

**APPENDIX**

**Council (Council Tax)**

**Thursday 27 February 2020**

**CONFIRMATION OF CABINET AND COMMITTEE RECOMMENDATIONS AND RELEVANT ORIGINATING BACKGROUND PAPERS**

<b>ITEM ON SUMMONS</b>	<b>CABINET / COMMITTEE RECOMMENDATION</b>	<b>ORIGINATING REPORT</b>
	<p>Recommendation V:</p> <p>Cabinet</p> <p>(13 February 2020)</p>	
7.	<p>BOROUGH PLAN 2020-2030 INCLUDING THE CORPORATE PLAN</p>	<p>Report of Director of Strategy and Partnerships (Pages 3 - 146)</p>
	<p>Recommendation II:</p> <p>Cabinet</p> <p>(13 February 2020)</p>	
8.	<p>REVENUE BUDGET 2019/20 - 2022/23 AND MEDIUM TERM FINANCIAL STRATEGY (MTFS) 2020/21 - 2022/23</p>	<p>Report of Director of Finance (Pages 147 - 294)</p>

Recommendation Cabinet  
I:  
(13 February  
2020)

9. CAPITAL PROGRAMME 2020/21 TO 2022/23 Report of Director of Finance  
(Pages 295 - 322)
- 

Recommendation Cabinet  
IV:  
(13 February  
2020)

10. TREASURY MANAGEMENT STRATEGY STATEMENT AND ANNUAL INVESTMENT STRATEGY: MID YEAR REVIEW 2019/20 Report of Director of Finance  
(Pages 323 - 378)
- 

Recommendation Cabinet  
III:  
(13 February  
2020)

11. HOUSING REVENUE ACCOUNT (HRA) BUDGET 2020/21 AND MEDIUM TERM FINANCIAL STRATEGY 2021 TO 2022/23 Report of Corporate Director of Community, Director of Finance and Divisional Director of Housing  
(Pages 379 - 406)
-



**CABINET – 13 FEBRUARY 2020**

**REFERENCE FROM OVERVIEW AND SCRUTINY COMMITTEE – 11 FEBRUARY 2020**

**MINUTE 106 - DRAFT BOROUGH PLAN 2020-2030 INCLUDING THE DRAFT CORPORATE PLAN**

The Committee received a report of the Chief Executive, which set out a draft Borough Plan for 2020-2030 for consultation and further development during 2020. The report incorporated the Council's Corporate Plan, which set out the Council's role in delivering the broader partnership agenda and the Corporate Priorities for 2020/21.

The Leader of the Council introduced the report and explained the need to look beyond the short term and that the Borough Plan provided a 10-year vision and set out the Council's direction of travel. There was a need to address the Climate Emergency by taking the borough on a journey to becoming net-zero carbon during the life of the Plan. Additionally, the Council intended to move to a new Civic Centre. The Leader added that funding streams for Councils had changed and Councils were now more reliant on the tax payer rather than on government grants. He explained that the report before the Committee included two elements: the Borough Plan and the Corporate Plan. The Director stated that the Document would remain a draft throughout 2020.

The Director of Strategy reported on the work undertaken prior to the drafting of the Borough Plan and the Corporate Priorities and explained how the Council and partners had arrived with the set of eight priorities, which included focus areas in which the borough needed to improve (five priorities) and those areas where strong foundations were being built to sustain and support the priorities (three priorities). The Leader explained that he would like to see the five priorities eventually joining up with the three priorities where the Council was doing well. The Director outlined the next steps and the need to take the Borough Plan/Corporate Plan and Priorities forward with partner and resident engagement at which point there would be an opportunity to change the priorities. At present, the Plan did not contain significant detail and a more detailed delivery plan would be submitted to Cabinet and also the Committee.

The Director of Strategy responded to questions relating to the report. The Director explained that the Corporate Plan was the Draft Borough Plan and that the Corporate Plan Delivery Plan would set out details of how the priorities would be delivered. The Corporate Plan Delivery Plan and the short term Delivery Plan would be the same document and would set out how to develop the short term delivery of the Borough Plan. He explained that the Council was embarking on a new journey and would be looking at a 10-year vision with its partners. He explained that the Corporate Priorities were set out in the report and contained a narrative.

In response to a question about the need for the Corporate Plan to align with the Council's budget and whether the report to O&S, Cabinet and Council was compliant with the requirements set out in the Council's Constitution, he confirmed that it was. We would comply with the constitutional requirement by adopting a set of draft Corporate Priorities as, in effect, our Corporate Plan and Council would be asked to adopt those draft Corporate Priorities on 27 February 2020.

The Committee noted that the Borough Plan was ambitious. Members and Advisers sought assurances on the following:

- the terminology used in the report, particularly in reference to the elderly and tackling inequalities. The Director of Strategy agreed to amend the final wording. He added that the amount of money available (£30k) for engagement work would need to be targeted and that the Council would also draw on other engagement work it carried out to help inform the Borough Plan. The Director reported on the cost of the props that were used as part of the 'Let's Talk' consultation exercise which had been approximately £10k. One option the Council could consider would be to commission an external organisation to develop questions around the five priorities where improvements were required which was expected to cost up to £30k to ensure effective engagement;
- how the ambitions such as employment, health and poverty would be addressed. The Director reported that the Corporate Plan Delivery Plan would include such detail and would be reported to the Committee;
- health impacted on every aspect of the Council's work, including the ambitions set out in the report. Did the Council have a health policy? The Member had also observed that developers did not give any consideration to the provision of leisure facilities. The Leader reported that the Borough Plan relied on partnership working and the commitment received from partners would help address such issues;
- nature of support from partners, including the involvement of specific groups, and the criteria set for partners. The Director of Strategy reported that a number of meetings had been held with partners and a further meeting to discuss governance arrangements was scheduled to be held on 27 February 2020. The governance arrangements would set out accountability and a memorandum of understanding, including public accountability. The Director added that he had been enthused by these meetings and the commitment to the direction of travel set out in the Borough Plan. There was an appetite for doing something new and different to help shape the borough for the future. The Council would be looking to engage more broadly and it was intended to involve other groups such as primary/secondary schools and Westminster University. The Director explained that disability groups would be represented through the voluntary sector such as Harrow Community Action;

- with such ambitions, what would success look like and how would it be measured. The Director of Strategy replied that the Draft Borough Plan would articulate such points clearly and make them tangible and the Council would work with residents to define success/achievements. The Director added that the Borough Plan set out ambitious priorities but there was also a need to manage expectations. Funding levels would become important and the reality would involve making choices and meeting the requirements set by residents;
  
- was the reference to maintaining low crime levels a measure against that of London or at the level it was now? Additionally, did the target of becoming zero-carbon factor in the use of electric vehicles. The Leader replied that it was important to maintain crime levels against that in London. He added that the use of electric vehicles was likely to be brought forward. The Council had signed up to the London Mayor's Strategy to help reduce the reliance on cars. The availability of funding would be an essential factor in becoming zero-carbon but the Council had put in some measures to help reduce car usage and increased the number of charging points for electric vehicles. Harrow had the highest dependency on cars and this impacted on the environment and tackling the quality of air was important, including the need to change behaviours;
  
- how would Crossrail help and what powers were available to the Council to attract new Universities. The Director of Strategy explained that the development of Crossrail would help demonstrate that 'Harrow was open for business'. However, recent government announcements had shown that the money for transport infrastructure may be directed towards other parts of the UK instead of London. With regard to Universities, it was important to develop relationships with local Universities first, for example with Westminster University;
  
- more emphasis was required on education as the achievement of such ambitious priorities would not be possible without children in education. It was important that policies were developed that worked for the long term instead of the short term and the issue of school places currently available at primary level was cited. The Director of Strategy reported that challenges for school places in secondary schools remained an issue although a previous issue at primary level was resolved at that time. There was a clear strategy from the government about how schools had to be developed and he accepted that the ambition of every child having a school place remained a challenge but was one that the Council had an excellent track record on ensuring;
  
- there were more children with special needs and the changes in the demographic for education needed to be reflected. The Director of Strategy agreed with this sentiment;
  
- how the role of procurement would be enhanced as indicated in the report. The Director of Strategy provided an example of how this could be taken

forward. He explained that the Council could use its social value policy to provide leverage.

The Chair asked how Members of the Council, as representatives of residents, would be consulted and whether the various Committees of the Council would be consulted. The Director of Strategy stated that he would look at different ways of achieving this instead of using Committees as the fora for Member consultation.

The Chair enquired if the focus on long term priorities would mean the loss of the short term priorities. In response, the Director of Strategy stated that the Delivery Plan would balance the long and short term priorities.

The Chair expressed concern that the large number of ambitions set out in the Borough Plan might not be deliverable and whether these could be narrowed down to provides focus. The Director of Strategy stated that any consultation and engagement would need to be authentic and it was helpful to have the views of scrutiny members. It was likely that the priorities might be eventually linked together. The Leader of the Council acknowledged that a couple of the priorities were highly ambitious but others were achievable. The Council had been successful in bids to help with its work towards addressing health and social care inequality and education attainment level. The Chair was of the view that focus was a key element and that too many priorities, whilst noble, would require concerted efforts across all staff within the Council to achieve.

The Vice-Chair was in agreement that the priorities ought to be reduced and was of the view that the setting of 'vivid' rather than general priorities would be achievable. In response, the Director of Strategy stated that specific measurable points will be set following consultation and he agreed that poor health could be linked with housing.

Another Member was of the view that all eight priorities were strong contenders but how confident was the Council that eight was the correct number. The priorities were ambitious but needs to be specific and he noted that a further report would provide such detail and a statement of intent would help provide a sense of direction. In response, the Leader of the Council stated that the eight priorities would feed into each other and they showed the breadth of the responsibilities of the Council. The Council needed to support its residents and businesses and the Borough Plan set out purpose, focus and ambition for the people of Harrow.

**RESOLVED:** That

- (1) the comments from the Committee on the Draft Borough Plan 2020-2030 including the Draft Corporate Plan be referred to Cabinet;
- (2) the Committee believed that there needed to be greater focus on a smaller number of priorities.

**FOR CONSIDERATION**

Background Documents:

Draft Minutes of the Overview and Scrutiny Committee – 11 February 2020

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**REPORT FOR: CABINET**

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<b>Date of Meeting:</b>	13 <sup>th</sup> February 2020
<b>Subject:</b>	Draft Borough Plan 2020-2030 including the Draft Corporate Plan
<b>Key Decision:</b>	Yes Community impact affecting all wards and Policy Framework
<b>Responsible Officer:</b>	Alex Dewsnap, Director of Strategy & Partnerships
<b>Portfolio Holder:</b>	Councillor Graham Henson, Leader of the Council and Portfolio Holder for Strategy, Partnerships, Devolution and Customer Services
<b>Exempt:</b>	No
<b>Decision subject to Call-in:</b>	Yes
<b>Wards affected:</b>	All
<b>Enclosures:</b>	Draft Borough Plan 2020-2030

**Section 1 – Summary and Recommendations**

This report sets out a draft Borough Plan for 2020-2030 for consultation and further development throughout the year. This incorporates the Council's Corporate Plan setting out our role in delivering the broader partnership agenda and the Corporate Priorities for the 2020/21 year.

**Recommendations:**

Cabinet is requested to:

1. Recommend the draft Borough Plan to Council for consultation and to authorise the Director of Strategy and Partnerships, 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;
2. Recommend to Council that the draft priorities are adopted for the Council for the 2020/21 year and that all service planning activity is driven by this new set of Corporate Priorities;
3. Recommend to Council to delegate responsibility back to Cabinet for approving the Corporate Plan Delivery Plan by June 2020, which would set out the Council's shorter term contribution and performance measures for delivery of the Corporate Plan (Borough Plan);
4. Agree that, following consultation, the final Borough Plan 2020-2030 be submitted to Council for approval in February 2021; and
5. Request O&S to comment on the Draft Borough Plan and consider how they want Scrutiny to be involved in the further development of the Borough Plan.

**Reason:** To update the Council's Policy Framework and set out the Council's longer term direction of travel for the borough, establishing a vision which is owned by partners and jointly delivered, following a year of consultation.

## **Section 2 – Report**

### **Introductory paragraph**

The council has not previously had a longer term vision and there is little clarity around the top priorities or actions to be undertaken over this longer term ambition: this is evident from feedback through the resident's survey. This report and the accompanying draft Borough Plan fills this gap by setting out proposals for creating a vision, along with supporting priorities and some of the high level objectives around which there will be further consultation and engagement to develop a robust plan for the borough through to 2030. In support of this there will be a Corporate Plan Delivery Plan to be approved during the summer, which will set out the Council's shorter term contribution to the delivery of the Borough Plan and our initial performance measures against which progress can be assessed.

### **Options considered**

The option to do nothing and continue without a clear vision or plan to unite partners in the borough to deliver against a common and agreed framework was considered. This option was rejected as it fails to grasp the Council's

community leadership role and therefore does not meet the needs of our residents.

## **Background**

The Council has previously agreed an Ambition Plan, which is more- council centric and does not fit with setting out a broader borough level vision. It is clear through discussions with partners during 2019 that this was a gap and therefore this draft plan has been developed in order to set out a wider vision and set of aspirations for the borough. Proposals to develop a Borough Plan started in August with initial engagement of Cabinet Members individually and then collectively through the autumn to consider the evidence base for Harrow and also the feedback from the 2019 resident's survey.

This process facilitated the identification of a number of priorities for consideration which have been discussed and refined with key partners. Partners are supportive of the approach of working together to establish and deliver a plan for the borough and of using this to strengthen and formalise partnership working across the borough.

## **Current situation**

Key priorities have been identified through these discussions and are set out within the accompanying draft Borough Plan 2020-30 for consultation. These have been structured as 3 foundations which areas where we wish to continue with current good performance whilst making incremental improvements and 5 areas where there are significant challenges and we are seeking, with partners, to make a step change improvement over the decade.

The Borough Plan seeks to deliver a number of short term improvements within Harrow, enabling a stronger focus on delivering a longer term ambition. These short term priorities will ensure that issues around street cleaning, fly tipping, Houses of Multiple Occupation and anti-social behaviour are addressed as well as helping to improve our district centres for our residents.

We are in an ideal position in 2020, with the development of a number of new strategies scheduled for the year, affecting the borough as a whole and the Council's internal workings. Along with the Borough Plan, these key strategies are:

- A 10 year Climate Emergency Strategy & Action Plan
- Local Development Plan (including our Planning Policy Framework)
- The Council's Modernisation Programme
- Our Organisational Development Strategy

The Borough Plan also takes the whole partnership view for Harrow as a borough, bringing together clear priorities and a vision: one of the priorities identified within this is becoming net-zero carbon. The Local Plan sets the context for how this vision and the borough of 2030 will be delivered through the planning policy framework, whilst meeting the climate change and other priorities.

In order to deliver these priorities, we will work in partnership with key statutory and voluntary / community sector organisations across the borough. We also need to ensure that as a council we are able to be the best organisation we can, with the right skillset and mind-set to deliver across this challenging agenda. These aspects of our council responsibilities and the way we need to be shaped and skilled to deliver over the next decade will set the context for our Corporate Plan Delivery Plan, which will come forward in the Spring.

Priorities identified by Cabinet, and which have also been discussed with key partners, have been grouped into two sections for the Borough Plan:

Three areas to maintain the standard of current provision:

- Sustaining quality education and training
- Celebrating communities and cohesion
- Maintaining low crime levels and improving community safety

And five areas where there are significant areas of work to deliver the desired outcomes:

- Improving the environment and addressing climate change
- Tackling poverty and inequality
- Building homes and infrastructure
- Addressing health and social care inequality
- Thriving economy

For each of these priorities, there are several outcomes that we seek to deliver across the partnership. These outcomes are presented within the attached draft Borough Plan and will be further developed through the consultation and engagement processes throughout the year.

## **Corporate Plan Delivery Plan**

In developing our longer term ambitions through the Borough Plan, it is still important to be clear on the immediate priorities that the Council needs to deliver over the coming one to two years. We will do this through the development of the Corporate Plan Delivery Plan, which will clearly recognise the current financial challenges the Council faces and set out the things we can do to tackle the priority areas where funding is available to do so. In order to do this Council is being asked to adopt the eight priorities set out in the Borough Plan as the Council's Policy Framework for the 2020/21 year, and that these eight priorities become the Council's new Corporate Priorities. Therefore all services will plan against these for delivery of their services and wider programmes of work for the 2020/21 year. The Corporate Plan Delivery Plan will therefore reflect the major projects and activity that the Council will start delivering against from April 2020 and the key performance indicators and targets associated with this activity. The Delivery Plan will therefore replace the Harrow Ambition Plan, including key short term actions and appropriate performance measures.

The Delivery Plan will set out initial steps in addressing some of the improvement areas set out in the Borough Plan that we want to focus on:

- Improving our towns for living, shopping and entertainment
- Narrowing the gap in healthy life expectancy
- Reducing inequality in earnings, attainment and opportunity
- Achieving net-zero carbon emissions across the borough
- Building 3,000 more affordable homes

The Delivery Plan will also recognise the different challenges that we face in different parts of the borough, be they more deprivation based, such as Wealdstone, or due to other combinations of issues such as population density which can lead to more environment based challenges, which we are seeing more in the East of the Borough.

The Council also recognises that it is important to commit to the delivery of the appropriate level of services to its broad and diverse community. This commitment is challenging in the current financial situation, but it's clearly one that the Council feels it should be making to its residents, as it is a basic expectation from them that we should be able to deliver all our services to such a standard.

One further area that the Council will continue to push for is a change to the level of funding it receives from Government, as there is clear indication that the deal that Harrow residents get in terms of funding per person, is significantly behind the London average. The Council will therefore continue to lobby Government (both National and Regional) for both the recognition of this funding challenge and for support for 'proper' funding for Harrow. This activity will also feature in the Delivery Plan.

Following completion of the engagement we will refresh the Delivery Plan along with the Borough Plan to reflect any changes in the draft priorities.

## **2020 – The Year of Engagement**

It is the Council's intention to engage with residents, businesses and other partners on the priorities within the Borough Plan and more importantly the underpinning objectives and key actions necessary to achieve these priorities. The Council is currently developing the plan for this engagement, but we recognise the importance of having buy-in from all these groups, particularly residents, as the reality is that we won't be able to achieve these ambitions on our own.

Where possible, existing engagement opportunities and plans will be utilised with a mapping exercise proposed for these to identify gaps and ensure feed through of responses. It is envisaged that Scrutiny engagement around the Borough Plan, as part of its work programme for the coming year, could also feed into these engagement proposals. Individual councillors can also be involved in ward and subject specific engagement events.

## Why a change is needed

Harrow Council and the Borough as a whole do not have a clear vision for what it wants to be and therefore no strategy to deliver this. This means that individual services are able to develop their own service specific strategies without any wider borough consideration. This will provide focus for our strategies and service planning, supporting the Council in its modernisation drive and a renewed focus on organisational development.

Partnership arrangements across the borough have worked well at an operational level and at a bi-partite strategic level, but without a formal multi-faceted strategic group to join these together. Discussions with key partners have identified the need and desire to re-create a strategic partnership across the borough, which will be fundamental to gaining collective ownership and delivering the Borough Plan.

## **Implications of the Recommendation**

### **Resources, costs**

Proposals for resourcing the delivery of the Borough Plan will be developed over the next year as consultation enables development of firmer proposals. This will also give time for the new government to announce more solid plans for the future sustainable funding of local government and our statutory partners: enabling each organisation to assess the contribution which can be made to direct delivery of the plan.

Through regular monitoring and refresh of the Borough Plan, aligned to the Council's and other partners budgetary processes there will be opportunities to further develop future funding proposals each year throughout the delivery period. This will also allow respective partners to consider budget and longer term funding proposals as they get more clarity of government spending plans.

Initially, the main resourcing consideration is for the consultation and engagement process which will enable full development of the plan: a budget of £30,000 has been made available for this. As far as possible, this consultation and engagement will build on existing activity taking place as part of the council's work programme, and the additional funding will be used to support other opportunities to bring residents views forward to help shape the delivery of the draft priorities in the Borough Plan.

### **Ward Councillors' comments**

The Borough Plan affects all wards and proposals have been developed with full engagement of all cabinet members.

### **Performance Issues**

Creation of a new Borough Plan will lead to a refresh of the performance framework as new priorities are developed and agreed for the borough. Over the next year of development, it is proposed that existing performance

measures be re-cast under the eight proposed priorities and throughout the year gaps are identified and appropriate performance measures developed and piloted. This will enable a fully refreshed performance framework to be implemented for 2021/22, with an interim framework as set out in place for 2020/21, enabling effective performance management over the coming year. This will feed into the Corporate Plan Delivery Plan for the next two years, setting out the Council's commitments.

### **Environmental Implications**

Creation of a Borough Plan as set out within this report is an important aspect of raising the profile of the council's environmental considerations with this becoming one of the priorities for the borough over the next decade: providing a clearer and more widely owned view of the challenge.

### **Data Protection Implications**

There are no data protection issues associated with this report since it is about the bigger picture rather than low level data.

### **Risk Management Implications**

Risk is being considered as part of development of the Borough Plan, with full partner and resident engagement informing priorities and mitigations. Through having a widely owned plan, risk will be shared across partners delivering the actions. For the Council, all major activity will either be incorporated into the Corporate or Directorate Risk registers.

### **Procurement Implications**

Procurement implications will be developed throughout consultation and development of the plan. It is, however, clear that our own procurement can play a key role in delivering against some of the draft priorities, particularly the contribution that our spend and wider supply chain can make to delivering a net zero-carbon borough, reducing poverty and supporting a thriving local economy.

This provides a great opportunity for procurement to enhance its role across the borough, review procurement regulations and significantly improve outcomes for local people and businesses in order to support delivery of the priorities set out within the Borough Plan.

### **Legal Implications**

This proposal sets out development of a new partnership plan for the borough, which sits above our overall Policy Framework and incorporates the Corporate Plan.

It is proposed that the new Borough Plan, following consultation, is presented back to Cabinet for sign off within the next year. A two year Corporate Plan Delivery Plan will be presented by June 2020 setting out the Council's short term contribution to delivery of the Borough Plan and emerging priorities, as well as a re-alignment of existing performance measures and initial proposals for new measures which can be used to monitor delivery of the Corporate Plan and Borough Plan over the next decade.

It is proposed that the revised Corporate Plan Delivery Plan, as set out above, is submitted to Cabinet for approval in June 2020.

## **Financial Implications**

There will be financial implications arising from delivery of the resulting Borough Plan and Corporate Plan: these will be addressed in future reports where more of the detail will be set out.

At this stage, the financial implications are in relation to the wider consultation and engagement throughout 2020 in order to establish the final plan for approval. It is widely recognised that a plan of this significance requires proper consultation and engagement to ensure that it is appropriate and is widely owned across the borough: a budget of £30k has been allocated to support this work.

## **Equalities implications / Public Sector Equality Duty**

Development of a Borough Plan will support delivery of our equalities duties across the borough. One of the key priorities of the plan is to address inequality focussing on improving outcomes for lower attaining groups across each of our priorities. In order to achieve this multiple datasets support identification of those groups who are not experiencing the same level of outcomes as others, enabling specific and targeted plans to be developed over the 10 year delivery window to improve outcomes.

Whilst there is much that can be done working in partnership across the borough, there are many aspects of addressing inequality that cannot be driven purely within Harrow: in these instances we will work with and lobby others to support delivery of our bold plans.

Performance measures established over the next year as part of the Borough Plan development process will enable monitoring of the narrowing of gaps and the improvements achieved in addressing inequality.

## Council Priorities

This report will replace the existing priorities outlined which are now out of date and require refreshing to be more strategic, establish longer term outcomes and set a clear direction for the borough over the next decade.

It will further create a more streamlined approach to enable identification of the boroughs priorities and contributions that council services can make and a more focused approach to our long term delivery across the borough.

## Section 3 - Statutory Officer Clearance

Name: Dawn Calvert	<input checked="" type="checkbox"/>	Chief Financial Officer
Date: 3 <sup>rd</sup> February 2020		

Name: Hugh Peart	<input checked="" type="checkbox"/>	Monitoring Officer
Date: 4 <sup>th</sup> February 2020		

Name: Nimesh Mehta	<input checked="" type="checkbox"/>	Head of Procurement
Date: 3 <sup>rd</sup> February 2020		

Name: Sean Harriss	<input checked="" type="checkbox"/>	Chief Executive
Date: 31 <sup>st</sup> January 2020		

<b>MANDATORY</b>	
<b>Ward Councillors notified:</b>	<b>NO, as it impacts on all Wards</b>
<b>EqIA carried out:</b>	<b>NO</b>
	No EQIA is required at

**EqIA cleared by:**

this stage since this will be developed following consultation and development of the resulting priorities / outcomes.

## **Section 4 - Contact Details and Background Papers**

**Contact:**

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**Background Papers:**

Borough Plan Evidence Base  
Annual Residents Survey 2019

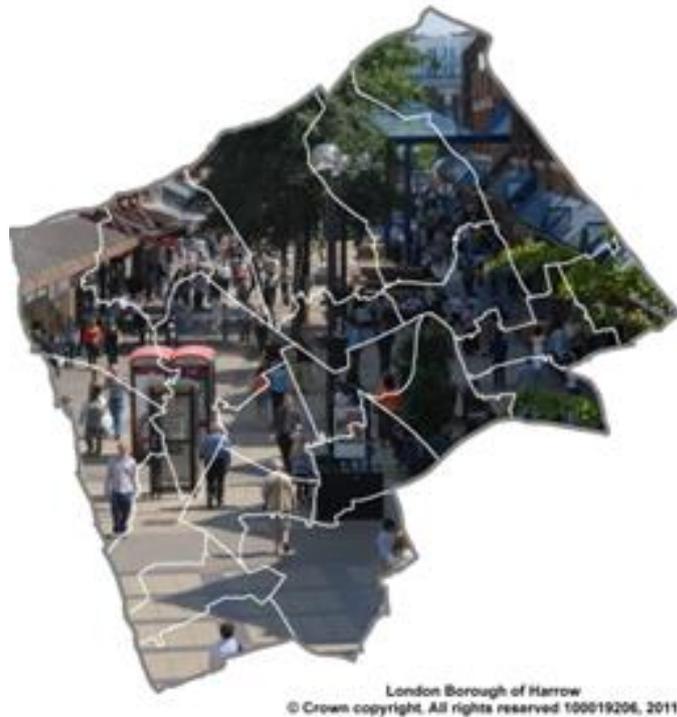
**Call-In Waived by the  
Chair of Overview and  
Scrutiny Committee**

**NO**

# Draft Harrow Borough Plan 2030

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*Harrow – the borough we are proud to call our home*



The Borough Plan is a partnership plan for Harrow. Through further engagement we intend to engage more partners, businesses and residents in supporting and delivering the plan. Current partners supporting this plan are:

**Harrow Council**

**Metropolitan Police**

**London Fire Brigade**

**London North West  
University Healthcare  
NHS Trust**

**Central & North West  
London Mental Health  
Trust**

**Central London  
Community Healthcare  
NHS Trust**

**Harrow Health CIC**

**Harrow College**

**Home Group**

**Harrow Clinical  
Commissioning Group**

**Harrow Voluntary &  
Community Sector  
Forum**

**Young Harrow  
Foundation**

**Harrow Community  
Action**

**Voluntary Action  
Harrow**

## Leaders Introduction

We are proud of Harrow and what it has to offer as a great place for families to thrive. Through developing our Borough Plan 2030 we want to set out our aspirations for the borough we are happy to call home: with a focus on tackling inequality and disadvantage.

We need to look beyond the short term, recognise our strengths and face up to the challenges, demonstrating a commitment to delivering on these as a borough. To do this we will work in partnership and lobby others to play their role for our communities. In this draft Borough Plan, we set out these challenges and intend to spend 2020 as a year of engagement to obtain genuine input from our residents, businesses and partners to focus these priorities. We will then publish our finalised Borough Plan in February 2021.

While setting bold aspirations for the future, we have faced ten years of funding cuts as part of the Government's austerity programme, which has had a real effect on our residents and our frontline services. It is important to recognise though, that austerity remains with us across the public sector and we will face very serious funding challenges. However, we are focussed on ensuring that we get the basics right, across the borough: addressing the impact of these cuts where we can and levelling up our communities to address inequality. We will work tirelessly to ensure that our neighbourhoods are well-maintained and great places to live, that we address the challenges of fly-tipping, increased numbers of illegal Houses of Multiple Occupation (HMOs) adding to waste on our streets and that more people are able to feel safe as they live or work in any of our neighbourhoods. To achieve this, much of our focus will be geographically based.

We want to ensure that what makes Harrow a great place to live is recognised and protected as we build more housing to meet growing demands. We are going to face up to our challenges such as tackling poverty to ensure that we are able to reduce inequality and end child poverty within the borough by 2030. We will address the climate emergency, taking the borough on a journey to becoming net-zero carbon during the life of this plan: to do this we will need the support of residents and businesses to identify opportunities and a collective approach, which will be a key focus for our engagement in the next year.

As well as addressing these challenges, we want to build on strong foundations for the future, recognising the success of our schools and education systems as well as celebrating our diverse and cohesive communities. The cultural diversity of our borough is one of our great strengths and we want to ensure that this is enhanced following our departure from the European Union.

Over the next year we will be consulting with and engaging our residents, businesses and partners to help inform the actions that we collectively need to take to turn this plan into reality. We want to ensure that this is a wide reaching and inclusive engagement process, informing our Borough Plan and many of our key strategies which will be important in delivering the improvements.

We are already working with a number of partners to develop our plan and look to extend this partnership with public, private, voluntary and community sector partners as well as

ensuring that our residents and communities are key partners in delivering these ambitions.

I am proud on behalf of the partnership to present this draft Borough Plan. We hope that everyone will take the opportunity to respond to our consultation and help inform our priorities and actions.

Graham Henson  
Leader of the Council

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## Introduction

This is our draft Borough Plan 2020-2030 for consultation and engagement over the course of 2020. It has been developed in partnership with some of the key public sector providers in the borough and representatives from the voluntary and community sector. The Plan sets out aspirations for the borough over the next decade, recognising that there will be significant change over that period, some of which can be predicted: much of which cannot.

We have a clear vision of our borough and are building a strong partnership to deliver this to make significant improvements for the borough over the next decade. We want to focus on:

- Improving our towns for living, shopping and entertainment
- Narrowing the gap in healthy life expectancy
- Reducing inequality in earnings, attainment and opportunity
- Achieving net-zero carbon emissions across the borough
- Building 3,000 more affordable homes

We want you, as residents, businesses, communities and other interested parties, to join us in developing this vision and turning it into reality.

While focussing on the long term aspirations, we are also addressing the short term challenges in building communities which people are proud to call home. To achieve this, over the next year the council is investing £1m into some of these areas including: street sweeping; enforcement of fly tipping and Houses of Multiple Occupation; district centre projects; ward priorities; community cohesion; school improvement; and the Council Tax Support Scheme. This will strengthen the foundations upon which our bold aspirations for the borough are built.

For the longer term, within this draft plan we set out our priorities along with a series of objectives we want to achieve during the life of the Plan: these will be reviewed frequently during the next ten year implementation period. Much of what we seek to do relies upon others to deliver, or support delivery, meaning that we will need to work with and influence others to enable achievement of our ambitions for Harrow – this will include influencing and lobbying government at a regional and national level. There is also a strong role for individuals and communities in delivering this plan: we need a collaborative model and your help in caring for your own welfare and your areas. We will all have a role in *caring for our people and caring for our place*.

Although this plan is for the borough as a whole, many of the actions will be targeted to focus work on those areas most in need: tackling inequality and disadvantage for the benefit of everyone. There are significant challenges within the east of the borough, particularly around Edgware where many environmental and quality of life improvements are required. Wealdstone is the focus for concerted action with regeneration and house building on large sites, whilst there have been improvements and large numbers of new homes Harrow town centre. Further regeneration and development of the borough is an

underpinning feature of our plans as we ensure the provision of affordable homes and meet our new housing targets.

To deliver our plan, we want to ensure that we collectively take care of our people and we take care of our place – creating a community and an environment we can be proud of. This plan is about encouraging and enabling individuals and communities to do more for themselves: reducing demand on public services and our environment rather than public services continuing to respond to an increased demand. Where possible, we will adopt a preventative focus as opposed to spending more to tackle issues that have arisen. By taking this approach, we can support the creation of a sustainable borough where families may thrive, now and in the future.

### **Tackling Inequality and Disadvantage**

The Council and our key partners propose that the main issue we tackle over the next decade is inequality. This will become a recurring theme throughout the Borough Plan and across our partnership. Through engagement over the next year we want to ensure that our approach to tackling inequality and the key objectives and success measures we propose resonate with our community. This is our chance to understand resident's views on this as an overarching priority as well as refine the measures we are currently considering.

Through a relentless focus on inequality and disadvantage we intend to continue to make Harrow a better place for all of our residents and businesses. Working with partners and listening to feedback we will fully develop our key measures to monitor progress in addressing inequality. Key measures we are considering focus on:

- Ending child poverty
- Reducing health inequality
- Raising English language skills
- Narrowing the educational attainment gap
- Reducing numbers in low paid employment
- Lowering unsecured debt levels
- Reducing the proportion of income spent on priority expenditure

Addressing these issues will help to ensure that local businesses have better skilled people to recruit from, that there is less crime and fewer people causing anti-social behaviour as they are able to work in more fulfilling roles, better support their families and contribute to society.

### **Our Vision and Priorities**

Within Harrow, we are serious about making the borough a great place we are all proud of and in which families flourish. We are therefore committed to ensuring that our plan is relevant to children, young people, adults and older people. To do this, we recognise that there are many challenges to face. We acknowledge that there is a rapidly growing older population and respect that children and young people are the future adults of our borough: we will make sure that their voices are heard and influences our proposals.

Without them seeing and helping set the vision, it is less likely that they will remain in the borough, or return after university. We are setting out a bold Borough Plan through to 2030 which will deliver strong and positive outcomes for our residents, businesses and our environment for future generations to enjoy.

This plan cannot be based on today's norms, but must be radical and challenging if we are to rise to the needs and aspirations of the local community: residents and businesses. Whilst being bold, we cannot deliver this on our own and require the support and commitment from a range of stakeholders. We will pool our resources and effort to deliver, influence and enable others to meet our shared vision for the borough.

## **Vision**

Whilst Harrow is a great place to live and work, many people feel that it lacks an identity. We propose to work over the next year to create a vision which demonstrates why we are proud of Harrow and set out aspirations for the partnership across the borough, encapsulating our sense of community, including:

- Everyone looks after each other
- Neighbourliness and cohesiveness
- Sense of belonging
- Caring for people and the area
- Resilience

This will set a focus for how we want to work within Harrow to be a diverse and high-achieving place where everyone can feel at home: caring for each other and our environment. We seek to retain our many strengths, but also collectively tackle the challenges we face as a borough.

In delivering our vision for Harrow, we want to ensure equality of opportunity for all of our communities and minority groups who contribute significantly to the diversity and culture within the borough. We want to ensure that Harrow is accessible to all.

## **Priorities**

We have worked with partners to develop collective priorities for the Borough, based on feedback received from the people of Harrow in our annual resident's survey. These priorities are set out below.



There are three areas, which form the foundations for addressing our main priorities, where we seek to maintain the standard of current provision:

- Sustaining quality education and training
- Celebrating communities and cohesion
- Maintaining low crime levels and improving community safety

We have five priorities where there are significant challenges to deliver the desired outcomes:

- Improving the environment and addressing climate change
- Tackling poverty and inequality
- Building homes and infrastructure
- Addressing health and social care inequality
- Thriving economy

This is really important to us in ensuring that everyone is able to live healthy lives, achieving to the best of their ability whilst we protect and restore the environment: preserving the planet for future generations.

Having set the context and laid out our priorities, we will delve into these in a bit more detail, giving an indication of the reasons these have been selected, some of the key outcomes we want to achieve and what we are seeking to address in doing so.

## Our Borough: Our Community

Harrow is an outer London Borough in North West London, approximately 10 miles from central London. Covering 50 square kilometres (20 square miles) and it is the 12<sup>th</sup> largest borough in Greater London in terms of size and 20<sup>th</sup> in terms of population. There are nine district centres, plus Harrow Town Centre which is one of London’s twelve metropolitan centres. Much of the population growth is within our main towns of



Harrow, Wealdstone and Edgware, with a less densely populated area to the north of the borough which is home to smaller towns and villages. The borough benefits from fast links into central London, served by over ground trains and three tube lines.

Harrow is a great place: we are the safest Borough in London; one of the most diverse places in the country; a suburb with bountiful green space with just over a quarter of the area (over 1,300 hectares) consisting of open space, yet incredibly well-connected to a global airport hub and the centre of the world's greatest city.

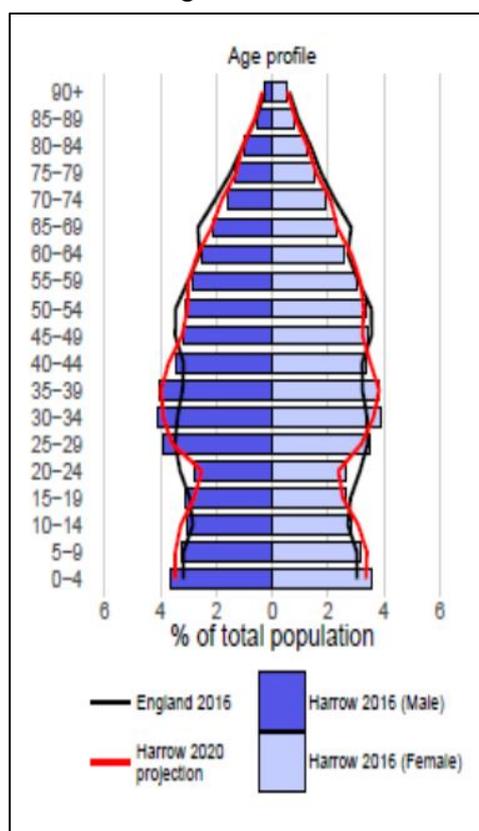
The borough has three electoral constituencies: West Harrow; East Harrow; and Ruislip, Pinner & Northwood served by a Labour and two Conservative MPs, respectively. The borough is divided into 21 wards, each served by three directly-elected members, though this will change at the next local government election following the boundary review with the introduction of 2 and 3 councillor wards. We currently have a Labour administration with 35 elected members and the opposition comprises 28 Conservative members. Of the total of 63 members, 26 are women.

## Our Local Context

**Population Growth:** 7.1% of the population are aged 0-4; 13.4% aged 5-15; 64.7% are aged 16-64 and 14.8% are aged 65 plus. As with most areas in the country, the borough has an ageing population and it is expected that the number of residents aged 65 plus will increase by 38% and those aged 85 plus could increase by 60% by 2030<sup>1</sup>.

**Growing diversity:** 42.6% of the population identify as Asian, which ranks 2<sup>nd</sup> nationally. Since 2001 there has been a 59.4% increase in the number of residents who are Asian. Harrow has a higher proportion of residents whose main language is not English and who cannot speak English or cannot speak English well, compared to the national and London averages.

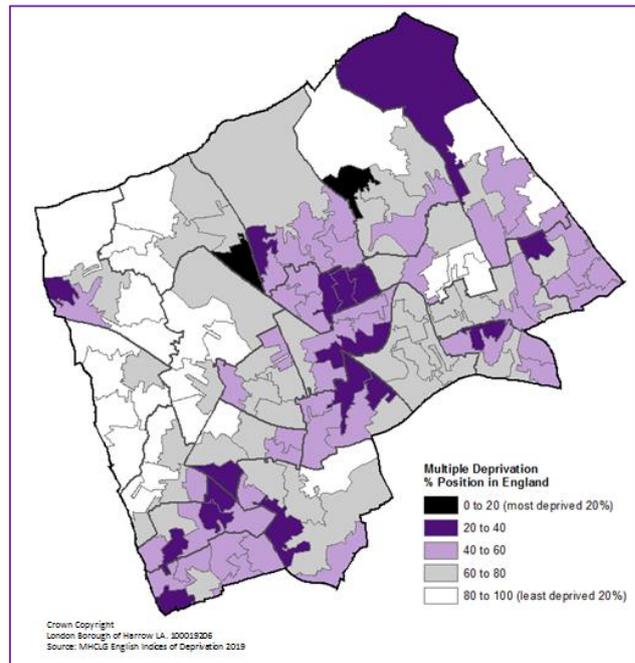
**Housing:** Of the total amount of occupied dwellings in the area, 10% of Harrow's households live in social rented housing. Harrow has the second lowest proportion of social housing of any of the London boroughs and 22% of households live in private rented accommodation. Around 2,000 households in housing need approached the Council for assistance in 2018/19, and the number of homeless families has increased over the past 5 years, with homelessness continuing to be a significant issue. There are also over 200 households living in bed and breakfast accommodation at any time. We will continue to work to help families remain in their accommodation whenever possible and find new housing solutions for families who need to move.



<sup>1</sup> Source POPPI Population projections 2019

**Housing Supply:** There is insufficient provision of housing in Harrow to meet the growing needs of the borough. Current draft-proposed GLA targets require development of a further 802 homes per year over 10 years with affordable rent homes targeted towards existing residents to meet their needs (it is likely that this target may be increased). Key challenges are around low levels of genuinely affordable housing.

**Deprivation:** Within the borough, there are significant differences in our local communities with some areas amongst the most deprived in the country, while neighbouring streets can be amongst the most affluent. Whilst deprivation overall is improving, these contrasts in deprivation are increasing with 12.3%<sup>2</sup> of children now living in deprivation across the borough.



**Health:** Within the borough, health is generally good, however, 14.6% of residents in Harrow have a limiting long-term illness or disability. This is an increase of 13.2% (+4,000) since 2001. Harrow’s rate is now higher than the average for London (14.2%). There is a widening gap of healthy life expectancy within the borough between men and women and the more and less deprived areas.

Healthy weight provides a challenge, with 22.5% of all 4-5 year olds are classified as over-weight and 9% of 4-5 year olds are considered obese. For 10-11 year olds, 34.5% are classified as over-weight, with 20% of 10-11 year olds classified as obese. This is higher than the national average, with the trend getting worse as children age.

**Education:** There are 62 schools in the borough, of which 92% are judged as good or outstanding by Ofsted. Despite population growth every Harrow child has been offered a school place at a Harrow school, achieved through our successfully delivered school expansion programme.

**Crime:** Over the past year crime levels have increased by 5%. The most common crime in the borough was anti-social behaviour although, relative to London, rates are low. The borough has a crime rate of 53 offences per 1,000 which is one of the best rates in London, making Harrow one of the safest boroughs in London: there is, however, a steady increase in crime levels and a disproportionately high fear of crime.

**Environment:** 40% of household waste was recycled in 2018/19, placing Harrow as 7<sup>th</sup> best London Borough, but there are high levels of fly-tipping which is partly linked to the rapid growth in numbers of Houses of Multiple Occupation (HMOs) and the capacity for them to effectively dispose of the amounts of waste created. An over-reliance on cars within the borough means that Harrow’s overall environmental performance is not good.

**Employment and Skills:** Unemployment to June 2019 was 4.1%: this is 0.5% below the London average. There are more than twice the number of residents with higher level

<sup>2</sup> Income Deprivation Affecting Children (IDACI) Data, Ministry of Housing, Communities & Local Government, 2019

qualifications in Harrow (37%), compared to those with no qualifications (17%). The borough also has one of the lowest levels of NEETs (not in education, employment or training) in both London and nationally.

**Business:** The borough used to be home to a number of large businesses, which have moved or closed over recent years, leaving sites vacant for re-development (contributing significantly to the increased housing provision required). There has been a decrease of 9,000 office spaces in the borough over the past year. Harrow is one of the boroughs in London with the highest concentration of microbusinesses which have contributed to a net rise in jobs. Start-up businesses benefit from a comparatively high success rate and move-on sites to support the development of new, local and sustainable business, with a growing need for further managed workspaces. The main employers in the borough are public sector, through the council, education and health providers.

## Priorities and Outcomes

There are three foundations for maintenance / incremental improvement and five priorities presenting a significant challenge / requiring step-change improvement. Our challenges are set out over the following pages along with some of the evidence as to why they have been identified as a priority and the outcomes as a borough that we seek to change by 2030.

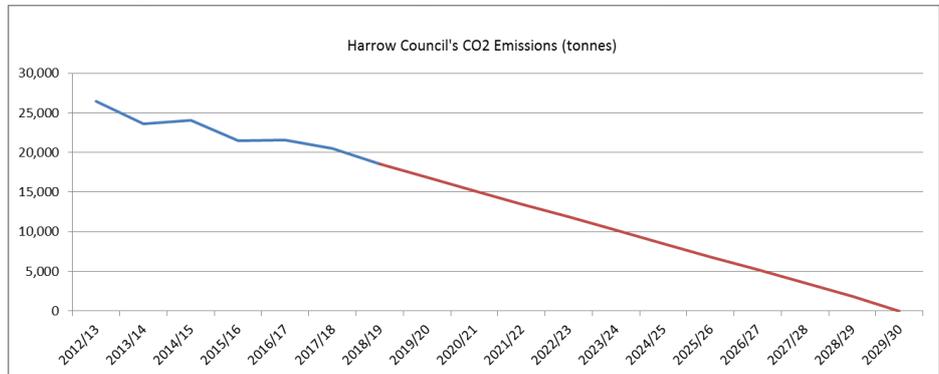
### Improving the Environment and Addressing Climate Change

The challenges our global society and economy presents to the environment have been heavily publicised over the past year: it is important that in Harrow we contribute towards addressing these challenges by living in a more caring and sustainable manner. We need to change the way that we behave, reducing consumption of goods and minimising the impact of our lifestyles on our environment. This includes taking care to preserve and enhance our 'natural capital' (the soil, air, water and the vital but threatened ecosystems) upon which we depend. Everyone needs to contribute towards this challenge, which will mean some tough decisions over coming years, whilst maximising opportunities of new technology to live more sustainably, restoring nature and protecting our many parks and open spaces.

#### Our data tells us

With the increase in household costs for energy, it is important to ensure that those on low income are able benefit from energy-saving and cost reduction opportunities: contributing towards the climate emergency.

Reducing carbon emissions poses a significant challenge which the council, as an organisation, has been addressing for a number of years with solar panels on several schools, saving 16 tonnes on average of CO2 per year on a primary school. Many quick wins have been achieved, but an increased focus is required on the way we view our planet and how we reduce overall consumption of finite resources.



During 2018/19, 40% of the boroughs' waste was recycled: to address the climate emergency, we need to focus on reducing the overall amount of waste produced, much of which has a high carbon footprint, as well as significantly increasing recycling rates across the borough.

Travel within the borough is predominantly by car: in 2018, there were 286 million miles driven by car within Harrow<sup>3</sup>: this equates to more than 3,000 miles per household driven within the borough. With an over reliance on driving in the borough these savings in other

<sup>3</sup> Department for Transport – road traffic statistics

CO2 emissions make a small impact on the overall carbon footprint of Harrow, with in-borough car usage accounting for around 2 million tonnes per year. Travel to school has shown an increase in rates of pupils walking, at 45% for 2018/19, shifting from those using public buses which has halved over the past 4 years. During the same period there has been no decline in the use of cars, standing at 27%.

### **Our proposed objectives**

The key objectives we have identified for this priority are below, along with the issue we intend to address.

An attractive and healthy environment with improved streets, enhanced parks and accessible open spaces, providing relaxing recreation, supporting sport and active travel opportunities for all

- Addressing sustainable transport and promoting a family friendly outer London borough
- Improving our access to clean air and water, and the other ecosystem services that are essential for us to all live healthy lives
- Reducing residual waste and increasing recycling

Created modal shift in favour of sustainable transport – walking and cycling

- Addressing over reliance on cars, reducing pollution and improving health

A net zero carbon borough by 2030

- Addressing climate change and building a more sustainable borough

High quality parks and open spaces that are accessible to all

- Green spaces enabling exercise and reducing carbon

High quality, energy efficient housing

- Addressing fuel poverty, carbon emissions and heat loss causing global warming

### **The ‘Big Idea’**

We will be one of the earlier London Boroughs to deliver on becoming net zero-carbon, achieving our target by 2030, ensuring that we tackle inequality through building more sustainable and resilient low carbon communities, making energy-saving measures available to those most in need: reducing fuel poverty.

We are also going to work to significantly reduce waste at source and increase recycling levels across the borough so that Harrow is a more sustainable borough, minimising its overall impact on the planet.

### **How we will deliver our objectives**

The Climate Change Strategy will be one of the key strategies with the Local Plan setting out requirements and expectations for all new buildings within the borough. The Sustainable Transport Strategy will be key in driving sustainable transport across the borough and setting out expectations from transport providers including Transport for London (TfL). These will be supported by the Infrastructure Strategy, providing a framework for much of the sustainable regeneration and development of our towns over the coming years.

## Tackling Poverty and Inequality

We are a diverse borough with many areas of affluence and significant pockets of deprivation. We seek to make Harrow a more equitable borough, raising opportunities for those who are struggling and enabling everyone to live a full and rewarding life within their community.

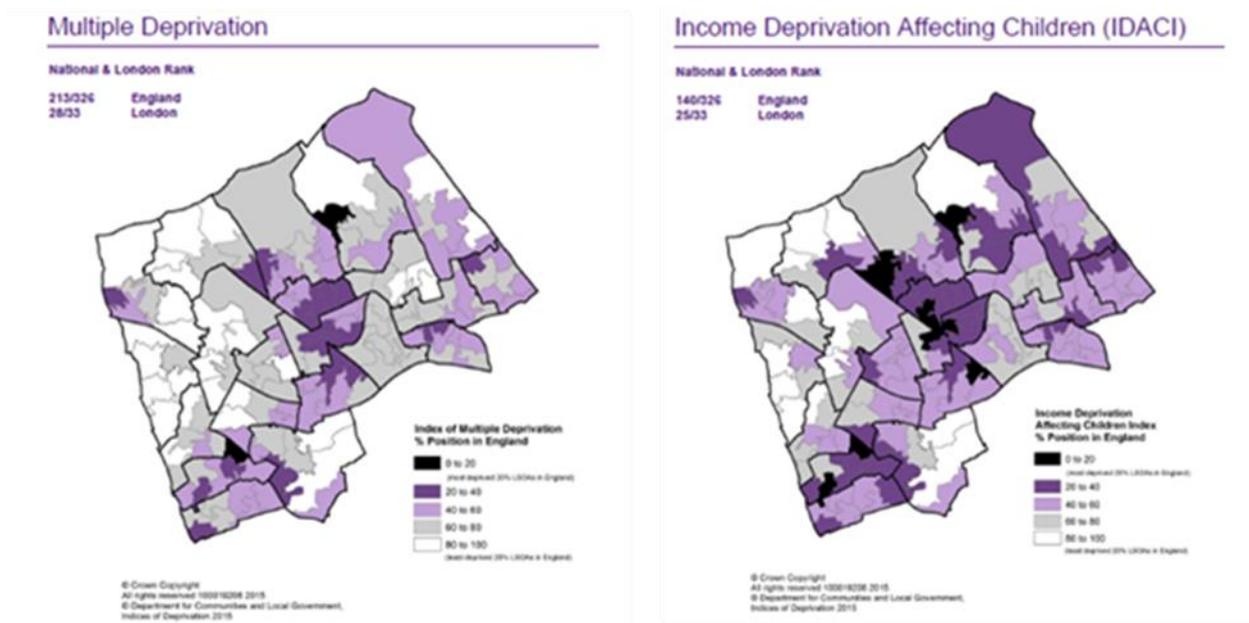
We want to ensure that, as part of this growth, our communities are inclusive and opportunities are grasped to level up our more deprived neighbourhoods and groups.

### Our data tells us

Debt levels in Harrow are significantly above London average and among the worst in the region, with those accessing support having individual unsecured debt levels at £16,389 per person compared to a London average of £11,616 per person. Alongside this, 61% of household income in Harrow goes on priority expenditure (compared to 57% within London).

The average household is paying 40% more for gas and electricity than they were five years ago<sup>4</sup>, with overall household bills having grown by £2,707 a year over the period. This impacts on lower income households most of all and significantly increases the burden placed on poorer families or older people, with a significant increase in the proportion of their finances being spent on household running costs.

Harrow is a diverse borough with several areas in the most and least deprived areas. This means that the overall affluence of the borough masks a number of challenges within our specific local areas.



<sup>4</sup> Comparethemarket.com December 2019

### **Our proposed objectives**

The key objectives we have identified for this priority are below, along with the issue we intend to address.

All children are able to live homes where the family has the opportunity of earning a good household wage

- Addressing child poverty

Everyone has a home suitable for their needs

- Addressing homelessness and overcrowding

All people wanting to work have a job that pays above London Living Wage and are employed on a contract that meets their requirements

- Addressing low pay rates and zero-hour contracts / gig economy and supporting financial stability

Households live free of unsustainable debt

- Addressing high debt levels and the stress this causes

### **The 'Big Idea'**

We will tackle inequality by eradicating child poverty within the borough.

We are also going to work towards addressing low pay rates within the borough, enabling individuals and families to live a more rewarding life into retirement and enjoy the opportunities of living in a prosperous capital city.

### **How we will deliver our objectives**

The Adult Learning Strategy will be fundamental in raising the skill levels of the local community and the current Regeneration Strategy will support attraction and growth of better paid jobs in the local economy. Over the coming year, we will develop an Inclusive Growth Strategy, replacing the Regeneration Strategy, detailing how we will deliver these objectives. These will be supported by our Infrastructure Strategy setting out the changes to the built environment over the next several years.

## Building Homes and Infrastructure

There is a clear need for more housing, particularly social housing and affordable housing, across the country and London in particular. It is important for Harrow to contribute towards this increased housing provision, meeting our own needs and creating capacity for our growing population. We will put safety at the forefront of our thoughts, designing out crime: making our living and shopping areas safer and accessible to all.

To build communities it is essential that the investment in infrastructure such as medical provision, GP practices, police, employment / workspaces, sporting / cultural facilities and the improvement of parks and open spaces takes place at least in pace with any house building in order to enhance the quality of life of our residents. As communities grow and new housing is built, we will ensure that these are designed effectively to enable people to access town centres, jobs and other facilities using sustainable travel solutions: building in access to parks and new paths / cycling routes.

### Our data tells us

There is a need for significant development of homes within the borough to meet the needs of individuals and families, with a projected population growth of around 50,000 over the next decade, taking Harrow's population to around 300,000. At March 2019 there were 4,762 council properties and 4,327 housing association properties. Harrow is ranked 287<sup>th</sup> out of 326 local authority areas where rank 1 has the highest percentage of social housing: this evidences a lack of social housing and there is also little affordable housing within the borough (particularly for families). The diagram below shows the number and size of new affordable dwellings required in the borough to meet demand.

Affordability of London Living Rent and Affordable Rent (Source: ORS Housing Model. Note: figures may not sum due to rounding and figures marked “-” are less than 10 dwellings)

Dwellings	Low Cost Rent	Intermediate		TOTAL
	Can't afford London Living rent	Able to afford London Living Rent but unable to afford affordable rent	Able to afford "Affordable rents" but unable to afford market rent	
<b>Harrow</b>				
1 bedroom	640	10	170	800
2 bedrooms	2,250	210	560	3,000
3 bedrooms	3,160	470	590	4,200
4 bedrooms	890	170	120	1,200
5+ bedrooms	250	50	60	400
<b>Total</b>	<b>7,200</b>	<b>900</b>	<b>1,500</b>	<b>9,600</b>

As with all London boroughs, there is a significant homelessness issue, in part due to a severe shortage of genuinely affordable housing.

The mayor has set a provisional target of 802 homes per year over the next decade (this is reduced from his original target of 1,392 homes, primarily as a result of work commissioned by Harrow on behalf of West London Authorities), which will help to provide much needed housing within the borough. Of these 8,020 new homes, almost half (3,750) should come from small sites, with a large number of the remaining homes to be

constructed on sites that have already been identified. Around half of these are one-bedroom properties, which is out of line with the borough's affordable housing requirements, where the average household occupancy of properties within the borough was last reported at 2.8 people<sup>5</sup> and since that time, population has grown at a faster rate than housing provision (this was the second highest occupancy rate in the country).

There are estimated to be over 900 Houses of Multiple Occupation (HMOs), both registered and un-registered, largely within the east of the borough, many of which provide vital housing for people on lower incomes unable to rent a property of their own. There has been a 99% increase in HMO applications and 456% increase in suspected HMOs in the last 5 years: many un-registered HMOs are over-crowded, providing unacceptable living environments for their occupants.

Whilst data is held on the condition and energy ratings of social housing, there is little known about the actual condition of much of the private rented sector housing within the borough: this aspect contributes significantly to Harrow's overall rental market. It is therefore likely that there will be a significant challenge in working with, and encouraging, this sector to improve the quality of homes to increase the energy efficiency and reduce heating costs, whilst also providing a better property for tenants to live in.

### **Our proposed objectives**

The key objectives we have identified for this priority are below, along with the issue we intend to address.

All people able to live in the right size / tenure of home to meet their needs and expectations

- Addressing overcrowding, lack of social housing and affordability challenges

Everyone has a quality, energy efficient and digitally-enabled home in a thriving community

- Using regeneration to improve the quality as well as number of homes available

Neighbourhoods are integrated and well connected to thriving district centres

- Addressing inequality and providing opportunities

Strong transport links and connections from housing areas that enable people to travel to their destination sustainably and safely

- Addressing high car reliance, busy streets and pollution caused by travel
- Enabling safe and healthy travel to schools, college or work

### **The 'Big Idea'**

Digital infrastructure delivered in line with house building across the borough will support tackling inequality by ensuring that communities are connected and businesses are able to benefit from SMART Cities technology.

We will also ensure through our planning proposals that our town and district centres are recognised as vibrant and multi-purpose places, supporting the local people in each of our communities.

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<sup>5</sup> ONS Analysis of 2011 Census

### How we will deliver our objectives

The Borough Wide Infrastructure Strategy, Local Plan and the Housing Strategy will be three of the key strategies supporting delivery of our new homes for the borough and the related infrastructure improvements that are required to provide safe, friendly and connected areas for people to live and flourish. We consulted on our Housing Strategy during 2019 and we will be consulting on the Local Plan during 2020 to ensure that it is able to deliver the expectations set out for the borough through the local planning framework.

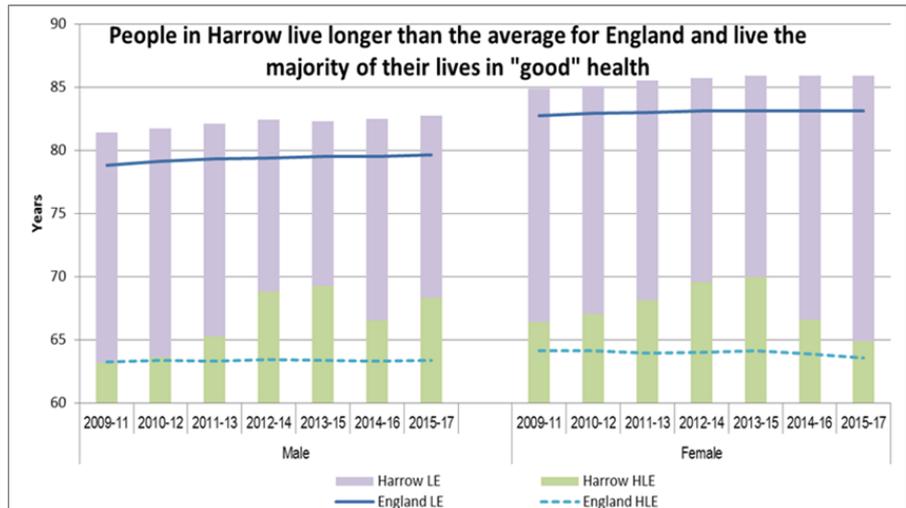
We cannot deliver this priority alone and need to work with private sector landlords to encourage them to improve the overall standard of private rented accommodation within the borough: for many people this will be the only realistic way of securing the housing they need.

## Addressing Health and Social Care Inequality

We understand the challenges faced by those living in loneliness and isolation and the impact that this can have on overall health and wellbeing. Harrow is in a great position to improve the health of our residents, with great access to a number of parks and open spaces providing opportunities for healthier lifestyles and recreational opportunities which are free for everyone.

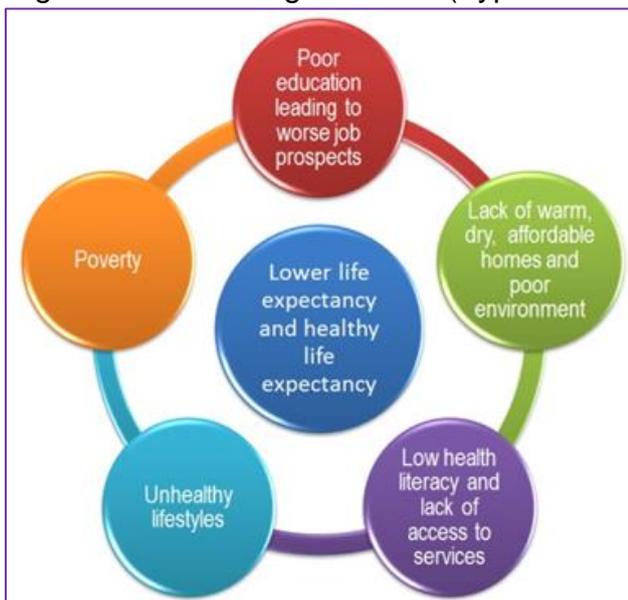
### Our data tells us

The government, within the Queen’s Speech, set a challenging target of increasing healthy life expectancy by 5 years by 2035: we will ensure that the government is held to account for this target and invests money in local services to enable this to be delivered. Our data shows that those with the longest unhealthy life expectancy are women and that healthy life expectancy is also lower in many of our more deprived areas.



Nationally, the numbers of people with dementia is projected to increase by 30% over the next decade: within Harrow our rate is also increasing, and is set to continue increasing at a pace over the coming years. Harrow has the seventh highest prevalence of dementia in London boroughs.

Diabetes is of particular importance in Harrow: there are currently 20,296 people registered as having diabetes (Type 1 or Type 2) with numbers expected to rise by 45% over the next 20 years.



The latest primary care data shows nearly 10% of the adult population of Harrow to have diabetes, the highest rate in London. One of the main causes of type 2 diabetes is lack of exercise.

The Young Harrow Foundation / Council Needs Analysis in 2018 showed that physical activity significantly reduced as children hit their teen years. A high proportion of Harrow’s adult population are physically inactive (30% in 2017-18) which is the fifth highest inactivity rate in London.

## Our proposed objectives

The key objectives we have identified for this priority are below, along with the issue we intend to address.

Increased healthy life expectancy for all, particularly those in disadvantage

- Addressing the large gap in health inequalities between our residents from the least to the most deprived wards

Improved physical activity of all, irrespective of age, gender or ethnicity

- Addressing poor levels of physical activity from an early age

All children experience a healthy start to life with good diet and appropriate exercise

- Addressing obesity, low exercise and poor health / oral health

Families are strong and able to access early support where required, enabling them to be more self-sufficient and rely less on public services

- Addressing reliance on social care and intervention to safeguard children

Increased numbers of elderly people able to continue to live at home

- Addressing demand for high cost social care

## The 'Big Idea'

We will tackle inequality through reducing obesity: supporting improved levels of physical activity, enabling people to live longer and healthier lives whilst reducing the prevalence of diabetes within the borough.

We will also ensure that we become a dementia friendly borough to support the growing number of people affected by dementia, ensuring that they have a safe and engaging borough within which to continue their lives as independently as possible.

## How we will deliver our objectives

The Health & Wellbeing Strategy will be one of the key strategies supporting delivery of our health improvements across the borough. This is supported by the Clinical Commissioning Group (CCG) and the Sustainability and Transformation Partnership (STP), setting out the role of the NHS and GPs in delivering against this agenda. Integration of health and social care will be a key enabler of these objectives, whilst improving the lived experience for our residents in the borough.

The Healthy Weight Strategy will support improvements in obesity and physical activity, contributing towards an overall improvement in health and life expectancy; while the Mental Health Strategy will be important in addressing this overall challenge: both are proposed to be developed during 2020.

We will encourage greater participation in cultural and leisure opportunities, as well as better use of our parks and open spaces, as a gateway to increasing physical activities and participation in sports to improve health and mental wellbeing.

## Thriving Economy

A strong economy underpins a thriving borough, providing the business, employment and retail opportunities expected and required by our communities. The key challenge is addressing under-employment rather than unemployment – creating more and better paid jobs. We need to ensure that people are able to live, work, shop and participate in leisure activities within the borough: providing greater opportunities for everyone.

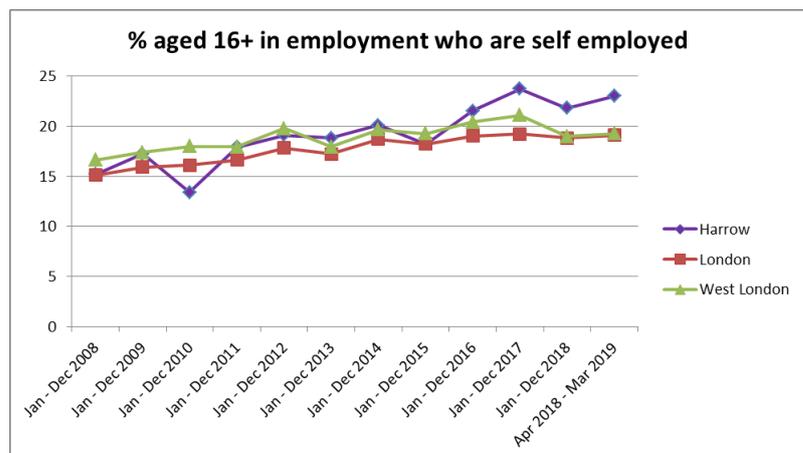
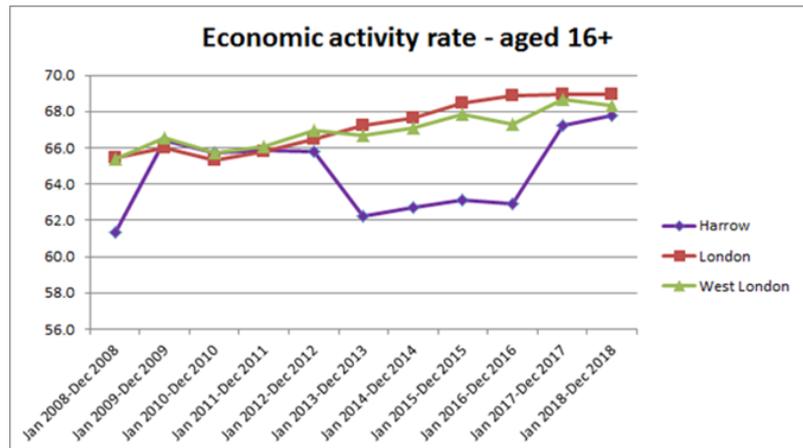
### Our data tells us

In Harrow, there are 80,000 jobs with a consistent growth over the past decade in people who are self-employed (now over 20,000): the business base is primarily small and microbusinesses, which tend to be less productive and pay less.

The economic activity rate for people in Harrow has been significantly below London for a number of years, but the gap has closed since 2017. Part time work has grown by 8% over the past 3 years, with a corresponding reduction of 6.25% in full time employment.

There is a large gap in earnings between men and women, and those working outside of the borough earning more than those employed within the borough. This shows that men earn almost £15 per week less than in London whilst women earn over £44 per week less. An aspect of the gap in earnings between those in and out of borough is due to the nature of the self-employed and SME economy locally, with all remaining larger employers within the borough being public sector.

Over the past year, there have been 9,000 office spaces lost within the borough.



	Harrow £	London £	Great Britain £
<b>Gross weekly pay</b>			
Full-time workers	671.7 (655.3)	670.8 (654.6)	571.1 (552.7)
Male full-time workers	705.1 (714.8)	719.7 (701.4)	612.2 (594.2)
Female f/time workers	584.2 (571.2)	628.7 (602.1)	510.0 (494.4)
<b>Hourly pay - excluding overtime</b>			
Full-time workers	17.00 (16.65)	17.55 (17.04)	14.36 (14.00)
Male full-time workers	18.25 (18.33)	18.30 (17.80)	14.89 (14.56)
Female f/time workers	16.26 (14.90)	16.86 (16.29)	13.56 (13.18)

Source: ONS annual survey of hours and earnings - resident analysis  
Notes: Median earnings in pounds for employees living in the area.

## **Our proposed objectives**

The key objectives we have identified for this priority are below, along with the issue we intend to address.

High earning jobs within the borough

- Addressing low paid employment in borough

Micro, Small and Medium sized enterprises grow sustainably within the borough

- Addressing employment and encouraging entrepreneurialism

Employment opportunities to match skills available within the borough

- Addressing need to travel for suitable employment

Local learning / skills opportunities match business needs / sectors

- Addressing lower earnings and the need to travel for suitable employment

Vibrant town and district centres

- Addressing high street decline and loss of local spend

## **The 'Big Idea'**

Harrow will tackle inequality through improved transport links such as Crossrail 3, orbital links and new bus routes, supporting access to and between our town centres and employment sites to support our economy and attracting more commercial and office space.

We will also work with partners to sustain our high rates of business survival and support business growth within the borough to raise local earning levels and provide local jobs for our residents.

## **How we will deliver our objectives**

The new Inclusive Growth Strategy will be one of the key strategies supporting delivery of our thriving economy whilst the Adult Learning Strategy will support delivery of the need to raise the skill levels of many adults within the borough to enable them to meet their earnings and employment aspirations.

The Business Forum will play an active role in supporting identification and delivery of priorities as well as prioritising improvements and harnessing the support of local businesses to meet our shared objectives.

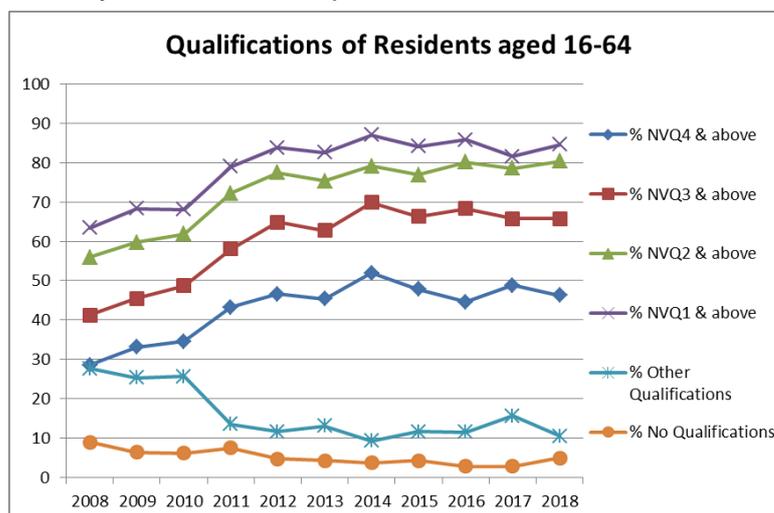
## Sustaining Quality Education and Training

Currently our schools are highly rated and perform well overall, but we want to ensure that everyone benefits from the education system to achieve the best they can.

### Our data tells us

Overall our pupils perform well, but some groups do not attain the same standard as their peers. These groups include: looked after children; Unaccompanied Asylum Seeking Children (UASC); black boys; and white boys from more deprived areas.

Comparing attainment data over time is difficult due to changed exam systems, but our provisional 2019 average Attainment 8 score of 50.8 is better than pupils in London (50.2) and nationally (46.7), but behind statistical neighbour's score of 52.8, which demonstrates the scale of improvement required for our lower attaining cohorts of pupils.



Employment, Education and Training (EET) rates are amongst the very best in England and are sustained at around 99% for local young people aged 16-18.

### Our proposed objectives

The key objectives we have identified for this priority are below, along with the issue we intend to address.

All schools, colleges and other educational settings are rated as good or outstanding

- Addressing inconsistent educational opportunities

All underachieving groups achieve in line with or better than their peers

- Addressing the attainment gap

All people have the level of qualifications required to meet their employment aspirations

- Addressing low pay employment and poverty

Everyone is able to benefit from lifelong learning, training and enrichment opportunities

- Addressing poverty and improved mental health

### The 'Big Idea'

We will tackle inequality by addressing the attainment gap: ensuring that underachieving groups all perform in line with, or better than, their peers.

We also want to attract a university for Harrow and strengthen relationships with the colleges to ensure a coherent post-school offer in the borough for everyone.

### How we will deliver our objectives

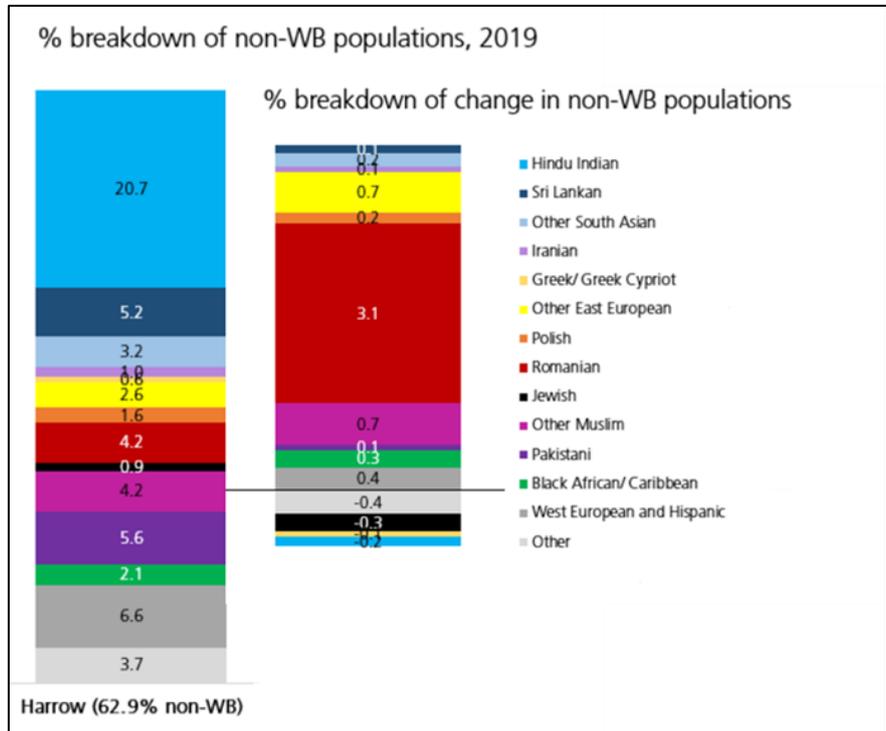
Schools within the borough will be key to delivering on these objectives and the Adult Learning Strategy will be one of the key strategies supporting the delivery of a high quality education system that works for everyone.

## Celebrating Communities and Cohesion

The nature of our borough and the communities it comprises of has changed over the past decades, and will continue to change into the future. We are determined to work with our communities to ensure that they are able to benefit the most from living here and contributing towards the improvement and diversity of our area.

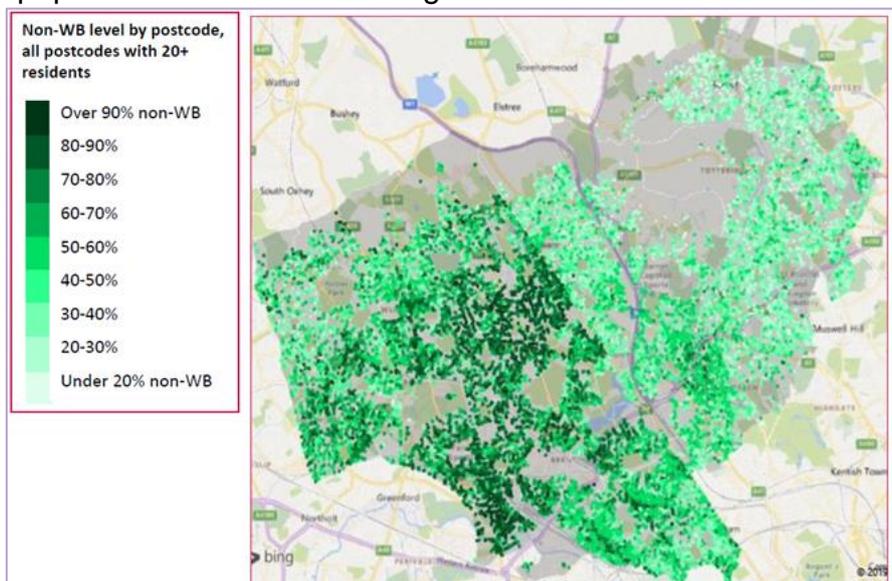
### Our data tells us

Harrow is a diverse borough, with a growing non-white British population and has the fastest growing Romanian population in the country. The Hindu Indian population has traditionally been the largest non-White British community in the borough, however, now the European community accounts for a similar proportion of the population at around 20%. The Eastern European population now accounts for two thirds of the overall European population and Romanians represent two thirds of the Eastern European community.



Many new or evolving populations will focus their growth on particular areas of the borough, potentially causing tension with the established population who perceive their community to be changing. We value the growing diversity of our communities and the increased Eastern European population as well as the high levels of Asian communities which have been well-established within the borough.

While many areas have seen reduced levels of public engagement and lower election turnout, people in Harrow have tended to vote, with turnout at recent council elections being 41%.



### **Our proposed objectives**

The key objectives we have identified for this priority are below, along with the issue we intend to address.

A thriving, multicultural borough where events support our communities continued integration and values

- Addressing community cohesion

Everyone takes an individual and collective responsibility for building good relationships within their community

- Addressing tensions between communities leading to isolation

Our annual resident's survey demonstrates a continued increase in people feeling that communities get on well together

- Addressing intolerance and supporting cohesion

Maintaining high levels of civic engagement

- Ensuring we retain high election turnout among all our communities
- Growing the numbers of people active in public life and community roles

### **The 'Big Idea'**

We will tackle inequality through improving the environment and living standards within our more deprived communities: affording them a better quality of life.

We will continue to work with our communities, culturally and geographically, to help them inform and support development of their locality to deliver their aspirations. We will also look to recognise our diverse and cohesive communities through becoming a Borough of Culture.

### **How we will deliver our objectives**

The Wealdstone Action Group (WAG) and Community Action South Harrow (CASH) will be fundamental in supporting plans in these areas. During the life of this plan we will also be undertaking specific and targeted work within Edgware and the east of the borough in response to demand.

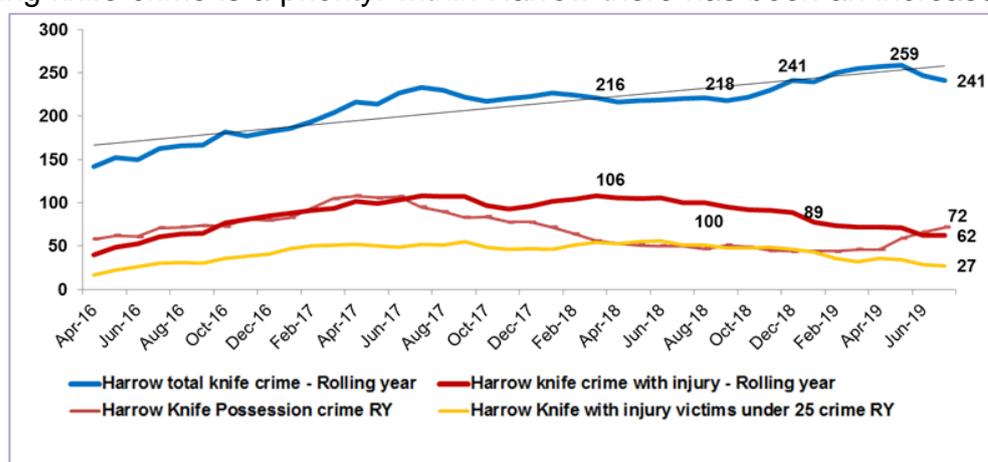
## Maintaining Low Crime Levels and Improving Community Safety

Whilst there are low levels of crime compared to neighbouring and other London boroughs, we are not complacent and want to see crime levels fall, recognising the impact that any crime has on victims. In some types of violent crime we have seen a rising trend, in line with London and national trends: we are eager to reverse this. We are also committed to improving community safety and the perception of crime to ensure that everyone feels safe and able to live a full and rewarding life in the borough without fear of crime.

### Our data tells us

In the year to July 2019 there has been a 16% increase in total crime offence levels within Harrow, although the overall rates remain lower than most other London boroughs.

Across London tackling knife crime is a priority: within Harrow there has been an increase in knife crime, although at a slower rate than London. Over the past two years, there has also been a reduction in injury caused by knives, but these levels remain too high.



### Our proposed objectives

The key objectives we have identified for this priority are below, along with the issue we intend to address.

Low levels of crime within the borough

- Addressing community safety and crime levels

Everyone feels safe within the borough and our town centres throughout the day and at night

- Addressing fear of crime and making greatest use of our town / district centres

Children and young people are able to grow up safely and without fear of abuse or exploitation

- Addressing County Lines and child sexual exploitation

### The 'Big Idea'

We will tackle inequality through working to protect our children and young people from County Lines, raising awareness of the threats and engaging children at a younger age to enable them to make informed choices.

We are going to create vibrant and multi-purpose town centres that are welcoming and make people feel safe.

### **How we will deliver our objectives**

The Violence, Vulnerability and Exploitation (VVE) Strategy will be one of the key strategies supporting delivery of community safety across the borough. This strategy is being refreshed early in 2020 and will contain shorter term targets for tackling our immediate crime challenges in line with the London Mayor's priorities, but will also have a large focus on addressing fear of crime across the borough.

## Next Steps

During 2020 we are committed to engaging with more people in informing the Borough Plan. This will allow us to hear feedback about the priorities, gain information to support developing the actions to deliver our priorities and engage others to take lead roles in delivering these changes within the borough. We are determined that this engagement will be an ongoing rather than a one-off process and as such, we are eager to understand: where resident priorities lie; what may be “quick wins”; how we are able to collectively deliver against our more challenging ambitions; and how we gauge progress in improving the borough we care for.

To ensure that we do this, we will be developing a partner engagement plan and a resident engagement plan, providing opportunities for more people to contribute towards the focussing and delivery of our shared aspirations for Harrow.

Much of what we seek to achieve requires us to work in partnership: a few things we can deliver for ourselves whilst most will require collaborative working and us to collectively influence others to support our changes... As such, our final plan will be led and signed up to not just by the council, but our key partners in health, police, fire, education and the voluntary and community sectors: together, we can turn our plan into our future.

### Short term delivery plan

To ensure that work continues throughout our year of engagement, we are creating a short term delivery plan for the council’s contributions, focussed on delivery of the priorities and objectives we are consulting on.

This provides an opportunity to focus on some of the short-term challenges that have been raised and through delivering some of these, enabling us to be in a better position to deliver against the longer term ambitions.

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# London Borough of Harrow: Residents Insight

The Campaign Company  
August 2019

49

Daniel Jackson, Sam Toogood, David Evans  
sam@thecampaigncompany.co.uk



## Aims

1. Track resident perceptions against 2016, 2017 and 2018 benchmarks.
2. Assess alignment of council strategy and campaigns with resident priorities
- 5 3. Understand key channels and messages based on analysis of media consumption and resident values

## Methodology

- 1,020 residents surveyed from 11<sup>th</sup> July to 1<sup>st</sup> August 2019. 268 face to face, 752 on telephone.
- Representative of demographics and wards (quotas for age, gender, ethnicity and ward based on the 2011 Census.)
- Values Modes psychographic segmentation

# Research Process - Values Modes

- Exploring the core drivers of behaviour
- Values are often unconscious, motivate our actions and are more fundamental than our attitudes and opinions.
- They are deeply held, reflecting upbringing, background and influences, including wider sociological changes and changes in economic fortunes.

51



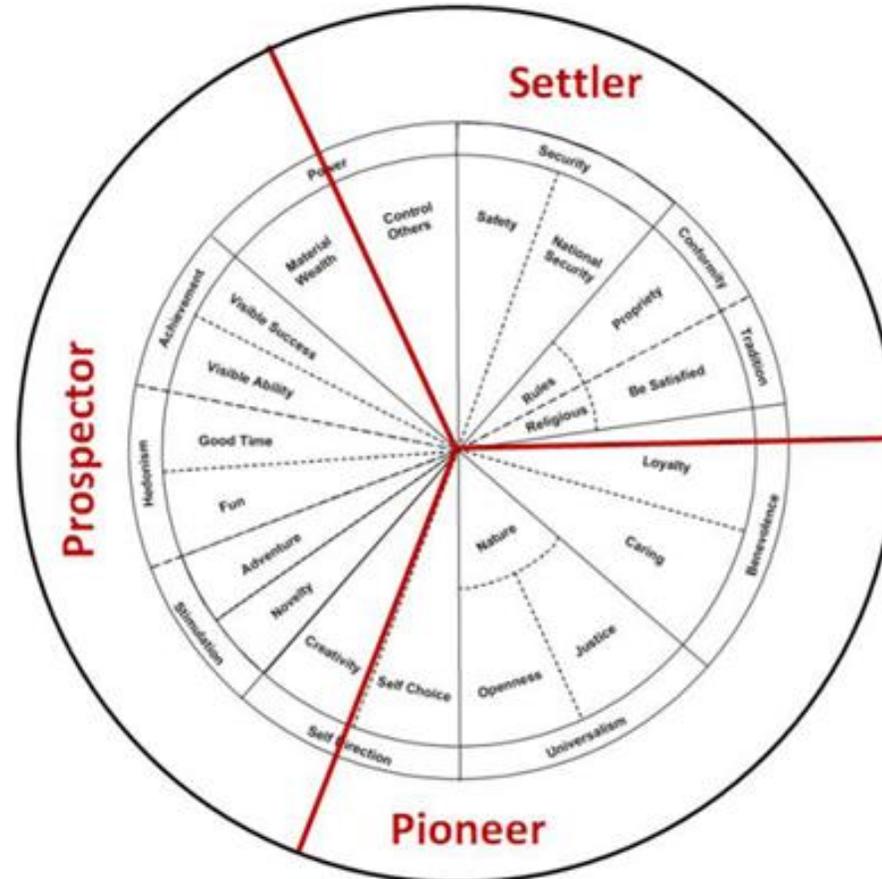
- Shalom H. Schwartz

# Values Modes: Main segments

## PROSPECTORS

*Outer Directed*

- Need for esteem
- Hierarchy, status and respect
- Mixed attitudes to change
- Economic maximisation
- Not interested in causes
- Present-focused



## Settlers

*Security driven*

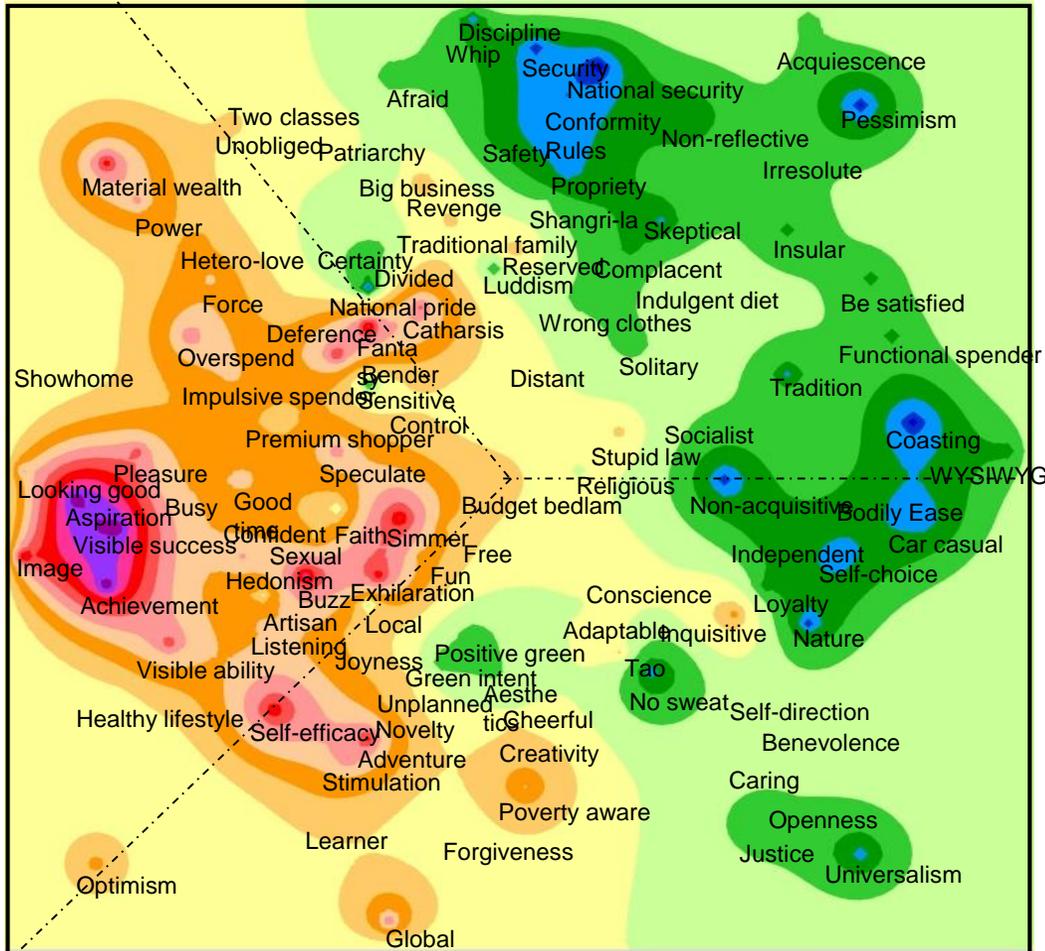
- Anxious about change
- Culture, identity and belonging
- Low self-efficacy
- Past-focused

## PIONEERS

*Inner Directed*

- Positive about change
- Post materialistic
- Diverse social networks
- Innovation
- Future focused





## More likely to espouse

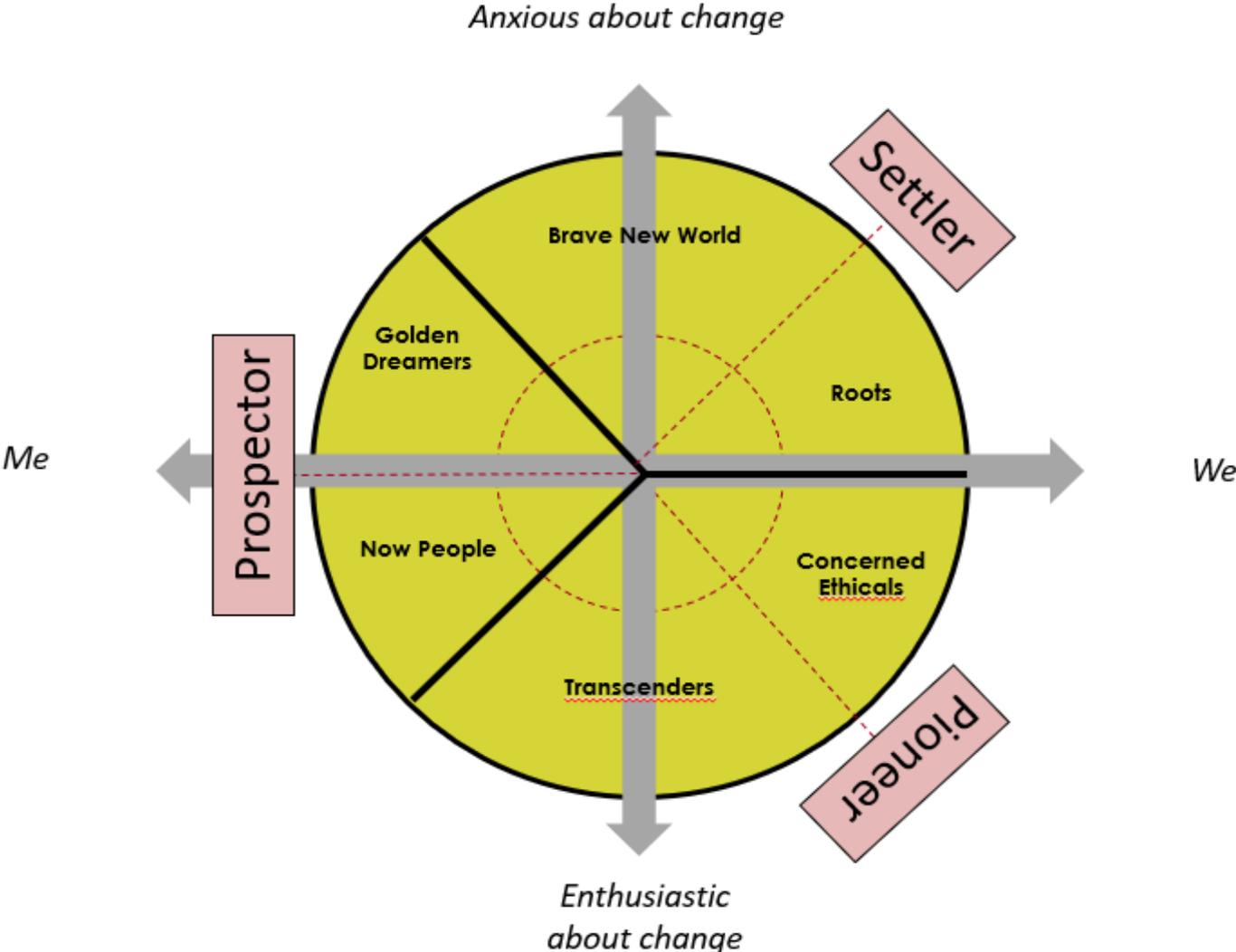
- **Visible Success** “Being very successful is important to me. I like to impress other people.”
- **Aspiration:** “To me, achieving a better position in life is worth a lot of effort. At work, titles and grades are important to show how well I’m doing compared to others.”
- **Force:** “I believe it’s acceptable to use physical force to get something you really want. I think the important thing is to get what you want.”



# Values Modes: Values Map

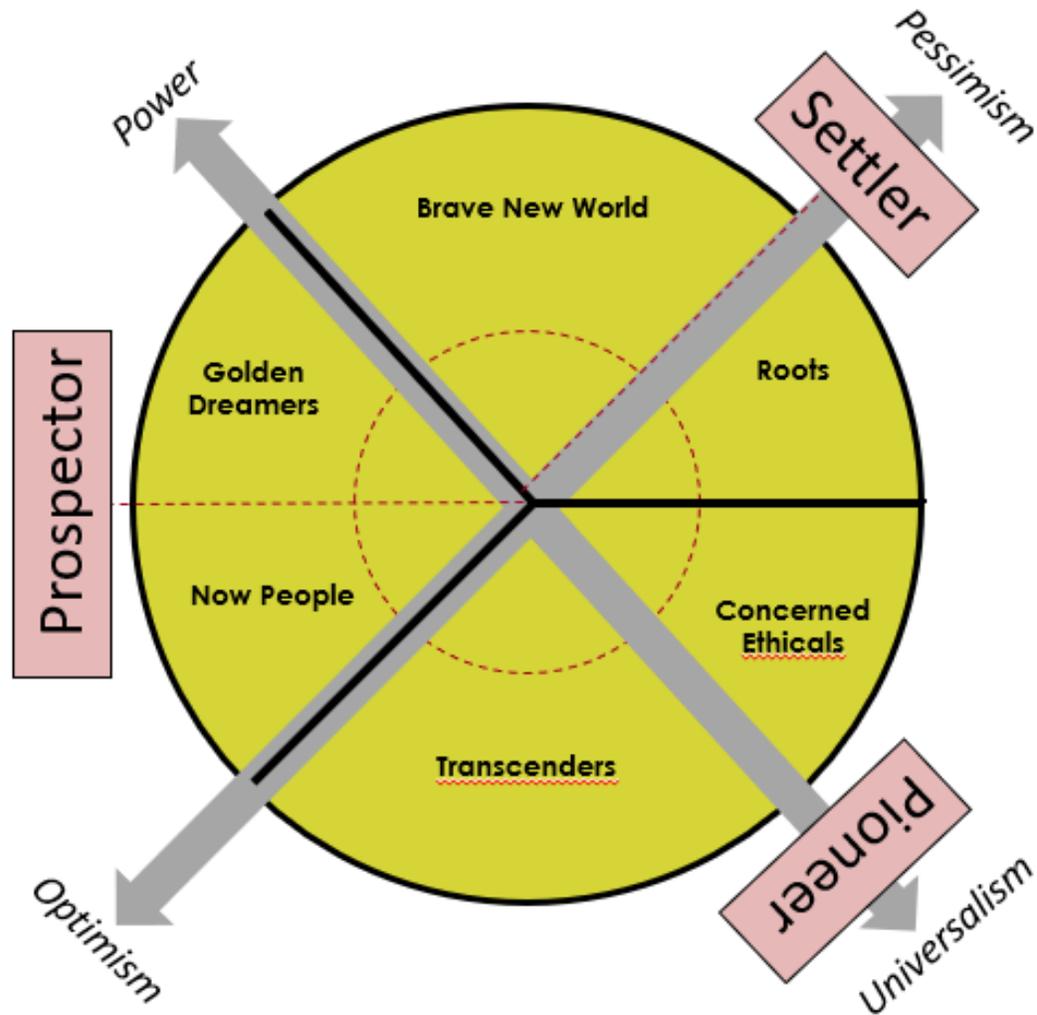
## Values Modes: change and individualism

56



# Values Modes: Values Map

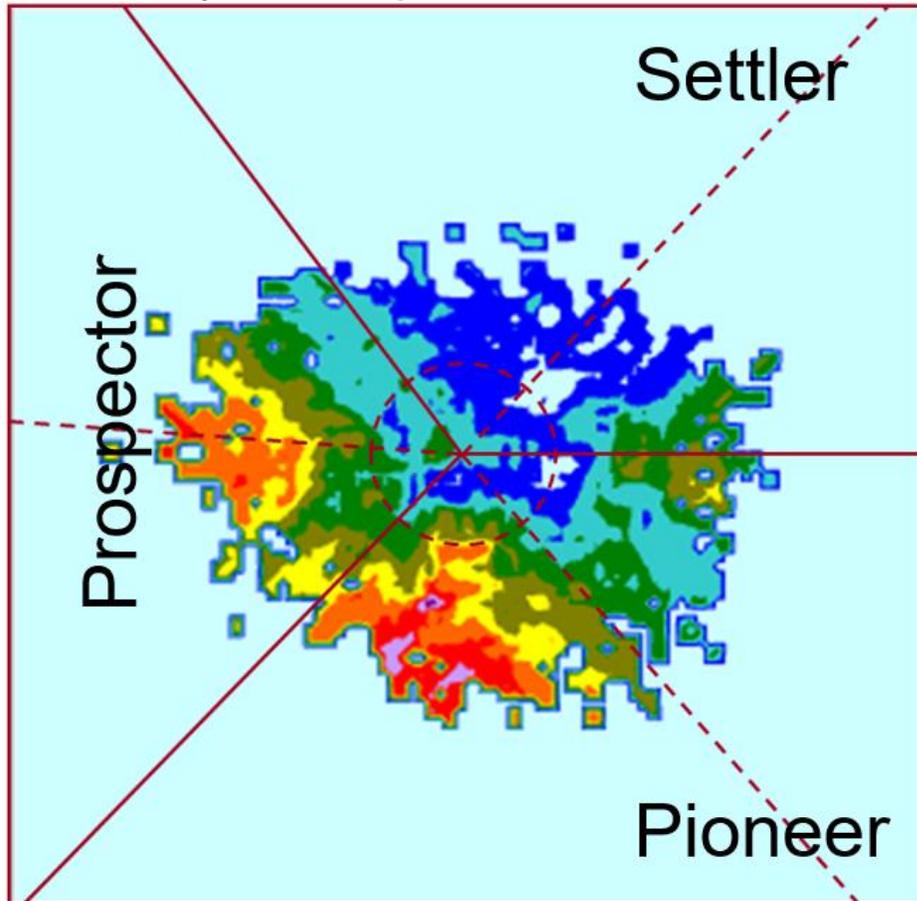
## Values Modes power and optimism axis



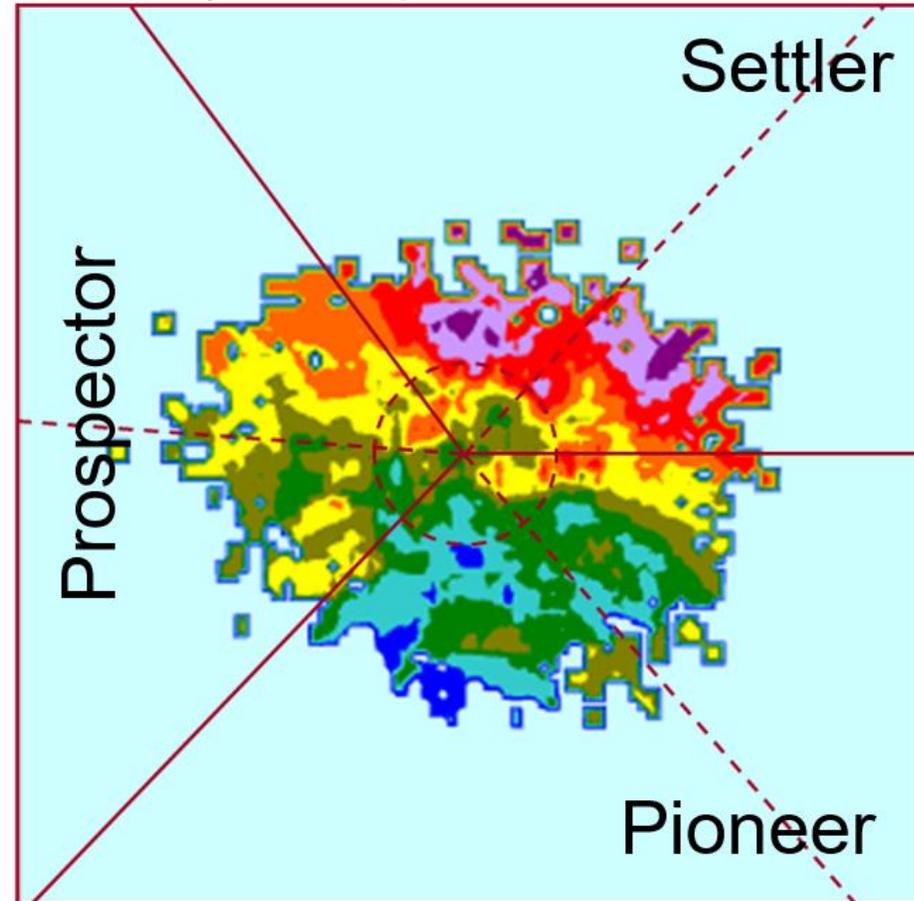
# Optimism and Pessimism

Values Modes optimism/pessimism

World gets more exciting

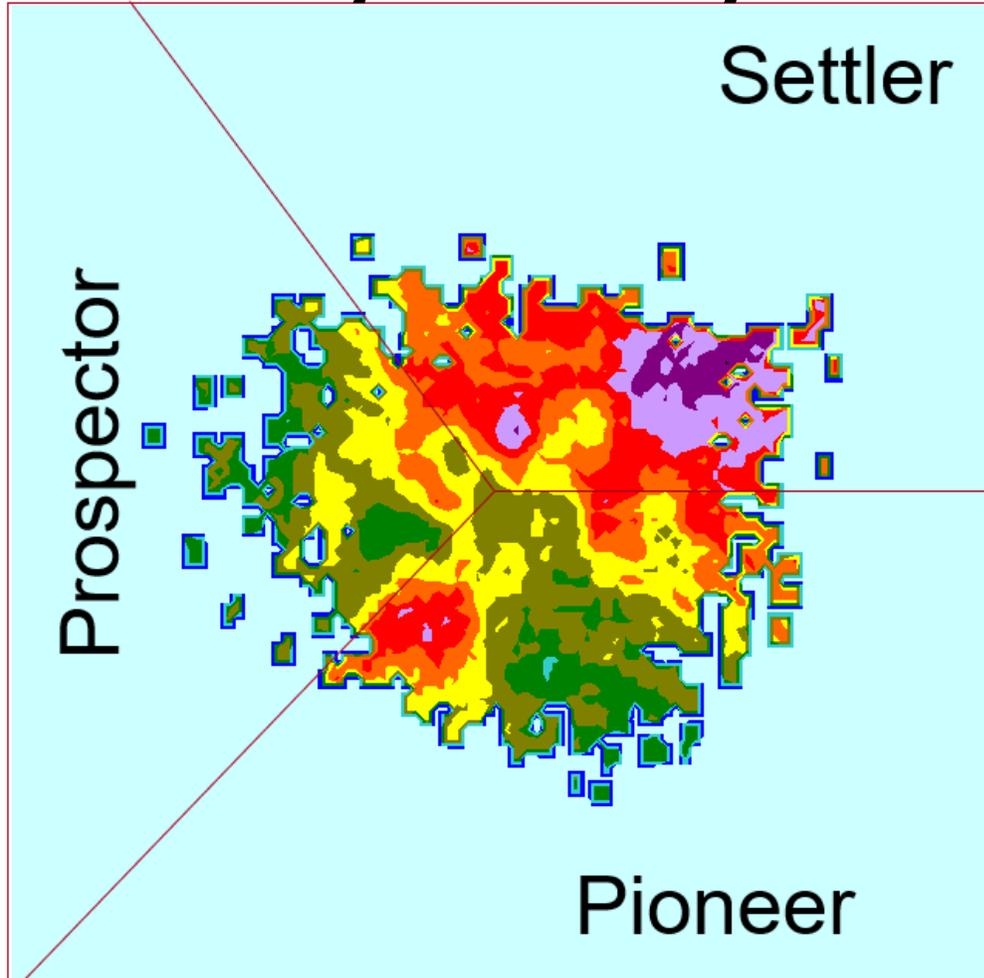


World gets more confusing

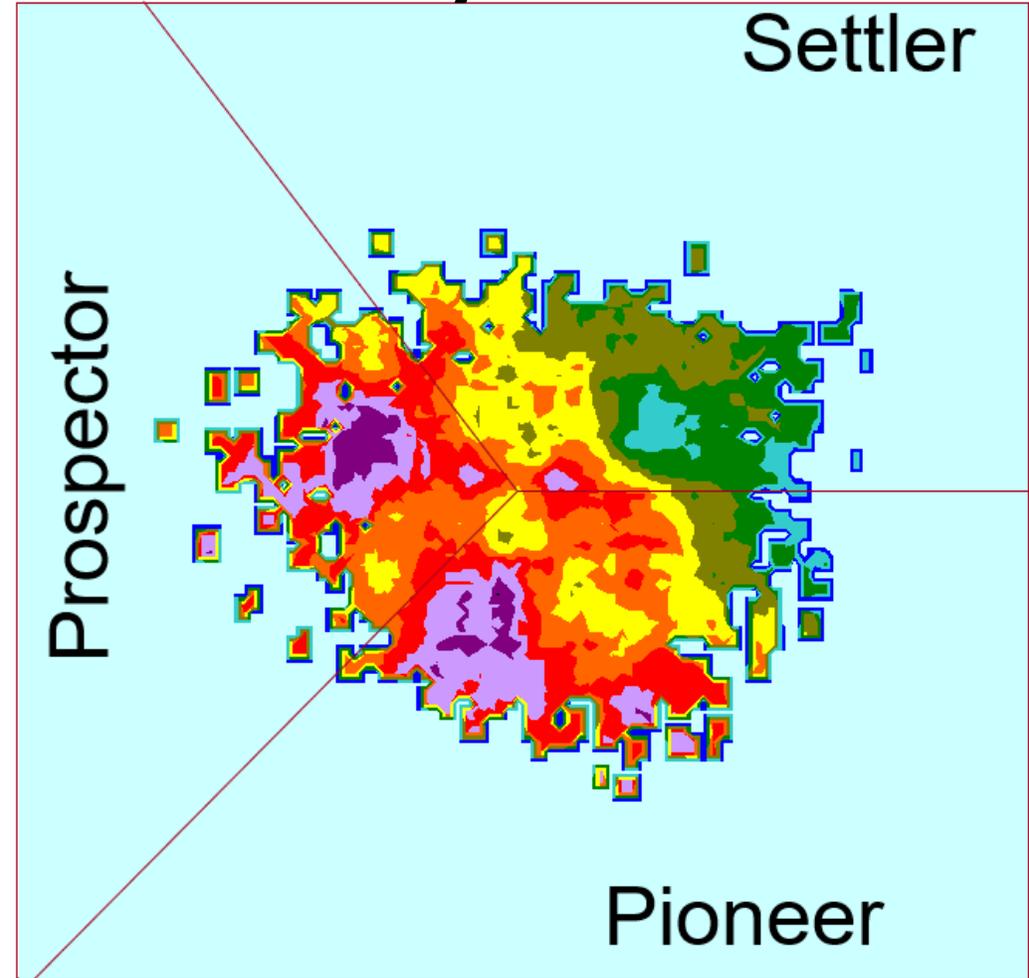


## Values Modes identity

### My Nationality

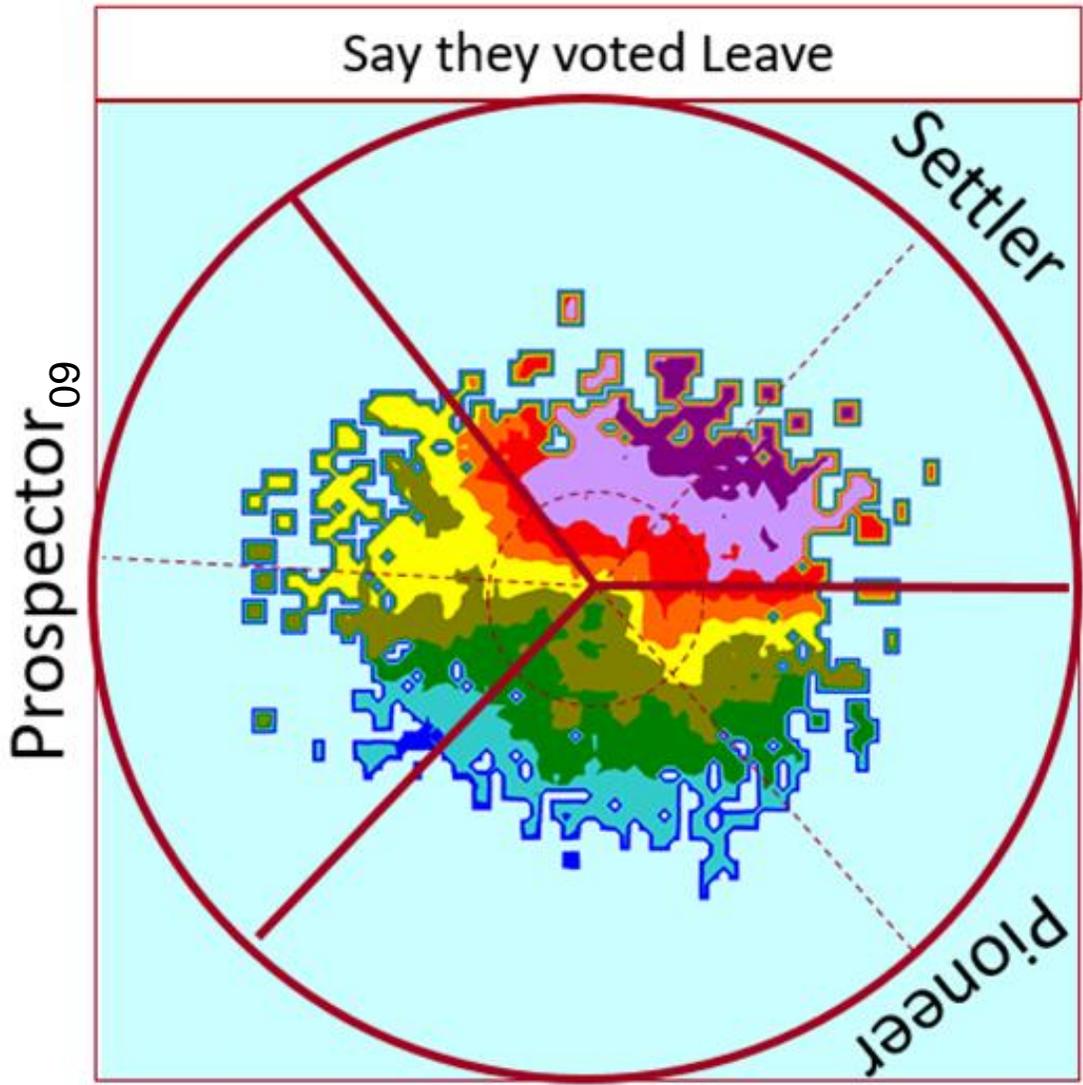


### My Job

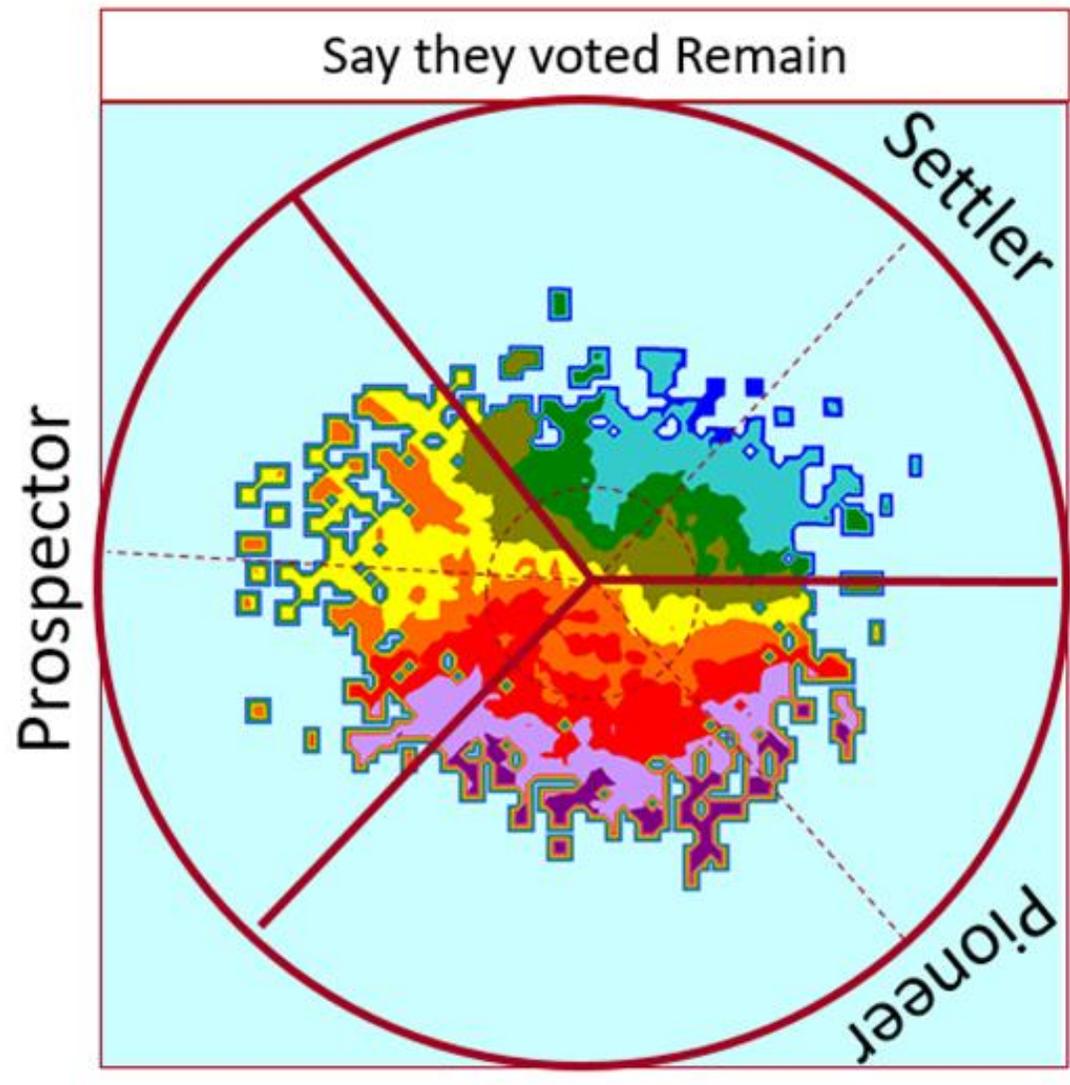


# Referendum context

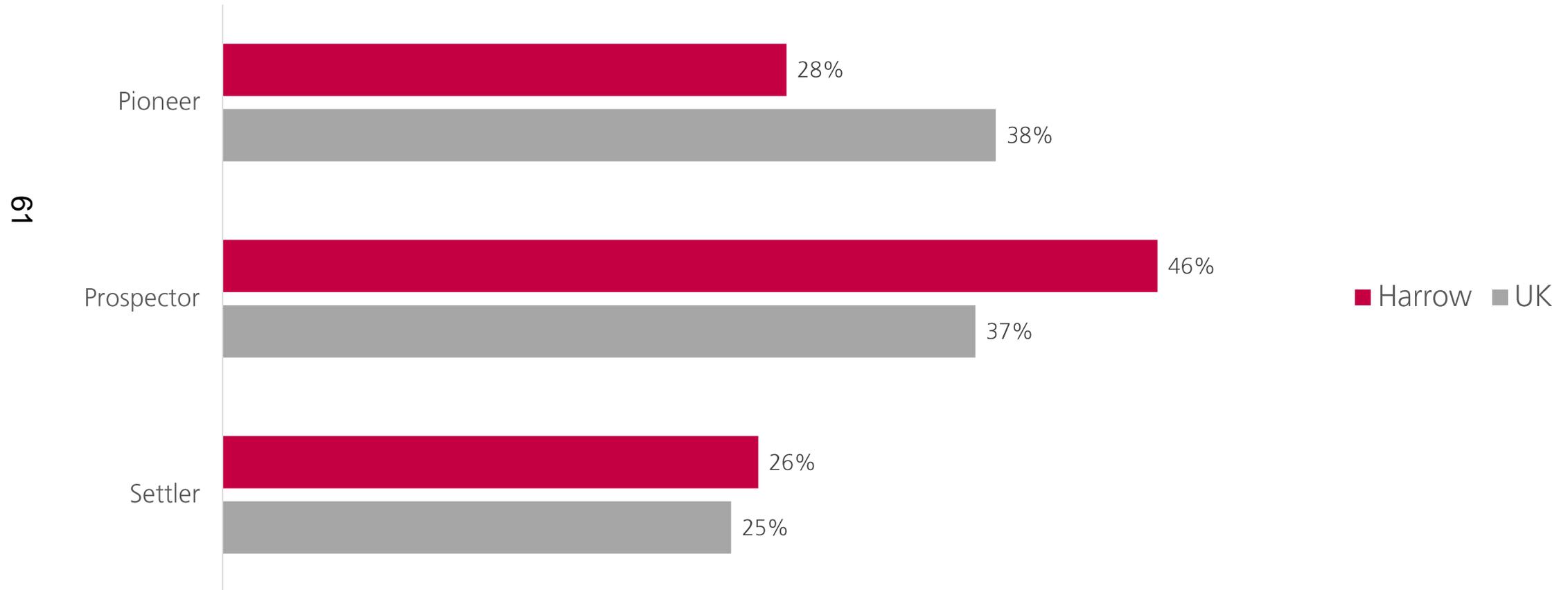
## Values Modes Referendum



- 90%-100%
- 80%-90%
- 70%-80%
- 60%-70%
- 50%-60%
- 40%-50%
- 30%-40%
- 20%-30%
- 10%-20%
- 0%-10%



# More Prospector and less Pioneer than rest of country

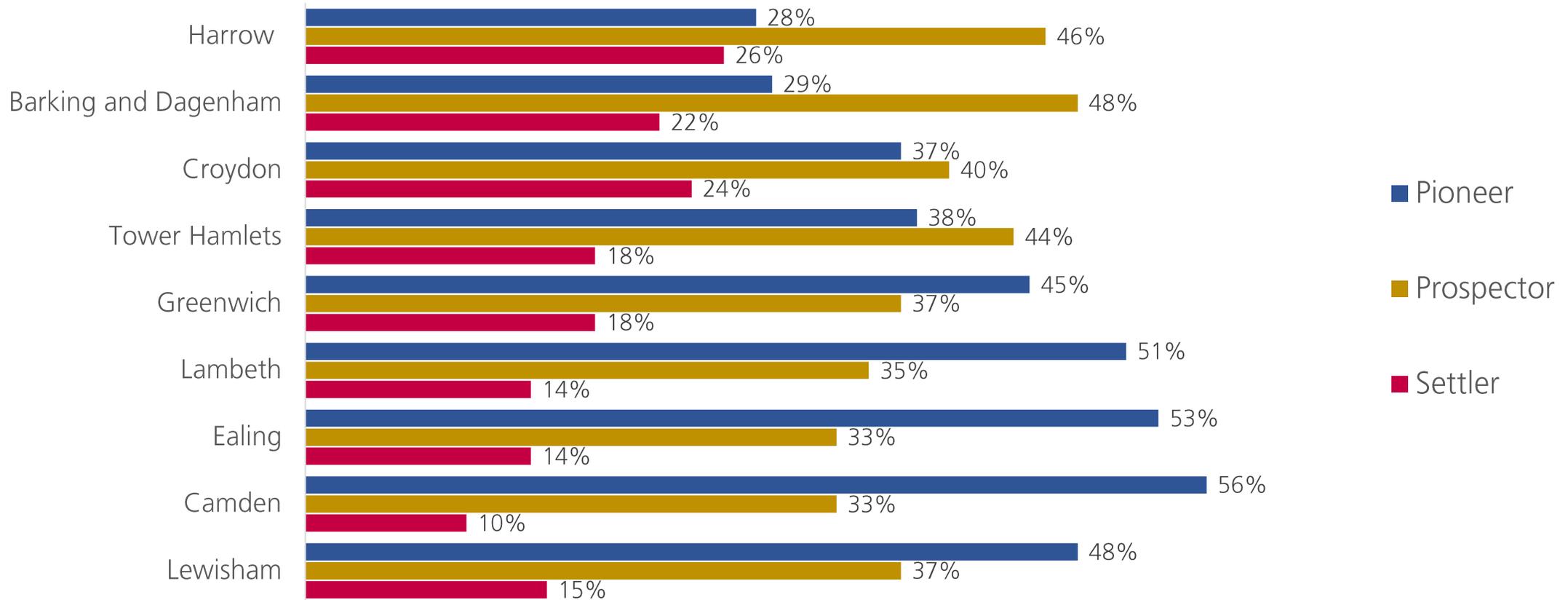


Total sample; Weight: Weight; base n = 781; total n = 1017; 236 missing; effective sample size = 607 (78%)

# More aspirational and individualistic than most London councils with lowest number of Pioneers

## Values Modes London comparisons

62

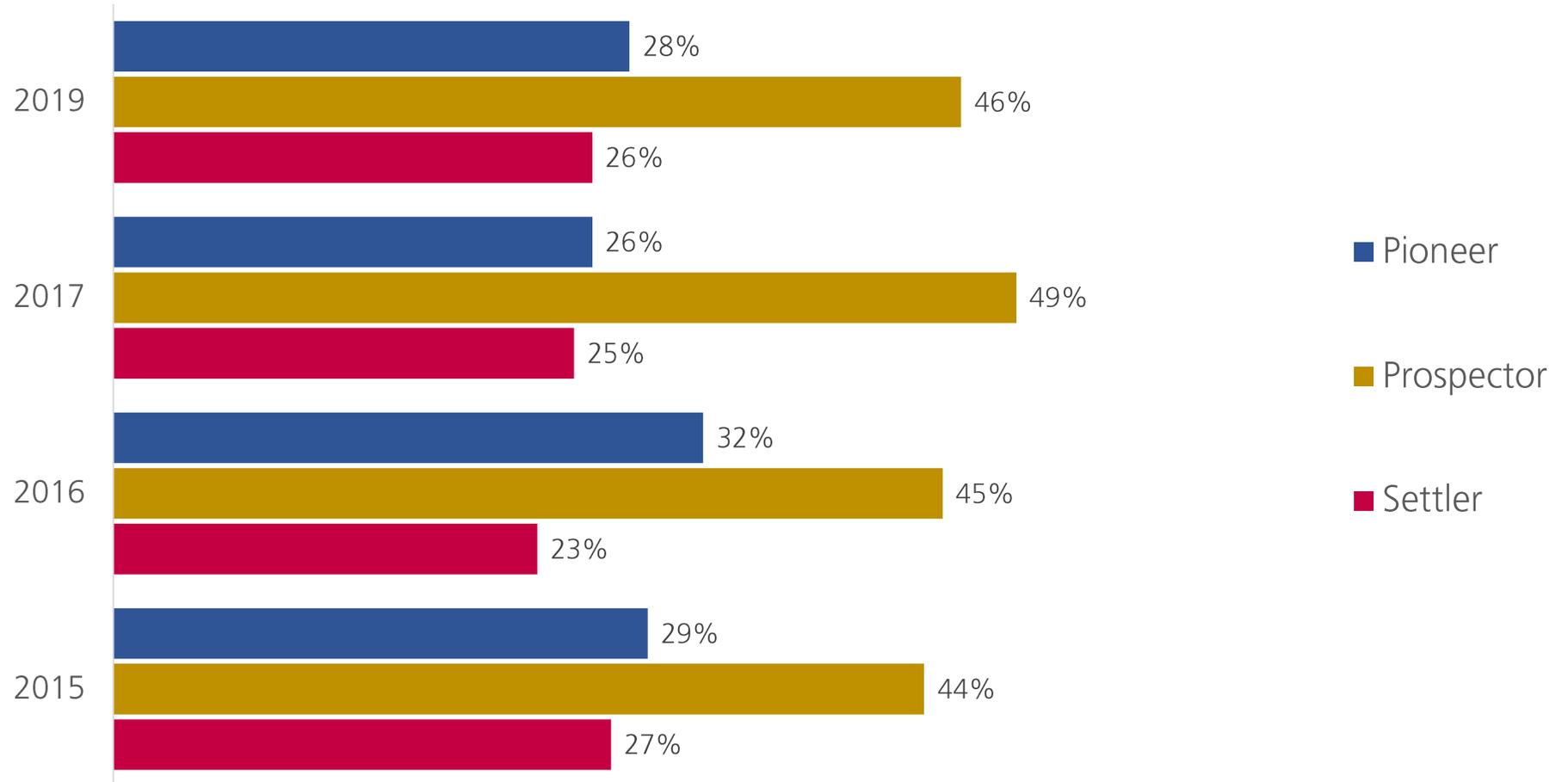


- Pioneer
- Prospector
- Settler

# No significant change in distribution over the past four years

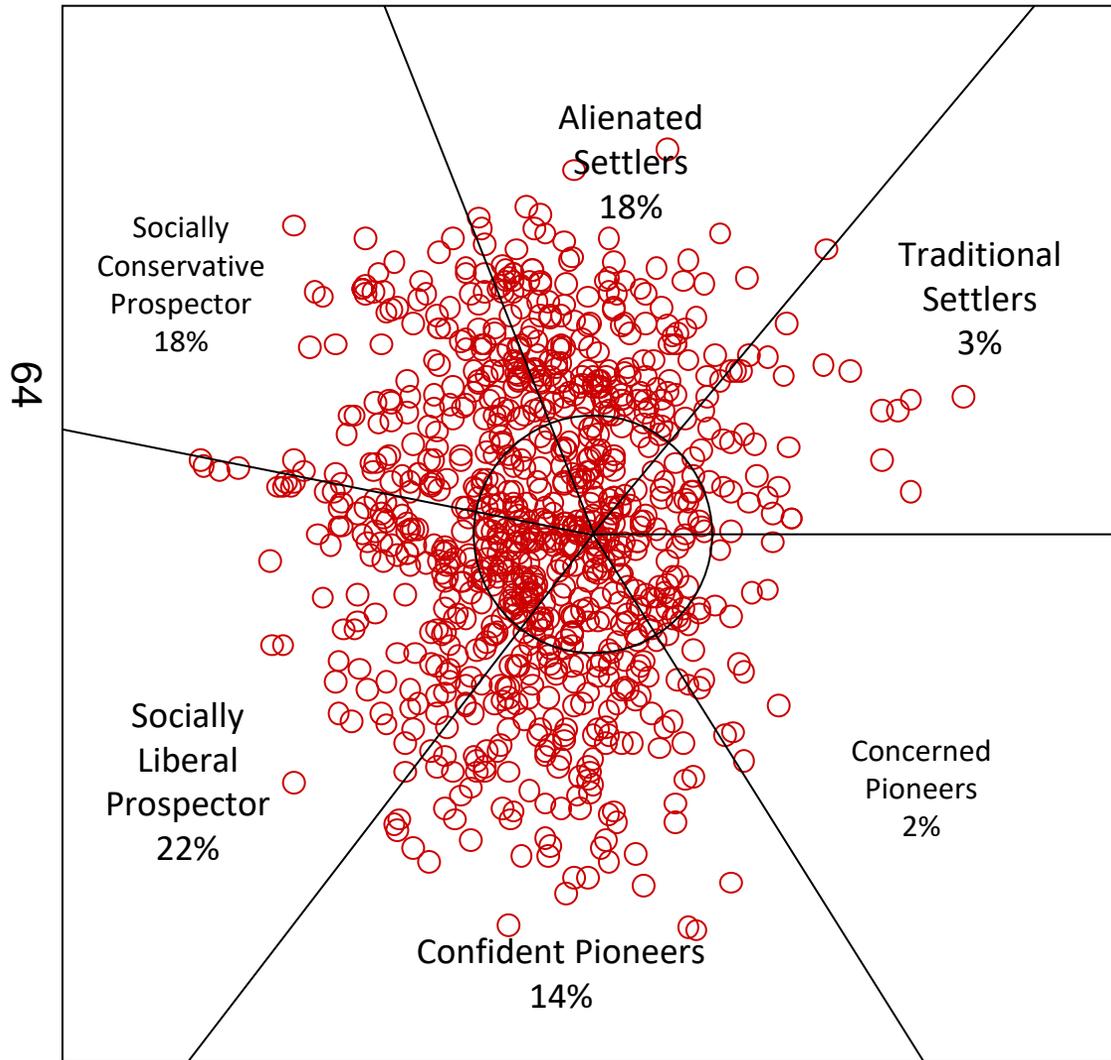
## Values Modes by year

63



Values distribution is diffuse: no dominant sub-group, even spread of socially liberal and socially conservative residents

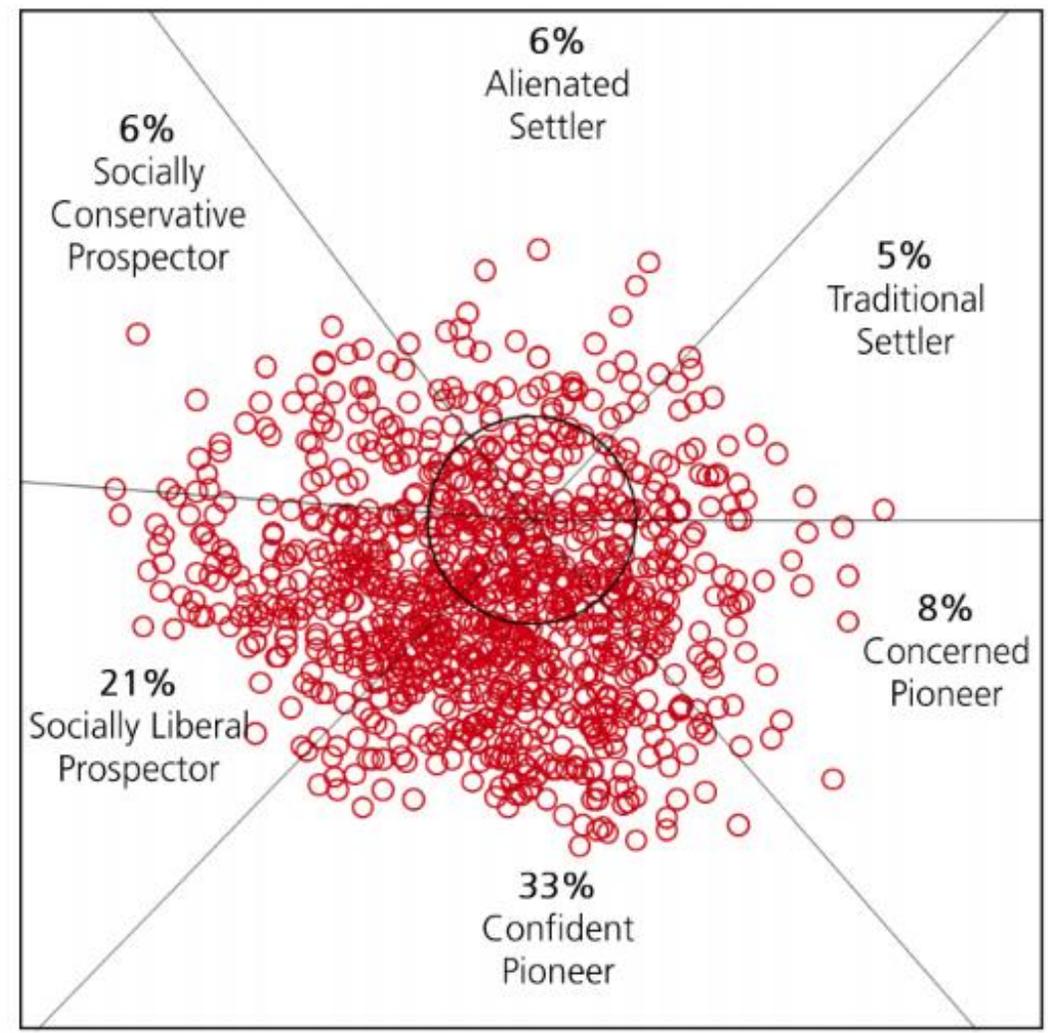
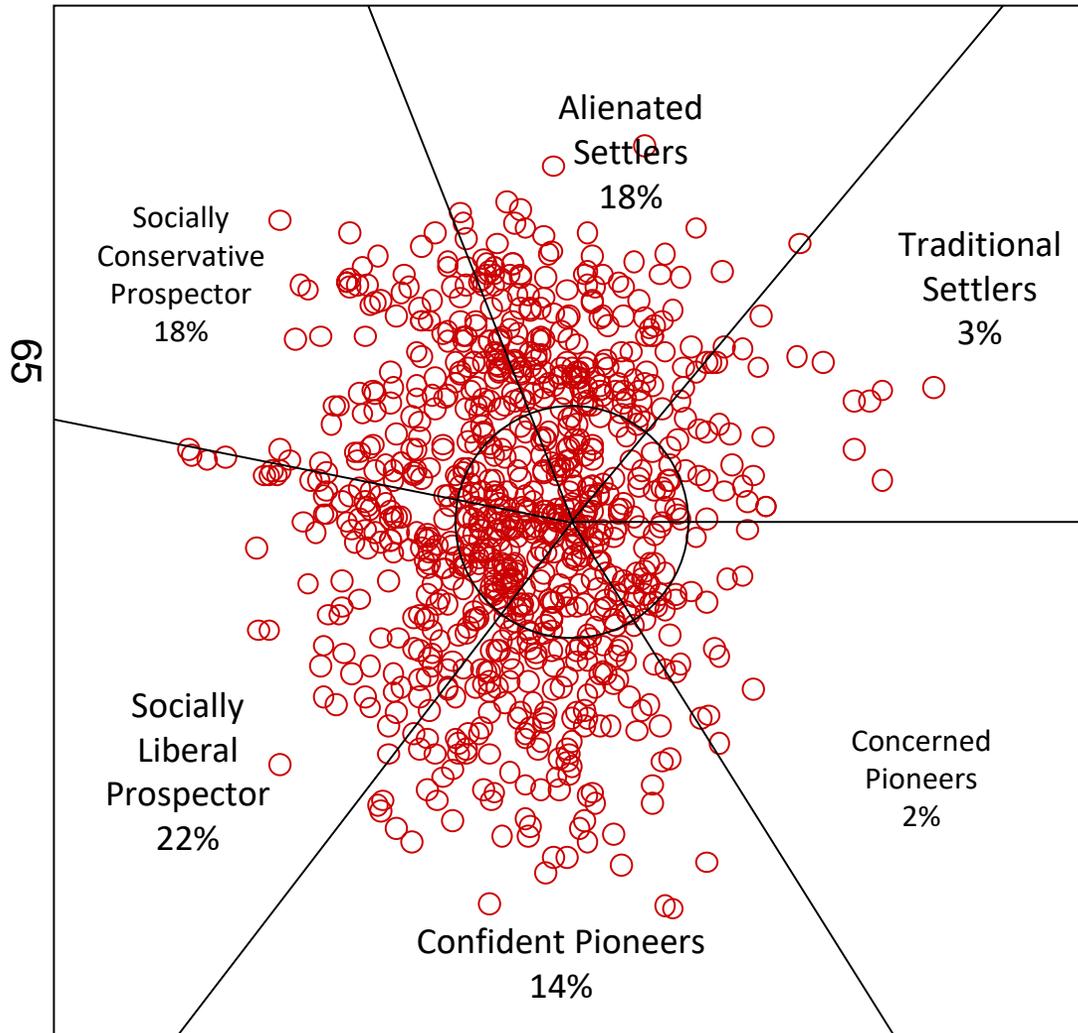
### Values Modes full distribution



- Overall distribution of the sample is 46% Prospector, 28% Pioneer and 26% Settler
- The scatter map shows the six key sub-groups in the sample. No values sub-groups clearly dominate but the centre of gravity is slightly more individualistic.
- Skew towards more individualistic values.
- Even spread of socially liberal and socially conservative values.

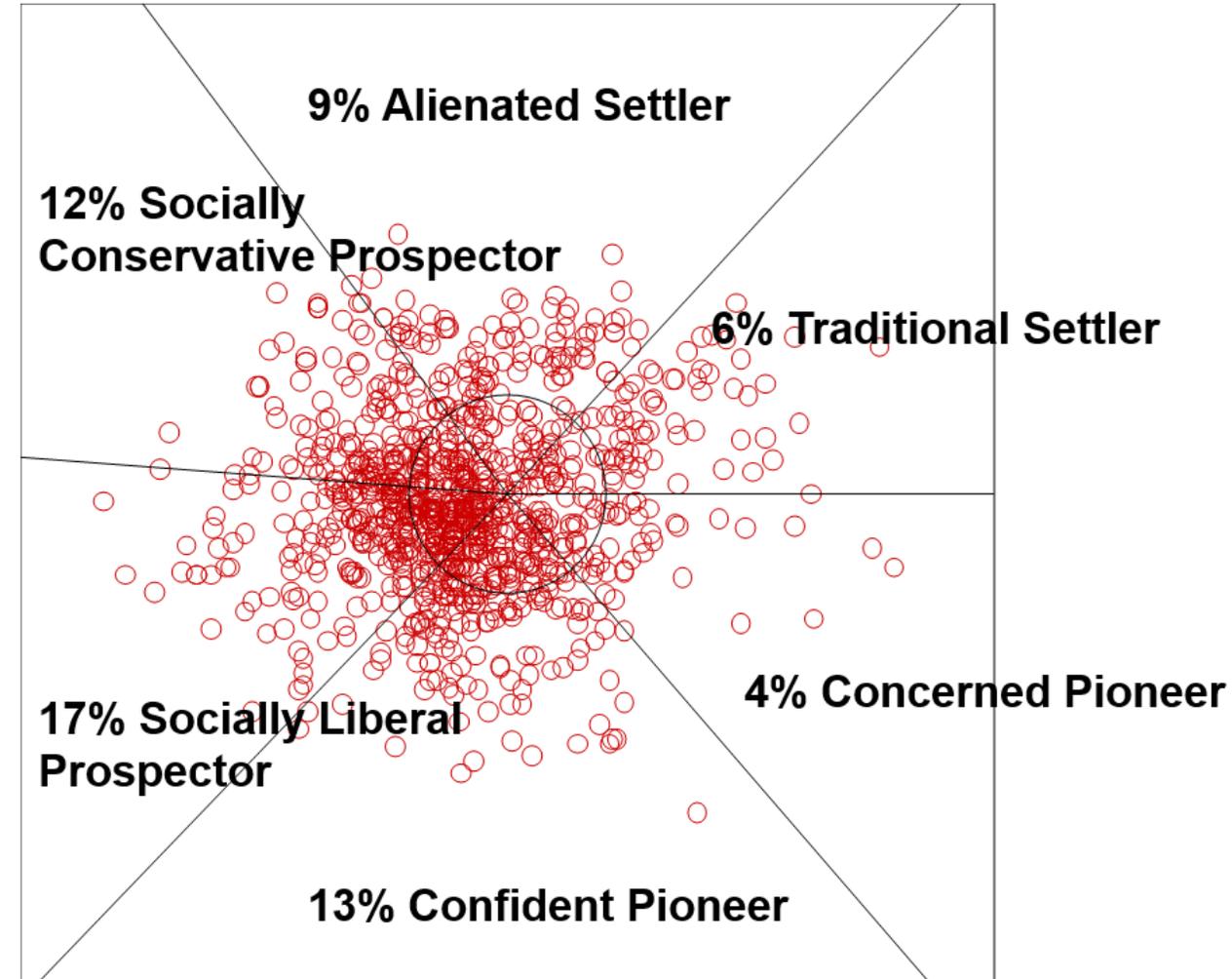
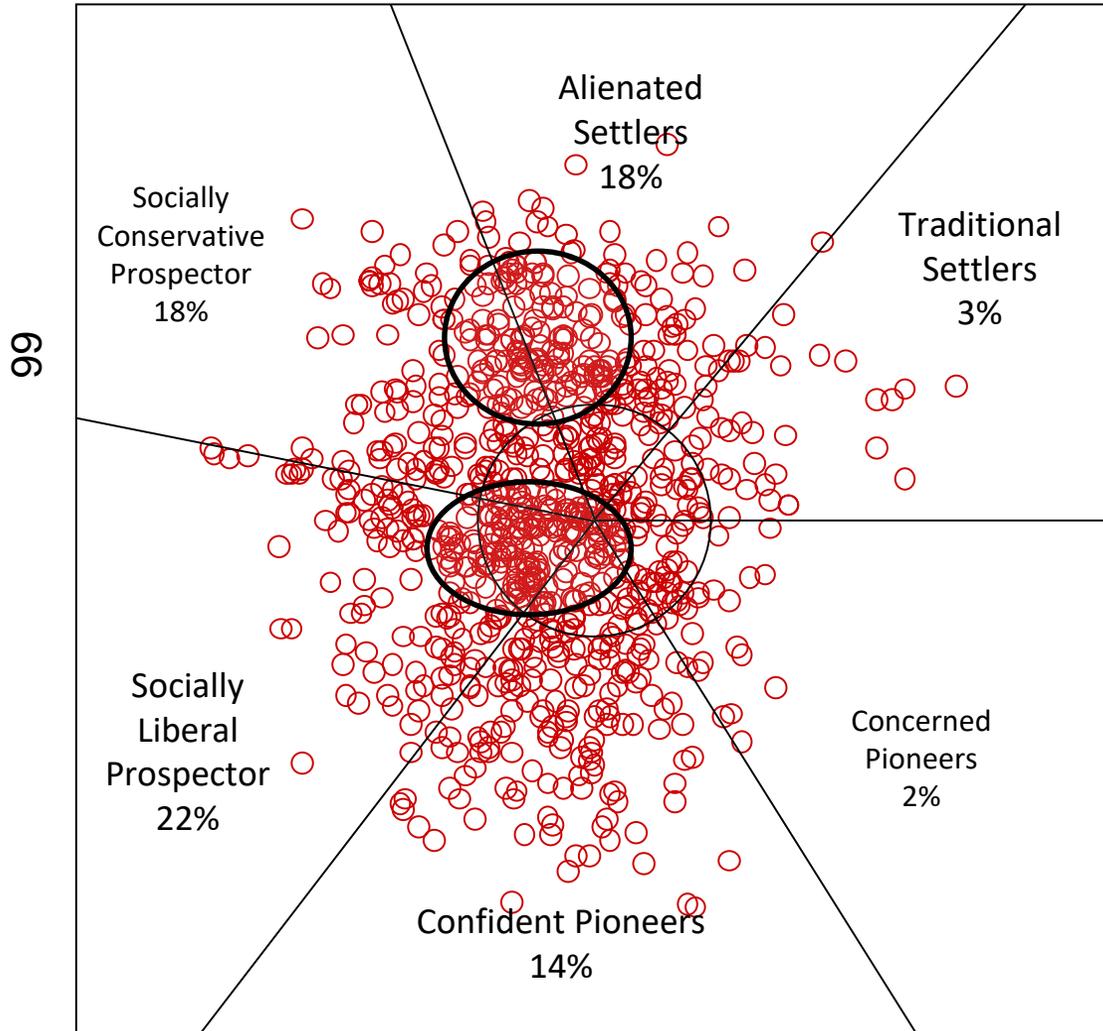
# Comparisons with an inner London Borough

## Values Modes full distribution



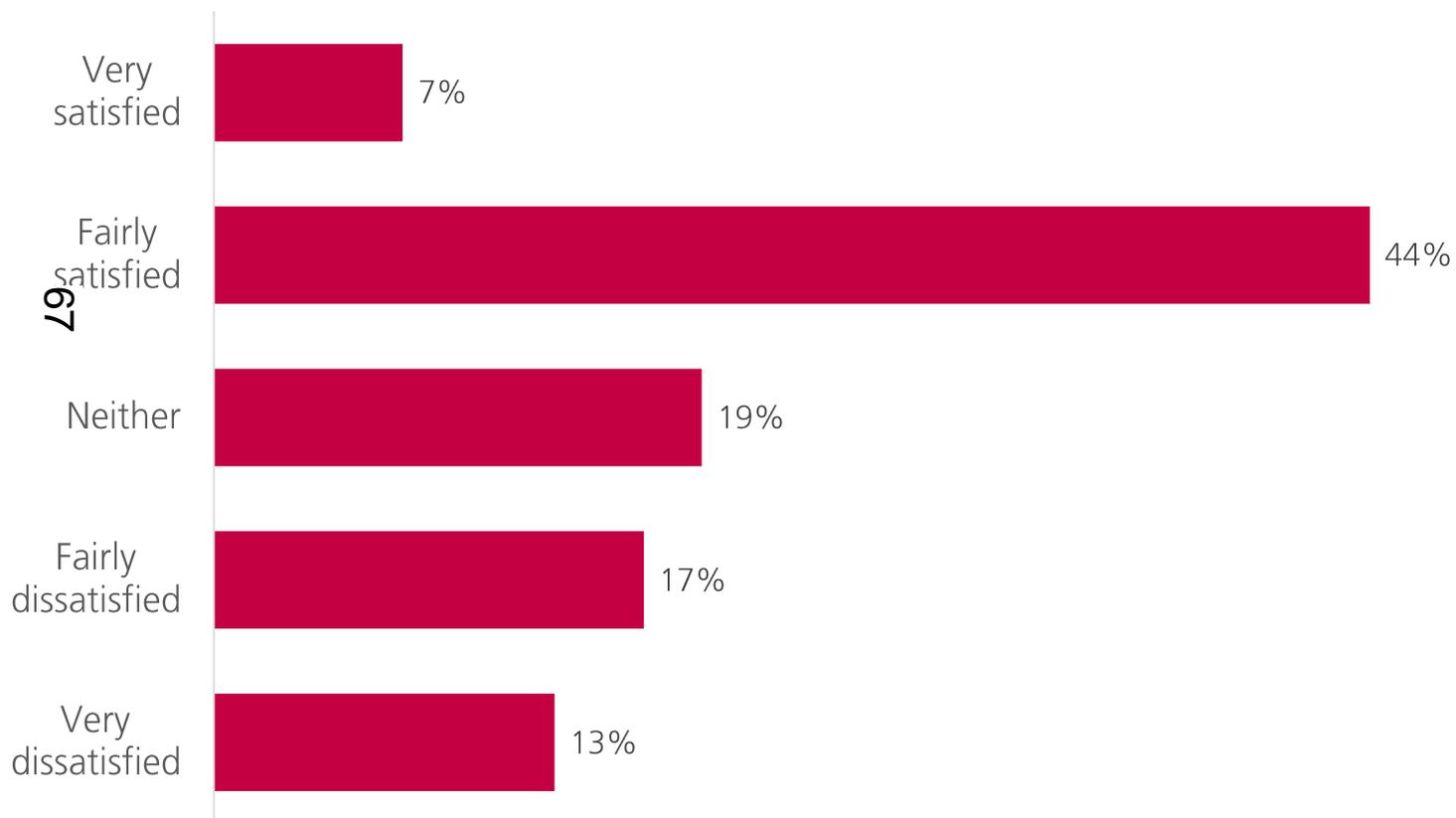
# Comparisons with an outer London Borough

## Values Modes full distribution



# Just over half are satisfied, slightly higher than 2017 but still comparatively low.

Overall, how satisfied or dissatisfied are you with the way Harrow Council run things?



## Findings

### Most satisfied (52%)

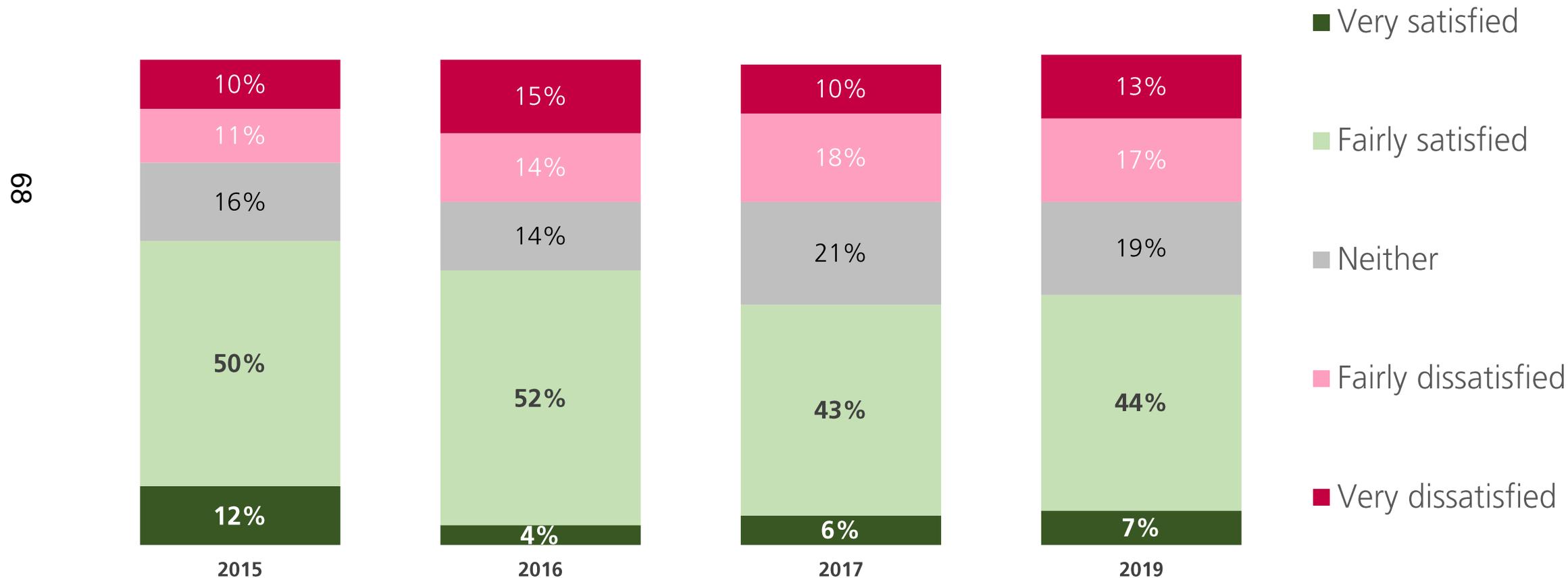
- Prospectors (57%)
- White Other (73%)
- Housing: social tenants (58%), private renters (60%)
- Area: South and North East (55%)
- Age: 16-24

### Most dissatisfied (29%)

- White British (30%) and Black British (36%).
- Owner occupiers (31%)
- 65+ (34%)

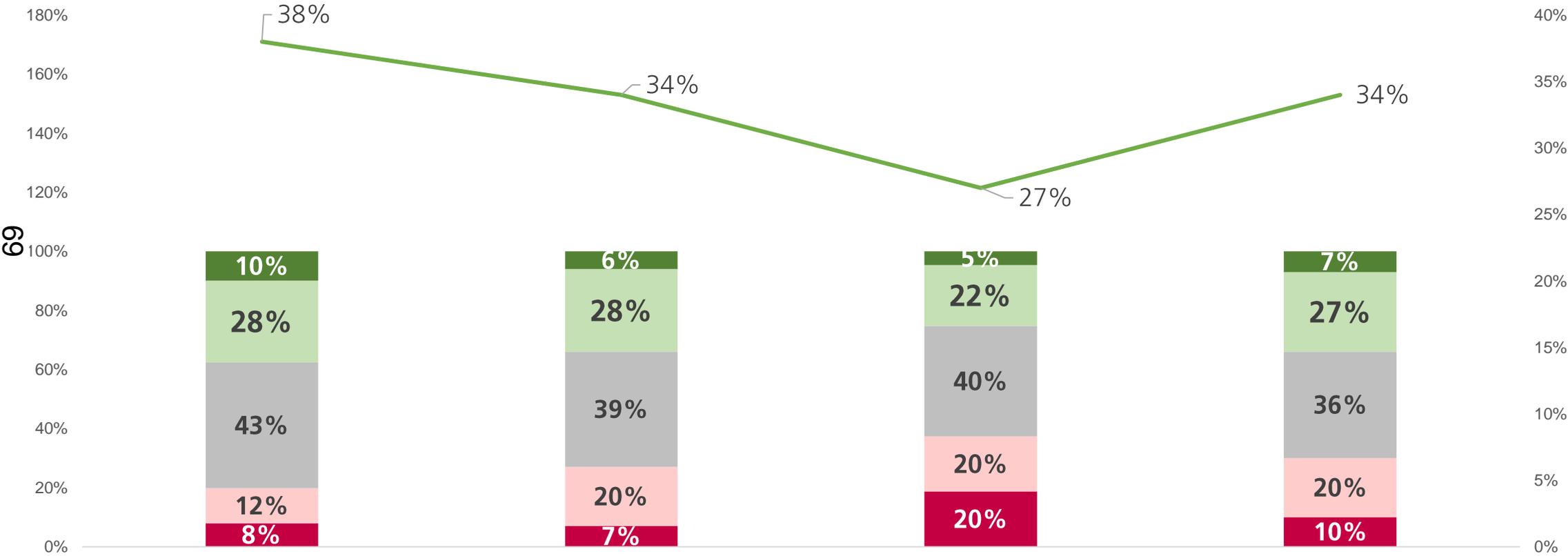
# Satisfaction in line with 2017, lower than higher satisfaction in 2015/2016

Overall, how satisfied or dissatisfied are you with the way Harrow Council run things?



# Advocacy levels remain low, but have recovered from 2017 low

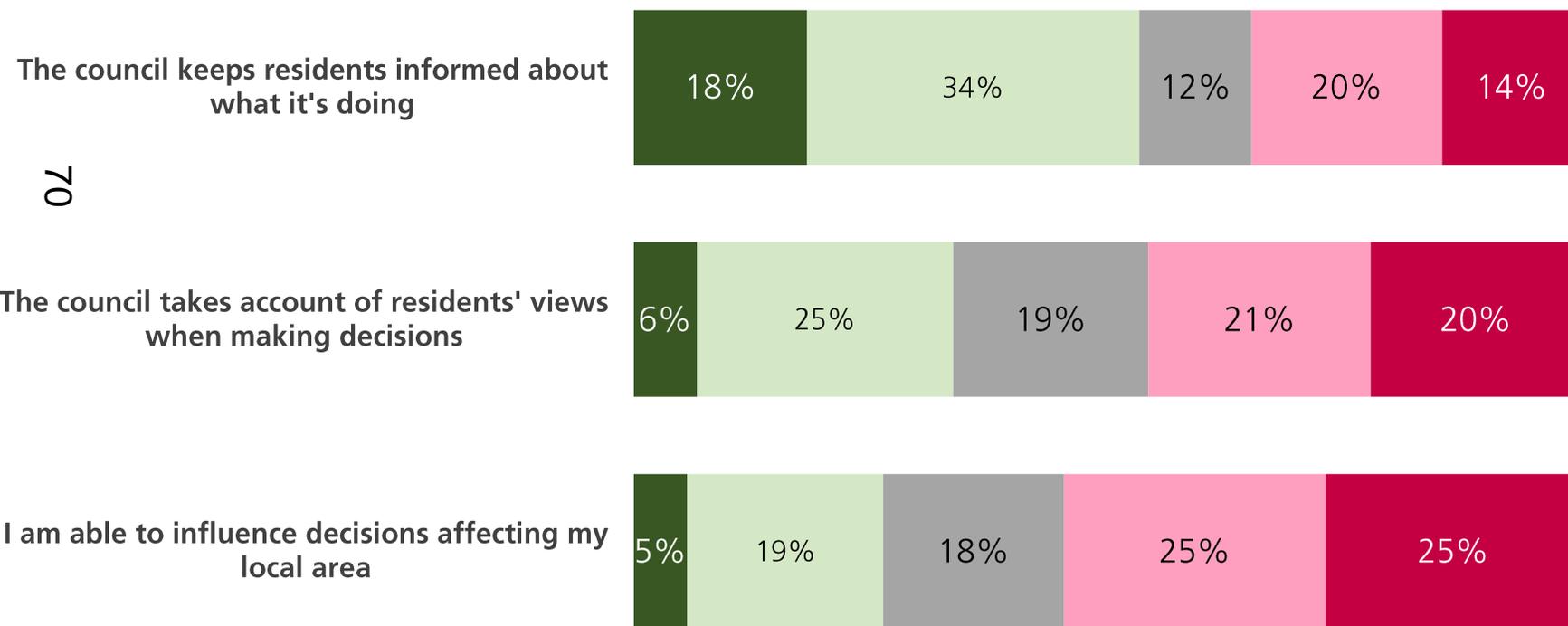
Q2. Which one of the following comes closest to how you feel about Harrow Council?



■ I speak negatively about the council without being asked
 ■ I speak negatively about the council when I am asked
 ■ I have no views one way or the other
 ■ I speak positively about the council when I am asked
 ■ I speak positively about the council without being asked
 — Net advocacy

# Residents feel well informed but unable to influence their local area

## To what extent do you agree or disagree with the following statements?

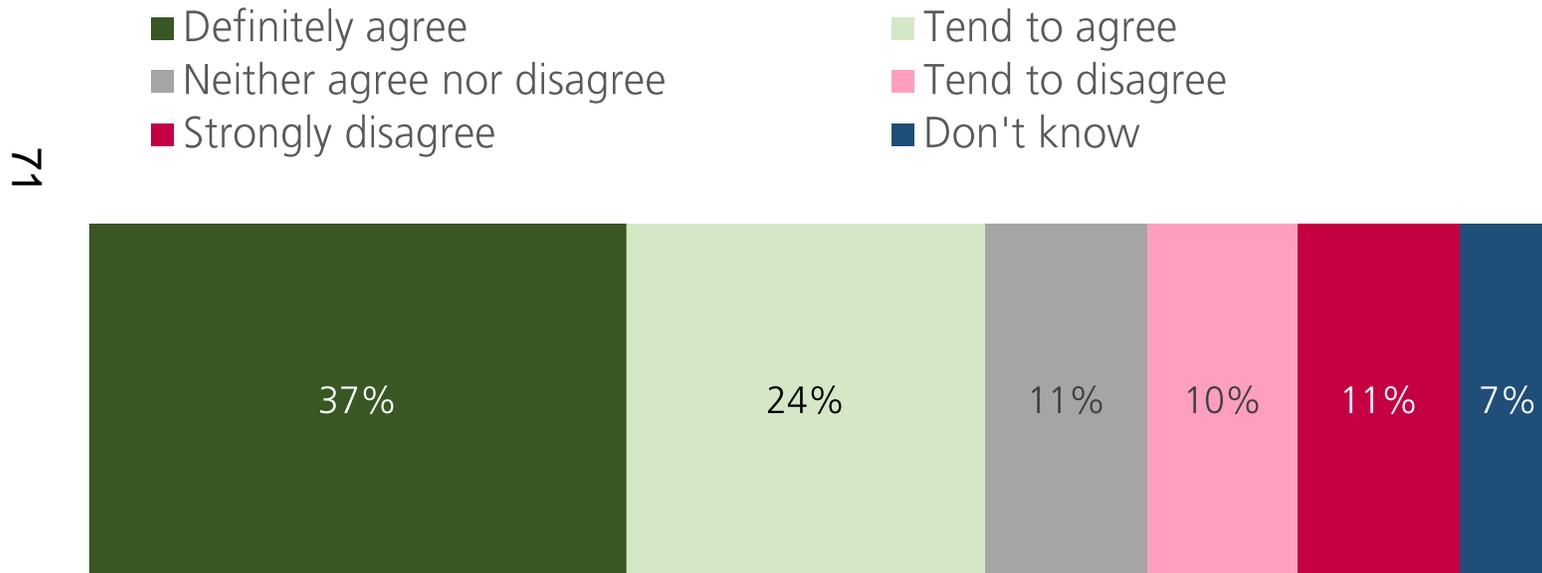


### Findings

- Ethnicity:** White British residents felt least able to influence decisions affecting their local area (19%). White Other residents were most positive about their sense of agency, but were least likely to feel well informed
- Housing tenure:** Private and Council tenants were most positive about their feeling of agency, and were much more likely to feel well-informed
- Lower than national data but in line with some other London councils.

# Strong agreement on Harrow's housing needs

Harrow needs more good quality homes to help ease the London housing crisis



## Findings

- Majority agree, one in five disagree
- **Ethnicity:** Black residents most likely to agree (82%), followed by Asian residents (61%), White British least likely to (52%).
- **Housing tenure:** Private renters and social tenants most likely to agree (74% and 75%), those who own outright least likely to agree (54%).
- **Satisfaction:** Those dissatisfied with the council are twice as likely to disagree with the statement (32% compared to 18% of those satisfied)

# A majority disagree that the council provides value for money

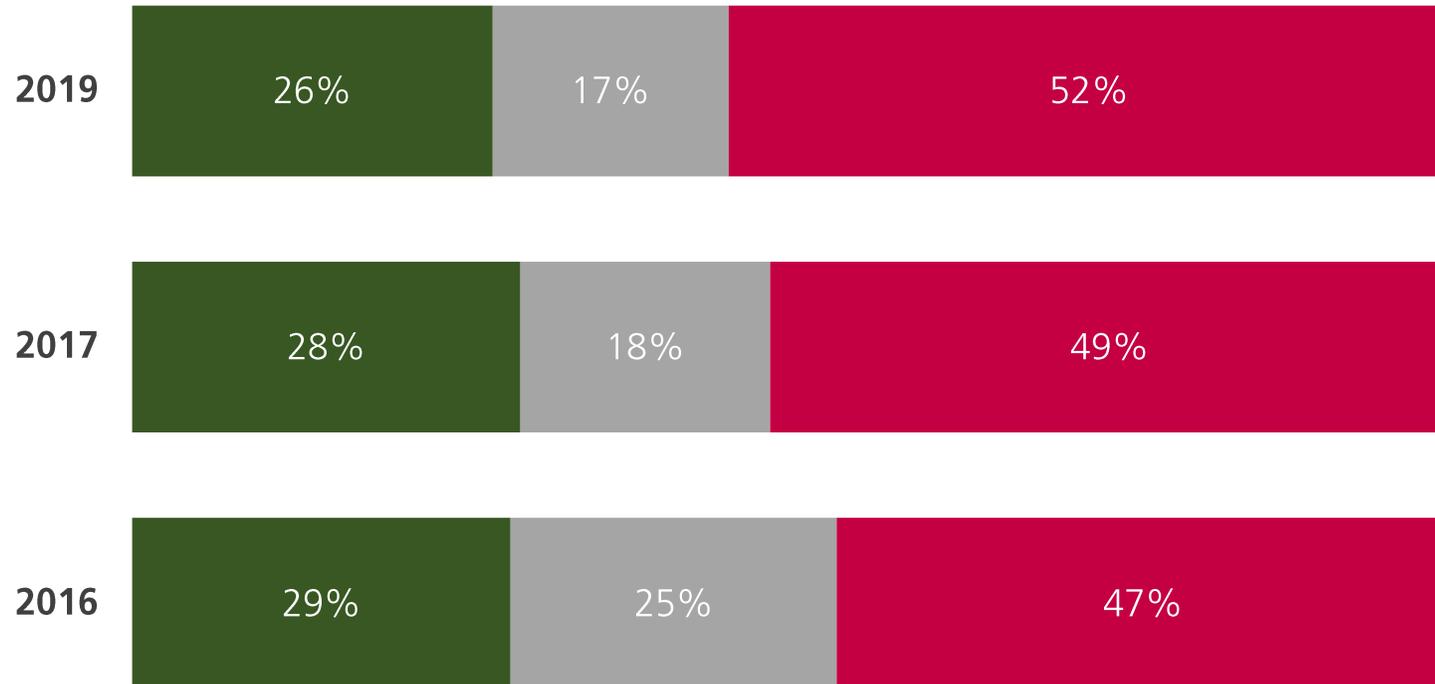
## The council gives local people value for money

■ Agree ■ Neither agree nor disagree ■ Disagree

### Findings

- **Age:** Lowest agreement amongst 45-64 year olds (18%)
- Significantly lower than other areas.

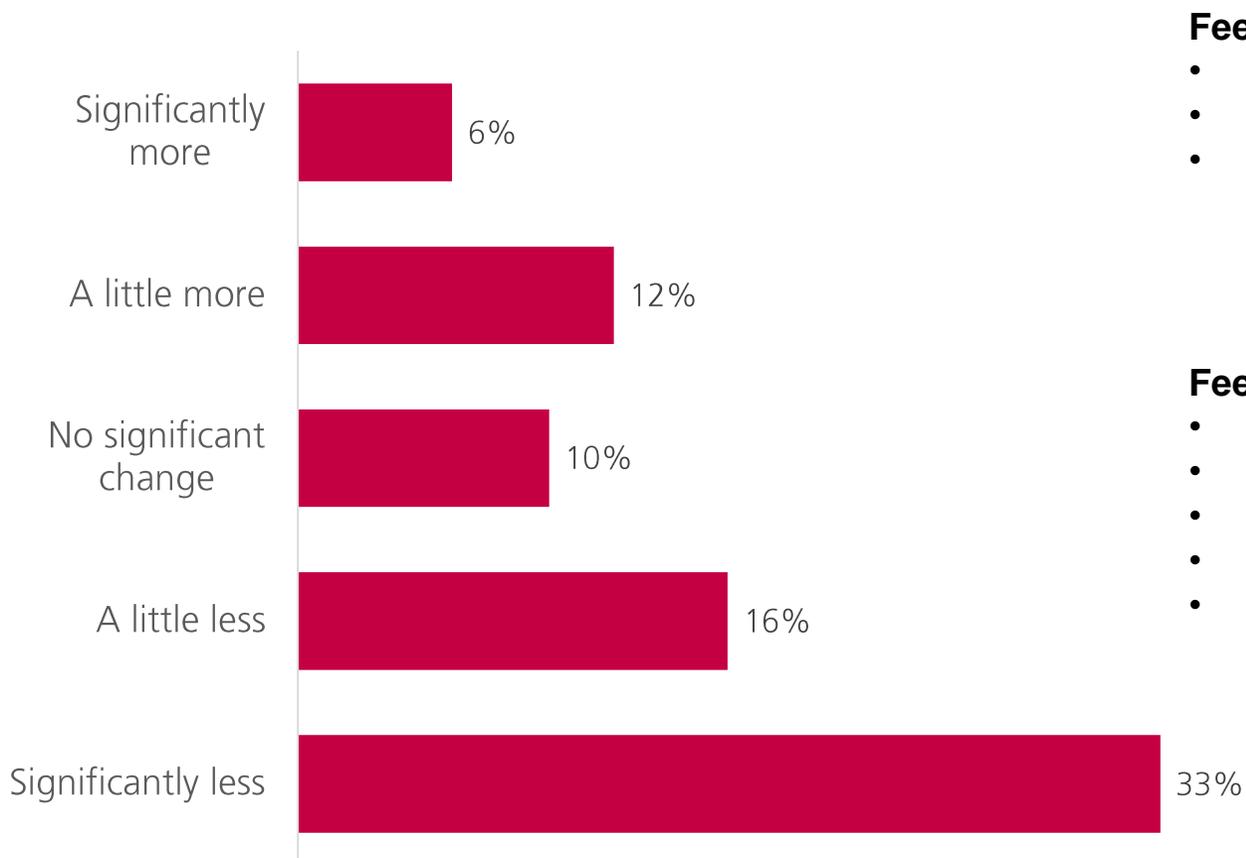
72



# Just under half feel that the council has less money, nearly one in five feel it has more

To what extent would you say that Harrow Council has more or less money to spend on services than 5 years ago?

73



## Feel council has more (18%)

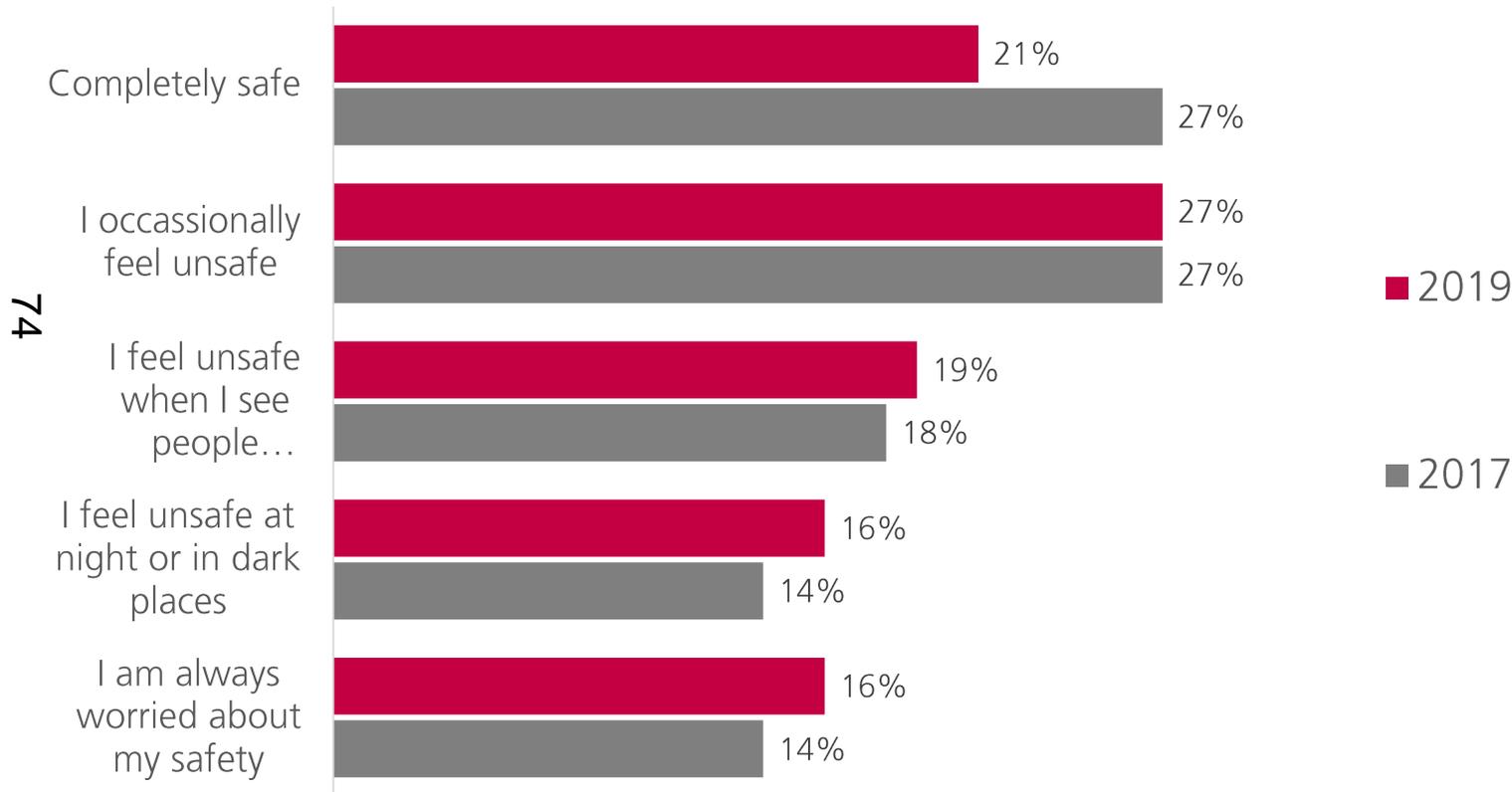
- Private renters (33%)
- White Other (34%)
- Aged 16-24 (27%)

## Feel council has less (49%)

- Pioneers (63% compared to 45% Prospectors and Settlers)
- Owner occupiers (56%)
- White British (61%)
- Those dissatisfied with the council (57%)
- Aged 45-54 (57%)

# Small increase in residents feeling unsafe

Q5. Which of the following best describes how safe you feel in the local area?



## Feel completely safe or occasionally unsafe (47%)

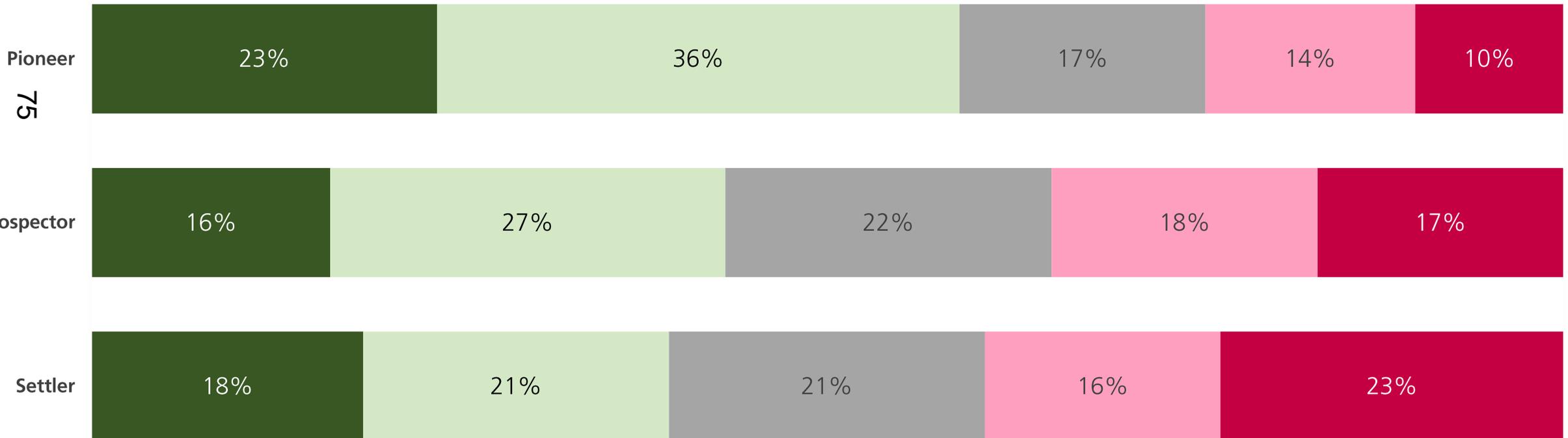
- Male (54% compared to 44% female)
- Pioneers (60%)\*
- White Other (66%)\*, White British (54%)
- Social tenants (57%)\* and private renters (51%)\*
- 16-24 (55%)

## Feel unsafe/always worried about my safety (51%)

- Female (56%)
- Prospectors (59%), Settlers (57%)
- Asian (61%)
- South East (58%)

# Settlers most likely to not feel safe; one quarter always worried about their safety

- Completely safe
- I feel unsafe when I see people hanging around
- I am always worried about my safety
- I occasionally feel unsafe
- I feel unsafe at night or in dark places

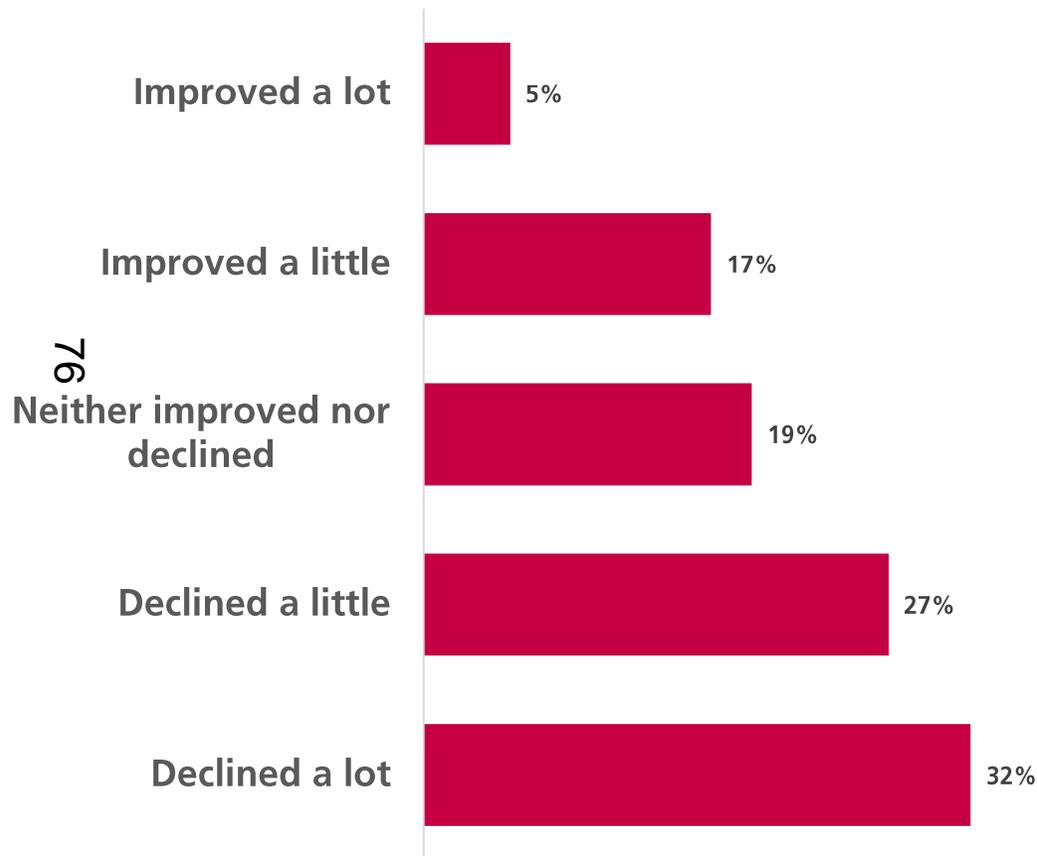


Source: TCC 2018; Base: 977

Total sample; Weight: Weight; base n = 777; total n = 1017; 240 missing; effective sample size = 617 (79%)

# Majority feel the area has declined in the last few years

To what extent do you feel the local area has improved or declined over the last few years?



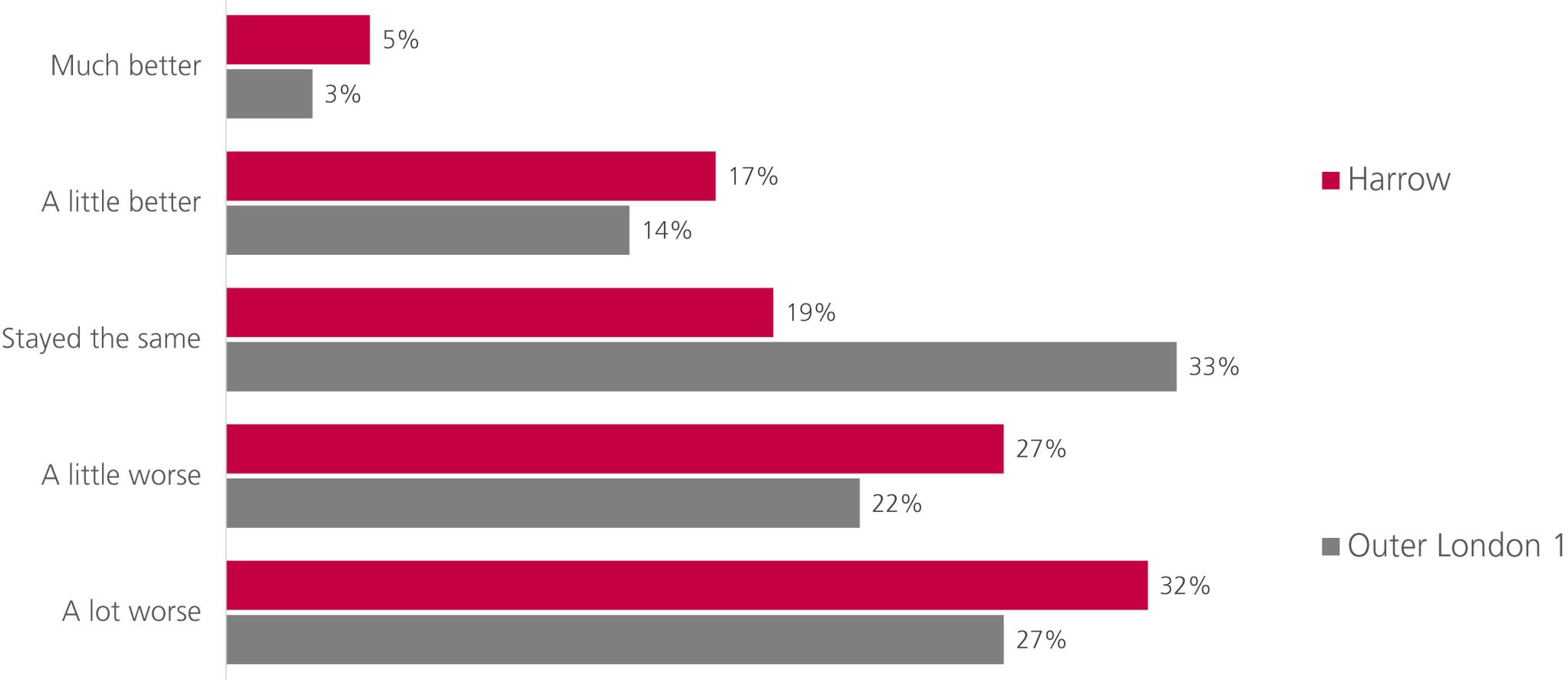
## Findings

- **Values:** Prospectors are slightly more positive, with a 23% feeling the area has improved. Pioneers are most negative with 64% feeling the area has declined compared to 59% of Settlers and 59% Prospectors.
- **Age:** 45-64 most negative: 65% feel area has declined, 39% a lot.
- **Ethnicity:** White Other are most likely to feel the area has improved (39%). White British are the least likely (14%).
- **Housing tenure:** Private renters are the most positive (31%) compared to 18% of social tenants and 20% of owner occupiers.
- **Area:** those in the South West are slightly most positive (25% improved)

This is in line with other areas\*

To what extent do you feel the local area has improved or declined over the last few years?

77

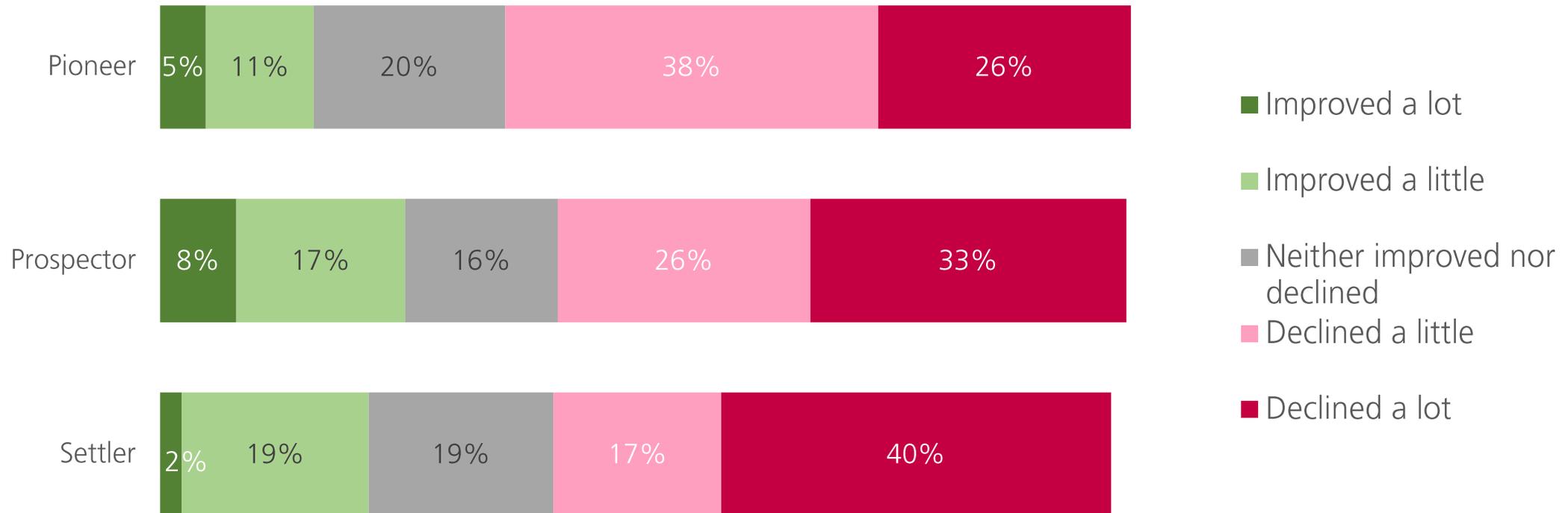


- Comparable scale but wording Improved/Declined

Prospectors most likely to feel the area has improved. Pioneers are most likely to feel the area has declined

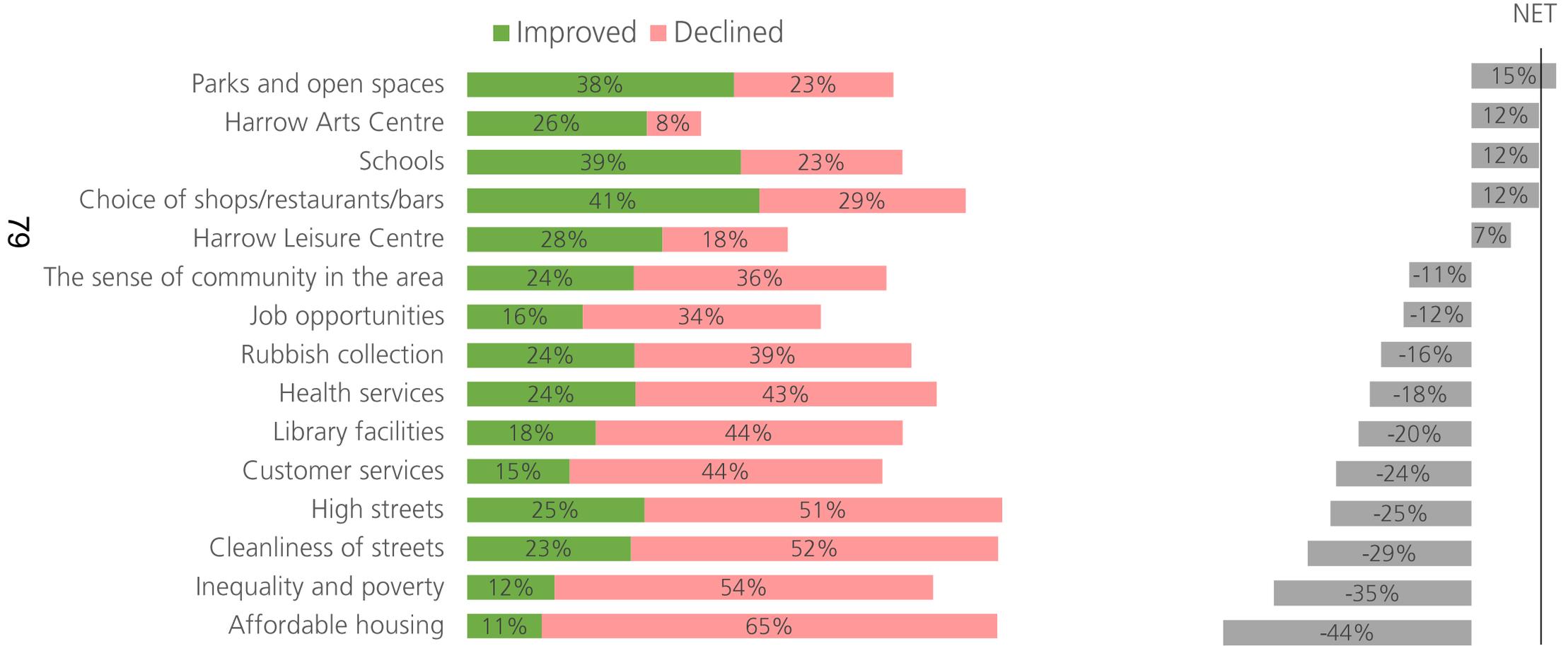
To what extent do you feel the local area has improved or declined over the last few years? By Values

78



# Socio-economic issues, street cleanliness, high streets and key services felt to have declined

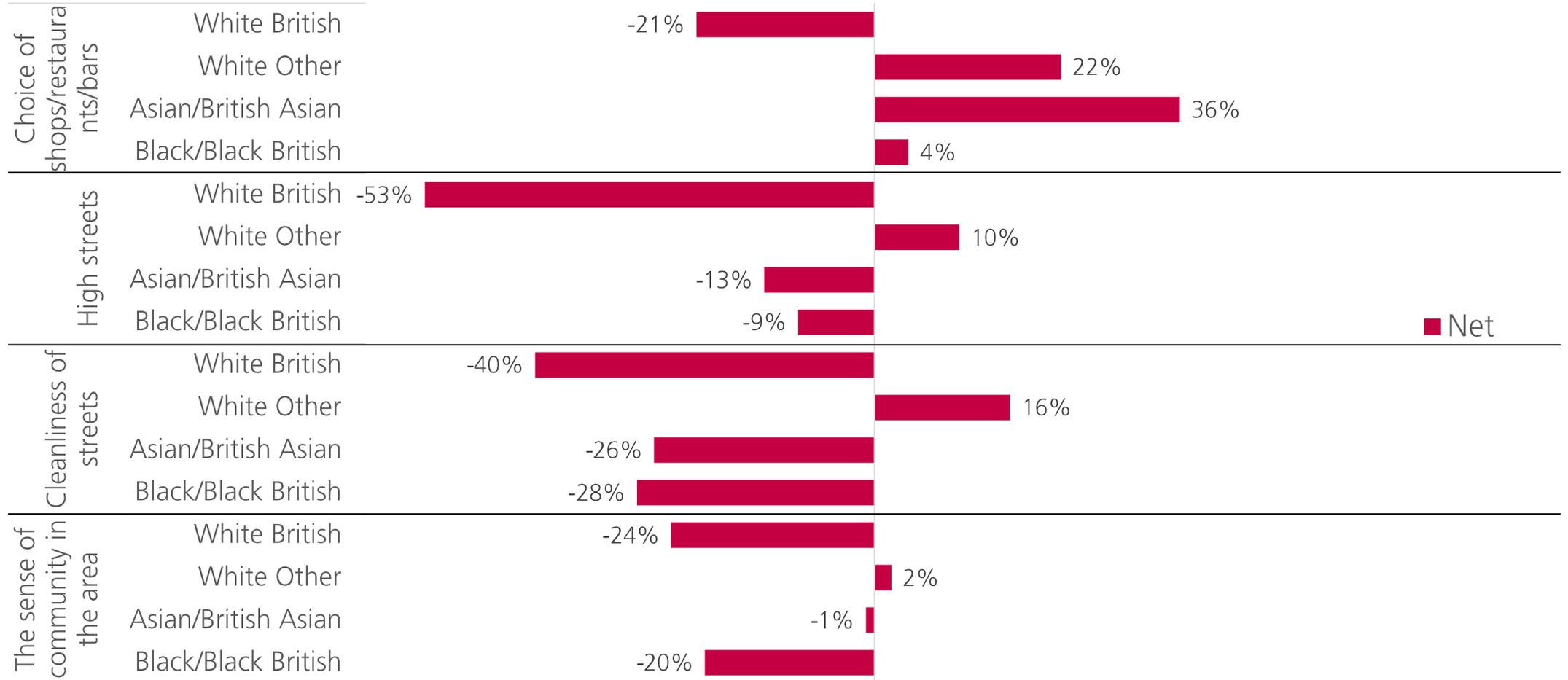
To what extent do you feel the following services have improved or declined over the last few years?



Total sample; Weight: Weight; base n = from 574 to 883; total n = 1017; 443 missing; effective sample size = 696 (79%)

# Decline perceptions are concentrated amongst White British residents

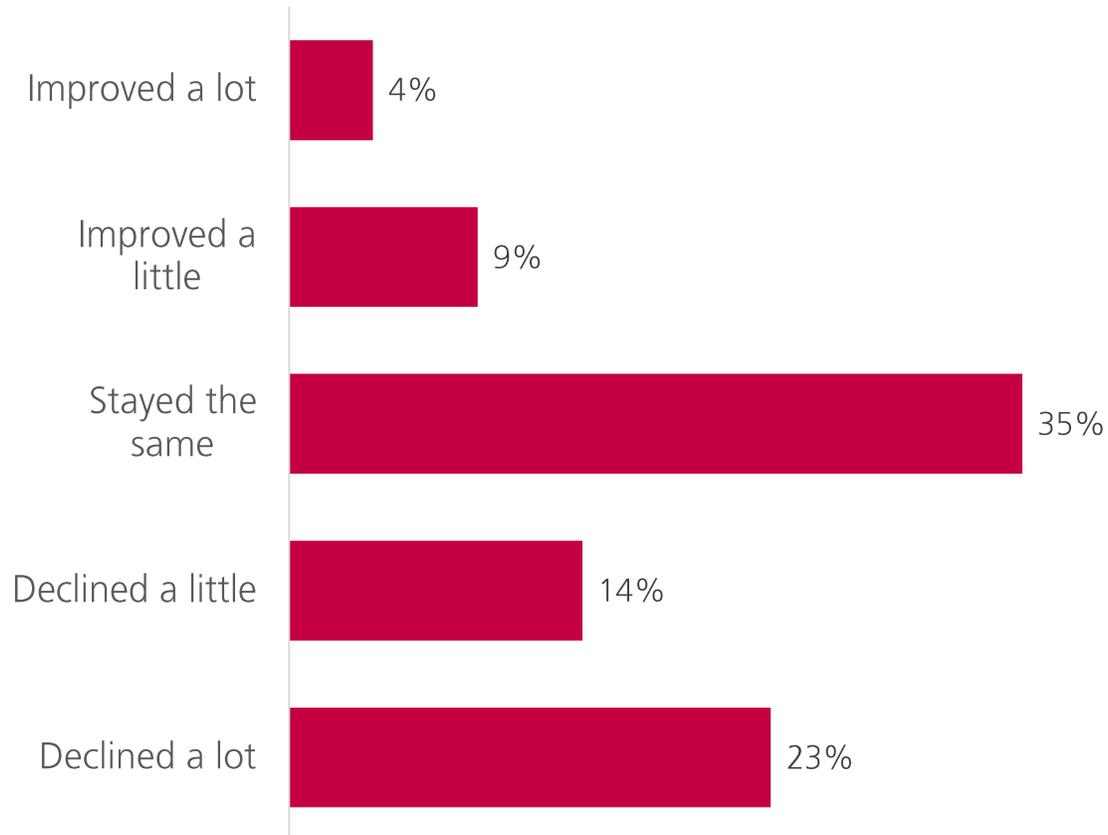
08



# Customer service

To what extent do you feel the following services have improved or declined over the last few years?

81



Feel has improved (14%)

- **Those satisfied with the council (21%)**
- **Service use:** have used food banks (29%)
- White Other (20%)

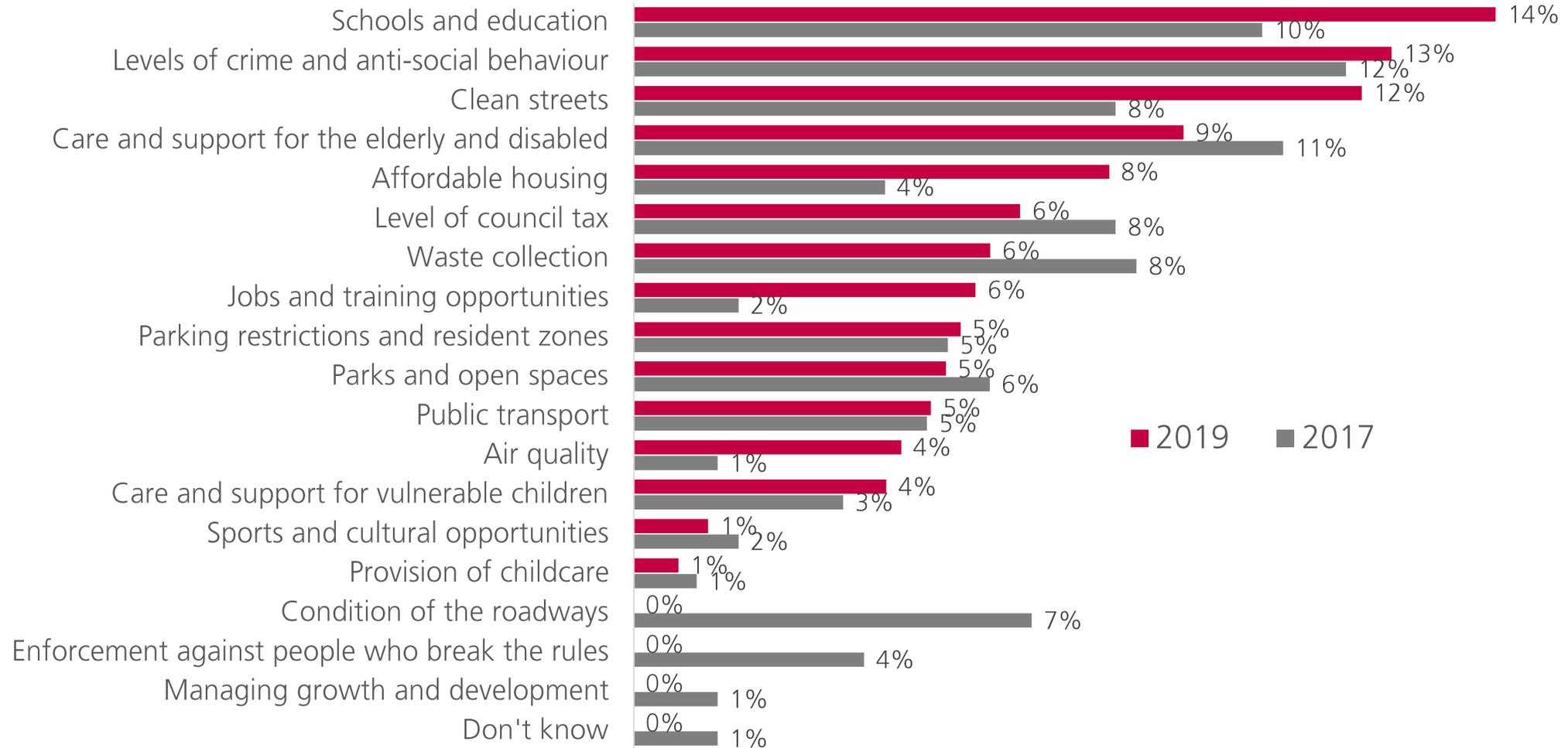
More likely to feel it has declined (37%):

- **Those dissatisfied with the council (70%)**
- **Housing tenure:** Owner occupiers (48%) and social tenants (38%).
- Over 65's (56%)
- White British (51%)

# Small increases in clean streets, affordable housing and jobs

Thinking generally, which five of the below things listed do you think are most important in making Harrow a good place to live? Weighted for comparison

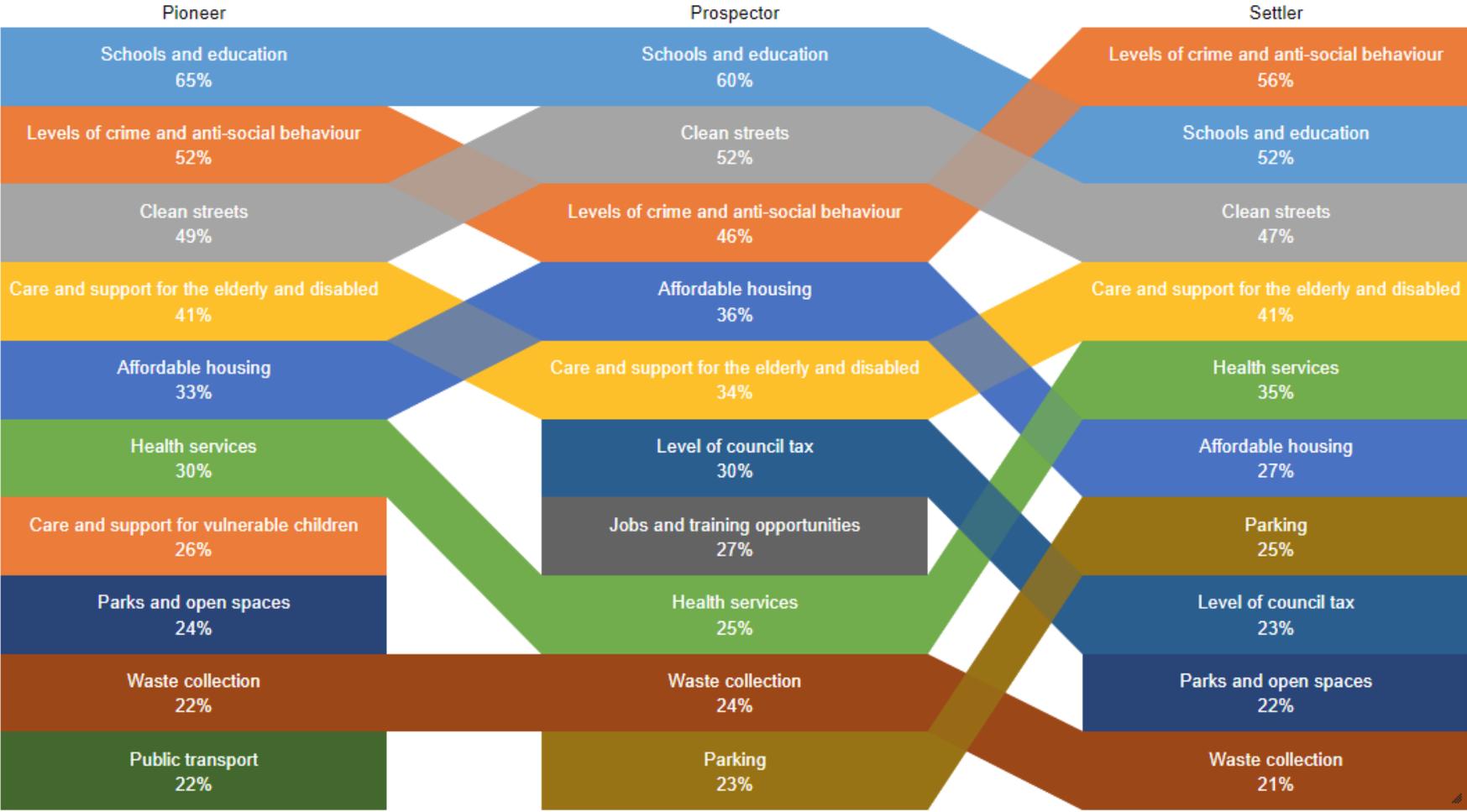
82



# Prospectors are more likely to value clean streets, affordable housing, and low council tax

Q4. Thinking generally, which five of the below things listed do you think are most important in making Harrow a good place to live?

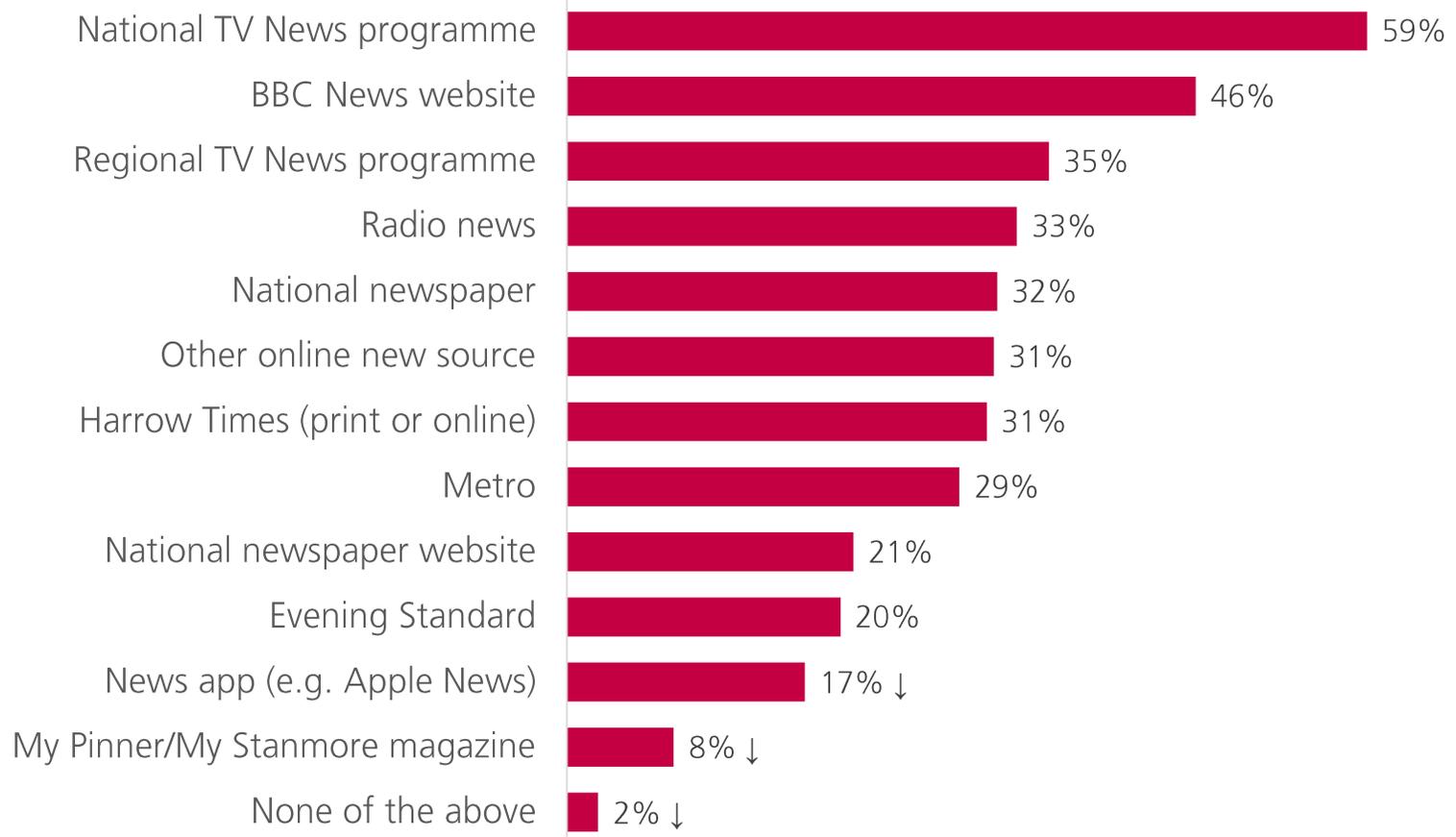
83



# National news outlets dominate

Q6. Where do you regularly get your news from?

84



## ***Harrow Times* most read by:**

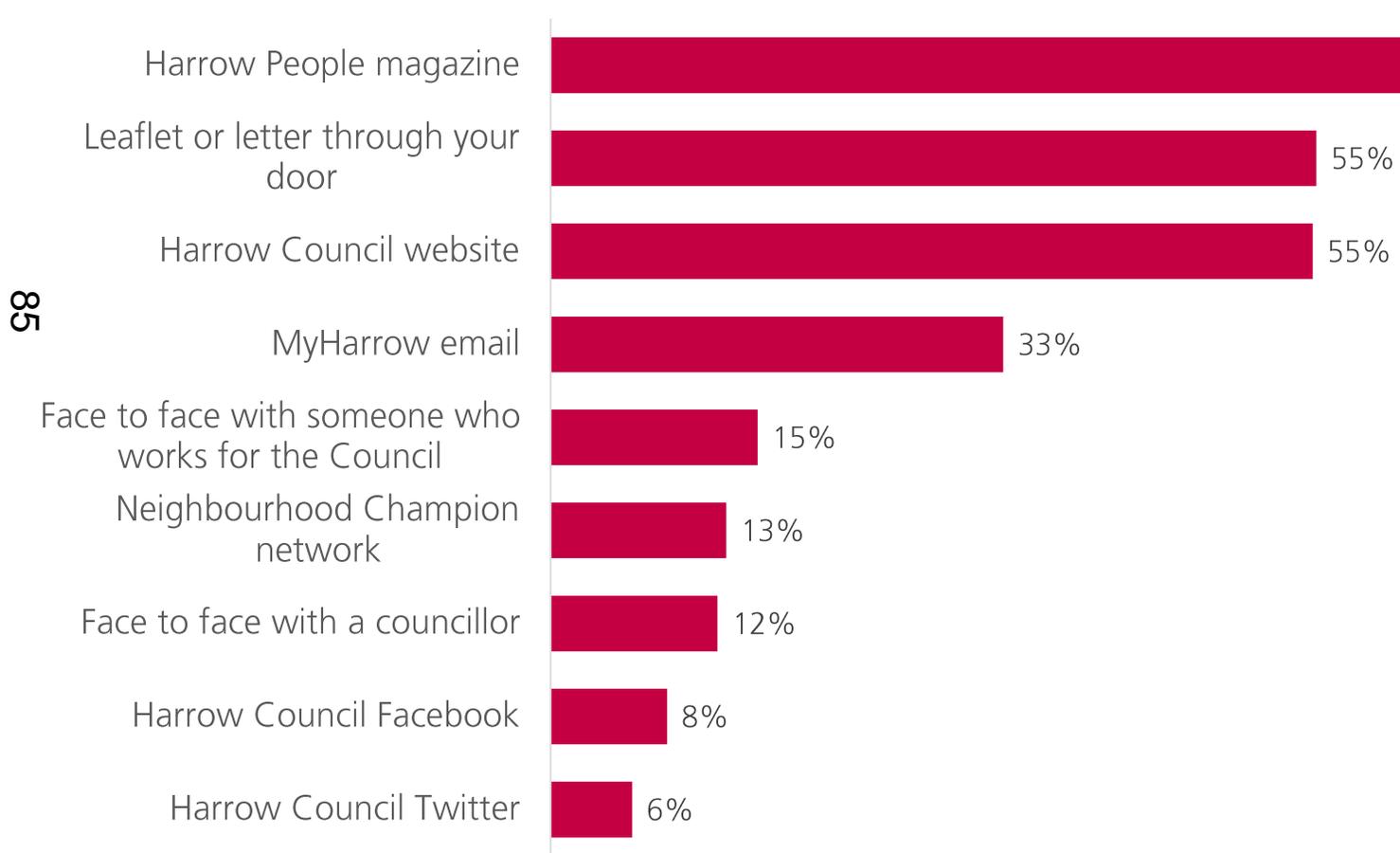
- Council tenants
- Asian residents (34%)
- 65+ (41%)
- Prospectors (38%)
- No correlation with council satisfaction
- Readers likely to feel services have improved

## **My Pinner/My Stanmore Magazine most read by:**

- North West (20%), North East (15%)

# Harrow People magazine has most widespread exposure

Q8. From the following, how have you heard or found out about Harrow Council and its services in the last few months?



## Harrow People read by:

- 65+ (79%)
- White British (71%)
- Owner occupier (68%)
- Higher satisfaction with council
- Feel more informed

## Other findings:

- Council Website more likely to be Asian residents (58%).
- Harrow Council Facebook users more likely to be satisfied with the council (63%)
- Neighbourhood Champion networks more likely to be over 65 and dissatisfied with the council.
- Face to face with councillors, Socially Conservative Prospectors

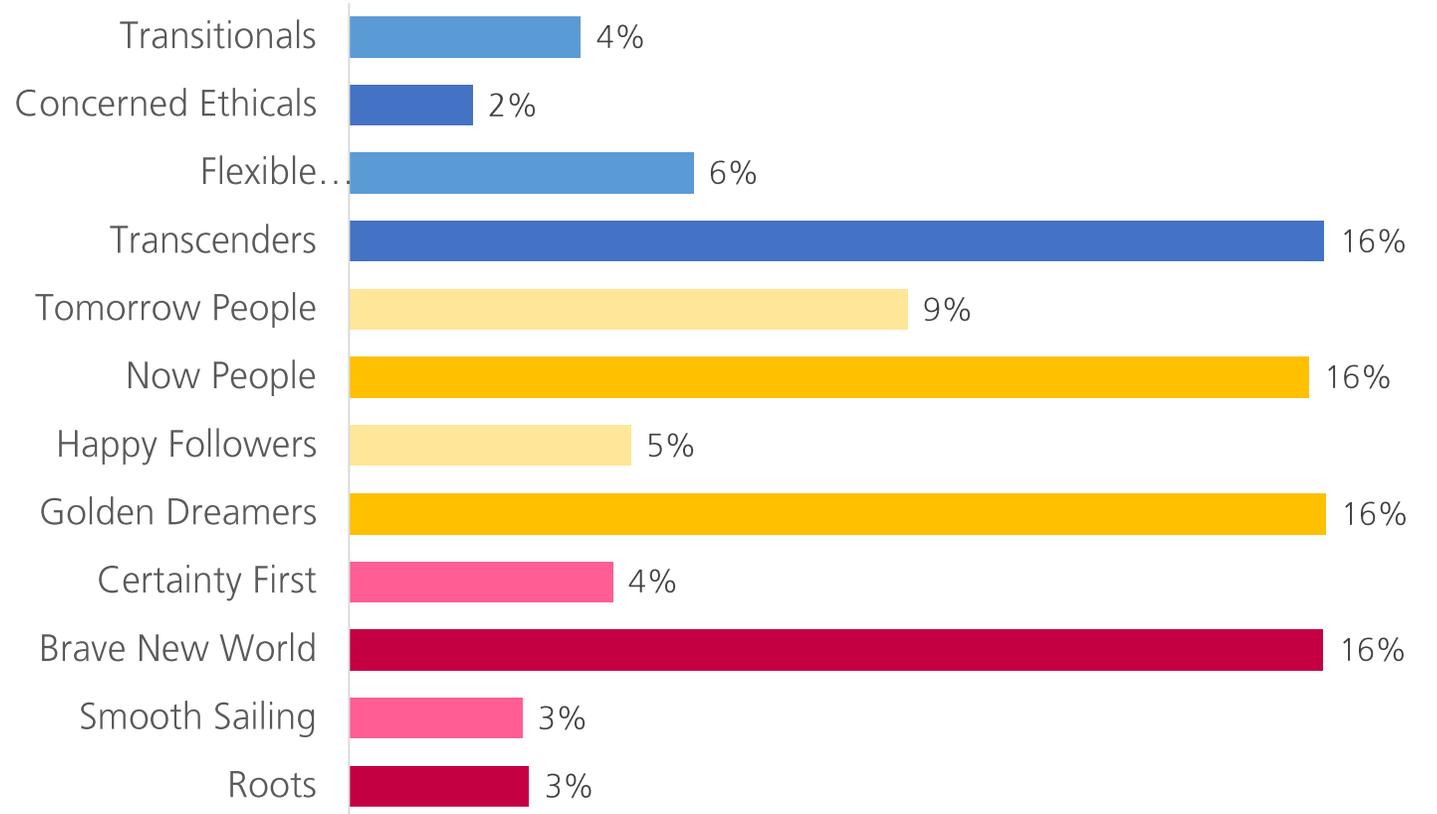
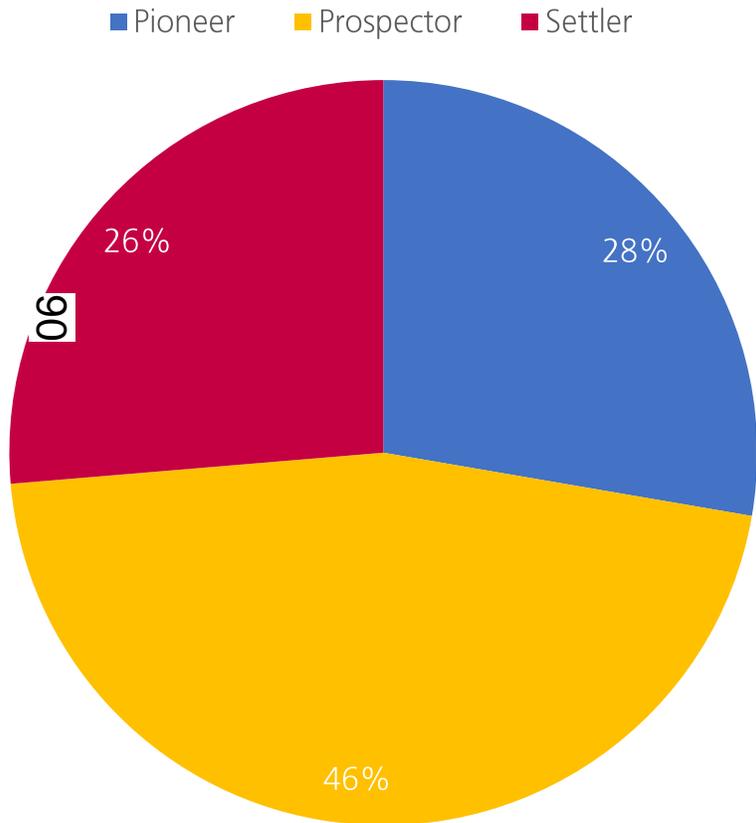
- A range of resident perceptions indicators are relatively static. Harrow continues to have low levels of satisfaction compared to national and local benchmarks.
- Borough has a majority of aspirational, Prospector residents. These are more likely to be positive about the council, with dissatisfaction amongst socially conservative Settlers and post-materialistic Pioneers.
- Residents priorities have not shifted dramatically, with the crime, schools and clean streets remaining the most important issues for residents.
- Consistent with broader London trends, fewer residents feel safe than in previous years.
- Residents feel informed but do not feel they can influence decision making.
- Indications that for most residents the borough feels cohesive, although a clear sense of decline exists amongst White British residents.
- Council channels have high reach compared to other local authorities in London. The Harrow People is the main way residents hear about the council and generally traditional channels are being used in higher numbers compared to other areas.

- Influencing satisfaction requires **segmented approach focused on key priorities** and building trust with residents.
- Customer services are a likely key driver of loss of trust amongst longstanding residents, as negative, sometimes emotive interactions undermine trust. As well as focus on interaction outcomes, **equipping staff with effective communication skills** can have a significant impact on customer experience and staff resilience.
- Pioneer residents have a desire for greater involvement. **More extensive engagement and participation** has the potential to build a deeper, constructive relationship with these residents.
- **Campaigns and engagement around the issues of safety and clean streets**, with Prospector emphasis, should emphasise proactive service action and show visible improvements.

# Appendix

- Gender (51% male, 49% female)
- Age: 16-24 (15%), 25-44 (37%), 45-64 (30%), 65+ (18%)
- Housing tenure: owned outright (46%), buying on a mortgage (31%), social tenant (8%), rent from private landlord (15%)
- Ethnicity: White British (31%), White Other (8%), Asian (41%), Black (8%), Mixed/Other (12%).

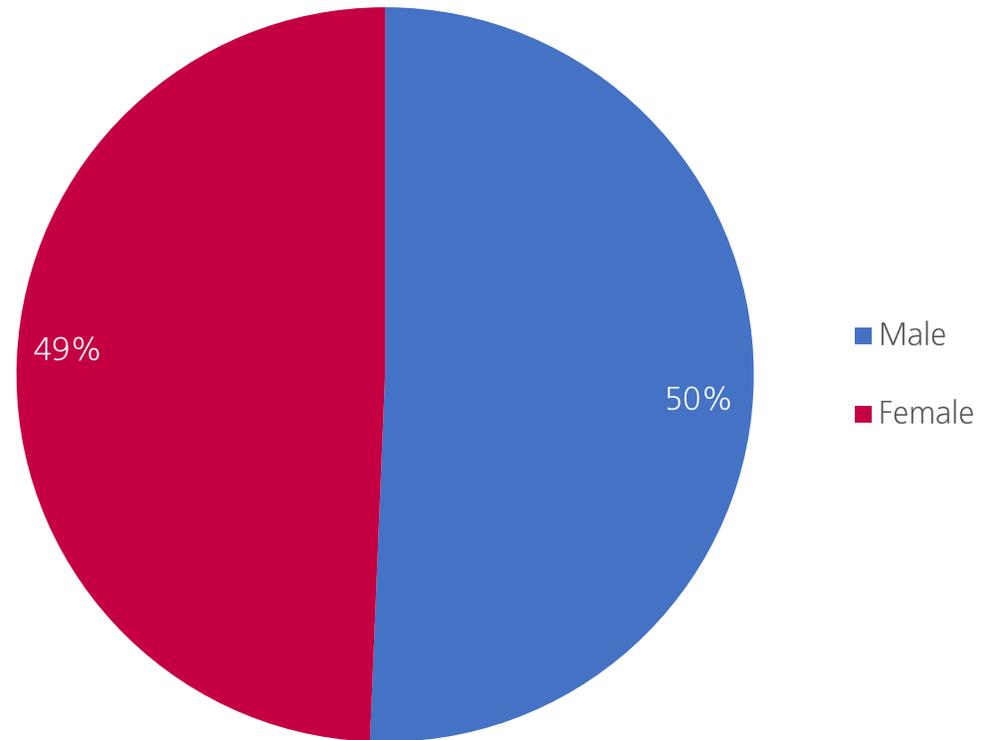
# Values group



Total sample; Weight: Weight; base n = 781; total n = 1017; 236 missing; effective sample size = 607 (78%)

Q21. What best describes your gender?

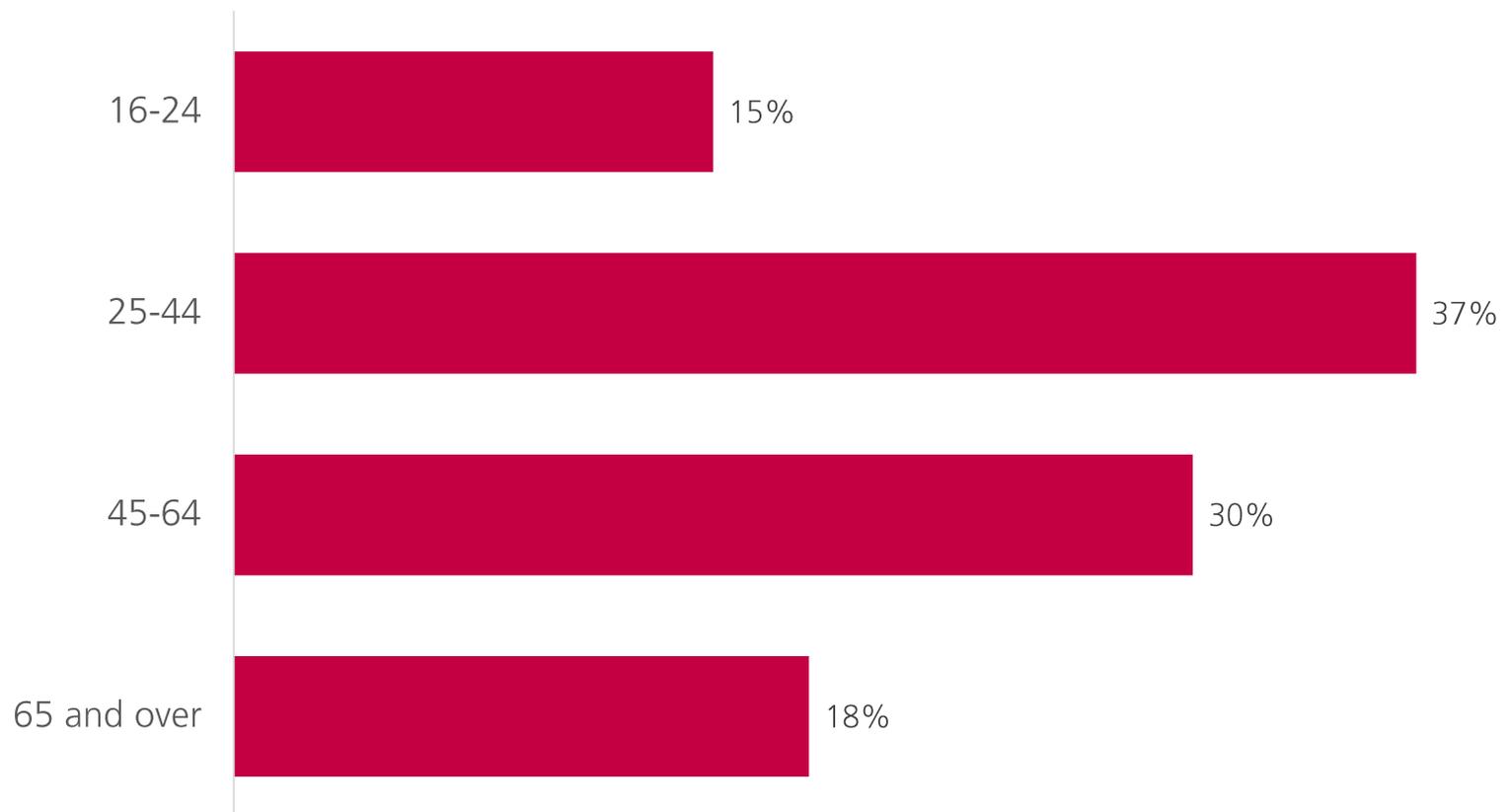
91



Total sample; Weight: Weight; base n = 893; total n = 1017; 124 missing; effective sample size = 704 (79%)

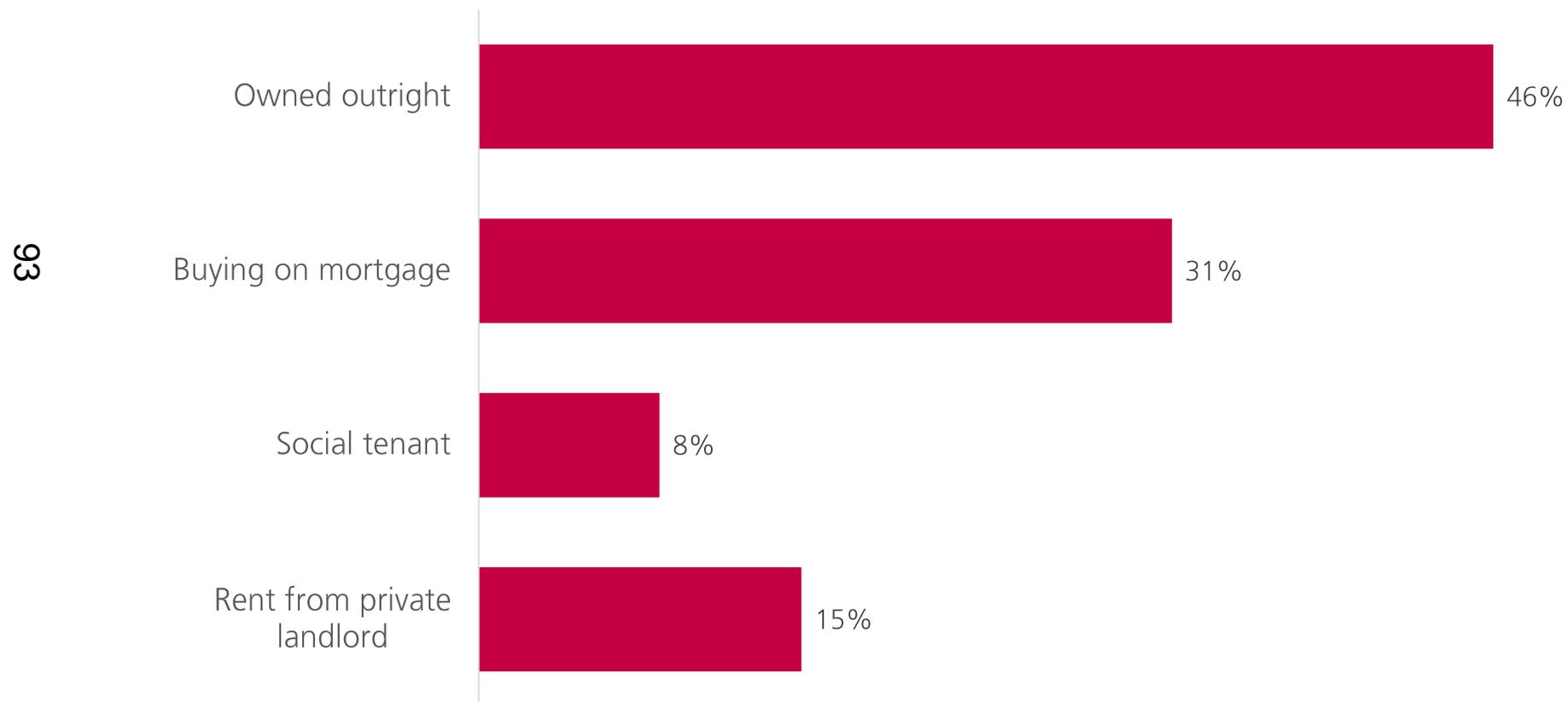
Q22. What age group do you fit into?

92



Total sample; Weight: Weight; base n = 893; total n = 1017; 124 missing; effective sample size = 703 (79%)

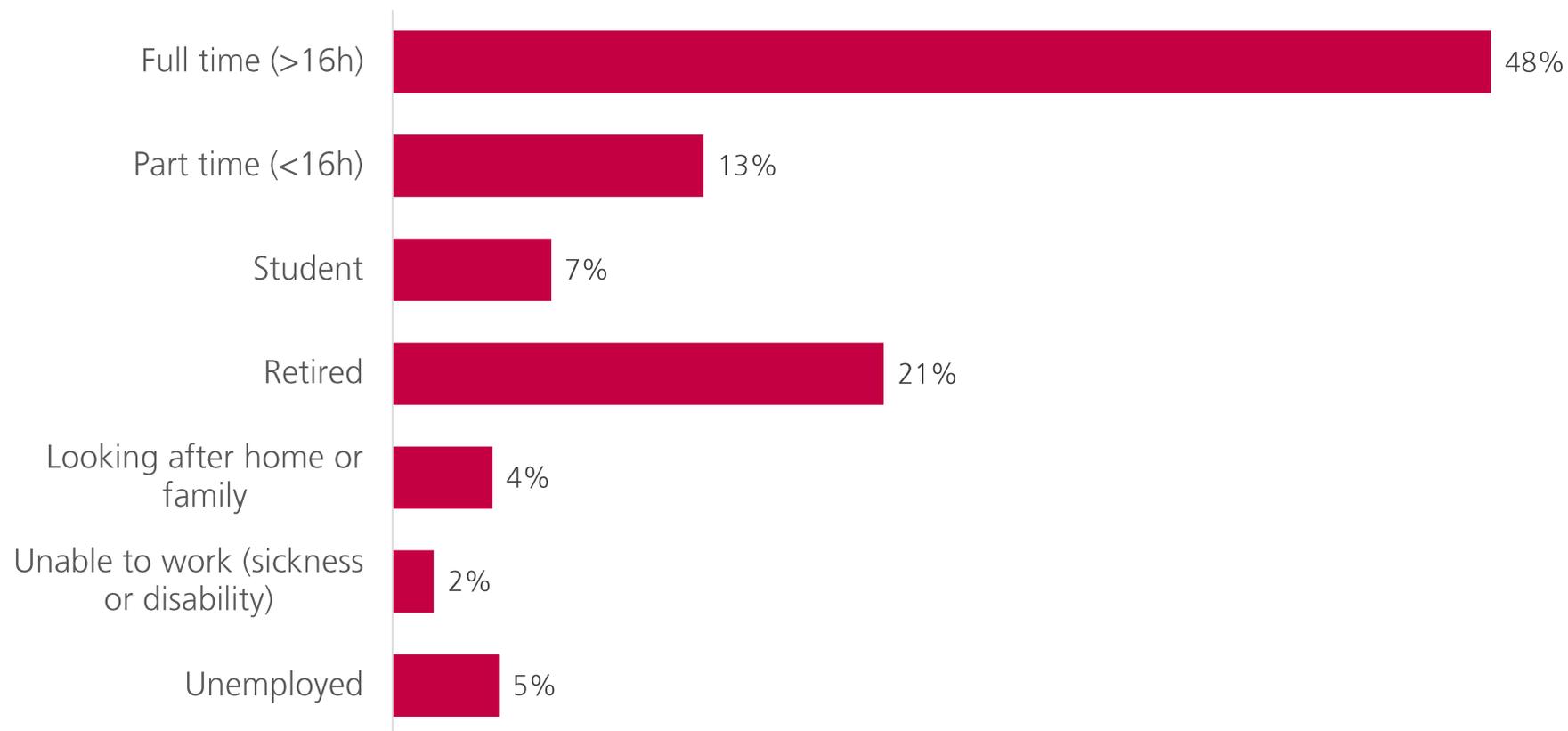
Q23. What is your housing status?



Total sample; Weight: Weight; base n = 795; total n = 1017; 222 missing; effective sample size = 650 (82%)

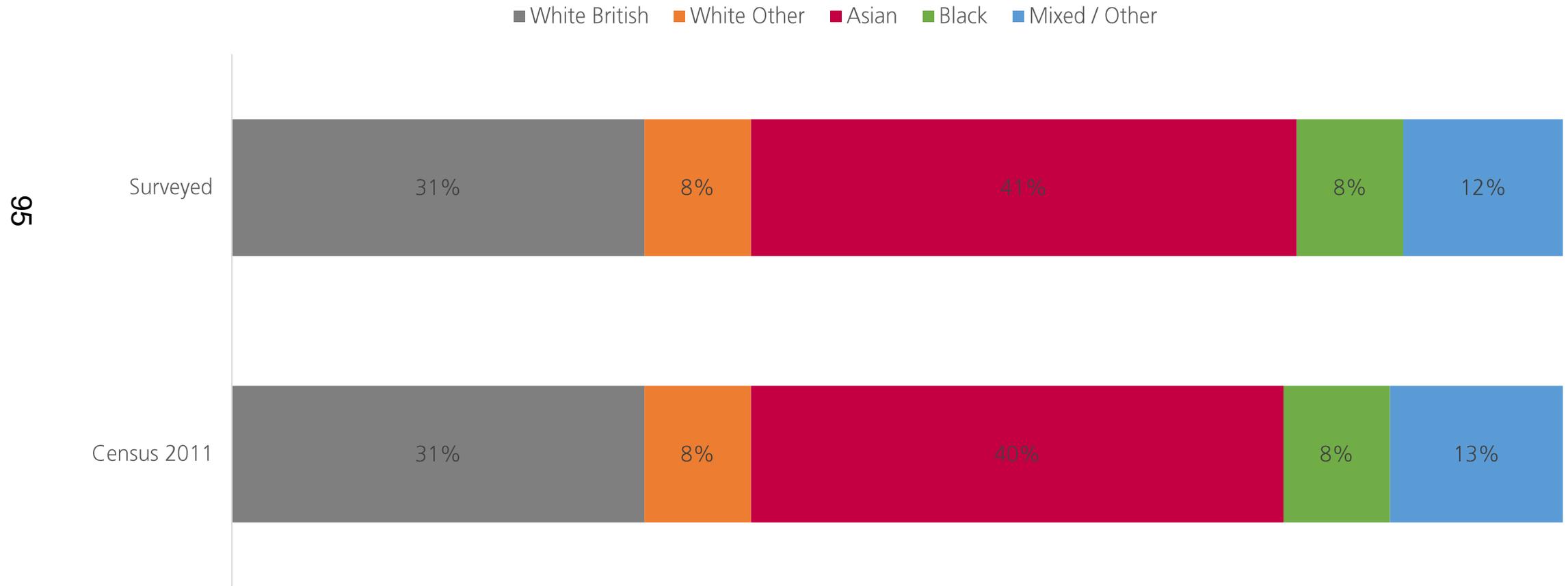
Q24. What is your working status at the moment?

94



Total sample; Weight: Weight; base n = 889; total n = 1017; 128 missing; effective sample size = 709 (80%)

# Ethnicity



Total sample; Weight: Weight; base n = 893; total n = 1017; 124 missing; effective sample size = 706 (79%)

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# Borough Plan – Evidence Base

## September 2019 [v.3 as at 17<sup>th</sup> October 2019]

97 Harrow Intelligence Network  
[business.intelligence@harrow.gov.uk](mailto:business.intelligence@harrow.gov.uk)

## What we know

### Where we are now:

- Harrow is one of the lowest funded councils
- Spending on adult social care has increased by around 50% over the past 7 years
- Demand for affordable / social housing cannot be met
- There is a low level of satisfaction compared to national and local benchmarks
- Residents feel informed but unable to influence decisions
- Harrow has the 3<sup>rd</sup> largest and one of the fastest growing non-White British populations
- We have a high Hindu Indian population at 21%
- The Romanian community is the fastest growing and now accounts for almost 5% of the population

### By 2030 we will:

- Need to have built around 14,000 new homes\*
- Have had a population increase to around 300,000
- See an increase of 27% (over 10,000) in elderly population
- Have a 40% increase in people living with dementia
- Have approximately 500 more children in Harrow's primary schools (YR-6), with sufficient places to accommodate this increase;
- Have 2,500 more young people in Harrow's secondary schools, (Y7-11) which will require an extra 800 places

\*According to Mayor's targets in Draft London Plan 2019, not yet agreed

<b>PEOPLE</b>	<b>PLACE</b>
Healthy and active	Safe and friendly
Enjoying and achieving	Clean and green
Community belonging	For Living and working

# Borough Overview – population

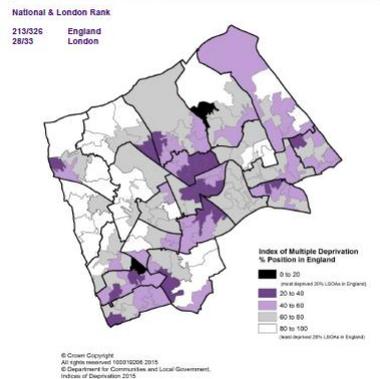
- Borough population continues to grow – latest mid year estimates put population over quarter of a million for the first time
- Like most areas, over 65 population is growing as a proportion, but the population of children and young people is also increasing, partly due to a higher than average birth rate – 7<sup>th</sup> in London and one of only 2 London boroughs where the trend is an increase

100

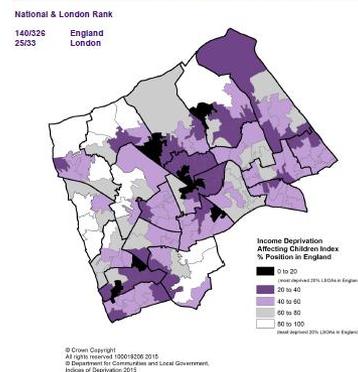
Fertility rate per 1000 population

Area	Recent Trend	Neighbour Rank	Count	Value
England	↓	-	663,157	62.5
London region	↓	-	128,803	63.6
Barking and Dagenham	↔	-	3,973	86.5
Newham	↓	-	6,027	74.6
Waltham Forest	↓	-	4,700	74.5
Croydon	↔	-	5,894	73.7
Redbridge	↔	-	4,782	73.6
Hounslow	↔	-	4,351	73.1
<b>Harrow</b>	↔	-	<b>3,606</b>	<b>72.7</b>
Brent	↔	-	5,146	72.0

Multiple Deprivation



Income Deprivation Affecting Children (IDACI)



- IMD 2015 shows pockets of deprivation and impact on children in particular. 2019 data is currently being analysed – overall Harrow shows a slight increase in deprivation

# Early Analysis from 2019 IMD

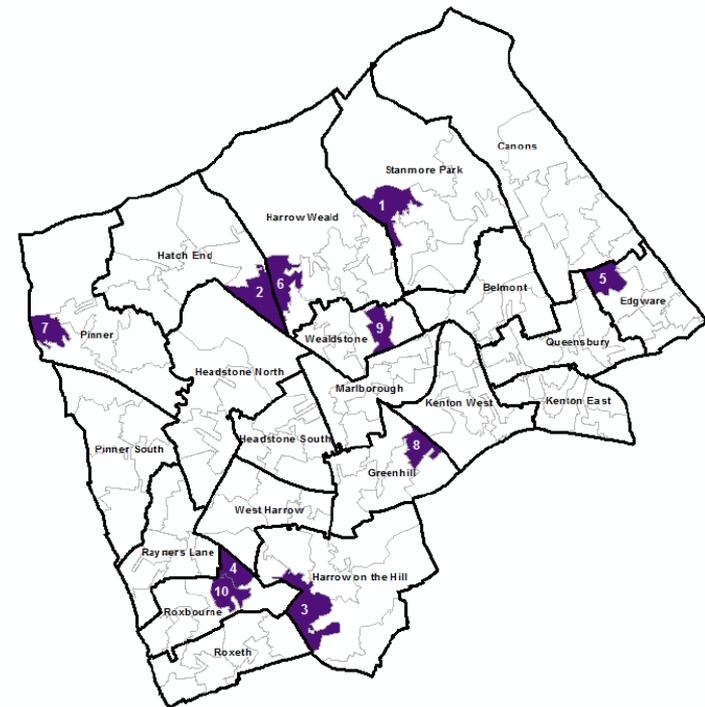
## Harrow's Top Ten Ranked LSOAs for Multiple Deprivation

Source: MHCLG, Indices of Deprivation 2019, Crown Copyright

LSOA	Ward	National Rank 2019	National Rank 2015	Rank Change	LSOA Rank in Harrow in 2019 (1 = most deprived)	LSOA Rank in Harrow in 2015 (1 = most deprived)
E01002227	Stanmore Park	4,814	5,441	Declined	1	2
E01002151	Hatch End	6,225	6,680	Declined	2	3
E01002133	Harrow on the Hill	6,641	8,053	Declined	3	7
E01002217	Roxbourne	6,812	5,370	Improved	4	1
E01002120	Edgware	7,228	8,019	Declined	5	6
E01002139	Harrow Weald	7,669	7,164	Improved	6	4
E01002185	Pinner	7,721	9,188	Declined	7	8
E01002131	Greenhill	8,650	10,210	Declined	8	12
E01002235	Wealdstone	9,047	7,188	Improved	9	5
E01002211	Roxbourne	9,388	10,114	Declined	10	11

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Harrow's most deprived LSOA\* is in Stanmore Park ward (E01002227) and is the area covering the Woodlands and Cottesmore Estates. The second most deprived LSOA is in Hatch End ward (E01002151) and includes parts of the Headstone and Headstone Lane Estates. Previously Harrow's most deprived LSOA was in Roxbourne ward and encompassed the Rayners Lane Estate. This LSOA (E01002217) now has an improved 4th place in Harrow's LSOA rankings.



Crown Copyright  
London Borough of Harrow LA 100019206

\*Lower Super Output Area = typically 400-600 households, 1000-1500 population

## PEOPLE

Healthy and active

Enjoying and achieving

Community belonging

## PLACE

Safe and friendly

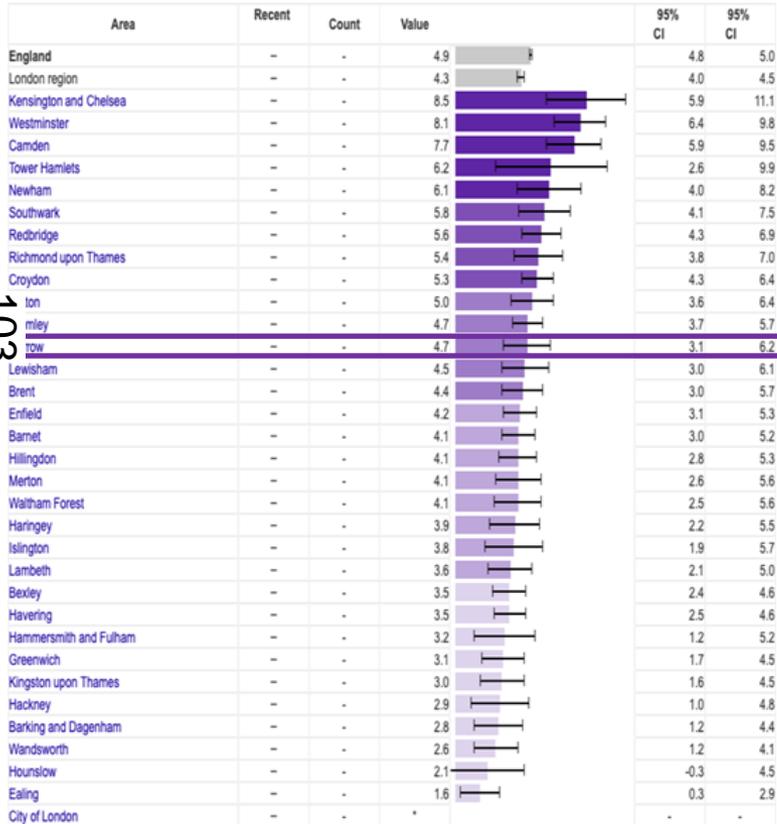
Clean and green

For Living and working

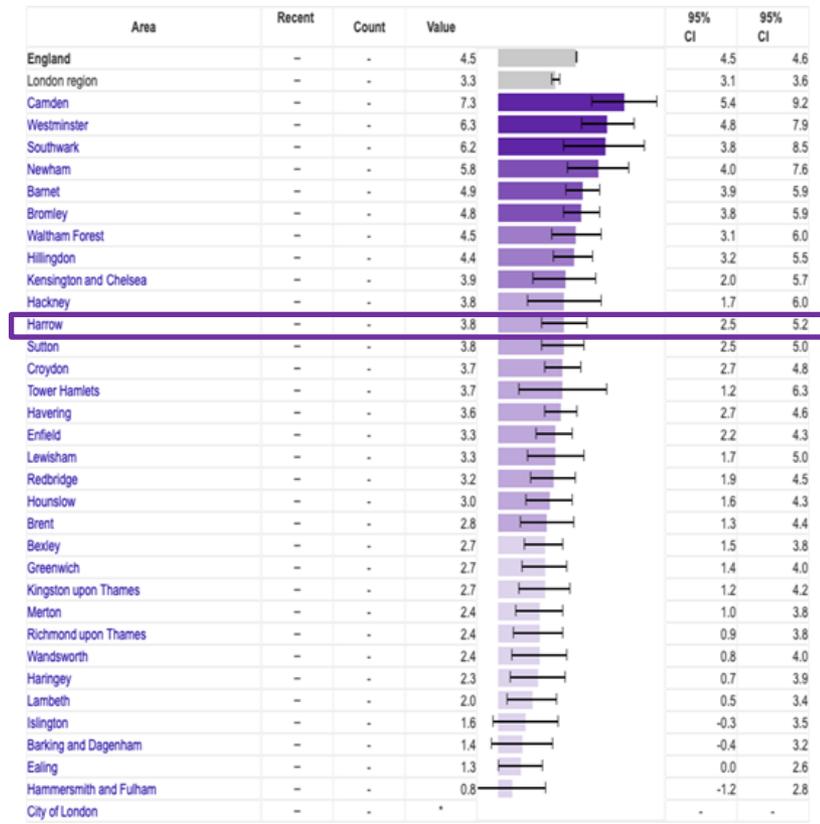
# Inequality in life expectancy at 65

Harrow is in the top half of London boroughs for difference in life expectancy between most and least deprived areas

## Male



## Female



103

Trend data shows that, **within borough, inequalities are getting worse**. Gaps in life expectancy both at birth and age 65 between the least and most deprived in the borough are increasing.

# Healthy and Active: Challenges from survey of adults receiving social care

Source: Harrow Adult Social Care Service Users Survey, contact Jonathan Kilworth

## Satisfaction

Setting	Satisfied with Services
Residential & Nursing	77%
Community	54%

PSR	Satisfied with Services	% respondents in Res/Nursing
Learning Disability	72%	19%
Access and Mobility	56%	12%
Personal Care	50%	16%
Mental Health	46%	4%

Residents in care homes most satisfied, although lower by 9% than last year  
Mental Health clients the least satisfied, but fewest in this group are in residential care.  
clients satisfaction rose 6%.

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Overall Satisfaction	2019	2018	2017
White British	65.1%	65.2%	71.1%
Indian	45.3%	44.0%	56.1%
Any other Asian	43.4%	48.0%	63.3%

Satisfaction continues to fall in 'Other Asian' group.



→ To boost Satisfaction, survey data suggests;

- \*Give more choice
- \*Ensure services help & treat people well
- \*Make it easier to find information about services/support

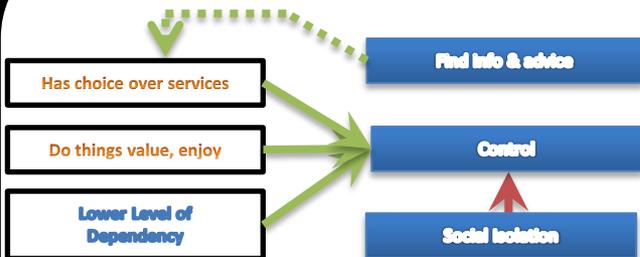
Ethnicity* (2017-2019)	Satisfaction in Res/ Nursing	Satisfaction in Community
White British	86%	60%
Any other White background	n/a	55%
Black African	n/a	66%
Black Caribbean	n/a	47%
Any other Asian background	68%	47%
Indian	63%	47%

Gaps between res care and community remain.

Indicator	ALL OUTCOME MEASURES	2019 (RANK)	2018	2017	2016
1A	Social care-related quality of life	18.0 (13)	18.4	18.2	18.2
1B	Have control over their daily life	64.5 (15)	66.9	67.8	67.5
1L1	Had as much social contact as they would like	38.9 (15)	39.5	40.6	38.5
3A	Overall satisfaction, people who use services	55.5 (15)	56.1	53.2	58.7
3D1	Easy to find info about services	68.7 (16)	64.7	70.2	69.1
4A	People who use services who feel safe	63.8 (16)	61.2	63.4	59.6
4B	Services have made them feel safe & secure	83.5 (05)	86.7	85.0	85.5

Ranking is based on 2018 results (CIPFA comparator group of 16)

## Choice & Control



→ To boost Control, survey suggests;

- \*Make it easier to find information which will also help to;
- \*Give more choice
- \*Ensure services allow people to do more things they value and enjoy
- \*Utilise services (e.g. reablement, assistive technology) that reduce levels of dependency
- \*Consider how local networks (personal and community) can help to reduce social isolation

1B: The proportion of people who use services who have control over their daily life

CASSR	Outcome	Rank
Bristol	81.9	1
Redbridge	81.0	2
Richmond upon Thames	80.9	3
Trafford	79.0	4
Hillingdon	71.9	14
Merton	68.0	15
Harrow	67.8	16

Despite the high use of direct payments and MyCeP in Harrow levels of Control reported are relatively low. MyCeP appears to be preferred by people with slightly higher levels of dependency who perhaps don't want to take on the responsibility of a cash direct payment.

Over time, Control results have declined for people with mobility issues. The result for memory & cognition fell 10% this year and even the result for learning disabilities has fallen.

PSR x Type of Provision (community) 2017-2019 combined	Physical - mobility	Physical - Personal Care	Learning Disability	Mental Health
Levels of Control				
Cash Budget (DP)	53%	63%	81%	44%
Mixed Budget	50%	50%	78%	45%
Managed Budget	62%	60%	82%	58%
Commissioned Care	65%	44%	87%	76%

Mixed Budgets only seem to work with clients with LD support needs.  
Mixed budgets don't work well for Personal care clients

Year	Physical - mobility	Physical - Personal Care	Memory & Cognition	Learning Disability	Mental Health
Levels of Control					
2016	69%	61%	76%	88%	63%
2017	62%	64%	75%	87%	54%
2018	58%	63%	81%	88%	58%
2019	52%	59%	71%	82%	62%
Total	59%	60%	75%	84%	58%

# Wellbeing of those with caring responsibility

Source: Harrow Adult Social Care Carers Survey, contact Jonathan Kilworth



## Key Findings

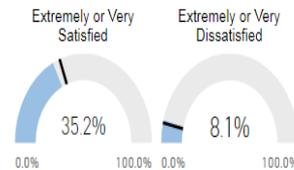
Select a Local Authority on the right (by scrolling through the Local Authorities) to see the comparative figures for the selected Local Authority and the related region.

### Digital

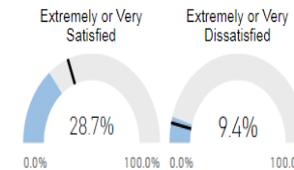


Nationally, **38.6%** of people who had received services said that they were very or extremely satisfied with the support and services received. **7.2%** said that they were extremely or very dissatisfied

### London



### Harrow



Harrow's satisfaction level is below the London average with more people extremely/very dissatisfied

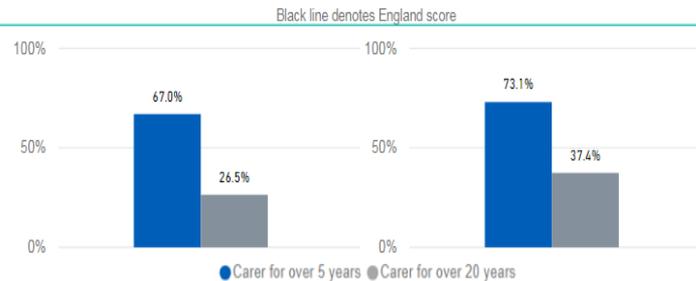
We have a lot of carers who have been looking after someone for a very long time – this might make them more vulnerable due to ageing

Our carers are feeling more stress than the London average

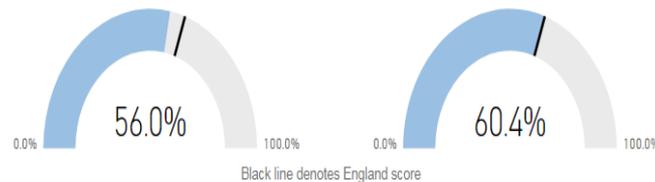
And are experiencing more financial difficulties



The majority of carers in England (**65.4%**) have been carers for over five years. Almost a quarter (**23.5%**) have been caring for 20 years or more



**60.6%** of carers in England reported that caring had caused them feelings of stress, compared with **58.7%** in 2016-17. This was a significant increase



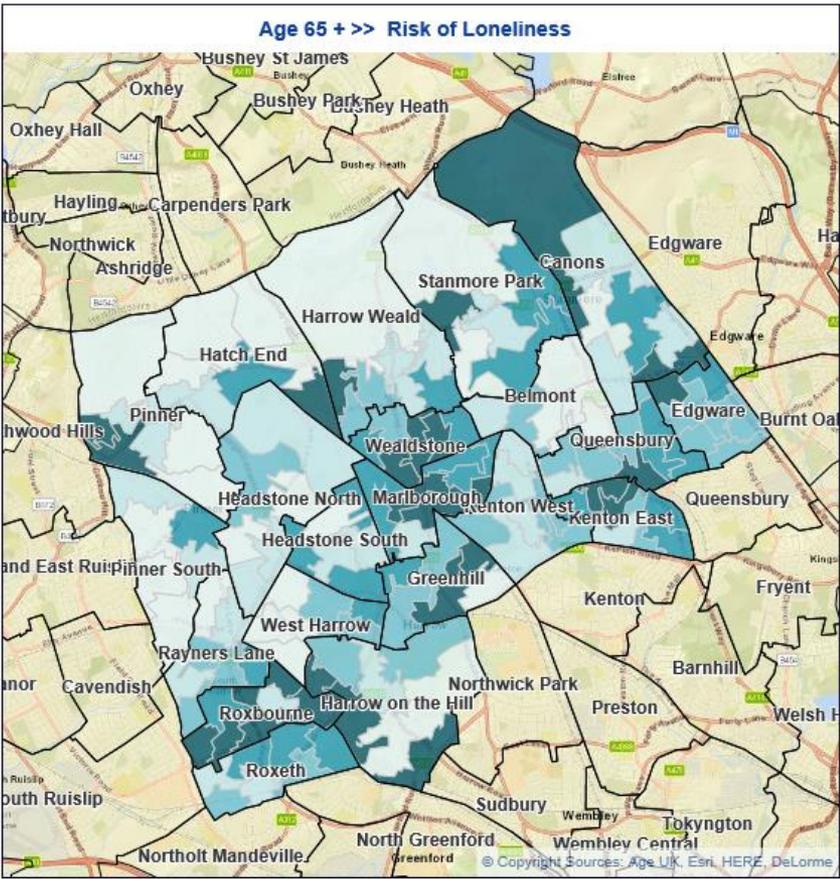
**53.4%** of carers nationally reported that their caring caused them no financial difficulties. **10.6%** of carers said that caring caused them a lot of financial difficulties, which is a significant increase from the 2016-17 figure of **9.6%**



# People: Healthy and Active - Loneliness



Data Help Print Share



The map shows the risk of loneliness at neighbourhood level within the local authority. [Read more on our website.](#)

The Ward boundaries are outlined in black. Zoom in and the Ward names will appear.



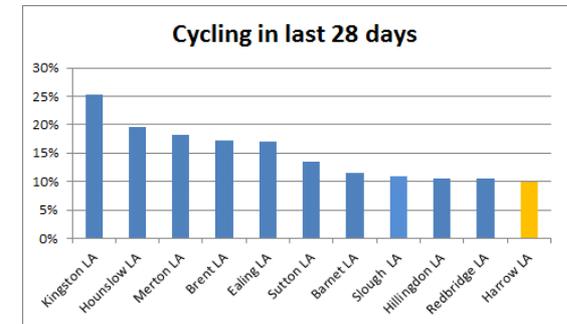
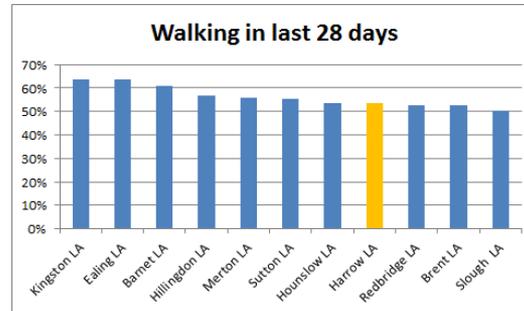
The table and chart below show how each neighbourhood ranks within England; click on individual areas to see their ranks and which quintile they fall in. 1 = highest risk, 32,844 = lowest risk.

Indicator	Rank in England	Quintile in England
Age 65 +		
Risk of Loneliness		

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# People: Healthy and Active

'Active Lives' 2018 survey shows that participation of Harrow's adults in physical activity is lower than comparators

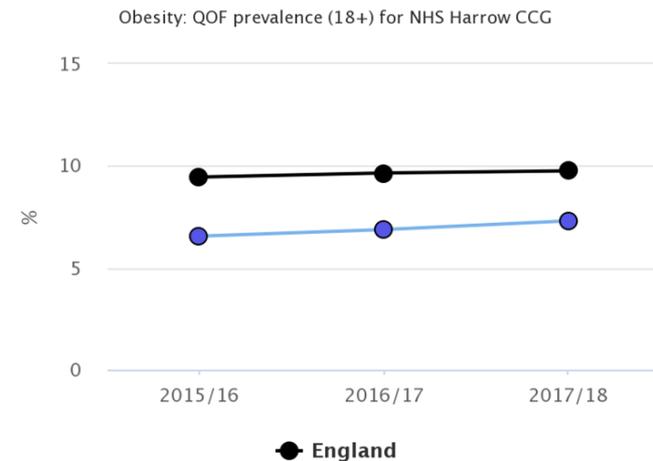


107

Type 2 Diabetes rates are the second highest in London. Obesity in adults is well above national average

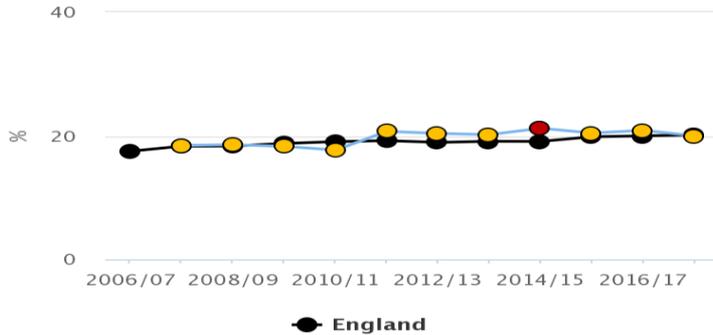
T2 Diabetes prevalence:

Area	Count	Value
England	3,976,419	8.5
London region	677,273	8.9
Brent	30,231	11.5
Harrow	21,776	10.9
Redbridge	25,346	10.8
Ealing	29,557	10.7
Croydon	31,579	10.5



# People: Healthy and Active

Year 6: Prevalence of obesity (including severe obesity) for Harrow



Childhood obesity had been above England average, now in line but still around 20%...

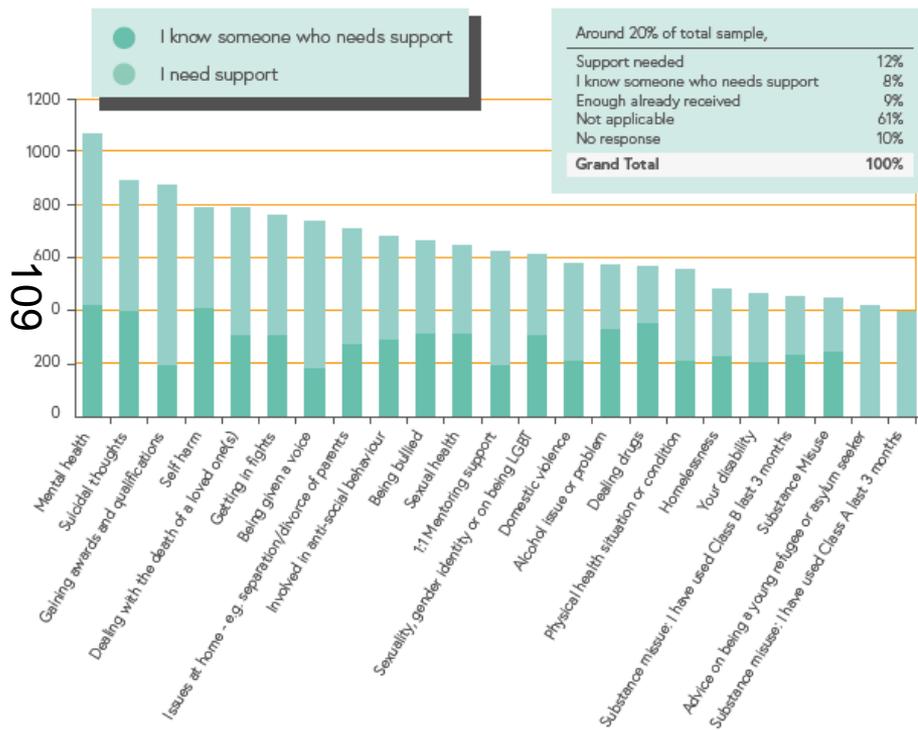
108

...tooth decay in Harrow's children is the worst in London

Area	Recent Trend	Neighbour Rank	Count	Value	95% Lower CI	95% Upper CI
England	-	-	-	23.3	23.0	23.6
London region	-	-	-	25.7	24.9	26.5
Harrow	-	-	-	39.6	33.6	46.0
Brent	-	-	-	34.6	29.4	40.2
Waltham Forest	-	-	-	32.9	24.7	42.2
Hillingdon	-	-	-	32.5	27.5	37.8
Tower Hamlets	-	-	-	31.1	25.2	37.6
Ealing	-	-	-	30.7	23.3	39.2
Enfield	-	-	-	30.5	24.4	37.3
Westminster	-	-	-	30.3	24.6	36.8
Camden	-	-	-	30.0	24.0	36.6
Newham	-	-	-	29.0	27.5	30.6
Haringey	-	-	-	29.0	23.1	35.8
Barking and Dagenham	-	-	-	28.6	20.5	38.4
Croydon	-	-	-	28.5	23.9	33.5
Kensington and Chelsea	-	-	-	26.6	21.3	32.7
Wandsworth	-	-	-	25.8	20.8	31.6
Hounslow	-	-	-	25.7	21.2	30.8
Sutton	-	-	-	25.6	21.3	30.4
Hammersmith and Fulham	-	-	-	24.2	19.2	30.1
Barnet	-	-	-	24.1	19.4	29.5
Hackney	-	-	-	22.9*	20.2	25.7
Merton	-	-	-	22.5	18.1	27.7
Islington	-	-	-	22.5	17.3	28.8
Greenwich	-	-	-	22.2	17.7	27.5
Lambeth	-	-	-	21.7	16.7	27.8
Kingston upon Thames	-	-	-	21.5	17.6	26.0
Redbridge	-	-	-	20.9	15.8	27.1
Havering	-	-	-	20.5	14.5	28.1
Lewisham	-	-	-	19.4	15.1	24.7
Bromley	-	-	-	17.4	13.5	22.1
Richmond upon Thames	-	-	-	16.4	12.6	20.9
Southwark	-	-	-	15.9	11.8	21.0
Bexley	-	-	-	14.4	10.5	19.3
City of London	-	-	-	-	-	-

# People: Healthy and Active

Chart 5: Support needed for self and other – in descending order (numbers of young people, weighted)

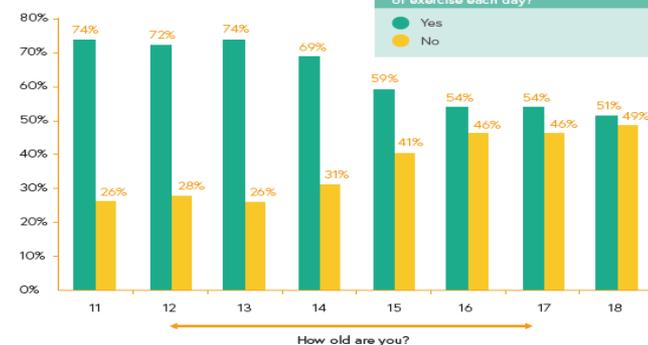


Projecting this onto the total 10-19 population would suggest that there are around 5700 young people with an unmet mental health need.

The 2018 YP needs assessment survey identified mental health and suicidal thoughts as the two highest areas of need amongst Harrow’s young people...

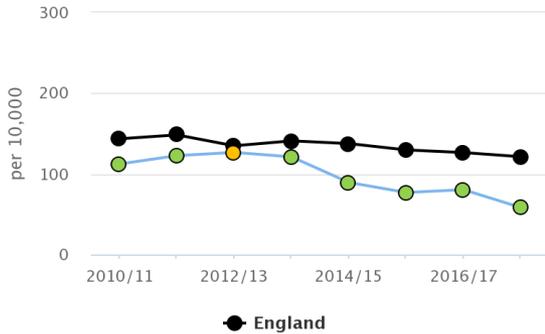
... and demonstrated the tail-off in physical activity which begins in secondary school and carries on through to adulthood.

Chart 18: Do you take part in at least 30 minutes of exercise each day? (by age)



# People: Healthy and Active

Hospital admissions caused by unintentional and deliberate injuries in children (aged 0-4 years) for Harrow



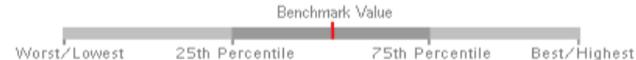
Rates of admission for injuries to young children are significantly lower than England average.

Although overall picture on road accidents is good, there are issues with some age groups (but note small numbers)

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Compared with benchmark: ● Better ● Similar ● Worse ○ Not compared

Recent trends: — Could not be calculated ➔ No significant change ↑ Increasing / Getting worse ↑ Increasing / Getting better ↓ Decreasing / Getting worse ↓ Decreasing / Getting better ↑ Increasing ↓ Decreasing



Indicator	Period	Harrow		Region		England		England	
		Recent Trend	Count	Value	Value	Value	Worst/Lowest	Range	Best/Highest
Children killed and seriously injured (KSI) on England's roads	2015 - 17	—	16	10.4	10.4	17.4	41.7		2.6
Children aged 5 and under killed or seriously injured in road traffic accidents	2014 - 16	—	4	6.4	4.5	7.7	25.2		0.0
Children aged 6-10 killed or seriously injured in road traffic accidents	2014 - 16	—	4	8.5	7.4	14.8	64.7		0.0
Children aged 11-15 killed or seriously injured in road traffic accidents	2014 - 16	—	8	18.7	18.3	32.6	84.9		0.0

## What this means

### **Key considerations:**

With increased housing and an ageing population, coupled with relatively low levels of physical activity, there will be increased health and social care costs if nothing changes: this is not sustainable.

### **Thoughts:**

- How do we increase activity in order to improve health / life expectancy?
- How do we tackle growing obesity to increase healthy life expectancy?
- How do we need to focus planning and regeneration to support a change in lifestyle?
- How do we need to think differently to tackle inequality?
- How do we support people to make the right / better life choices?

- Our schools are an important asset for the borough. 2019 resident survey continues to rank them as the most important community asset.

Q4. Thinking generally, which five of the below things listed do you think are most important in making Harrow a good place to live?

	%	n
Schools and education	58%	507
Levels of crime and anti-social behaviour	51%	458
Clean streets	49%	452
Care and support for the elderly and disabled	37%	337
Affordable housing	32%	290
Health services	30%	268
Level of council tax	26%	238
Waste collection	24%	208
Jobs and training opportunities	23%	198
Parking	22%	205
Parks and open spaces	21%	199
Public transport	20%	160
Air quality	18%	163
Care and support for vulnerable children	17%	155
Green and environmental issues	17%	155
Nightlife, eating out and entertainment	6%	57
Sports or culture	5%	48
Provision of childcare	3%	27
None of the above	2%	21

- 90% of Harrow’s schools are ranked as good or outstanding by Ofsted
- 95% of childminders and 99% of PVI early years settings are judged good or outstanding by Ofsted
- EET rates are amongst the very best in England and are sustained at around 99% for local young people age 16-18

- Challenges include:

➤ Reducing the rate of exclusions, in particular permanent

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Ref No	Indicator Description	Service	Reported	Polarity	SN AVG 2017/18	England 2017/18	Harrow actual Q4 2018/19	Harrow target 2018/19	Harrow actual Q1 2019/20	Direction of Travel	Q4 RAG Status	Q1 RAG Status
E41	Annual rate of Primary, Secondary & Special School Permanent Exclusions as % of Harrow school population	Childrens (Education)	Annual (Corporate Scorecard)	▼	0.08% (2016-17)	0.10% (2017-18)	0.13% / 48 (2017-18)	0.10% (2018-19)	0.13% / 44 (2017-18)	↓	-	HR
E42	Annual rate of Primary, Secondary & Special School Fixed Term Exclusions as % Harrow school population	Childrens (Education)	Annual (Corporate Scorecard)	▼	3.15% (2016-17)	4.76% (2016-17)	2.11% / 756 (2016-17)	2.11% (2017-18)	2.16% / 780 (2017-18)	↓	-	A

- Challenges include:
  - Narrowing the inequality gap for the bottom 20% at Foundation Stage
  - Attainment gap at KS2 and KS4 for some ethnic groups
  - SEN attainment gap at KS4

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Ref No	Indicator Description	Service	Reported	Polarity	SN AVG 2017/18	England 2017/18	Harrow actual Q4 2018/19	Harrow target 2018/19	Harrow actual Q1 2019/20	Direction of Travel	Q4 RAG Status	Q1 RAG Status	Commentary
E15	The percentage inequality gap in achievement across all the Early Learning Goals at EYFS	Childrens (Education)	Annual (Corporate Scorecard)	▼	31.1% (2017-18)	31.8% (2017-18)	31.0% (2016-17)	24.0% (2017-18)	32.0% (2017-18)	↓	HR	HR	<p>Indicator will be updated for Q2.</p> <p>Harrow's 2017-18 gap of 32.0% has widened from 31.0% in 2016-17 and 29.3% in 2015-16. Harrow's gap is slightly wider than the national (31.8%) and statistical neighbour (31.1%) gaps. In line with the continuing increase in the number of pupils achieving a higher GLD the gap in Harrow seems to be widening.</p> <p>The high red reflects the nature of the high target, which we are likely to review. The high target was originally set at time when early years was not performing as well.</p>
E34 - Equalities	Achievement gap between pupils eligible for free school meals and their peers, based on average attainment across 8 GCSE subjects at the end of Key Stage 4	Childrens (Education)	Annual (Children's Scorecard)	▲	13.1 (2017-18)	13.9 (2017-18)	10 (2016-17)	-	10.3 (2017-18)	-	-	-	<p>The average Attainment 8 score of Harrow's pupils eligible for FSM increased from 40.9 in 2016-17 to 41.5 in 2017-18. The score of pupils NOT eligible for FSM also increased from 50.9 in 2016-17 to 51.8 in 2017-18. The resulting gap for 2017-18 of 10.3 is in-line with that of last year (10).</p> <p>Harrow's gap is narrower than that of the statistical neighbours and nationally.</p>
E35 - Equalities	The Special Educational Needs (SEN)/non-SEN gap based on average attainment across 8 GCSE subjects at the end of Key Stage 4	Childrens (Education)	Annual (Children's Scorecard)	▲	25.2 (2017-18)	22.7 (2017-18)	21.8 (2016-17)	-	26.5 (2017-18)	-	-	-	<p>Indicator will be updated for Q2.</p> <p>The average Attainment 8 score of Harrow's pupils with a SEN was 28.2 (31.2 in 2016-17), which is lower than the score of 54.7 of the pupil's with no SEN, resulting in a 26.5 gap.</p> <p>Harrow's gap is wider than that of the statistical neighbours and nationally.</p>
E36 - Equalities	Average attainment of Black African minority ethnic group (containing more than 30 pupils) across 8 GCSE subjects at the end of Key Stage 4	Childrens (Education)	Annual (Children's Scorecard)	▲	Not published	Not published	44.7 (2016-17)	-	47.3 (2017-18)	-	-	-	<p>Indicator will be updated for Q2.</p> <p>The average attainment 8 score of Harrow's Black African pupils' in 2017-18 is 47.3 (44.7 in 2016-17), which is lower than the Harrow all pupil score of 50.7 and national all pupil score of 46.6.</p>
E37 - Equalities	Average attainment of Black Caribbean minority ethnic group (containing more than 30 pupils) across 8 GCSE subjects at the end of Key Stage 4	Childrens (Education)	Annual (Children's Scorecard)	▲	Not published	Not published	36.7 (2016-17)	-	39.8 (2017-18)	-	-	-	<p>Indicator will be updated for Q2.</p> <p>The average attainment 8 score of Harrow's Black Caribbean pupils' in 2017-18 is 39.8 (36.7 in 2016-17), which is lower than the Harrow all pupil score of 50.7 and national all pupil score of 46.6.</p>
E38 - Equalities	Average attainment of Any Other Black minority ethnic group (containing more than 30 pupils) across 8 GCSE subjects at the end of Key Stage 4	Childrens (Education)	Annual (Children's Scorecard)	▲	Not published	Not published	38.9 (2016-17)	-	49.0 (2017-18)	-	-	-	<p>Indicator will be updated for Q2.</p> <p>The average attainment 8 score of Harrow's Black Other pupils' in 2017-18 is 49.0 (38.9 in 2016-17), which is lower than the Harrow all pupil score of 50.7 and national all pupil score of 46.6.</p>
E39	Average attainment of Any Other White minority ethnic group (containing more than 30 pupils) across 8 GCSE subjects at the end of Key Stage 4	Childrens (Education)	Annual (Children's Scorecard)	▲	Not published	Not published	46.3 (2016-17)	-	43.5 (2017-18)	-	-	-	<p>Indicator will be updated for Q2.</p> <p>The average attainment 8 score of Harrow's White Other pupils' in 2017-18 is 43.5 (48.3 in 2016-17), which is lower than the Harrow all pupil score of 50.7 and national all pupil score of 46.6.</p>

## What this means

### Key considerations:

Our schools and their educational attainment is good, but we must ensure that everyone is able to achieve, whether academically, or through sports or culture: contributing to and enjoying their life in Harrow.

<sup>115</sup> last 3 years (?) 3 schools have required special measures and as a result, have forcibly been converted to academy status. 51% of CYP are now in academies or free schools and the local authority needs to invest and commit to developing this new relationship while maintaining the strong relationship with maintained schools. We are well placed to do this because the SEND inspection is very positive about the current strength of the partnership, but resources are limited.

### Thoughts:

- How do we narrow the achievement gap for vulnerable groups
- How do we ensure that everyone has a minimum level of qualification?
- How can we ensure that those who aren't academically gifted are equipped to succeed in life?
- How do language barriers prevent communities achieving their aspirations?
- How can apprenticeships support the local community in accessing employment opportunities?

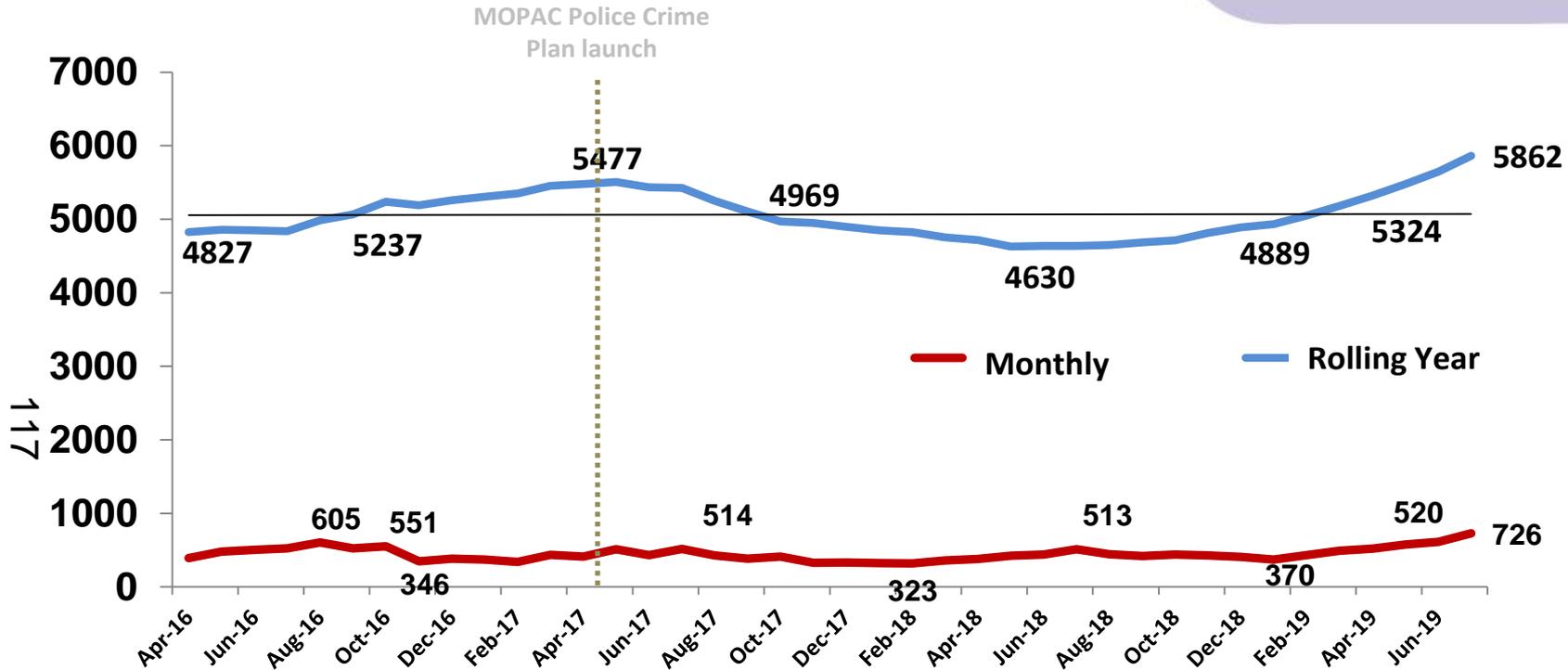
Harrow has historically been an area where people from different backgrounds get on well together. *Early analysis of 2019 Residents' survey shows level of agreement to be sustained at 79% (better than comparators?)*

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### Q3. Harrow is a place where people from different ethnic backgrounds get on well together

	%	n
Definitely agree	37%	308
Tend to agree	42%	384
Neither agree nor disagree	8%	81
Tend to disagree	6%	48
Strongly disagree	4%	39
Don't know	4%	33

# Community and Belonging– ASB call outs



- Increase in call outs since PCP launch (RY) (7% increase over the period).
- Rise in call outs between January 2019 (4889) to April 2019 (5862) RY.
- 26% increase in ASB call outs in 12 months up to April 2019 (5862) compared to previous 12 months (4638).
- July 2019 saw highest level of ASB call outs to have been recorded in Harrow

## Residents' Views

**Q9. To what extent do you feel the local area has improved or declined over the last few years?**

	%	n
Improved a lot	5%	36
Improved a little	17%	141
Neither improved nor declined	19%	175
Declined a little	27%	236
Declined a lot	32%	298
Don't know	1%	7

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**Q10. Improved or declined: High streets**

	%	n
Improved a lot	7%	52
Improved a little	18%	146
Stayed the same	24%	201
Declined a little	21%	196
Declined a lot	29%	272

**Q10. Improved or declined: The sense of community in the area**

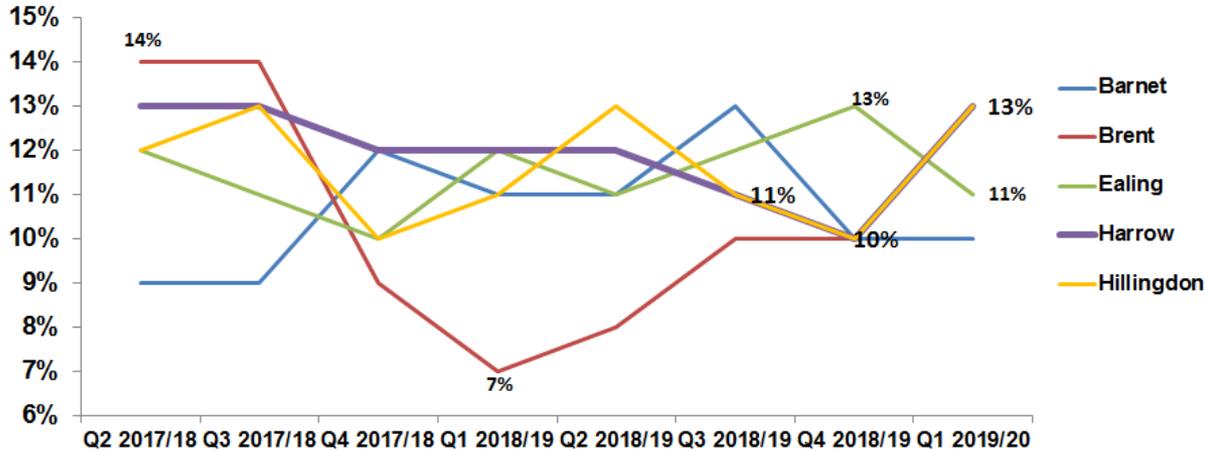
	%	n
Improved a lot	5%	39
Improved a little	18%	153
Stayed the same	40%	338
Declined a little	19%	156
Declined a lot	17%	151

**Q10. Improved or declined: Choice of shops/restaurants/bars**

	%	n
Improved a lot	15%	119
Improved a little	27%	221
Stayed the same	29%	241
Declined a little	14%	138
Declined a lot	15%	136

# People: Community and Belonging: Hate Crime

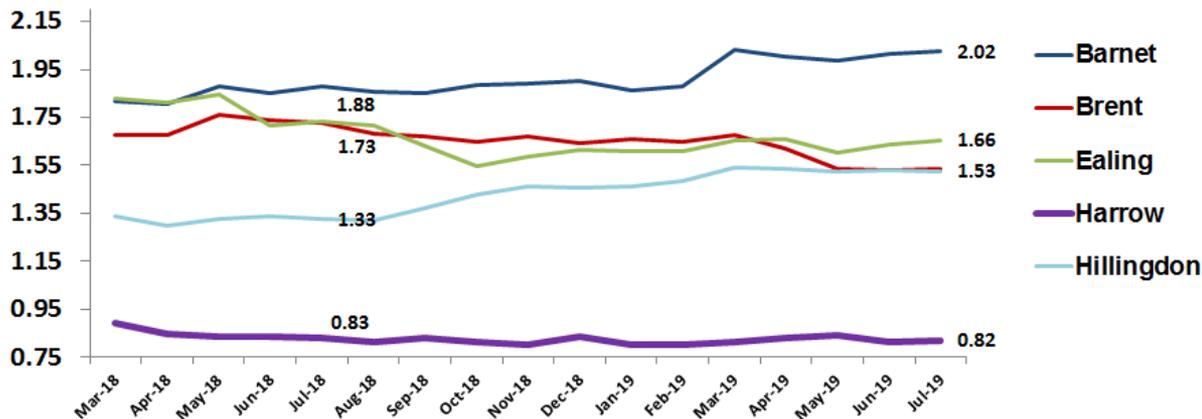
% of residents who think Hate Crime is a problem in their area, nearest neighbours



Harrow and Hillingdon both rise to 13% at Q1 2019-20

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Racist and Religious Hate Crime rolling year offences per 1000 pop, nearest neighbours



## What this means

### Key considerations:

Each of our towns is different and has its own demographic challenges, yet we need to ensure that resident communities are happy, active and engaged, embracing the growth and opportunities this creates.

### Thoughts:

- How do we ensure a sense of community and belonging?
- How do ensure that all of our communities are cohesive?
- What does it mean to be proud of Harrow as a place to live?

## PEOPLE

Healthy and active

Enjoying and achieving

Community belonging

## PLACE

Safe and friendly

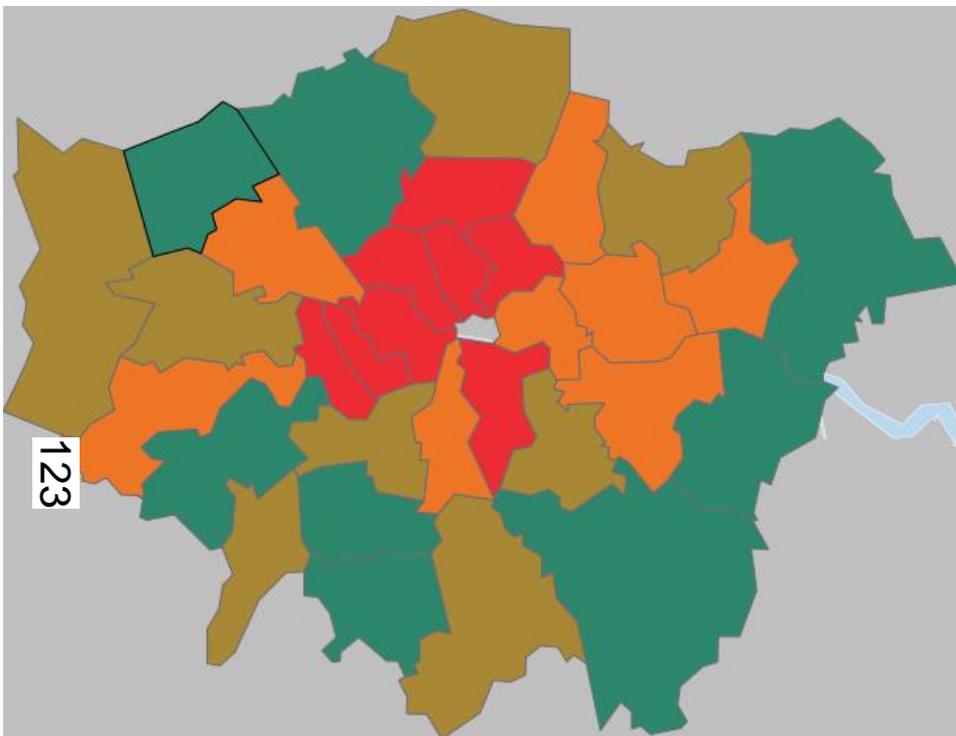
Clean and green

For Living and working

## Summary at mid 2019:

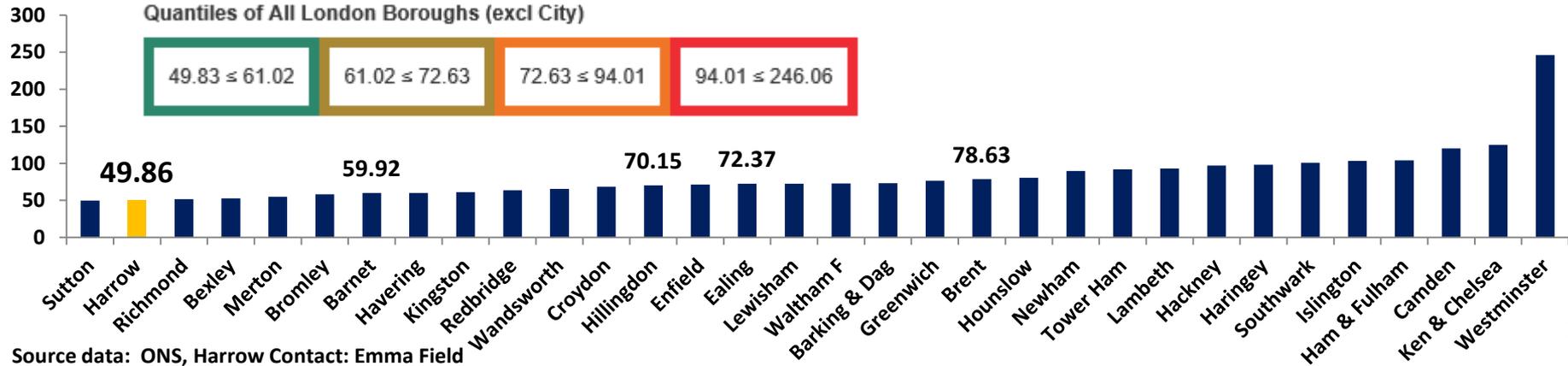
- Harrow remains a comparatively low crime borough
- However, increases in some crimes, in particular violence and knife crime, have been sustained
- Burglary has increased, as has aggravated burglary, but from a low base
- Resident perception is influenced by a range of factors , and people generally feel less safe
- While youth violence is a concern, overall, Harrow's young people told us that they feel safe
- Young people with a disability were an exception – telling us that they feel less safe travelling around the borough.

# Harrow: Offences rate compared to London



Crime map and graph: Total recorded offences (excl fraud) for Harrow & All London Boroughs (excl City) for year ending 2019/20 Q1(12 months ending 30/6/19) per 1000 pop:

- 49.86 crimes per 1000 population Harrow – **2<sup>nd</sup> lowest crime rate in London**
- **11.9%** rate increase since Q1 2018/19 – **2<sup>nd</sup> highest rate increase in London**



Source data: ONS, Harrow Contact: Emma Field

# Harrow crime: Total offences

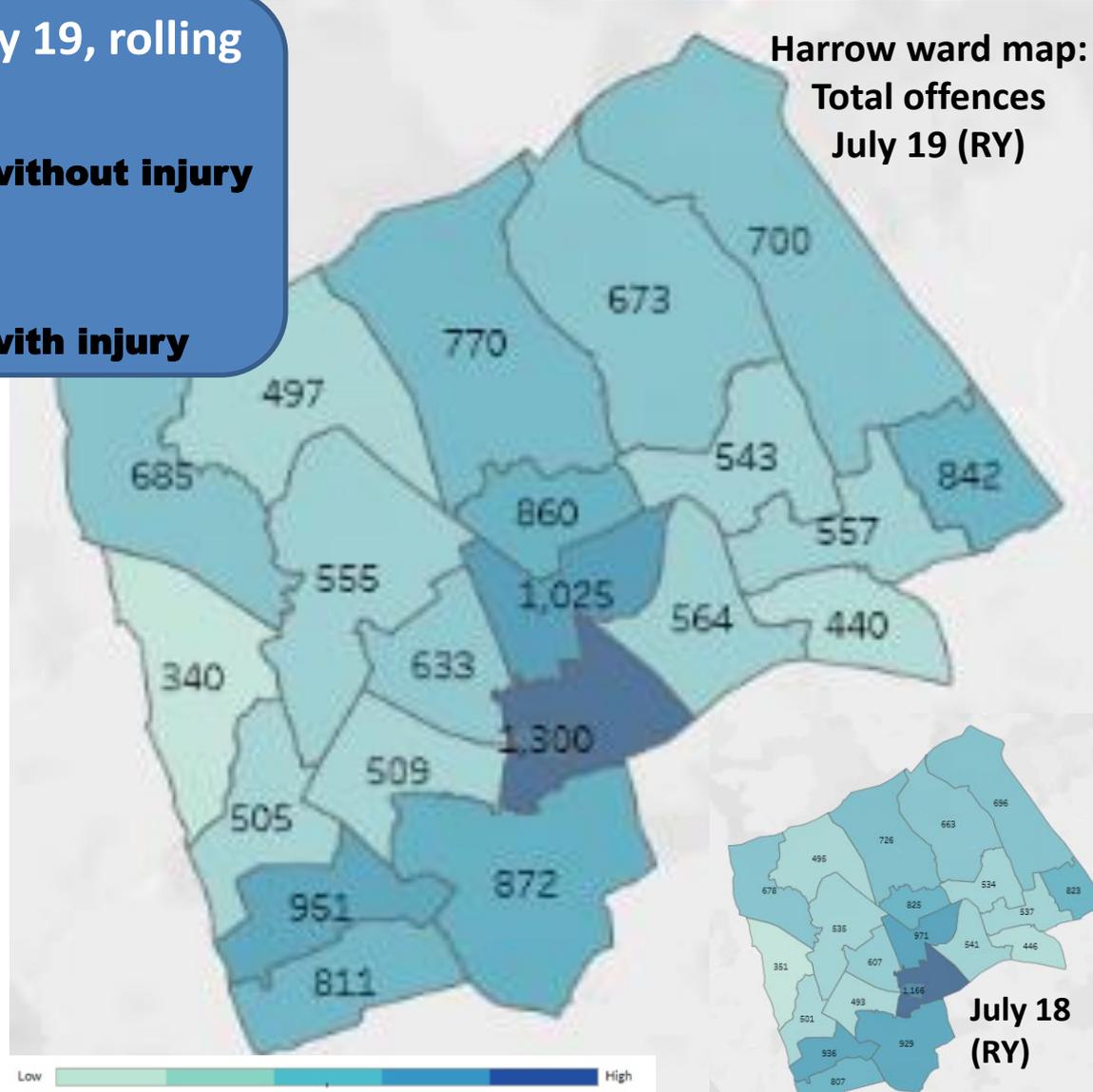
- Top five crimes in Harrow at July 19, rolling year (RY)**
- 1. Violence against the person - without injury**
  - 2. Motor vehicle offences**
  - 3. Burglary**
  - 4. 'Other' theft**
  - 5. Violence against the person - with injury**

124% in the 12 months up to July 2019 the highest proportion of offences occurred in:

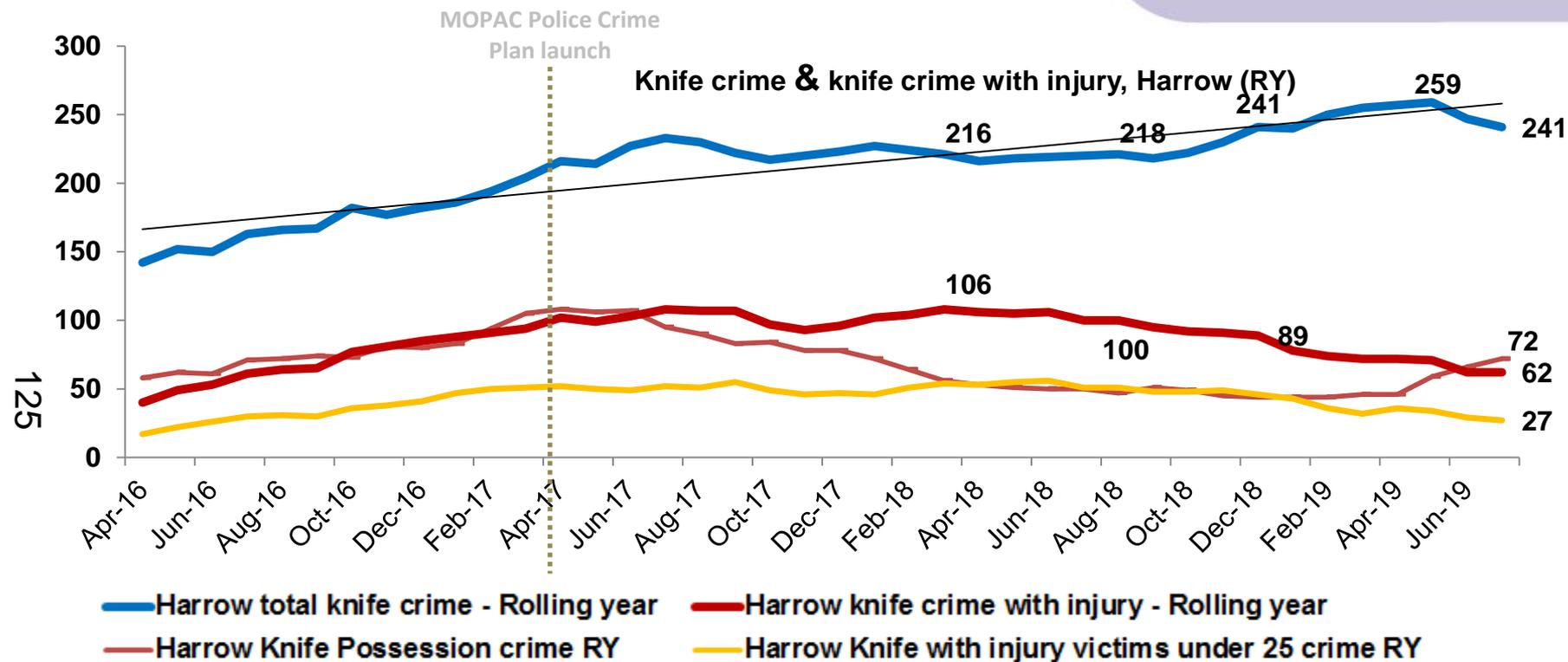
- Greenhill & Town centre (17%)
- Marlborough (6%)

**15.9% increase in total crime offences**  
 (12 months to July 2019 compared to the previous 12 months)

Source data: Met Police, Harrow Contact: Emma Field

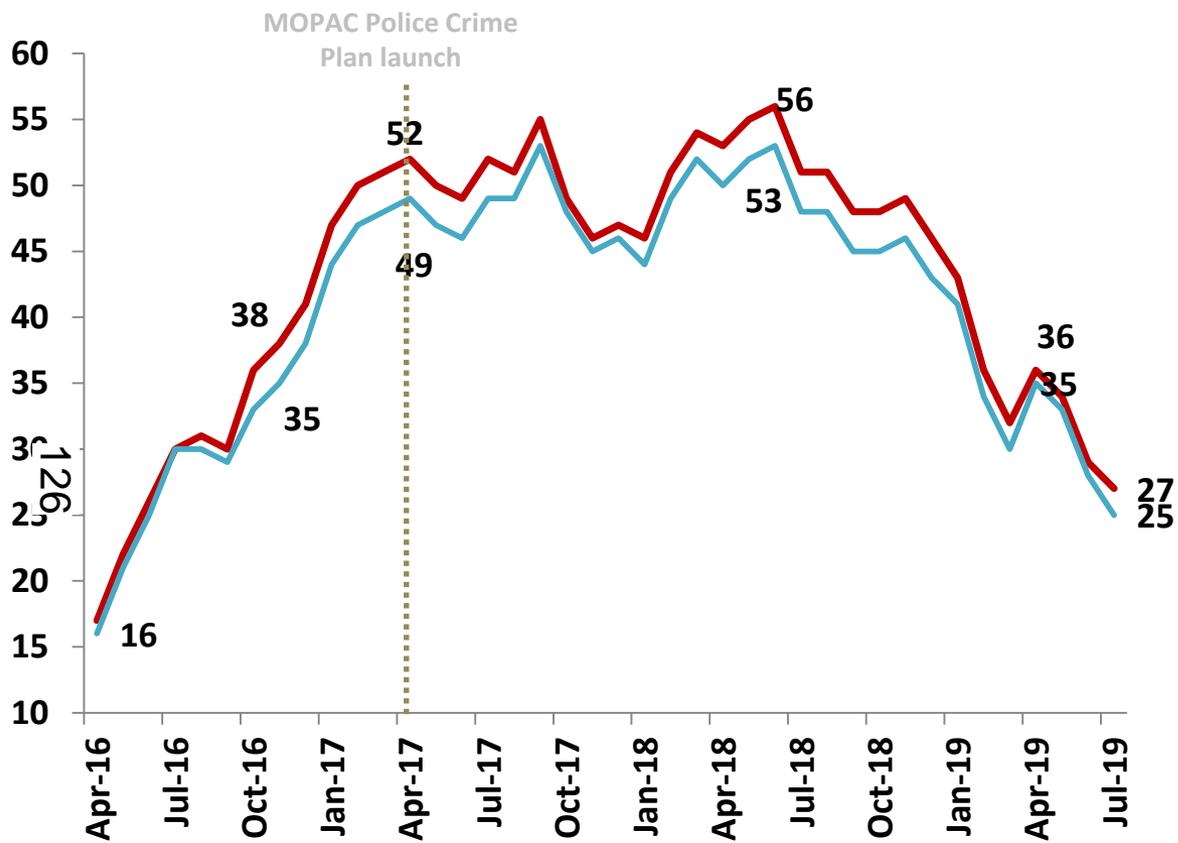


# High harm crime – Weapon enabled crime



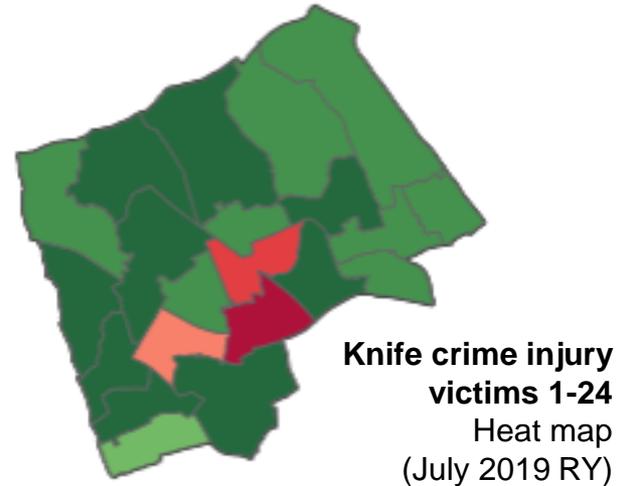
- From the last 12 months ending July 2019, the data shows a total of 241 knife crimes in Harrow, with 62 resulting in injury.
- Data shows the upward trend in total Knife crime offences since April 2016 has reduced in recent months (May-July 2019 RY)
- There has been a reduction in the proportion of reported knife crime offences resulting in an injury - from 48% (July 2018) to 11% (July 2019).

# High harm crime – Knife crime with injury – Victims under 25



— Harrow: Knife crime with injury victims under 25 RY

— Harrow: Knife crime with injury victims under 25 non domestic RY



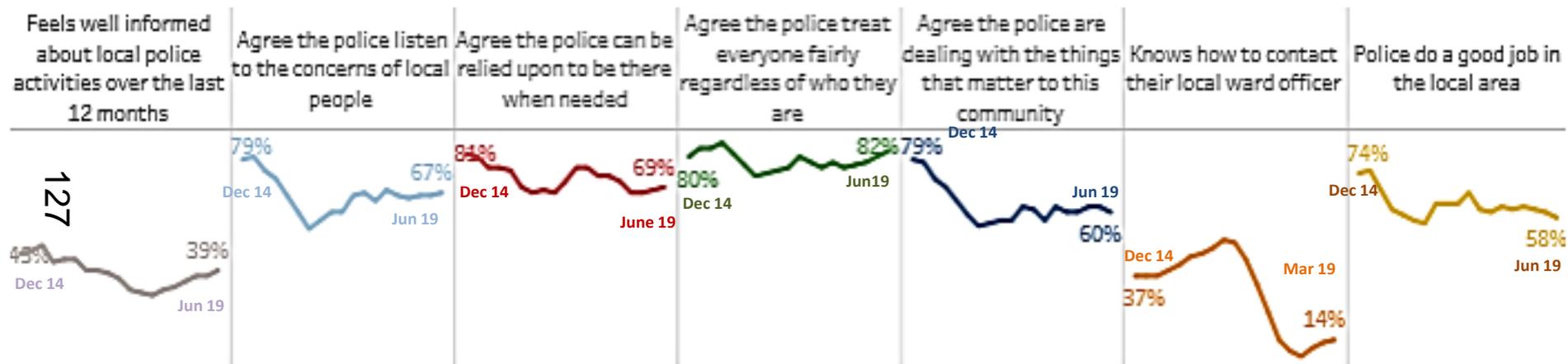
- 7% of recorded knife crime with injury victims, where the victim is under 25 years old, is attributed to a domestic incident (July 2019)
- Downward trend since June 2018 (RY), lower levels in July 2019 (RY) than at PCP launch.
- Most (24%) of victim reports were from Greenhill. Also higher than average reports from Marlborough (20%) West Harrow (16%)

Source data: Met Police, Harrow Contact: Emma Field

# High volume crime – Confidence

## Public confidence in policing Harrow June 19 (Rolling 12 months)

Public Perceptions over time for Harrow residents



- Increase in residents who *agree the Police treat everyone fairly* from 76% in June 2018 to 82% June 2019 (RY) - continues to be above London average (76%)
- *Residents feeling well informed* (39%) and *knowing how to contact their local ward officer* (14%) are low across London but have increased in recent months to above the London average (36% & 12%) - remains an area for improvement.
- Reliability has increased since March 19 but remains below the London average (71%)
- Satisfaction with the Police *doing a good job* and *dealing with things that matter* have slightly reduced this quarter

# Place: Safe and Friendly

## Being Young in Harrow

### Young people generally feel safe

Young people generally feel safe in Harrow (see Charts 1 & 2). They feel marginally less safe in parts of Harrow other than those where they live.

Chart 1: How safe do you feel in the area where you live?

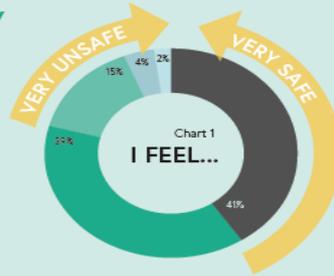
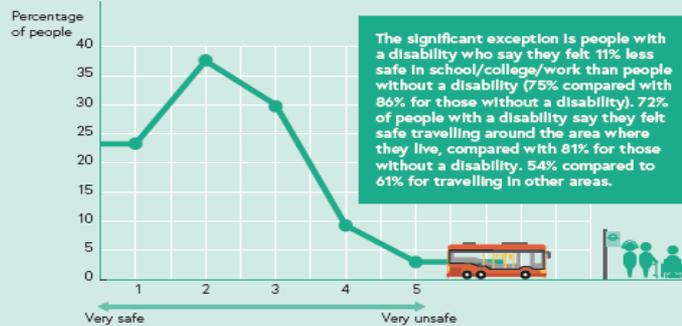


Chart 2: How safe do you feel travelling around other parts of Harrow?



The significant exception is people with a disability who say they felt 11% less safe in school/college/work than people without a disability (75% compared with 86% for those without a disability). 72% of people with a disability say they felt safe travelling around the area where they live, compared with 81% for those without a disability. 54% compared to 61% for travelling in other areas.

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### Q5. Which of the following best describes how safe you feel in the local area?

	%	n
Completely safe	21%	186
I occasionally feel unsafe	27%	241
I feel unsafe when I see people hanging around	19%	181
I feel unsafe at night or in dark places	16%	137
I am always worried about my safety	16%	142

### Q4. Thinking generally, which five of the below things listed do you think are most important in making Harrow a good place to live?

	%	n
Schools and education	58%	507
Levels of crime and anti-social behaviour	51%	458
Clean streets	49%	452
Care and support for the elderly and disabled	37%	337
Affordable housing	32%	290
Health services	30%	268
Level of council tax	26%	238
Waste collection	24%	208
Jobs and training opportunities	23%	198
Parking	22%	205
Parks and open spaces	21%	199
Public transport	20%	180
Air quality	18%	163
Care and support for vulnerable children	17%	155
Green and environmental issues	17%	155
Nightlife, eating out and entertainment	6%	57
Sports or culture	5%	48
Provision of childcare	3%	27
None of the above	2%	21

## What this means

### Key considerations:

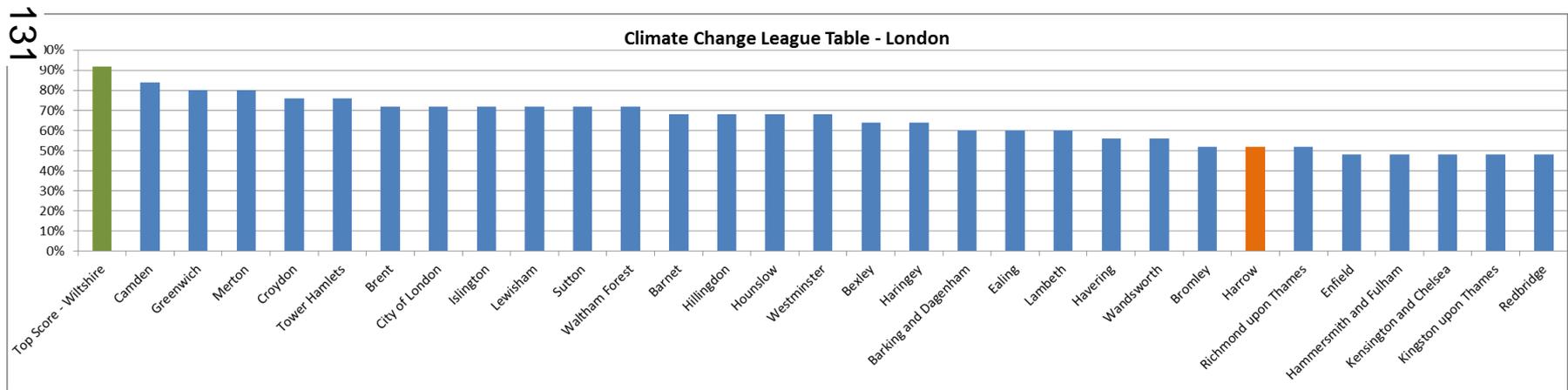
Overall, there are low levels of crime within Harrow and communities get on well together, but increased housing density and the changing demographics in the borough could affect this over the coming years.

### Thoughts:

- How can we further ensure that young people are / feel safe in their communities?
- How can we ensure that regeneration supports designing out crime?
- How can we reassure those groups who currently feel less safe?
- What implications do new developments have for contextual safeguarding?

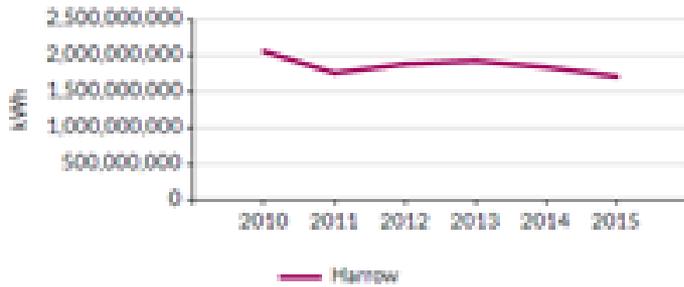


Friends of the Earth analysis places Harrow in bottom quartile nationally on 52% for environmental issues with 5 borough in London scoring lower. (This scored issues such as: household energy efficiency; eco-heating; renewable energy; proportion using public transport, cycling or walking; electric vehicle chargers; lift-sharing; tree cover; and reuse, recycling and composting of household waste.)



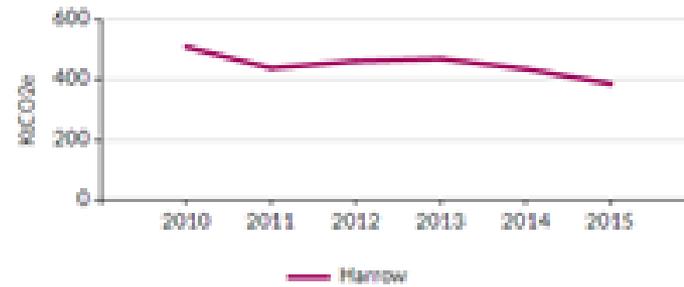
Source: Friends of the Earth – local authority league table

### Domestic Energy Consumption



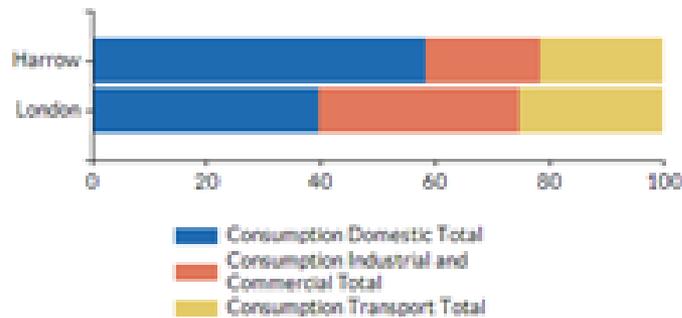
Source: LEGGI 2015

### Domestic CO2 Emissions



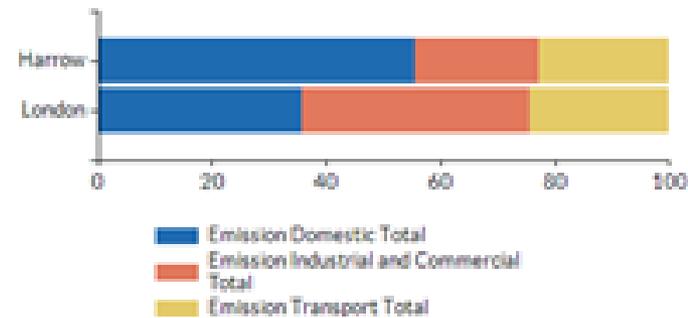
Source: LEGGI 2015

### Energy Consumption



Source: LEGGI 2015

### CO2 Emissions



Source: LEGGI 2015

## Challenges:

- Latest tranche of NI 195 **street cleanliness** results gave a score of 6% against a target of 10% for litter - however this is not reflected in resident perception
- Need to reduce the amount of **graffiti** and **fly tipping** around the borough – fly tipping strategy in place
- 2018/19 annual figure for recycling was 40% against a target of 50% – recycling plan in place

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## Q4. Thinking generally, which five of the below things listed do you think are most important in making Harrow a good place to live?

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Parks and open spaces	21%	199
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Care and support for vulnerable children	17%	155
Green and environmental issues	17%	155
Nightlife, eating out and entertainment	6%	57
Sports or culture	5%	48
Provision of childcare	3%	27
None of the above	2%	21

## Q10. Improved or declined: Cleanliness of streets

	%	n
Improved a lot	5%	45
Improved a little	18%	157
Stayed the same	25%	213
Declined a little	20%	172
Declined a lot	32%	291

## Q10. Improved or declined: Parks and open spaces

	%	n
Improved a lot	12%	99
Improved a little	26%	225
Stayed the same	39%	325
Declined a little	12%	96
Declined a lot	11%	100

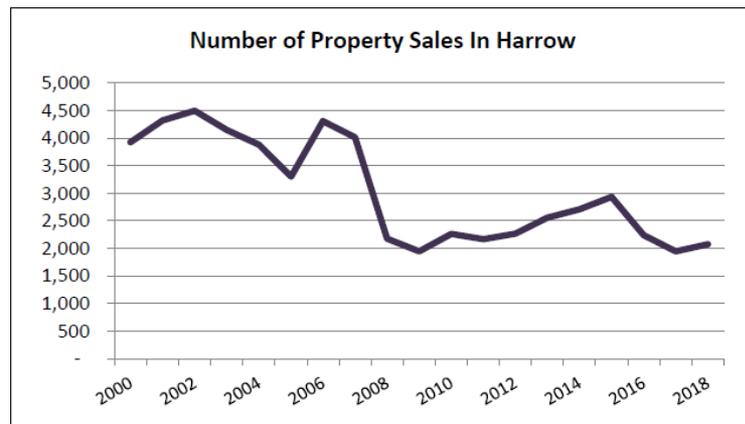
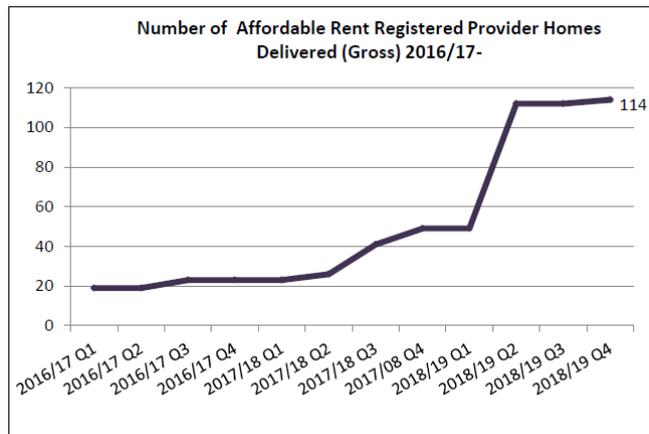
## Q10. Improved or declined: Rubbish collection

	%	n
Improved a lot	6%	53
Improved a little	17%	150
Stayed the same	37%	318
Declined a little	20%	194
Declined a lot	19%	168

**Housing demand** has increased substantially as Harrow’s population has grown by around 9% over the last decade to just over 250,000 in June 2018

- In 2011 Harrow had the second highest average household size in England at 2.8.
- In line with other areas, sales of houses reduced significantly after the 2008 financial crisis
- The Council is building new homes for the first time in decades. 98 new homes are either completed or under construction with planning permission for a further 37 new homes on ‘infill sites’ on existing estates. Additional funding has been received for a total council house building programme of 639 new homes to be started over the next 3 years – 580 for council rent and 59 for shared ownership.

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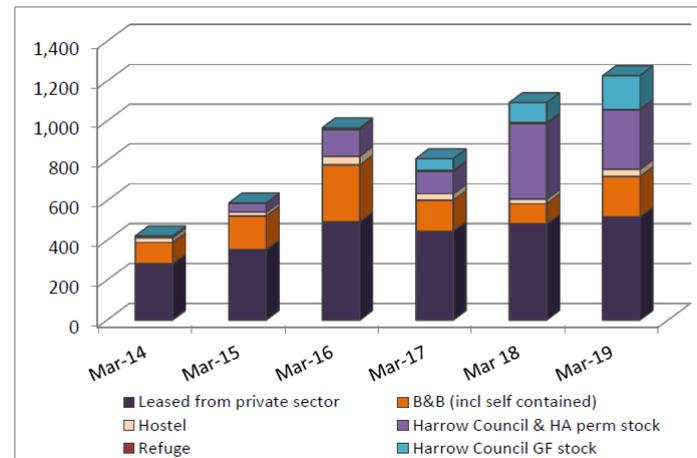


Source: Housing Evidence Base, Contact Helen Spillane

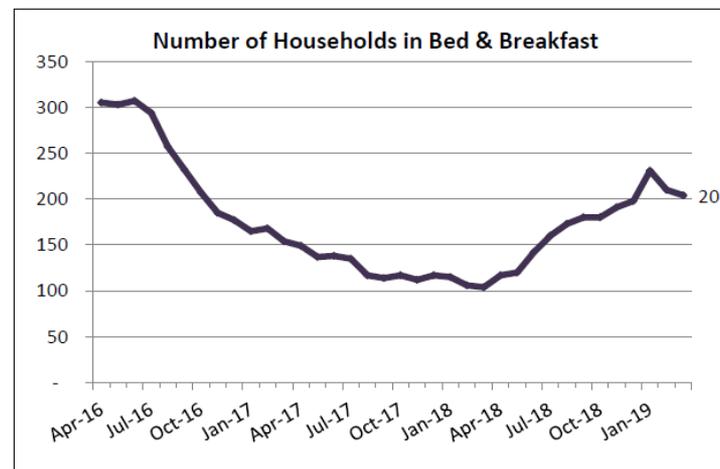
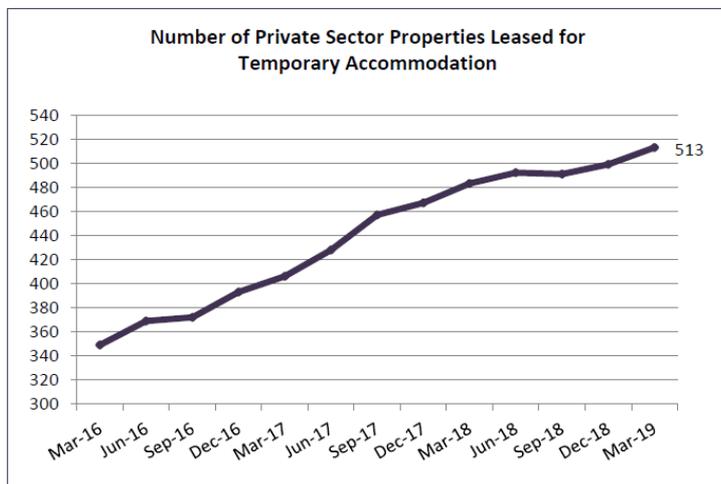
**Homelessness** is rising steeply and the Homelessness Reduction Act 2017 has increased the burden on local authorities. Social housing is only available to those most in need and few properties become available for new tenants each year.

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Fig 4.10 Homeless Households in Temporary Accommodation at Year-End



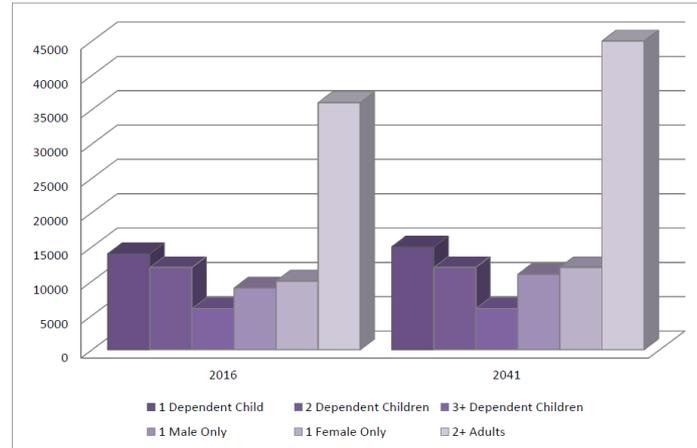
Source: PIE/Locata



**Household Composition:** It is likely that there will be an increase of over 20% in single person households and a 25% increase in households comprising 2 or more adults by 2041

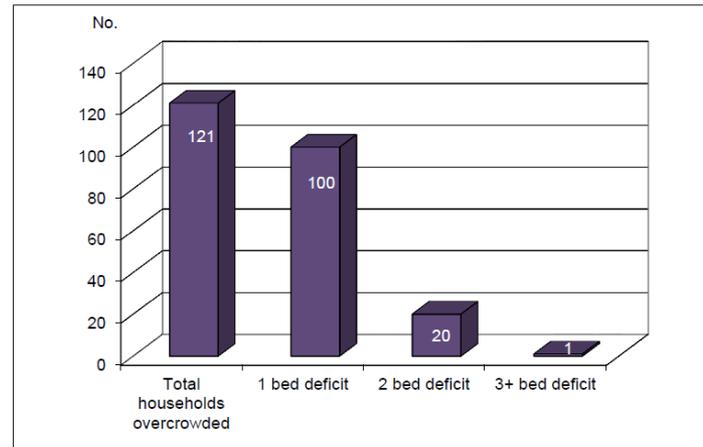
**Overcrowding:** At Sept 2019, 233 tenants in 121 council dwellings were identified as living in overcrowded conditions.

Fig 1.3 Household Composition Projections, 2016 - 2041



Source: ONS Household Projections for England, 2016-based

Fig 5.25 Number of Overcrowded Tenants, September 2019



Source: Northgate/Locata

The Inclusive Growth Commission has defined Inclusive Growth as follows:



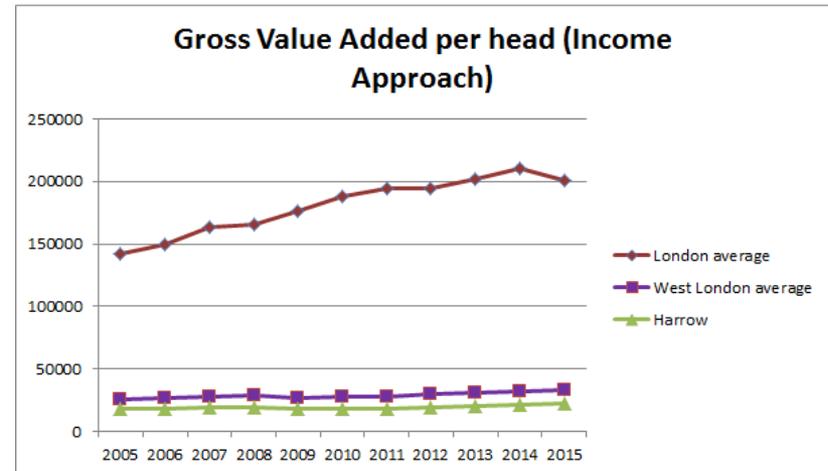
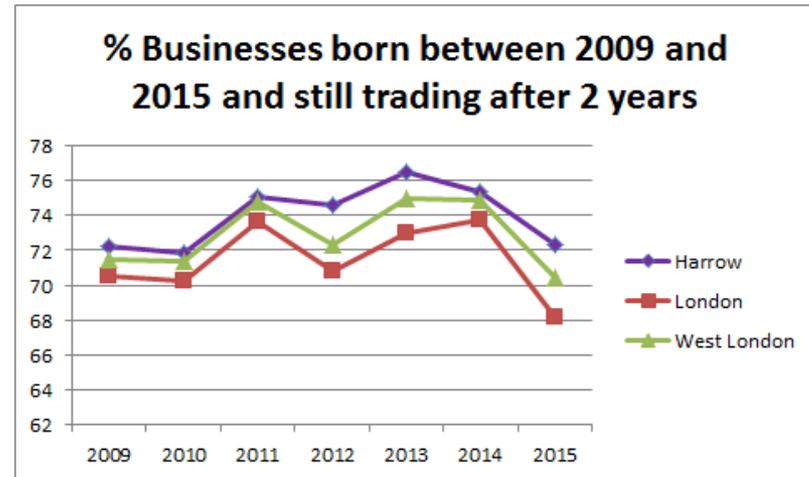
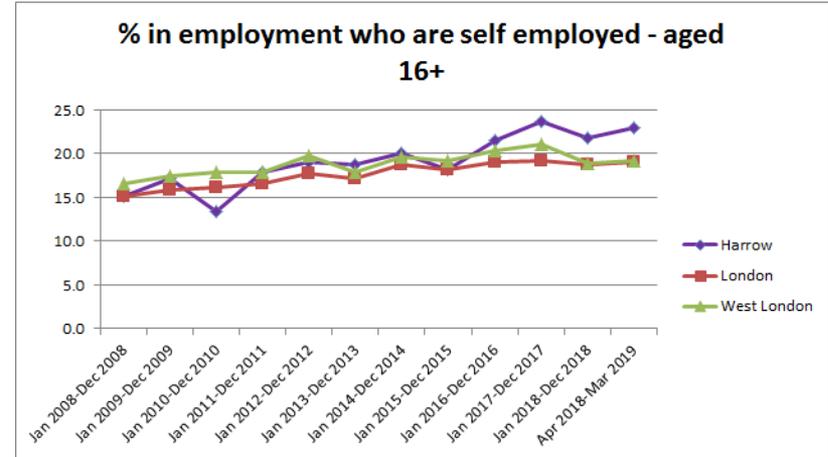
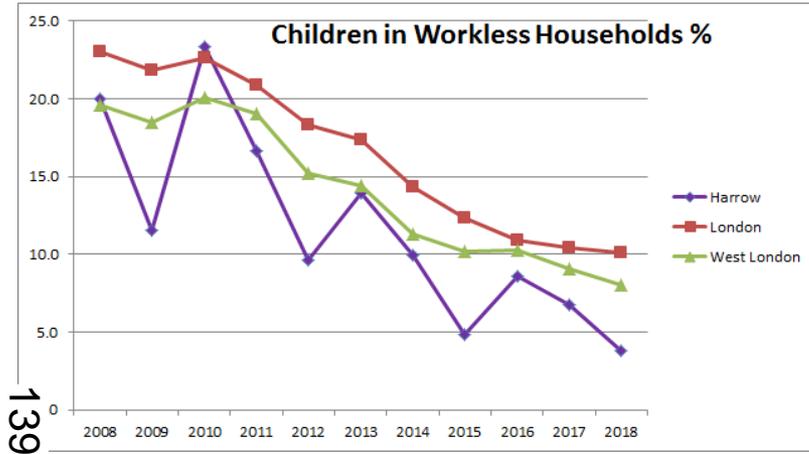
**Inclusive growth**  
Enabling as many people as possible to contribute and benefit from growth

**Socially**  
Benefitting people across the labour market spectrum, including groups that face particularly high barriers to high quality employment

**Place-based**  
Addressing inequalities in opportunities between different parts of the country and within economic geographies

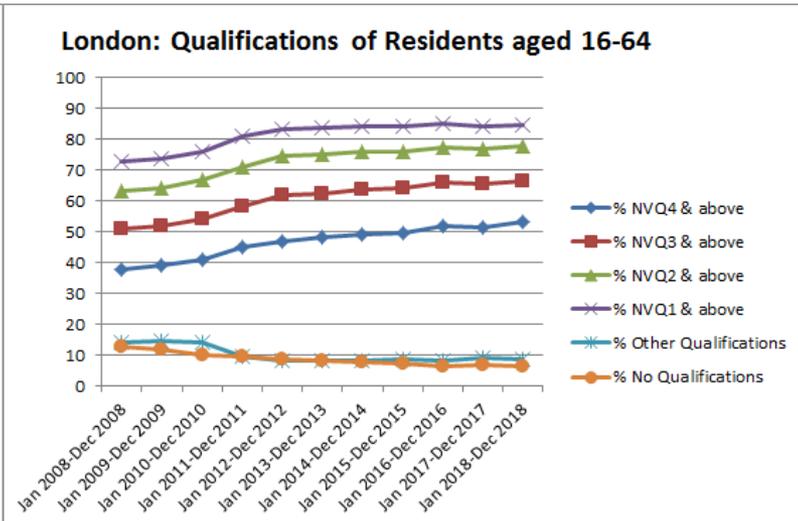
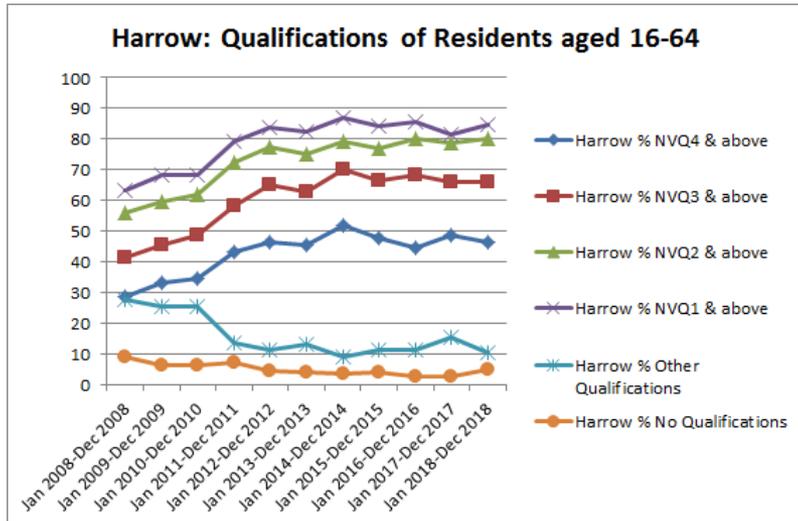
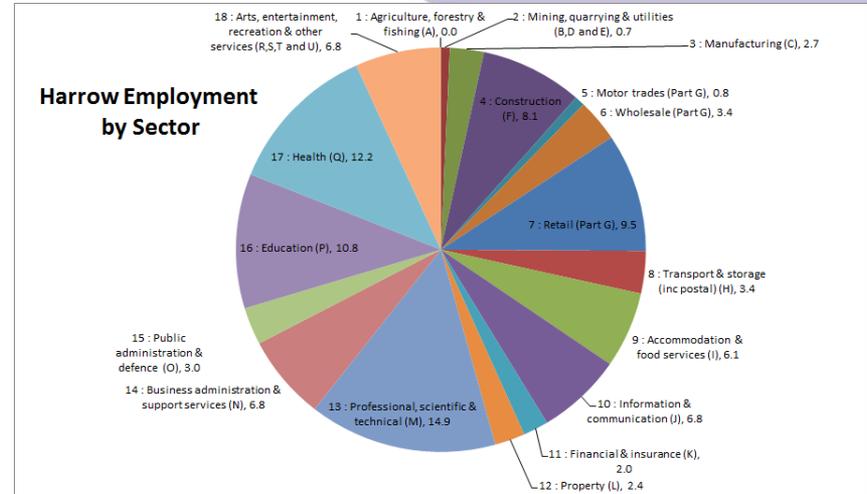
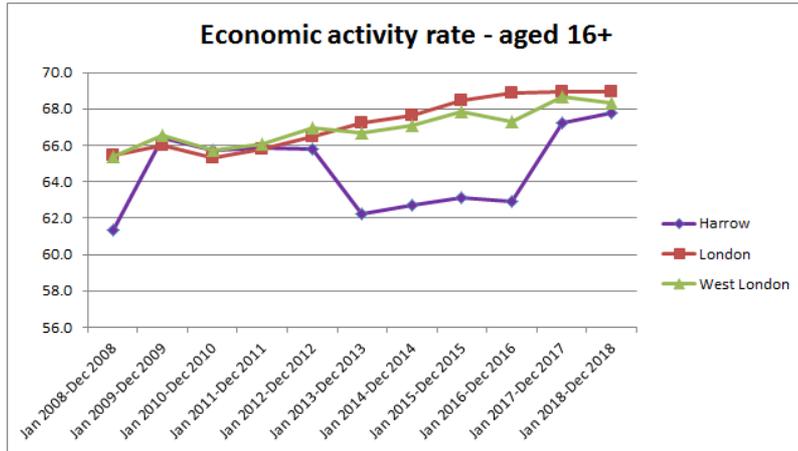
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# Place: Living and Working



# Place: Living and Working

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## Q10. Improved or declined: Affordable housing

	%	n
Improved a lot	3%	18
Improved a little	8%	64
Stayed the same	25%	184
Declined a little	26%	180
Declined a lot	38%	273

## Q10. Improved or declined: Job opportunities

	%	n
Improved a lot	4%	22
Improved a little	12%	75
Stayed the same	50%	294
Declined a little	19%	113
Declined a lot	15%	91

## Q10. Improved or declined: Inequality and poverty

	%	n
Improved a lot	2%	17
Improved a little	10%	69
Declined a little	30%	234
Declined a lot	24%	174

## What this means

### Thoughts:

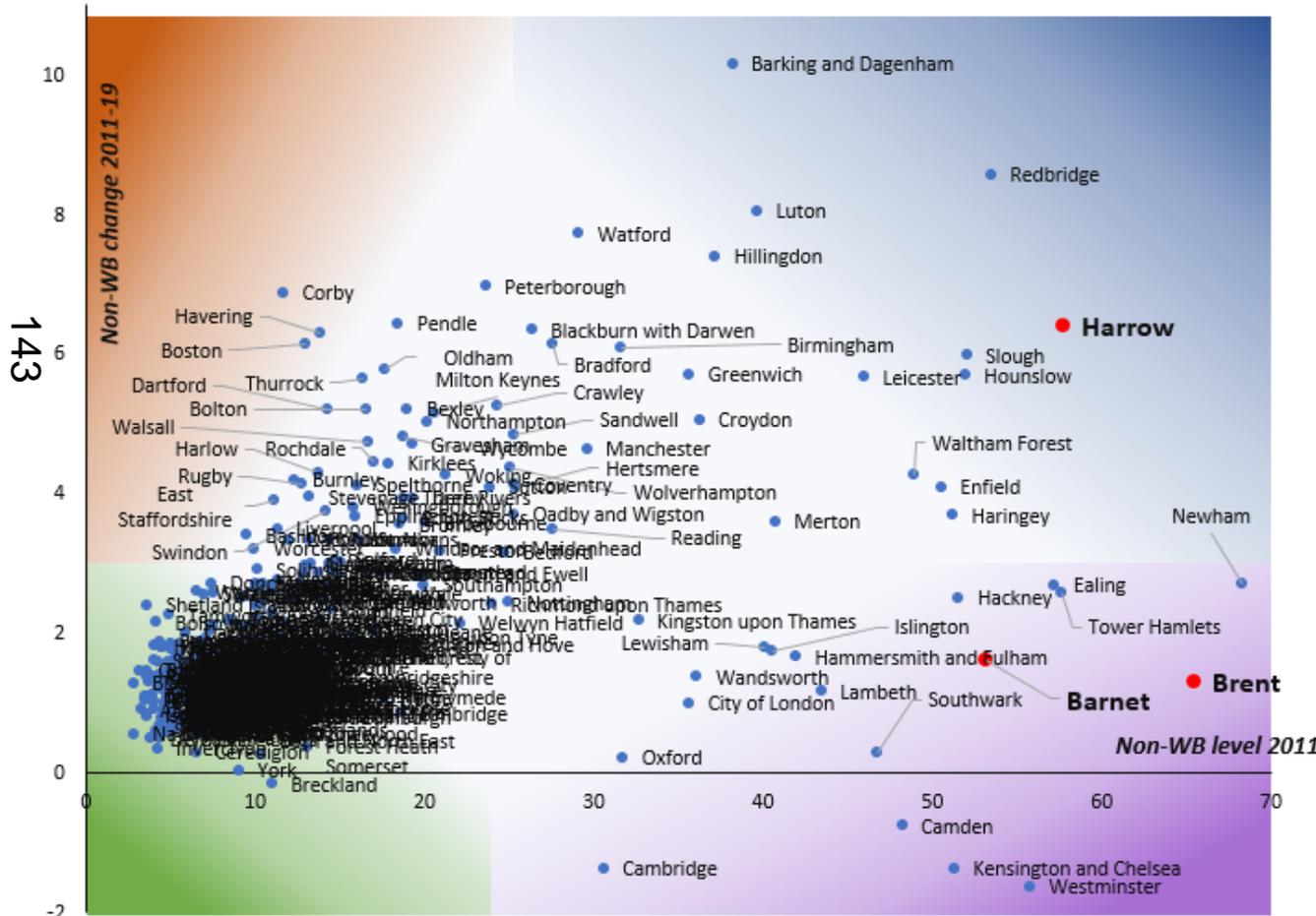
Growing population and lack of housing stock are reflected in homelessness and overcrowding. New houses are being built but supply remains significantly short of demand. Harrow supports 80,000 jobs and over a quarter of Harrow's workers are self employed, the business base is primarily small and microbusinesses, which tend to be less productive and pay less. The growth in population will be paralleled by a new wave of automation and the loss of many traditional jobs. We need to ensure that sole traders, micro-businesses are supported to grow their businesses, and to develop the skills base of business and the local labour force to adapt to the change. Tech brings increasing flexibility in the labour market, but not all new jobs will be home-based and therefore we need to ensure we maintain workspace for businesses. We need to work with schools, FE colleges, HEI providers, businesses the GLA and WLA to innovate, developing the workforce of the future.

### Key considerations:

- How do we meet demand for housing and what are impacts of targets in London Plan?
- How do we balance work space with growing need for housing space ?
- How do we scale up business support to local businesses to enable job growth?
- How do we scale up support for residents to ensure the right skills base to adapt to the changing needs of the economy and to support lifelong learning to support lifelong development. How do we address barriers to employment and create the correct skills base within our communities for these jobs?
- How do we grow the cultural offer to secure inward investment, retain businesses and workers?

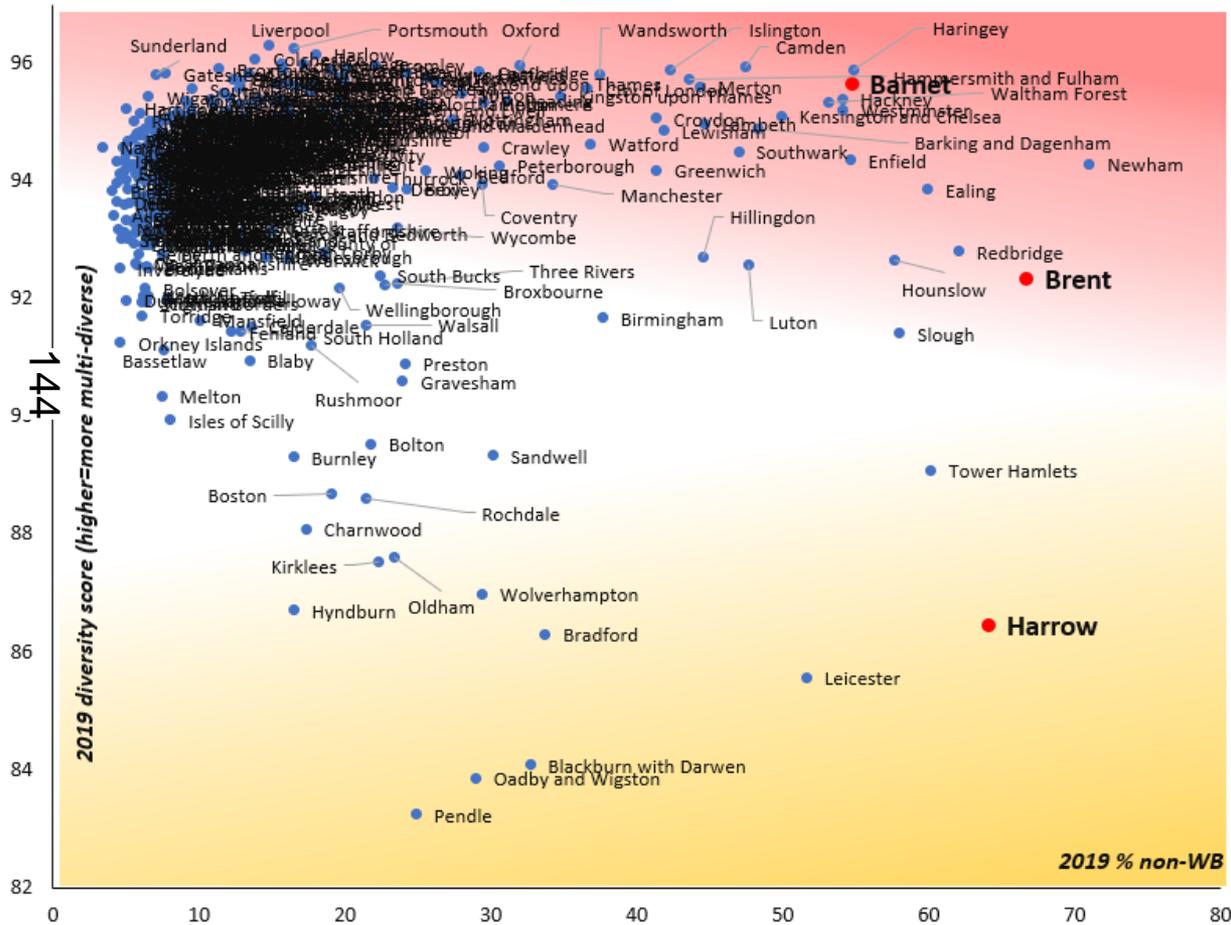
# Annex: Changing Population

‘Non-White British’ population and rates of change:



Harrow is more ‘Growing and changing’ with a high historic level of migration and high recent increases. C.f. neighbouring boroughs, Barnet and Brent, where the changes since 2011 have been much lower. These boroughs are more ‘Cosmopolitan settled’.

# Annex – increasing diversity



Origins analysis approximates ethnocultural background based on forename and surname. It suggests that Harrow, while having high BAME population, stands out as the most ‘uni-diverse’ in London. This is due to the large proportion of the population with Indian heritage. But note significant growth in other groups...

# Annex: Detail of Population change

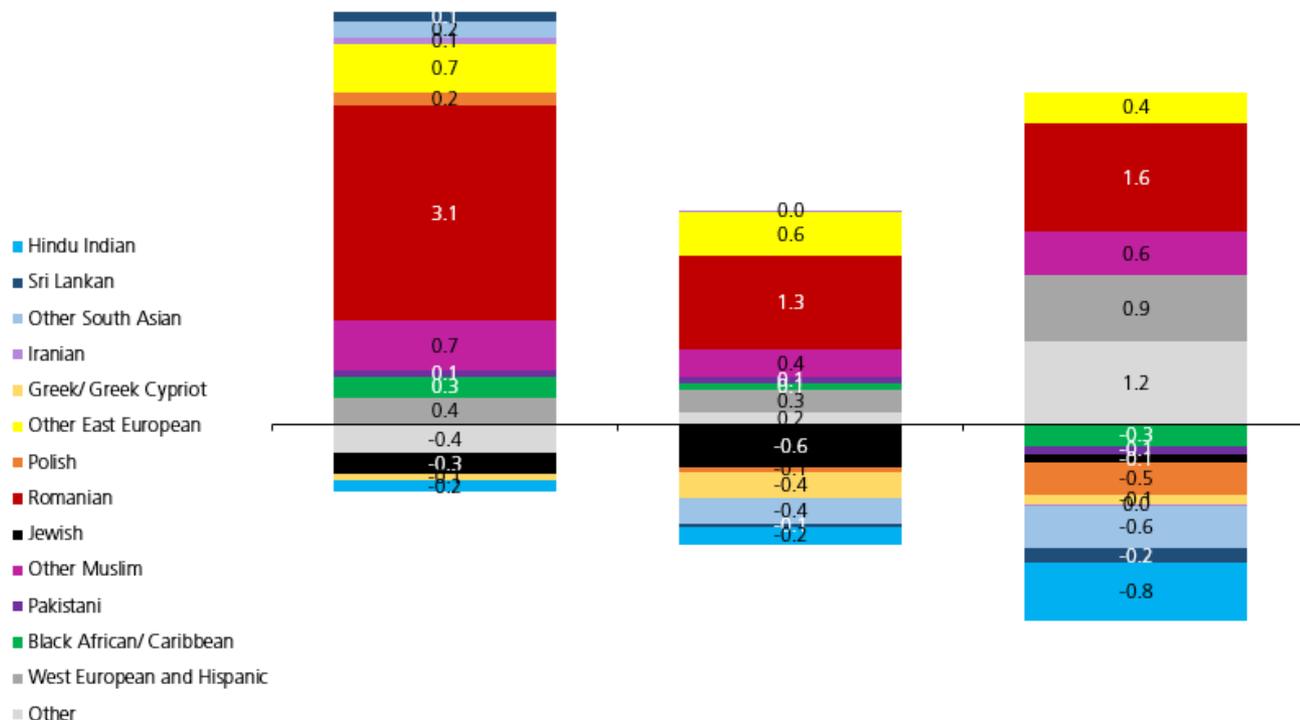
Harrow has a higher rate of growth in BAME (or 'non-White British') than the neighbouring boroughs involved in the Engaging Eastern European Communities project.

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The biggest growth is amongst those with Romanian backgrounds, followed by 'Other Eastern European' and 'Other Muslim'.

Harrow's more established Indian population appears to be reducing slightly.

% breakdown of change in non-WB populations



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**REPORT FOR: CABINET**

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<b>Date of Meeting:</b>	13 February 2020
<b>Subject:</b>	Final Revenue Budget 2020/21 and final Medium Term Financial Strategy 2020/21 to 2022/23
<b>Key Decision:</b>	Yes
<b>Responsible Officer:</b>	Dawn Calvert – Director of Finance
<b>Portfolio Holder:</b>	Councillor Adam Swersky – Portfolio Holder for Finance and Resources
<b>Exempt:</b>	No
<b>Decision subject to Call-in:</b>	Yes
<b>Wards affected:</b>	All
<b>Enclosures:</b>	<b>Appendix 1A</b> – Proposed savings and growth 2020/21 to 2022/23(New proposals) <b>Appendix 1B</b> – Proposed savings and growth 2020/21 to 2021/22 to be agreed from 2019/20 and 2018/19 MTFS <b>Appendix 1C</b> – Summary of Proposed savings & growth 2020/21 to 2022/23 <b>Appendix 2</b> - Medium Term Financial Strategy 2020/21 to 2022/23 <b>Appendix 3</b> - Revenue Budget Summary 2020/21 <b>Appendix 4</b> - Levies, contributions and subscriptions <b>Appendix 5</b> – Policy on use of contingency

- Appendix 6** – Schools Budget 2020/21
- Appendix 7** – Public Health Budget 2020/21
- 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 2020/21
- Appendix 13** – Annual Pay Policy Statement for 2020/21 –
- Appendix 14** – Flexible Use of Capital Receipts
- Appendix 15** – Summary of EQIA for Savings Proposals 2020/21

This report sets out the final revenue budget for 2020/21 and final Medium Term Financial Strategy (MTFS) for 2020/21 to 2022/23. In January 2020, Cabinet approved the draft versions of the revenue budget and MTFS for general consultation.

**Recommendations:**

Cabinet is requested to:

- 1) Recommend the 2020/21 budget to Council for approval, being mindful of the results of the various consultations and equality impact assessments, to enable the Council Tax for 2020/21 to be set (Appendix 2).
- 2) Recommend the Model Council Tax Resolution 2020/21 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 balanced budget position for 2020/21, and the budget gaps of £11.414m and £11.178m for 2021/22 and 2022/23 respectively (table 6).

- 6) Note the intention to increase Council Tax by 1.99% in 2020/21 (paragraph 1.23).
- 7) Note the proposal to increase Council Tax by a further 2.0% in 2020/21 in respect of the Adult Social Care Precept (paragraph 1.23).
- 8) Note the changes to schools funding for 2020/21 as set out in paragraphs 1.51 to 1.55 and Appendix 6.
- 9) Note the assumed funding for the protection of social care in 2020/21 through the BCF as set out in paragraphs 1.59 to 1.62.
- 10) Approve the draft Public Health budget for 2020/21 (Appendix 7).
- 11) With regard to the informal London Business Rates Pooling agree 12 and 13 below:
- 12) Approve participation in the informal London Business Rates Pool with effect from 1 April 2020 (to 31 March 2021) and delegate authority to the Director of Finance and Assurance, in consultation with the Portfolio Holder for Finance and Resources, and the Monitoring Officer, to finalise the details for the informal pool.
- 13) Delegate to the Director of Finance and Assurance, 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.
- 14) Recommend the 2020/21 Members' Allowance Scheme to Council for approval (Appendix 12).
- 15) Recommend the 2020/21 Annual Pay Policy Statement for Council for approval (Appendix 13).
- 16) Recommend the Capital Receipts Flexibility Strategy to Council (Appendix 14).

**Reason: (For recommendations)**

To ensure that the Council sets a balanced budget for 2020/21.

## Section 2 – Report

### BACKGROUND

- 1.1 Local Government finances continue to have a very difficult decade. Revenue expenditure has reduced by 20 to 30% on average against a backdrop of a rising UK population and a continued increase in demand for social care across all age groups and for pupils with special educational needs. In their publication ‘Local Government Funding – Moving the conversation’ (June 2018) the Local Government Association shared a number of their key statistics including:
- Analysis indicated that local services face a funding gap of £7.8billion by 2025 of which £6.6 billion would relate 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.
- 1.2 In November 2019, the Institute for Fiscal Studies published their report ‘English local government funding: trends and challenges in 2019 and beyond.’ The report continued the conversation that councils will face significant future cost pressures for adult social care. A finding from the report showed that, based on central government projections of the cost of adult social care services rising 3.4% above inflation per annum, Councils would need to find an extra £1.6bn by 2024/25 increasing to an extra £9bn by the mid 2030’s based on council tax increases of 4%.
- 1.3 Harrow remains one of the lowest funded Council’s both within London and nationally. 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 2020/21**

	Revenue Support Grant	Demand Led Growth	Technical Growth	Savings	Additional Revenue from Council Tax	Business Rate	Council Tax as a % of Budget Requirement
	£000	£000	£000	£000	£000	£000	%
2013/14	52.1	10	10	-22	-1.8	14.7	51
2014/15	42.6	5.5	-2.1	-10	-1.9	14.5	55
2015/16	32	7.7	5.9	-20.6	-3.4	14	59
2016/17	21.9	4.7	9.5	-16.6	-6.8	13.2	64
2017/18	13	10.7	-0.6	-10.2	-7.3	14.4	68
2018/19	7.3	9.8	1.7	-7.4	-5.3	14.4	70
2019/20	1.6	7.4	-4	-5.2	-8.5	14.4	76
2020/21	1.6	5.1	5.7	-3.8	-7.2	14.9	77
<b>Total</b>		<b>60.9</b>	<b>26.1</b>	<b>-95.8</b>	<b>-42.2</b>		

The table shows:

- The Council has seen the Revenue Support Grant, its main source of funding from central government reduce by 97% over the 8 years, reducing the grant to £1.6m from £52.1m (a £50.5m reduction).
- Over and above the RSG, the Council receives no additional funding to meet demographic and inflationary pressures. Therefore growth of £60.9m 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 £26.1m 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 eight years to £138m to achieve a balanced budget.
- Savings and efficiencies of £96m have been achieved but the profiling of these savings, and how the quantum has reduced in recent years, demonstrates the challenges of finding sustainable savings year on year.
- Council Tax has been increased largely in line with referendum limits (2.99% in 18/19 and 19/20 and 1.99% proposed for 2020/21). In addition, Council Tax has been increased by an additional 7.5% over the four years 2016/17 to 2019/20, with 2% proposed for 2020/21 in respect of the Adult Social Care precept.
- Business Rates have remained largely static, the Borough has been adversely affected by permitted development allowing office space to be converted to residential and not benefitting from large areas of land available for business development.
- Council Tax, as a percentage of revised revenue budget requirement, has increased from 51% in 2013/14 to 77% in 2020/21 which shows the transfer of responsibilities onto the Council Tax payer.

1.4 Despite all reasonable actions, including council tax increases, significant savings, and efficiencies and generating income, it still remains a considerable challenge for the Council to balance its budget going forward in light of continued demand pressures and funding uncertainty facing the Council. In February 2019 full Council approved the Medium Term Financial Strategy (MTFS) 2019/20 to 2021/22. Despite achieving a balanced budget for 2019/20, there remained a budget gap of £26.140m for 2020/21 and 2021/22. This forms the starting point for the budget setting process for 2020/21 which includes refreshing the 3 year MTFS.

1.5 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

2020/21 is £597m. 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 £174m in 2020/21 and this is the element of the budget that must be found. The direct departmental spend of £158m (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 2020/21**

Net Controllable Revenue Budget	Budget 2020/21 £000	Description of service
<b>Resources &amp; Commercial</b>		
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 interact with the Council through a number of different communication channels and this funding supports customers to contact the council via the most appropriate way, whether it is online, face to face or over the phone. Although over 90% of the five million contacts we handled last year were through self-service, we want to ensure that we are accessible to residents who are 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	21,146	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.
<b>Community</b>		
Keeping Harrow clean & green	17,320	The council undertakes street cleaning, grounds maintenance, collection of refuse, recycling, food and garden waste to all residential properties within the borough; this includes 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	499	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. We are seeking to expand the use of our libraries digital services and increase digital downloads of e-books and e-magazines. Our Arts and Heritage offer includes Harrow Music Service, Harrow Arts Centre (HAC), and Headstone Manor and Museum.
Housing General Fund	3,892	Council has a duty to advise all homeless residents and provide accommodation for vulnerable households. 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	778	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	239	As a Planning Authority, the service processes planning applications and enforces planning standards across the Borough.
<b>People - Adults and Public Health Services</b>		
Support for Adults and Children with a disability and older people.	64,872	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.
<b>People - Public Health Services</b>		
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.
<b>People - Children's Services</b>		
Children & Young People's Services	25,955	Social care services provide support to children in need of help and protection. This includes statutory assessment and care planning for children at risk of significant harm, provision for looked after children and those leaving care, as well as fostering and adoption services. Early support delivers services and activities for parents, carers, pregnant women and young people aged 0-19 (or 25 with Special Educational Needs/disability).
Education Services	7,080	Education Services and schools in the Harrow area are committed to making sure that every child receives a high quality education in a local school of their choice. This includes supporting children with Special Educational Needs and early years practitioners in childcare and early years education settings.
<b>Total Service Budgets</b>	<b>158,172</b>	

## **SUMMARY**

- 1.6 The final budget set out in this report shows a balanced budget position for 2020/21 and budgets gaps of £11.414m and £11.178m for 2021/22 and 2022/23 respectively. Whilst it is intended that Members will approve the MTFS up to 2022/23 within this report, this is subject to a number of assumptions in relation to the Spending Review 2020, the Fair Funding Review (which will reset the needs baseline for local government) and Business Rates Reform as well as assumptions on council tax income, legislation and demographics and therefore 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
- 1.7 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. Harrow is currently developing its Borough Plan which will set the 10 year vision for Harrow. It will create a vision that demonstrated why residents are proud of Harrow and set out aspirations across the borough, encapsulating a sense of community. The plan will be consulted on during 2020 prior to being finalised for February 2021.

The plan proposes to address five priority areas across Harrow including:

- Improving the environment and addressing climate change
- Tackling poverty and inequality
- Building homes and infrastructure
- Addressing health and social care inequality
- Thriving economy

- 1.8 The Council has a statutory obligation to agree and publish the budget for 2020/21, and this report sets out the final budget for 2020/21 and the final three year MTFS up to 2022/23.

## **EXTERNAL FUNDING POSITION**

- 1.9 Harrow Council remains one of the lowest funded councils both in London and nationally. Harrow's core spending power per head in 2019/20 was estimated to be £170 lower than the London average and £75 lower than the rest of England average. The announcements within the Spending Round 2019 have done little to address the relative position of Harrow's funding baseline.
- 1.10 The 2019 Spending Round confirmed broad public spending allocations for 2020/21 only. Whilst this does result in additional funding for 2020/21, which is well received, the short term temporary nature of the income increases the challenge of considering it over the medium and longer term, for budget planning and sustainability purposes. The key areas of the Spending Round 2019 are detailed below:
- Council Tax increases are capped at 4% which is 2% core council tax and 2% Adult Social care precept.

- £1bn of new funding for Social care. London will receive £155m of which Harrows share is £3.482m.
- The London 75% Business Rates Retention Pilot will not continue for a third year. Harrow has benefitted from such an arrangement receiving £3.5m in 2018/19 and an estimated £1.8m in 2019/20.
- The Public Health Grant will increase by over 3% (£100m nationally) and the working assumption is that Harrow's share will be approximately £324k.
- £700m of high needs funding for LAs from 2020/21. Initial calculations suggest that this will generate additional funding for Harrow of approx. £2.7m. This will contribute to the increasing shortfall in funding provided for the High Needs Block and will mitigate some of this year's projected deficit which will be carried forward to 2021/22 however it does not resolve the overall issue of underfunding in this area.
- The New Homes Bonus will continue at its current 2019/20 level in 2020/21 but legacy payments, only for the scheme as it was in 2019/20, will continue. There will be no legacy payments for the cash payment in 2020/21.

1.11 2019/20 was the final year of the four year settlement and the Spending Round 2019 provided funding for 2020/21 only. The sector is undergoing a period of significant change that brings with it growing uncertainty both in terms of funding and service direction. The general election was held in December 2019 and the next budget will not be until 11 March 2020. This may delay the major external events which will influence the Council's funding for 2021/22:

- The **Spending Review 2020** which should set the quantum of the overall funding envelope for local government. The period the SR will cover, timelines for submission and the date of SR announcements all remain unknown.
- **Fair Funding Review** will reset the needs baseline which will determine how the overall quantum of local government funding is distributed. Consultation is expected in Spring 2020. Statements to date on fair funding concern specific areas of expenditure but do not inform the overall impact on funding.
- **Business Rates Reform** Central government is intending to allow local government, as a whole, to retain all or a significant proportion of its rates collected. Prior to 2018/19 Councils retained 30% of their business rates collected. From 2018/19 Harrow has been part of the London Business Rates Pool allowing the council to receive a proportion of the collective growth in London. The 2019 Spending Review confirmed the London 75% Business Rates Retention pilot will not continue in 2020/21. The Local Authorities share, and

therefore Harrow's retention share, will therefore change from 48% to 30%, (i.e. the central share will be 33% with the 67% local share being split 37% GLA / 30%. The London Borough's Leaders' Committee have however agreed to continue to informally pool business rates across all 34 London authorities in 2020/21 – subject to the Mayor agreeing to forgo the GLA's share of any net financial benefit. At this stage the potential financial benefit from business rates reform and the informal pool is not known and has therefore not been built into the MTFs. Once quantified, it could be applied to support any changes as a result of business rates revaluation.

- **Business Rates Revaluation** A further revaluation is due on the 1/4/2020, effective for the year 2021/22. It will alter the Rateable Values (RV) and therefore the amount that Harrow can collect in business rates. It is intended to be revenue neutral, by Central Government adjusting the multiplier so the same income quantum (plus CPI) is achieved. However the neutrality is at national level and Harrow's position is uncertain.
- The **Adult Social Care Green paper** has been subject to many delays. As people are living longer and the population ages Central Government recognises the need to reach a long term sustainable solution to providing the care older people need. A confirmed date for the release of the green paper remains unknown and the Council remains subject to temporary injections of funding, which whilst appreciated, cannot be used to underpin longer term planning and decision making.
- Schools are funded by the ring fenced Dedicated Schools Grant (DSG) which sits outside of the General Fund. Within the DSG is the **High Needs Block (HNB)** which funds provision for pupils with high needs placed in special schools and special provision in mainstream schools in Harrow and out of Borough. A recent survey showed that London Borough's had a total shortfall of £78m in 2017/18 compared with high needs funding allocations. For the first time in 2019/20 Harrow has had to set a £3.3m deficit budget for its HNB and is projecting a deficit of £4.1m by the end of the financial year. The 2019 Spending Review is estimated to allocate £2.7m of additional funding to Harrow in 20/21 and future funding arrangements remain unknown.

### **DELIVERY OF THE 2019/20 BUDGET**

1.12

Delivery of the 2019/20 budget is critical to maintaining the Council's financial standing and to do everything possible to protect front line services. The 2019/20 revenue budget includes a challenging savings target of £5.946m. At Quarter 3 (as at 30 December 2019) performance against the target is reflective of the increasingly challenging fiscal and demand led environment the Council is finding itself in:

- £1.983m of savings (33%) are already achieved or on course to be achieved (rated Green)
- £3.187m of savings (54%) are partially achieved or risks remain (rated Amber)
- £776k of savings (13%) will not be achieved (rated Red)

1.13 The Quarter 3 forecast, subject to a separate report elsewhere on the agenda, indicates a directorate overspend of £5.269m with key pressures across the three directorates. The detailed analysis of the forecast pressure is included in the separate report and summarised below:

**Resources Directorate:**

- Resources is forecasting an overspend of £593k as a result of exiting Shared Service arrangements for HR and Procurement, the Communications team's budget being formalised following agreement to its future role and a loss of income from schools and non achievement of income targets. This is partly mitigated by additional income received from Land Charges and Registration Services. Growth has been provided for in the MTFS to stabilise these pressures moving forward.

**People Directorate:**

- The People's directorate is forecasting an overspend of £910k, all of which falls within Children's Services. £85k relates to the non-recurring revenue costs associated with relocating staff from Alexandra Avenue Health Centre to the Civic Centre to support integration with the CCG. The remainder is the continued pressure against the transport budget for adults and children with SEN. Transport is subject to a whole systems review, phase 1 having been completed and phase 2 just commenced. Being prudent, and reflecting that a proportion of the pressure is demand related, growth has been provided for within the MTFS for SEN transport with the intention of this being removed over two years as a result of the whole systems review.
- In 2019/20 £2.6m of additional funding was received for social care. As this funding was announced for 1 year only, it was not built into the budget and ear marked in an Adults Social Care reserve. Adults are forecasting a balanced budget position and this assumes a £2m draw down from the reserve. The balance of the reserve will be applied to the on-going impact of these pressures into 2020/21 alongside additional permanent growth also being built into the MTFS.

**Community Directorate:**

- The Community directorate is forecasting an overspend of £3.766m of which £934k is against Environment and & Culture and £2.832m against Commissioning & Commercial services:

### **Environment & Culture:**

- Interim management arrangements (£185k)
- Reduced revenue rebate from dry recyclables (£447k)
- Food waste collection – route optimisation (£150k)
- Health & Safety SLA with schools – reduced take up (£52k)
- Reduced income in Waste management (£30k)
- Harrow Arts Centre – part slippage of saving into 2020/21 (£70k).

### **Commissioning & Commercial Services:**

- Facilities Management (£1.902m)
- Parking Services and Network Management (£529k)
- Catering service (£113k)
- Commercial rent income (£188k)
- Other (£100k)

1.14 A number of the in year pressures are driven by external factors or where planned actions are no longer operationally feasible and growth is required to address these issues. In total £2.273m growth has been provided for in the 2020/21 draft budget for the following reasons:

- £628k Waste disposal costs relating to a reduction in the revenue rebate for dry recyclables (£447k) and inflationary pressures on the West London Waste Levy (£181k). Acknowledging these pressures the intention to remove £255k from the waste budget in 2019/20 is no longer feasible and this MTFs growth that was previously reversed is been re-instated.
- £30k to reflect increased public mortuary SLA costs
- £160k to reflect the loss of car parking and rental income as these facilities are either transferred or disposed off to support the Regeneration Programme.
- £137k of MTFs savings relating to the Arts Centre is re-profiled beyond the 2020/21 MTFs to reflect the revised timeline for the capital improvements to the Arts Centre.
- £500k as a result of cost pressures in facilities management in recognition that the current budget is not sufficient to fund both cleaning and building repairs to corporate sites.
- £150k to reverse the MTFs saving relating to food waste collection and route optimisation. The collection of food waste from flats is contained within existing crews and reducing a collection round is no longer operationally feasible.
- The Public Protection service has an income budget of £1.33m. Based on licensing activity, a more achievable target is £1.23m hence a reduction of £100k.
- As part of the 2015/16 budget process, for 2017/18 an additional income target of £100k was estimated from the Harrow Leisure centre. The procurement process for the Strategic Development

Partner covers three core sites and does not include the leisure centre at this stage.

- In 2019/20 additional staffing levels are being used to support parking enforcement. The effectiveness of this is being assessed throughout the year and a decision will be made, after a full year of assessment, as to whether this investment should be continued. Being prudent recurrent growth is provided in the MTFS but this will be subject to the results of the assessment.

1.15 A sum of £200k is provided as growth in 2020/21 to invest in Corporate Health and Safety.

1.16 In addition to the above, the current MTFS includes additional rental income due from the two additional floors being built at the depot, £473k in 2020/21. Firstly there is a revised timeline for the completion of the depot project. Secondly the Council is in the process of procuring a Strategic Development Partner to take forward its Regeneration Plans for three core sites. The provision of a new Civic Centre is included in these plans. The results of the procurement process will not conclude and be reported to Cabinet until approximately June 2020. Until the detailed plans for the new Civic Centre are known, it cannot be determined if the two additional floors at the depot will be required for staff accommodation or commercial rental purposes. It is therefore considered prudent to remove the income target from the current MTFS and when plans are finalised a decision can be made whether the target is re stated. In summary, the total of the pressures driven by external factors and operationally no longer feasible (£2.273m), investment in corporate Health & Safety (£200k) and the prudent removal of the depot income (£473k) total £2.946m and growth has been provided for these items in the 2020/21 budget.

1.17 Over the summer period a series of budget reviews was undertaken by the directorate and finance to understand the on going implications of the pressures identified. The results of these reviews, alongside the continued analysis of financial performance as part of monthly budget monitoring, have identified a further estimated budget pressure of £3m. This is in addition to the growth of £2.946m and can be categorised into two key areas:

- Category 1 - £1m of services which must be provided within current budget. There key services within this category include cleaning costs relating to school SLA service (£305k) trading standards (£222k), cleaning and repairs for corporate buildings (£300k) and catering (£80k).
- Category 2 - £2m of additional income which the directorate needs to achieve to meet targets already built into the MTFS. There are three key strands within this category. In respect of the new depot (excluding the additional two floors), the current MTFS assumes income of £1.234m of which £861k is being progressed. The second strand relates to income arising from parking enforcement activities (£700k). Schools SLA income is proving challenging against a back drop of a reduced take up of the services.

- 1.18 To progress the £3m pressures, the directorate has commenced a programme of budget reviews to baseline budgets that reflect business needs. The baselining will take into consideration any future operating models which provide opportunities for growth or maximise operational efficiencies. The budget review will include an analysis of performance against income budgets. Commercial activities are being reviewed to explore any growth opportunities to generate additional income. The directorate needs to ensure that any future service provisions are financially sustainable. The directorate has a timeline of 2 years (2020/21 and 21/22) to meet the £3m on going pressures and the Commercialisation reserve will be used to support during this timeline.
- 1.19 These Directorate overspends are being offset by an underspend in the Corporate and Technical budgets totalling £4.329m resulting in a net overall overspend of £940k. The Corporate underspends relate to the Corporate contingency of £1.248m, capital financing savings of £1.875m largely as a result of securing borrowing from PWLB at a lower interest rate than budgeted for and other underspends of £1.206m across a number of budgets including one-off income after budget setting.

The next sections of this report go on to explain the process and adjustments required to set the draft budget for 2020/21. The in year underspends within Corporate and Technical will be vired to provide directorates with the budgets required to support their services over the MTFS (based on information known at the time of this report.) However this does mean that the central contingency is now at the minimal level required to fund technical items, such as external levies and capital financing costs, and the importance is on directorates managing services within existing resources as far as is safely possible.

### **BUDGET PROCESS 2020/21**

- 1.20 In February 2019 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 2020/21 the existing MTFS was refreshed and rolled on a year. The adjustments were reported to Cabinet in January 2020 and are shown in table 3 below followed by an explanation of adjustments which were also included in the January report to Cabinet:

<b>Table 3 : Changes to MTFS (Prior to Local Government Finance Settlement)</b>			
	2020/21	2021/22	2022/23
	£'000	£'000	£'000
<b>Budget gap as at February 2019 Council Report</b>	<b>£16,795</b>	<b>£9,346</b>	<b>£0</b>
<b>Implications of Rolling the MTFS forward to include 2022/23</b>			
Capital Financing costs from additional Capital Programme			£1,250
Pay Inflation			£2,000
Non Pay Inflation/budget pressures			£2,750
<b>Council Tax Base changes</b>			
Increase in Council Tax base from 86,250 to 87,667 (£750k previously assumed in the 2019/20 budget, so a further £1,325k)	-£1,325		
Increase in Council Tax base from 87,667 in 2020/21 to 88,160 in 2021/22		-£750	
Collection Fund Surplus 2019/20	-£2,120	£2,120	
<b>Council tax increases</b>			
<i>Assumes Council tax of 1.99% and 2% for Adult Social Care (ASC) Precept:</i>			
Increase in Council tax to total of 3.99% (1.99% previously assumed so the addition relates to 2% for the ASC precept)	-£2,611	-	-
<b>Revised budget gap</b>	<b>£10,739</b>	<b>£10,716</b>	<b>£6,000</b>
<b>Savings proposals:</b>			
Resources	-£123	-£33	
Communities	-£153	-£79	
Children's	-£410	-£410	
SEN Transport Efficiencies from Transformation	-£400	-£400	
Council wide Transformation Target - £1m pa over and above SEN Transport target		-£1,000	-£1,000
<b>Growth Proposals</b>			
Resources Directorate	£1,006	£353	£678
Community Directorate	£2,946	£0	£0
Children's - SEN Transport	£789		
Adults - removal of previous assumed MTFS growth	-£971		
<b>Revised budget gap</b>	<b>£13,423</b>	<b>£9,147</b>	<b>£5,678</b>
<b>Technical Adjustments</b>			
<b>Social Care Funding</b>			
Continuation of the 2019/20 Adults Social Care funding as permanent funding	-£2,625		
Allocation of Adult Social Care funding to adults	£2,625		
Additional Social Care Funding in 2020/21 assumed as permanent funding	-£3,482		
<b>Corporate Budgets</b>			
Reduction in Litigation Reserve budget	-£125		
Reduction in levies, grants and subscriptions budget	-£70		
Reduction in Inflation provision based on previous allocation	-£500		
Reduction in existing Freedom Pass budget	-£500		
<b>Capital Financing</b>			
Reduced costs of borrowing (from £100m taken between April and July 2019)	-£500		
Application of capital receipt to reduce borrowing costs	-£550		
Additional planned saving on borrowing costs	-£500		
General reduction in Minimum Revenue Provision costs	-£500		
<b>Additional Income</b>			
Gayton Road - rental income from 53 PRS units	-£450	-£144	-£47
£2.5m of income from Commercial Investments of £100m included in the Capital Programme	-£150	-£1,175	-£1,175
<b>Technical Grants</b>			
Additional New Homes Bonus for 2020/21	-£1,416	£1,416	
Assumption that New Homes Bonus reduces in 2022/23			£728
Continuation of Revenue Support Grant for 2020/21	-£1,585		
Multiplier Cap Funding - continuation for 2020/21	-£1,145		
<b>Revised budget gap</b>	<b>£1,950</b>	<b>£9,244</b>	<b>£5,184</b>
<b>Use of Reserves</b>			
One off draw down from the Budget Planning Reserve	-£1,950	£1,950	
Use of Business Risk Reserve smoothed over 2 years		-£1,850	£1,850
Use of Business Risk Reserve smoothed over 2 years			-£1,464
<b>Revised budget gap</b>	<b>£0</b>	<b>£9,344</b>	<b>£5,570</b>
<b>Adults Growth / Pressure</b>		<b>£5,984</b>	<b>£3,354</b>
<b>Revised budget gap - assumes Council tax increase of 3.99% In 2020/21</b>	<b>£0</b>	<b>£15,328</b>	<b>£8,924</b>

## 1.21 Implications of rolling budget forward to include 2022/23:

- **Capital Financing Costs from additions to the Capital Programme** – the existing Capital Programme extends to 2020/21 and all Capital Financing costs were previously included in the 2019/20 budget and MTFS up to 2021/22. The new Capital Programme for 2020/21 to 2022/23 will include additions for financial years 2020/21 to 2022/23. The working assumption is that the additional Capital Financing cost will be contained within £1.25m which is included in Table 2. Any implications for 2023/24 will need to be included in the budget model as part of next year's budget process.
- **Pay Inflation and General Inflation** – the budget includes £2m for a 2% pay award in 2022/23 and £2.75m to cover other non pay inflation and an element for budget growth.

## 1.22 Council Tax Adjustments

In 2020/21 the Council tax base will increase to 87,667 from its 2019/20 base of 86,250. This is an increase of 1417 Band D's which equates to total additional council tax income of £2.075m. As part of the 2019/20 budget process a sum of £750k was previously included on the assumption of an increase in the tax base to 86,752. Therefore, a further £1.325m is being included as part of the 2020/21 budget process. For 2021/22 a further increase in the tax base is assumed which will take the tax base to 88,160 which will generate a further £750k.

- 1.23 This report has explained the funding uncertainties facing local government and the challenges around the 2019 Spending Review only delivering a 1 year revenue settlement. Until there is more clarity around funding for 2020/21 onwards, especially in relation to social care, it is difficult to set council tax rates beyond the forthcoming year. Therefore table 2 reflects an increase in Council tax up to the allowable limit of 3.99% (1.99% core CT and 2% Adults Social Care precept) in 2020/21 only. This results in the draft budget for 2020/21 balanced with a gap of £15.328m and £8.924m for 2021/22 and 2022/23 respectively.

If the expectation of central government is that Councils continue to increase council tax to contribute towards demand pressures, at the current allowable limit of 3.99%, this would generate an estimated £10.7m for the council over years two and three of the draft MTFS and reduce the budget gap to £9.978m in 2021/22 and £3.574m in 2022/23.

- 1.24 There is a report elsewhere on the agenda that estimates the surplus / deficit on the Collection Fund for 2019/20. The report details an overall net estimated surplus as at March 2020 of which Harrow's share is £2.120m which is now reflected in the budget for 2020/21. As this is a one off benefit it must be reversed out in 2021/22.
- 1.25 The combination of the increases to the tax base and 3.99% council tax increase generates an additional £7.199m in 2020/21 in Council tax income.

## 1.26 **Savings identified as part of the 2020/21 Budget process**

The 2020/21 budget setting process has identified additional savings of £7.151m and additional growth of £4.801m over the three years. These are summarised in table 5 and detailed in Appendix 1A.

## **Technical Adjustments**

- 1.27 **Social Care Funding** – the Council is currently receiving £2.627m for adult and children’s social care in 2019/20. This is Harrow’s share of additional funding of £650m provided to Councils across England. The Spending review which was announced on 4<sup>th</sup> September 2019, confirmed the continuation of this grant in 2020/21 and also announced a further allocation of £1bn across England for 2020/21. Harrow’s share of the £1bn has been estimated at £3.482m.
- 1.28 **Corporate Budgets** – A number of reductions are made to corporate budgets totalling £1.195m which reflect previous assumptions made for potential increases which have not materialised and therefore these budgets can now be reduced. For example, in the 2018/19 budget process a sum of £500k was assumed to meet potential inflationary increases and demand in the Concessionary fares budget in 2020/21, but the latest estimates show that this is not required and can therefore be released.
- 1.29 **Capital Financing Costs** – there are savings in capital financing costs totalling £2.050m set out in Table 2. £1m of this relates to a reduction in interest charges as a result of having borrowed £100m at a rate lower than budgeted and further planned borrowing being deferred and borrowed at a rate below the sum assumed in the budget. In addition the application of capital receipts to fund capital has led to savings on borrowing of £550k and there is a general reduction in MRP as short life assets are fully funded and MRP costs are therefore reduced.
- 1.30 **Additional Income** – the 53 units at Gayton Road being managed by the LLP will deliver an additional £641k in income to the Council by 2022/23 (£450k in 2021/22 increasing to a total of £641k by 2022/23).
- 1.31 **Additional Income** – £100m was approved by cabinet in July 2019 as an addition to the Capital Programme for Commercial Investments. The basis of the inclusion was that this £100m would generate a minimum net return of £2.5m after repaying the capital financing costs (2.5%). One property has been purchased from the £100m which is generating a net return of £150k which is built into the 2020/21 draft budget. The balance of the net return is allocated over years two and three of the MTFs and there is the potential to bring this forward.
- 1.32 **Technical Grants** - In 2019/20 the New Homes Bonus (NHB) grant is £4.344m. The budget last year (2019/20) assumed that the NHB for 2020/21 would reduce to £2.928m. The latest information from London Councils suggests that Councils will receive the same cash allocation in 2020/21 as they did in 2019/20. Therefore a one off increase of £1.416m has been included for 2020/21, but budget reductions that had already been built into the budget for a winding down of the scheme are being maintained

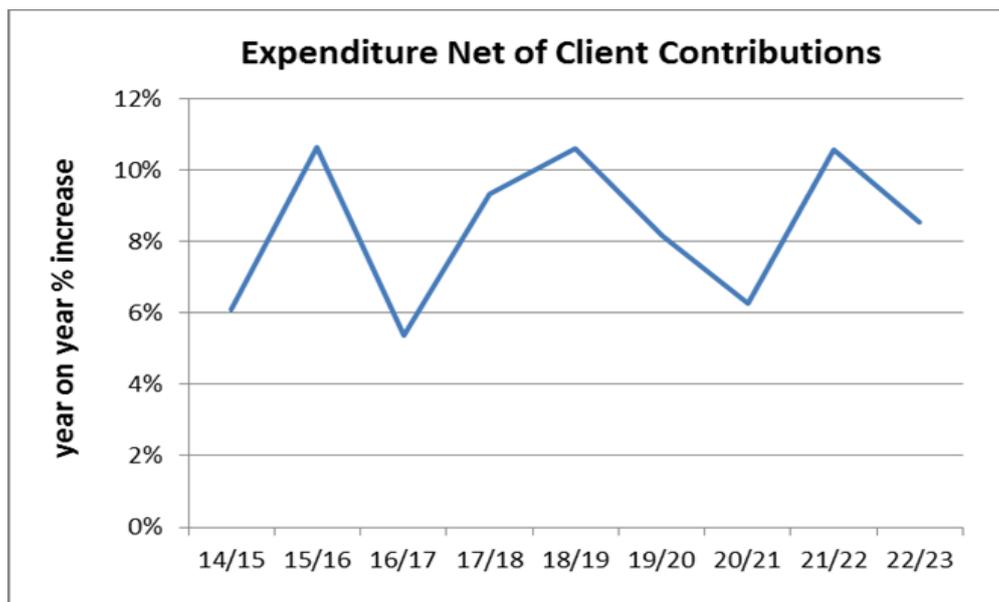
and a further £728K reduction is assumed in 2022/23 which would bring the grant down to £1.666m by 2022/23.

- 1.33 The 2019 Spending Review also set out a continuation of **Revenue Support Grant (RSG)** for a further year in 2020/21 of £1.585m and also the **Multiplier Cap grant of** £1.145m as part of our baseline funding. The assumption is that these will form part of our 2020/21 baseline before any reset takes place for 2021/22 as a result of the review of 2020 Spending Review and Fair Funding Review.
- 1.34 Once the figures are received as part of the Final Finance settlement, any adjustments required will be made for the Final Budget to be agreed by February Cabinet.
- 1.35 **Use of Reserves** – the draft budget assumes the use of £1.950m from the Budget Planning Reserve in 2020/21 and that a total of £3.314m will be drawn down from the Business Risk reserve between 2021/22 and 2022/23.

### Adult Social Care Growth

- 1.36 Picking up on the point made earlier in this report, the Institute for Fiscal Studies has found that Councils need an estimated additional £1.6bn by 2024/25 to fully meet the cost of adult social care. In 2018/19 Adult Services started its transformation programme 'Resilient Communities'. Cost efficiencies were included in the MTFS of £1.970m and have largely being delivered.

As part of extensive modelling work to understand the future demands on Adults Social care, evidence based analysis does show that costs pressures are volatile, as detailed below:



- 1.37 However against a backdrop of a rising UK population, increasing social care demands for older people and young adults with learning difficulties and the NHS under pressure, the modelling is estimating future cost pressures. The draft budget highlighted estimated adult social care growth pressures as detailed in table 4 below:

**Table 4: Estimate Adult Social Care Growth 2020 to 2024 (draft MTFS)**

Growth	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000
Complexity	1,647	1,000	1,000	1,000
Mitigations	(1,584)	(300)	0	0
Demography	537	1,074	1,074	1,074
Care provider inflation	700	570	570	570
Commissioning activity	0	3,640	710	770
Less ACS reserve	(1,300)	0	0	0
<b>MTFS Impact</b>	<b>0</b>	<b>5,984</b>	<b>3,354</b>	<b>3,414</b>

The following narrative supports the numbers in table 4 above:

**Complexity** includes the increased cost of existing packages or care as clients remain within the system

**Mitigations:**

- Continue the work with Learning disabilities working with individuals to promote independence and reduce the costs of packages (Home is Harrow)
- Continue to roll out the strengths based working across adults (3 conversations)
- Subject to members review of the consultation, implementation of a revised charging policy which will be approved through Cabinet
- Market shaping to reduce a target cohort of high cost packages
- Subject to the evaluation of the Assisted Technology (AT) pilot, implementation of the AT equipment to reduce care packages
- Focus on the hospital discharge to avoid an over reliance on admission to care homes

**Demography** assumes 50 new services users per annum

**Commissioning activity** is to support the review of elements of care aiming to increase quality and keep pace with the external market

- 1.38 The estimated growth projections, and the assumptions upon which they were based, were very much a work in progress and continued to be worked upon and refined, especially in light of the service approaching one of its most challenging times of the year, winter pressures. At the point of setting the financial budget, the most up to date modelling indicates a revised profile of estimated growth which is summarised in table 5 below:

**Table 5: Estimate Adult Social Care Growth 2020 to 2024 (final MTFS)**

Growth	2020/21	2021/22	2022/23	
	£'000	£'000	£'000	
Complexity	1,591	3,123	3,123	
Mitigations	(1,584)	(300)	0	
Demography	2,273	2,570	2,805	
Care provider inflation	700	1,046	1,135	
Commissioning activity	0	0	0	
Less ACS reserve	(663)	0	0	
<b>MTFS Impact</b>	<b>2,317</b>	<b>6,439</b>	<b>7,063</b>	

Table 5 shows:

- Despite external funding of £6.093m being built into the 2020/21 budget (£3.482m central government grant and £2.611m from social care precept), this is still not sufficient to fund estimated demand pressures and the final budget has had to provide for a further £2.317m of growth.
- The modelling estimates additional demand pressures in the region of £13.5m for years 2 and 3 of the MTFS. As the modelling does identify future pressures it is important these are reflected in the report but they have not been built into the final MTFS. As has been previously stated in this report, the Council has received a one year revenue settlement for 2020/21 only. Future funding remains very uncertain and cannot be built into the MTFS with a any degree of certainty. The council will have the option to increase council tax in future years and levy a social care precept. As these potential additional funding streams are not reflected in the MTFS, its reasonable the estimated pressures are identified but not reflected. The modelling is an on going process which will need to be robustly managed to ensure the optimum balance between budget requirement and service provision in line with the ethos of the resilient communities transformation.
- The removal of commissioning activity. At draft budget stage it was clear that commissioning aspirations would only be implemented once there was surety of additional funding. The increased demand pressures will now have to take priority against any future additional funding and commissioning activity has been removed.

### **Adjustments required following the Local Government Settlement announcement**

- 1.39 The provisional Local Government Finance Settlement was announced on 20 December 2019 by the Secretary of State for Communities, with the date of the Final settlement still to be confirmed but expected early February 2020. The announcements, along with other changes, have resulted in a number of adjustments to the draft MTFS which are summarised in table 6 below and supported by explanatory text which follows the table.

**Table 6 : Adjustments Changes to MTFS 2020/21 to 2022/23 (After the Local Government Finance Settlement announcement on 20th December)**

	2020/21	2021/22	2022/23
	£'000	£'000	£'000
<b>Budget gap as at January 2020 Council Report</b>	£0	£15,328	£8,924
<b>Technical Changes from the Finance Settlement</b>			
Increase in the Top Up Grant from estimated sum	-£646		
Reduction in New Homes Bonus from estimated sum	£629	-£629	
Increase in Multiplier Cap Grant	-£445		
<b>Revised budget gap</b>	<b>-£462</b>	<b>£14,699</b>	<b>£8,924</b>
<b>Changes in Adults Services Growth Assumptions</b>			
Reversal of funding for Commissioning Activities		-£3,640	-£710
Adult Social Care Growth	£2,317		
<b>Reversal of use of reserves in Table 3</b>			
Budget Planning reserve	£1,950	-£1,950	
Business Risk		£1,850	-£1,850
Business Risk			£1,464
<b>Revised use of Reserves</b>			
Budget Planning reserve -full reserve applied	-£2,629	£2,629	
Use of Business Risk Reserve - smoothed over 2020/21 and 2021/22	-£1,176	£1,176	
Use of Business Risk Reserve - smoothed over 2020/21 and 2021/22		-£3,350	£3,350
<b>Revised budget gap - assumes Council tax increase of 3.99%</b>	<b>£0</b>	<b>£11,414</b>	<b>£11,178</b>

**Technical Changes from the Finance Settlement** – The funding for New Homes Bonus will decrease by £10.5m (1.1%) nationally to £907.3m. London Borough's will receive £184.5m of this, a decrease of £5.4m (2.9%). This has resulted in a reduction of £629k of NHB for the Council for 2020/21. This is mitigated by an increase in the Top Up grant of £646k and in increase in the Multiplier Cap grant of £445k, the latter being Harrows share of a 25% in this grant nationally.

**Changes in Adults Service Growth Assumptions** – As previously explained in paragraph 1.41, commissioning activity aspirations are being removed from the MTFS. Additional adult social care growth of £2.317m is being provided for.

**Reversal of use of Reserves** – To fund the additional growth in adult social care, an extra call on reserves is unfortunately required. The Business Planning reserve will be applied in full in 2020/21 (£2.629m) and the Business Risk Reserve will be applied to budget 'smoothing' over 2020/21 and 21/22, brought forward from 2021/22 and 2022/23. Using one off reserves is neither a robust or preferred approach to balancing the 2020/21 budget. A spending control target of £2.5m has been implemented across the organisation to be achieved in full with permanent on going reductions in expenditure, by the end of 20/21. The actions to achieve this

target are being worked upon to be in place by the start of the new financial year and will enable to Budget Planning Reserve to be replenished.

### Budget Refresh, Growth & Savings

- 1.40 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 2020/21 and 2021/22 have been reviewed to ensure that they can either be taken forward or removed as part of this draft budget.
- 1.41 Table 7 summarises the total savings and growth put forward as part of the 2019/20 and 2018/19 budget setting process in respect of financial years 2020/21 and 2021/22. Table 7 shows total savings of £5.072m between 2020/21 and 2021/22 and growth of £2.367m, so net savings of £2.705m. The detail is set out in Appendix 1B.

**Table 7: Savings and Growth from 2019/20 and 2018/19 Budget setting**

	2020-21	2021-22	Total
	£000	£000	£000
<u>Savings Summary</u>			
Resources	(595)	(1,901)	(2,496)
Community	(1,530)	(1,046)	(2,576)
<b>Savings Total</b>	<b>(2,125)</b>	<b>(2,947)</b>	<b>(5,072)</b>
<u>Growth Summary</u>			
Resources	95	140	235
Adults	881	652	1,533
Community	25	-	25
Corporate	330	244	574
<b>Growth Total</b>	<b>1,331</b>	<b>1,036</b>	<b>2,367</b>
<b>Total Growth and Savings</b>	<b>(794)</b>	<b>(1,911)</b>	<b>(2,705)</b>

- 1.42 Table 8 sets out the total savings and growth proposed as part of the current 2020/21 budget process. Table 8, shows savings of £7.151m and growth of £4.801m over the three year period 2020/21 to 2022/23. Overall there is net savings in the budget of £2.350m over the 3 year period. The detail of these savings and growth is set out at Appendix 1A.

**Table 8: Savings and Growth 2020/21 to 2021/22/23 from the 2020/21 process**

	2020-21	2021-22	2022-23	Total
	£000	£000	£000	£000
<u>Savings Summary</u>				
Resources	(123)	(33)		(156)
Children	(410)	(410)		(820)
Community	(155)	(79)	-	(234)
Corporate	(1,000)	(2,719)	(2,222)	(5,941)
<b>Savings Total</b>	<b>(1,688)</b>	<b>(3,241)</b>	<b>(2,222)</b>	<b>(7,151)</b>
<u>Growth Summary</u>				
Resources	1,006	353	678	2,037
Adults	(971)	-		(971)
Children	789	-	-	789
Community	2,946			2,946
<b>Growth Total</b>	<b>3,770</b>	<b>353</b>	<b>678</b>	<b>4,801</b>
<b>Total Growth and Savings</b>	<b>2,082</b>	<b>(2,888)</b>	<b>(1,544)</b>	<b>(2,350)</b>

- 1.43 Table 9 below 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 both 2020/21, 2021/22 and 2022/23. This is the combined total of Tables 7 and 8 which shows total net savings of £5.055m over the three years, the detail is set out in appendix 1C.

**Table 9: Summary of Savings and Growth 2020/21 to 2022/23**

	2020-21	2021-22	2022-23	Total
	£000	£000	£000	£000
<u>Savings Summary</u>				
Resources	(718)	(1,934)	-	(2,652)
Children	(410)	(410)	-	(820)
Community	(1,685)	(1,125)	-	(2,810)
Corporate	(1,000)	(2,719)	(2,222)	(5,941)
<b>Savings Total</b>	<b>(3,813)</b>	<b>(6,188)</b>	<b>(2,222)</b>	<b>(12,223)</b>
<u>Growth Summary</u>				
Resources	1,101	493	678	2,272
Adults	(90)	652		562
Children	789			789
Community	2,971	-	-	2,971
Corporate	330	244		574
<b>Growth Total</b>	<b>5,101</b>	<b>1,389</b>	<b>678</b>	<b>7,168</b>
<b>Total Growth and Savings</b>	<b>1,288</b>	<b>(4,799)</b>	<b>(1,544)</b>	<b>(5,055)</b>

- 1.44 The saving proposals, as detailed in appendix 1c provides for a net total reduction of 23 FTE in 2020/21 and a total of 24 FTE across the 3 years of the MTFs as detailed in table 10 . These reductions are subject to consultation where appropriate (consultation will not be required where posts are vacant).

**Table 10: Summary of FTEs on Savings and Growth 2019/20 to 2021/22**

	2020/21	2021/22	2022/23	Total	2020/21	2021/22	2022/23	Total
	£'000	£'000	£'000	£'000	FTE's Number			
Net (Savings)/Growth on Appendix 1a	2,082	(2,888)	(1,544)	(2,350)	(4)	(1)	-	(5)
Net (Savings)/Growth on Appendix 1b	(794)	(1,911)	-	(2,705)	(19)	-	-	(19)
<b>Net (Savings)/Growth in MTFS</b>	<b>1,288</b>	<b>(4,799)</b>	<b>(1,544)</b>	<b>(5,055)</b>	<b>(23)</b>	<b>(1)</b>	<b>-</b>	<b>(24)</b>

**INVESTMENT**

1.45 The Council is holding a Business Risk Reserve of £7.526m which was set at the time of the Council presenting its 2 Year Budget Strategy (2020/21 to 2021/22) to Cabinet in July 2019. The strategy referred to options of future Council Tax increases over and above what was already built into the MTFS. Based on the understanding of central government fiscal calculations at the time, an increase in Council Tax of 5% per annum over the two years of the strategy would generate approximately £7.5m in revenue. The reserve was set aside to fund this risk.

1.46 The Spending Review 2019 announced a maximum 4% increase in Council Tax (2% Adult Social Care Precept and 2% core CT). The revised MTFS assumes a Council tax increase of 3.99% per annum over the three years which releases the Business Risk Reserve for alternative uses and the reserve has been applied as follows:

- £4.526m built into the MTFS in 2021/22 and 2022/23 as temporary one off support.
- £3m member investment in front line priorities at £1m per annum (reviewed annually)

1.47 In 2020/21 investment will be made of £1m into the following front line priorities:

**Table 11: Investment 2020/21**

<b>Front line Priority</b>	<b>Investment</b>
Street Sweeping	£184,000
School Improvement	£90,000
Improvements to the Council Tax Support Scheme	£400,000
Enforcement, fly tipping, HMO's and planning	£100,000
Additional Funding for Ward Priorities	£21,000
District Centre Projects	£100,000
Community Cohesion	£70,000
<b>TOTAL INVESTMENT</b>	<b>£965,000</b>

**Street Sweeping** – This will retain the cycle of 2 weekly sweeping within the Borough

**School Improvement** – Harrow School Standards and Effectiveness Team will employ an additional School Improvement Professional to increase capacity in:

- a. Supporting school leadership and governance
- b. Providing more direct support to schools causing concern rather than sign post them elsewhere
- c. Carrying out whole school reviews / audits in targeted schools
- d. To promote the wider work of the Council with schools and Early Years settings / childminders
- e. To strengthen the partnership with the Harrow Education Partnership (schools-led) and other partners

**Improvements to the Council Tax Support Scheme (CTS)** – The CTS Scheme is subject to a separate report on this agenda. In summary Following a full consultation this summer on the introduction of an income banded council tax support scheme for claimants migrating to Universal Credit (UC), the Council have, following consultation feedback, invested an additional £400k into local council tax support schemes to help Harrow’s poorest council tax payers.

The additional cash investment will be accounted at both tax base level (collection fund) as well as in the Revenue budget. The new scheme adopted will, over 3 years, as claimants migrate to UC in a phased way, grant more generous CTS awards to many claimants, resulting in an additional £400k being additionally awarded through the CTS scheme by 2022/23. In the meantime, the unspent part of the investment will instead be used to fund a new 3 year Council Tax Protection Fund which will provide the additional council tax support to our most needy and financially hard up council tax payers.

<b>Initiative to Support Harrow’s Council Tax Payers</b>	<b>Year 2020/21</b>	<b>Year 2021/22</b>	<b>Year 2022/23</b>	<b>Accounted for</b>
Additional awards expected to be granted by new Income Banded Scheme	£75k	£183k	£291k	@ Tax Base level
Funding for awards expected to be granted to CTS claimants impacted by 3.99% CT inflation	£100k*	n/a	n/a	Within Revenue budget
Funding for awards expected to be granted to CTS claimants impacted by UC migration	£130k	£130k	£130k	Within Revenue budget
Funding for individual council tax relief expected	£95k	£87k	£0k	Within Revenue

to be granted to CTS claimants experiencing extreme financial hardship				budget
<b>Total Investment</b>	<b>£400k</b>	<b>£400k</b>	<b>£400k</b>	

\*Applies to 2020/21 year only.

**Enforcement, fly tipping, HMO's and planning** – Plans are currently being worked through to ensure the best returns from this investment.

**District Centre Projects** – The investment will deliver high-impact improvements to district centres in South Harrow, Rayners Lane, and Wealdstone. This follows consultation with local residents and ward councillors. The improvements include public realm enhancements, feature lighting, and artwork.

**Community Cohesion** – The investment will fund the continuation of a post to support the Council's approach to community cohesion by getting out into communities, working with Ward Councillors and Partners, and understanding the issues, challenges and opportunities in the local area. From this diagnosis the role then supports the Council to put in place more targeted interventions which help to reduce further demand on services by being right first time.

#### **CAPITAL RECEIPTS FLEXIBILITY**

1.48 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, but was extended as part of the 2018/19 Finance settlement for a further 3 years from 2019/20 to 2021/22.

1.49 The Council signified its intent to make use of this flexibility in its final budget report to Cabinet and Council in February 2016. The refreshed MTFS currently assumes no future use of capital flexibilities beyond 2019/20.

1.50 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. The final budget has not assumed any use of capital flexibilities for 2020/21 but this does not prevent the use of capital flexibilities in the year. The full strategy is set out at Appendix 15.

#### **SCHOOLS BUDGET – Dedicated Schools Grant (DSG) 2020/21**

1.51 In September 2019 the government announced an increased investment in school budgets and high needs for the next three years. For Harrow there is a projected increase in school funding of around £6.5m for 2020/21.

1.52 In 2018/19 the government introduced a new National Funding Formula (NFF) for Schools, High Needs and the Central Schools Services Block. For the Schools Block this means LAs are funded on the basis of the total of the

NFF for all schools, academies and free schools in its area. However the final formula for distribution is determined by each Council following consultation with schools and Schools Forums.

- 1.53 There are no proposed changes to the **structure** of the formula for 2020/21 however there are a number of changes which Schools Forum, in consultation with schools, need to make a decision on.
- 1.54 The LA undertook a consultation with all schools, academies and free schools in Harrow to seek views on aspects of school funding for 2020/21 in the autumn term.
- 1.55 The full outcome of the consultation, proposed final funding formula and final DSG allocations is set out at Appendix 6 of this report.

### **PUBLIC HEALTH FUNDING**

1.56 The 2019 Spending Review announced that the Public Health Grant would increase by around £100 million nationally. The working assumption is that Harrow's share will be approximately £324k and detailed below are the priority areas where the additional funding will be invested, the proposals being aligned with evidence of population priorities and the emerging Health & Wellbeing Strategy and Borough Plan:

- Staffing – integrated care and priority work streams of mental health and long term conditions
- Additional funding for smoking cessation (recently included as part of the repocured substance misuse contract)
- Physical activity projects and weight management
- Oral health
- Mental health
- Social prescribing

1.57 The draft Public Health commissioning intentions detailed in Appendix 7 of £10.848m are based on the expected grant allocation (yet to be notified by Public Health England) and enables an increase in expenditure as detailed above.

1.58 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)**

1.59 The framework for the Better Care Fund (BCF) derives from the government's mandate to the NHS which sets an objective for NHS England to ring fence funding (in 2019/20 £3.84 billion) to form the NHS contribution to the BCF. The NHS Long Term Plan, published in January 2019 set out the priorities for transformation and integration, including plans for investment in integrated community services and next steps to develop Integrated Care Systems.

1.60 The BCF continues to provide a mechanism for personalised, integrated approaches to health and care that support people to remain independent

at home or to return to independence after an episode in hospital. The continuation of the national conditions and requirements of the BCF provides opportunities for health and care partners to build on their plans to embed joint working and integrated care further, including how to work collaboratively to bring together funding streams to maximise the impact on outcomes for communities and sustaining vital community provision. As a result a number of local authority grants received directly are required to be included in the overarching BCF agreed with partners. This includes the iBCF, winter pressures and disabled facilities grants.

- 1.61 Whilst the detailed NHS guidance is awaited in relation to the 2020/21 BCF plan, the requirements around integration and collaborative working are expected to continue. The 2020/21 BCF plan will be signed off by the Health & Wellbeing Board ahead of submission to, and assurance by, NHS England.
- 1.62 The 2020/21 Adults budget assumes that funding for the Protection of Social Care through the BCF will remain at the agreed 2019/20 level of £6.112m.

## **RESERVES AND CONTINGENCIES**

1.63 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:

- Contingency for Unforeseen items £1.248m – This is a recurrent revenue budget and is used to support unforeseen events during the year.
- Budget Planning Reserve – The full balance of £2.629m on this reserve has been applied to the 2020/21 budget.
- Business Risk Reserve – This reserve was set at £7.526m to fund the risk around the assumption of being able to increase Council Tax by 5% per annum for 2020/21 and 2021/22, Following announcements made in the Spending Round 2019, the draft MTFs now assumes a 3.99% per annum increase in Council Tax which releases the Business Risk Reserve from its original purpose. £3m from the reserve is being invested in front line priorities at £1m per annum over the 3 year MTFs. The remaining balance of £4.526m is being used to support the MTFs in 2020/21 and 2021/22.
- MTFs Implementation Reserve – At Quarter 3, the estimated carry forward balance on this reserve is £1.829m. This is set aside to fund redundancy costs.
- The Commercialisation Reserve stands remains at £1.265m and is ear marked to support Community directorate £3m on going pressures.

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

### **LEVIES, CONTINGENCIES AND SUBSCRIPTIONS**

- 1.65 Appendix 4 sets out the main levies, contributions to other bodies, and subscriptions that the Council will pay in 2020/21. 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 2021/22 AND 2022/23**

- 1.66 There is a good track record of containing revenue expenditure within the annual budget envelope despite continued demand pressures. In both 2017/18 and 2018/19 underspends of £3.2m and £3.1m were achieved. However, in the current financial year, the latest forecast for quarter 3 is showing an overspend of £940k but there is a strong commitment across the organisation to reach a balanced budget position by the end of the financial year.

- 1.67 This report sets out a balanced budget position for 2020/21. However achieving this balanced position has proved a very difficult challenge in light of continued financial austerity, increasing demands in adults social care and the lack of certainty on funding beyond 2020/21. The Council has had to call on the use of the Budget Planning Reserve when setting the 2020/21 budget. A spending control target of £2.5m has been implemented across the organisation to be achieved in full during 2020/21 to allow the reserve to be re-plenished. The 3 year MTFs shows a remaining budget gap of £11.414m for 2021/22 and £11.178m for 2022/23.

- 1.68 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 funding are identified to support core services alongside efficiencies
- The Council can operate safely and within the law
- The Council continues to support the argument for a fair funding settlement for Harrow residents

- 1.69 The progress of addressing the future direction of the Council will be regularly reported to Cabinet.

### **COUNCIL TAX MODEL RESOLUTION**

- 1.70 The draft Council Tax Model Resolution is attached at Appendix 11 which proposes the Band D council tax of £1,522.72 and GLA precept of £332.07. This is still subject to confirmation of the GLA precept which is expected to be confirmed by 14 February 2020.

- 1.71 The proposed GLA precept for 2020/21 of £332.07 is £11.56 or 3.6% increase compared to 2019/20.

- 1.72 The total Band D increase for Harrow including the GLA is proposed at £1,854.79 which will be an overall increase of 3.92% compared to 2019/20.

### **MEMBERS ALLOWANCE**

- 1.73 The proposed Members' Allowances scheme for 2020/21 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, be uprated by 2% in line with the Local Government Pay Settlement (2%) for 2020 /21. The last time Members allowances were increased was in 2015/16.

### **ANNUAL PAY POLICY STATEMENT**

- 1.74 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.
- 1.75 The proposed statement is attached at Appendix 13 and Cabinet is requested to recommend it to Council for agreement.

### **WORKFORCE IMPLICATIONS**

- 1.76 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 As a matter of public law the duty to consult with regards to proposals to vary, reduce or withdraw services will arise in 4 circumstances:

- Where there is a statutory requirement in the relevant legislative framework;
- Where the practice has been to consult or where a policy document states the council will consult then the council must comply with its own practice or policy;
- Exceptionally, where the matter is so important that there is a legitimate expectation of consultation and
- Where consultation is required to complete an equalities impact assessment.

2.2 Regardless of whether the council has a duty to consult, if it chooses to consult, such consultation must be carried out fairly. In general, a consultation can only be considered as proper consultation if:

- Comments are genuinely invited at the formative stage;
- The consultation documents include sufficient reasons for the proposal to allow those being consulted to be properly informed and to give an informed response;
- There is adequate time given to the consultees to consider the proposals;

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

2.3 The Council held a 4 week consultation to provide residents with the opportunity to comment on the draft budget proposals. The draft budget reported was available to view on the Council's website and the consultation was also advertised via the MyHarrow weekly email which is sent to 74,000 MyHarrow email accounts. The consultation closed on Friday 10 January 2020.

There were 111 respondents to the general survey. Over the three main questions, responses were largely equal between agree and disagree:

Question 1 - Given the extent of the savings required, overall do you agree with the Council's proposed draft budget? (47 agree, 60 disagree)

Question 2 - Given the Council's funding situation, do you agree with the Council's proposal to increase Council Tax by 1.99%? (52 agree, 56 disagree)

Question 3 - 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?(44 agree, 56 disagree)

2.4 Stakeholder consultation meetings have taken place, key stakeholders consulted on the budget are detailed below:

**Table 12: Stakeholder Consultation**

Stakeholder	Meeting	Date
Unions	Corporate Joint Committee	16/01/2020
Health Partners	Health and Wellbeing Board.	14/02/2020
Local Businesses	Harrow Business Consultative Panel.	28/02/2020
Overview & Scrutiny	Special meeting of O & S to review the budget.	23/01/2020
Unions/Employees	Employees Consultative Forum.	29/01/2020

2.5 In terms of service specific consultations, the council has a duty to consult with residents and service users in a number of different situations including where proposals to significantly vary, reduce or withdraw services. Consultation is also needed in other circumstances, for example to identify the impact of proposals or to assist with complying with the council's equality duties. Where appropriate, separate service specific consultations have already taken place or will be taking place for the 2020/21 savings and may be subject to a separate cabinet report.

### **3.0 PERFORMANCE ISSUES**

3.1 The in-year measurement of the Council is reported in the Strategic Performance Report. The new Borough Plan will be presented to Cabinet and Council in February 2020. Performance against the plan will be reported quarterly to Cabinet through the Strategic Performance Report.

3.2 In terms of financial performance, Cabinet are updated quarterly 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 covered in the Council's Corporate Risk Register:

- Inability to deliver the Council's approved MTFS – leading to a dereliction of duties resulting in government intervention and an inability to pay the Council's debts. At Quarter 3 2019/20 this risk is rated at C2 – medium likelihood and critical impact.

### **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 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 anything (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 For the budget savings that go towards the budget for 2020/21 many of the decisions have been made in previous years and links to the equality impact assessments can be found in appendix 1c. There is one new equality impact assessment which concludes a minor impact on families with young children.

It is intended to maintain the engagement networks and the majority of the activities established for this target group by the work of the posts to be deleted especially by the Youth and Families Engagement Officer now that they have been set up. Applications for external grant funding to support delivery of activities to this target group will also be made as appropriate. Regular family events and work with schools including a project loan collection will continue.

## **9.0 COUNCIL PRIORITIES**

- 9.1 The Council's draft budget for 2020//21 has been prepared in line with the Council's 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: 05.02.2020		
Name: Jessica Farmer	<input checked="" type="checkbox"/>	on behalf of the * Monitoring Officer
Date: 05.02.2020		

### Section 3 – Procurement Clearance

Name: Nimesh Mehta	<input checked="" type="checkbox"/>	Head of Procurement Officer
Date: 05.02.2020		

### Section 3 – Corporate Director Clearance

Name: Charlie Stewart	<input checked="" type="checkbox"/>	Corporate Director of Resources
Date: 05.02.2020		

<b>Ward Councillors notified:</b>	<b>No, as it impacts on all Wards</b>
<b>EqIA carried out:</b>	<b>To be reported on as Part of the Feb Budget report</b>
<b>EqIA cleared by:</b>	<b>n/a</b>

**Section 4 - Contact Details and Background Papers**

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

**Background Papers:** Equalities Impact Assessment

<b>Call-In Waived by the Chair of Overview and Scrutiny Committee</b>	NO
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Total Savings and Growth - 2020/21 Budget Process									Appendix 1A
Item No	Unique Reference No.	Headline Description re: saving / reduction	2020-21 £000	2021-22 £000	2022-23 £000	Total £000	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
<b>Resources Directorate</b>									
1	RES 2	Access Harrow /Contact Cente - delete one post in the Adults team	(35)			(35)	N - Vacant Post. HR procedures will be followed and eia will be done as required.	Y	Adult Social Care
2	RES 3	Revenues - delete 0.5 FTE which covers the Capita contract resilience	(25)			(25)	N - Vacant Post. HR procedures will be followed and eia will be done as required.	N	N
3	RES 4	Benefits - delete two posts over two years	(33)	(33)		(66)	N - Vacant Post. HR procedures will be followed and eia will be done as required.	N	N
4	RES 5	Delete one FTE across finance function	(30)			(30)	N - Vacant Post. HR procedures will be followed and eia will be done as required.	N	N

Total Savings and Growth - 2020/21 Budget Process									Appendix 1A
Item No	Unique Reference No.	Headline Description re: saving / reduction	2020-21	2021-22	2022-23	Total	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
		<b>Resources total</b>	<b>(123)</b>	<b>(33)</b>	<b>-</b>	<b>(156)</b>			
<b>People Directorate</b>									
1	PC_01	<b>Reduction in expenditure in relation to children's placements, accommodation and client related spend.</b> Targeted early intervention and support to prevent young people from coming into care or stepping young people down from care where it is safe to do so. Targeted actions continue to reduce the average cost of service provision through negotiation with providers and continued maximisation of capacity available within block contracts services and council properties.	(410)	(410)		(820)	N - Reduction in cost of provision rather than the provision. Assessment will be done on individual bases.	N	N
		<b>Children and Young People Total</b>	<b>(410)</b>	<b>(410)</b>		<b>(820)</b>			
<b>Community Directorate</b>									
1	COM_20.21_S01	Substitute funding for 2 existing job brokers with external grant in 2020/21. External funding has been secured as part of Strategic Investment Pot (SIP) over 2 years. Part of this grant is earmarked for funding staffing costs. The proposed funding substitution means the delivery of the programme will have to be incorporated into the work of existing staff. If no further funding is secured beyond 2020/21, one post will be deleted and the other one retained.	(90)	45		(45)	Not require in 2020/21 but may be needed in 2021/22 if external grant ceased	N	N

Total Savings and Growth - 2020/21 Budget Process									Appendix 1A
Item No	Unique Reference No.	Headline Description re: saving / reduction	2020-21	2021-22	2022-23	Total	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
2	COM_20.21_S02	Automatic Public Convenience (APC) 'The removal of the APC situated at Pinner Road in previous year results in a saving on hire and maintenance costs.	(25)			(25)	N	N	N
3	COM_20.21_S03	Removal of base budget from October 2020 for 4 positions that are currently 67% grant funded - either securing further external funding to 100% fund these posts or deleting the posts. These 4 FTC positions are created as part of the successful bid to HLF for the Headstone Manor refurbishment project. HLF funding will end in Sept 2020, thereby the future of these posts will be dependent on the availability of further external funding.	(22)	(22)		(44)	Y	N	N
4	COM_20.21_S04	Achieving full cost recovery from Travellers site-'The council has a duty to provide suitable accommodation for Gypsy and Travellers and use Watling farm site for this purpose.Saving proposal is to seek a cost neutral outcome for the council to be achieved by increased charges to the current licensees and/or agreement for the cost of repairs and maintenance to be passed over to the occupiers.		(14)		(14)	Y - require in 2021/22	N	N
5	COM_20.21_S05	Reduction in EACH contract and Sheltered housing support from April 2020- Each contract to be transferred to floating support scheme and reduction in sheltered housing support proposed to finance through enhanced housing management service charge which is HB eligible/ or reduce scope of the service provided.		(68)		(68)	Y - require in 2021/22. Individual assessments will be done.	N	N

Total Savings and Growth - 2020/21 Budget Process									Appendix 1A
Item No	Unique Reference No.	Headline Description re: saving / reduction	2020-21	2021-22	2022-23	Total	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
6	COM_20.21_S06	Removal of GF funded base budget for 1 position from April 2020 - As part of the Housing Services management re organisation the vacant post of Head of Service for Business Development & Transformation has been deleted.	(18)			(18)	N	N	N
7	COM_20.21_S07	Building Control - Additional income from commercialisation of the service		(20)		(20)	N	N	N
<b>Community Total</b>			<b>(155)</b>	<b>(79)</b>	<b>-</b>	<b>(234)</b>			
<b>Corporate</b>									
1	COR 02	Gayton Road - income from 53 PRS units	(450)	(144)	(47)	(641)	N	N	N
2	COR 03	SEN Transport efficiency from Transformation	(400)	(400)		(800)	N	N	N
3	COR 04	Income from £100m Investment Property Purchase	(450)	(3,525)	(3,525)	(7,500)	N	N	N
4	COR 05	Capital Financing Cost of the £100m Investment Property	300	2,350	2,350	5,000	N	N	N
5	COR 06	Transformation Target - additional £1m over and above SEN Transport target per annum.		(1,000)	(1,000)	(2,000)	N	N	N
<b>Corporate Total</b>			<b>(1,000)</b>	<b>(2,719)</b>	<b>(2,222)</b>	<b>(5,941)</b>			
<b>Total Savings</b>			<b>(1,688)</b>	<b>(3,241)</b>	<b>(2,222)</b>	<b>(7,151)</b>			

Total Savings and Growth - 2020/21 Budget Process									Appendix 1A
Item No	Unique Reference No.	Headline Description re: saving / reduction	2020-21	2021-22	2022-23	Total	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
<b>Growth</b>									
<b>Resources</b>									
1	RES G1	With the HR Shared Service Buckinghamshire County Council (BCC) having ceased on 1 <sup>st</sup> October 2019 it has been acknowledged that the capacity and the capability within the HR team is not able to meet the needs and expectations of the Council. The critical gap in the current HR & OD provision, is the requirement for senior HR professionals who are well versed with significant knowledge, experience and cutting edge practice, particularly with regards ER and OD plus delivering dedicated HR support to schools.	426			426	N	N	N
2	RES G2	Bucks and Aylesbury Vale District Council exit of shared service with Legal Services. The growth is to fund the net impact of this lost income.	4	353	678	1,035	N	N	N
3	RES G3	Brent exit shared service with Procurement	100			100	N	N	N
4	RES G4	Communication - This growth proposal is to support the core Communications activity of the Council by increasing the core budget by £300,000 so that the current structure is both sustainable and also able to deliver on the organisational priorities.	300			300	N	N	N
5	RES G5	Parking Back Office Team - Additional budget is required to cover County Court Warrants, staff and overhead cost.	176			176	N	N	N

Total Savings and Growth - 2020/21 Budget Process									Appendix 1A
Item No	Unique Reference No.	Headline Description re: saving / reduction	2020-21	2021-22	2022-23	Total	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
		<b>Resources Total</b>	<b>1,006</b>	<b>353</b>	<b>678</b>	<b>2,037</b>			
		<b>People</b>							
		<b>Adult</b>							
1	ADULT G1	Removal of 20/21 growth	(971)			(971)	N	N	N
		<b>Children And Young People</b>							
2	CHIL G1	SEN Transport growth	789			789	N	N	N
		<b>People Total</b>	<b>(182)</b>	<b>-</b>	<b>-</b>	<b>(182)</b>			
							N	N	N
		<b>Community</b>							
1	COM G1	Waste disposal cost relating to a reduction in the revenue rebate for dry recyclables (£447k) and Inflationary pressures on the WLWA Levy (£181k).	628			628	N	N	N
2	COM G2	MTFS - re-instatement of Environment Growth	255			255	N	N	N
3	COM G3	This growth reflect increased public mortuary SLA costs	30			30	N	N	N
4	COM G4	The loss of car parking and rental income, these facilities are either transferred or disposed off to support the Regeneration Programme (Waxwell Lane (£56k) and Vaughan Road (£24k) loss of Car Park income. Mason Avenue (£50k) and Rayners Lane (£30) Loss of rent income)	160			160	N	N	N
5	COM G5	Investment in Corporate Health and Safety Team	200			200	N	N	N

Total Savings and Growth - 2020/21 Budget Process									Appendix 1A
Item No	Unique Reference No.	Headline Description re: saving / reduction	2020-21	2021-22	2022-23	Total	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
6	COM G6	MTFS saving relating to food waste collection and route optimisation. The collection of food waste from flats is contained within existing crews and reducing a collection round is no longer operationally feasible	150			150	N	N	N
7	COM G7	MTFS savings relating to the Arts Centre is re-profiled beyond the 2020/21 MTFS to reflect the revised timeline for the capital improvements to the Arts Centre.  See the original saving of (£137k) in line 21 of appendix 1c and line 10 of appendix 1b.	137			137	N	N	N
8	COM G8	In 2017/18 an additional income target of £100k was estimated from the Harrow Leisure centre. The council has invested significantly in the leisure centre in terms of providing new equipment and facilities but the overall redevelopment will be considered as part of the Regeneration Programme and the £100k saving is reversed.	100			100	N	N	N
9	COM G9	Parking enforcement - additional staff	213			213	N	N	N
10	COM G10	Cost pressures in facilities management in recognition that the current budget is not sufficient to fund both cleaning and building repairs to corporate sites	500			500	N	N	N
11	COM G11	The Public Protection service has an income budget of £1.33m. Performance against this is strong but it has become apparent in 2019/20, based on licensing activity, that £1.23m is a more achievable target hence the reduction of £100k	100			100	N	N	N
12	COM G12	Reversal of depot - additional 2 floors  See the original savings of (£473k) in line 25 of appendix 1c and line 14 of appendix 1b	473			473	N	N	N

Total Savings and Growth - 2020/21 Budget Process									Appendix 1A
Item No	Unique Reference No.	Headline Description re: saving / reduction	2020-21	2021-22	2022-23	Total	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
		<b>Community Total</b>	2,946			2,946			
		<b>Total Growth</b>	<b>3,770</b>	<b>353</b>	<b>678</b>	<b>4,801</b>			
		<b>Net Savings/Growth</b>	<b>2,082</b>	<b>(2,888)</b>	<b>(1,544)</b>	<b>(2,350)</b>			

Summary Savings and Growth 2018/19 to 2019/20 MTFS				Appendix 1B					
Item No	Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction	2020-21 £000	2021-22 £000	Total £000	EQIA Required	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
<b>Resources Directorate</b>									
1	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.	(135)		(135)	<a href="http://modern.gov:8080/documents/g64382/Public%20reports%20pack%20Thursday%2021-Feb-2019%2018.30%20Cabinet.pdf?T=10">http://modern.gov:8080/documents/g64382/Public%20reports%20pack%20Thursday%2021-Feb-2019%2018.30%20Cabinet.pdf?T=10</a>	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, 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)	<a href="http://modern.gov:8080/documents/g64382/Public%20reports%20pack%20Thursday%2021-Feb-2019%2018.30%20Cabinet.pdf?T=10">http://modern.gov:8080/documents/g64382/Public%20reports%20pack%20Thursday%2021-Feb-2019%2018.30%20Cabinet.pdf?T=10</a>	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.	(20)		(20)	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
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 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)	N - this is the reversal of 2017/18 growth	N	N
7	RES	Finance	<b>Investment Income :</b> Income from investing in commercial properties		(1,726)	(1,726)	N	N	N
			<b>Resources Total</b>	<b>(595)</b>	<b>(1,901)</b>	<b>(2,496)</b>			

Summary Savings and Growth 2018/19 to 2019/20 MTFS				Appendix 1B					
Item No	Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction	2020-21 £000	2021-22 £000	Total £000	EQIA Required	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
Community									
8	COM	Commissioning & Commercial	Income from expansion of Central Depot	(681)		(681)	<a href="http://www.harrow.gov.uk/www2/documents/b24374/Supplemental%20Agenda%20Thursday%2015-Feb-2018%2018.30%20Cabinet.pdf?T=9.">http://www.harrow.gov.uk/www2/documents/b24374/Supplemental%20Agenda%20Thursday%2015-Feb-2018%2018.30%20Cabinet.pdf?T=9.</a>	N	N
9	CC_2	Environment & Culture	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.	(159)		(159)	<a href="http://modern.gov:8080/documents/g64382/Public%20reports%20pack%20Thursday%2021-Feb-2019%2018.30%20Cabinet.pdf?T=10.">http://modern.gov:8080/documents/g64382/Public%20reports%20pack%20Thursday%2021-Feb-2019%2018.30%20Cabinet.pdf?T=10.</a>	N	N

Summary Savings and Growth 2018/19 to 2019/20 MTFS				Appendix 1B					
Item No	Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction	2020-21 £000	2021-22 £000	Total £000	EQIA Required	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
10	COM18.19_S04	Environment & Culture - Harrow Arts Centre	Reduce subsidy to the arts centre. This savings is reversed in line 18 of Appendix 1C	(137)		(137)	<a href="http://www.harrow.gov.uk/www2/documents/b24374/Supplemental%20Agenda%20Thursday%2015-Feb-2018%2018.30%20Cabinet.pdf?T=9">http://www.harrow.gov.uk/www2/documents/b24374/Supplemental%20Agenda%20Thursday%2015-Feb-2018%2018.30%20Cabinet.pdf?T=9</a>	N	N

Summary Savings and Growth 2018/19 to 2019/20 MTFS				Appendix 1B					
Item No	Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction	2020-21 £000	2021-22 £000	Total £000	EQIA Required	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
11	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)	<a href="http://modern.gov:8080/documents/g64382/Public%20reports%20pack%20Thursday%2021-Feb-2019%2018.30%20Cabinet.pdf?T=10">http://modern.gov:8080/documents/g64382/Public%20reports%20pack%20Thursday%2021-Feb-2019%2018.30%20Cabinet.pdf?T=10</a>	N	Y - Public and staff consultation done in September
12	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.</p> <p>This proposal is still subject to confirmation that the use of CIL monies to fund local plan review are compliant with CIL regulations.</p>	50		50	N - It is a national change	N	N

Summary Savings and Growth 2018/19 to 2019/20 MTFS				Appendix 1B					
Item No	Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction	2020-21 £000	2021-22 £000	Total £000	EQIA Required	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
13	COM_19.20S04	Commissioning & Commercial	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. Gross savings.	(80)	(643)	(723)	<a href="http://modern.gov:8080/documents/g64382/Public%20reports%20pack%20Thursday%2021-Feb-2019%2018.30%20Cabinet.pdf?T=10">http://modern.gov:8080/documents/g64382/Public%20reports%20pack%20Thursday%2021-Feb-2019%2018.30%20Cabinet.pdf?T=10</a>	N	Y for any planning application
14	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. (This saving is reversed on line 23 of appendix 1c)	(473)	-	(473)	Y	N	Y for any planning application
15		Commissioning & Commercial	<b>Additional Financing Income :</b> Banister (25k) Harrow Weald Toilet (£11k) Probation Centre (£275k) Drones (unmanned aerials) (£92k)		(403)	(403)	N	N	N
			<b>Community and Culture</b>	<b>(1,530)</b>	<b>(1,046)</b>	<b>(2,576)</b>			
			<b>Savings Total</b>	<b>(2,125)</b>	<b>(2,947)</b>	<b>(5,072)</b>			

Summary Savings and Growth 2018/19 to 2019/20 MTFS					Appendix 1B				
Item No	Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction	2020-21 £000	2021-22 £000	Total £000	EQIA Required	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
<b>Growth</b>									
<b>Resources Directorate</b>									
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%).	95	90	185	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
<b>Resources Total</b>				<b>95</b>	<b>140</b>	<b>235</b>			
<b>People Services</b>									
3	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

Summary Savings and Growth 2018/19 to 2019/20 MTFS				Appendix 1B					
Item No	Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction	2020-21 £000	2021-22 £000	Total £000	EQIA Required	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
4	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><b>Growth 2019-20.</b> This relates to £650k for transitions funding (additional 24pa) and £345k for personal budgets (additional 1 per week).</p> <p><b>Growth 2020-21.</b> 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><b>Growth 2021-22</b> - this relates to £300k for transitions (assumes additional 10 pa) and £352k for Personal Budgets (a further 1 new PB every other week)</p>	971	652	1,623	N	N	N
			<b>Adult's Total</b>	<b>881</b>	<b>652</b>	<b>1,533</b>			
			<b>People Total</b>	<b>881</b>	<b>652</b>	<b>1,533</b>			
<b>Community</b>									
5	COM18.19_G01	Libraries Service	Additional costs following in-sourcing of libraries service	25		25	N	N	N
			<b>Communtly Total</b>	<b>25</b>	<b>-</b>	<b>25</b>			

Summary Savings and Growth 2018/19 to 2019/20 MTFS				Appendix 1B					
Item No	Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction	2020-21 £000	2021-22 £000	Total £000	EQIA Required	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
<b>Corporate</b>									
6			Capital Financing costs associated with the capital investment of the redevelopment of the Vernon Lodge and Atkins House site	140	244	384	N	N	N
7			Capital Financing costs associated with the additional capital investment of the redevelopment of the Central Depot site.	190	-	190	N	N	N
			<b>Corporate Total (financing Cost)</b>	<b>330</b>	<b>244</b>	<b>574</b>			
			<b>Total Growth</b>	<b>1,331</b>	<b>1,036</b>	<b>2,367</b>			
			<b>Net Savings and Growth</b>	<b>(794)</b>	<b>(1,911)</b>	<b>(2,705)</b>			

Total Savings and Growth 2020/21 to 2022/23										Appendix 1C
Item No	Unique Reference No.	Headline Description re: saving / reduction	2020-21 £000	2021-22 £000	2022-23 £000	Total £000	EQIA Required	Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
<b>Resources Directorate</b>										
1	RES 2	Access Harrow /Contact Cente - delete one post in the Adults team	(35)			(35)			Y	Adult Social Care
2	RES 3	Revenues - delete 0.5 FTE which covers the Capita contract resilience	(25)			(25)			N	N
3	RES 4	Benefits - delete two posts over two years	(33)	(33)		(66)			N	N
4	RES 5	Delete one FTE across finance function	(30)			(30)			N	N
5	RES 2019-20 S1-4	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.	(135)			(135)			Y	Affected services

<http://modern.gov:8080/documents/g64382/Public%20reports%20pack%20Thursday%202021-Feb-2019%2018.30%20Cabinet.pdf?T=10>

Total Savings and Growth 2020/21 to 2022/23										Appendix 1C
Item No	Unique Reference No.	Headline Description re: saving / reduction	2020-21 £000	2021-22 £000	2022-23 £000	Total £000	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed	
6	RES 2019-20 S1-5	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)	<a href="http://modern.gov:8080/documents/g64382/Public%20reports%20pack%20Thursday%2021-Feb-2019%2018.30%20Cabinet.pdf?T=10">http://modern.gov:8080/documents/g64382/Public%20reports%20pack%20Thursday%2021-Feb-2019%2018.30%20Cabinet.pdf?T=10</a>	Y	Affected services	
7	RES 2019-20 S1-6	Review of Business Support for Children's Services - Lean review of Children's Services and associated business support.	(20)			(20)	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	
8	RES 2019-20 S1-13	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)	N this is the reversal of 2017/18 growth	N	N	
9	RES	<b>Investment Income :</b> Income from investing in commercial properties		(1,726)		(1,726)	N	N	N	
		<b>Resources total</b>	<b>(718)</b>	<b>(1,934)</b>	<b>-</b>	<b>(2,652)</b>				
<b>People Directorate</b>										

Total Savings and Growth 2020/21 to 2022/23										Appendix 1C
Item No	Unique Reference No.	Headline Description re: saving / reduction	2020-21 £000	2021-22 £000	2022-23 £000	Total £000	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed	
10	PC_01	<b>Reduction in expenditure in relation to children's placements, accommodation and client related spend.</b> Targeted early intervention and support to prevent young people from coming into care or stepping young people down from care where it is safe to do so. Targeted actions continue to reduce the average cost of service provision through negotiation with providers and continued maximisation of capacity available within block contracts services and council properties.	(410)	(410)		18,940	N - Reduction in cost of provision rather than the provision. Assessment will be done on individual bases.	N	N	
<b>Children and Young People Total</b>			<b>(410)</b>	<b>(410)</b>		<b>(820)</b>				
<b>Community Directorate</b>										
11	COM_20.21_S01	Substitute funding for 2 existing job brokers with external grant in 2020/21. External funding has been secured as part of Strategic Investment Pot (SIP) over 2 years. Part of this grant is earmarked for funding staffing costs. The proposed funding substitution means the delivery of the programme will have to be incorporated into the work of existing staff. If no further funding is secured beyond 2020/21, one post will be deleted and the other one retained.	(90)	45		(45)	Not require in 2020/21 but may be needed in 2021/22 if external grant ceased	N	N	
13	COM_20.21_S02	Automatic Public Convenience (APC) 'The removal of the APC situated at Pinner Road in previous year results in a saving on hire and maintenance costs.	(25)			(25)	N	N	N	

Total Savings and Growth 2020/21 to 2022/23										Appendix 1C
Item No	Unique Reference No.	Headline Description re: saving / reduction	2020-21 £000	2021-22 £000	2022-23 £000	Total £000	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed	
14	COM_20.21_S03	Removal of base budget from October 2020 for 4 positions that are currently 67% grant funded - either securing further external funding to 100% fund these posts or deleting the posts. These 4 FTC positions are created as part of the successful bid to HLF for the Headstone Manor refurbishment project. HLF funding will end in Sept 2020, thereby the future of these posts will be dependent on the availability of further external funding.	(22)	(22)		(44)	Y	N	N	
15	COM_20.21_S04	Achieving full cost recovery from Travellers site-'The council has a duty to provide suitable accommodation for Gypsy and Travellers and use Watling farm site for this purpose.Saving proposal is to seek a cost neutral outcome for the council to be achieved by increased charges to the current licensees and/or agreement for the cost of repairs and maintenance to be passed over to the occupiers.		(14)		(14)	Y - require in 2021/22	N	N	
16	COM_20.21_S05	Reduction in EACH contract and Sheltered housing support from April 2020- Each contract to be transferred to floating support scheme and reduction in sheltered housing support proposed to finance through enhanced housing management service charge which is HB eligible/ or reduce scope of the service provided.		(68)		(68)	Y - require in 2021/22. Individual assessments will be done.	N	N	
17	COM_20.21_S06	Removal of GF funded base budget for 1 position from April 2020 - As part of the Housing Services management re organisation the vacant post of Head of Service for Business Development & Transformation has been deleted.	(18)			(18)	N	N	N	

Total Savings and Growth 2020/21 to 2022/23										Appendix 1C
Item No	Unique Reference No.	Headline Description re: saving / reduction	2020-21 £000	2021-22 £000	2022-23 £000	Total £000	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed	
18	COM_20.21_S07	Building Control - Additional income from commercialisation of the service		(20)		(20)	N	N	N	
19	COM	Income from expansion of Central Depot	(681)			(681)	<a href="http://www.harrow.gov.uk/www2/documents/b24374/Supplemental%20Agenda%20Thursday%2015-Feb-2018%2018.30%20Cabinet.pdf?T=9">http://www.harrow.gov.uk/www2/documents/b24374/Supplemental%20Agenda%20Thursday%2015-Feb-2018%2018.30%20Cabinet.pdf?T=9</a>	N	N	
20	CC_2	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.	(159)			(159)	<a href="http://modern.gov:8080/documents/g64382/Public%20reports%20pack%20Thursday%2021-Feb-2019%2018.30%20Cabinet.pdf?T=10">http://modern.gov:8080/documents/g64382/Public%20reports%20pack%20Thursday%2021-Feb-2019%2018.30%20Cabinet.pdf?T=10</a>	N	N	
21	COM18.19_S04	Reduce subsidy to the arts centre - See reversal of this saving in line 18.	(137)			(137)	<a href="http://www.harrow.gov.uk/www2/documents/b24374/Supplemental%20Agenda%20Thursday%2015-Feb-2018%2018.30%20Cabinet.pdf?T=9">http://www.harrow.gov.uk/www2/documents/b24374/Supplemental%20Agenda%20Thursday%2015-Feb-2018%2018.30%20Cabinet.pdf?T=9</a>	N	N	

Total Savings and Growth 2020/21 to 2022/23										Appendix 1C
Item No	Unique Reference No.	Headline Description re: saving / reduction	2020-21 £000	2021-22 £000	2022-23 £000	Total £000	EQIA Required	Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
22	COM_19.20 S01	<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)			N	Y - Public and staff consultation done in September
23	COM_19.20 S02	<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.</p> <p>This proposal is still subject to confirmation that the use of CIL monies to fund local plan review are compliant with CIL regulations.</p>	50			50			N - It is a national change	N

Total Savings and Growth 2020/21 to 2022/23										Appendix 1C	
Item No	Unique Reference No.	Headline Description re: saving / reduction	2020-21 £000	2021-22 £000	2022-23 £000	Total £000	EQIA Required	Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed	
24	COM_19.20 S04	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. Gross savings.	(80)	(643)		(723)			<a href="http://modern.gov:8080/documents/g64382/Public%20reports%20pack%20Thursday%2021-Feb-2019%2018.30%20Cabinet.pdf?T=10">http://modern.gov:8080/documents/g64382/Public%20reports%20pack%20Thursday%2021-Feb-2019%2018.30%20Cabinet.pdf?T=10</a>	N	Y for any planning application
25	COM_19.20 S05	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)	Y - Savings reversed out in line 23		N	Y for any planning application	
26		Additional Financing Income : Banister (25k) Harrow Weald Toilet (£11k) Probation Centre (£275k) Drones (unmanned aerials) (£92k)		(403)		(403)	N		N	N	
		<b>Community Total</b>	<b>(1,685)</b>	<b>(1,125)</b>	<b>-</b>	<b>(2,810)</b>					
<b>Corporate</b>											
27	COR 02	Gayton Road - income from 53 PRS units	(450)	(144)	(47)	(641)	N		N	N	
28	COR 03	SEN Transport efficiency from Transformation	(400)	(400)		(800)	N		N	N	

Total Savings and Growth 2020/21 to 2022/23										Appendix 1C
Item No	Unique Reference No.	Headline Description re: saving / reduction	2020-21 £000	2021-22 £000	2022-23 £000	Total £000	EQIA Required	Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
29	COR 04	Income from £100m Investment Property Purchase	(450)	(3,525)	(3,525)	(7,500)	N		N	N
30	COR 05	Capital Financing Cost of the £100m Investment Property	300	2,350	2,350	5,000	N		N	N
31	COR 06	Transformation Target - additional £1m over and above SEN Transport target per annum		(1,000)	(1,000)	(2,000)	N		N	N
		<b>Corporate Total</b>	<b>(1,000)</b>	<b>(2,719)</b>	<b>(2,222)</b>	<b>(5,941)</b>				
		<b>Total Savings</b>	<b>(3,813)</b>	<b>(6,188)</b>	<b>(2,222)</b>	<b>(12,223)</b>				
		<b>Growth</b>								
		<b>Resources</b>								
1	RES G1	With the HR Shared Service Buckinghamshire County Council (BCC) having ceased on 1st October 2019 it has been acknowledged that the capacity and the capability within the HR team is not able to meet the needs and expectations of the Council. The critical gap in the current HR & OD provision, is the requirement for senior HR professionals who are well versed with significant knowledge, experience and cutting edge practice, particularly with regards ER and OD plus delivering dedicated HR support to schools.	426			426	N		N	N
2	RES G2	Bucks and Aylesbury Vale District Council exit of shared service with Legal Services. The growth is to fund the net impact of this lost income.	4	353	678	1,035	N		N	N
3	RES G3	Brent exit shared service with Procurement	100			100	N		N	N

Total Savings and Growth 2020/21 to 2022/23										Appendix 1C
Item No	Unique Reference No.	Headline Description re: saving / reduction	2020-21 £000	2021-22 £000	2022-23 £000	Total £000	EQIA Required	Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
4	RES G4	Communication - This growth proposal is to support the core Communications activity of the Council by increasing the core budget by £300,000 so that the current structure is both sustainable and also able to deliver on the organisational priorities.	300			300	N		N	N
5	RES G5	Parking Back Office Team - Additional budget is required to cover County Court Warrants, staff and overhead cost.	176			176	N		N	N
6	RES 2019-20 G1-2	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%).	95	90		185	N		N	N

Total Savings and Growth 2020/21 to 2022/23										Appendix 1C
Item No	Unique Reference No.	Headline Description re: saving / reduction	2020-21 £000	2021-22 £000	2022-23 £000	Total £000	EQIA Required	Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
7	RES 2019-20 G1-3	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
<b>Resources Total</b>			<b>1,101</b>	<b>493</b>	<b>678</b>	<b>2,272</b>				
<b>People</b>										
<b>Adult</b>										
9	PA01	Growth to reflect existing demands in Adult Social Care and to reflect anticipated demographic pressures in 2018/19	(90)			(90)	N		N	N

Total Savings and Growth 2020/21 to 2022/23										Appendix 1C
Item No	Unique Reference No.	Headline Description re: saving / reduction	2020-21 £000	2021-22 £000	2022-23 £000	Total £000	EQIA Required	Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
10	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. <b>'Growth 2019-20.</b> This relates to £650k for transitions funding (additional 24pa) and £345k for personal budgets (additional 1 per week). <b>Growth 2020-21.</b> 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) <b>Growth 2021-22</b> - this relates to £300k for transitions (assumes additional 10 pa) and £352k for Personal Budgets (a further 1 new PB every other week)	971	652		1,623	N		N	N
8	ADULT G1	Removal of 20/21 growth	(971)			(971)				
		Adult Total	(90)	652	-	562				
		<b>Children And Young People</b>								
11	CHIL G1	SEN Transport growth	789			789	N		N	N
		<b>People Total</b>	<b>699</b>	<b>652</b>	<b>-</b>	<b>1,351</b>				
		<b>Community</b>								
12	COM G1	Waste disposal cost relating to a reduction in the revenue rebate for dry recyclables (£447k) and Inflationary pressures on the WLWA Levy (£181k).	628			628	N		N	N

Total Savings and Growth 2020/21 to 2022/23										Appendix 1C
Item No	Unique Reference No.	Headline Description re: saving / reduction	2020-21 £000	2021-22 £000	2022-23 £000	Total £000	EQIA Required	Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
13	COM G2	MTFS - re-instatement of Environment Growth	255			255	N		N	N
14	COM G3	This growth reflect increased public mortuary SLA costs	30			30	N		N	N
15	COM G4	The loss of car parking and rental income, these facilities are either transferred or disposed off to support the Regeneration Programme (Waxwell Lane (£56k) and Vaughan Road (£24k) loss of Car Park income. Mason Avenue (£50k) and Rayners Lane (£30) Loss of rent income)	160			160	N		N	N
16	COM G5	Investment in Corporate Health and Safety Team	200			200	N		N	N
17	COM G6	MTFS saving relating to food waste collection and route optimisation. The collection of food waste from flats is contained within existing crews and reducing a collection round is no longer operationally feasible	150			150	N		N	N
18	COM G7	MTFS savings relating to the Arts Centre is re-profiled beyond the 2020/21 MTFS to reflect the revised timeline for the capital improvements to the Arts Centre.  See the original saving of (£137k) in line 21 of appendix 1c and line 10 of appendix 1b.	137			137	N		N	N

Total Savings and Growth 2020/21 to 2022/23										Appendix 1C
Item No	Unique Reference No.	Headline Description re: saving / reduction	2020-21 £000	2021-22 £000	2022-23 £000	Total £000	EQIA Required	Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
19	COM G8	In 2017/18 an additional income target of £100k was estimated from the Harrow Leisure centre. The council has invested significantly in the leisure centre in terms of providing new equipment and facilities but the overall redevelopment will be considered as part of the Regeneration Programme and the £100k saving is reversed.	100			100	N		N	N
20	COM G9	Parking enforcement - additional staff	213			213	N		N	N
21	COM G10	Cost pressures in facilities management in recognition that the current budget is not sufficient to fund both cleaning and building repairs to corporate sites	500			500	N		N	N
22	COM G11	The Public Protection service has an income budget of £1.33m. Performance against this is strong but it has become apparent in 2019/20, based on licensing activity, that £1.23m is a more achievable target hence the reduction of £100k	100			100	N		N	N
23	COM G12	Reversal of depot - additional 2 floors See the original savings of (£473k) in line 25 of appendix 1c and line 14 of appendix 1b	473			473	N		N	N

Total Savings and Growth 2020/21 to 2022/23										Appendix 1C
Item No	Unique Reference No.	Headline Description re: saving / reduction	2020-21 £000	2021-22 £000	2022-23 £000	Total £000	EQIA Required	Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
24	COM18.19_G01	Additional costs following in-sourcing of libraries service	25			25	N		N	N
		<b>Community Total</b>	<b>2,971</b>	<b>-</b>	<b>-</b>	<b>2,971</b>				
	<b>Corporate</b>									
25		Capital Financing costs associated with the capital investment of the redevelopment of the Vernon Lodge and Atkins House site.	140	244		384	N		N	N
26		Capital Financing costs associated with the additional capital investment of the redevelopment of the Central Depot site.	190			190	N		N	N
		<b>Corporate Total (financing Cost)</b>	<b>330</b>	<b>244</b>	<b>-</b>	<b>574</b>				
		<b>Total Growth</b>	<b>5,101</b>	<b>1,389</b>	<b>678</b>	<b>7,168</b>				
		<b>Net Savings/Growth</b>	<b>1,288</b>	<b>(4,799)</b>	<b>(1,544)</b>	<b>(5,055)</b>				

## MEDIUM TERM FINANCIAL STRATEGY 2020/21 to 2022/23

	2020/21	2021/22	2022/23
	£000	£000	£000
<b>Budget Requirement Brought Forward</b>	167,081	174,762	173,392
Corporate & Technical	6,393	14,843	12,722
People	289	242	0
Community	1,286	-1,125	0
Resources & Commercial	383	-1,441	678
Corporate	-670	-2,475	-2,222
<b>Total</b>	<b>7,681</b>	<b>10,044</b>	<b>11,178</b>
<b>FUNDING GAP</b>	<b>0</b>	<b>-11,414</b>	<b>-11,178</b>
<b>Total Change in Budget Requirement</b>	<b>7,681</b>	<b>-1,370</b>	<b>0</b>
<b>Revised Budget Requirement</b>	<b>174,762</b>	<b>173,392</b>	<b>173,392</b>
Collection Fund Deficit/-surplus	-2,120		
Revenue Support Grant	-1585	-1585	-1585
Top Up	-22,623	-22,623	-22,623
Retained Non Domestic Rates	-14,942	-14,942	-14,942
<b>Amount to be raised from Council Tax</b>	<b>133,492</b>	<b>134,242</b>	<b>134,242</b>
<b>Council Tax at Band D</b>	<b>£1,522.72</b>	<b>£1,522.72</b>	<b>£1,522.72</b>
<b>Increase in Council Tax (%)</b>	<b>3.99%</b>	<b>0.00%</b>	<b>0.00%</b>
Tax Base	87,667	88,160	88,160
Collection rate	98.00%	98.00%	98.00%
Gross Tax Base	89,456	89,959	89,959

## MTFS 2020/21 to 2022/23 – Proposed investments / savings

<b>TECHNICAL BUDGET CHANGES</b>			
	2020/21	2021/22	2022/23
	£000	£000	£000
<b>Capital and Investment</b>			
25%reduction	-45	0	
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		
Use of Regen MRP Provision 2020/21	-1000	1000	
MRP on Community projects and Property investment		1454	
Interest on Community projects and Property investment		967	
<b>Capital Financing included as part of 2020/21 budget setting process</b>			
Capital Financing costs from additional Capital Programme			1250
Reduced costs of borrowing (from £100m taken between April and July 2019)	-£500		
Application of capital receipt to reduce borrowing costs	-£550		
Additional planned saving on borrowing costs	-£500		
General reduction in Minimum Revenue Provision costs	-£500		
<b>Other Adjustments</b>			
Adj. for Housing General Fund 100 Home (£675k in 2022/23 and 2023/24) respectively			-1350
MRP and Financing Cost			1350
<b>Total Capital and Investment Changes</b>	<b>-914</b>	<b>5,321</b>	<b>1,250</b>
<b>Grant Changes</b>			
New Homes Bonus Estimated Grant changes	940	0	
New Homes Bonus 2018	300		
Additional 2019 New Homes Bonus after settlement	176	535	
Additional New Homes Bonus for 2020/21	-787	787	
Assumption that New Homes Bonus reduces in 2022/23			728
Better Care Fund Estimated additional grant announced Dec 2017	33	0	
Improved Better Care Fund 2019/20 one off grant assumed	5467	0	
Assumed Better Care Fund continues beyond 2019/20 on permanent basis	-5467		
One-off Education Service Grant	902		
Reduction to New NNDR Multiplier Inflation compensation grant	582		
Multiplier Cap Funding - continuation for 2020/21	-1590		
Section 31 Grant 2018/19	779		
Section 31 Grant 2019/20	2170		
Section 31 Grant 2020/21	-2033		
Use of 2019/20 Business Rates Pool Budget in 2020/21	-1800	1800	
Reversal Business Rates Pool Income use in 2018/19	3500		
Continuation of the 2019/20 Adults Social Care funding as permanent funding	-2625		
Allocation of Adult Social Care funding to adults	2625		
Additional Social Care Funding in 2020/21 assumed as permanent funding	-3482	0	
<b>Total Grant Changes</b>	<b>-310</b>	<b>3,122</b>	<b>728</b>
<b>Other Technical Changes</b>			
<b>Corporate Budgets</b>			
Freedom Pass Levy increase. Cost of Freedom passes charged to Harrow by Transport for London	500	0	
Reduction in existing Freedom Pass budget	-500		
Reduction in Inflation provision based on previous allocation	-500		
Reduction in Litigation Reserve budget	-125		
Reduction in levies, grants and subscriptions budget	-70		

**MTFS 2020/21 to 2022/23 – Proposed investments / savings**

<b>TECHNICAL BUDGET CHANGES</b>			
	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Use of Reserves</b>			
Budget planning contingency - Reversal of 2019/20 one-off use	2,000		
Budget planning contingency - Reversal of 2019/20 one-off use	2,200		
Full use of the Budget Planning Reserve in 2020-21	-2629	2629	
Use of Business Risk Reserve smoothed over 2 years	-1176	1176	0
Use of Business Risk Reserve for one off investment of £1m pa for 3 years	-1000	-1000	-1000
One off Investment into front line priorities	1000	1000	1000
Use of Business Risk Reserve smoothed over 2 years		-3350	3350
<b>Total Other Technical Changes</b>	<b>-300</b>	<b>455</b>	<b>3,350</b>
<b>Pay and Inflation</b>			
Pay Award @ 2% pa	2000	2000	
Pay Inflation			2000
Inflation on goods and services @ 1.3% p.a.	500	1100	
Non Pay Inflation/budget pressures			2750
<b>Total Pay and Price Inflation</b>	<b>2,500</b>	<b>3,100</b>	<b>4,750</b>
<b>OTHER</b>			
Gayton Road Income - Reversal of 72 units transferred to HRA	0	500	
Capital Receipts Flexibility - Reversal for one-off impact	800	0	
Additional Capital Flexibility - Reversal for one-off impact	2300		
Adults Growth / Pressure	2317	2344	2644
<b>Total Corporate &amp; Technical</b>	<b>6,393</b>	<b>14,843</b>	<b>12,722</b>

**MTFS 2020/21 to 2022/23 – Proposed investments / savings**

<b>PEOPLE DIRECTORATE</b>			
	<b>2020/21</b>	<b>2021/22</b>	<b>2021/23</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Children &amp; Families</b>			
Proposed Savings - see appendix 1a	-410	-410	0
Proposed Growth - see appendix 1a	789	0	0
<b>Sub total Children &amp; Families</b>	<b>379</b>	<b>-410</b>	<b>0</b>
<b>Adults</b>			
Proposed Growth - see appendix 1a	-971	0	0
Proposed Growth - see appendix 1b	881	652	0
<b>Sub total Adults</b>	<b>-90</b>	<b>652</b>	<b>0</b>
<b>Total People Directorate</b>	<b>289</b>	<b>242</b>	<b>0</b>

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

<b>COMMUNITY</b>			
	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Community and Culture</b>			
Proposed Savings - see appendix 1a	-137	23	0
Proposed Growth - see appendix 1a	2,946	0	0
Proposed Savings - see appendix 1b	-1,530	-1,046	0
Proposed Growth - see appendix 1b	25	0	0
<b>Sub total Environmental Services</b>	<b>1,304</b>	<b>-1,023</b>	<b>0</b>
<b>Housing - General Fund</b>			
Proposed Savings - see appendix 1a	-18	-102	0
<b>Sub total Housing General Fund</b>	<b>-18</b>	<b>-102</b>	<b>0</b>
<b>Total Community</b>	<b>1,286</b>	<b>-1,125</b>	<b>0</b>

**MTFS 2020/21 to 2022/23 – Proposed investments / savings**

<b>RESOURCES &amp; COMMERCIAL</b>			
	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Resources &amp; Commercial</b>			
Proposed Savings - see appendix 1a	-123	-33	0
Proposed Growth - see appendix 1a	1,006	353	678
Proposed Savings - see appendix 1b	-595	-1,901	0
Proposed Growth - see appendix 1b	95	140	
<b>Total Resources &amp; Commercial</b>	<b>383</b>	<b>-1,441</b>	<b>678</b>

**MTFS 2020/21 to 2022/23 – Proposed investments / savings**

<b>CORPORATE</b>			
	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>CORPORATE</b>			
Proposed Savings - see appendix 1a	-1,000	-2,719	-2,222
Proposed Growth - see appendix 1b	330	244	0
<b>Total Resources &amp; Commercial</b>	<b>-670</b>	<b>-2,475</b>	<b>-2,222</b>

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REVENUE BUDGET SUMMARY 2020-21

Appendix 3

	2019/20 Net Budget	Gross Controllable Expenditure	Gross Income	Net Controllable Expenditure	Uncontrollable Expenditure	2020/21 Net Budget
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Local Demand - Borough Services</b>						
<b>Resources &amp; Commercial</b>	17,381	218,746	- 181,046	37,700	-18,658	19,042
Environment & Commissioning	32,708	57,527	- 39,644	17,884	21,099	38,983
Housing General Fund	7,835	11,280	- 7,397	3,883	3,853	7,736
Regeneration	2,166	4,705	- 3,743	961	1,517	2,478
<b>Sub-total Community</b>	<b>42,709</b>	<b>73,512</b>	<b>- 50,784</b>	<b>22,728</b>	<b>26,469</b>	<b>49,198</b>
Adult Services	68,477	94,666	- 28,089	66,576	6,065	72,641
Public Health	- 1,704	8,709	- 10,576	- 1,867	163	- 1,704
Children & Families	42,290	166,771	- 133,736	33,035	9,494	42,529
<b>Sub-total People</b>	<b>109,064</b>	<b>270,145</b>	<b>- 172,401</b>	<b>97,744</b>	<b>15,722</b>	<b>113,467</b>
<b>Total Directorate Budgets</b>	<b>169,154</b>	<b>562,403</b>	<b>-404,231</b>	<b>158,172</b>	<b>23,534</b>	<b>181,706</b>
<b>Corporate And Technical Adjustment</b>						
Corporate Budgets (Levies and Subscriptions inc. Audit fees)	3,928					3,379
Pay Inflation	1,335					-
Employer's Pension Contribution	192					192
Goods And Service Inflation	1,690					-
Treasury Management expenses	2,012					2,012
Capital Financing Cost	31,472					30,711
Capital Financing adjustments	- 28,876					- 27,378
<b>Grant</b>						
Sec.31 Grant Business Rate Reliefs	- 3,820					- 2,904
Reversal Business Rate Pool Income use in 2018/19	- 3,500					-
Use of 2019.20 Business Rate Pool in 2020/21						- 1,800
Education Services Grant	- 902					-
New Homes Bonus	- 4,345					- 3,716
Multiplier Cap Funding - Continuation for 2020/21	- 582					- 1,590
Additional Adult Social care grant						- 3,482
<b>Other Budget Adjustments</b>						
Budget Planning Contingency	- 4,200					- 2,629
Business Risk Reserve						- 1,176
Contingency - General	1,248					1,248
Litigation Budget	375					250
SEN Transport Growth/savings						389
Gayton Road Income						- 450
Use of Capital Receipt Flexibility	- 3,100					
<b>Sub Total Corporate and Technical Adjustment</b>	<b>-7,073</b>					<b>-6,944</b>
<b>Funding Gap</b>						
<b>TOTAL BUDGET REQUIREMENT</b>	<b>162,081</b>					<b>174,762</b>
<b>BUDGET REQUIREMENT FUNDED BY</b>						
Contribution re Collection Fund Deficit/Surplus(-) b/f	- 2,200					- 2,120
Revenue Support Grant	-					- 1,585
Business Rates Top-up Grant	- 13,753					- 22,623
Retained Business Rates	- 24,833					- 14,942
Council Tax Income	- 126,295					- 133,492
<b>Total Funding</b>	<b>- 167,081</b>					<b>-174,762</b>
<b>Council Tax for Band D Equivalent</b>						
General (£)	1,436					1,493.43
ACS(£)	28					29.29
Harrow Increase (£)	1,464					1,522.72
GLA (£)	321					332.07
<b>Total after Increase (£)</b>	<b>1,785</b>					<b>1,854.79</b>
<b>Increase</b>						
General (%)	2.99%					1.99%
ASC (%)	2.00%					2.00%
GLA (%)	8.93%					3.60%
<b>Total Increase (%)</b>	<b>5.68%</b>					<b>3.92%</b>
<b>Tax base</b>						
Tax base	86,250					87,667
<b>Collection Rate</b>						
Collection Rate	98.00%					98.00%
<b>Funds / Balances</b>						
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 2020/21. 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.

	2019/20	2020-21	Changes	Changes	Comments
	£'000	£'000	£'000	%	
London Borough Grant	188	187	- 1	-0.53%	Based on notification
Freedom Pass Levy	9,985	9,889	- 96	-0.96%	Based on notification
Joint Committee Subscription	162	162	-	0.00%	Based on notification
Environment Agency Levy	196	196	-	0.00%	20.21 is an estimate based on 19.20 notification, 20.21 is due around March.
Coroners Court Levy	179	179	-	0.00%	20.21 is an estimate based on 19.20 notification, 20.21 is due around March.
Traffic Control Levy	327	327	-	0.00%	20.21 is an estimate based on 19.20 notification, 20.21 is due around March.
London Pension Fund Authority Levy	307	307	-	0.00%	20.21 is an estimate based on 19.20 notification, 20.21 is due around March.
West London Waste Authority Levy	1,983	2,054	71	3.58%	2020-21 budget is based on WLWA's draft budget report.
Lee Valley Levy	219	219	-	0.00%	20.21 is an estimate based on 19.20 notification, 20.21 is due around March.
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 Plans (EHCPs) in special schools, special provision and mainstream schools in Harrow and out of borough. The DSG is split into four blocks: Schools Block, Central School Services Block, Early Years Block and High Needs Block.

## Funding Announcements Autumn 2019

2. In September 2019 the government announced an increased investment in school budgets and high needs for the next three years.
3. The per pupil value of all of the key factors have increased in the Schools National Funding Formula (NFF) by 4% with the exception of the Free School Meals factor which has increased by 1.84% in line with inflation.

## DSG Settlement 2020-21

4. The 2020-21 DSG settlement is based on the number of pupils on the October 2019 schools census for the Central School Services Block and Schools Block as well as a lump sum for historical items related to premises, the January 2019 Early Years census for the Early Years Block and a combination of a historical lump sum and per pupil funding for the High Needs Block. The total DSG allocation for 2020-21 is £224.25m.

**Table 1 – 2020-21 DSG allocation**

Blocks	Unit of funding		Pupil numbers		Total
	Primary	Secondary	Primary	Secondary	
Schools Block – per pupil	£4,274.73	£5,823.36	21,752.00	12,438.50	£165,417,790
Schools Block – lump sum premises					£2,773,763
Schools Block – growth fund formula					£2,572,938
Schools Block – growth fund ONE OFF					£131,227
<b>Total Schools Block</b>					<b>£170,895,719</b>
Central Schools Block					£1,250,005
High Needs Block					£33,636,854
Early Years Block					£18,467,606
<b>Total Dedicated Schools Grant Allocation 2020-21</b>					<b>£224,250,184</b>

5. In 2018-19 the Government introduced a new National Funding Formula (NFF) for Schools, High Needs and Central Services Blocks. For the Schools block this means that LAs are funded on the basis of the total of the NFF for all schools, academies

and free schools in its areas but the final formula for distribution is determined by each LA, subject to prescribed limits, following consultation with schools and Schools Forum.

6. From 2020 the government had intended to implement the NFF in full which means that school allocations will be determined by the DfE rather than LAs. However this has been delayed and there is currently no confirmed date for this.
7. In 2018-19 and 2019-20 the LA implemented the NFF after consultation with schools and Schools Forum. Whilst there are no proposed changes to the structure of the formula for 2020-21, the factor values have increased. This is set out at Table 2.

**Table 2 – proposed funding formula and factor values 2020-21**

Factor	2020-21 funding formula and factor values	
	Primary per pupil	Secondary per pupil
Primary per pupil basic	£3,137.07	
KS3 per pupil basic entitlement		£4,411.88
KS4 per pupil basic entitlement		£5,008.11
Free School Meals	£494.11	£494.11
Free School Meals Ever6	£614.90	£894.89
Deprivation IDACIF	£230.59	£329.41
Deprivation IDACIE	£274.51	£444.70
Deprivation IDACID	£411.76	£587.45
Deprivation IDACIC	£444.70	£636.86
Deprivation IDACIB	£477.64	£686.27
Deprivation IDACIA	£658.82	£922.35
Low Prior Attainment	£1,169.40	£1,767.83
English as an Additional	£587.45	£1,581.16
Mobility	£960.78	£1,372.54
Lump Sum	£125,614.63	£125,614.63

## Consultation

8. The LA undertook a consultation with all schools, academies and free schools in Harrow seek views on aspects of school funding for 2020-21 in the Autumn Term. The consultation covered:
  - Changes to the methodology for funding pupil mobility
  - The value of the minimum funding guarantee
  - Transferring 0.5% from the Schools Block to the High Needs Block
9. There were a total of 29 (54%) responses received.

## Mobility Funding

10. The mobility factor is intended to support schools which have a high proportion of pupils who first join on a non-standard date. In 2020-21 the government is

introducing a formulaic approach to allocating mobility funding in the NFF, using a new and more robust methodology to determine pupil mobility.

11. The main implications of the changes in the NFF are a reduction in the per pupil value distributed through this factor. Primary per pupil funding reduces from £2,980.90 to £875.00 and Secondary per pupil funding reduces from £2,668.82 to £1,250.00. Schools impacted by this change will receive protection through the Minimum Funding Guarantee.
12. However it is for Schools Forum, in consultation with all schools, to decide whether to implement the proposed change or continue to apply its own funding rates. In the consultation 72% (21) schools supported the proposal to fully implement the NFF in respect of the mobility factor and adoption the funding rates for mobility and Schools Forum voted in favour of this decision.

### **Minimum Funding Guarantee**

13. In 2020-21 the Minimum Funding Guarantee (MFG) will continue to protect schools from *per pupil* losses between years. For the first time the LA will set a positive MFG meaning schools will see an increase in their per pupil budgets between years. The MFG must be between +0.5% and +1.84%.
14. In the previous financial years Schools Forum agreed to set a negative MFG at -1.5% in order that schools reach the NFF as soon as possible so as to ensure there won't be significant losses if the MFG protection is no longer applied in future years.
15. In the consultation 100% (29) schools supported a maximum MFG of +1.84% subject to affordability within the overall formula. Schools Forum voted in agreement of this.
16. In the overall formula it is affordable to set the maximum MFG and therefore 2020-21 school budgets have been prepared on this basis. Gains in excess of 1.84% have not been capped, which is consistent with the approach in previous years.

### **Additional Funding**

17. In 2020-21 there is capacity within the overall Schools Block of £3.2m. £1.1m is as a result of one off funding from a brought forward contingency managed by Schools Forum. The remainder of the capacity is as a result of having set a MFG at -1.5% in previous years. 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 pupils, which mirrors the NFF.

### **High Needs Block**

18. High Needs funding is designed to support a continuum of provision for pupils and students with special educational needs and disabilities (SEND) from 0-25 years old. The following are funded from the High Needs Block (HNB) of the DSG:

- Harrow special schools and academies
- Additionally Resourced Mainstream (ARMs) units in mainstream schools and academies
- Places in out of borough special schools and independent school provision
- EHCPs in mainstream schools and academies
- Post 16 provision including further education
- SEND Support services and support for inclusion
- Alternative Provision including Pupil Referral Units and education other than at school

19. There is a duty to admit a child or young person if the institution is named in a statutory EHCP. LAs use the HNB to provide the most appropriate support package for an individual in a range of settings, taking account of parental and student choice whilst avoiding perverse incentives to over-identify high needs pupils and students.
20. The government introduced a NFF for the HNB from 2018-19. This has led to a shortfall in funding compared with the 2017-18 baseline of approx. £2.9m. This was because there was an overall shortfall of DSG in 2017-18 which was funded by the use of a brought forward contingency.
21. In addition, between 2013-20 there has been an increase in HNB funding of £6.9m (29%) compared with an increase in HNB spend of £10.6m (43%) and an increase in the number of EHCPs from 1,170 in January 2014 to nearly 1,800 by January 2020 (54%).
22. From 2018-19 the Schools Block is ring-fenced and transfers to the HNB are limited to 0.5% of the Schools Block, unless a disapplication is sought from the Secretary of State. For Harrow this equates to approx. £854k. It is the responsibility of Schools Forum, in consultation with all schools, to decide whether a transfer can take place. If the Schools Forum does not agree to the transfer, the LA would need to ask the Secretary of State for disapplication.
23. In the consultation 93% (27) schools did not support a transfer from the Schools Block and Schools Forum did not vote in favour of the request. The main reason stated for not agreeing the transfer was that schools feel the LA needs to address the issue of HNB funding with the DfE and not top-slice from school budgets.
24. The HNB budget allocation for 2020-21 is set out at Table 3

**Table 3 – 2020-21 High Needs Block Funding**

Description	Basic entitlement rate	No. of pupils in special schools	Value
High Needs Block Allocation (excl basic entitlement factor)			£34,034,303
Basic Entitlement Factor	£4,451	560.5	£2,494,550
Import/Export Adjustments (2019-20 figure)			-£1,494,000
Total HNB before academy recoupment			£35,034,853
Academy recoupment for SEN units, special schools and FE			-£1,398,000

<b>Net High Needs Block 2020-21</b>	<b>£33,636,853</b>
-------------------------------------	--------------------

25. In October 2019 the government announced an additional £700m of funding for HNB for LAs. This has generated additional funding for Harrow of £2.7m which is included in Table 4. This will contribute to the increasing shortfall in funding for High Needs and mitigate some of the projected 2019-20 projected £4.1m deficit which will be carried forward to 2020-21.

26. In 2018-19 there was a deficit of £590k on the HNB. This was funded by the schools brought forward contingency. Schools Forum has not agreed to use any of the remaining £1.7m brought forward contingency to mitigate this year's deficit instead voting to allocate it to schools budgets in 2020-21.

### **DSG Deficits**

27. The government consulted on the accounting treatments of deficits on the DSG. The consultation focussed on changing the conditions of grant and regulations applying to the DSG so as to clarify that the DSG is a ring-fenced specific grant separate from the general funding of local authorities. Therefore any deficits an authority may have on its DSG account is expected to be carried forward and does not require to be covered by the authority's general reserves.

28. With effect from 2019-20 the DfE has tightened up the rules under which local authorities have to explain their plans for bringing the DSG account back into balance.

29. The DfE will require a report from any LA that has a cumulative DSG deficit of more than 1% at the end of the financial year. The 1% calculation will be based on the latest published DSG allocations for 2019-20 compared with the deficit shown in the authority's published draft accounts.

30. Harrow's projected deficit of £4.1m as a proportion of gross budget of £217m would equate to approx. 1.9% and will therefore require a deficit recovery plan.

31. Recovery plans will need to be discussed with Schools Forum and should set out the authority's plans for bringing the DSG account back into balance. The Chief Finance Officer (CFO) must also review and sign off the report before submitting to the DfE.

32. If the LA judges that it cannot recover the whole of its cumulative DSG deficit within a timely period it must explain the reasons for this.

33. This means that the LA will start 2020-21 with a brought forward deficit of approx. £4.1m. The additional investment in the HNB from 2020-21 will therefore only contribute to offsetting existing deficits.

34. A recent survey by the Association of Local Authority Treasurers reveals that 83% of responding LAs reported a HNB deficit in 2018-19 totalling £210m rising to 88% (90% in London) forecasting a deficit in 2019-20.

### **Early Years Block**

35. Funding for Early Years relates to free 15 hour nursery entitlement for all 3 and 4 years olds in maintained nurseries and nursery classes as well as private, voluntary and independent (PVI) settings. 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**

36. The government introduced a new NFF for Early Years in April 2017. Cabinet approved the structure of the Harrow formula for the distribution of funding to providers in January 2017.
37. In November 2019 the government announced the hourly funding rates for 2020-21. The LA will continue to retain 5% of the overall EYB 3 and 4 year old funding, allowable within the regulations, to fund Early Years Services provision at the LA. A further 5% will be topsliced to create the mandatory SEND Inclusion Funding. The hourly rate available to providers will be a maximum of £5.11 which is an increase of £0.07 per hour.
38. In 2019-20 Harrow also consulted on reducing the quality supplement (by £0.02 across all providers), to support system leadership and workforce development. The initiative was to support staff retention and development, review best practice across settings with peer to peer and leadership program partnerships. The value for the financial year 2019-20 was £55,622 and was managed by the Early Years Learning Partnership (EYLP).
39. However in 2020-21 it is proposed to reinstate this funding back into the formula and distribute to providers as part of the overall hourly rate.
40. The LA carried out a consultation over the Autumn/Spring terms regarding the proposed distribution of this additional funding. There were 5 responses in total which supported the proposal. The final formula is shown at Table 4.

**Table 4 – Current and Proposed EYSFF 2020-21**

Description	Current	Proposed
	2019-2020	2020-2021
	Hourly £	Hourly £
Funding available to providers	£5.30	£5.38
Top-slice SEN inclusion fund 5%	£0.26	£0.27
<b>Funding available to providers through formula</b>	<b>£5.04</b>	<b>£5.11</b>
Base rate minimum 90%	£4.53	£4.60
Supplements up to 10%	£0.51	£0.51
<b>Funding available to providers through formula</b>	<b>£5.04</b>	<b>£5.11</b>
<b>Breakdown of supplements</b>		
- Deprivation (IDACI)	£0.05	£0.05
- Flexibility	£0.23	£0.23
- Quality	£0.21	£0.23
- Quality (Pooled fund, managed by Early Years Learning Partnership)	£0.02	£0.00
<b>Total Supplements at a maximum of 10% of overall allocation</b>	<b>£0.51</b>	<b>£0.51</b>
Annual maximum sum per child (15h per week over 38weeks, including all supplements)	£2,872.80	£2,912.70

### **SEND Inclusion**

41. LAs are required to have SEND Inclusion Funds for all 3 and 4 year olds with SEND who are taking up the free entitlements, regardless of the number of hours taken. These funds are intended to support LAs to work with providers to address the individual needs of children with SEND.
42. LAs should target SEND Inclusion Funds at children with lower level or emerging SEND. As with other elements of early years funding, SEND Inclusion Funds should apply to children attending settings in the relevant LA area, regardless of where they live.
43. The SEND Inclusion Fund in 2020-21 will be £795k.

### **2 year olds**

44. In respect of 2 year olds, in 2019-20 the LA receives £5.92 per hour for each participating 2 year old as recorded on the Early Years census. In 2020-21 this will

increase to £6 per hour. This is paid to providers in full based on participation and eligibility.

### **Disability Access Fund**

45. The Disability Access Fund (DAF) was introduced in April 2017 to support disabled children's access to the entitlements for 3 and 4 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.

46. 3 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**

47. The Early Years Pupil Premium (EYPP) gives providers additional funding to support disadvantaged 3 and 4 year old pupils.

**Draft Public Health Funding 2020-21****Appendix 7**

	£000	
<b>Mandatory Services</b>		
Sexual Health (incl Family Planning)	2,192	
0-19 Services	3,536	
Health Checks	<u>176</u>	5,904
<b>Discretionary Services</b>		
Tobacco Control	73	
Drug & Alcohol Misuse	1,858	
Physical Activity	<u>30</u>	1,961
<b>Staffing &amp; Support Costs</b>		
Staffing	766	
Non-Staffing	59	
Overheads	<u>163</u>	988
Health Improvement	344	
Wider Determinants of Health	<u>1,651</u>	1,995
<b>Total Expenditure</b>		<u><u><b>10,848</b></u></u>

**Funded by**

Department of Health Grant	<u>10,848,000</u>	
<b>Total Income</b>		<u><u><b>10,848,000</b></u></u>
		10,858,848

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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 2020/21 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 5.7% and 7.2% of the 2020/21 net revenue budget of £174m.

As at 31 March 2019 the level of General Fund Reserves was £10m, which represents 5.7% of the Council's budget requirement for 2020/21 (£174m), 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 2020/21

Appendix 9

Earmark Reserves	Reserves as at year end	Estimated use in 2019/20	Estimated Reserves at start of year	Planned Use of reserves in 2020/21	Estimated Reserves at year end	Estimates Reserves 2021/22 as at 31 March 2021	Estimates Reserves 2022/23 as at 31 March
	31-Mar-19		01-Apr-20		31-Mar-21		
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Business Risk Reserve	7526	0	7526	2176	5350	1000	0
Budget Planning Reserve	6829	4200	2629	2629	0		
IT Implementation	120	30	90	0	90		
Capacity Building/ Transformation Reserve	4261	3422	839	839	0		
MTFS Implementation Reserve	2067	238	1829	0	1829		
Commercialisation Reserve	1265		1265	1265	0		
<b>Total</b>	<b>22068</b>	<b>7890</b>	<b>14178</b>	<b>6909</b>	<b>7269</b>	<b>1000</b>	<b>0</b>

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## 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 volatile in the Borough's history. The 2020/21 Local Government Financial Settlement was for one year only and although a balanced budget has been set for 2020/21 it has increased the challenge of achieving financial sustainability over the period of the MTFS. There are significant areas of uncertainty around the future of Local Government. The coming months will see three major external events that will change the amount of funding every local authority will receive from 2020 onwards:

- Spending Review 2020
- Fair Funding Review
- Business Rates Reform and Revaluation

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

The Council continues to experience increasing demographic and demand pressures, largely around social care and in particular services to Adults. Adult social care funding received in 2019/20 was guaranteed again for 2020/21 and further additional social care funding was received in 2020/21, and guaranteed over the life of the current parliament. Whilst helpful, the sums received are insufficient in quantum to keep pace with increasing demands and the lack of certainty makes planning for the medium and long term extremely challenging and the Council does not have at its disposal large reserves to support longer term planning.

In the wider economy there remains considerable uncertainty around the impact of the UK leaving Europe, 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 has set a three year Medium Term Financial Strategy to 2022/23 but, due to uncertainties, has only achieved a balanced budget for 2020/21 and a budget gap of £22.5m remains for years 2 and 3 of the MTFS.

The advice of the S151 Officer is that the budget for 2020/21 is sufficiently robust but there are significant budget gaps for 2020/21 and 2021/22 which require robust and sustainable proposals to address. Specifically in relation to the 2020/21 budget, the robustness assessment is based on 3 key factors:

- That the spending control target of £2.5m across the organisation is to be achieved in full with permanent on going reductions in expenditure by the end of 2020/21 to replenish the Budget Planning Reserve.

- Following the virement of budget from Corporate and Technical to provide directorates with the budgets required to support their services over the MTFS, directorates must manage services within existing resources as far as is safely possible. The central contingency is now at the minimal level required to fund technical items only.
- Saving proposals built in to the 2020/21 must be delivered in full and on time. Any variances from the agreed saving must be mitigated in full.

The advice given on the overall MTFS is provided 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.
- Any proposals (savings and growth) for 2021/22 and 2022/23 will be subject to further scrutiny before final approval in their respective budget years
- Growth of £5.101m has been provided for within the 2020/21 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 2020/21 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 5.7% of the council's budget requirement for 2020/21 (£174m). This balance of £10m does place Harrow Council in the lower quartile of general fund balances. No draw down on the general fund balance is forecast for 2020/21 and the three year MTFS (2020/21 to 2022/23) does not rely upon general fund balances being applied. The general fund balances are sufficiently adequate however they must not drop below the £10m level and no allocations should 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 always be given to making a contribution to general balances if the finances allow.

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 £14.178m at the end of 2019/20 reduced to £7.269m by the end of 2020/21.

The 2020/21 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 2021/22 to 2023/24 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 2020/2021

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 2020/2021 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 9 January 2020 the Council calculated the amount of 87,667 as its Council Tax Base for the year 2020/2021 in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) England Regulations 2012 made under Section 31B(1), (3) – (5) of LGFA 1992 of the Local Government Finance Act 1992 (The Act).
- (2) That the following amounts be now calculated by the Council for the year 2020/2021, 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)** £597,291,294
  - (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)** £463,799,000
  - (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.** £133,492,294
  - (iv) Being the amount at (iii) divided by the Council Tax Base, calculated by the Council at its meeting on 9 January 2020 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 )** £1,522.72

(v) Valuation Bands

	A	B	C	D	E	F	G	H
£	1,015.15	1,184.34	1,353.53	1,522.72	1,861.10	2,199.48	2,537.87	3,045.44

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 2020/2021 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
£	221.38	258.28	295.17	332.07	405.86	479.66	553.45	664.14

- (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 2020/2021 for each of the categories of dwellings shown below

Valuation Bands

	A	B	C	D	E	F	G	H
£	1,236.53	1,442.62	1,648.70	1,854.79	2,266.96	2,679.14	3,091.32	3,709.58

- (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 2020/21 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 2020/2021.

1. This scheme shall have effect until 31st March 2021. It replaces all former schemes.

### **Basic Allowance**

2. A basic allowance of £8,561 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 £10,685 per annum shall be paid to the Mayor and an allowance of £2,127 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. This year, the allowances have been increased by 2% in line with the Local Government Pay Settlement. When making the scheme for 2021/22, 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 £2.96 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 £454 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 1<sup>st</sup> April 2020 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:

<b>Band</b>	<b>Post</b>	<b>SRA - £/annum</b>
<b>1</b>	Chief Whips of the two largest Groups Deputy Leader of the second largest Group Lead Members for Scrutiny Chair of Licensing and General Purposes Committee Portfolio Holder Assistants	<b>£2,142</b>
<b>2</b>	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	<b>£4,794</b>
<b>3</b>	Nominated Member of the largest party not holding the Chair of the Overview and Scrutiny Committee Non Executive Members of Cabinet	<b>£6,916</b>
<b>4</b>	Chair of the Overview and Scrutiny Committee Leader of the Second Largest Group	<b>£9,037</b>
<b>5</b>	Cabinet Members	<b>£20,502</b>
<b>6</b>	Leader of the Council	<b>£32,028</b>

#### 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 2020/21

Harrow Council supports openness and accountability and is pleased to publish its Pay Policy Statement for 2020/21. In compliance with the Localism Act 2011 this statement outlines the Council's policy on pay and benefits for Council employees (excluding Schools)<sup>1</sup> and specifically for its Chief Officers and senior management.

### Update January 2020:

#### Annual Pay award

Pay scales are reviewed annually in line with the National Joint Council agreements and are usually effective from April 1<sup>st</sup> each year. National negotiations for the review of annual pay awards are currently underway; however, there is no indication of a likely settlement amount at this time.

#### London Living Wage update

Harrow Council's lowest paid employees are currently paid at £10.60 per hour from April 2019. The London Living Wage has been increased to £10.75 per hour and this will be implemented from April 2020.

### Context

The Council's vision is: 'Working Together to Make a Difference for Harrow' and a new Workforce Strategy is being developed and will focus on supporting delivery of the Council's emerging work on the Borough Plan and the "Modernising How we Work" transformation programme. To achieve the ambitions we need a commercially minded and agile workforce delivering higher productivity and increased performance at a lower cost base.

We need 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 where there are opportunities to. 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 offers. We work to have the right people in the right jobs, who are well managed, developed and supported and where everyone is valued. 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.

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

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. 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 online: [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 are revised annually and are published online: [Officers Payscale](#)

### **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.

Senior management pay is published online: [Senior Manager Salaries – 2018/19](#)

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 new Chief Executive was appointed in February 2019, A review of the Council's senior management structure in 2015 was carried out and this 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 online:

- [Senior Manager Salaries – 2018/19](#)
- [Council Budgets and 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 and is currently 1:6. The Council's highest paid post is the Chief Executive and further details of the pay multiple is published online: [Senior Manager Salaries – 2018/19](#)

### **Pay Grading**

In 2004 the Council entered into a single status agreement with its recognised trade union, introducing common job evaluation schemes<sup>2</sup> 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 remain on NHS grades and pay scales. New posts are being recruited to on the local government grades and pay scales.

### **Pay on Appointment**

All employees, including Chief Officers are normally appointed on the lowest pay spine column point for their job evaluated grade. In exceptional circumstances employees may be appointed at a higher point within the evaluated grade.

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<sup>2</sup> The Greater London Provincial Council (GLPC) Scheme is used for all Harrow graded jobs and the Hay Scheme for senior professional and managerial jobs.

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.

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

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 online: [Senior Manager Salaries – 2018/19](#).

### **National / Regional Pay Agreements**

The Council supports the national (JNC/NJC<sup>3</sup> 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.

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<sup>3</sup> Joint Negotiating Committee / National Joint Council

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. National negotiations for the review due in April 2020 are currently underway. There is no indication of a likely settlement amount at this time.

### **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 online: [Senior Manager Salaries – 2018/19.](#)

### **Fees for Election Duties**

The Council's policy for payment of fees for election duties is published online: [Election fees and Charges.](#)

Details of fees for election duties paid to senior management are published online: [Senior Manager Salaries – 2018/19.](#)

### **Other Payments**

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

Details of any other payments to senior management are published online: [Senior Manager Salaries – 2018/19.](#)

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

- [Policy on Discretions / Pensions – 2014](#)
- [Pension Fund Accounts – 2018/19](#)

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 online: [Harrow Council 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 online:

- [Harrow Council Employee Handbooks](#)
- [Policy on Discretions / 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:

Further information on the scheme is published online: [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](mailto:askhr@harrow.gov.uk)

## INTRODUCTION

In the Spending Review 2015, it was announced that to support local authorities to deliver more efficient and sustainable services, the government will allow local authorities to spend up to 100% of their fixed asset receipts on the revenue costs of reform projects. 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 19<sup>th</sup> 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 of qualifying expenditure, can be attributed as eligible for applying against capital flexibilities where this expenditure leads to ongoing efficiency savings or service transformation

Summary of Position on EQIAs on Savings Proposals 2020/21

Appendix 15

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
COM_20.21_S03	Removal of base budget from October 2020 for 4 positions that are currently 67% grant funded - either securing further external funding to 100% fund these posts or deleting the posts. These 4 FTC positions are created as part of the successful bid to HLF for the Headstone Manor refurbishment project. HLF funding will end in Sept 2020, thereby the future of these posts will be dependent on the availability of further external funding.	Y	Yes	Y - minor impact	N impact	No impact		N	N	N	N	N	N	N

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EIAs that decision has already been taken of which 1 have year on year impact and is part of the 2020/21 proposals.

RES 2019-20 S1-4	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.	Y - Submitted as part of 20th of February 2019 Budget Report ( Background paper)	Y	Yes	Y	Y	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
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Summary of Position on EQIAs on Savings Proposals 2020/21

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
RES 2019-20 S1-5	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.	Y - Submitted as part of 20th of February 2019 Budget Report ( Background paper)	Y	Yes	Y	Y	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
CC_2	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.	Y - Included in the report to Cabinet in Feb. 2018	Yes											

Summary of Position on EQIAs on Savings Proposals 2020/21

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
COM_19.20S01	<p><b>Review of Libraries Service</b></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</p>	Y - Submitted as part of 20th of February 2019 Budget Report (Background paper)	Y	Yes	Y	N	N	N	N	N	Y	Y	Yes - Minor Impact	Adjustments to remove/mitigate negative impacts identified by the assessment, or to better advance equality.

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## **CABINET – 13 FEBRUARY 2020**

### **REFERENCE FROM OVERVIEW AND SCRUTINY COMMITTEE – 23 JANUARY 2020**

#### **96. Question and Answer Session with the Leader of the Council and Chief Executive**

##### **OVERVIEW BY THE CHIEF EXECUTIVE AND THE LEADER**

The Chief Executive began his presentation by referring to the General Election which had resulted in the return of the Conservative Party to form a Majority Government thus ending the uncertainty over Brexit which was now inevitable. In terms of impact of the new government, the completion of the Comprehensive Spending Review would be particularly significant as the outcome would impact on the Council and its budget and trigger debates about the levels of Council Tax. The government, in accordance with the Conservative Party's manifesto commitments, was expected to produce a number of policies including those on Adult and Social Care, Education and Housing. The Chief Executive felt that, although a number of issues remained to be clarified, by this time next year the Council would be in a better position to understand its Medium Term Position.

Referring to his own commitments, the Chief Executive said that he had taken on regeneration, the budget and the MTFs as priorities in order to bring some stability to the Organisation. He had also been involved in other areas including Adult and Social Care, the Borough Plan, housing, support services (particularly HR) and the modernisation process. Whilst progress might not merit a gold award, he felt it was deserving of a silver one.

Strategic priorities for 2020 would include focussing on the Borough Plan, the MTFs, preparation for the inspection of Adult and Social Care, accelerating the modernisation programme and changing the culture of the Organisation with an emphasis on staff training and development and team building.

In his introduction the Leader agreed that, whilst the election had created some stability, a number of issues remained unclear with the future financing of local government, residency and adult and social care being examples. The previous government's austerity policies had hit the Council very hard with the need to make cuts in services and although the Council was in a good position, further challenges would no doubt present themselves in the coming months as government policies were rolled out.

Following the introductions members of the Committee asked a number of questions of the Leader, Portfolio for Finance and Resources (hereinafter referred to as the Portfolio Holder) and the Chief Executive as detailed below. For ease of reference questions and responses that overlap have been grouped.

**Q1: Does the very level of pay of Care Providers have an impact on the quality of service delivery and pose a risk in terms of health and safety, as referred to in the budget papers?**

The Chief Executive said that there was no direct evidence to suggest that the situation was having a detrimental impact on the day to day service. What was evident however was that cost pressures in providing the service were increasing without a corresponding increase in resources thereby increasing the risk? It would therefore be advantageous to put more money into the care providing service, particularly over the medium term, to mitigate the risk.

The Portfolio Holder, whilst agreeing with the Chief Executive that the situation did not currently pose a significant health and safety risk, felt that it was a great shame that the Council was responsible for one of the lowest pay group of workers in the Country. It was one of his priorities to address the issue as set out in the budget which included a proposal to commission a review of the service designed to improve the quality of care and ensure that the workers received a proper wage. He however accepted that achieving this would be very challenging at a time of diminishing financial resources.

**Q2: What benefits in terms of income is the Council receiving from its Commercialisation Strategy and in particular from Project Phoenix and when will we know the level of income that has been received from commercial activities?**

The Chief Executive, in replying, accepted that for a number of reasons some commercialisation projects had not delivered the income expected and built into the budget in the medium term. It was, however, important to remember that the Council had received income it would not have otherwise received by going down the route of commercialisation with such income contributing towards bridging the size of the budget gap.

The Chief Executive confirmed that the Council was fully aware of the amount of income it was receiving from commercialisation. It was also aware of the costs it was incurring. The income and costs would be reported at the end of the financial year when a full picture would emerge.

The Portfolio Holder felt that one of the challenges in trying to identify the additional income secured through commercialisation was to recognise that a so called new venture was not entirely new as it would have inherited a number of historical costs that would be difficult to identify and or isolate. It was also important to take into consideration the opportunity costs i.e. the costs of not doing something which was also difficult to quantify. He agreed with the Chief Executive that some projects had resulted in additional income with trade waste being an example. Although this additional income might not have been on the scale expected it had helped the Council to balance its budget at a time when central government funding was being significantly reduced. The commercialisation process had involved the Council in taking some risks, but the Portfolio Holder felt that these risks had been worth taking at time when the Council was endeavouring to protect front line services and bridge the budget gap.

**Q3: Now that the Withdrawal Bill had been enacted and building on the work that had already been undertaken within the Council to assess its impact what effect will Brexit have on the Council, particularly on residency?**

The Chief Executive clarified that, although work had been undertaken to identify the implications of Brexit for the Council, the work had been centred on what action would need to be taken in the event of a no-deal Brexit. A no deal Brexit still remained a possibility in which event the action identified would be triggered.

Whatever happened, Brexit or no -deal Brexit, the impact would depend on the impact on the UK's economy and how this impact translated into the resources available for public service and local government in particular. This impact would emerge over a period of time but it was inevitable that Brexit itself would impact on the Council's workforce and people coming into contact with the Council including providers or users of services.

The Borough was also the home of a number of European Nationals (Romanians being one of the largest) and whether they stayed, or others came in, they would impact on our services at a level not yet determined. The Council would also have an important role to play as they go through the process of achieving settled status.

The Chief Executive concluded by saying that overall the impact of Brexit would be softer in the short term than it would otherwise have been in a different scenario but the issue would need to be kept under review so that the impact in the longer term could be assessed and managed.

The Leader explained that the work carried out by the Council over the last 18 months on Brexit had been fed into the London Region of ten regional networks set up by the Home Office to receive feedback from Councils up and down the Country.

As indicated by the Chief Executive, the Borough had a large and growing Eastern European community, the Romanians being the largest in the Country. One of the tests for settled status was command of the English language and filling in forms which had proved to be quite challenging. The Council had received external funding from the Law Centre and the Migration Fund to provide support and was working with other agencies including embassies.

Brexit had heightened the level of uncertainty amongst the European community resulting in people moving as evidenced by a fluctuation in the school pupil numbers. This effect was being monitored by the Council so that any problems could be addressed.

**Q4: Given that it has been a constant priority in the past how will the 2020/21 priority to change the culture of the Organisation be approached to avoid culture fatigue and ensure the workforce participate in the process?**

**Q5: How does the Council become a learning and flexible Organisation?**

**Q6: How will you change a culture that regards councillors as a partner, someone to be tolerated or someone to be avoided?**

**Q7: Is the Chief Executive satisfied that the Council as an organisation is working in a joined-up way?**

**Q8: What progress is being made to achieve smarter team working through for example rolling out upgraded ITC?**

The Chief Executive said that the recently completed workforce survey would provide a good baseline as the feedback from staff had included a number of key messages e.g. the need to improve the quality of ICT and address issues relating to the facilities at the Civic Centre. He emphasised the importance of sorting out hygiene issues before moving on to more strategic ones.

The feedback had also included some surprisingly good messages - staff morale was not too bad and staff relationships with managers were positive. Nevertheless, there was quite clearly work to be done in terms of breaking down the silo mentality, creating common shared values (through the medium of the Borough Plan) and

emphasising the importance of cross departmental working. The overall objective was to achieve more joined up working within the Organisation and staff training and development would play an essential part in bringing about this change.

The modernisation programme had provided the opportunity to make an investment in staff training and development and provision had been made in the budget for HR to support implementation of this programme. The programme had not yet been rolled out but the draft included a development programme for managers and he would be personally involved with the programme for Senior Managers. He emphasised that that the programme would not have a short life of 6 months but would be over a 2-3-year period. He also confirmed that Councillors would be involved in the process.

The Chief Executive accepted that becoming a learning Organisation presented a significant challenge mindful that it was subject to political and structural change and changes in personnel. What he was hoping to embed in the Organisation was an infrastructure that, whilst recognising the inevitability of change, also provided for some degree of continuity. Getting better at communicating with the workforce would be one of the features of this infrastructure which was why he was working closely with the Communication Team to see how the Council could improve the way it communicated.

The Leader accepted that, because of the cut backs in recent years, the Council had not committed sufficient resources to support staff training and development. He therefore welcomed the new investment in this important area. There was an abundance of skills and abilities in the Council's workforce and the investment would provide an opportunity for individual staff to develop their potential outside of their silos and recognise, and adapt to, different ways of working.

Referring to the way the way Councillors were perceived within the Organisation the Chief Executive, whilst accepting the analysis, said that based on his own experience in other Councils the description was not untypical. The challenge was to change the culture so that a vast majority of the workforce perceived Councillors as partners. It was his and the duty of the senior management team to set an example by emphasising the importance of the democratic process and respecting the roles that Councillors played within it, thus demonstrating that the organisation was driven politically. He was satisfied that he and the SMT were setting such an example and it was incumbent upon him and senior managers to challenge any behaviour which did not respect the role of councillors and he encouraged councillors to do likewise. The challenge was to continue to ensure that respect and understanding of the political process was reflected throughout the Organisation and the Training and Development Programme referred to earlier would be one mechanism for achieving this.

He agreed that the role of the Leader/Portfolio Holders in the current staff induction programme was an example of good practice and a step in the right direction in demonstrating the political nature of the Organisation.

Referring to **Q7**, the Chief Executive replied by saying that he was not satisfied which was why the issue was being addressed through the initiatives referred to earlier. There were a number of reasons for the absence of joined up thinking including the narrow view that Departments sometimes adopted about the issues facing them within their own particular service area. Although this specialism was necessary there was also a need to see things more widely and recognise the interconnectivity between issues. As previously stated the programme to change the culture of the organisation would address this issue.

Furthermore, although the Borough Plan would be outwardly focussed in terms of identifying outcomes for the community, one of the key drivers behind its development would be the use to which it would be put internally. The Plan, by setting out the Council's purpose and what it hoped to achieve would provide a better chance for staff to see things not only from a departmental point of view, which was important to preserve specialisms, but also more holistically.

For the reasons previously given the Chief Executive accepted that smarter working referred to in **Q8** was still somewhat off although a start had been made in improving technology. The concepts and ideas (e.g., flexible working) were currently being worked on not only in relation to the Training and Development Programme for managers referred to earlier but also, in anticipation of the move to the new Civic Centre. Improving the relationship with staff working remotely and/or in other Council Offices was also being addressed.

The Portfolio Holder confirmed that the Council was investing heavily in ITC to improve ways of working. He also referred to the refresh of the Council's website which as a platform would enable over time the provision of more information and being mobile phone friendly would allow for the reporting of issues such as fly tipping regardless of location. Not wishing to be proven wrong but he was looking forward to the Council's website being regarded as the most responsive municipal website in the world!

**Q9: What will be the next steps to ensure that the Council's workforce reflects Harrow's diversity at all levels?**

The Chief Executive, in his capacity as Head of Paid Service, accepted that, although the Council had a very diverse work force reflecting the diversity of the Borough, the reflection was not good enough or at a level he would like to see at the senior level. There were, however, some encouraging small steps - a woman was now a member of the Corporate Strategic Board which sent out a message about role modelling. The person appointed to the post of Director of Human Resources and Organisation Development was a black woman which also sent out the right message given that her role would be to lead on equalities and diversity in an outer London Borough that had an extremely diverse community.

One of the responsibilities of the new Director would be to develop the People's Strategy which would include targets to improve diversity at all levels particularly at senior level. More work would be done internally to develop the skills and abilities of senior staff so that they were in a better position to compete for the top jobs when they became available. Externally, the Council would be more challenging with their recruitment partners to ensure that the field was as diverse as possible.

The Portfolio Holder explained that diversity was important to him and that one of the questions he had asked the candidates for the post of HR&OD was how they would address the issue. He had been particularly impressed by the successful candidate's very strong response which had emphasised the need to engage internal groups in a way that was meaningful in terms of having an impact on the culture of the Organisation. Whilst agreeing that there was a need to ensure that the field of candidates reflected diversity there was also a need to ensure that the composition of Recruitment Panels reflected diversity.

The Leader said that the issue of securing diversity at a senior level had been a struggle ever since he had become a councillor. It was a great regret that the mechanisms (e.g. Peer groups, interview training) that local government used to offer

to support people through the application and interview had largely disappeared as a result of the cuts. This loss had had an effect on the quality of applications submitted for top jobs. It was also regrettable that the grant the Council had received for its accredited career training and development programme had been withdrawn resulting in the abandonment of the programme. Bringing HR back in house would provide an opportunity to restore a career support service with responsibility for developing the large pool of talent that existed within the workforce.

**Q10: Is the Council involved in lobbying the government for resources to meet the needs of Adult and Social Care?**

The Leader replied in the positive by confirming that the Council was part of the cross-party campaign organised by the LGA to seek proper funding for adult and social care and to bring forward the promised Green Paper.

**Q11: What is the Council doing to ensure that the health and transport needs of residents are met?**

The Leader explained that a lot of consultation (of which consultation on the Council's Adult and Social Care Strategy was an example) had taken place around transport to ensure that the transport and health needs of residents were taken on board.

He also confirmed that meetings took place on a regular basis with TfL and Network Rail so that they could become aware of, and make their own plans to fit in with, the Council's schemes such as the regeneration programme. A number of proposals put forward by the Council had been successful e.g. the Wealdstone Scheme which encouraged more walking and accommodated changes to bus routes.

**Q12: how well is the Council working with partners to deal with the increase in crime and ensure that Harrow remains one of the safest boroughs in London?**

The Leader replied by saying that the Council was working in a different way with partners including the Police. Whilst regretting the restructuring of the police force and the consequential loss of the Borough Commander, he was pleased to report that the Council had a very good relationship with the Police who were also working with diminishing resources. For example, they did not have the resources to deal with low level anti-social behaviour such as street drinking.

He was however also pleased to report that despite their stretched resources the Police had been forthcoming in providing its support to the borough whenever this was required. For example, support from the violence and crime reduction unit had been provided to deal with problems arising from knife and drug related crime which was being perpetrated not by gangs in the Borough but by people congregating in Harrow. The Council had also been working with the voluntary sector with a focus on Wealdstone with positive results with crime and knife crime falling by over 50%. The work with the voluntary sector had attracted a lot of grant funding some of which was due to run out in March and October of this year. He was worried about the impact the loss of funding would have in terms of an increase in crime activity. Efforts were therefore being made in conjunction with the voluntary sector to find alternative sources of funding to support not only on-going initiatives but other schemes such as dealing with low level anti-social behaviour which would leave the police to concentrate on dealing with the harder criminal element. Although the Borough was seen as one of the safest in London the fear of crime was higher here than it was in Brent. Given that people regarded anti-social behaviour as a crime, receiving funding to deal with this behaviour would be one way of helping to reduce this fear. The London Council Network, of which the Council was part, were campaigning for

the need to recruit an additional 6000 police officers and 600 support staff across London to deal with the current level of crime.

The Leader felt that notwithstanding the need to work with diminishing resources overall the partnership with the police and the voluntary sector was working well.

The Chief Executive said that he had been very impressed by the willingness to enter into a dialogue and partnership with the Police. The Council had not been afraid to point out when and where the Police were not doing so well and where their resources should be targeted in the Borough. For example, earlier this year the Council had lobbied the Police to address incidents of aggravated burglary and whilst the issue had not gone away the Police's operations had had some impact.

In terms of funding, it was somewhat strange and counterproductive that in a low crime area such as Harrow additional funding was only provided if crime rates increased. When specialist funding had become available the Council had worked hard to emphasise the need to ensure it was directed towards the Council's priorities and addressed the concerns of the community e.g. drug dealing. The Council had also emphasised the importance and flexibility of neighbourhood policing and would be putting forward a strong case that as additional officers became available they were deployed in the neighbourhoods and areas of greatest needs thus recognising that hot spots moved around and possibly into a Ward which had not otherwise been identified as one with issues.

As the Council was not in direct control it was important for the Council to continue to influence Police operations which meant building on the good relationship that already existed and continuing to provide sound evidence to get the support it sought. Aligning the Council's services with Police operations through joint working, of which designing out crime was an example, would also continue.

**Q 13: Following one of the findings of Scrutiny Review of Youth and Children Services what is the Council doing to provide teaching of English to members of ethnic minority groups who do not speak English as a way of addressing the problems they encounter in accessing Council services and in particular to deal with their health needs?**

The Leader responded by saying that a number of courses had taken place on a regular basis across the borough funded from the Migration Fund.

**Q14: How much of the £100m capital approved by the Cabinet in July 2019 for borrowing has been used up and which of the transactions can be justified in terms of commercial investment?**

**Q15: What is the expected yield from property investment?**

**Q16: What are the rates for borrowing and how are investment decisions made?**

**Q17: The budget papers appeared to have two figures for the saving achieved as a result of an interest rate reduction on the £10m loan, £1.7m and £0.5m. Can the saving be clarified?**

The Chief Executive said that, although he did not have the precise figure the amount used to date was in the region of £7m on one property the return on which was reflected in the budget. Some £90m therefore remained available. As the capital had been accessed at a reasonable level of interest there was potential for the Council to increase its return. Going forward it was important for the Council to spread risks across asset types and locations depending on the outcome sought.

Investments would include property and lending to other authorities and partners (e.g. West London Waste), from which the Council received a good rate of return, would continue. Opportunities to see what returns could be made by making investments with the Council's preferred strategic partner for regeneration would also be considered.

Whilst the Council had some internal expertise any investment decision would be taken following advice from independent sources including CIPFA and LGA to ensure that the Commercialisation Strategy was being delivered and we got advice from Luton. The Cabinet would receive regular updates on progress together with an update of the Investment Strategy agreed two years ago.

Responding to supplementary **questions** the Chief Executive said he could not think of any examples where an investment decision would not comply with the Council resolution agreed last July which committed investments to be in the long term. It was also certain that the Council would continue to take internal and external advice not only on specific property investments but also on a range of options arising from a specific strategy such as Regeneration. He also expected that this one-off advice would be reviewed as the strategy and investments associated with it developed.

On **Q15**, the Chief Executive confirmed that a yield of 2.5% net was expected from property investment.

The Chief Executive said that the borrowing rates referred to in **Q16** fluctuated as the markets fluctuated but the Council sought to borrow at the most advantageous rate possible and to lock it in for as long as possible. To see if an investment was worthwhile the cost of the asset and the repayment costs would be calculated to which a figure of 2.5% would be added. The Council would be looking for a yield of 7 - 7.5% for an investment to be seen as worthwhile and this was being achieved in respect of £50m of its investments. The Chief Executive agreed that there would be a number of potential investments that would not meet the Council's criteria.

The Portfolio Holder confirmed that the Council's appetite was only for those investments that carried a low risk. The PWLB had increased its borrowing rate but this was after the Council had taken out its loan.

The Portfolio Holder said he would arrange for an explanation of the saving referred to in **Q17** and how it was represented in the MTFs to be circulated.

**Q18: How is the Council managing the additional costs for collecting the extra waste from the new blocks of flats being built throughout the borough?**

The Leader, replying in his capacity as Chair of the West London Waste Alliance, explained that 1000 tonnes of waste a day were being sent to the recovery centre in Wales. New priorities were being set by the Alliance to reduce the level of residual waste, thereby ultimately reducing the amount of waste overall, and to encourage recycling/reuse.

A campaign and communication exercise had recently started targeted at flat owners to improve the take up of the food waste collection and, although the borough had one of the best take up rates in London, it was estimated that some 400 tonnes of food waste were still being collected as residual waste. One of the objectives was to move this food waste into recycling and people moving into the new developments would be particularly targeted and encouraged to recycle their waste.

The recycling contract was due to expire shortly and the renewal of the contract would need to be mindful that the market for the take up of recycling material, such as wood and plastic, was fluctuating with some countries (e.g. Holland and China)

now refusing to take some of the materials they had previously taken. These fluctuating costs presented a challenge for the Council which is why the budget contained a risk factor.

The Chief Executive explained that he and the Director of Finance had identified a need to review the assumptions made about the gains from the increase in housing numbers and the Council Tax Base compared to the additional costs incurred. This review would establish whether a tipping point had been reached and if so whether an allowance should be made in the budget.

Responding to a **supplementary question** he confirmed that the level of this allowance had not been calculated but we need to make a bit more of an allowance and one idea being explored in preparation for the budget for 2021/22 was for half of the revenues from new developments to be included in the bottom line and to hold back the other half to maximise choices. The idea would be worked up in more detail during the course of the year.

In response to a further **follow up question** he agreed that the collection of waste from flats did pose a particular challenge and although the service was getting better there was still scope for improvement which the redesign of the Depot might help to contribute towards. Whilst some of the problems emanated from the residents, the Council could do more to make it more straight forward.

**Q19: What action is being taken to manage/reduce the level of debt within the Capital Programme?**

The Portfolio Holder explained that bids for capital funding were subjected to four rigorous tests including meeting health and safety requirements and to demonstrate an ability to pay for itself. Millions of pounds had been taken out of the Capital Programme as a result of this rigorous process which would continue to ensure that expenditure was essential.

He also pointed out that one of the reasons for going down the route of seeking a partner for its regeneration strategy was to share and manage risks, to secure a new Civic Centre and affordable housing at no Council to the Council.

**Q20: What action is being taken to bridge the projected budget gap of £15m for 2021/22?**

The Portfolio Holder replied by saying that the Council, like local government in general, was caught in a structural problem created by a number of uncertainties including the level of central government funding which made long term planning difficult. Some of these uncertainties would hopefully be resolved over time but in the meantime the Council would continue to spend prudently. It would also carry out a number of policy reviews in areas of greatest spending.

The Chief Executive shared the Portfolio Holder's frustration in not being able to make long term planning and felt that the uncertainty would continue until the end of 2020 when the Council might have a bit more certainty in the medium term.

Whilst it was prudent to paint a worst case scenario he was confident that the budget gap would come down as a result of increase in government grant, more resources for adult and social care, continuation of new home grant, borrowing etc. Although the gap might not be closed, he was also confident that the Council would not be faced with having to take huge chunks of money out of front line services.

The Leader thought it was important to remember that the main reason for the budget gap was the loss of revenue grant of some £50m from central government as

a result of which 77% of funding was via Council Tax. The Council would not know the level of support it will receive from central government until the Comprehensive Spending Review had been completed in March and fed into the budget process in November.

**Q21: What would you choose as your big ticket issues for 2020/21?**

The Leader went for Climate Change and Tackling Inequality and Poverty as did the Portfolio Holder. The Chief Executive chose health and social care integration.

At the end of the question session the Chair thanked the Leader, the Portfolio Holder and the Chief Executive for their attendance and responses.

**FOR CONSIDERATION**

Background Documents:

Draft Minutes of the Overview and Scrutiny Committee – 11 February 2020

Contact Officer:

Daksha Ghelani/[Bob Wearing], Senior Democratic Services Officer

Tel: 020 8424 1881

Email: daksha.ghelani@harrow.gov.uk

**CABINET – 13 FEBRUARY 2020**  
**MINUTE FROM HEALTH AND WELLBEING BOARD – 14 JANUARY 2020**  
**MINUTE 107 - INFORMATION REPORT - Draft Revenue Budget 2020/21 and**  
**Medium Term Financial Strategy 2020/21 to 2022/23**

The Board received a report which detailed Harrow Council's Draft Revenue Budget 2020/21 to 2022/23, as reported to the Council's Cabinet on 6 December 2019. It was noted that the budget and MTFS would return to Cabinet in February 2020 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 with future funding pressures identified by modelling reflected in table 2 of the report. The pressures were linked to future funding announcements and the MTFS currently did not assume any additional support over and above that received for 2020/21. In particular the commissioning activity could not be implemented until there was some surety of additional funding. The 2020/21 Adults budget assumed that funding for the Protection of Social Care through the Better Care Fund would remain at the agreed 2019/20 level of £6.112m.

In response to questions it was noted that:

- the transformation above £2m for transport was to identify how it could be undertaken differently in order to fund within the envelope;
- the first two lines for Social Care was the previously agreed GMT which was built in but not the bottom line (page 187);
- the matrix built in the shift in funding and the effect of existing cases.

The CCG Managing Director stated that the budget would be monitored at every Board meeting and that it would be helpful to have discussions on a plan around BCF which recognised the limited funding and ring fence that could be taken into account at the February or March A&E Delivery Board subject to it being decided whether this was the most suitable forum. The Director of Strategy and Deputy CEO, NWH NHS Trust, suggested the formation of a smaller group regarding conversations around assumptions and initiatives. Harrow Council welcomed the opportunity to share the conversation. It was advised that the A&E Delivery Board included Ealing and Brent in addition to Harrow. The Chair referred to the benefit of collaboration on some targets in order to mitigate sudden spikes and expressed interest in the outcome of the talks. It was agreed that it would be helpful to set up a BCF Board in Harrow as good governance around these issues. The Director for Adult Services would take this forward with colleagues from the Acute Trust and the CCG.

**RESOLVED:** That the report be noted.

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# EMPLOYEES' CONSULTATIVE FORUM MINUTES

## 29 JANUARY 2020

<b>Chair:</b>	* Councillor Adam Swersky	
<b>Councillors:</b>	* Camilla Bath	* Angella Murphy-Strachan
	* Philip Benjamin	* Mina Parmar
	Pamela Fitzpatrick	* Varsha Parmar (2)
<b>Teacher Representatives:</b>	† Ms L Crimmins	- NUT
	† Ms A Lyons	- NAHT
<b>Unison Representatives:</b>	* Mr G Martin	* Mr D Searles
	* Mr J Royle	
<b>GMB Representative:</b>	* Ms P Belgrave	

- \* Denotes Member present
- (2), (2) Denote category of Reserve Members
- † Denotes apologies received

### RECOMMENDED ITEMS

#### 27. INFORMATION REPORT - Draft Revenue Budget 2020/21 and Medium Term Financial Strategy 2020/21 to 2022/23

The Forum received a report of the Director of Finance which set out the draft Revenue Budget 2020/21 and Medium Term Financial Strategy (MTFS) 2020/21 to 2022/23, as reported to Cabinet at its meeting held on 9 January 2020. The Forum was informed that the budget and MTFS would return to Cabinet, which would submit its recommendation to full Council in February 2020 for final approval. The Director explained that this was the formal consultation process on the budget with the ECF, whose comments (if any) would be submitted to the February 2020 meeting of the Cabinet by inclusion of this minute as an appendix to the Budget Report.

The Forum welcomed the report and acknowledged the comprehensive discussions held with the trade unions in preparation of the budget.

**Resolved to RECOMMEND:** (to Cabinet)

That the report be noted and recommended to February 2020 Cabinet meeting for final approval and recommendation to Council.

## Equality Impact Assessment (EqIA)



### 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 type="radio"/> Cabinet <input type="radio"/> Portfolio holder <input checked="" type="radio"/> Other (state)	
Title of Proposal	Removal of base budget for 4 staffing positions at Headstone Manor and Museum from October 2020	Date EqIA created - 25/10/19
Name and job title of completing/lead Officer	Tim Bryan – Head of Service, Culture and Leisure	
Directorate/ Service responsible		
Organisational approval		
EqIA approved by Directorate Equalities Lead	Name Dave Corby	Signature <input checked="" type="checkbox"/> Tick this box to indicate that you have approved this EqIA  Date of approval 6 <sup>th</sup> November 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?** To remove the base budget for 4 staffing positions at Headstone Manor and Museum from October 2020. The posts are: Community Engagement Officer, Youth and Families Engagement Officer, Outdoor Learning Officer, and Digitisation Project Officer. These posts were created as part of the restoration of the museum project which received significant capital funding from the Heritage Lottery Fund. The salary costs of these posts are £135k (£91k funded from Heritage Lottery Fund (HLF) until September 2020 and £44k from the Council). These posts were intended to ensure that the restored museum was accessible to the whole community especially those from target groups which have traditionally been hard to reach audiences. These groups include families and children. If no alternative external funding can be secured these posts will be deleted.

**b) Summarise the impact of your proposal on groups with protected characteristics** The only protected characteristic that it is believed that these proposals would have an impact on is age, particularly on young people and families.

**c) Summarise any potential negative impact(s) identified and mitigating actions** It is believed that there would be a minor negative impact on young people and families. It would be intended to maintain the engagement networks and activities established for this target group by the work of the posts to be deleted especially by the Youth and Families Engagement Officer now that they have been set up. Applications for external grant funding to support delivery of activities to this target group will also be made as appropriate. Regular family events and work with schools including a project loan collection were in place before the 4 posts partially funded by HLF started.

<b>2. Assessing impact</b>																							
You are required to undertake a detailed analysis of the impact of your proposals on groups with protected characteristics. You should refer to <a href="#">borough profile data</a> , <a href="#">equalities data</a> , 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 <b>each</b> 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 <b>each</b> 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																			
<b>Age</b>	<p>The resident population of Harrow according to the 2018 mid-year population estimates was 250,149. Office for National Statistics (ONS) 2018 mid-year population data by age for the whole borough was as follows:</p> <table border="1" style="margin-left: 20px;"> <thead> <tr> <th>Age Group</th> <th>Total</th> </tr> </thead> <tbody> <tr> <td>0-4 year olds</td> <td>17,745</td> </tr> <tr> <td>5-19 year olds</td> <td>45,630</td> </tr> <tr> <td>20-24 year olds</td> <td>13,528</td> </tr> <tr> <td>25-49 year olds</td> <td>89,685</td> </tr> <tr> <td>50-59 year olds</td> <td>31,204</td> </tr> <tr> <td>60-74 year olds</td> <td>33,943</td> </tr> <tr> <td>75-89 year olds</td> <td>12,736</td> </tr> <tr> <td>90 years old and over</td> <td>2,148</td> </tr> </tbody> </table>	Age Group	Total	0-4 year olds	17,745	5-19 year olds	45,630	20-24 year olds	13,528	25-49 year olds	89,685	50-59 year olds	31,204	60-74 year olds	33,943	75-89 year olds	12,736	90 years old and over	2,148	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
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	<p>The age breakdown of the 4 staff at Headstone Manor and Museum who are affected by this proposal is as follows: 18-24 = ; 25-34 = ; 35-44 = 0; 45-54 = 0; 55+ = 0</p> <p>In 2018-19 there were 51,666 visitors to the museum. 7,827 people took part in the family activities (including Mini Museum for Under 5s, trails and workshops). There were 4,780 visits from school children.</p> <p>The greatest impact of these proposals is likely to be a reduction in the number of people visiting the museum particularly by young people and families. Engagement work with local schools also likely to decrease.</p> <p>Regular family events and work with schools including a project loan service were in place before the posts partially funded by Heritage Lottery Funded (HLF) started.</p> <p>The ages of the affected staff range from 22 to 31. The staffing reduction will be carried out according to the appropriate Council's management of change policy and equalities policy.</p>				
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: <a href="http://www.pansi.org.uk">www.pansi.org.uk</a>).</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>None of the 4 staff at Headstone Manor and Museum affected by these proposals are known to have a disability. The staffing reduction will be carried out according to the appropriate Council's management of change policy and equalities policy.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

	It is not anticipated that these proposals will have a specific impact on people who have a disability. The recent restoration of the Museum ensured that the museum is accessible to those with a disability and meets the required disability legislation.				
<b>Gender reassignment</b>	<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>None of the staff that would be impacted by this proposal indicated that they were part of this protected characteristic. This proposal will be carried out according to the appropriate Council's management of change policy and equalities policy.</p> <p>It is not anticipated that these proposals will have a specific impact on people from this protected characteristic.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Marriage and Civil Partnership</b>	<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>Of the 4 museum staff affected by these proposals 1 indicated that they are single, and 1 that they are married. These proposals will be carried out according to the Council's management of change policy and equalities policy.</p> <p>It is not anticipated that these proposals will have a specific impact on people from this protected characteristic.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
<b>Pregnancy and Maternity</b>	<p>The 2018 mid-year estimates showed an increase of 31 births (3,655 births in total) over 2017 mid-year estimates, a 0.86% increase. There was a consistent increase from 2001/02 to 2012/13.</p> <p>Of the 4 museum staff affected by these proposals one is currently on maternity leave.</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

	<p>These proposals will be carried out according to the Council's management of change policy and equalities policy.</p> <p>It is not anticipated that these proposals will have a specific impact on people from this protected characteristic.</p>																									
Race/ Ethnicity	<p>Census data (2011) shows the ethnic breakdown for Harrow to be as follows:</p> <table border="1" data-bbox="432 486 1167 916"> <thead> <tr> <th data-bbox="432 486 795 547">Ethnic Group</th> <th data-bbox="795 486 956 547">Total</th> <th data-bbox="956 486 1167 547">Percentage</th> </tr> </thead> <tbody> <tr> <td data-bbox="432 547 795 608">White British</td> <td data-bbox="795 547 956 608">73,826</td> <td data-bbox="956 547 1167 608">31%</td> </tr> <tr> <td data-bbox="432 608 795 668">White Other</td> <td data-bbox="795 608 956 668">27,165</td> <td data-bbox="956 608 1167 668">11%</td> </tr> <tr> <td data-bbox="432 668 795 729">Mixed</td> <td data-bbox="795 668 956 729">9,499</td> <td data-bbox="956 668 1167 729">4%</td> </tr> <tr> <td data-bbox="432 729 795 790">Asian or Asian British</td> <td data-bbox="795 729 956 790">101,808</td> <td data-bbox="956 729 1167 790">43%</td> </tr> <tr> <td data-bbox="432 790 795 850">Black or Black British</td> <td data-bbox="795 790 956 850">19,708</td> <td data-bbox="956 790 1167 850">8%</td> </tr> <tr> <td data-bbox="432 850 795 911">Arab and Other Group</td> <td data-bbox="795 850 956 911">7,050</td> <td data-bbox="956 850 1167 911">3%</td> </tr> </tbody> </table> <p>It is not anticipated that these proposals will have a specific impact on people from this protected characteristic.</p> <p>The ethnic groups of the 4 staff affected who indicated their ethnic origin is as follows:  White – British = 2  White – Other =1</p> <p>These proposals will be carried out according to the Council's management of change policy and equalities policy.</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%	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
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<b>Religion or belief</b>	<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>It is not anticipated that these proposals will have a specific impact on people from this protected characteristic.</p> <p>Of the staff affected by these proposals 2 indicated that they had no religion/were atheist.</p> <p>These proposals 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"/>
<b>Gender</b>	<p>ONS data: In the mid-year estimate 2018, 50% (125,133) of Harrow residents were male and 50% (125,016) are female. The first year where males have exceeded females.</p> <p>It is not anticipated that these proposals will have a specific impact on people from this protected characteristic.</p> <p>All 4 museum staff that would be affected by these proposals are female.</p> <p>These proposals 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"/>
<b>Sexual Orientation</b>	<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>2 staff who would be affected by these proposals indicated that they are</p>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>

	heterosexual/straight. The staff restructure will be carried out according to the Council's management of change policy and equalities policy.				
<b>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?</b>					
<input type="checkbox"/> Yes                      No <input checked="" type="checkbox"/>					
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					
<b>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?</b>					
<input type="checkbox"/> Yes                      No <input checked="" type="checkbox"/>					
If you clicked the Yes box, Include details in the space below					

<b>3. Actions to mitigate/remove negative impact</b>					
<b>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.</b>					
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 <b>each</b> 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
<p>Potential minor impact on young people and families – potential for fewer people from these age groups to attend the museum as this was one of the key audience groups targeted by the roles that would be deleted under this proposal – in particular the Youth and Families Engagement Officer and the Community Engagement Officer.</p>	<p>The affected posts were set up after the completion of the restoration of the museum partially funded by HLF with the aim of establishing suitable activities for target audiences including young people and activities and ensuring that suitable activities were put in place for this age group. It is intended that the engagement networks and activities established will be sustained as much as possible within the remaining resources now that they are already in place, and that applications for external grant funding will be made to sustain service delivery to young people and families as appropriate both prior to the end of the current HLF funding period and afterwards.</p> <p>Regular family events and work with schools including a project loan service were in place before the 4 posts partially funded by HLF started.</p>	<p>Statistics of young people and families visiting the museum will continue to be recorded to assess the impact of the proposed removal of these 4 posts, and the measures taken to mitigate the impact</p>	<p>Ongoing</p>	<p>Kerry Blackburn</p>


#### 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

Headstone Manor and Museum will continue to provide services to the whole community including all ages, ethnic and religious groups, and all the other protected characteristics. There will continue to be activities targeted at specific groups provided, and opportunities for people from different groups to participate in activities together.

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

<input type="checkbox"/> <b>Outcome 1</b> <b>No change required: the EqlA has not identified any potential for unlawful conduct or disproportionate impact and all opportunities to advance equality of opportunity are being addressed</b>
<input checked="" type="checkbox"/> <b>Outcome 2</b> <b>Adjustments to remove/mitigate negative impacts identified by the assessment, or to better advance equality, as stated in section 3&amp;4</b>
<input type="checkbox"/> <b>Outcome 3</b> <b>This EqlA 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.</b>
Include details here



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**REPORT FOR: CABINET**

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<b>Date of Meeting:</b>	13 February 2020
<b>Subject:</b>	Final Capital Programme 2020/21 to 2022/23
<b>Key Decision:</b>	Yes Involves expenditure in excess of £1m
<b>Responsible Officer:</b>	Dawn Calvert, Director of Finance
<b>Portfolio Holder:</b>	Councillor Adam Swersky, Portfolio Holder for Finance and Resources
<b>Exempt:</b>	No
<b>Decision subject to Call-in:</b>	Yes
<b>Wards affected:</b>	All
<b>Enclosures:</b>	Appendix 1 – Total Capital Programme 2020/21 to 2022/23 (including new additions at Appendix 2)  Appendix 2 – New Capital Additions 2020/21 to 2022/23

## Section 1 – Summary and Recommendations

This report sets out the proposed Capital programme proposals for the financial years 2020/21 to 2022/23.

### **Recommendations:**

1. Cabinet is requested to recommend the capital programme, as detailed within Appendix 1, to Council for approval.
2. Cabinet is requested to approve top slicing 10% of all existing Neighbourhood Community Infrastructure Levy (NCIL) balances and future receipts across the borough for the management and delivery of projects funded by NCIL (paragraphs 22 to 24).

**Reason:** To enable the Council to have an approved Capital Programme for 2020/21 to 2022/23.

## Section 2 – Report

### **Capital Programme 2020/21 to 2022/23**

1. This report sets out the Council's proposals for Capital Investment over the financial years 2020/21 to 2022/23, which provides significant investment over the next 3 years in the General Fund and Housing Revenue Account (HRA).

### **Development of the Capital Programme**

2. Each year as part of the Annual Budget setting process services are requested to put forward proposals for new Capital required for the next 3 years. These proposals set out at Appendix 2 are added to the existing Capital programme to give the total Capital Programme. The total Capital Programme set out at Appendix 1 shows total investment in the General Fund of £83.8m and £138.9m in the HRA over the period 2020/21 to 2022/23.

### **Cost of the Existing General Fund Capital Programme - (excluding Appendix 2 additions)**

3. In 2020/21, the capital financing budget for funding the current and previous capital programmes is £33.8m. This figure of £33.8m includes the existing programme for 2019/20 and 2020/21 (agreed by Council in February 2019) and also relates to the cost of historic capital programmes spent prior to 2019/20. £33.8m is approximately 20% of the net revenue budget of £167m in 2019/20.
4. Although there are no specific limits to borrowing in order to fund capital expenditure, the Council must be prudent when considering the revenue implications in the context of the overall revenue budget commitments in the medium term and the Capital Programme must be affordable.
5. 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.

6. Table 2 below shows the capital financing costs that are already factored into the MTFs from 2018/19 to 2021/22 in relation to the existing and historic capital programmes as a proportion of the 2019/20 net revenue budget of £167m.

**Table 2 - Capital Financing Costs as % of the Net Revenue Budget**

	Capital Financing Costs	Capital financing costs as % of 2019/20 Net Budget
	£m	%
2018/19	24.6	15%
2019/20	32.6	19%
2020/21	33.8	20%
2021/22	35.7	21%

**New Capital proposals for 2020/21 to 2022/23**

7. Service directorates were invited to bid for capital resources, as part of their service proposals for 2020/21 to 2021/23. In view of the current financial climate and reduced external funding service directorates were asked to limit new capital proposals to the following categories:
- Life and Limb/Health and Safety.
  - Statutory Requirement/legislation.
  - Schemes fully funded by external sources.
  - Invest to Save Schemes (the capital expenditure must generate a revenue stream to cover the capital financing costs and make a savings contribution).
8. The new proposed General Fund capital projects for 2020/21 to 2022/23 are detailed in Appendix 2 and summarised in Table 1 below:

Table 1

Capital Programme 2020/21 to 2022/23	2020/21			2021/22			2022/23			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	Gross Value £000	External Funding £000	Net Value £000
Total Resources Directorate	0	0	0	2,163	0	2,163	1,244	0	1,244	3,407	0	3,407
Total People's Directorate	1,125	0	1,125	0	0	0	0	0	0	1,125	0	1,125
Total Community Directorate	5,467	4,817	650	32,720	8,135	24,585	28,928	5,458	23,470	67,115	18,410	48,705
<b>Total All Directorates</b>	<b>6,592</b>	<b>4,817</b>	<b>1,775</b>	<b>34,883</b>	<b>8,135</b>	<b>26,748</b>	<b>30,172</b>	<b>5,458</b>	<b>24,714</b>	<b>71,647</b>	<b>18,410</b>	<b>53,237</b>

9. The gross value of the new proposed General Fund capital projects for 2020/21 to 2022/23 as detailed in Appendix 2 and summarised in Table 1 is **£71.647m**. After allowing for with external funding (which includes the use of Borough CIL funding and external grants) of **£18.410m**, there is a net increase in the programme of **£53.237m**.

10. The new proposals which are set out in more detail in Appendix 2 are summarised as follows:

### **Resources**

- £3.4m - Ongoing ICT improvements across the Council.

### **People's Directorate**

- £0.5m - Assistive Technology in Adult services. This relates to providing enhanced telecare equipment for residents and is pending the evaluation of an in year pilot.
- £225k – A number of small projects which will enhance facilities across a number of Adult social care locations (£125k) and the Early support hubs in Children's services (£100k).
- £400k – Day respite provision. The proposal is to develop further and extend specialist short break services for children and young people with more complex special educational needs. This will be subject to a business case to demonstrate the service could be provided at no additional running cost to the Council.

### **Community Directorate**

- £1.36m – Improvements to the Council's Corporate Estate.
- £1m - Improvements in parks infrastructure such as paths and footways.
- £695k – Improvements at the Civic Amenity site as well as the provision of trade and domestic waste bins and some improvements to car park infrastructure.
- £300k – Green Grid projects. This is to fund Improvements to Harrow's green Infrastructure. This is funded from BCIL.
- £11.5m – Investment in the Highways Programme and to undertake essential structural works and enhancements.
- £1m – Flood Defence and Highways drainage. This is fully funded from BCIL.
- £2m – Street Lighting programme of investment which upgrades life expired columns and replaces conventional lighting with energy efficient LED lighting.
- £3.382m – Transport projects and parking management initiatives set out on the Local Implementation plan. £2.782m of which is funded by Transport for London (TFL).
- £8m – Wealdstone Major Transport Infrastructure projects. These substantial projects in Wealdstone will focus on bus and Town Centre improvements and a liveable neighbourhood for the wider transport network. Both these projects are to be funded from TFL grant funding of £5.34m and BCIL of £2.66m.

- £1.218m – Headstone Manor Flood Alleviation scheme. This project is again fully funded by a combination of external grant funding from the Environment Agency £718k and £500k from BCIL.
- £650k – Vehicle workshop at the new depot. This facility is required for carrying out maintenance and upkeep of the Council’s fleet of vehicles and also vehicles that the Council manages on behalf of Brent Council.
- £390k – Leisure and Libraries Infrastructure, of which £120k relates to the replacement of self service kiosks across the 14 libraries.
- £2.076m – Harrow Arts Centre. £300k relates to essential health and safety improvements required and £1.776m is required to complete the new build project which requires a traditional build for the new buildings being added rather than modular units. The £2.076m is fully funded from BCIL.
- £30m - Property Acquisition Programme. This funds the acquisition of further properties on the open market that can be used as temporary accommodation for homeless households. This is a preferable alternative to using Bed and Breakfast Accommodation, which is also more expensive. This £30m is put into the programme on the basis that the £30m capital financing costs will be funded through savings made in Temporary Accommodation costs in the Housing General Fund and therefore is cost neutral to the General Fund (as a minimum).
- £3.034m – Disabled Facilities Grants. These grants are provided for residents with physical and/or sensory disabilities who are in need to assistance in adapting properties so that they can continue living at home instead of going into care. The budget is set at the estimated value of Government grant expected in each year and therefore at no cost to the Council. The funding covers adaptations provided by both Housing and adult services.
- £510k – Regeneration Budget. When the Regeneration budget was revised and agreed by Cabinet in December 2018, an amount of £510k was included for 2021/22 for the Waxwell Lane project, but as this year was outside of the Capital Programme budget agreed in February 2019, it was agreed that this additional sum would be added as part of the refresh of the Annual budget.

### **Funding of the new capital proposals**

11. A summary of the net £18.410m of external funding/BCIL is set out below which shows the split between £11.874m of external grant funding and £6.536m of BCIL as follows:

- **£5.340m** TFL Funding for the Wealdstone Major Transport Project
- **£2.782m** TFL Funding for the Local Implementation Parking Programme.
- **£3.034m** Grant Funding for Disabled Facilities Grants
- **£718k** Environment Agency Funding for Headstone Manor Flood Alleviation Scheme

- **£2.076m** BCIL for Harrow Arts Centre
- **£2.660m** BCIL for the Wealdstone Project
- **£1.0m** BCIL for Flood Defence and Highways Drainage
- **£300k** BCIL for the Green Grid Programme
- **£500k** BCIL for the Headstone Manor Flood Alleviation Scheme

12. When bids were invited for 2020/21 to 2022/23, it was on the basis that unless they were life and limb/Health and Safety or required as a result of Statutory requirements/legislation, 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.
13. Of this net total value of bids of £53.237m, £30m relates to a continuation of the existing Property acquisition Programme in the Housing General Fund (£15m in 2021/22 and 2022/23). This is put in the programme on the basis that the £30m will be funded through savings made in Temporary Accommodation costs in the Housing General Fund and therefore cost neutral to the General Fund (as a minimum). Therefore, the remaining £23.237m is the net Capital Programme figure which will attract capital financing costs which needs to be funded from the revenue budget.
14. In addition there are known underspends in the 2019/20 Capital Programme in relation to the Disabled Facilities Grants budget within the Community Capital Programme (£847k) and also from the Resources Capital Programme in the Ongoing ICT budget (£889k). Both of these underspends have been factored in to reduce Capital Financing costs and therefore used to offset the cost of new borrowing for the new proposals set out in Appendix 2.
15. The Capital Financing cost associated with the £23.237m net Programme is £1.250m which has been included in the Budget in 2022/23. There is an incremental cost of £532k in 2023/24 as the full Capital Financing cost increases to £1.782m in 2023/24. Therefore, an additional £532k needs to be factored into the budget for 2023/24 as part of next year's 2021/22 budget process.

**Table 3 - Capital Financing Implications of New Additions (excluding the £30m property acquisition which is self financing)**

Capital Financing Costs	Annual costs
	<b>£000</b>
Minimum Revenue Provision (MRP)	660
Interest	590
Total Capital Financing Costs	1,250

**Community Infrastructure Levy (CIL) Funding**

16. 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.

17. 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.
18. 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.
19. In 2017, the principle was adopted by the Major Development Panel (14<sup>th</sup> November 2017) and recommended to Cabinet that the allocation of Borough and Neighbourhood CIL is included as part of the Annual Budget Setting process and included in the Capital Programme report which goes to Cabinet in draft (this report) and in February in its final version.
20. 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.
21. In terms of the Neighbourhood element of CIL 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.
22. The Neighbourhood Community Infrastructure Levy is used to fund local infrastructure projects and has been flexibly used and to date has been used for public realm, community safety (cctv, fencing, lighting), street furniture, play equipment and greening projects.
23. The latest data shows Neighbourhood Community Infrastructure Levy generated across 21 wards is circa £2.3m. The money has been used to help deliver 18 projects of which 3 have been completed. These are capital projects and even the smallest project requires extensive cross council work which can include procurement, finance, planning, highways, drainage, public protection and community engagement. However, there is not a dedicated project management resource identified to implement these schemes. As a result there are lengthening delays between member approval for a scheme and its completion.
24. From a CIL Regulation perspective, it is considered that it is possible to 'top-slice' / capitalise salary costs against NCIL funds and therefore it is

proposed that of the existing 15% allocation of NCIL, Cabinet approve top slicing 10% of all existing NCIL balances and future receipts across the borough for the management and delivery of projects funded by NCIL.

25. Table 4 sets out the CIL funding received to 30<sup>th</sup> September 2019 which shows that £7.731m of BCIL has been received to date:

**Table 4 – CIL Funding and Allocations to 30<sup>th</sup> September 2019.**

	BCIL	NCIL	Admin topslice	Total
	£'000	£'000	£'000	£'000
Balance as at 31.3.2019	6,533	2,144	271	<b>8,948</b>
19/20 Receipts (up to 30/9/19 as per SAP)	1,198	211	70	<b>1,479</b>
<b>Total Balance (up to 30/9/19)</b>	<b>7,731</b>	<b>2,355</b>	<b>341</b>	<b>10,427</b>

26. The Allocation of BCIL funding to date amounts to £7.016m as set out in Table 5 below:

**Table 5: Schemes funded from CIL to date**

19/20 to 20/21 Capital programme commitments:	2019/20	2020/21	2021/22	2022/23	Total
	£'000	£'000	£'000	£'000	£'000
Flood Defence and Highway Drainage	500	500			1,000
Headstone Manor (Parks for People)	250				250
Parks Playground replacement	676	250			926
GGF Round 2 - HAC modular buildings	1,150				1,150
New Town Centre library	2,090				2,090
Sudbury Hill step free access	50				50
High Street Fund	650	900			1,550
<b>Total Commitments</b>	<b>5,366</b>	<b>1,650</b>	<b>0</b>	<b>0</b>	<b>7,016</b>

27. After taking into account the £7.016m of schemes already committed as funded from BCIL in the programme, this leaves a balance of £715k available to fund new capital schemes. The new programme set out at Appendix 1 and summarised in Table 6 below assumes £6.536m of BCIL funding. The planning policy team have estimated that the annual element of BCIL available to fund the capital programme is £2.4m. Therefore, the estimated additional BCIL to be available for the remainder of 2019/20, and then 2020/21, 2021/22 and 2022/23 would be as circa £8.4m. Applying £5.821m of estimated future BCIL funding (£6.536m less £715k available) out of a total estimated future £8.4m of BCIL funding to be received is considered a reasonable assumption. However should this estimated level of BCIL not be received then it would be necessary to fund the schemes from other sources but ultimately borrowing.

**Table 6 – New capital bids to be funded from BCIL**

New capital bids as part of 20/21 Budget process with CIL request: (NB: Amount shown is the CIL element only)	2019/20	2020/21	2021/22	2022/23	Total
	£'000	£'000	£'000	£'000	£'000
Green Grid	0	0	150	150	300
Wealdstone Major Transport Infrastructure Projects		900	1,130	630	2,660
Headstone Manor Flood Alleviation scheme		500			500
Flood Defence and Highway Drainage			500	500	1,000
Harrow Arts Centre		300			300
Harrow Arts Centre		599	1,177		1,776
<b>Total CIL funding requests</b>	<b>0</b>	<b>2,299</b>	<b>2,957</b>	<b>1,280</b>	<b>6,536</b>

**Housing Revenue Account (HRA)**

28. 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.

**Options considered**

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

**Legal Implications**

30. Under the Financial Regulations paragraph B2 full council is responsible for agreeing the authority's policy framework 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**

31. 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**

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

**Performance Issues**

33. 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.
34. Monitoring of the approved programme is ongoing and is essential for good financial management.
35. 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**

36. 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**

37. 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.
38. 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*

39. Consultation responses received on this draft programme will be taken into account in drafting the final EIA.

### **40. Council Priorities**

The Council's draft Capital Programme for 2020//21 to 2022/23 has been prepared in line with the Council's 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: 03/02/2020		
Name: David Hodge	<input checked="" type="checkbox"/>	on behalf of the * Monitoring Officer
Date: 03/02/2020		

### Section 3 – Procurement Clearance

Name: Nimesh Mehta	<input checked="" type="checkbox"/>	on behalf of the * Head of Procurement Officer
Date: 03/02/2020		

### Section 3 – Corporate Director Clearance

Name: Charlie Stewart	<input checked="" type="checkbox"/>	Corporate Director
Date: 03/02/2020		

<b>Ward Councillors notified:</b>	<b>NO, as it impacts on all Wards</b>
<b>EqIA carried out:</b>	<b>NO</b>
<b>EqIA cleared by:</b>	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](mailto:sharon.daniels@harrow.gov.uk)

**Background Papers:** None

<b>Call-In Waived by the Chairman of Overview and Scrutiny Committee</b>	<b>NO</b>
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Project Title	2020/21			2021/22			2022/23			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	Gross Bid Value	External Funding £000	Net Value £000
<b>Resources Directorate</b>												
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	3,000		3,000	1,088		1,088	988		988	5,076		5,076
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.	1,700		1,700	1,075		1,075	256		256	3,031		3,031
SAP upgrade/alternative provision.	1,500		1,500							1,500		1,500
<b>Total Resources</b>	<b>6,200</b>		<b>6,200</b>	<b>2,163</b>		<b>2,163</b>	<b>1,244</b>		<b>1,244</b>	<b>9,607</b>		<b>9,607</b>
<b>People's Directorate</b>												
<b>Adults</b>												
Assistive Technology - £0.5m is being sought for enhanced telecare equipment pending the evaluation of the in year pilot.	500		500							500		500
In House Residential Works - this sum of £125k represents the following proposed works: £50k for Gates and a Generator at Vaughan Road, £11k for Party wall at Vaughan Road, £5k for a hoist at Bedford House, £50k for outdoor building at Wiseworks, £10k for other minor works	125		125							125		125
<b>Total Adults</b>	<b>625</b>		<b>625</b>							<b>625</b>		<b>625</b>
<b>Schools and Children's</b>												
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)	621	621								621	621	

Project Title	2020/21			2021/22			2022/23			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	Gross Bid Value	External Funding £000	Net Value £000
Day Respite Provision – a sum of £400k has been requested. The proposal is to develop further and extend specialist short break services for children and young people (CYP) with more complex special educational needs. An ex-caretaker’s house at Cannon Lane primary school has been identified as a possible location for this provision. The proposed provision is anticipated to be a day provision offering tea visits, weekends and holiday day activities – day care provision during half term times and weekends only, tea visits after school hours. A business case needs to be developed to ensure that this service could be delivered at no cost to the Council by covering all costs such as staffing, premises running costs, as well as covering the cost of regular maintenance for both the facility and equipment	400		400							400		400
Children’s Services Buildings programme of works – this relates to Early Support Hub buildings and is required in order to ensure they are fit for purpose and attract service users and partner agencies to take advantage of the valuable programmes and services offered at these centres. Once this £100k is spent which will cover a number of improvements to get the buildings back to good condition, future works will be met from the Corporate Accommodation capital programme held within the Community Directorate.	100		100							100		100
<b>Total School and Children</b>	<b>1,121</b>	<b>621</b>	<b>500</b>							<b>1,121</b>	<b>621</b>	<b>500</b>
<b>TOTAL PEOPLE'S</b>	<b>1,746</b>	<b>621</b>	<b>1,125</b>							<b>1,746</b>	<b>621</b>	<b>1,125</b>
<b>Community Directorate</b>												
Probation Centre Refurbishment and redevelopment of the building after it is handed back to the Authority to maximise the value of the asset	3,000		3,000							3,000		3,000
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	30		30	60		60

Project Title	2020/21			2021/22			2022/23			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	Gross Bid Value	External Funding £000	Net Value £000
Corporate Accommodation Improvements to corporate buildings to provide a safe and secure environment in which to operate its business.	205		205	190		190	190		190	585		585
High Priority Planned Works To continue the programme of investment to undertake essential maintenance across the Corporate Estate to ensure that properties are maintained in a safe and appropriate condition and comply with appropriate statutory, regulatory and corporate standards.	650		650	490		490	490		490	1,630		1,630
Flood Defence & Highways Drainage -assume BCIL To deliver the flood defence and alleviation programme of investment and implement schemes that minimise the risk of flooding from approximately 80kms of rivers and watercourses in the borough, and the highways drainage programme of investment and implement schemes in 15 critical drainage areas identified in the Council's Surface Water Management Plan.	500	500		500	500		500	500		1,500	1,500	
Highways Programme To deliver the highways programme of investment and undertake essential structural maintenance to the highway asset.	5,000		5,000	6,000		6,000	5,500		5,500	16,500		16,500
Parking Management Programme	300		300							300		300
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
Waste Services bins (Trade) Replacement of aged, damaged and/or lost wheeled bins, as well as bins provision for new residential development within the borough and bins for business (as part of trade waste service).				150		150	150		150	300		300
Waste Services bins (Domestic) Replacement of aged, damaged and/or lost wheeled bins, as well as bins provision for new residential development within the borough and bins for business (as part of trade waste service).				100		100	100		100	200		200

Project Title	2020/21			2021/22			2022/23			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	Gross Bid Value	External Funding £000	Net Value £000
CA Site Infrastructure On-going maintenance programme to the Civic Amenity site to ensure it provides a safe and secure environment in which to operate its business and continue to meet the needs of staff and users.				75		75	75		75	150		150
Street Lighting Programme To continue the street lighting programme of investment, which includes upgrading life expired street lighting columns and replacing conventional lanterns for more energy efficient LED lanterns	1,000		1,000	1,000		1,000	1,000		1,000	3,000		3,000
Local Implementation Plan (LIP) including Parking Management Programme To deliver the transport projects and initiatives set out in the third Transport Local Implementation Plan (LIP) programme of investment for 2020/21 - 2022/23. A Parking Management Programme to implement controlled parking schemes and restrictions is funded by Harrow Capital and supports the delivery of the LIP.	1,291	1,291		1,691	1,391	300	1,691	1,391	300	4,673	4,073	600
Purchase of Trade Waste Bins Purchase of bins to support expansion of business as part of Project Phoenix	100		100							100		100
Green Grid Programme Improvements to Harrow's green infrastructure to provide a network of interlinked and multifunctional open spaces. BCIL funding sought to fund the project.	150	75	75	150	150		150	150		450	375	75
CCTV Infrastructure - this project is to upgrade the borough's CCTV infrastructure. The current infrastructure has been in place since 2001.	50		50							50		50
Parks Infrastructure On-going programme to address historic under-investment and responsive only maintenance regimes to parks buildings and infrastructure; to address areas of deterioration and improve existing facilities and provide safe access for users.	675		675	500		500	500		500	1,675		1,675
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	250	250								250	250	

Project Title	2020/21			2021/22			2022/23			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	Gross Bid Value	External Funding £000	Net Value £000
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.	1,324		1,324							1,324		1,324
Depot redevelopment - this proposal is to redevelop the Central depot to consolidate and intensify the existing site.	5,000		5,000							5,000		5,000
Wealdstone Major Transport Infrastructure Projects These projects are (1) a town centre / bus improvements scheme along the High Street / A409 corridor and (2) a Liveable Neighbourhood for the wider transport network and residential neighbourhoods around the town centre. Both projects require significant external funding from TFL (£5.34m - A bid for a Wealdstone Liveable Neighbourhood is being submitted by the November 2019 deadline and a decision on the outcome is anticipated in early 2020) supported by a borough match fund. A match fund of one third of the total is indicated, made up from CIL funding (£2.66m).	2,700	2,700		3,400	3,400		1,900	1,900		8,000	8,000	
Headstone Manor Flood Alleviation scheme The proposed scheme is a combination of works in the Headstone Manor Recreation Ground playing fields and comprises the construction of a 20,000 m3 storage basin, to reduce flow leaving site and reducing the pressure on the existing sewer and river network downstream. Environment Agency funding of £0.718m has been granted , with the match fund of £0.5m being anticipated from BCIL.	1,218	1,218								1,218	1,218	
Vehicle Workshop at the Depot - This project seeks to ensure the fit out of the vehicle workshop areas in the new Depot that are required by Harrow in the maintenance and upkeep of its fleet, as well as the repair and maintenance of Brent vehicles and covers work requested by Barnet.	650		650							650		650
<b>Total Environment &amp; Commissioning</b>	<b>24,228</b>	<b>6,034</b>	<b>18,194</b>	<b>14,261</b>	<b>5,441</b>	<b>8,820</b>	<b>12,276</b>	<b>3,941</b>	<b>8,335</b>	<b>50,765</b>	<b>15,416</b>	<b>35,349</b>

Project Title	2020/21			2021/22			2022/23			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	Gross Bid Value	External Funding £000	Net Value £000
<b>Culture</b>												
Leisure and Libraries Capital Infrastructure Targeted investment to improve the infrastructure of the Council's leisure and library facilities.	150	150		135		135	135		135	420	150	270
Libraries Self-Service Kiosks Refresh To replace the 14 self-service kiosks across the 6 Harrow Libraries.				120		120				120		120
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							150		150
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.	422	422								422	422	-
Harrow Arts Centre Additional funding to complete the existing refurbishment and new build project. Original funding in the existing programme is £1.91m (GLA funding £760k and BCIL £1.15m). The total cost estimates are now £3.686m for the whole project, which takes into account the revised cost for refurbishing existing buildings based on updated QS advice and the requirement for traditional build for the new building (instead of modular building).	599	599		1,177	1,177					1,776	1,776	-
Harrow Arts Centre Capital Infrastructure Capital investment to deliver essential Health and Safety works including drainage, toilet facilities, roof tiles, external railings, fencing and paving, and intruder alarms.	300	300								300	300	-

	2020/21			2021/22			2022/23			Total		
<b>Project Title</b>	<b>Gross Value £000</b>	<b>External Funding £000</b>	<b>Net Value £000</b>	<b>Gross Value £000</b>	<b>External Funding £000</b>	<b>Net Value £000</b>	<b>Gross Value £000</b>	<b>External Funding £000</b>	<b>Net Value £000</b>	<b>Gross Bid Value</b>	<b>External Funding £000</b>	<b>Net Value £000</b>
Harrow Museum Capital Infrastructure - this covers regular planned works beyond day to day maintenance revenue costs.	104	60	44							104	60	44
<b>Total Culture</b>	<b>1,725</b>	<b>1,531</b>	<b>194</b>	<b>1,432</b>	<b>1,177</b>	<b>255</b>	<b>135</b>		<b>135</b>	<b>3,292</b>	<b>2,708</b>	<b>584</b>
<b>Housing</b>												
Better Care Fund - Disabled Facilities Grant - Grants to fund adaptations to private properties to help enable residents to remain in their existing homes	2030	1180	850	1,517	1,517		1,517	1,517		5,064	4,214	850
Empty Properties Grants - Grants to help bring empty properties back into use, generally in exchange for nomination rights for a period of time	450		450							450		450
Property Acquisition Programme Extension of scheme to acquire additional properties on open market for use as temporary accomodation to prevent additioanl expenditure on General Fund on the more expensive Bed & Breakfast to accommodate homeless households.				15,000		15,000	15,000		15,000	30,000		30,000
<b>Total Housing</b>	<b>2,480</b>	<b>1,180</b>	<b>1,300</b>	<b>16,517</b>	<b>1,517</b>	<b>15,000</b>	<b>16,517</b>	<b>1,517</b>	<b>15,000</b>	<b>35,514</b>	<b>4,214</b>	<b>31,300</b>
<b>Regeneration</b>												
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.	1,000	900	100							1,000	900	100

Project Title	2020/21			2021/22			2022/23			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	Gross Bid Value	External Funding £000	Net Value £000
Lyon Road public square project (GLA and S106 funded) – this project is to transform an existing public car park into a multi-function public space, improving the general environment for pedestrians and providing the opportunity for markets. It will include permanent kiosk pods to bring a mix of new commercial opportunities for businesses as well as exhibition space	201	201								201	201	
Regeneration Programme	5,193		5,193	510		510				5,703		5,703
<b>Total Regeneration</b>	<b>6,394</b>	<b>1,101</b>	<b>5,293</b>	<b>510</b>		<b>510</b>				<b>6,904</b>	<b>1,101</b>	<b>5,803</b>
<b>Total Community Directorate</b>	<b>34,827</b>	<b>9,846</b>	<b>24,981</b>	<b>32,720</b>	<b>8,135</b>	<b>24,585</b>	<b>28,928</b>	<b>5,458</b>	<b>23,470</b>	<b>96,475</b>	<b>23,439</b>	<b>73,036</b>
<b>TOTAL GENERAL FUND</b>	<b>42,773</b>	<b>10,467</b>	<b>32,306</b>	<b>34,883</b>	<b>8,135</b>	<b>26,748</b>	<b>30,172</b>	<b>5,458</b>	<b>24,714</b>	<b>107,828</b>	<b>24,060</b>	<b>83,768</b>
<b>Housing Revenue Account</b>												
Planned Investment Programme - Includes Internal and External works, Mechanical and Electrical, Garages,Aids and Adaptations and Health and Safety works	5,725		5,725	5,225		5,225	5,225		5,225	16,175		16,175
Grange Farm Phase I	3,507		3,507	9,326		9,326	0		0	12,833		12,833
Grange Farm Capital Programme Phase II	9,046		9,046	10,104		10,104	8,099		8,099	27,249		27,249
Affordable Housing - Infill Phase 2	3,829		3,829						0	3,829		3,829
In-fill reprofiling	1,423		1,423						0	1,423		1,423
Other Schemes	12,768		12,768	34,043		34,043	30,572		30,572	77,382		77,382
<b>TOTAL HRA</b>	<b>36,297</b>		<b>36,297</b>	<b>58,697</b>		<b>58,697</b>	<b>43,896</b>		<b>43,896</b>	<b>138,891</b>		<b>138,891</b>
<b>Total Capital Programme</b>	<b>79,070</b>	<b>10,467</b>	<b>68,603</b>	<b>93,580</b>	<b>8,135</b>	<b>85,445</b>	<b>74,068</b>	<b>5,458</b>	<b>68,610</b>	<b>246,719</b>	<b>24,060</b>	<b>222,659</b>

New Capital Programme Additions 2020/21 to 2022/23

Appendix 2

Project Title	2020/21			2021/22			2022/23			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	Gross Bid Value	External Funding £000	Net Bid Value
<b>Resources Directorate</b>												
<b>Ongoing ICT Refresh and Enhancements</b>			0	1,088		1,088	988		988	2,076	0	2,076
<b>Devolved IT Applications</b>			0	1,075		1,075	256		256	1,331	0	1,331
<b>Total Resources Directorate</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>2,163</b>	<b>0</b>	<b>2,163</b>	<b>1,244</b>	<b>0</b>	<b>1,244</b>	<b>3,407</b>	<b>0</b>	<b>3,407</b>
<b>People's Directorate</b>												
<b>Assistive Technology</b> - £0.5m is being sought for enhanced telecare equipment pending the evaluation of the in year pilot.	500		500			0			0	500	0	500
<b>In House Residential Works</b> - this sum of £125k represents the following proposed works: £50k for Gates and a Generator at Vaughan Road, £11k for Party wall at Vaughan Road, £5k for a hoist at Bedford House, £50k for outdoor building at Wiseworks, £10k for other minor works	125		125			0			0	125	0	125

New Capital Programme Additions 2020/21 to 2022/23

Appendix 2

Project Title	2020/21			2021/22			2022/23			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	Gross Bid Value	External Funding £000	Net Bid Value
<p><b>Day Respite Provision</b> – a sum of £400k has been requested. The proposal is to develop further and extend specialist short break services for children and young people (CYP) with more complex special educational needs. An ex-caretaker’s house at Cannon Lane primary school has been identified as a possible location for this provision. The proposed provision is anticipated to be a day provision offering tea visits, weekends and holiday day activities – day care provision during half term times and weekends only, tea visits after school hours.</p> <p>A business case needs to be developed to ensure that this service could be delivered at no cost to the Council by covering all costs such as staffing, premises running costs, as well as covering the cost of regular maintenance for both the facility and equipment</p>	400		400			0			0	400	0	400
<p><b>Children’s Services Buildings programme of works</b> – this relates to Early Support Hub buildings and is required in order to ensure they are fit for purpose and attract service users and partner agencies to take advantage of the valuable programmes and services offered at these centres. Once this £100k is spent which will cover a number of improvements to get the buildings back to good condition, future works will be met from the Corporate Accommodation capital programme held within the Community Directorate.</p>	100		100			0			0	100	0	100
<b>Total People’s Directorate</b>	1,125	0	1,125	0	0	0	0	0	0	1,125	0	1,125
<b>Commissioning and Environment</b>												

New Capital Programme Additions 2020/21 to 2022/23

Appendix 2

Project Title	2020/21			2021/22			2022/23			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	Gross Bid Value	External Funding £000	Net Bid Value
<b>Corporate Accommodation</b> Improvements to corporate buildings to provide a safe and secure environment in which to operate its business.	0		0	190		190	190		190	380	0	380
<b>High Priority Planned Works</b> To continue the programme of investment to undertake essential maintenance across the Corporate Estate to ensure that properties are maintained in a safe and appropriate condition and comply with appropriate statutory, regulatory and corporate standards.			0	490		490	490		490	980	0	980
<b>Parks Infrastructure</b> On-going programme to address historic under-investment and responsive only maintenance regimes to parks buildings and infrastructure; to address areas of deterioration and improve existing facilities and provide safe access for users.			0	500		500	500		500	1,000	0	1,000
<b>Car Park Infrastructure</b> Improvement to car parking facilities to comply with H&S requirements and to commercialise council owned car parks.	0		0	15		15	30		30	45	0	45
<b>Waste Services bins (Trade)</b> Replacement of aged, damaged and/or lost wheeled bins, as well as bins provision for new residential development within the borough and bins for business (as part of trade waste service).	0		0	150		150	150		150	300	0	300
<b>Waste Services bins (Domestic)</b> Replacement of aged, damaged and/or lost wheeled bins, as well as bins provision for new residential development within the borough and bins for business (as part of trade waste service).	0		0	100		100	100		100	200		200
<b>CA Site Infrastructure</b> On-going maintenance programme to the Civic Amenity site to ensure it provides a safe and secure environment in which to operate its business and continue to meet the needs of staff and users.	0		0	75		75	75		75	150	0	150

New Capital Programme Additions 2020/21 to 2022/23

Appendix 2

Project Title	2020/21			2021/22			2022/23			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	Gross Bid Value	External Funding £000	Net Bid Value
<b>Green Grid Programme</b> Improvements to Harrow's green infrastructure to provide a network of interlinked and multifunctional open spaces. <b>BCIL funding</b> sought to fund the project.	0		0	150	150	0	150	150	0	300	300	0
<b>Highways Programme</b> To deliver the highways programme of investment and undertake essential structural maintenance to the highway asset.			0	6,000		6,000	5,500		5,500	11,500	0	11,500
<b>Flood Defence &amp; Highways Drainage -assume BCIL</b> To deliver the flood defence and alleviation programme of investment and implement schemes that minimise the risk of flooding from approximately 80kms of rivers and watercourses in the borough, and the highways drainage programme of investment and implement schemes in 15 critical drainage areas identified in the Council's Surface Water Management Plan.			0	500	500	0	500	500	0	1,000	1,000	0
<b>Street Lighting Programme</b> To continue the street lighting programme of investment, which includes upgrading life expired street lighting columns and replacing conventional lanterns for more energy efficient LED lanterns			0	1,000		1,000	1,000		1,000	2,000	0	2,000
<b>Local Implementation Plan (LIP) including Parking Management Programme</b> To deliver the transport projects and initiatives set out in the third Transport Local Implementation Plan (LIP) programme of investment for 2020/21 - 2022/23. A Parking Management Programme to implement controlled parking schemes and restrictions is funded by Harrow Capital and supports the delivery of the LIP.			0	1,691	1,391	300	1,691	1,391	300	3,382	2,782	600

New Capital Programme Additions 2020/21 to 2022/23

Appendix 2

Project Title	2020/21			2021/22			2022/23			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	Gross Bid Value	External Funding £000	Net Bid Value
<p><b>Wealdstone Major Transport Infrastructure Projects</b>                      These projects are (1) a town centre / bus improvements scheme along the High Street / A409 corridor and (2) a Liveable Neighbourhood for the wider transport network and residential neighbourhoods around the town centre. Both projects require significant external funding from <b>TFL (£5.34m - A bid for a Wealdstone Liveable Neighbourhood</b> is being submitted by the November 2019 deadline and a decision on the outcome is anticipated in early 2020) supported by a borough match fund. A match fund of one third of the total is indicated, made up from <b>CIL funding (£2.66m).</b></p>	2,700	2,700	0	3,400	3,400	0	1,900	1,900	0	8,000	8,000	0
<p><b>Headstone Manor Flood Alleviation scheme</b>                      The proposed scheme is a combination of works in the Headstone Manor Recreation Ground playing fields and comprises the construction of a 20,000 m3 storage basin, to reduce flow leaving site and reducing the pressure on the existing sewer and river network downstream. <b>Environment Agency</b> funding of <b>£0.718m has been granted</b> , with the match fund of <b>£0.5m</b> being anticipated from <b>BCIL</b>.</p>	1,218	1,218	0			0			0	1,218	1,218	0
<p><b>Vehicle Workshop at the Depot</b> - This project seeks to ensure the fit out of the vehicle workshop areas in the new Depot that are required by Harrow in the maintenance and upkeep of its fleet, as well as the repair and maintenance of Brent vehicles and covers work requested by Barnet.</p>	650		650							650	0	650
<b>Total Commissioning and Environment</b>	<b>4,568</b>	<b>3,918</b>	<b>650</b>	<b>14,261</b>	<b>5,441</b>	<b>8,820</b>	<b>12,276</b>	<b>3,941</b>	<b>8,335</b>	<b>31,105</b>	<b>13,300</b>	<b>17,805</b>
			0			0						
<b>Cultural Services</b>												
<p><b>Leisure and Libraries Capital Infrastructure</b>                      Targeted investment to improve the infrastructure of the Council's leisure and library facilities.</p>			0	135		135	135		135	270	0	270
<p><b>Libraries Self-Service Kiosks Refresh</b>                      To replace the 14 self-service kiosks across the 6 Harrow Libraries.</p>			0	120		120	0		0	120	0	120

New Capital Programme Additions 2020/21 to 2022/23

Appendix 2

Project Title	2020/21			2021/22			2022/23			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	Gross Bid Value	External Funding £000	Net Bid Value
<b>Harrow Arts Centre Capital Infrastructure</b> Capital investment to deliver essential Health and Safety works including drainage, toilet facilities, roof tiles, external railings, fencing and paving, and intruder alarms.	300	300	0			0			0	300	300	0
<b>Harrow Arts Centre</b> Additional funding to complete the existing refurbishment and new build project. Original funding in the existing programme is £1.91m (GLA funding £760k and BCIL £1.15m). The total cost estimates are now £3.686m for the whole project, which takes into account the revised cost for refurbishing existing buildings based on updated QS advice and the requirement for traditional build for the new building (instead of modular building).	599	599	0	1,177	1,177	0			0	1,776	1,776	0
<b>Total Cultural Services</b>	<b>899</b>	<b>899</b>	<b>0</b>	<b>1,432</b>	<b>1,177</b>	<b>255</b>	<b>135</b>	<b>0</b>	<b>135</b>	<b>2,466</b>	<b>2,076</b>	<b>390</b>
<b>Housing General Fund</b>												
<b>Property Acquisition Programme</b> Extension of scheme to acquire additional properties on open market for use as temporary accommodation to prevent additional expenditure on General Fund on the more expensive Bed & Breakfast to accommodate homeless households.			0	15,000	0	15,000	15,000	0	15,000	30,000	0	30,000
<b>Disabled Facilities Grant</b> for private residents with physical and/or sensory disabilities in need of assistance in adapting properties so resident can continue living at home instead of going into a care home.			0	1,517	1,517	0	1,517	1,517	0	3,034	3,034	0
<b>Total Housing General Fund</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>16,517</b>	<b>1,517</b>	<b>15,000</b>	<b>16,517</b>	<b>1,517</b>	<b>15,000</b>	<b>33,034</b>	<b>3,034</b>	<b>30,000</b>
<b>Regeneration, Enterprise and Planning</b>												
<b>Waxwell Lane Redevelopment</b>			0	510		510			0	510	0	510
<b>Total Regeneration, Enterprise and Planning</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>510</b>	<b>0</b>	<b>510</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>510</b>	<b>0</b>	<b>510</b>
<b>Total Community Directorate</b>	<b>5,467</b>	<b>4,817</b>	<b>650</b>	<b>32,720</b>	<b>8,135</b>	<b>24,585</b>	<b>28,928</b>	<b>5,458</b>	<b>23,470</b>	<b>67,115</b>	<b>18,410</b>	<b>48,705</b>
<b>Total General Fund</b>	<b>6,592</b>	<b>4,817</b>	<b>1,775</b>	<b>34,883</b>	<b>8,135</b>	<b>26,748</b>	<b>30,172</b>	<b>5,458</b>	<b>24,714</b>	<b>71,647</b>	<b>18,410</b>	<b>53,237</b>

New Capital Programme Additions 2020/21 to 2022/23

Appendix 2

Project Title	2020/21			2021/22			2022/23			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	Gross Bid Value	External Funding £000	Net Bid Value
<b>Housing Revenue Account</b>												
<b>Planned Investment</b>	-1,500		-1,500	5,225		5,225	5,225		5,225	8,950	0	8,950
<b>Grange Farm ph 1</b>	-8,876		-8,876	9,326		9,326	0		0	450	0	450
<b>Grange Farm ph 2</b>	100		100	10,104		10,104	8,099		8,099	18,303	0	18,303
<b>Other new build</b>	-8,257		-8,257	34,043		34,043	30,572		30,572	56,357	0	56,357
<b>Total HRA</b>	<b>-18,534</b>	<b>0</b>	<b>-18,534</b>	<b>58,697</b>	<b>0</b>	<b>58,697</b>	<b>43,896</b>	<b>0</b>	<b>43,896</b>	<b>84,060</b>	<b>0</b>	<b>84,060</b>
<b>Total Capital Programme</b>	<b>-11,942</b>	<b>4,817</b>	<b>-16,759</b>	<b>93,580</b>	<b>8,135</b>	<b>85,445</b>	<b>74,068</b>	<b>5,458</b>	<b>68,610</b>	<b>155,707</b>	<b>18,410</b>	<b>137,297</b>

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**REPORT FOR: CABINET**

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<b>Date of Meeting:</b>	13 <sup>th</sup> February 2020
<b>Subject:</b>	Annual Treasury Management Strategy Statement including Prudential Indicators, Minimum Revenue Provision Policy Statement, Annual Investment Strategy and Annual Capital Strategy for 2020/21
<b>Key Decision:</b>	Yes
<b>Responsible Officer:</b>	Dawn Calvert, Director of Finance
<b>Portfolio Holder:</b>	Councillor Adam Swersky, Portfolio Holder for Finance and Resources
<b>Exempt:</b>	No
<b>Decision subject to Call-in:</b>	No
<b>Wards affected:</b>	All
<b>Enclosures:</b>	<b>Appendix A</b> - Legislation and Regulations Impacting on Treasury Management <b>Appendix B</b> - Treasury Management Delegations and Responsibilities <b>Appendix C</b> - Minimum Revenue Provision (MRP) Policy Statement <b>Appendix D</b> - Interest Rate Forecasts 2020/23 <b>Appendix E</b> - Economic Background <b>Appendix F</b> – Counterparties <b>Appendix G</b> - Affordability Prudential Indicators <b>Appendix H</b> - Capital Strategy 2020/21 <b>Appendix I</b> - Glossary

## **Summary**

This report sets out the Council's Annual Treasury Management Strategy Statement including Prudential Indicators, Minimum Revenue Provision Policy Statement the Annual Investment Strategy and the Annual Capital Strategy for 2020/21.

## **Recommendation**

Cabinet is asked to recommend to Council that they approve the Treasury Management Strategy Statement for 2020/21 including:

- Prudential Indicators for 2020/21
- Minimum Revenue Provision Policy Statement for 2020/21, ( see para xx)
- Annual Investment Strategy for 2020/21

Cabinet is asked to recommend to Council that they approve the Capital Strategy 2020/21. (Appendix H)

## **Reason**

To promote effective financial management and comply with the Local Authorities (Capital Finance and Accounting) Regulations 2003 and other relevant guidance.

## Section 2 – Report

### 1. INTRODUCTION

#### Background

- 1.1 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 service 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.
- 1.2 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.
- 1.3 The contribution the treasury management service 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.
- 1.4 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.”*
- 1.5 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.
- 1.6 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.
- 1.7 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 Council's budget.

- 1.8 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.
- 1.9 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.

## **Reporting requirements and Scrutiny**

- 1.10 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);
- Minimum Revenue Provision Policy (MRP) (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
- The Investment Strategy (how the parameters on 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 investment and borrowing position, reporting on Prudential Indicators and recommending amendments when necessary, identifying whether the treasury strategy is meeting the objectives and 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 Treasury Strategy.

### **1.11 Capital Strategy**

The CIPFA Treasury Management Code (the Code) recognises that organisations may make investments for policy reasons outside normal treasury management activity. Non-financial, or non-treasury investments tend to relate to expenditure powers under Section 1 of the Act and are subject to the guiding principles outlined separately in the Capital Strategy and are outside the scope of the Treasury Management Strategy. The aim of the Capital Strategy is to ensure that all elected members on the full council fully understand the overall long-term policy objectives and resulting capital strategy requirements, governance procedures and risk appetite.

- 1.12 The Capital Strategy Report which is set out in Appendix H 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

1.13 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).

1.14 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.

## **Treasury Management Strategy for 2020/21**

1.15 The Treasury Management Strategy covers:-

### **Capital Issues (Section 2)**

- Capital Financing Summary
- Capital Programme and Capital Prudential Indicators 2020 to 2022/23
- Council's Borrowing Need (Capital Financing Requirement)
- Capital Financing Requirement
- Minimum Revenue Provision (MRP) Policy Statement
- Core funds and expected investment balances

### **Borrowing (Section 3)**

- Current and estimated portfolio position
- Treasury indicators: limits to borrowing activity
- Prospects for interest rates and economic commentary
- Borrowing strategy
- Treasury management limits on activity
- Policy on borrowing in advance of need
- Debt rescheduling
- New financial institutions as a source of borrowing and / or types of borrowing (if applicable)
- Approved sources of long and short term borrowing

### **Annual Investment Strategy (Section 4)**

- Investment policy
- Creditworthiness policy
- Country limits
- Annual Investment Strategy
- Investment risk benchmarking
- End of year investment report

### **Other Treasury Issues (Section 5)**

- Policy on the use of financial derivatives
- Brokers
- Member and Officer Training
- Policy on use of external service providers

- 1.16 These Treasury Management 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. This Annual Treasury Management Strategy covers only those investments arising from the Council's cash flows and debt management activity. In accordance with the Code and recognised best practice guidelines, the security and liquidity of funds are placed ahead of investment return/yield. The power to invest is set out in the Local Government Act, Section 12.
- 1.17 It is not considered necessary to produce a separate treasury management 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.

## **Options Considered**

- 1.18. 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**

### **Capital Financing Summary**

- 2.1 The Council's Capital 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 2018/19 and 2019/20 are actual and estimated outturn respectively and not the strategy for those years. The figures and tables in this report are based on the final Capital Programme which is set out in a separate report to Cabinet.
- 2.2. 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 2019/20 total borrowing of £86.51m is required to finance the spend on the approved capital programme. As at 31<sup>st</sup> December 2019, £120 million long-term borrowing has been taken to finance capital expenditure not funded from other sources and to replace short term borrowing taken in 2018/19.
- 2.3 The borrowing strategy reflects an unexpected 1% increase in the cost of new PWLB borrowing. This decision was made by HM Treasury with immediate effect from 9<sup>th</sup> October 2019. The Council is now seeking other sources of affordable funding to be able to deliver the Capital Programme within current budget provision.
- 2.4. The Council's total estimated borrowing requirement for 2020/21 is £201.385m .This includes slippage of £186.136m from 2019/20, including property investment slippage of £93.5m.
- 2.5 Wherever practical 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.

- 2.6 Shown below are the capital financing costs that are already factored into the existing MTFs from 2019/20 to 2021/22 in relation to existing and historic capital programmes expressed as a proportion of the 2019/20 net revenue budget of £167m:

**Capital Financing Costs as % of the Net Revenue Budget**

	Capital Financing Costs*	Capital financing costs as % of 2019/20 Net Budget
	£m	%
2018/19	24.6	15%
2019/20	32.6	19%
2020/21	33.8	20%
2021/22	35.7	21%

\* This is the position for the 2019/20 Budget setting and does not factor in 2020/21 changes

- 2.7. 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 2018/19 to 2020/23.**

- 2.8 Table 1 below sets 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**

	2018/19	2019/20	2020/21	2021/22	2022/23
	Actual	Estimate	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000
<b>Expenditure :-</b>					
People Services	5,690	8,749	1,746	-	-
Environment and Commission	-	49,512	28,433	32,210	28,928
Regeneration & Enterprise	35,198	2,119	1,201	-	-
Regeneration Programme	-	3,257	5,193	510	-
Resources & Commercial	9,802	40,845	6,200	2,163	1,244
HRA	7,091	20,011	36,297	58,697	43,896
<b>Total Expenditure</b>	<b>57,781</b>	<b>124,493</b>	<b>79,070</b>	<b>93,580</b>	<b>74,068</b>
<b>Funding:-</b>					
Capital grants	13,063	15,995	21,626	16,351	15,014
Capital receipts	1,120	3,116	5,113	3,934	2,437
Regeneration Capital Receipts	-	-	-	-	-
Revenue financing	6,190	12,095	7,089	6,699	6,744
Section 106 / Section 20/ CIL	337	6,777	7,493	3,157	1,480
<b>Total Funding</b>	<b>20,710</b>	<b>37,983</b>	<b>41,321</b>	<b>30,141</b>	<b>25,675</b>
<b>Net financing need for the year (Borrowing)</b>	<b>37,071</b>	<b>86,510</b>	<b>37,749</b>	<b>63,439</b>	<b>48,393</b>
<b>Borrowing - Slippage from 19/20</b>	<b>-</b>	<b>-</b>	<b>186,136</b>	<b>-</b>	<b>-</b>
<b>Total - Net financing need inc Slippage</b>	<b>37,071</b>	<b>86,510</b>	<b>223,885</b>	<b>63,439</b>	<b>48,393</b>

The net financing need for commercial activities/non-financial investments is included in the above table.

## Capital Financing Requirement

2.9 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.

2.10 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 £15.5m of such schemes within the CFR.

CFR projections are included in the table 2 below.

**Table 2 Capital Financing Requirement**

	2018/19	2019/20	2020/21	2021/22	2022/23
	Actual	Estimate	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000
<b>CFR as at 31 March</b>					
Non – HRA	366,849	420,897	617,526	621,045	620,013
HRA	150,683	161,345	166,102	202,221	227,847
<b>TOTAL</b>	<b>517,532</b>	<b>582,242</b>	<b>783,627</b>	<b>823,267</b>	<b>847,860</b>
<b>Movement in CFR</b>	<b>37,071</b>	<b>64,710</b>	<b>201,385</b>	<b>39,639</b>	<b>24,593</b>

<b>Movement in CFR represented by</b>					
Net financing need for the year	37,071	86,510	223,885	63,439	48,393
Less Minimum/Voluntary revenue provision and other financing movements	-	- 21,800	- 22,500	- 23,800	- 23,800
<b>Movement in CFR</b>	<b>37,071</b>	<b>64,710</b>	<b>201,385</b>	<b>39,639</b>	<b>24,593</b>

2.11 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 2020 totals £47m which represents 7.7% of the Non-HRA CFR, and shows that the scale of commercial activity is proportionate to the Authority's remaining activity.

2.12 The Non-HRA CFR moves from £420.897m in 2019/20 to an estimated £620.013m in 2022/23, reflecting the increased borrowing and MRP provision required to finance capital investment.

## Minimum Revenue Provision (MRP) Policy Statement

2.13. 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.

- 2.14 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.
- 2.15 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.
- 2.16 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. In 2018/19 £5.447m was reclaimed from the VMRP leaving a balance of £5.193m as at 31 March 2019.

### **Core funds and expected investment balances**

- 2.17 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.).
- 2.18 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**

- 3.1 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.

## Current and estimated portfolio position

3.2 The Council's borrowing position at 31 December 2019 is summarised below.

**Table 3 Summary Borrowing and Investment Position at 31 December 2019**

	Principal		Ave. rate
	£'000	£'000	%
Fixed rate funding	PWLB	348,461	3.46
	Market	73,800	
Temporary borrowing		-	0
Other long term liabilities (PFI & leases)		-	
<b>Total Debt</b>		<b>422,261</b>	
<b>Total Investments at 31.12.2019</b>		<b>57,479</b>	

3.3 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.

3.4 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.

3.5 The expected change in debt in reflects the anticipated borrowing necessary to meet the Capital Programme described in Table 1. Debt outstanding should not exceed CFR.

**Table 4 Changes to Gross Debt**

	2018/19	2019/20	2020/21	2021/22	2022/23
	Actual	Estimate	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000
<b>External Debt</b>					
Debt at 1 April	324,261	346,261	432,771	656,656	720,096
Expected change in Debt	22,000	86,510	223,885	63,439	48,393
Other long-term liabilities (OLTL) 1st April	16,175	15,501	14,827	14,153	13,479
Expected change in OLTL	-	674	674	674	674
<b>Actual gross debt at 31 March</b>	<b>362,436</b>	<b>447,598</b>	<b>670,809</b>	<b>733,574</b>	<b>781,294</b>
<b>Capital financing requirement</b>	<b>517,532</b>	<b>587,820</b>	<b>811,705</b>	<b>875,145</b>	<b>923,538</b>
<b>Under / (Over) borrowing</b>	<b>155,096</b>	<b>140,222</b>	<b>140,896</b>	<b>141,571</b>	<b>142,244</b>

3.6 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.

3.7 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. This view takes into account current commitments, existing programmes and the proposals in the budget report.

## Treasury indicators: limits to borrowing activity

### The Operational Boundary

3.8 This is the limit which external debt is not normally expected to exceed. 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

3.9 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.

3.10 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)**

	2018/19	2019/20	2020/21	2021/22	2022/23
	Actual	Estimate	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000
<b>Authorised Limit for external debt</b>					
Borrowing and finance leases	517,532	587,820	811,705	875,145	923,538
<b>Operational Boundary for external debt</b>					
Borrowing	346,261	432,771	656,656	720,096	768,489
Other long term liabilities	16,175	15,501	14,827	14,153	13,479
<b>Total</b>	<b>362,436</b>	<b>448,272</b>	<b>671,483</b>	<b>734,249</b>	<b>781,968</b>
<b>Upper limit for fixed interest rate exposure</b>					
Net principal re fixed rate borrowing	346,261	432,771	656,656	720,096	768,489
<b>Upper limit for variable rate exposure</b>					
Net principal re variable rate borrowing	0	0	0	0	0
Upper limit for principal sums invested over 364 days	60,000	60,000	60,000	60,000	60,000

3.11 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.

3.12 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

3.13. 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 Total CFR from 2019/20 shown in Table 6 reflects the increase in planned new build.

**Table 6 HRA CFR**

	2018/19	2019/20	2020/21	2021/22	2022/23
CFR as at 31 March	Actual	Estimate	Estimate	Estimate	Estimate
	£'000	£'000	£'000	£'000	£'000
HRA	150,683	161,345	166,102	202,221	227,847
<b>Movement in CFR</b>		<b>10,662</b>	<b>4,757</b>	<b>36,120</b>	<b>25,625</b>

## Prospects for interest rates and economic commentary

3.14 The Treasury Management Adviser has provided a commentary on the prospects for interest rates, (Appendix D) and an economic background, (Appendix E).

## Borrowing strategy

3.15 As shown in Table 3 as at 31 December 2019 the Council had a debt portfolio of £422.261m and with an average maturity of 32.5 years. Cash balances held as at 31 December 2019 were £57.479m. With the investment portfolio yielding 0.52% and the likely average cost of new long term borrowing currently at 2.9%, there is a substantial short term cost of carrying excessive debt.

3.16 The Council is currently maintaining an under-borrowed position. This means that the capital financing requirement has not been fully funded with external loan debt as internal cash balances have been used to finance the capital programme. This strategy was prudent with investment returns low and counterparty risk is still an issue to be considered.

3.17 For 2019/20 as at 31<sup>st</sup> December total external borrowing of £120m has been taken to finance the approved capital programme and to refinance maturing loans. External borrowing has been taken in 2019/20 as internal balances have been used and the remaining cash balances are required for operational (revenue) expenditure.

3.18 In terms of future borrowing, the Council has 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 received in later years) This helps give certainty of cost and reduces the cost of carry.

3.19 It is also possible, but unlikely, that replacement long term borrowing in the next three years might be required if the remaining LOBO loan has to be refinanced early.

3.20 It may be necessary to use temporary borrowing either from the money markets or from 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.

- 3.21 To accelerate the repayment of debt, where practicable annuity loans will be taken in future to ensure the equal instalment of principle over the life time of the loan.
- 3.22 Against this background and the risks within the economic forecast, caution will be adopted in the 2020/21 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.
- 3.23 The Council has previously 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 is maintained in a separate pool.

### Treasury management limits on activity

- 3.24 There are two 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

- 3.25 This identifies a maximum limit for variable interest rates based upon the debt position net of investments. As shown in Table 5, the Council does not expect to undertake any borrowing on this basis.

#### Upper limit on fixed interest rate exposure

- 3.26 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 7 below:

**Table 7 Maturity Structure of Fixed Rate Borrowing**

	As at 31.12.2019 %	Upper limit %	Lower limit %
Under 12 months	5%	40	0
12 months to 23 months	0%	30	0
24 months to under 5 years	1%	30	0
5 years to under 10 years	5%	40	0
10 years and over	89%	100	30

## **Maturity Structure of Borrowing**

- 3.27 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.
- 3.28 The Council has no variable rate borrowing and the comments below relate only to its fixed rate portfolio.
- 3.29 In Table 7, 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.

## **Policy on borrowing in advance of need**

- 3.30 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.
- 3.31 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.

## **Debt rescheduling**

- 3.32 The decision by the PWLB on 9 October 2019 to increase their margin over gilt yields by 100 basis points (1%) to 180 basis points on loans lent to local authorities applies to new borrowing rates only and not to premature debt repayment levels. Therefore rescheduling of current PWLB borrowing in the debt portfolio is unlikely to occur as it is not affordable at present.
- 3.33 Should the LOBO loan (£20.8m) with interest rate reset dates in 2019/20 require refinancing, the most likely source would be external borrowing.
- 3.34 All rescheduling will be reported to Cabinet at the earliest meeting following the exercise.

## **New financial institutions as a source of borrowing**

- 3.35 Following the decision by the PWLB on 9 October 2019 to increase their rates, consideration will also need to be given to sourcing funding at cheaper rates from the following:
- Local authorities (primarily shorter dated maturities)
  - Financial institutions (primarily insurance companies and pension funds but also some banks, out of spot or forward dates)
  - Municipal Bonds Agency (no issuance at present but there is potential)

## Approved Sources of Long and Short term Borrowing

3.36 The Council's approved sources of borrowing are set out below

On Balance Sheet	Fixed	Variable
PWLB	●	●
Municipal bond agency	●	●
Local authorities	●	●
Banks	●	●
Pension funds	●	●
Insurance companies	●	●
Market (long-term)	●	●
Market (temporary)	●	●
Market (LOBOs)	●	●
Stock issues	●	●
Local temporary	●	●
Local Bonds	●	
Local authority bills	●	●
Overdraft		●
Negotiable Bonds	●	●
Internal (capital receipts & revenue balances)	●	●
Commercial Paper	●	
Medium Term Notes	●	
Finance leases	●	●

## 4. ANNUAL INVESTMENT STRATEGY

### Investment policy

4.1 The Council holds invested funds, representing income received in advance of expenditure, plus balances and reserves held. The Secretary of State recommends that each local authority produce and publish an Annual Investment Strategy, approved by the Council and revised in year as required. The following investment strategy sets out the Council's policies for managing investments and for giving priority to the security and liquidity of those investments. It outlines which instruments the Council may use for investment purposes, making a distinction between specified and non-specified investments. This strategy also determines limits in respect of their overall levels.

4.2 The Council has regard to the Ministry of Housing, Communities and Local Government (HMCLG) guidance on Local Government Investments as cited under section 15(1) (a) of the Local Government Act 2003 and the CIPFA Code of Practice on Treasury Management in Public Services. All investments will be made in accordance with the Council's investment policies and prevailing legislation and regulations. Non-financial investments essentially the purchase of income yielding assets (e.g. property) are covered in the Capital Strategy

4.3 The prime objective of the Council's investment strategy is to ensure prudent Investment of surplus funds. The Council's investment priorities are as follows, in order of priority:

- Security of capital,

- Liquidity of investments,
- Secure optimum performance (yield)

4.4 The investment 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.

4.5 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.

4.6 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, regular monitoring of investment performance will be carried out during the year.

## Creditworthiness policy

4.7. 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:

4.8. 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

4.9 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.

- 4.10 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.
- 4.11 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.
- 4.12 The Council's criteria for an institution to become counterparty are detailed in Appendix F.

## **Country Limits**

- 4.13 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 AA or equivalent. This list will be added to, or deducted from, by officers should ratings change in accordance with this policy.

## **Investment Strategy**

### **In-house funds.**

- 4.14. 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).
- 4.15. 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.**

- 4.16 On the assumption that the UK and EU agree a Brexit deal including the terms of trade by the end of 2020 or soon after then Bank Rate is forecast by Link Asset Services to increase only slowly over the next few years to reach 1.00% by quarter 1 2023. Bank Rate forecasts for financial year ends (March) are:

**Q1 2021 0.75%**

**Q1 2022 0.75%**

**Q1 2023 1.00%**

4.17 Link Asset Services suggest that budgeted investment earnings rates for returns on investments placed for periods of up to three months during each financial year are as follows:

<b>2019/20</b>	<b>0.75%</b>
<b>2020/21</b>	<b>0.75%</b>
<b>2021/22</b>	<b>1.00%</b>
<b>2022/23</b>	<b>1.25%</b>
<b>2023/24</b>	<b>1.50%</b>
<b>2024/25</b>	<b>1.75%</b>

4.18 Link Asset Services further advise that;

- The overall balance of risks to economic growth in the UK is probably to the downside due to weight of uncertainties over Brexit as well as a softening global economic picture.
- The balance of risks to increases in Bank Rate and shorter term PWLB rates are broadly similarly to the downside.

4.19 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.

4.20 As a result of the Council's strategy and the interest rates available the only counterparties actively in use during 2019/20 have been Lloyds, Royal Bank of Scotland Group and Handelsbanken. The investment portfolio has inevitably remained concentrated with RBS and Lloyds with 90.0% of the total portfolio invested with them on 31st December 2019. 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 2020/21.

4.21 Authority has previously 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.

### **Investment risk benchmarking**

4.22 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.

### **End of year investment report**

4.23 At the end of the financial year the Council will report on its investment activity as part of the Treasury Management Outturn Report.

## 5. OTHER TREASURY ISSUES

### Policy on the Use of Financial Derivatives

5.1 A financial derivative is a contract, whose value is based on, or 'derived' from, an underlying financial instrument such as a loan. Local Authorities have previously been able to make use of financial derivatives embedded into loans and investments, both to reduce interest rate risk (e.g. forward deals) and to reduce costs or increase income at the expense of greater risk (e.g. LOBO loans).

The general power of competence in Section 1 of the Localism Act 2011 removes much of the uncertainty over local authorities' use of standalone financial derivatives (i.e. those that are not embedded into a loan or investment). The CIPFA Code requires local authorities to clearly detail their policy in the use of derivatives in the annual strategy.

The Council does not intend to use standalone financial derivatives (such as swaps, forwards, futures and options). No change in strategy will be made without Full Council approval.

### Brokers

5.2 The Council uses four brokers on a regular basis, as well as dealing directly with leading institutions. Wherever possible the Council will spread its business amongst them on a regular basis, though this may not always be possible. Brokers currently being used are:

- RP Martins
- Tradition
- BGC Sterling
- Imperial Treasury

The limited function performed by brokers is acknowledged; however the Council would expect to be informed if a broker had any doubts about an organisation that we were dealing with.

### Prudential Indicators

5.3 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.

### Training

5.4 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.

5.5 The training needs of Treasury Management officers are periodically reviewed as part of the Learning and Development programme with appropriate training and support provided.

## **External Treasury Management Service Adviser**

- 5.6 The Council has engaged Link Asset Services Treasury Solutions as its external Treasury Management Adviser.
- 5.7 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.
- 5.8 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.

## **6 Implications of the recommendations**

- 6.1 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.
- 6.2 The recommendations do not directly affect the Council's staffing/workforce

## **7 Performance issues**

- 7.1 The Council meets the requirements of the CIPFA Treasury Management Code and, therefore, is able to demonstrate best practice for the Treasury Management function.
- 7.2 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**

- 8.1 There are no direct environmental implications.

## **9 Risk management implications**

- 9.1 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.
- 9.2 Risks are included in the Directorate Risk Register as part of the overall MTFS risk.

## 10 Legal Implications

10.1 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 Procurement Implications

11.1 There are no procurement implications arising from this report.

## 12 Financial implications

12.1 Financial matters are integral to the report.

## 13 Equalities implications / Public sector equality duty

13.1 Officers have considered possible equalities impact and consider that there is no adverse equalities impact as there is no direct impact on individuals.

## 14 Council priorities

14.1. 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	<input checked="" type="checkbox"/>	Director of Finance
Date 5 February 2020		
Name: Caroline Eccles	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 5 February 2020		
Name: Nimesh Mehta	<input checked="" type="checkbox"/>	Head of Procurement
Date: 5 February 2020		
Name: Charlie Stewart	<input checked="" type="checkbox"/>	Corporate Director
Date: 5 February 2020		

<b>Ward Councillors notified:</b>	<b>No</b>
<b>EqIA carried out:</b>	<b>No</b>
<b>EqIA cleared by:</b>	<b>N/A</b>

## **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

<p><b>Call-in Waived by the Chairman of Overview and Scrutiny Committee</b></p> <p><b>NO</b></p>
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# 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 2018; the 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, 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 responsible 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 November 2019

## Interest Rate Forecasts 2019 – 2023

We do not currently think that the MPC would increase Bank Rate before any clearing of the fog on Brexit and agreement being reached on a UK/EU trade deal. We have moved back our forecast for the first increase from quarter 4 2020 to quarter 1 2021 and the second increase from quarter 1 2021 to quarter 2 2021.

Forecasts for average investment earnings beyond the three year time horizon will be heavily dependent on economic and political developments.

### Gilt yields and PWLB rates

The general situation is for volatility in bond yields to endure as investor fears and confidence ebb and flow between favouring relatively more “risky” assets i.e. equities, or the “safe haven” of government bonds. The overall longer run trend is for gilt yields and PWLB rates to rise, albeit gently, although there are likely to also be periods of sharp volatility from time to time.

Our forecasts are also predicated on an assumption that there is no break-up of the Eurozone or EU, (apart from the departure of the UK), within our forecasting time period, despite the major challenges that are looming up, and that there are no major ructions in international relations, especially between the US and China / North Korea and Iran, which have a major impact on international trade and world GDP growth.

We would, as always, remind clients of the view that we have expressed in our previous interest rate revision newsflashes of just how volatile PWLB rates and bond yields are at present. Our revised forecasts are based on the Certainty Rate (minus 20 bps) which has been accessible to most authorities since 1st November 2012.

Link Asset Services Interest Rate View														
	Dec-19	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23
Bank Rate View	0.75	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.25	1.25	1.25	1.25
3 Month LIBID	0.70	0.70	0.70	0.80	0.90	1.00	1.00	1.00	1.10	1.20	1.30	1.30	1.30	1.30
6 Month LIBID	0.80	0.80	0.80	0.90	1.00	1.10	1.10	1.20	1.30	1.40	1.50	1.50	1.50	1.50
12 Month LIBID	1.00	1.00	1.00	1.10	1.20	1.30	1.30	1.40	1.50	1.60	1.70	1.70	1.70	1.70
5yr PWLB Rate	2.30	2.40	2.40	2.50	2.50	2.60	2.70	2.80	2.90	2.90	3.00	3.10	3.20	3.20
10yr PWLB Rate	2.60	2.70	2.70	2.70	2.80	2.90	3.00	3.10	3.20	3.20	3.30	3.30	3.40	3.50
25yr PWLB Rate	3.20	3.30	3.40	3.40	3.50	3.60	3.70	3.70	3.80	3.90	4.00	4.00	4.10	4.10
50yr PWLB Rate	3.10	3.20	3.30	3.30	3.40	3.50	3.60	3.60	3.70	3.80	3.90	3.90	4.00	4.00

## Provided by Link Asset Services Asset Services at 23 December 2019

## ECONOMIC BACKGROUND

**UK. Brexit.** 2019 has been a year of upheaval on the political front as Theresa May resigned as Prime Minister to be replaced by Boris Johnson on a platform of the UK leaving the EU on 31 October 2019, with or without a deal. However, MPs blocked leaving on that date and the EU agreed an extension to 31 January 2020. In late October, MPs approved an outline of a Brexit deal to enable the UK to leave the EU on 31 January. Now that the Conservative Government has gained a large overall majority in the **general election** on 12 December, this outline deal will be passed by Parliament by that date. However, there will still be much uncertainty as the detail of a trade deal will need to be negotiated by the current end of the transition period in December 2020, which the Prime Minister has pledged he will not extend. This could prove to be an unrealistically short timetable for such major negotiations that leaves open two possibilities; one, the need for an extension of negotiations, probably two years, or, a no deal Brexit in December 2020.

**GDP growth** has taken a hit from Brexit uncertainty during 2019; quarter three 2019 surprised on the upside by coming in at +0.4% q/q, +1.1% y/y. However, the peak of Brexit uncertainty during the final quarter appears to have suppressed quarterly growth to probably around zero. The economy is likely to tread water in 2020, with tepid growth around about 1% until there is more certainty after the trade deal deadline is passed.

While the Bank of England went through the routine of producing another **quarterly Inflation Report**, (now renamed the Monetary Policy Report), on 7 November, it is very questionable how much all the writing and numbers were worth when faced with the uncertainties of where the UK will be after the general election. The Bank made a change in their Brexit assumptions to now include a deal being eventually passed. Possibly the biggest message that was worth taking note of from the Monetary Policy Report, was an increase in concerns among MPC members around weak global economic growth and the potential for Brexit uncertainties to become entrenched and so delay UK economic recovery. Consequently, the MPC voted 7-2 to maintain Bank Rate at 0.75% but two members were sufficiently concerned to vote for an immediate Bank Rate cut to 0.5%. The MPC warned that if global growth does not pick up or Brexit uncertainties intensify, then a rate cut was now more likely. Conversely, if risks do recede, then a more rapid recovery of growth will require gradual and limited rate rises. The speed of recovery will depend on the extent to which uncertainty dissipates over the final terms for trade between the UK and EU and by how much global growth rates pick up. The Bank revised its inflation forecasts down – to 1.25% in 2019, 1.5% in 2020, and 2.0% in 2021; hence, the MPC views inflation as causing little concern in the near future.

The **MPC meeting of 19 December** repeated the previous month's vote of 7-2 to keep Bank Rate on hold. Their key view was that there was currently 'no evidence about the extent to which policy uncertainties among companies and households had declined' i.e. they were going to sit on their hands and see how the economy goes in the next few months. The two members who voted for a cut were concerned that the labour market was faltering. On the other hand, there was a clear warning in the minutes that the MPC were concerned that "domestic unit labour costs have continued to grow at rates above those consistent with meeting the inflation target in the medium term".

If economic growth were to weaken considerably, the MPC has relatively little room to make a big impact with Bank Rate still only at 0.75%. It would therefore, probably suggest that it would be up to the Chancellor to provide help to support growth by way of a **fiscal boost** by e.g. tax cuts, increases in the annual expenditure budgets of government departments and services and expenditure on infrastructure projects, to boost the economy. The Government has already made moves in this direction and it made significant promises in its election manifesto to increase government spending by up to £20bn p.a., (this would add about 1% to GDP growth rates), by investing primarily in infrastructure. This is likely to be announced in the next Budget, probably in February 2020. The Chancellor has also amended the fiscal rules in November to allow for an increase in government expenditure.

As for **inflation** itself, CPI has been hovering around the Bank of England's target of 2% during 2019, but fell again in both October and November to a three-year low of 1.5%. It is likely to remain close to or under 2% over the next two years and so, it does not pose any immediate concern to the MPC at the current time. However, if there was a hard or no deal Brexit, inflation could rise towards 4%, primarily because of imported inflation on the back of a weakening pound.

With regard to the **labour market**, growth in numbers employed has been quite resilient through 2019 until the three months to September where it fell by 58,000. However, there was an encouraging pick up again in the three months to October to growth of 24,000, which showed that the labour market was not about to head into a major downturn. The unemployment rate held steady at a 44-year low of 3.8% on the Independent Labour Organisation measure in October. Wage inflation has been steadily falling from a high point of 3.9% in July to 3.5% in October (3-month average regular pay, excluding bonuses). This meant that in real terms, (i.e. wage rates higher than CPI inflation), earnings grew by about 2.0%. As the UK economy is very much services sector driven, an 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. The other message from the fall in wage growth is that employers are beginning to find it easier to hire suitable staff, indicating that supply pressure in the labour market is easing.

**USA.** President Trump's massive easing of fiscal policy in 2018 fuelled a temporary boost in consumption in that year which generated an upturn in the rate of growth to a robust 2.9% y/y. **Growth** in 2019 has been falling after a strong start in quarter 1 at 3.1%, (annualised rate), to 2.0% in quarter 2 and then 2.1% in quarter 3. The economy looks likely to have maintained a growth rate similar to quarter 3 into quarter 4; fears of a recession have largely dissipated. The strong growth in employment numbers during 2018 has weakened during 2019, indicating that the economy had been cooling, while inflationary pressures were also weakening. However, CPI inflation rose from 1.8% to 2.1% in November, a one year high, but this was singularly caused by a rise in gasoline prices.

**The Fed** finished its series of increases in rates to 2.25 – 2.50% in December 2018. In July 2019, it cut rates by 0.25% as a 'midterm adjustment' but flagged up that this was not intended to be seen as the start of a series of cuts to ward off a downturn in growth. It also ended its programme of quantitative tightening in August, (reducing its holdings of treasuries etc.). It then cut rates by 0.25% again in September and by another 0.25% in its October meeting to 1.50 – 1.75%. At its September meeting it also said it was going to **start buying Treasuries again**, although this was not to be seen as a resumption of quantitative easing but rather an exercise to relieve liquidity pressures in the repo market. Despite those protestations, this still means that the Fed is again expanding its balance sheet holdings of government debt. In the first month, it will buy \$60bn, whereas it had been reducing its balance sheet by \$50bn per month during 2019. As it will be buying only short-term (under 12 months) Treasury bills, it is technically correct that this is not quantitative easing (which is purchase of long term debt). The Fed left rates unchanged in December. However, the accompanying statement was more optimistic about the future course of the economy so this would indicate that further cuts are unlikely.

Investor confidence has been badly rattled by the progressive ramping up of increases in tariffs President Trump has made on Chinese imports and China has responded with increases in tariffs on American imports. This **trade war** is seen as depressing US, Chinese and world growth. In the EU, it is also particularly impacting Germany as exports of goods and services are equivalent to 46% of total GDP. It will also impact developing countries dependent on exporting commodities to China. However, in November / December, progress has been made on agreeing a phase one deal between the US and China to roll back some of the tariffs; this gives some hope of resolving this dispute.

**EUROZONE.** **Growth** has been slowing from +1.8 % during 2018 to around half of that in 2019. Growth was +0.4% q/q (+1.2% y/y) in quarter 1, +0.2% q/q (+1.2% y/y) in quarter 2 and then +0.2% q/q, +1.1% in quarter 3; there appears to be little upside potential in the near future. German GDP growth has been struggling to stay in positive territory in 2019 and fell by -0.1% in quarter 2; industrial production was down 4% y/y in June with car production down 10% y/y. Germany would be particularly vulnerable to a no deal Brexit depressing exports further and if President Trump imposes tariffs on EU produced cars.

**The European Central Bank (ECB)** ended its programme of quantitative easing purchases of debt in December 2018, which then meant that the central banks in the US, UK and EU had all ended the phase of post financial crisis expansion of liquidity supporting world financial markets by quantitative easing purchases of debt. However, the downturn in EZ growth in the second half of 2018 and into 2019, together with inflation falling well under the upper limit of its target range of 0 to 2%, (but it aims to keep it near to 2%), has prompted the ECB to take new measures to stimulate growth. At its March meeting it said that it expected to leave interest rates at their present levels “at least through the end of 2019”, but that was of little help to boosting growth in the near term. Consequently, it announced a **third round of TLTROs**; this provides banks with cheap borrowing every three months from September 2019 until March 2021 that means that, although they will have only a two-year maturity, the Bank was making funds available until 2023, two years later than under its previous policy. As with the last round, the new TLTROs will include an incentive to encourage bank lending, and they will be capped at 30% of a bank’s eligible loans. However, since then, the downturn in EZ and world growth has gathered momentum; at its meeting on 12 September it cut its deposit rate further into negative territory, from -0.4% to -0.5%, and announced a **resumption of quantitative easing purchases of debt for an unlimited period**. At its October meeting it said these purchases would start in November at €20bn per month - a relatively small amount compared to the previous buying programme. It also increased the maturity of the third round of TLTROs from two to three years. However, it is doubtful whether this loosening of monetary policy will have much impact on growth and, unsurprisingly, the ECB stated that governments would need to help stimulate growth by ‘growth friendly’ fiscal policy.

There were no policy changes in the December meeting, which was chaired for the first time by the new President of the ECB, Christine Lagarde. However, the outlook continued to be down beat about the economy; this makes it likely there will be further monetary policy stimulus to come in 2020. She did also announce a thorough review of how the ECB conducts monetary policy, including the price stability target. This review is likely to take all of 2020.

On the political front, Austria, Spain and Italy have been in the throes of **forming coalition governments** with some unlikely combinations of parties i.e. this raises questions around their likely endurance. The latest results of German state elections has put further pressure on the frail German CDU/SDP coalition government and on the current leadership of the CDU. The results of the Spanish general election in November have not helped the prospects of forming a stable coalition.

**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 shadow banking systems. In addition, there still needs to be a greater switch from investment in industrial capacity, property construction and infrastructure to consumer goods production.

**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.

**WORLD GROWTH.** Until recent years, world growth has been boosted by increasing **globalisation** i.e. countries specialising in producing goods and commodities in which they have an economic advantage and which they then trade with the rest of the world. This has boosted worldwide productivity and growth, and, by lowering costs, has also depressed inflation. However, the rise of China as an economic superpower over the last thirty years, which now accounts for nearly 20% of total world GDP, has unbalanced the world economy. The Chinese government has targeted achieving major world positions in specific key sectors and products, especially high tech areas and production of rare earth minerals used in high tech products. It is achieving this by massive financial support, (i.e. subsidies), to state owned firms, government directions to other firms, technology theft, restrictions on market access by foreign firms and informal targets for the domestic market share of Chinese producers in the selected sectors. This is regarded as being unfair competition that is putting western firms at an unfair disadvantage or even putting some out of business. It is also regarded with suspicion on the political front as China is an authoritarian country that is not averse to using economic and military power for political advantage. The current trade war between the US and China therefore needs to be seen against that backdrop. It is, therefore, likely that we are heading into a

period where there will be a **reversal of world globalisation and a decoupling of western countries** from dependence on China to supply products. This is likely to produce a backdrop in the coming years of weak global growth and so weak inflation. **Central banks are, therefore, likely to come under more pressure to support growth by looser monetary policy measures and this will militate against central banks increasing interest rates.**

The trade war between the US and China is a major concern to **financial markets** due to the synchronised general weakening of growth in the major economies of the world, compounded by fears that there could even be a recession looming up in the US, though this is probably overblown. These concerns resulted in **government bond yields** in the developed world falling significantly during 2019. If there were a major worldwide downturn in growth, central banks in most of the major economies will have limited ammunition available, in terms of monetary policy measures, when rates are already very low in most countries, (apart from the US). There are also concerns about how much distortion of financial markets has already occurred with the current levels of quantitative easing purchases of debt by central banks and the use of negative central bank rates in some countries. The latest PMI survey statistics of economic health for the US, UK, EU and China have all been predicting a downturn in growth; this confirms investor sentiment that the outlook for growth during the year ahead is weak.

### **INTEREST RATE FORECASTS**

The interest rate forecasts provided by Link Asset Services in paragraph 3.3 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 and 2020 due to all the uncertainties around Brexit depressing consumer and business confidence, an agreement on the detailed terms of a trade deal is likely to lead to a boost to the rate of growth in subsequent years. This 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 in December 2020**, 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 were 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. Quantitative easing could also be restarted by the Bank of England. It is also possible that the government could act to protect economic growth by implementing fiscal stimulus.

### **The balance of risks to the UK**

- The overall balance of risks to economic growth in the UK is probably even, but dependent on a successful outcome of negotiations on a trade deal.
- The balance of risks to increases in Bank Rate and shorter term PWLB rates are broadly similarly to the downside.
- In the event that a Brexit deal was agreed with the EU and approved by Parliament, the balance of risks to economic growth and to increases in Bank Rate is likely to change to the upside.

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 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** 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**. In 2018, Italy was a major concern due to having a populist coalition government which made a lot of anti-austerity and anti-EU noise. However, in September 2019 there was a major change in the coalition governing Italy which has brought to power a much more EU friendly government; this has eased the pressure on Italian bonds. Only time will tell whether this new coalition based on an unlikely alliance of two very different parties will endure.
- Weak capitalisation of some **European banks**, particularly Italian banks.
- **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. The CDU has done badly in recent state elections but the SPD has done particularly badly and this has raised a major question mark over continuing to support the CDU. Angela Merkel has stepped down from being the CDU party leader but she intends to remain as Chancellor until 2021.
- **Other minority EU governments**. Austria, Finland, Sweden, Spain, Portugal, Netherlands and Belgium also have vulnerable minority governments dependent on coalitions which could prove fragile.
- **Austria, the Czech Republic, Poland and Hungary** now form a strongly anti-immigration bloc within the EU. There has also been rising anti-immigration sentiment in Germany and France.
- In October 2019, the IMF issued a report on the World Economic Outlook which flagged up a synchronised slowdown in world growth. However, it also flagged up that there was **potential for a rerun of the 2008 financial crisis**, but this time centred on the huge debt binge accumulated by corporations during the decade of low interest rates. This now means that there are corporates who would be unable to cover basic interest costs on **some \$19trn of corporate debt in major western economies**, if world growth was to dip further than just a minor cooling. This debt is mainly held by the shadow banking sector i.e. pension funds, insurers, hedge funds, asset managers etc., who, when there is \$15trn of corporate and government debt now yielding negative interest rates, have been searching for higher returns in riskier assets. Much of this debt is only marginally above investment grade so any rating downgrade could force some holders into a fire sale, which would then depress prices further and so set off a spiral down. The IMF's answer is to suggest imposing higher capital charges on lending to corporates and for central banks to regulate the investment operations of the shadow banking sector. In October 2019, the deputy Governor of the Bank of England also flagged up the dangers of banks and the shadow banking sector lending to corporates, especially highly leveraged corporates, which had risen back up to near pre-2008 levels.
- **Geopolitical risks**, for example in 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 agreement was reached all round that removed all threats of economic and political disruption between the EU and the UK.
- The **Bank of England is too slow** in its pace and strength of increases in Bank Rate and, therefore, allows inflationary 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.

## 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**

<b>Instrument</b>	<b>Minimum Credit Criteria</b>	<b>Use</b>
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**

	<b>Minimum Credit Criteria</b>	<b>Use</b>	<b>Max total investment</b>	<b>Max. maturity period</b>
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	£145.0m	Dependent on specific agreement
Concilium Group Startup capital		In house	£0.702m	60 months

	<b>Minimum Credit Criteria</b>	<b>Use</b>	<b>Max total investment</b>	<b>Max. maturity period</b>
Concilium Group 5% Long Term Investment		In house	£1.5m	Dependent on specific agreement
Concilium Assets LLP		In house	£0.425m	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**

	2018/19	2019/20	2020/21	2021/22	2022/23
	Actual	Estimate	Estimate	Estimate	Estimate
Net revenue stream (£'000)	164,987	167,081	174,103	172,746	172,746
Interest costs - finance leases (£'000)	1,717	1,700	1,700	1,700	1,700
Interest and investment income (£'000)	-1,296	-1,512	-1,300	-1,300	-1,300
Capital Financing Costs (£'000)	18,234	32,600	33,800	35,700	35,700
<b>Total financing costs (£'000)</b>	<b>18,655</b>	<b>32,788</b>	<b>34,200</b>	<b>36,100</b>	<b>36,100</b>
<b>Ratio of total financing costs against net revenue stream (%)</b>	<b>11.3</b>	<b>19.6</b>	<b>19.6</b>	<b>20.9</b>	<b>20.9</b>

The ratio of total financing costs against net revenue stream increases significantly between 2019/20 and 2022/23 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**

HRA - Ratio of Financing Costs	2018/19	2019/20	2020/21	2021/22	2022/23
£'000	Actual	Estimate, Qtr 3	Estimate	Estimate	Estimate
Gross revenue stream	31,553	31,838	31,785	32,801	34,123
Interest costs of self-funding borrowing	6,155	6,195	6,061	6,035	6,012
Interest costs of other borrowing	0	0	422	1,054	1,960
Interest and investment income	40	5	3	3	3
Depreciation	7,534	7,768	7,275	7,231	7,316
Impairment	100	0	0	0	0
<b>Total financing costs</b>	<b>13,829</b>	<b>13,968</b>	<b>13,761</b>	<b>14,323</b>	<b>15,291</b>
<b>Ratio of total financing costs (excluding depreciation and impairment) against net revenue stream (%)</b>	<b>19.6</b>	<b>19.5</b>	<b>20.4</b>	<b>21.6</b>	<b>23.4</b>

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**

	2018/19	2019/20	2020/21	2021/22	2022/23
	Actual	Estimate	Estimate	Estimate	Estimate
Net Financing need (£'000)	34,769	31,966	19,712	24,075	23,470
Borrowing @ 25-50years PWLB rate (£'000)	869	927	591	722	704
MRP @ 2% (£'000)	695	639	394	482	469
<b>Total increased costs (£'000)</b>	<b>1,565</b>	<b>1,566</b>	<b>986</b>	<b>1,204</b>	<b>1,174</b>
Ctax base (£'000)	84,466	86,250	87,667	88,160	88,160
% Increase	1.9	1.8	1.1	1.4	1.3
Band D Council Tax	1,395	1,464	1,523	1,523	1,523
<b>Overall increase £ pa</b>	<b>31.28</b>	<b>26.59</b>	<b>17.12</b>	<b>20.79</b>	<b>20.27</b>

**Table 13 Incremental Impact of Capital Investment Decisions – Housing Rents**

Incremental Impact of Capital Investment Decisions – Housing Rents	2018/19	2019/20	2020/21	2021/22	2022/23
£'000	Actual	Estimate, Qtr 3	Estimate	Estimate	Estimate
Net Financing need (£'000)	0	8,323	5,443	36,691	23,679
Borrowing @ 2% (25-50years PWLB rate)	0	166	109	734	474
Depreciation @ 2%	-	-	-	-	-
Total increased costs	0	166	109	734	474
Number of dwellings (average)	4,788	4,795	4,826	4,840	4,933
Increase in average housing rent per week £	£0.00	£0.67	£0.43	£2.92	£1.85
<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**

HRA Ratios	2018/19	2019/20	2020/21	2021/22	2022/23
	Actual	Estimate, Qtr 3	Estimate	Estimate	Estimate
£m					
Debt (CFR) @ 31 March	150.68	161.34	166.10	202.22	225.33
Gross Revenue Stream	31.55	31.84	31.78	32.80	34.12
<b>Ratio of Gross Revenue Stream to Debt (%)</b>	<b>21</b>	<b>20</b>	<b>19</b>	<b>16</b>	<b>15</b>
Average Number of Dwellings	4,788	4,795	4,826	4,840	4,933
Debt outstanding per dwelling (£)	31,471	33,649	34,418	41,781	45,678

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.

### CAPITAL STRATEGY 2020-21

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## **Section 1 – Principles of the CAPITAL STRATEGY**

### **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 being refreshed through the Borough 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 strategy details show 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 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 in accordance with the agreed criteria.
3. The Council will consider schemes purely to generate a commercial return to support the budget.
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 from 2019/20. It is a live document underpinning the Council’s Capital Programme and therefore will be subject to amendment.

### 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.

#### Revenue Savings

- Direct Income from assets
- Reduced maintenance costs of new or improved assets
- Savings in labour costs

#### Revenue Costs

- 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
<b>General Fund</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Capital Financing Costs	24,600	32,600	33,800	35,700
Capital Financing Costs as % of 2019/20 Net Budget	15%	19%	20%	21%

## **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.

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. Existing Capital Priorities**

Service directorates were invited to bid for capital resources, as part of their service proposals for 2020/21 to 2022/23.

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).

The update Capital Programme 2020/21 to 2022/23 will be approved by Cabinet/Council in February 2020.

## **8. Use of Commercial Investment**

The Council took its Investment Property Strategy to Council in December 2015. Under this strategy the Council has incurred £47m to 31 March 2020 on commercial investments. In July 2019 the Council approved an additional £100m Capital Programme borrowing to finance long term commercial investment as part of the 2 Year Budget Strategy 2021/22 to 2021/22 .As at 31 March 2020 £6.4m of the £100m approval had been applied to the purchase of commercial property.

## **9. 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.

## **10. 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.

## **11. 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.

## **12. 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. From November 2016, Cabinet approved a number of asset disposals and the capital receipts from these disposals are being applied within the new flexibilities. For 2019/20 £3.1m is planned within the flexibility but no provision has yet been made for 2020/21.

## **Section 2 – SELECTING, APPROVING AND MONITORING CAPITAL SCHEMES**

### **13. 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 included in the Capital Programme have been the subject of an evaluation process including a business case to ensure the Council can target its capital resources effectively.

### **14. 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.

### **15. 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

### **16. 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.

### **17. 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 prepare 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 receive quarterly information on the progress of capital projects as part of the quarterly finance update.

## **Section 3 - FINANCING THE CAPITAL PROGRAMME**

### **18. 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.

### **19. 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.

#### **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.

## 20. 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:

<b>Regulation 123 List</b>	
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:	
<ul style="list-style-type: none"> <li>• Changes to local or national funding streams in respect of CIL eligible infrastructure; and</li> <li>• The requirements of the regulations governing the level of the "meaningful proportion" of CIL that is to be passed to local communities.</li> </ul>	
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 14<sup>th</sup> 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 7<sup>th</sup> 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.

## **21. 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.

## **22. 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**

### **23. 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.

### **24. 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.

### GLOSSARY OF TERMS

□ **Annuity** – method of repaying a loan where the payment amount remains uniform throughout the life of loan, therefore the split varies such that the proportion of the payment relating to the principal increases as the amount of interest decreases.

□ **Bail-In** – previously, in response to the banking crisis, some governments used taxpayer funds to support banks in danger of failing. The European Union's Banking Recovery and Resolution Directive (BRRD) requires that, in future, 'bail in' will be applied in such a scenario; this means that after shareholders' equity, depositors' funds comprising balances over c£85k will be used to support the bank at risk. The £85k threshold is not available to local authorities and therefore all unsecured deposits with banks and building societies will be at risk of 'bail in'.

□ **Base Rate** – minimum lending rate of a bank or financial institution in the UK

□ **Bond** – a government or public company's document undertaking to repay borrowed money usually with a fixed rate of interest.

□ **Capital Expenditure** – spend on major items e.g. land and buildings, which adds to and not merely maintains the value of existing fixed assets

□ **Capital Grants** – specific targeted grants to cover capital spend

□ **Capital Receipts** – the proceeds from the disposal of land or other assets. Capital receipts can be used to fund capital expenditure but cannot be used to finance revenue.

□ **CIPFA** – the Chartered Institute of Public Finance and Accountancy, is the professional body for accountants working in Local Government and other public sector organisations, also the standard setting organisation for Local Government Finance.

□ **Counterparty** – an institution (e.g. a bank) with whom a borrowing or investment transaction is made.

□ **Credit Rating** – an opinion on the credit-worthiness of an institution, based on judgements about the future status of that institution. It is based on any information available regarding the institution: published results, Shareholders' reports, reports from trading partners, and also an analysis of the environment in which the institution operates (e.g. its home economy, and its market sector). The main rating agencies are Fitch, Standard and Poor's and Moody's. They analyse credit worthiness under four headings:

- **Short Term Rating** – the perceived ability of the organisation to meet its obligations in the short term, this will be based on measures of liquidity.
- **Long Term Rating** – the ability of the organisation to repay its debts in the long term, based on opinions regarding future stability, e.g. its exposure to 'risky' markets.
- **Individual/Financial Strength Rating** – a view of the likelihood, in the case of a financial institution failing, that its obligations would be met, in whole or part, by its shareholders, central bank or national government.
- **Legal Support Rating** - a view of the likelihood, in the case of a financial institution failing, that its obligations would be met, in whole or part, by its shareholders, central bank, or national government.

The rating agencies constantly monitor information received regarding financial institutions, and will amend the credit ratings assigned as necessary.

□ **DMADF and the DMO** – The DMADF is the 'Debt Management Account Deposit Facility'; this is highly secure fixed term deposit account with the Debt Management Office (DMO), part of Her Majesty's Treasury.

□ **EIP** – Equal Instalments of Principal, a type of loan where each payment includes an equal amount in respect of loan principal is eroded, and so the total amount reduces with each instalment.

□ **Gilts** – the name given to bonds issued by the UK Government (i.e. the loan instrument by which the Government borrows). Gilts are issued bearing interest at a specified rate, however they are then traded on the markets like shares and their value rises or falls accordingly. The Yield on a gilt is the interest paid divided by the Market Value of that gilt, e.g. a 30 year gilt is issued in 1994 at £1, bearing interest of 8%. In 1999 the market value of the gilt is £1.45. The yield on that gilt is calculated as  $8\%/1.45 = 5.5\%$ .

□ **Lender Option Borrower Option (LOBO)** - LOBOs are a long term borrowing instrument commonly used by banks. It is an alternative lender option to the Government's Public Works Loan Board. In simple terms the instrument gets its name because the lender has an option to set revised interest rates at predetermined dates, and at which point the borrower has the option to accept the revised rates or pay the debt in full without penalty.

□ **LIBID** – The London Interbank Bid Rate, the rate which banks would have to bid to borrow funds from other banks for a given period. The official rate is published by the Bank of England at 11am each day based on trades up to that time. The average 7 day rate is the benchmark the Council uses for its own investment performance.

□ **Liquidity** – Relates to the amount of readily available, or short term, investment money which can be used for either day to day or unforeseen expenses. For example Call Accounts allow instant daily access to invested funds.

□ **Market** – The private sector institutions e.g. banks, building societies

□ **Maturity** - Type of loan where only payments of interest are made during the life of the loan, with the total amount of principal falling due at the end of the loan period.

□ **Minimum Revenue Provision (MRP)** – A statutory amount charged to the Council's revenue account for the provision to repay the loan principal on debt undertaken to finance the Capital Programme. For the Council this is done on a straight line basis in-line with the asset life and commences the financial year after the asset is operational.

□ **Monetary Policy Committee (MPC)** – group that sets the bank base rate for the Bank of England.

□ **Money Market Fund (MMF)** – A highly diversified pooled investment vehicle whose assets mainly comprise of short term instruments.

□ **Multilateral Development Banks (MDB)** – these are supranational institutions set up by sovereign states, which are their shareholders (e.g. European Investment Bank). Their remits reflect the development aid and cooperation policies established by these states.

- **Policy and Strategy Documents** – Documents required by the CIPFA Code of Practice on Treasury Management in Local Authorities. These set out the framework for treasury management operations during the year.
  
- **Public Works Loans Board (PWLB)** – a central government agency providing long and short term loans to Local Authorities. Rates are set daily at a margin over the Gilt yield (see Gilts above). Loans may be taken at fixed or variable rates and as an Annuity, Maturity, or EIP loans (see separate definitions) over periods of up to fifty years. Financing is also available from the money markets, however because of its nature the PWLB is generally able to offer better terms.
  
- **Yield** – The amount in cash (in percentage terms) that returns to the owners of an investment e.g. interest earned from a deposit.

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**REPORT FOR: CABINET**

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<b>Date of Meeting:</b>	13 <sup>th</sup> February 2020
<b>Subject:</b>	Housing Revenue Account Budget 2020-21 & Medium Term Financial Strategy 2021-22 to 2022-23
<b>Key Decision:</b>	Yes
<b>Responsible Officer:</b>	Nick Powell, Divisional Director of Housing Dawn Calvert, Director of Finance, Paul Walker, Corporate Director of Community
<b>Portfolio Holder:</b>	Councillor Phillip O'Dell, Portfolio Holder for Housing Councillor Adam Swersky, Portfolio Holder for Finance and Resources
<b>Exempt:</b>	No
<b>Decision subject to Call-in:</b>	Yes
<b>Wards affected:</b>	All
<b>Enclosures:</b>	Appendix 1 – HRA Budget 2020-21 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

## Section 1 – Summary and Recommendations

This report sets out the Housing Revenue Account (HRA) Budget for 2020-21 and Medium Term Financial Strategy (MTFS) for 2021-22 to 2022-23.

### Recommendations:

Cabinet is requested to:

- 1) Approve proposed average weekly rent for non-sheltered and sheltered accommodation of £116.24 and £96.71 for 2020-21 respectively as set out in paragraph 30.
- 2) Approve proposed average weekly tenant service charge of £3.30 per week as set out in paragraph 37.
- 3) Approve proposed average weekly rents for affordable rented and shared ownership accommodation of £202.21 and £210.45 for 2020-21 respectively as set out in paragraph 31 to 32.
- 4) Approve an increase in the overall HRA Capital programme of £103,377,380 made up £19,400,000 planned investment and £83,977,380 Building Council Homes for Londoners (BCHfL) as set out in paragraphs 52 to 62.
- 5) Approve proposed increases in Facilities and Community Halls charges of 5% and 4% respectively, and those for Garages and Water to remain unchanged as set out in appendices 3 to 6.
- 6) Note the following:
  - Reconfigured planned investment programme which is designed to reflect the revised focus and priorities as well as supporting increased flexibility in its delivery.
  - Assumptions made in construction of the budget
  - Risk Management Implications which require prudent financial reserves, volatility around borrowing costs and ongoing probability of reforms in the housing sector.

**Reason:** To recommend the HRA budget and capital programme for 2020-21 and the MTFS for 2021-22 to 2022-23.

## **Section 2 – Report**

### **Introductory paragraph**

1. The Council has a statutory obligation to agree and publish the HRA budget for 2020-21 and this report sets out the budget proposals along with MTFS 2021-22 to 2022-23, with indicative income and expenditure estimates for this period and shows how income collected will be spent in the management and maintenance of the Council's housing stock and in meeting its landlord obligations.
2. The budget and MTFS have been set within the framework set out in the HRA Business Plan update, reported to Cabinet 10<sup>th</sup> October 2019, including impact of legislation contained in the Welfare Reform & Work Act 2016 and Housing & Planning Act 2016 including reversion to rent increases of up to CPI + 1% from April 2020. 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.
3. Revenue cost reductions assumed at £1.90m will be phased in fully by 2021 and investment in HRA stock, detailed in Capital Investment section supported by appendix 7, is estimated at £5.725m for 2020-21 then £5.225m per annum thereafter, based on latest stock condition survey results with focus on essential health & safety, compliance and statutory requirements.
4. A significant change since the Business Plan was submitted to Cabinet has been an increase in borrowing rates of 1% from the Public Works Loans Board (PWLB) announced on 9<sup>th</sup> October 2019; although stress tested against a range of variants, an increase of this magnitude, with no prior warning or consultation was not anticipated in the HRA Business Plan update.
5. The Council has since considered alternative sources of borrowing and has secured sufficiently low rates to proceed with the BCHfL programme as recommended. These will be kept under review as part of the ongoing Business Planning process to ensure continued viability.
6. The budget includes an increase in tenant service charges in line with the Consumer Prices Index (CPI), the Government's preferred measure of inflation, until such time as the review is concluded. Background of this review is given in the Consultation section of this report.
7. Details on the assumptions used to construct the budgets and MTFS are given later in this report.

## Options considered

8. Having been subject to statutory rent reduction requirements until April 2020, the Council can now choose to implement a rent increase of CPI plus up to 1% and increases on other unregulated income streams, including service charges, to ensure full cost recovery.
9. In addition, the Council can proceed with the programme of building 659 new units within the HRA as approved by Council 27<sup>th</sup> February 2019, or implement alternative delivery models if it is considered the level of risk now presented cannot be sufficiently mitigated.

### Option 1: Continue with new build programme within the HRA

10. This would provide up to 659 additional units across a mix of tenures including affordable rented and shared ownership as part of the BCHfL programme within the Council's HRA.
11. Full utilisation of approved grant and borrowing, with sufficiently low interest rates, would be assumed and tested on an ongoing basis against a suite of assumptions using the HRA Business Plan.
12. Regular review and testing of assumptions would ensure continued viability given changing macro-economic and regulatory assumptions with appropriate mitigations against identified risks.
13. To ensure resources are not over extended and it remains affordable the programme will be expedited in phases with viability reviewed at each stage before starting on the next phase.

### Option 2 : Consider alternative delivery models

14. In the event risks around the HRA indicate the service would, on the balance of probabilities, become unviable, alternative delivery models for the provision of low cost housing would be implemented.
15. It is therefore considered prudent to consider alternatives in the context of the Council's wider regeneration aspirations and work is ongoing in this area with updates to Cabinet as appropriate.

### Preferred Options

16. A rent increase of CPI plus 1% is the preferred option as this is necessary to stabilise the HRA following statutory rent reductions over the last four years. Tenant service charges linked to inflation and other income streams as detailed in the appendices to this report are considered reasonable against the underlying cost base.
17. Option 1 is the preferred option as it will provide much needed housing supply for the local community as well as mitigating the costs of homelessness on the General Fund and securing the longer term viability of the Council's HRA.

## **Background**

18. Statutory rent reductions spanning 2016-17 to 2019-20 imposed by Government impacted on the HRA by requiring service reviews across the HRA to reduce costs and maximise income.
19. As a result it has been assumed a permanent reduction in revenue expenditure of £1.90m will be in place by March 2021 to mitigate the impact of rent reductions and these are on track for achievement.
20. Given the scale of the BCHfL programme and associated risks the cost base of the HRA must now be kept under constant review to ensure continued viability.

## **Consultation**

21. 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 Residents Board and the quarterly residents' drop in meeting (Housing Matters), formerly TLRCF (the Tenants', Leaseholders and Residents' Consultative Forum).
22. Further consultation in respect of the budget will be undertaken via the framework described above.
23. A review of tenant and leaseholder service charges is also under way to ensure all costs incurred in the provision of services are being properly recovered. The outcome of this review is not finalised as yet because of challenges with the baseline data which underpins the new service charges model. This will be reported to cabinet once available.

## **Balances**

24. HRA revenue balances were £7.5m as at 31 March 2019 and these are expected to be £6.6m at the end of 2022-23 which are above the minimum balances considered prudent.
25. The reduction in revenue reserves is due to a deficit in 2020-21 with the HRA returning to surplus from 2022-23. The initial deficit is due mainly to cost reductions totalling £1.90m not taking full effect until April 2021 and the first significant rental streams being generated from the BCHfL programme later in the MTFS.
26. In addition to specific reserves to support repairs, IT investment, restructuring and tenants experiencing financial difficulties, a reserve to

support the BCHfL programme has been set up. These reserves are all within the HRA.

27. Given the scale of the programme significant additional contributions will be required to ensure associated risks can be contained. Although the budget and MTFS allow for a modest BCHfL reserve, increased contributions will be made after 2022-23 when the revenue account returns to a surplus.

## **Income**

*Assumptions supporting main HRA income streams set out below:*

### Dwelling rents

28. Although the Government has stated rents can be increased by CPI plus up to 1% for five years from April 2020, there is no confirmation these increases are permitted beyond March 2025. The Business Plan update reported to Cabinet 10th October, assumed these increases for all subsequent years as this is considered fair and reasonable and in keeping with the framework in place before the rent reductions were implemented.
29. Rents for newly constructed homes are on Affordable rents or the lower London Affordable Rents where the scheme benefits from part of the £32.144m grant secured from the Greater London Authority.
30. The overall average rent & service charge for the Council's housing stock for 2020-21 will be £117.43 per week comprising rent £114.13 (£116.24 non sheltered, £96.71 sheltered) and tenant service charge £3.30 per week (2019-20 current average £114.31, comprising rent £111.06, tenant service charge £3.25) assuming an increase of CPI plus 1% for rents and CPI only for tenant service charges, as detailed in Appendix 2. CPI is required to be set at the September rate of 1.7%.
31. Rents for new build homes are set at affordable rent and are governed by different criteria depending on funding source. The overall average rent is estimated to be £202.21 per week assuming a rent increase of CPI plus 1% for affordable rented units.
32. Rents for shared ownership units, assuming the Council retains 75% equity share, are estimated at £210.45 per week on average.

### Right-to-Buy sales

33. There have been nineteen sales under Right-to-Buy ("RTB") so far in 2019-20 (Q3) and a further five are assumed by the end of the financial year totalling twenty four estimated sales with the same expected for 2020-21, then reducing to 20 per annum for remainder of the MTFS. It is envisaged the HRA will continue to be viable if RTB sales continue at these levels assuming BCHfL programme proceeds as proposed.

34. The Council entered into a retention agreement with Government in July 2012 which permitted the HRA to retain an increased share of RTB receipts on condition they are reinvested within three years to generate new supply. Like most London Councils which have limited land Harrow has found it difficult to invest these receipts and has been required to return some receipts with interest to MHCLG.
35. Although there is possibility of relaxing some of the conditions for reinvestment (see Consultation Papers below) the Council has opted in the GLA's right-to-buy ring fence offer (RTBRFO). RTB receipts repaid to MHCLG are returned to the GLA for investment in new affordable housing. Under the RTBRFO the GLA undertakes to ring fence the receipts returned by Harrow and transferred to the GLA, for use by Harrow in accordance with a standard funding agreement.
36. Although, as a relatively new initiative, the funding agreement has yet to be finalised the budget assumes this will be implemented to support the BCHfL programme.

#### Service charges: Tenants & Leaseholders

37. 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 £3.25 in 2019-20 and it is proposed this will increase to an average of £3.30 in 2020-21 in line with CPI.
38. Leaseholders are invoiced annually by the end of September for the previous financial year, based on actual costs. Income expected from leaseholders in 2020-21 (excluding s20 income for capital schemes) is £770k and reflects the recovery of costs from leaseholders of estate based costs, communal lighting, repairs, ground maintenance, insurance premiums and administration charges.

#### Other income

39. Rents for shops and commercial units situated on HRA land are reviewed in accordance with leases and their renewal dates with due regard to the economic climate.
40. Details of the proposed rents for garages and parking, facility charges and charges for community centres are set out in appendices 3 to 6.

### **Expenditure**

*Assumptions supporting main HRA expenditure items set out below:*

#### Employee Costs

41. HRA budgets, based on a recently reviewed staffing establishment, assume an overall pay and national insurance increase of 2% in 2020-21 and throughout the MTFs (employers' superannuation not expected to change).

42. Post reductions already included in the Service Review and approved by the Service Review Programme Board have been reflected in the staffing establishment for 2020-21 onwards.
43. Redundancy and pension strain costs will be met from an HRA Transformation reserve set up to support restructuring and IT infrastructure investment.

#### Utility Costs

44. These have been reviewed against historic trends and estimates constructed in line with anticipated usage. Charges for water supplies and sewerage have traditionally been paid to the Council with the amounts collected then paid over to the water company. For the majority of tenants this arrangement has now ceased with tenants paying the water company direct. This results no additional costs for tenants or the Council.

#### Central Recharges

45. Costs of support services, which are estimated to increase by 2% p.a. in line with pay inflation, are allocated to services using suitable bases of apportionment (e.g. number of staff, estimated time allocation, gross budget). Recharges reflect the full cost of all support services and are designed to permit transparency and challenge to secure value for money.

#### Repairs

46. Expenditure on repairs, which will be supported by a specific repairs reserve, have 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 based on the latest stock condition survey.

#### Bad debt provision

47. Tenant arrears have remained under control as a result of ongoing tenant education and engagement about the impact of Welfare Reforms. A review of debt profiles based on professional judgement by the service indicates bad debt provision remains unchanged.
48. The roll out of Universal Credit resulting in reductions in benefits for some residents is substantially completed and the impact of these will be kept under review in relation to the HRA bad debt provision.

#### General Contingency

49. In addition to HRA reserves, £230k is set aside in 2020-21 and £150k from 2021-22 onwards to cover unforeseen expenditure that may arise in the management and maintenance of the housing stock or in service development initiatives.

50. Applications for support from this general contingency will be considered on a case by case basis with due regard to the position of the whole HRA.

### Charges for Capital

51. HRA Borrowing is divided into historic and new borrowing :

- Historic debt – includes debt Councils were required to raise at the time of Self Financing in 2012 in order to leave the subsidy system and resulted in the Council reaching the Government imposed cap of £150.683m; this is now being progressively reduced in line with RTB disposals thereby reducing interest exposure and providing capacity for future investment. Interest on this historic debt, shared in a single loans pool with General Fund, averages at 4.05% and is assumed to continue at this level.
- New borrowing – for BCHfL programme only is estimated at £77.2m and expected to be at a lower interest rate of 2.5% for 2019-20, increasing to 3.0% from April 2020 as a result of the increase in PWLB rates announced by Government. Borrowing estimates for BCHfL have been reduced through reconfiguration of the planned investment programme and increased resources expected from RTBRFO.

Current HRA rules do not require either debt to attract Minimum Revenue Provision (MRP), a mandatory charge in General Fund designed to ensure the cost of the asset is charged to revenue over its useful economic life. This is because depreciation in the HRA counts as a genuine charge against revenue and transfers resources to the HRA's Major Repairs Reserve which can be used to finance capital expenditure as well as repay debt. A separate provision for debt repayments can be set up to accelerate repayments once sufficient surpluses are being generated on the HRA revenue account.

### Capital Investment

52. Planned investment programme, based on latest stock condition survey, estimated at £5.725m for 2020-21 then £5.225m per annum thereafter with focus on Health & Safety and statutory works, further details shown in Appendix 7.
53. This programme has been re-configured to allow greater flexibility to officers by permitting diversion of resources within approved schemes to expedite essential works with the minimum of delay and allowing re-prioritisation of works to ensure statutory obligations are discharged quickly.
54. Costs of the new Housing IT system, which will form part of the capital programme, will be clarified as part of the tendering process which has commenced.

## Building Council Homes for Londoners

55. Grange Farm phase 1 has now been handed over for construction and has secured £5m grant from the Housing Infrastructure Fund (HIF) as well as RTBRFO support. This scheme will provide eighty-nine homes, sixty-eight at affordable rent and twenty-one shared ownership at an estimated cost of £21,778,830 which also reflects the infrastructure and land assembly costs for the whole site.
56. Grange Farm phase 2, which will also attract HIF funding of £5m and RTBRFO support, providing one hundred affordable rented homes, is included in the capital programme at an estimated £18,302,940
57. Remaining schemes within the BCHfL programme are at various stages of development and planning and are included in the capital programme at a total estimated cost of £91,501,620 to provide the remainder of the 659 new homes. It has been assumed a selection of sites currently held in the General Fund will be transferred to the HRA for development in line with the current regulations for appropriations although the exact locations and valuations of these sites have yet to be clarified.
58. Included within these is Chichester Court which has entered the construction phase and will provide twenty-six homes at the lower London Affordable Rent reflecting the support provided from GLA grant.
59. Funding will be from a combination of GLA grants totalling £32.144m, approved borrowing and other internal HRA resources with no impact on General Fund. Other additional funding may become available from capital receipts from the disposal of small sites set out in another report on this agenda.
60. Additions to the HRA capital programme over the approved budget total £103,377,380. Of this, £84,059,970 relate to the current MTFS 2020-21 to 2022-23 inclusive.
61. The remaining £19,317,410 relate the two subsequent financial years reflecting the full life cost of BCHfL programme and the continuing planned investment requirements in existing stock to discharge landlord obligations.
62. Appendix 7 details the full capital programme and summarises the additions requested.

## Cost reductions

63. Of the £1.90m revenue cost reductions required, £1.4m has been achieved as at 31st March 2019 with the remaining £500k on target for achievement by March 2021.

## Risks & mitigations

64. A number of risks have been identified, listed below which if they materialise individually or collectively, could impede delivery of core services or raise questions about continued financial viability.

- **Interest rates** – an immediate and significant risk; these have increased by 1% and the budget and MTFs assumes these will reach 3%. Increases in excess of this over the life of the MTFs will put the BCHfL programme at risk as not all homes will be completed and generating sufficient rental streams to service the debt.

In mitigation the Council has identified alternative sources for borrowing, other than PWLB, to minimise rates increases.

- **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 this from 2025 this will have an adverse impact on revenue balances.

In mitigation HRA reserves will be strengthened from 2022-23 and the Business Plan refreshed and stress tested to ensure the Council's HRA remains viable.

- **Welfare reforms** – Government's reform of welfare and benefits is likely to impact on rent collection and cash balances; these are being assessed by a dedicated working group and reported through in year monitoring.

In mitigation the bad debt provision will be kept under review and updated based on in year monitoring and emergent trends in cash recovery from affected tenants.

- **Delays to 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 lower or delayed rental income streams and potential write off of costs to the revenue account.

In mitigation regular monitoring of new build schemes and update of the overarching HRA Business Plan will identify potential delays and appropriate action taken to substitute and expedite schemes ensuring full grant utilisation and keeping rental income in line with expectations. The BCHfL reserve can be deployed to offset unforeseen revenue costs if required.

- **Build costs** – costs for the BCHfL programme have been estimated using best information available although this will change as a result of macro-economic and market conditions.

In mitigation changes in the estimates of costs will be included in the HRA Business Plan refresh and the BCHfL reserve augmented to allow cost fluctuations to be contained. HRA Business Plan will be stress tested against a range of assumptions, including build costs to inform the need for further mitigations.

65. In the light of these risks it is essential current targets for cost reductions are met and the cost base of the HRA kept under continuous review with the aim of strengthening reserves.

## **Consultation Papers and new developments**

66. As at the date of this report Government were consulting on the use of RTB receipts, which would affect the longer term position of the HRA and its ability to generate new build units.
67. **“Use of receipts from Right to Buy sales”** – Government has consulted 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 the Council will have to put less of its own resources in either through retained receipts or additional borrowing should this proposal go through.
68. This update assumes the current arrangements of 30% financing ratio and three year deadline for reinvestment is continuing. The Council has submitted a consultation response positively supporting these proposals set out in the consultation document.
69. This consultation has closed and Government is reviewing responses.
70. **“Revised HRA Manual”** – Primary guidance is based on the HRA Manual issued by MHCLG in 2007; a revised version is expected and is likely to allow Councils to transfer land from General Fund to HRA at nil consideration or below fair value.
71. Although details have yet to be released, including restrictions regarding the number of years land is to be left undeveloped or it's physical condition, the Council will consider the new guidance with due regard its broader regeneration aspirations with the aim of securing maximum advantage.

### Variation to MTFS 2020-21

72. The MTFS approved by Cabinet and Council in 27<sup>th</sup> February 2019 estimated an in year deficit of £508k for 2020-21. Proposed budget changes results in this improving by £86k, main reasons listed below :

- Operating expenditure £174k reduction -  
Reductions in non-essential expenditure and contingency budgets supplemented by the results of the staffing review
- Repairs expenditure £66k increase -  
Review and realignment of budgets to address service priorities and emergent works identified through inspections and survey results with emphasis on health and safety and compliance in co-ordination with planned investment capital programme.
- Depreciation, interest & other costs £1,056k reductions -  
Lower than expected borrowing on BCHfL combined with review of depreciation methodology based on audited accounts. Reduction in depreciation of £628k represents change in regulated transfer of resources between revenue and capital reserves therefore no overall change in financial resources available to HRA. Withdrawal of Investment in Services budgets as part of service reviews and reduction in bad debt provision; RCCO £500k to support planned investment programme funded from general reserves.
- Income £1,078k reduction -  
Due to the accumulated impact of lower than expected CPI resulting in lower rents for all units held by the HRA, increased RTB sales, higher void rates and delays in the new build programme.

### Summary

73. HRA Budget & MTFS detailed in Appendix 1 include rent increases at CPI plus 1% and sits within the framework set out in the HRA Business Plan Update submitted to Cabinet 10<sup>th</sup> October 2019.
74. Revenue reserves are expected to remain stable and above minimum recommended balances over the life of the MTFS provided interest on new borrowing does not exceed 3%.
75. Longer term viability of the Council's HRA is dependent on successful completion of BCHfL therefore continuous review of the cost base of the HRA and underlying assumptions are essential through a revised HRA Business Plan Update.
76. Risks associated with BCHfL are significant and earmarked reserves to support this programme are modest therefore increased contributions are required which will be supported by the continuous review process.
77. Consultation papers and emerging Government regulation will be reviewed to ensure maximum advantage is secured for the Council as a whole.

## **Performance Issues**

78. The BCHfL programme contributes to delivery targets agreed with the GLA. Failure to take the project forward would jeopardise achievement of these targets and potentially withdrawal of grant funding resulting in costs already incurred being written off to revenue which would compromise the longer term viability of the Council's HRA.

## **Environmental Implications**

79. All new homes have to meet high standards of energy efficiency to reduce CO2 emissions and reduce fuel poverty as required by London Plan. We have already invested in some of our poorest performing energy efficient council homes by installing external wall insulation and continue programmes to install double glazing and the most efficient gas condensing boilers. However, we will need to review the implications when future retrofit requirements are confirmed to meet significant carbon reduction/carbon neutral targets as these are not currently costed in the HRA business plan. This would only be achievable with significant external grant support. We will also take account of the implications of drought through implementing more water efficiency measures.

## **Data Protection Implications**

80. There are no GDPR implications.

## **Risk Management Implications**

Risk included on Directorate risk register? Yes

Separate risk register in place? Yes

81. The key risks which should be highlighted, and which are referenced in the main body of the report, are related to the need to continuously review the cost base of the HRA to mitigate the risks associated with the BCHfL programme which is essential to the continued viability of the Council's HRA.
82. Additional grant funding and borrowing capacity will place obligations on the 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.
83. The framework for the monitoring and regulation on borrowing are not yet known therefore adequate resources will have to be set aside for essential monitoring and control.
84. Additional borrowing will attract interest charges which, together with recommendation to start repaying debt, will place pressure on resources. It has been assumed interest on borrowing for the BCHfL programme will not exceed 3% for the life of the MTFS.

These risks are detailed on the Housing risk register.

## **Procurement Implications**

85. Any procurement arising from the HRA will comply with the Council's Contract Procedure Rules and will be supported by the procurement team

## **Legal Implications**

86. Under section 103 of the 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 their 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 the date on which it takes effect. The period between the date on which the notice is served and the date on which it takes effect must be at least four weeks or the rental period, whichever is the longer.
87. 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.
88. The rent reduction requirements brought in under section 23 of the Welfare Reform and Work Act 2016 has now ended the Government has permitted Authorities to increase rents by CPI plus up to 1% for five years commencing from April 2020.
89. 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 the category of properties listed within s74(1), which consists primarily of Council housing stock. 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 the Secretary of State, sums may not be transferred between HRA or General Fund, therefore HRA is ring-fenced and cannot be used to subsidise a budget deficit within General Fund, neither can General Fund be used to subsidise a budget deficit in HRA. Section 76 of 1989 Act requires Local Authorities to formulate and implement proposals to secure 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

90. Financial matters are integral to this report; the table below summarises the position for the budget 2020-21 and MTFS 2021-22 to 2022-23 :

<b>Summary Revenue position (in £'000s)</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>
Gross expenditure	32,593	32,801	33,753
Gross income	(31,785)	(32,801)	(34,123)
Transfers to/(from) reserves	(386)	0	0
Net movement on revenue reserves	422	0	(370)
Balance brought fwd	(7,195)	(6,273)	(6,273)
Contribution to fund capital expenditure	500	0	0
<b>Revenue reserves</b>	<b>(6,273)</b>	<b>(6,273)</b>	<b>(6,643)</b>
<b>Summary Capital position (in £'000s)</b>			
Planned investment	5,725	5,225	5,225
Building Council Houses for Londoners	30,572	53,472	38,671
<b>Capital expenditure</b>	<b>36,297</b>	<b>58,697</b>	<b>43,896</b>

## Equalities implications / Public Sector Equality Duty

91. 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 that is 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. The relevant protected characteristics are age, race, disability, gender reassignment, pregnancy and maternity, religion or belief, sex and sexual orientation. The duty also covers marriage and civil partnership, but to a limited extent.
92. When making decisions, the Council must take account of the equality duty and in particular any potential impact on protected groups.
93. A full equalities impact assessment has been carried out in relation to the proposed rents and other charges increases and capital build programme.

The recommendation to increase the capital programme will result in much need new genuinely affordable housing supply and will have a positive impact on the community and businesses alike.

## Council Priorities

This report incorporates the following Council priorities:

- **Building a Better Harrow**  
Provision of additional housing will support the local community and economy thereby contributing to the wellbeing of residents and supporting community cohesion,
- **Supporting Those Most in Need**  
The additional housing will be genuinely affordable thereby providing accommodation to the most vulnerable in the Borough
- **Protecting Vital Public Services**  
The Business Plan is designed to support the longer term viability of the HRA which provides much needed housing and advice to residents and those at risk of becoming homeless.
- **Delivering a Strong local Economy for All**  
Affordable and high quality housing is in high demand and will support the local economy by providing a stable base for local workers as well as contractors engaged in building and maintaining the new houses.

### Section 3 - Statutory Officer Clearance

Name: Dawn Calvert	<input checked="" type="checkbox"/>	Chief Financial Officer
Date: 16th January 2020		
Name: Paresh Mehta	<input checked="" type="checkbox"/>	on behalf of the * Monitoring Officer
Date: 14th January 2020		

### Section 3 - Procurement Officer Clearance

Name: Nimesh Mehta	<input checked="" type="checkbox"/>	Head of Procurement
Date: 8th January 2020		
Name: Paul Walker	<input checked="" type="checkbox"/>	Corporate Director
Date: 4 <sup>th</sup> February 2020		

<b>Ward Councillors notified:</b>	<b>NO, as it impacts on all Wards</b>
<b>EqIA carried out: Yes</b> <b>EqIA cleared by: Dave Corby</b>	

## **Section 4 - Contact Details, Background Paper**

### **Contact:**

Tasleem Kazmi, Finance Business Partner- Regeneration & Housing  
Tel 020 8416 5201 or email [tasleem.kazmi@harrow.gov.uk](mailto:tasleem.kazmi@harrow.gov.uk)

### **Background Papers:**

**HRA Business Plan Update, report to Cabinet 10<sup>th</sup> October 2019**

<http://modern.gov:8080/documents/g64589/Public%20reports%20pack%20Thursday%2010-Oct-2019%2018.30%20Cabinet.pdf?T=10>

<b>Call-In Waived by Chair of Overview &amp; Scrutiny Committee</b>	<b>NO</b>
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## Appendix 1

### HRA Budget 2020-21 and MTFS 2021-22 to 2022-23 – Expenditure

All figures in £s	Budget 2020-21	Budget 2021-22	Budget 2022-23
Employee Costs	2,621,420	2,644,330	2,667,700
Supplies & Services	808,410	808,830	807,610
Utility cost	599,140	599,140	604,600
Estate & Sheltered Services	3,253,520	3,282,330	3,264,960
Central Recharges	3,434,590	3,503,280	3,572,470
<b>Operating Expenditure</b>	<b>10,717,080</b>	<b>10,837,910</b>	<b>10,917,340</b>
Repairs – Voids	1,075,200	1,075,200	1,075,200
Repairs – Responsive	3,238,770	3,238,770	3,238,770
Repairs – Other	2,256,290	2,354,850	2,254,060
<b>Repairs Expenditure</b>	<b>6,570,260</b>	<b>6,668,820</b>	<b>6,568,030</b>
Contingency	230,000	150,000	150,000
Bad debt provision	150,000	150,000	150,000
Affordable Housing	585,710	591,910	598,240
Charges for Capital	6,564,540	7,171,080	8,053,480
Depreciation	7,275,220	7,230,840	7,316,030
RCCO	500,000	0	0
<b>Other Expenditure</b>	<b>15,305,470</b>	<b>15,293,830</b>	<b>16,267,750</b>
<b>Total Expenditure</b>	<b>32,592,810</b>	<b>32,800,560</b>	<b>33,753,120</b>

Appendix 1 (continued)

HRA Budget 2020-21 and MTFS 2021-22 to 2022-23 – Income

All figures in £s	Budget 2020-21	Budget 2021-22	Budget 2022-23
Rent Income – Dwellings	(27,955,130)	(28,979,590)	(30,298,810)
Rent Income – Non Dwellings	(572,000)	(572,000)	(572,000)
Service Charges – Tenants	(1,591,710)	(1,594,540)	(1,597,520)
Service Charges – Leaseholders	(770,450)	(759,050)	(759,050)
Facility Charges	(577,170)	(577,170)	(577,170)
Interest	(3,100)	(3,100)	(3,100)
Other Income	(149,460)	(149,460)	(149,460)
Recharge to General Fund	(165,650)	(165,650)	(165,650)
<b>Total Income</b>	<b>(31,784,670)</b>	<b>(32,800,560)</b>	<b>(34,122,760)</b>
<b>In Year Deficit / (Surplus)</b>	<b>808,140</b>	<b>0</b>	<b>(369,640)</b>
Support RCCO	(500,000)	0	0
Contributions to repairs reserve	113,670	0	0
<b>Net movement on revenue reserves</b>	<b>421,810</b>	<b>0</b>	<b>(369,640)</b>
<b>BALANCE brought forward</b>	<b>(7,195,030)</b>	<b>(6,273,220)</b>	<b>(6,273,220)</b>
Net movement on revenue reserves	421,810	0	(369,640)
Draw down to support RCCO	500,000	0	0
<b>BALANCE carried forward</b>	<b>(6,273,220)</b>	<b>(6,273,220)</b>	<b>(6,642,860)</b>

## Average Rent & Service Charges – Social Rented Units Appendix 2

Social rented units	No. units	2019-20 weekly charge	2020-21 rent	2020-21 service charge	2020-21 total	Increase
Bedsit bungalow	19	£102.78	£102.64	£2.98	£105.62	£2.84
1 Bed bungalow	115	£112.70	£113.29	£2.47	£115.76	£3.05
2 Bed bungalow	27	£128.42	£127.95	£3.91	£131.87	£3.44
Bedsit flat	83	£88.77	£86.87	£4.38	£91.25	£2.48
1 bed flat	1,181	£98.49	£97.29	£3.91	£101.20	£2.71
2 bed flat	789	£112.14	£110.73	£4.48	£115.22	£3.07
3 bed flat	42	£124.53	£122.59	£5.25	£127.84	£3.31
1 bed Maisonette	6	£91.57	£93.59	£0.45	£94.03	£2.47
2 bed Maisonette	48	£111.20	£110.25	£3.93	£114.17	£2.97
3 bed Maisonette	44	£124.06	£122.71	£4.69	£127.39	£3.34
4 bed Maisonette	1	£129.99	£133.51	£0.00	£133.51	£3.52
2 bed Parlour House	34	£123.59	£125.63	£1.35	£126.98	£3.39
3 bed Parlour House	523	£136.24	£138.06	£1.89	£139.95	£3.71
4 bed Parlour House	55	£148.95	£150.24	£2.71	£152.96	£4.01
5 & 6 bed Parlour House	10	£159.76	£154.97	£9.02	£163.99	£4.24
2 bed Non Parlour House	500	£119.89	£120.93	£2.21	£123.14	£3.25
3 bed Non Parlour House	711	£131.49	£132.71	£2.35	£135.06	£3.57
4 bed Non Parlour House	33	£145.29	£145.91	£3.28	£149.19	£3.90
5,6 & 7 bed Non Parlour	6	£156.90	£159.87	£1.27	£161.14	£4.24
Sheltered bedsit	12	£98.60	£88.89	£12.25	£101.15	£2.55
Sheltered – other units	500	£97.75	£96.89	£3.51	£100.40	£2.66
Non sheltered	4,227	£116.21	£116.24	£3.25	£119.49	£3.28
Sheltered	512	£96.97	£96.71	£3.71	£100.42	£3.45
<b>All social rented units</b>	<b>4,739</b>	<b>£114.31</b>	<b>£114.13</b>	<b>£3.30</b>	<b>£117.43</b>	<b>£3.11</b>

Average charge for social rented units 2019-20 was £114.31 per week comprising £111.06 rent, £3.25 service charge compared to budgeted £110.86 and £3.22 per week respectively.

Estimated average charge 2020-21 is £117.43 per week comprising £114.13 rent, £3.30 service charge, reflecting rent increase of CPI + 1% where CPI is 1.7% and just CPI for tenant service charges.

**Average Rent – Affordable Rented Units      Appendix 2 (continued)**

<b>Description</b>	<b>No. units</b>	<b>2019-20 rent</b>	<b>2020-21 rent</b>	<b>Increase</b>
1 bed flat	1	£119.79	£123.03	£3.24
2 bed Parlour House	1	£125.00	£128.38	£3.38
3 bed Parlour House	6	£204.66	£208.45	£3.79
3 bed Non Parlour House	4	£202.43	£207.92	£5.49
4 bed Non Parlour House	4	£219.43	£225.39	£5.96
3 bed Parlour House (shared ownership)	3	£204.92	£210.45	£5.53
<b>Total</b>	<b>19</b>	<b>£198.68</b>	<b>£203.51</b>	<b>£4.83</b>
Affordable rented	16	£197.51	£202.21	£4.70
Shared ownership	3	£204.92	£210.45	£5.53
<b>Total</b>	<b>19</b>	<b>£198.68</b>	<b>£203.51</b>	<b>£4.83</b>

Nineteen new homes have completed; table above shows average rents for 2020-21 reflecting the rent increase of CPI + 1%.

Council initially has equity of 75% in shared ownership units with option for the tenant to purchase additional equity in future.

**Garages & parking space charges****Appendix 3**

<b>All in £s</b>	<b>Current Weekly Rental 2019-20</b>	<b>Proposed Weekly Rental 2020-21</b>
Garages	14.05	14.05
Car Spaces	9.16	9.16

## Facility Charges

## Appendix 4

<b>Sheltered Block</b>	<b>No. of properties</b>	<b>Current average weekly facility charge (Heating) 2019-20</b>	<b>Proposed average weekly facility charge (Heating) 2020-21 5% increase</b>
Alma Court	30	16.21	17.02
Belmont Lodge	30	16.21	17.02
Boothman House	30	16.21	17.02
Cornell House	30	16.21	17.02
Durrant Court	27	16.21	17.02
Edwin Ware Court	30	12.61	13.24
Goddard Court	30	16.21	17.02
Grahame White House	30	16.21	17.02
Grange Court	30	12.61	13.24
Harkett Court	30	16.21	17.02
Harrow Weald Park 0 Bed	12	10.95	11.50
Harrow Weald Park 1 Bed	19	14.80	15.54
Harrow Weald Park 3 Bed	1	22.00	23.10
John Lamb Court	32	17.03	17.88
Meadfield	30	16.21	17.02
Sinclair House	27	16.21	17.02
Tapley Court	26	16.21	17.02
Thomas Hewlett House	30	16.21	17.02
William Allen House	29	12.61	13.24
Resident Warden Accommodation	9	23.65	24.83
<b>Other Non-Sheltered</b>	101	13.97	14.67

## Water Charges

## Appendix 5

Sheltered Block	No.of flats	Current Range Water Charge 2019-2020		Proposed Range Charge at 0% increase for 2020-2021	
		Lower	Higher	Lower	Higher
Alma Court	30	£5.87	£5.87	£5.87	£5.87
Edwin Ware Court	30	£4.99	£6.49	£4.99	£6.49
Grange Court	30	£4.99	£6.20	£4.99	£6.20
John Lamb Court	32	£6.20	£6.20	£6.20	£6.20
William Allen House	29	£4.99	£6.20	£4.99	£6.20
<b>Total No of Sheltered Flats</b>	<b>151</b>				
Resident Warden Accommodation	3	£7.89	£8.73	£7.89	£8.73
<b>Total Sheltered Flats incl Warden</b>	<b>154</b>				

Responsibility for collection of water charges has been transferred for the majority of HRA properties to the water company. The Council collects water charges for remaining properties which have not yet been transferred to water company.

Community Hall and Capacity	Current 2019-20			Proposed 2020-21		
	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]	26.32	13.17	39.48	27.38	13.69	41.06
Marsh Road Hall [max 30]	26.32	13.17	39.48	27.38	13.69	41.06
Brookside Hall [max 30]	26.32	13.17	39.48	27.38	13.69	41.06
Woodlands Hall [max 60]	39.48	19.73	53.90	41.06	20.52	56.05
Churchill Place [max 100]	52.63	23.67	65.79	54.74	24.62	68.43
Kenmore Park [max 100]	52.63	23.67	65.79	54.74	24.62	68.43
Pinner Hill Hall [max 100]	52.63	23.67	65.79	54.74	24.62	68.43
Pinner Hill [max 100]	50.61	22.76	63.26	52.63	23.67	65.79

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
- Pinner Hill 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

## HRA Capital Programme

## Appendix 7

Budget Description (£)	MTFS			Additional		Total
	2020-21	2021-22	2022-23	2023-24	2024-25	Cumulative
Internal Works	522,440	987,720	987,720	1,134,230	1,134,230	4,766,340
External, Mechanical / Electrical and Health & Safety works	4,357,560	3,392,280	3,392,280	3,245,770	3,245,770	17,633,660
Aids & Adaptations	845,000	845,000	845,000	845,000	845,000	4,225,000
<b>Planned investment</b>	<b>5,725,000</b>	<b>5,225,000</b>	<b>5,225,000</b>	<b>5,225,000</b>	<b>5,225,000</b>	<b>26,625,000</b>
Grange Farm phase 1	12,452,710	9,326,120	0	0	0	21,778,830
Grange Farm, phase 2	100,000	10,103,580	8,099,360	0	0	18,302,940
Other new build schemes	18,019,600	34,042,610	30,572,000	7,460,000	1,407,410	91,501,620
<b>Building Council Homes for Londoners (BCHfL)</b>	<b>30,572,310</b>	<b>53,472,310</b>	<b>38,671,360</b>	<b>7,460,000</b>	<b>1,407,410</b>	<b>131,583,390</b>
<b>Total HRA Capital Programme</b>	<b>36,297,310</b>	<b>58,697,310</b>	<b>43,896,360</b>	<b>12,685,000</b>	<b>6,632,410</b>	<b>158,208,390</b>

Summary of additions to the capital programme over the term of the MTFS and two years beyond are summarised below :

Additions to programme (£)	2020-21 to 2022-23 MTFS term	2023-24 to 2024-25 after MTFS	Total
Planned Investment	16,175,000	10,450,000	26,625,000
Grange Farm ph 1	21,778,820	0	21,778,820
Grange Farm ph 2	18,302,940	0	18,302,940
Other	82,634,210	8,867,410	91,501,620
<b>Requirement</b>	<b>138,890,970</b>	<b>19,317,410</b>	<b>158,208,380</b>
<b>Less:</b>			
Planned Investment	7,225,000	0	7,225,000
Grange Farm ph 1	21,329,000	0	21,329,000
Grange Farm ph 2	0	0	0
Other	26,277,000	0	26,277,000
<b>Approved budget</b>	<b>54,831,000</b>	<b>0</b>	<b>54,831,000</b>
Planned Investment	8,950,000	10,450,000	19,400,000
Grange Farm ph 1	449,820	0	449,820
Grange Farm ph 2	18,302,940	0	18,302,940
Other	56,357,210	8,867,410	65,224,620
<b>Additions</b>	<b>84,059,970</b>	<b>19,317,410</b>	<b>103,377,380</b>

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