such financial implications are agreed by the CFO and are in accordance with virement rules. The Director of Finance may delegate this responsibility to the Deputy S151 officer and respective Finance Business Partners (FBP's);
- III. that where reports impact on other directorates or have implications for corporate resources, financial implications comments are requested from them and / or the CFO sufficiently in advance of reporting deadlines; and
- IV. the financial implications in reports are reflected in current budgetary provisions and in the agreed Budget and MTFS.

Section C. Corporate Governance, Risk Management and Control of Resources

- C1** It is essential that robust, integrated systems are developed and maintained for identifying, evaluating and managing risk to the authority. This process should be integrated with the Financial Planning and Business Planning process.

Treasury Strategy

- C2** The CFO will ensure that a Treasury Strategy is prepared, formally agreed in line with the Constitution and published annually before 31st March. The strategy will comply with statutory regulation, including that issued under section 15(1)(a) of the Local Government Act 2003 and the CIPFA Treasury Management Guide. In particular:
- I. the investment priorities should be security and liquidity. Yield should be considered but only within the properly established security and liquidity levels;
 - II. the Investment Strategy should go to full Council at the start of each year and reviewed mid-year, or more often should market conditions require it;
 - III. it should comment on the use of credit ratings and of any additional sources of information on credit risk;
 - IV. it should comment on the use of treasury management advisers;
 - V. it should contain the training programme for officers and Members;
 - VI. strategies should comment on the investment of money borrowed in advance of spending need; and
 - VII. it will include a policy in regard to Minimum Revenue Provision.

Pensions Governance

- C3** The Administrating authority (the 'Council') is responsible for investing on behalf of employees, ex-employees and pensioners. It is essential that the use of these finances is properly planned and controlled to provide maximum benefit to the Pension Fund whilst not exposing those finances to undue risk.
- C4** The CFO must ensure that a Funding Strategy Statement is reviewed annually and published.

Asset Management Plan

- C5** The Corporate Director of Community is responsible for corporate asset management, apart from Housing assets which are the responsibility of the Asset Management team within Community [Directorate](#).
- C6** They should maintain adequate asset management plans (AMPs) for Schools, Housing and Highways. These plans should show the number and value of the assets held, how assets are used and whether they are operational or non-

operational, running costs, the condition of assets and the maintenance required. The plans will inform the Council's capital and revenue budget strategy and disposals policy.

- C7** The CFO must ensure that the Asset Management Plans are supported by detailed asset registers and accurate valuations. The registers are used as a day to day management tool and to provide information for the Council's accounts and insurance purposes.
- C8** Directors must ensure that records and assets are properly maintained and securely held. They should also ensure that contingency plans for the security of assets and continuity of service in the event of disaster or system failure are in place in line with Corporate Policy. Directors must supply the information required by the CFO.
- C9** Budget managers are responsible for ensuring that all assets in their control are appropriately maintained, clearly identified and marked as property of the Council where appropriate. No Council asset should be subject to personal use by an employee without prior authorisation from the appropriate Chief Officer.

Projects and Programmes

- C10** Directors are responsible for ensuring that programmes are conducted using the Council's project and programme management process. Business cases should be developed and approved for all projects and programmes in accordance with the agreed corporate template and approval process.
- C11** Directors must obtain the agreement of the CFO as to the expenditure and funding for all new schemes not included in the approved budget or capital programme and submit to Cabinet for approval. See Section F.

- C12** Property leases may constitute a capital liability. Directors shall notify the CFO of all proposed property leases or renewals before any agreement is made and these shall be included in the proposed capital programme. Any lease with a value, or term, above the limits set out in Section F must be approved by Cabinet.
- C13** Directors must not enter into credit arrangements, such as leasing agreements, without the prior approval of the CFO and, if applicable, approval of the scheme should be included as part of the capital programme.
- C14** The CFO shall be responsible for the evaluation and arrangement of all capital financing facilities. This excludes the short term hiring of equipment for periods of less than 12 months.
- C15** Budget managers must take appropriate advice from Finance and Legal before entering into a lease agreement.

Contingent Asset and Liabilities

- C16** Directors must inform the CFO of any potential contingent assets and contingent liabilities.

Maintenance of Provisions and Reserves

- C17** Provisions are held against present obligations (liabilities) of uncertain timing that can reasonably be estimated. If the event itself rather than the timing is uncertain then it would be a Contingent Liability or Asset.
- C18** Any sum set aside that is not a provision, is a reserve. Reserves can be Earmarked Reserves set aside for specific policy purposes or General Reserves, set aside for purposes such as general contingencies and cash flow management.
- C19** The CFO is responsible for advising on prudent levels of reserves for the Council when the annual budget is being considered, having regard to assessment of the financial risks facing the authority and the views of the external auditor.
- C20** The CFO must make an annual statement on the adequacy of general reserves and provisions.
- C21** All contributions to, and appropriations from, General Fund reserves must be approved by the Portfolio Holder with Responsibility for Finance, subject to any limitations set by the Council in the approved budget framework.
- C22** The CFO can establish earmarked reserves. The CFO is responsible for ensuring that detailed controls are established for the creation of new reserves and provisions and any disbursements therefrom. This should include:
- I. the reason for the reserve;
 - II. how and when it can be used;
 - III. the responsibilities for their management and reporting in the Medium Term Financial Strategy and annual budgets; and
 - IV. the timescale for review, at least annually, to ensure adequacy.

- C23** Directors must inform the CFO of any future liabilities that have been incurred and may need to be accounted for.

Reporting Key Decisions

- C24** The definition and rules concerning Key Decisions are to be found in Article 13 of the Constitution.

Risk Management and Risk Strategy

- C25** All organisations face risks to their people, property, finances, services, reputation and continued operations. Whilst risk cannot be eliminated altogether, risk management provides a planned and systematic approach to the identification, evaluation and control of risk. It is an integral part of good business practice and is essential to the Council achieving its objectives, securing its assets and to ensuring continued financial and organisational wellbeing.
- C26** Regulation 3 of The Accounts and Audit (England) Regulations 2015 specifically requires that the “a relevant authority must ensure that it has a sound system on internal control which a) facilitates the effective exercise of it’s functions and the achievement of it’s aims and objectives; b) ensures that the financial and operational management of the authority is effective and c) includes effective arrangements for the management of risk”
- C27** The Head of Paid Service in conjunction with the Head of Internal Audit is responsible for preparing and promoting the Authority’s risk management policy and strategy, securing the endorsement of the Council, and maintaining the Corporate Risk Register and other risk registers and risk analyses as appropriate.
- C28** Directors are responsible for ensuring that there is a continuous review of exposure to risk within their departments, maintaining detailed Risk Registers and action plans, and maintaining Business Continuity Plans. It is essential that risk management is integrated into business processes in line with corporate guidelines. These processes include budget preparation and integrated service and financial planning, budget monitoring and performance management, programme and project management, procurement and contract management.

Business Continuity and Disaster Recovery

- C29** The Head of Paid Service will establish and regularly test comprehensive business continuity and disaster recovery procedures to deal with the consequences of events and minimise potential disruption.
- C30** Directors will ensure that controls are in place to minimise the likelihood of the risk occurring and / or minimising its potential impact through regular inspection and continuous monitoring of identified key risk areas.

Insurance

- C31** The Council maintains insurance cover to deal with the financial consequences of any incident which may give rise to a claim being made by / against the Council or result in financial cost or loss which may not otherwise be provided for. The extent to which the Council “self insures” is informed by the perceived risk and the Council’s claims history.

C32 The CFO is responsible for effecting corporate insurance cover, through external insurance and internal funding, and negotiating all claims in consultation with other officers, where necessary.

C33 Directors should

- I. notify the CFO immediately of any loss, liability or damage that may lead to a claim being made by / against the Council and take appropriate action to prevent a repeat loss;
- II. inform the CFO of all new risks, ventures, properties or vehicles that may require insurance, and of any alterations or disposals affecting existing insurances;
- III. ensure that claims against insurance policies are made promptly and comply with the timescales for investigating claims and the insurer's conditions;
- IV. ensure that before any contract for works is made, that adequate insurance cover is furnished by the contractor in respect of any act or default;
- V. ensure that procedures are in place to identify Contingent Liabilities, which are doubtful events that may represent a charge to the Authority at a future date, and ensure that these are recorded in a note to the annual accounts;
- VI. ensure that employees, or anyone covered by the Authority's insurances, do not admit liability or make any offer to pay compensation that may prejudice the assessment of liability in respect of any insurance claim. Failure could directly affect the Authority's ability to make or defend a claim or could result in financial penalties being imposed on the Authority; and
- VII. consult the CFO and seek legal advice on the terms of any indemnity that the Authority is requested to give.

Internal Controls

C34 Internal controls are systems put in place by management to mitigate risk, increase the likelihood that the Authority's objectives are met and to safeguard the Authority's staff, assets and interests.

C35 Internal controls must be reviewed on a regular basis by management. Control systems should provide for clarity of policies, objectives, targets, responsibilities and accountabilities, and appropriate authorisations and approvals, separation of duties, level of internal check, management information and physical safeguards.

C36 The CFO will ensure that the Authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government.

C37 The CFO will ensure that effective internal controls are an integral part of the Authority's underlying framework of corporate governance and that they are reflected in its local code, ensuring that clear Financial Regulations exist.

C38 The CFO in conjunction with the Monitoring Officer and the Head of Internal Audit is responsible for assisting the authority in putting in place an appropriate control

environment and effective internal controls that comply with all applicable statutes, regulations and codes of practice.

- C39** Regulation 6 (1) (b) of The Accounts and Audit (England) Regulations 2015 require the authority to prepare an Annual Governance Statement. The statement will be prepared following an annual review of governance and include a description and evaluation of the internal control environment, the review process, and identify any significant gaps in governance. It must include a statement that the Authority's financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government. There should be an action plan to address any significance governance gaps and a report on progress on the issues identified in previous years. The Governance, Audit, Risk Management & Standards ("GARMS") Committee should seek to satisfy itself that it has obtained sufficient, relevant and reliable evidence to support the disclosures made and that statutory guidance has been followed.
- C40** The Governance Statement should be approved at a meeting of the Authority or delegated committee (GARMS) and signed by the Head of Paid Service and the Leader.
- C41** Directors are responsible for establishing, maintaining, monitoring and reporting on systems of internal control which guard against risk and promote the achievement of objectives. On an annual basis they are required to complete a Management Assurance Statement, in the format and timescale specified the Head of Paid Service, of the Council. The statements and supporting evidence will be independently reviewed by Internal Audit, evaluated by the Corporate Governance Group and results fed into the Council's Annual Governance Statement.

Internal Audit

- C42** Section 151 of the Local Government Act 1972, requires that the Authority 'makes arrangements for the proper administration of their financial affairs. Further specific arrangements are detailed in Regulation 5 of The Accounts and Audit Regulations 2015 in that a 'relevant body must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards and guidance'.
- C43** Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps the organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management; control and governance processes.
- C44** The internal audit service must be free from interference in determining the scope of internal auditing, performing work and communicating results. The Head of Internal Audit must disclose such interference to the Corporate Strategic Board (CSB) and GARMS Committee and discuss the implications.
- C45** The CFO must develop and maintain an effective Audit Committee (for Harrow this is the GARMS).
- C46** Internal audit is an important independent internal scrutiny activity. The CFO must support the Authority's internal audit arrangements and ensure that the Authority's

Audit Committee (GARMS) receives the necessary advice and information, so that both functions can operate effectively.

C47 The CFO must ensure an effective internal audit function is resourced and maintained.

C48 The Head of Internal Audit is the officer responsible for effectively managing the internal audit activity in accordance with the internal audit charter and the Public Sector Internal Audit Standards' Definition of Internal Auditing, the Code of Ethics and the Standards. The Head of Internal Audit:

- I. must periodically review the internal audit charter and present it to the Corporate Strategic Board (CSB) and GARMS Committee for approval;
- II. must have direct and unrestricted access to senior management, CSB and the GARMS Committee to achieve the degree of independence necessary to carry out the responsibilities of the internal audit service and must report functionally to the GARMS Committee. The Head of Internal Audit must also establish effective communication with, and have free and unfettered access to, the Chief Executive Officer and the Chair of the GARMS Committee. In addition the Head of Internal Audit should report to a level within the organisation that allows the internal audit activity to fulfil its responsibilities. The Head of Internal Audit must confirm to the GARMS Committee, at least annually, the organisational independence of the internal audit activity;
- III. must effectively manage the internal audit activity to ensure it adds value to the organisation;
- IV. must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals;
- V. must communicate the internal audit activity's plans and resource requirements, including significant interim changes, to CSB and the GARMS Committee for review and approval. The Head of Internal Audit must also communicate the impact of resource limitations;
- VI. must ensure that internal audit resources are appropriate, sufficient and effectively deployed to achieve the approved plan;
- VII. must report periodically to CSB and the GARMS Committee on the internal audit activity's purpose, authority, responsibility and performance relative to its plan and on its conformance with the Code of Ethics and the Standards;
- VIII. must deliver an annual internal audit opinion and report that can be used by the organisation to inform its governance statement. This opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control.
- IX. Where the Head of Internal Audit has or is expected to have roles and / or responsibilities that fall outside of internal auditing, safeguards must be in place to limit impairments to independence or objectivity.

C49 Internal Auditors and Corporate Anti-fraud Investigators have the authority to:

- I. access Authority premises at reasonable times;
- II. access all assets, records, documents, correspondence and control systems;
- III. receive any information and explanation considered necessary concerning any matter under consideration;
- IV. require any employee of the authority to account for cash, stores or any other authority asset under his or her control;
- V. access records belonging to third parties, such as contractors, when required (third party contracts should specify access rights); and
- VI. direct access to senior managers and elected Members where appropriate.

C50 Managers are required to notify the Head of Internal Audit of new areas of risk / major projects which may need to be subject to audit review or proactive audit input e.g. when considering or implementing alternative delivery vehicles, significant procurement, reorganisations impacting on control or governance arrangements, redesign of systems or new systems.

C51 Managers must ensure that internal auditors are given access at all reasonable times and in a timely manner to premises, personnel, documents and assets and provided with information and explanations that the auditors consider necessary for the purposes of their work.

C52 Managers are also required to consider and respond promptly to recommendations in audit reports, ensure that agreed actions arising from audit recommendations are carried out in a timely and efficient fashion and in line with the timescale agreed with the Head of Internal Audit, and report on progress.

External Audit

C53 The basic duties of the external auditor are defined in the Local Government Act 1999 and the Audit Commission's Code of Audit Practice. These require the auditor to review and report upon:

- I. the Council's Statement of Accounts;
- II. whether the Council has made proper arrangements for securing financial resilience and
- III. whether the Council has proper arrangements for securing economy, efficiency and effectiveness.

C54 The CFO in conjunction with the Head of Paid Service advises on the development of the Annual Audit Plan, leads on any negotiations related to the annual audit fee and advises the Cabinet and Directors on their responsibilities in relation to external audit and issues arising from the Annual Audit and Inspection Letter.

C55 Directors are required to ensure that external auditors are given access at all reasonable times to premises, personnel, documents, and assets, and provided with information and explanations which the external auditors consider necessary for the purposes of their work, in the timescales required.

C56 Directors are also required to consider and respond promptly to recommendations in external audit reports, ensure that agreed actions arising from external audit recommendations are carried out in a timely and efficient fashion and in line with the timescale agreed with the external auditor, and report on progress.

Preventing Fraud, Bribery and Corruption

C57 The Council is responsible for substantial public funds and other assets and has a duty to demonstrate the highest standards of probity and stewardship in the day to day management of its affairs. It is therefore essential to develop and maintain an anti-fraud culture and to create a working climate in which all staff and elected Members remain alert to the potential for fraudulent or corrupt behaviour against the Council from inside or outside the organisation and are aware of the mechanisms available for the confidential reporting and investigation of any reported instances.

C58 The key controls regarding the prevention of financial irregularities are that:

- I. the Head of Paid Service will ensure a formal code of conduct is established and widely publicised and, as part of this, a Register of Interests is maintained and the receipt of hospitality and gifts covering both Members and officers in accordance with any relevant statutory code of conduct;

- I. the Head of Paid Service will ensure that the fraud risk register is established and reviewed at least annually and maintained by the Directorates with support from the Corporate Anti Fraud Team / Internal Audit so that significant fraud risks are identified, mitigated with robust controls and fraud prevented where possible;
- II. the Public Interest Disclosure Act 1998 (PIDA) protects workers who 'blow the whistle' about malpractice or wrongdoing within an organisation. The Head of Paid Service will maintain and make available a whistle-blowing policy and procedures that enables officers, the general public and contractors to make allegations of fraud, misuse and corruption in confidence, and without recrimination, to an independent contact. All such allegations are diligently and robustly investigated;
- III. the CFO is responsible for implementing appropriate measures to prevent and detect fraud and corruption including ensuring that the Authority has an effective anti-fraud and corruption strategy and fraud response plan consistent with legislation including the Bribery Act 2010, the Public Interest Disclosure Act 1998 and the Freedom of Information Act 2000;
- IV. the CFO and management are responsible for ensuring internal control systems exist which minimise the risk of fraud and corruption occurring;
- V. the CFO is responsible for the Corporate Anti-Fraud Team and ensuring that effective procedures are in place to identify fraud and investigate promptly any suspected fraud. The team investigates cases of both internal fraud and external fraud and is responsible for delivering an annual risk based programme of counter fraud work, the progress of which is reported twice yearly to CSB and GARMS.

C59 Council employees and Members have a duty to report to the Authority any impropriety, bribery, breach of procedure or failure of the manner in which services are being provided without fear of recrimination (Code of Conduct). This includes a duty to report a suspected breach of the Council's Contract Procedure Rules and Financial Regulations.

C60 Directors are required to ensure that their policies comply with Council's Contract Procedure Rules and Financial Regulations and that staff are trained where appropriate and adopt suitable compliance and disciplinary measures.

C61 Directors must ensure that where financial impropriety is discovered or suspected, the CFO and the Head of Internal Audit are informed immediately and take all necessary steps to prevent further loss and to secure records and documents against removal or alteration. Suspected fraud should be reported to the Corporate Anti Fraud Team. Directors must ensure the full co-operation of senior management in any investigation and instigate the Authority's disciplinary procedures where the outcome of an audit investigation indicates improper behaviour.

C62 Officers and Members must ensure that they comply with all of the Council's codes, protocols and procedures particularly the Officers' Code of Conduct, its procurement practices and its anti-fraud and corruption policies.

Money Laundering

- C63** Money laundering involves the 'cleaning' of illegal proceeds through legitimate transactions, usually cash, in order to disguise their criminal origin.
- C64** Local Authorities must be mindful of the Money Laundering Regulations, 2007 SI 2007/2157. There is substantial reputational risk for an authority which does not have money laundering policies and procedures in place and they have a duty of vigilance to prevent the financing of terrorism and money laundering.
- C65** The Council enters into thousands of transactions every day and could be subject to money laundering attempts when accepting payments by cash, cheque or credit / debit cards for instance in relation to the purchase of a council house, the payment of substantial bills, or receiving an overpayment in cash which is then refunded by cheque.
- C66** The CFO will:
- I. ensure that processes are in place to identify and appropriately train staff most likely to be exposed to money laundering of the organisations and their own obligations under Proceeds of Crime Act 2002 (POCA) to detect and report suspicious activity;
 - II. establish procedures to preclude the acceptance of cash sum or series of sums (in coin, notes or travellers cheques) in respect of goods that in total are more than the maximum allowed for any single customer account per annum in Section F;
 - III. maintain a written Anti- Money Laundering Policy; and
 - IV. ensure officers are aware of the Anti-Money Laundering Policy and are appropriately trained in identifying where and how such circumstances arise, and where to report any such cases.
- C67** All staff have a duty to report any suspicions to the Money Laundering Reporting Officer (currently the CFO) or their deputy. There is a template for reports attached to the policy. It is very important that in the process of reporting nothing is done to tip off anyone connected with the transaction.
- C68** Directors and managers will ensure that staff who regularly accept payments, or administer payments or the Council's bank accounts receive training on money laundering. It is the responsibility of the CFO to ensure that these staff are identified and trained.

Proceeds of Crime

- C69** The relevant Corporate Director in consultation with the Monitoring Officer and the CFO is authorised to institute investigations under the POCA on behalf of the Council. Advice should also be sought from the Corporate Anti Fraud Team.
- C70** The relevant Corporate Director will ensure that in relation to POCA investigations all statutory guidance is followed, including ensuring there is an appropriate, accredited financial investigator engaged.

- C71** Prosecutions under POCA must be authorised by the Monitoring Officer in consultation with the CFO. The code of conduct for prosecutors must be followed.
- C72** Awards made to the authority under POCA incentive schemes or from asset recovery shall be applied first to the Authority's costs in relation to the related investigation and prosecution and any statutory charges. The balance shall be used as determined by the MTFs and any statutory limitations.

Security of Assets

- C73** The Authority holds valuable assets in the form of property, vehicles, equipment, furniture and other items. It is important that assets are safeguarded and used efficiently in service delivery, and that there are arrangements for the security of both assets and information required for service operations.
- C74** The CFO will ensure an up-to-date Asset Register is maintained to enable sound fixed asset accounting and asset management.
- C75** The Monitoring Officer will ensure a corporate property database is maintained containing the details of all council properties to support land and property management.
- C76** The Corporate Director of Community and Regeneration will ensure a terrier is maintained to identify all the land and property holdings of the Council recording the location, extent, plan, purchase details, nature of the interests, tenancies granted, charges held, rents payable and purpose for which held.
- C77** Service Managers issued with a pool of IT equipment will be responsible for the security of that equipment. Where staff members leave the manager must ensure the prompt return of any IT equipment held by the leaving officer.

Inventories

- C78** Inventories must be maintained by Directors for portable, high value items above the de minimus in Section F. The inventories shall contain an adequate description of the asset including where relevant, the model number, serial number and location and its estimated value.
- C79** Directors are required to check the existence of a random sample of inventory items on an annual basis.

Stocks and Stores

- C80** Directors are responsible for:
- I. ensuring that stocks of goods and materials are held at a level appropriate to the business needs of the Council, and that stock levels are checked regularly and as a minimum as part of year end annual stock take procedures;
 - II. ensuring that adequate arrangements are in place for their care and custody; and
 - III. writing off the value of obsolete stock in their Departments in accordance with the procedures.

Intellectual Property

C81 Intellectual property is a generic term that includes inventions and writing. Certain activities undertaken within the authority may give rise to items that may be patentable, for example, software development. Breaching copyright laws exposes the Council to financial risk.

Responsibilities of Directors

C82 To put controls in place to ensure that staff do not carry out private work in the Council's time and that staff are aware that anything they create during the course of their employment, whether written or otherwise, belongs to the Council.

C83 To comply with the copyright, designs and patent legislation and, in particular, to ensure that:

- I. only licensed software is installed by the authority and used on its computers,
- II. staff are aware of legislative provisions, and
- III. in developing systems, due regard is given to the issue of intellectual property rights.

Asset Disposal

C84 Assets that are surplus to service requirements or are not cost effective to retain should be disposed of safely, for the best price. Disposal should be in accordance with national legislative requirements for health and safety and waste disposal and the European Waste Electrical and Electronic Equipment Directive.

Land and Buildings

C85 The Corporate Director of Community and Regeneration is responsible for all disposals of land and property for the General Fund and the HRA, in conjunction with the Portfolio Holder with responsibility for Finance and for identifying any revenue implications arising from the sale of assets.

C86 These Corporate Directors in conjunction with the portfolio holder for Finance have delegated authority for General Fund disposals as outlined in Section F. Anything above this limit must be reported to the Cabinet for approval.

C87 The Corporate Directors must before any disposal is agreed or negotiations begin:

- I. seek Legal advice to ensure that the disposal falls under a General Disposal Consent, Right to Buy legislation or if Secretary of State's permission is required;
- II. obtain best consideration under s123 of Local Government Act 1972;
- III. depending on the method of sale an independent valuation before sale should be obtained to ensure best consideration is achieved;
- IV. ensure that the disposal is consistent with the Asset Management Plan, that no other service requires the building and that it has formally been declared as surplus to requirements; and

- V. seek financial advice to ensure the proper accounting of capital receipts, cost of sale and tax.

Other Assets

C88 Budget managers may seek the authority of their Chief Officer to dispose of revenue assets through sale, donation or scrapping. They must assure themselves that the assets concerned are the property of the Council (rather than a leasing company) and surplus to organisational requirements, before disposing of them. Budget managers must be able to demonstrate that value for money is obtained for every disposal and maintain adequate records demonstrating value for money, the reasons for the disposal, and that the assets are obsolete or surplus to requirements. All property, plant or equipment assets disposed of over the value shown in Section F must additionally be cleared with the CFO or their nominated representative before they can be disposed of.

C89 Budget managers must ensure that legal and environmental issues are addressed when disposing of any assets. Budget managers should notify Facilities Management of any disposals, who will determine if the assets are surplus to requirements.

C90 The CFO will:

- I. issue guidelines representing best practice for the disposal of assets and consistent with statutory powers including:
- II. issuing of a receipt;
- III. accounting and banking of the income;
- IV. segregation of duties between those who authorise the sale and the receipt of the payment; and
- V. adjustment to Inventory records;
- VI. ensure appropriate accounting entries are made to remove the value of disposed assets from the Authority's records and to include the sale proceeds in the Council's accounts; and
- VII. Maintain a schedule of disposals above the de minimus recorded in Section F with both estimated and actual values and disposal dates.

C91 Directors will notify the CFO of any disposals of assets above the de minimus in Section F (see Procedure Note P27 on Disposal of Assets).

Treasury Management

C92 The Council has adopted CIPFA's Code of Practice for Treasury Management in Public Services.

C93 The CFO is responsible for reporting to GARMS and the Cabinet at least twice in each financial year on the activities of the treasury management operation and on the exercise of his or her delegated treasury management powers. He / she is required to produce:

- I. a proposed treasury management strategy for the coming financial year before the start of each financial year;
- II. an annual report on the treasury management activity for presentation by 30th September of the following financial year; and
- III. a mid year report to Cabinet.

C94 The Council has delegated responsibility for the implementation and monitoring of its Treasury Management Policies and Practices to the CFO and for the execution and administration of Treasury Management decisions to the Treasury and Pension Fund Manager, who will act in accordance with the Council's Treasury Policy Statement and CIPFA's 'Standard of Professional Practice on Treasury Management'.

C95 The CFO will ensure that all:

- I. investments of money are made in the name of the authority or in the name of nominees approved by the full Council;
- II. securities which are the property of the authority or its nominees and the title deeds of all property in the Authority's ownership are held in the custody of the Director of Legal Services; and
- III. borrowings are in the name of the authority.

C96 Directors will not enter into any loan or credit arrangements with any party whatsoever or acquire an interest in companies, joint ventures or other enterprises whatsoever without the prior agreement of the CFO.

Pension Fund Investment

C97 The CFO will ensure that the accounting for the Pension Fund satisfies the Council's statutory obligations, including that it is accounted for separately, that only relevant costs, assets and liabilities are valued by an actuary every three years.

C98 The CFO is responsible for pension fund investment and makes recommendations to the Pension Fund Committee about the appointment of the actuary, investment adviser, and external fund managers. The CFO provides regular reports to the Pension Fund Committee on the performance of the fund and any regulatory matters.

C99 The CFO is responsible for ensuring the Council's contributions are consistent with its Pension Fund strategy and actuarial review.

C100 Approval to the making of lump sum payments and fund transfers from the pension fund will be in accordance with the schedule in section F.

Trust Funds, Funds Held For Third Parties and Other Voluntary Funds

C101 The CFO is responsible for trust funds and ensures that funds are only drawn down for the purposes intended by the Trustees and that accounts are prepared and audited each year.

C102 All trust funds, funds held for third parties and other voluntary (unofficial) funds excluding schools must be approved by the CFO. A voluntary fund is defined as any fund, other than an official fund for the Council, which is controlled wholly or in part by an officer by reason of his or her employment by the Council. Such funds should be separately identified but managed in line with the Council's Financial Regulations.

Banking and Imprest Accounts

C103 The CFO is responsible for opening all bank accounts and agreeing the associated mandates.

C104 The CFO is responsible for managing the banking contract and the day to day administration and reconciliation of accounts.

C105 Staff must not open accounts in the name of the Council, Members or officers unless they are acting on the instructions of the CFO. Opening an unauthorised bank account is a disciplinary offence.

C106 An imprest or petty cash account must only be used in accordance with guidance issued by the CFO (see Procedure Note P25 in section F). It is the responsibility of Directors to ensure that systems are in place to monitor and control this.

Staffing Establishment

C107 The Head of Paid Service will ensure there are in place accurate and effective systems to monitor the establishment and that the following procedures and regulations must be followed:

- I. appointments are made in accordance with HR and payroll policies;
- II. appointments are in accordance with the approved establishment and grade for the post;
- III. the organisational structure on SAP must be kept up to date;
- IV. all appointments, terminations or variations which may affect the pay or pension of an employee or former employee, are notified promptly and in accordance with required forms, timescale and authorisation;
- V. payments are only made where there is a valid entitlement;
- VI. conditions and contracts of employment are correctly applied; and
- VII. employees names listed on the payroll are checked at regular intervals to verify accuracy and completeness.

C108 Regulation 7 Accounts and Audit (England) Regulations 2015 places a statutory requirement on the Authority to report on the remuneration of senior employees; this is the responsibility of the CFO. The Head of Paid Service will publish pay data on senior staff in accordance with guidance and a policy statement about staff pay, including senior and lower-paid staff.

C109 The CFO will agree annually the budget to support the approved establishment. The CFO will ensure appropriate procedures are in place to amend the establishment throughout the year.

C110 Directors are responsible for controlling total staff numbers within their approved establishment. Staff can only be appointed to an approved post and within the overall budgetary provision and should not create a commitment which cannot be met in future years. Where the existing approved establishment cannot be fully funded from available budget – then an appropriate level of vacancy management in line with operational need should be exercised during the year. Where posts have been vacant for periods in excess of 12 months and are deemed not to be required, they should be deleted.

Use of Agency Staff

C111 Agency staff are temporary workers who must be obtained and paid for, through an approved agency via appropriately procured corporate contracts. Generally, agency staff should only be employed either to:

- I. cover budgeted seasonal or unusual demand periods (e.g. salting roads in winter, cleaning parks in summer);
- II. cover essential temporary establishment vacancies, where cover is unavailable and there will be an adverse service impact if the post is not filled. For example where the post holder is on long term sick or maternity leave, has been seconded, or a post is being held open pending a restructure;
- III. bring in Special Skills for a one-off project or event, or time limited role, where appropriately skilled staff are not available internally or it is not cost effective to permanently fill.

C112 The Director of HR is responsible for ensuring that:

- I. the staffing establishment on SAP is maintained;
- II. relevant employment law is complied with, including the Agency Workers Regulations, 2010; and
- III. Equal Pay regulations and case law are complied with.

C113 Directors are responsible for ensuring that all staff within their Directorates are recruited according to the corporate procedures and that there is no unbudgeted employee or agency related expenditure.

C114 Managers should give careful consideration to the employment status of individuals employed on an agency contract. HMRC applies a tight definition for employee status (IR35), and in cases of doubt, advice should be sought from the Manager responsible for Payroll and / or Legal.

Use of Consultants

- C115** Directors must ensure that their staff are familiar with the Council's guidelines on use of agency workers and understand the distinction between employees, agency workers and workers on contracts for services.
- C116** Where a worker is engaged on a contract for services to carry out a project which has a clear start and end date and is described in a brief or specification, and where the worker will be taking on the risk and providing their own premises, equipment and insurance etc., then it is likely that the work will be governed by a contract for services with the Council and the worker will be paid via the Corporate Accounts Payable system through the raising of an official order and goods receipt. In these circumstances the Council's contract procedure rules should be applied. The insurance requirements must be clear in the documentation supporting the contract and evidence that the policy is in place should be obtained from the worker.
- C117** Directors must ensure that where payments are to be made to workers other than through the Council's payroll system, that there is a clear justification for this and that there are no tax implications that may arise.
- C118** Managers should give careful consideration to the employment status of individuals employed on a self-employed contract or subcontract basis. HMRC applies a tight definition for employee status (IR35), and in cases of doubt, advice should be sought from the Manager responsible for Payroll and / or Legal.

Section D. Financial Administration (Systems and Procedures)

D1 Systems

The CFO has statutory duties for the proper administration of the Authority's financial affairs. The CFO responsibilities are to:

- I. issue advice, guidance and procedures for officers and others acting on the Authority's behalf,
- II. determine the accounting systems, the form of accounts and supporting financial records;
- III. establish arrangements for audit of the Authority's financial affairs;
- IV. approve any new financial systems and interfaces to be introduced;
- V. approve any changes to be made to existing financial systems, including interfaces to the General ledger, Accounts Receivable and Accounts Payable; and
- VI. establish arrangements for access control and general security of the Authority's corporate financial systems.

D2 Directors' Responsibilities include:

- I. to ensure that local accounting prime records are maintained properly and held securely and only destroyed with the approval of the CFO;
- II. to incorporate appropriate controls to ensure that, where relevant:
- III. all input is genuine, complete, accurate, timely and not previously processed;
- IV. all processing is carried out in a complete, accurate and timely manner, and
- V. output from the system is complete, accurate and timely and in the format specified by the CFO.
- VI. to ensure that the organisational structure provides an appropriate segregation of duties to facilitate adequate internal controls and to minimise the risk of fraud or other malpractice;
- VII. to ensure, jointly with the Head of Paid Service, that there is a documented Recovery Plan to allow information system processing to resume quickly in the event of an interruption;
- VIII. to ensure that effective contingency arrangements, including back-up procedures, exist for computer systems;
- IX. to ensure that systems are documented and staff trained in the operation of them;

- X. to seek the approval of the CFO before changing any existing financial system or introducing new financial systems. New financial systems must not be introduced nor changes made prior to obtaining this approval;
- XI. to ensure that authorisation limits for staff are consistent with the Authority's financial delegations as detailed in section F
- XII. to ensure the Scheme of Delegation is maintained and complied with for those authorised to act on behalf of the CFO in respect of payments, income collection and placing orders, including variations;
- XIII. to ensure that relevant standards and guidelines for computer systems are observed, including data protection legislation and that their staff are aware of their responsibilities under the legislation; and
- XIV. to ensure that computer equipment and software are protected from loss and damage through theft, vandalism, etc.

Chart of Accounts

- D3** The CFO is the responsible officer and owner of the Chart of Accounts. The Chart of Accounts cannot be changed without express authority from the CFO Officer or their nominee. This includes all changes to the Chart of Accounts including the addition, deletion or amendment of a:
- I. hierarchy;
 - II. profit centre;
 - III. cost centre assignment;
 - IV. cost element assignment;
 - V. sub cost centre hierarchy changes;
 - VI. cost centre closure: input or hierarchy;

Income

- D4** Directors are responsible for ensuring that there is as a minimum an annual review of fees and charges, within the strategic, financial, economic and service context after appropriate consultation; proposals for the level of fees and charges should be in accordance with guidance published by the CFO. Changes to fees and charges (at any point during the year) should be approved by the relevant Portfolio Holder and presented to Cabinet as part of the Budget and MTFS proposals.
- D5** Directors are required to hold an in depth review of each service area's fees and charges on a three-year rolling basis.

Income Collection

- D6** The Council collects substantial amounts of income (council tax, business rates, rents, service charges and fees and charges) and effective income collection systems are necessary to ensure that all income due is identified, collected, receipted and banked properly, and that VAT is correctly accounted for.

- D7** The CFO will ensure there are clear Corporate and Departmental Accountabilities for Accounts Receivable and income collection, supported by an appropriate Scheme of Delegation. Procedures for the receipt of income shall reflect the principles of separation of duties and internal check.
- D8** The CFO is responsible for the procedures, systems and documentation relating to the setting, charging, and collection of all income due to the Council. In particular the CFO will ensure that there is an overarching debt management policy and a credit policy for sundry debtors.
- D9** The CFO must satisfy him / herself with the adequacy of the arrangements for the control and safe storage of records, including electronic storage media.
- D10** The CFO will ensure that Service Directorates bear the cost of their uncollected debts through an appropriate impairment of debts, based on a realistic assessment of the chances of recovery of all debts outstanding.

Billing

- D14** Directors must ensure that the customer is provided with a clear and accurate bill for chargeable services in a timely manner or in accordance with statutory requirements.
- D15** Directors will ensure that all income due is identified and Accounts Receivable are raised via the Council's main financial system promptly, unless in the opinion of the Chief Financial Officer it is not practicable to do so.

Collection

- D16** Directors will ensure that wherever possible and appropriate, payment is received in advance of the service being offered and that the use of on-line payment systems is the default payment mechanism. Direct debits should be promoted, the use of cash, cheque or telephone payments should be avoided wherever possible.
- D17** Directors will pursue all commercial debts until it is un-economic to continue to do so using agreed written procedures.
- D18** Directors will set annual collection targets and VFM measures consistent with continuous improvement, the budgeted income and the medium term financial strategy. Performance will be monitored corporately every month.
- D19** Directors will ensure that:
- I. income collection staff are appropriately trained;
 - II. any cash or cheques received by their staff are stored securely whilst in their possession and passed as soon as possible to the Cashiers, or as he or she directs, to the Authority's bank or National Giro account, and properly recorded;
 - III. there is segregation of duties between those who authorise the sale and those who receive the payment;
 - IV. all income received for goods and services provided by the authority will be accounted for in the financial year in which the service was delivered. Where no debtor has been raised before the financial year-end by the Authority then an

accrual will be set up for the estimated debtor in accordance with guidance issued by the CFO.

Uncollectable Debts and Write Off's

- D20** Once raised, no bona fide debt can be cancelled except by payment in full, its formal writing off or in the form of an adjustment under procedures agreed with the CFO.
- D21** Directors are responsible for submitting quarterly debt write-off reports where debts are considered un-collectable, to the CFO in the format specified.
- D22** The CFO is responsible for writing off irrecoverable bad debts up to the limits specified in Section F where necessary. All requests for write-off must be accompanied by a brief report in a format specified by the CFO that includes the following:
- I. a schedule of all debts to be written off, recovery action that has been undertaken and the reasons for the write-off request;
 - II. the total debt outstanding, the current bad debt provision, the amount of provision required and the remaining balance.

Grants and External Funding

- D23** External funding can be a very important source of income to Harrow. The main source of such funding for this Authority will tend to be specific government grants. Consideration needs to be given to the funding conditions to ensure they are compatible with the aims and objectives of the Authority.
- D24** Any match funding requirements and exit strategies should be given due consideration prior to any bidding exercise or entering into any agreements and resources identified for future commitments.
- D25** The Directors should consult and where required seek the approval of the CFO, the Portfolio Holder and any relevant committee on proposals to bid for external funding to support expenditure that has not already been included in the approved revenue budget or capital programme.
- D26** The Council bids for funds from a number of UK and European programmes. Each funding regime is subject to rules and regulations and the process for submitting applications and drawing down funding varies.
- D27** It is important to ensure that key conditions of funding and any statutory requirements are complied with and that the responsibilities of the Council are clearly understood.
- D28** The CFO shall maintain a Register of Grants awarded to the Authority, which will include as a minimum the grant name, the grantor, the allocation by financial year, a brief description of the purpose of the grant, grant conditions, and the responsible officer. The CFO will ensure that Grants are properly recorded in the Authority's accounts.
- D29** **Directors shall:**

- I. not commit to expenditure in relation to a grant, beyond the term of a grant allocation, without the permission of the CFO, and will ensure that the necessary contractual break clauses are in place at the grant review dates,
- II. ensure that all applications for funding are consistent with the Council's priorities and approve them in principle before detailed work commences;
- III. ensure that the Council's project management framework is applied and that a Project Initiation Document (start form) is completed where appropriate;
- IV. consult the relevant Directorate Finance Business Partner when preparing applications to ensure that full costs are identified including any match funding required, and ongoing commitments are taken into account;
- V. notify the CFO of all applications prior to submission;
- VI. ensure that the application is signed off by the CFO or an appropriate officer in the Directorate;
- VII. ensure that the rules and regulations for the particular funding stream are complied with at application stage and throughout the life of the project;
- VIII. ensure that all requirements relating to the delivery of outputs and spend are met in line with the approved bid or project plan;
- IX. ensure that all funding notified by external bodies is claimed and received; and
- X. check the audit requirements and notify Finance of any claims that must be audited by the Council's external auditor.

D30 Grant expenditure and income is monitored and reported as part of the monthly monitoring process. All expenditure incurred must be in accordance with the terms and conditions attached to the grant and with Financial Regulations and Contract Procedure Rules.

D31 Proper records of expenditure must be kept to allow verification of amounts claimed by the grant giving body and the external auditor.

D32 Wherever possible and appropriate staff employed to meet the grant criteria for spending should be on fixed contracts intended to be terminated when funding ceases.

Section 106 and Community Infrastructure Levy (CIL)

D33 Section 106 of the Town and Country Planning Act 1990, section 278 of the Highways Act 1980 and section 75 of the Town and Country Planning Act 1997 permits local planning authorities to enter into enforceable 'planning obligations' with landowners and / or developers. A Community Infrastructure Levy (CIL) was set out in the Planning Act 2008 and subsequent regulations.

D34 The CFO will set out proper procedures for agreeing, collecting, recording, accounting and disbursing s106 and CIL monies, in accordance with legislation.

- D35** The Divisional Director Regeneration Enterprise and Planning will record, monitor and report on all s106 or CIL receipts and payments.
- D36** Planning will notify the CFO of any agreements and will ensure that the procedures are followed. They are responsible for delivery of the agreements, including making payments and the billing and receiving of income.
- D37** The Monitoring Officer will ensure that Obligations are registered as Local Land Charges.

Ordering and Paying for Work, Goods and Services

- D38** The Authority's procedures are designed to ensure that services obtain value for money from their purchasing arrangements. These procedures should be read in conjunction with the Authority's Procurement Policy and Contract Procedure Rules.
- D39** Every officer and Member of the authority must declare any links or personal interests that they may have with suppliers and / or contractors if they are engaged in contractual or purchasing decisions on behalf of the authority, in accordance with appropriate codes of conduct.
- D40** Sound systems and procedures are essential for an effective framework of accountability and control. The CFO is responsible for ensuring that there are effective financial systems and controls, although the operations may be carried out in another directorate other than Resources.
- D41 The CFO is responsible for:**
- I. the operation of the Council's General Ledger and its accounting systems, the form of accounts and the supporting financial records. All the Authority's transactions, material commitments and contracts and other essential accounting information must be recorded completely, accurately and on a timely basis. All prime documents must be retained in accordance with legislative and other requirements;
 - II. determining the accounting procedures and records for the authority. Where these are maintained outside the finance department, or outside the Authority, the CFO must approve the controls to be applied in consultation with the Corporate Director concerned; and
 - III. ensuring there is adequate separation of duties in evidence in the accounting procedures.

D42 Directors must:

- I. adhere to the accounting policies and guidelines approved by the CFO, supply information as and when required, and ensure that the advice of the CFO is sought on the development and implementation of any localised systems of costing, accounting and financial control;
- II. ensure all local systems are integrated with the central accounting system as far as possible and reconciled to the central accounting system on a regular basis;

- III. ensure that the organisational structure reflects an appropriate segregation of duties to provide adequate internal controls and to minimise the risk of fraud or other malpractice;
- IV. maintain adequate records to provide an audit trail leading from the source of income / expenditure through to the accounting statements and ensure the secure retention of all documents and vouchers with financial implications for the periods stipulated by the CFO, usually a minimum 6 years plus current financial year;
- V. ensure that their staff receive relevant financial training;
- VI. ensure that use of computer and other information systems are registered in accordance with data protection legislation and government connects where relevant; and
- VII. ensure that staff are aware of and comply with freedom of information legislation.

Purchase Orders

- D43** It is mandatory to raise Purchase Orders on the Corporate Financial System prior to procuring goods and services, unless an exemption is approved by the CFO.
- D44** Purchase Orders must be raised on the Corporate Financial System for all works, goods and services to be supplied to the Authority, except for periodic payments such as rent, rates and petty cash purchases unless specifically agreed with the CFO.
- D45** Commitments will be automatically recorded onto the Corporate Financial System through the approval of the purchase order. This ensures that the finance system gives a true picture of the amount of expenditure incurred and the balance remaining against each budget head.
- D46** Official orders must not be raised for any personal or private purchases, nor must personal or private use be made of authority contracts.

Goods Receipting

- D47** Budget Holders are responsible for ensuring that:
- I. all works, goods or services received are “goods receipted” onto the Corporate Financial System;
 - II. any mismatches between the order and the goods receipt are resolved in a timely fashion in accordance with the procedures;
 - III. any mismatches between the goods receipt and the actual invoices are cleared on the system in a timely fashion in accordance with the procedures; and
 - IV. any blocked invoices notified are dealt with in a timely manner.

Procurement Cards

- D48** Procurement Cards can provide an effective method for payment for designated officers who in the course of their official business, have an immediate requirement

for expenditure which is relevant to discharge their duties. Officers are required to adhere to the Procurement Card policy.

Payments to Suppliers

- D56** Payment to external organisations for goods and services accounts for a large percentage of the Council's expenditure each year. Directors should ensure that Contract Procedure Rules are followed for all spending in their departments and that all ongoing arrangements are 100% compliant with a contract and order in place before the issuing of invoices.
- D57** There will be separate stages to creating a new supplier on the system. Procurement will despatch a new supplier form and perform various checks. The completed form will undergo additional checks by CAP / CAR. Sap Support will create the new supplier on the SAP system checking the accuracy and validity of all data.
- D58** Notwithstanding the need to ensure VFM in all internal & external arrangements, Directors and Budget managers should all ensure that the full requirements of contracts are met before payments are made and that any non-delivery areas are deducted from invoices. Annual and up-front payments to external organisations or contractors should not be made without prior agreement from the relevant Finance Business Partners.
- D59** Where a purchase order has been raised, the supplier must send an invoice to the Corporate Accounts Payable Department (now the EGS / Proactis Marketplace outsourced system). Any invoices received elsewhere in error should be forwarded to the Corporate Accounts Payable Department.
- D60** Payment of all invoices and corporate contracts is made by the Corporate Accounts Payable Team. The method of payment for invoices is BACS and all suppliers/contractors are asked to provide their bank details prior to being set up the system.
- D61** The Direct Debit payment method and CHAPS payments are not allowed under normal circumstances. Exceptional circumstances must be authorised by CFO.
- D62** Payment will not be made unless a proper VAT invoice quoting the appropriate purchase order number (or spreadsheet in an approved format) has been received, Corporate Accounts Payable (the EGS / Proactis Marketplace outsourced system) will be responsible for entering all invoices into the corporate finance system and matching against purchase orders raised and the Goods Received Note. Any blocked invoices will be automatically notified to the requisitioner responsible for the purchase order.
- D63** Directors are responsible for ensuring that any blocked invoices notified to Budget managers are dealt with in a timely manner.
- D64** The CFO is responsible for ensuring that there is a separation of duties between the person authorising the Purchase Order and the person authorising the payment.

- D65** Directors are responsible for ensuring that suppliers are requested to provide invoices for goods, services and works in a timely manner quoting the purchase order number.
- D66** With respect to contracts for works, Directors should document and agree with the CFO the systems and procedures to be adopted in relation to certification of interim and final payments.
- D67** Where a payment under a contract varies from the value specified in the contract, documentation must be obtained to explain the variation, approved as necessary, and retained on file to provide a full audit trail.

Unsupported Payments [FB60]

- D68** All payments to third parties for goods and services should be made to a supplier that has been set up in the financial system, to ensure that the proper procurement process has been followed. Where single payments have to be made to an individual (and no further payments can reasonably be expected) then the Council's unsupported (non invoice) payment process can be used (FB60s). Examples of allowable payments are refunds, insurance claims and legal payments.
- D69** The CFO is responsible for the provision of appropriate guidelines and systems controls to prevent the use of the unsupported payment process to avoid the purchase to pay controls. These will ensure that there is appropriate segregation of duty between raising and authorising the payment.
- D70** Directors must ensure that the unsupported payment process is used appropriately, that guidance issued by the CFO is followed, and that all expenditure is appropriately authorised.

Urgent or Emergency Payments

- D71** In very rare circumstances, the Council may wish to make an urgent payment, for example when a child is at risk or if it would incur a penalty charge if it did not do so. The CFO is responsible for issuing guidance on urgent payments. All urgent payments must be authorised by the CFO.

Payments to Employees and Members

- D72** Staff costs are the largest item of expenditure for most services. It is therefore important that payments are accurate, timely, and made only where they are due for services to the authority, and that payments accord with an individual's conditions of employment. It is also important that all payments are accurately and completely recorded and accounted for and that Members' allowances are in accordance with the scheme adopted by the full Council.
- D73** The Head of Paid Service is responsible for all payments of salaries and wages and expenses to staff, including payments for overtime, honoraria etc. and submission of tax returns to HM Revenue and Customs by their due date for the above. The Head of Paid Service is also responsible for the timely provision of information, and the maintenance of sound financial controls to meet the responsibilities in connection with taxation issues arising from payments to employees.

Taxation

- D74** Under section 33 of the Value Added Tax Act, 1994 Local Authorities are able to recover VAT in all cases, although there are a few specific exceptions. Like all organisations, the Authority is responsible for ensuring its tax affairs are in order. Tax issues are often very complex and the penalties for incorrectly accounting for tax are often severe. It is important that all relevant officers are kept up to date on tax issues and instructed on required record keeping.
- D75** The Resources Corporate Director is responsible for
- I. providing information to HMRC as required including Pay as You Earn (PAYE), and the Construction Industry Tax Deduction Scheme and Value Added Tax (VAT) ;
 - II. advising Directors of their responsibilities under the scheme;
- D76** The CFO is responsible for
- I. completing an accurate monthly return of VAT (inputs and outputs) to HMRC and ensuring that all payments are made within statutory deadlines;
 - II. monitoring the VAT partial exemption calculation in respect of the Authority's de minimus limit of 5% to ensure that is it not exceeded and completing the annual VAT partial exemption calculation in respect of the Authority's de minimus limit of 5%.
- D77** Directors and Budget managers are responsible for ensuring that the appropriate controls and procedures are operated within the Department or relevant service area in relation to taxation issues. This will include seeking advice from the CFO on VAT matters and ensuring that the correct VAT liability is attached to all income due and that all VAT payable on purchases complies with HM Revenue and Customs regulations.
- D78** The CFO will ensure that the Authority receives appropriate advice on the taxation implications of all significant policy and management initiatives involving partnerships and joint ventures.
- D77** The CFO will ensure that all levels of staff are made aware of the Corporate Criminal Offence legislation (introduced in September 2017). The legislation covers all forms of loss of taxation. In summary HMRC deem an organisation liable for the facilitation of tax evasion by an "associate" (broadly an employee, agent or person acting on behalf of the organisation), unless they can prove that they had reasonable procedures in place to prevent such facilitation at the time the offence occurred.

Ex Gratia Payments

- D78** An ex gratia payment is a payment made by the Authority where no contractual or legal obligation has been established. An example may be out of court settlement for costs associated with a member of staff acting on behalf of the authority or to a member of staff.
- D79** Ex-gratia payments should generally not be made and must always be approved by the CFO and the Monitoring Officer above the limit specified in Section F.

Trading Accounts

- D80** In some areas the Council may operate a trading account. This means that the costs and income from charges relating to the service are ring-fenced in the accounts. Any surplus or deficit is added to a reserve each year.
- D81** The CFO is responsible for ensuring that trading accounts are treated properly in the Council's accounts.
- D82** Directors are responsible for ensuring that, in line with the Local Government Act 2003, charges are set to recover costs without building up significant surpluses, and that any changes in take up of the service which could result in a deficit are reported at an early stage. All charges must be reviewed on a regular basis and annually as a minimum as part of integrated service and financial planning.
- D83** Directors must ensure that work for third parties is approved and covered by a suitable contract or agreement so that the responsibilities of each party are clear. Financial and legal advice should be sought at an early stage. This will ensure that the Council only carries out work that is within its legal powers, and that financial issues such as insurance and taxation are properly considered.
- D84** Directors must provide appropriate information to the CFO to enable a note to be entered into the Statement of Accounts where necessary.

Internal Recharges

- D85** The CFO will establish a framework for budgeting and accounting for internal recharges, central support services and other departmental recharges in accordance with proper accounting practices and the Service Reporting Code of Practice ("SeRCOP")
- D86** The CFO will arbitrate on disputed recharges.
- D87** The CFO will ensure that recharges are accurate and processed in a timely manner.
- D88** Directors will:
- I. notify and agree with client departments in advance of any service provision of all recharges.
 - II. notify and / or respond to disputed recharges in accordance with the timescales laid down by the CFO.

- III. ensure that internal recharges for their services are processed on a monthly basis.
- IV. ensure that budgets for the purchase and provision of internal services are agreed between purchaser and provider and properly reflected in annual budgets and business plans and budget monitoring statements.

Journals

- D89** Journals are used to correct the coding of income and expenditure, recharges or to carry out balance sheet transactions on the financial System. The CFO will establish a process to ensure that:
- I. journals can only be generated within agreed levels of delegation and security;
 - II. only authorised inputters and authorisers can generate journal entries;
 - III. an authorised list of inputters and authorisers is maintained on the corporate finance system to verify compliance;
 - IV. there is a separation of duties between inputters and authorisers of journals, and
 - V. the corporate financial system will only allow 'balanced' journals to be accepted.

Section E. External Arrangements

Contractual Relationships

- E1** Directors must ensure that work carried out by third parties for the Council is approved and covered by a suitable contract or agreement so that the responsibilities of each party are clear. Financial, legal and procurement advice should be sought at an early stage. This will ensure that the organisation only carries out work that is within the relevant legal powers, and that financial issues such as responsibility for managing budgets, insurance and taxation are properly considered. All contractual arrangements should be consistent with the Contract Procedure Rules.

Partnership Arrangements

- E2** The Council provides a distinctive leadership role for the community and brings together the contributions of the various stakeholders. It must also act to achieve the promotion or improvement of the economic, social or environmental well-being of the Borough.
- E3** The Cabinet is responsible for approving delegations, including frameworks for partnerships.
- E4** The CFO must ensure that the accounting arrangements to be adopted relating to partnerships and joint ventures are proper. He or she must also consider the overall corporate governance arrangements and legal issues when arranging contracts with external bodies. He or she must ensure that the risks have been fully appraised before agreements are entered into with external bodies.
- E5** Directors must ensure that the full implications of any partnership are explored and that Finance and Legal officers are consulted at an early stage. The following issues should be addressed:
- I. Is a partnership the best vehicle for achieving the desired outcome?
 - II. What are the objectives of the partnership and are they consistent with the Council's priorities?
 - III. What is the legal status of the partnership and how will it be governed?
 - IV. What is the liability of the Council and the other partners?
 - V. Are the respective roles and responsibilities clear?
 - VI. What are the risks and how will they be managed and monitored?
 - VII. How will the performance of the partnership be monitored and how will success be measured?
 - VIII. Who employs and manages the staff?
 - IX. How will the partnership be funded and who is responsible for the financial management, accounts and audit arrangements?
 - X. Are there any taxation issues?

- XI. Is there a robust business case?
- XII. How will goods and services required by the partnership be procured?
- XIII. What are the resource implications in terms of staff, premises etc.?

E6 Directors are responsible for appropriate approvals before any commitment or agreement is entered into.

E7 A partnership arrangement must not be used as a means of avoiding the procurement rules. Chief Officer Responsibilities are to:

- I. Report all new partnerships proposals as required by the Scheme of Delegation.
- II. The value of the partnership for this purpose is the sum of the Council's contribution over the life of the partnership (whether capital or revenue) and the value of any contributions in kind e.g. premises, staffing, IT systems etc.

(b) Ensure that all new partnerships have a written agreement between the partners covering the following points:

- I. the duration, purpose and benefits to be derived from the partnership;
- II. the governance arrangements, including the accountable body;
- III. agreed service targets and performance reporting;
- IV. financial reporting, partner contributions over time, ownership of assets, and fees and charges;
- V. arrangements for joining, leaving and winding up the partnership;
- VI. employer and terms of conditions of any staff;
- VII. insurance arrangements;
- VIII. treatment of VAT and any other tax implications of the partnership.

Public Finance Initiative (PFI) and Local Improvement Finance Trust (LIFT)

E8 A PFI scheme is one where the local authority is purchasing a capital intensive service from the private sector over the period of a long term contract, normally between 25 to 30 years.

E9 The CFO's and Council authorisation is required for PFI projects.

E10 Chief Officers must notify the CFO of any proposed PFI projects before negotiation or funding requests are made and seek Cabinet approval, supported by a business case and an option appraisal. The Chief Officer must seek Financial, Legal and Procurement advice from the outset.

Grants to outside Bodies

E11 Grants to voluntary bodies and community organisations must be effectively managed, in a similar way to partnerships and procurements.

E12 Decisions to approve assistance to an outside body by grant must follow the agreed procedures and Scheme of Delegations:-

- I. the receiving body has been properly identified, has suitable lead parties, a defined work area or purpose, and suitable trust documents or Constitution;
- II. any conflicts of interest have been declared and properly managed;
- III. any risks to such agreements and to the Council's interests are being adequately and appropriately managed;
- IV. the assistance contributes to the delivery of the Council's services or to the achievement of the Council's corporate objectives;
- V. the extent and purpose of the assistance have been properly identified;
- VI. arrangements for the repayment of any loan have been made;
- VII. arrangements to gain repayment or recovery for the value of the assistance are in place in the event of default by the recipient;
- VIII. any specific conditions relating to the assistance have been identified;
- IX. monitoring arrangements have been put in place, linked to stage payments, to ensure the assistance is used for the purpose approved;
- X. the recipient will provide evidence to the Council demonstrating proper accounting for, and use of, the assistance, including, access to the accounts of the body for the CFO, or designated representative, and to supporting information, documents and evidence;
- XI. a legally binding agreement is in place between the Council and the body covering the above conditions relating to the use of grant or other assistance;
- XII. full records will be maintained of all grants and related applications for assistance, that should identify which staff are involved in the processing of applications and grants, record the date of approval of any grant or other assistance, by whom, and any other relevant transaction information;
- XIII. Members will approve all grants and assistance to external bodies in accordance with the agreed grants programme guidance;

E13 The Responsibilities of the CFO are:

- I. to advise on effective controls;
- II. to advise on any funding implications of grants or assistance;
- III. to ensure the accounting arrangements are satisfactory;

E14 The responsibilities of Directors are:

- I. to ensure that the key controls set out above are implemented in respect of all grants made and assistance provided;

- II. to undertake any research, e.g. by making enquiries of the Charity Commissioners, into the financial standing of proposed grant receiving bodies;
- III. to ensure the use of any corporate standard agreements drawn up by the CFO (as updated from time to time), with any specific conditions incorporated therein.

Accountable Body

E15 The Council may from time to time choose to act as the Accountable body for a third party, for example to support local partnership arrangements, pooled budget arrangements or as a condition of grant funding. These arrangements may form part of our contribution in kind to a valued partnership. However, there is work required to support the accountable body role and assuming this responsibility also carries financial risks

Chief Financial Officer's Responsibilities

E16 The CFO must approve all Accountable Body arrangements before they are entered into on behalf of the Authority

E17 In doing so, the CFO will confirm:

- I. there is a suitable formal agreement in place covering duties and responsibilities or all the parties for financial matters (See Partnership Section)
- II. the resources are available to undertake the Accountable Body role;
- III. there are adequate arrangements in place to recoup the Accountable Body costs from the 3rd party or include them as part of the Council's contribution to the 3rd party arrangements;
- IV. appropriate checks and safeguards are in place to prevent financial loss to the Council arising from its duties as Accountable Body, including arrangements such as grant claw back, treatment of overspends, loss of assets or fraud;
- V. the Council retains the power to retain funding where there is a breach of governance arrangements.

Directors Responsibilities

E18 To refer all Accountable Body agreements to the CFO for approval before they are entered into.

E19 To provide the CFO with all information and documentary evidence requested in order for the CFO to undertake the Accountable Body role.

Emergency Planning

- E20** In the event of a catastrophic incident being declared, the CFO is authorised to make emergency payments under the London Councils Gold Resolution, to be reimbursed by central government.
- E21** Nothing in these regulations shall prevent expenditure being lawfully incurred by the Head of Paid Service in respect of an emergency under section 138 of Local Government Act, 1972, in accordance with the agreed Scheme of Delegation and emergency plans.
- E22** The CFO must ensure systems are in place to keep proper records of all such emergency expenditure to allow for the submission of a formal claim under the Bellwin or other relevant scheme.
- E23** Directors must ensure that records of all payments and receipts are kept and made available to the CFO in order to facilitate any future claim for assistance.

Section F. Scheme of Approval and Delegation for Financial Transactions

F1 The following tables show the levels of authority and delegations for financial transactions up to the limits indicated in relation to the approved policies and activities of the Council and provided there is adequate budget provision.

F2 Financial delegations in relation to Maintained Schools are maintained locally by the appropriate Governing Body.

Delegations – Orders, Unsupported payments and Award of Contract Value

Delegation	Approval of Orders (on SAP)	Approval of Unsupported payments (on SAP)	Award of Contract (Total Value over life of Contract)	Counter signature (*)
Cabinet	N/A	N/A	Over £500,000	
Head of Paid Service	Unlimited	Unlimited	£250,000 to £499,999	Portfolio holder for finance
CFO	To approve all payments over £1m (in addition to Corporate Director/Monitoring Officer).	To approve all payments over £1m (in addition to Corporate Director/Monitoring Officer).	£250,000 to £499,999	Portfolio holder for finance
Corporate Director / Director of Finance	Unlimited	Unlimited	£100,000 to £249,999	
Director (D grades)	£100,000 to £499,999	£100,000 to £499,999	£50,000 to £99,999	
'M' grades	£50,000 to £99,999	£50,000 to £99,999	£25,000 to £49,999	
'G9 to G11' grades	£0 to £49,999	£0 to £49,999	£0 to £24,999	

Delegations – Petty Cash and Virements (Revenue and Capital)

Delegation	Petty Cash Payment	Virements (Revenue & Capital)	Counter signature (*)
Cabinet	N/A	Over £500,000	
Head of Paid Service	£0 to £250 cash and cheque	£250,000 to £499,999 *	CFO and Portfolio holder for Finance
CFO	£0 to £250 cash and cheque	£250,000 to £499,999 *	Portfolio holder for Finance
Corporate Director/ Monitoring Officer	£0 to £250 cash and cheque	£100,000 to £249,999 *	CFO and Portfolio holder for Finance
Director (D grades)	£0 to £250 cash and cheque	£25,000 to £99,999 *	Corp Director and CFO
'M' grades	£50 to £99 cash £100 to £250 cheque	£10,000 to £24,999 *	Director and CFO
'G9 to G11' grades	£0 to £49 cash £0 to £99 cheque	£0 to £9,999 *	Director and CFO

Delegations – Write back to revenue of aborted capital scheme costs

Delegation	Write back of capital costs to revenue budget
Cabinet	Over £500,000
CFO	Up to £500,000

Pension Fund Payments

Delegation	Approval of Lump sum payments and Fund Transfers
CFO & in their absence Corporate Director of Resources	unlimited
Divisional director – HRD and Shared Service	<£300,000
Treasury and Pensions Manager	<£100,000
Pension Team Leader	< £50,000

Authorisation of BACS payroll payments

The following postholders are authorised to approve the payment via BACS of the payroll output from the periodic SAP pay runs.

- I. Head of HR Operations, Head of Employee and Customer Relations

Procurement of Care Spot Placements

Procurement of care spot placements – (i.e. individual placements that fall outside of any block contracting arrangements).

A general waiver is granted so that there is no need to tender such requirements acknowledging at all times that the Council has a duty to achieve best value in making such placements.

The Scheme of Delegation for the procurement of care spot placements is as given in the table below.

Further information can be found in the Contract Procedure Rules s 7.9

Social Care Spot Placements Procurement

Delegation	Annual Contract Value of Placements
Statutory Director (portfolio holder must be informed)	£250,000
Statutory Director	£125,000
Head of Service	£62,500

Approval Required to commence schemes in the approved capital programme

Delegation	Amount £
CFO	< £1,000,000
CFO, Leader and Portfolio Holder for Finance	£1,000,000 - £2,500,000
CSB and Cabinet	> £2,500,000
Capital De Minimus - Assets or a group of like assets will be treated as revenue below this level	£10,000

Severance and Ex Gratia Payments

Severance Payments - Pension Fund Committee	> £100,000
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Severance Payments – CFO, Monitoring Officer and Divisional Director of HRD and Shared Services in consultation with the Portfolio holder for Finance	£50,000 - £100,000
Severance Payments – CFO, Monitoring Officer and Divisional Director of HRD and Shared Services	<£50,000
Ex Gratia Payments (excl Severance) – Cabinet	>£100,000
Ex Gratia Payments (excl Severance) – CFO & Monitoring Officer in consultation with the Portfolio holder for Finance	£50,000 - £100,000
Ex Gratia Payments (excl Severance) – CFO & Monitoring Officer	<£50,000

Debt Write off

F3 Write-offs are subject to approval as follows:

Category	Individual Debt (£)	Category of Debts (£)
In relation to Council Tax, NNDR, Housing Benefit debts and Parking Fines : Authorisation needed by both the Head of Revenues and Deputy S151 officer	Up to £5,000	Up to £25,000
Section 151 officer or Deputy Section 151 officer	£1,001 to £5,000	Up to £25,000
Section 151 officer	£5,000 to £25,000	Up to £100,000
Section 151 officer and Portfolio Holder with Responsibility for Finance	Above £25,000	Above £100,000

F4 The limits apply to individual debts or category of debts. A category of debt is a batch in number of the same type of debt (e.g. parking fines, Council Tax etc). The write offs needing approval at Cabinet will be submitted as part of the quarterly Revenue Monitoring Report.

Assets

F5 The CFO shall maintain inventories that record an adequate description of portable and desirable items such as computers, monitors, printers, facsimile machines, mobile phones and photographic equipment above the value shown below.

£1,000

Land and Property Disposals

F6 Corporate Directors in conjunction with the portfolio holder have delegated authority for General Land and Property disposals

£0.250m. - Anything above £0.250m must be reported to the Cabinet for approval.

Fixtures and Fittings Disposals

F7 All property, plant or equipment assets disposed of over the value of £10,000 must be cleared with the CFO

Money Laundering

F8 The maximum amount receivable from a single customer in coin, notes, or travellers cheques in respect of goods or services.

£5,000

Journal Authorisation

F9 All journal transfers for the Financial Accounting System (SAP) must be authorised by the relevant officer in Central Finance

Category	Journal Value
Chief Finance Officer	➤ £500k
Head of Strategic and Technical Finance (Deputy S151)**	➤ £500k
For their respective areas only :-	➤ £500k
Treasury and Pensions Manager	➤ £500k
FBP Housing and Regeneration	➤ £500k
FBP Adults and Public Health	➤ £500k
FBP Community	➤ £500k
FBP Schools and Children's	➤ £500k
Service Accountants / MG1 / MG2	£50 to £500K
Senior Finance Officer (or as delegated by Service Accountant)	➤ Up to £50k

** Head of Strategic Finance to delegate HRA rent journals over £500k to the HRA Service Accountant

Any delegations have to be explicitly agreed in writing with the Head of Strategic Finance / Head of Technical Accounting or Director of Corporate Finance

HR Related Activities

F10 The table below sets out the minimum grade officers need to be to undertake various HR activities.

Task	Grade Level /	Notes
Appointment of Directors D1 to D4	Chief Executive	Approval to recruit must be sought from the Chief Executive and Monitoring Officer. All appointments above £100,000 (pro rata) including acting up arrangements must be through the Chief Officer Employment Panel
Appointment of staff – MG Grades	Director	Appointing Officer and Budget Manager need to authorise appointment
Appointment of Staff – G1 to G11 and Educational Psychologists	MG 2	Appointing Officer and Budget Manager need to authorise appointment
Re-organisation / restructure including JE - middle management and below	Director	In consultation with Head of HR
Authorisation of new assignment of Essential Car User allowance to post	Director	
Re-organisation / restructure including JE below middle management	MG 4	In consultation with Head of HR
Authorise job share	MG 3	
Authorise special payments (outside of main payroll run)	MG 3	In consultation with the Payroll Manager
Authorise extensions to sick pay	MG 4	In consultation with Head of HR
Authority to manage collective changes to terms & conditions within the agreed HR policy framework (affecting groups of staff)	Director	In consultation with Head of HR
Authorise acting up and honorarium payments	MG 4	In consultation with Head of HR
Authority to suspend and dismiss	MG 4	In consultation with Head of HR
Authorise personal injury allowance payment	MG 4	In consultation with Head of HR
Authorise overtime	MG 2 Team Manager	
Authorisation of car loan claims	MG 2	
Authorisation of travel and subsistence claims	MG 2 Team Manager	
Authorise all special and unpaid leave requests	MG 3	In consultation with Head of HR
Authorise ex-gratia payments	MG 3	In consultation with Head of HR

Financial Procedure Notes, Policies & Strategies

Corporate Strategies and Plans				
No.	Financial Regulations section	Procedure Notes	Lead Officer	Reference / Link to document (where available)
S1	Risk Management and Internal Control	Risk Management Strategy	Head of Internal Audit	UK corporate governance Code, 2010, http://harrowhub.info/200193/risk_management/313/risk_management/2
S2	Risk Management and Internal Control	Statement of Risk Appetite		UK corporate governance Code, 2010, http://harrowhub.info/200193/risk_management/313/risk_management/2
S3	Financial Planning and Management	Medium Term Financial Strategy	s151 Officer	Presented to Cabinet in February each year
S4	Financial Planning and Management	Capital Strategy	Deputy 151 Officer	Presented to Cabinet in February each year
S5	Financial Planning and Management	Treasury Strategy	Treasury and Pension Fund Manager	Presented to Cabinet / Council February each year
S6	Financial Planning and Management	Pensions Funding Strategy	Treasury and Pension Fund Manager	Presented to Pension Fund Committee each year
S7	Financial Planning and Management	Asset Management Plan	CFO/Divisional Director of Commissioning Services	Held by Divisional Director

Policy and Procedures				
No.	Financial Regulations section	Procedure Notes	Lead Officer	Reference
P2	Other Financial Accountabilities	Closure of Accounts and Accounting Policy	Head of Technical Finance and Accountancy	Detailed closedown timetable and guidance notes produced each financial year for circulation
P3	Risk Management and Internal Control	Anti-Fraud and Corruption Strategy	Manager Corporate Anti-Fraud Team	Anti-Fraud and Corruption Strategy
P4	Risk Management	Whistle blowing	Monitoring Officer	http://harrowhub.harro

	and Internal Control	Policy and Procedure		w.gov.uk/downloads/download/94/whistleblowing
P5	Risk Management and Internal Control	Fraud Investigation guidelines	Manager Corporate Anti-Fraud	Held in Internal Audit
P6	Risk Management and Internal Control	Proceeds of Crime Act and Anti Money – Laundering Policy	Manager Corporate Anti-Fraud	Anti-Money Laundering Policy
P8	Financial Planning and Management	Capital Programme	Deputy s151 Officer	Presented to Cabinet in February each year
P9	Financial Planning and Management	Fees and Charges Policy	Deputy s151 Officer	Presented to Cabinet in January each year
P12	Financial Systems and Business processes	Goods Receipt and Invoice Receipt	Manager , Shared Services	https://harrowhub.harrow.gov.uk/info/200148/finance_and_commercial/784/invoice_request
P13	Financial Systems and Business processes	Payment of Invoices	Manager , Shared Services	
P14	Financial Systems and Business processes	Procurement Cards	Director of Procurement	https://harrowhub.harrow.gov.uk/info/200194/commercial_and_procurement/1011/procurement_card_policy
P15	Financial Systems and Business processes	Expenses, travel and subsistence allowances	Manager , Shared Services	http://harrowhub/downloads/file/71/expenses_policy
P16	Financial Systems and Business processes	Management of the Banking Contract and Operation of Bank Accounts	Treasury and Pension Fund Manager	Held in Central Finance
P17	Financial Systems and Business processes	Cashier Procedures	Head of Collections & Housing Benefits	Held by Cashiers manager
P18	Financial Systems and Business processes	Bank Reconciliation	Head of Technical Finance and Accountancy	To be updated
P19	Financial Systems and Business processes	Retention of Documents	Head of Internal Audit	Held in Internal Audit
P21	Property and Resources	Treasury Management policy and practices	Treasury and Pension Fund Manager	Presented to various GARMS and Cabinet meetings each year
P22	Property and Resources	Use of Consultants	Director (Human Resources and	https://harrowhub.harrow.gov.uk/info/200301/a

			Development)	agency_recruitment/1242/agency_workers https://harrowhub.harrow.gov.uk/downloads/download/3228/consultancy_agreements https://harrowhub.harrow.gov.uk/info/200194/commercial_and_procurement/853/authorisation_forms
P24	Financial Systems and Business processes	Establishment Control	Divisional Director (Human Resources and Development)/CFO	http://harrowhub/downloads/file/278/org_structure_guide_for_managers to be checked
P25	Financial Systems and Business processes	Petty Cash Procedures	Head of Technical Finance and Accountancy	Procedure note held within Central Finance and issued to holders of petty cash floats
P26	Financial Systems and Business processes	Unsupported Payments (FB60)	Head of Technical Finance and Accountancy / Head of Collections & Housing Benefits	..\Procedure_Notes\P26_Unsupported_Payments_FB60\Unsupported_Payments_FB60s_V3_January_2015.pdf
P28	Corporate Criminal Offence legislation	All forms of loss of taxation	Technical Accounting Manager	Held in Central Finance

No.	Financial Regulations section	Register Name	Lead Officer
R1	Grants and External Funding	Grants Register	Head of Technical Finance and Accountancy
R2	Asset Management Plan	Asset registers	Directors
R3	Preventing Fraud, Bribery and Corruption	Register of interests	Relevant Director
R4	Risk Management and Risk Strategy	Corporate Risk Register	Head of Internal Audit
R5		Local Land Charges Register	Monitoring Officer
R6	Land and Buildings	Schedule of disposals	Corporate Director of Environment and Enterprise

R7	Section 106 and Community Infrastructure Levy (CIL)	S106 and CIL	Deputy 151
R8		Procurement Cards	Director Commercial, Contracts and Procurement
R9	Land and Buildings	Terrier	Head of Corporate Estate

Section G Glossary and Abbreviations

Accounting Officer

Every central Government organisation is required to have an Accounting Officer, who is usually the senior official in the organisation. They have personal responsibility for the overall organisation, management and staffing of the department and for department-wide procedures in financial and other matters.

Accounting Records

All of the prime documentation, whether paper, electronic or in another form, involved in the preparation of financial statements or records relevant to audits and financial reviews. Accounting records include records of assets and liabilities, monetary transactions, ledgers, journals, and any supporting documents such as purchase orders, goods receipt notes, cheques, invoices and receipts.

Accrual

Procedure for accounting in one financial year for expenditure actually made or income actually received in the following year although due or chargeable in the year of account – entries made in the year of account are reversed in the following year.

Agency Staff or Worker

Under Regulation 3 of the Agency Workers Regulations 2010, an “agency worker” is defined as an individual who is supplied by a temporary work agency to work temporarily for and under the supervision and direction of a hirer. They have a contract of employment with the agency or a contract to perform work and services personally with the agency. See also Consultant

AMP (Asset Management Plan)

Corporate and departmental plans outlining how the Council plans to manage its assets.

Audit Committee

In Harrow the Governance, Audit, Risk Management & Standards Committee is the Audit committee.

Balances

Amounts carried forward in the accounts from one financial year to another

Budget

The Council’s spending plans for a financial year. The revenue budget, when approved by the full Council and after deduction of Revenue Support Grant and redistributed Business Rates, determines the Council Tax for the year. The capital budget represents the approved amount of capital expenditure for a year together with how it will be funded. (Budget can refer to the total budget or to a service or part of a service).

Budgetary Control

Comparison of actual expenditure and income against approved budgets during the year and the taking of action to resolve any variations which arise.

Capital Expenditure

Expenditure on making, buying or substantially improving fixed assets.

Capital Programme

Sets out the Council's capital expenditure plans for the near future.

Capital Receipts

The net proceeds arising from the sale of land, buildings and other fixed assets owned by the Council and any other income deemed by statute to be of a capital nature.

Capital Resources

Amounts available to finance capital expenditure - including borrowing, capital receipts, capital grants and revenue.

Cash Limit

A budget set at a fixed level with no scope for subsequent increase.

Charges

Income raised from the users of services both external or internal, which may be either set by central government or set by the authority.

Chart of Accounts

The organisation and numbering of accounts held in the general ledger. For local authorities recommended best practice is contained within CIPFA's "Statement of Recommended Practice" (SeRCOP)

Chief Financial Officer (CFO)

The Chief Financial Officer (CFO) is the organisation's most senior executive role charged with leading and directing financial strategy and operations. All Local Authorities must appoint a Chief Finance Officer (CFO) under Section 151 of the Local Government Act 1972. The CFO is critical to:

- Maintaining strong financial management underpinned by financial controls to maintain probity. This includes corporate risk management, partnership arrangements, effective prudential borrowing and fund management, internal audit function, anti-fraud and corruption, financial systems, sound financial records and information
- Leading and managing an effective and responsive financial service.
- Supporting and advising officers in their operational roles.
- Supporting and advising democratically elected representatives.
- Contributing to corporate management and leadership, ensuring that finance advice carries the appropriate weight and is of the proper standard.

Chartered Institute of Public Finance and Accountancy (CIPFA)

One of the six chief accountancy institutes which make up the Consultative Committee of Accountancy Bodies. CIPFA is responsible for the education and training of professional accountants in the public sector and for setting accounting standards for local government. Much of the guidance issued by CIPFA has statutory force.

Chief Officer (s)

Corporate Directors and Directors as appropriate.

Consultant

Temporary workers genuinely engaged on a self-employed basis as a consultant or interim, those working on a Council 'as and when contract' or through a managed service contract, for example Capita employees.

Contingency

Amount set aside within an approved budget but not assigned for a specific purpose which may cover, for example, inflation increases or sums retained centrally for allocation during the year.

Contingent Asset

A contingent asset is a possible asset that may arise because of a gain that is contingent on future events that are not under the organisations control.

Contingent Liability

A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the organisation's control

De Minimus

Numerical limit below which the relevant rule or regulation does not apply.

Document Retention Schedule

Details the time, dictated by statute or good practice, for which prime records for various areas of the Council's activity should be retained for possible examination.

Estimate

Anticipated expenditure or income - generally synonymous with "budget".

Executive, The

The decision making body of the Council, consisting of elected Members, in accordance with the Constitution. It can legally take the form of a leader and cabinet, an elected mayor and cabinet, or an elected mayor and council manager.

Finance Lease

A form of credit arrangement where the Council accepts the risks and rewards of ownership of an asset for a major part of the economic life of the asset in return for a periodic payment.

FRS (Financial Reporting Standard)

Accounting standards adopted by Accounting Standards Board.

Head of Internal Audit

The Head of Internal Audit is the officer responsible for effectively managing the internal audit activity in accordance with the internal audit charter and the PSIAS' *Definition of Internal Auditing*, the *Code of Ethics* and the *Standards*.

Head of Paid Service

The Head of Paid Service is a statutory role and is responsible for the leadership and general administration of the Authority.

Maintained Schools

Maintained schools are funded by central government via the local authority. Maintained schools are accounted for within the Council's accounts.

Medium Term Financial Strategy (MTFS)

The MTFS is a forward looking financial strategy for the Council covering at least three years that both revenue and capital

Monitoring Officer

The Monitoring Officer is a designated officer of the Authority appointed under section 5(1) of the Local Government and Housing Act 1989. The Monitoring Officer has responsibility for ensuring the legality of the actions of the Authority and its officers, and for ensuring that the policies of the Authority are properly developed and implemented. The Monitoring Officer is responsible for promoting and maintaining high standards of financial conduct and therefore provides support to the standards committee and the CFO.

Money Laundering Reporting Officer

Businesses that are regulated by the Money Laundering Regulations must appoint a nominated officer to receive and make reports on suspicious activities.

Operating Lease

An agreement whereby the leaser retains the risks and rewards associated with ownership of an asset and normally assumes responsibility for repairs, maintenance and insurance.

Overspending

The excess of actual expenditure at the end of a year or contract which is greater than the approved budget, or actual income which is less than the approved budget.

Provision

The setting aside of financial resources to meet the potential cost of a past occurrence likely to lead to a future obligation of which the timing or amount cannot be precisely quantified.

Reserves

Amounts set aside for specific purposes to meet future expenditure which do not qualify as provisions (also called earmarked reserves).

Revenue Budget

Approved amount of revenue expenditure for a financial year.

Revenue Expenditure

Any expenditure that does not meet the capital test must be charged to the Consolidated Revenue Account, including capital charges and any capital expenditure not met from capital resources.

SeRCOP

The CIPFA Service Reporting Code of Practice (SeRCOP) replaced the previous Best Value Accounting Code of Practice (BVACOP). SeRCOP applies to all local authority services throughout the United Kingdom from 1 April 2014, Performance Indicators and Statements of Accounts.

Scheme of Delegation

A formal document recording the agreed handing down of statutory (where allowed) and other responsibilities by the Council to the Cabinet, Cabinet Members, Committees, Panels and Officers.

Slippage

Expenditure on a capital scheme delayed from one financial year into the next but which does not affect the total cost of the scheme.

Trading Accounts

Under the SeRCOP Councils may choose to maintain trading accounts for services that provide goods and service under a commercial or semi commercial agreement:

Under spending

The amount that actual expenditure is less than the approved budget for a given period or conversely actual income is above the approved budget. This represents amounts that will never be incurred or received and should be distinguished from Slippage, which is merely delayed expenditure.

Virement

The approved transfer of budget from one area to another.

Wednesbury Rules

When developing policy or taking decisions, under the Wednesbury Rules, all officers should ensure that the authority took into account those matters it should, ignored those it shouldn't and came to a reasonable conclusion.