

# Harrow Business Consultative Panel AGENDA

**DATE:** Monday 22 January 2018

**TIME:** 7.30 pm

**VENUE:** Committee Rooms 1 & 2, Harrow Civic Centre,  
Station Road, Harrow, HA1 2XY

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## **MEMBERSHIP** (Quorum 3)

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**Chair:** Councillor Aneka Shah-Levy

**Councillors:**

Ajay Maru

Norman Stevenson  
Bharat Thakker

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**Reserve Members:**

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1. Jeff Anderson
2. Mrs Rekha Shah

1. Ramji Chauhan
2. Susan Hall

**Contact:** Manize Talukdar, Democratic and Electoral Services Officer  
Tel: 020 8424 1323 E-mail: [manize.talukdar@harrow.gov.uk](mailto:manize.talukdar@harrow.gov.uk)

## **Useful Information**

### **Meeting details:**

This meeting is open to the press and public.

Directions to the Civic Centre can be found at:  
<http://www.harrow.gov.uk/site/scripts/location.php>.

### **Filming / recording of meetings**

The Council will audio record Public and Councillor Questions. The audio recording will be placed on the Council's website.

Please note that proceedings at this meeting may be photographed, recorded or filmed. If you choose to attend, you will be deemed to have consented to being photographed, recorded and/or filmed.

When present in the meeting room, silent mode should be enabled for all mobile devices.

### **Meeting access / special requirements.**

The Civic Centre is accessible to people with special needs. There are accessible toilets and lifts to meeting rooms. If you have special requirements, please contact the officer listed on the front page of this agenda.

An induction loop system for people with hearing difficulties is available. Please ask at the Security Desk on the Middlesex Floor.

**Agenda publication date: Monday 8 January 2018**

# AGENDA - PART I

## 1. ATTENDANCE BY RESERVE MEMBERS

To note the attendance at this meeting of any duly appointed Reserve Members.

Reserve Members may attend meetings:-

- (i) to take the place of an ordinary Member for whom they are a reserve;
- (ii) where the ordinary Member will be absent for the whole of the meeting; and
- (iii) the meeting notes at the start of the meeting at the item 'Reserves' that the Reserve Member is or will be attending as a reserve;
- (iv) if a Reserve Member whose intention to attend has been noted arrives after the commencement of the meeting, then that Reserve Member can only act as a Member from the start of the next item of business on the agenda after his/her arrival.

## 2. DECLARATIONS OF INTEREST

To receive declarations of disclosable pecuniary or non pecuniary interests, arising from business to be transacted at this meeting, from:

- (a) all Members of the Panel;
- (b) all other Members present.

## 3. APPOINTMENT OF VICE CHAIR

To appoint a Vice Chair for the 2017/18 Municipal Year.

## 4. MINUTES (Pages 5 - 8)

That the minutes of the meeting held on 23 January 2017 be taken as read and signed as a correct record.

## 5. PUBLIC QUESTIONS \*

To receive any public questions received in accordance with paragraph 16 of the Executive Procedure Rules.

Questions will be asked in the order in which they were received. There will be a time limit of 15 minutes for the asking and answering of public questions.

**[The deadline for receipt of public questions is 3.00 pm, Wednesday 17 January 2018. Questions should be sent to [publicquestions@harrow.gov.uk](mailto:publicquestions@harrow.gov.uk)**

**No person may submit more than one question].**

## 6. PETITIONS

To receive petitions (if any) submitted by members of the public/Councillors under the provisions of Executive Procedure Rule 47 (Part 4D of the Constitution).

## **7. DEPUTATIONS**

To receive deputations (if any) under the provisions of Executive Procedure Rule 48 (Part 4D of the Constitution).

## **8. DRAFT REVENUE BUDGET 2018/19 AND MEDIUM TERM FINANCIAL STRATEGY 2018/19 TO 2020/21 & DRAFT CAPITAL PROGRAMME 2018/19 TO 2020/21 (Pages 9 - 84)**

Report of the Director of Finance.

## **9. ANY OTHER URGENT BUSINESS**

Which cannot otherwise be dealt with.

## **AGENDA - PART II - NIL**

### **\* DATA PROTECTION ACT NOTICE**

The Council will audio record item 4 (Public Questions) and will place the audio recording on the Council's website, which will be accessible to all.

[**Note:** The questions and answers will not be reproduced in the minutes.]

# HARROW BUSINESS CONSULTATIVE PANEL MINUTES

## 23 JANUARY 2017

**Chair:** \* Councillor Aneka Shah-Levy

**Councillors:** \* Ajay Maru \* Bharat Thakker  
\* Pritesh Patel (1)

\* Denotes Member present

(1) Denotes category of Reserve Members

### 14. Attendance by Reserve Members

**RESOLVED:** To note the attendance at this meeting of the following duly appointed Reserve Members:-

Ordinary Member

Reserve Member

Councillor Kam Chana

Councillor Pritesh Patel

### 15. Declarations of Interest

**RESOLVED:** To note that the following interests were declared:

Agenda Items 8&9 – Information Report: Draft Revenue Budget 2017/18 and Medium Term Financial Strategy 2017/18 to 2019/20 & Information Report: Draft Capital Programme 2017/18 to 2019/20

Councillor Ajay Maru declared a non-pecuniary interest in that he owned a business in Harrow. He would remain in the room whilst the matters were considered.

Councillor Pritesh Patel declared a non-pecuniary interest in that he was Director of a local non-profit organisation. He would remain in the room whilst the matters were considered.

**16. Appointment of Vice-Chair**

**RESOLVED:** To appoint Councillor Ajay Maru as Vice-Chair of the Harrow Business Consultative Panel for the 2016/2017 Municipal Year.

**17. Minutes**

**RESOLVED:** That the minutes of the meeting held on 26 January 2016 be taken as read and signed as a correct record.

**18. Public Questions, Petitions & Deputations**

**RESOLVED:** To note that none were received.

**RESOLVED ITEMS**

**19. Information Report: Draft Revenue Budget 2017/18 and Medium Term Financial Strategy 2017/18 to 2019/20 & Information Report: Draft Capital Programme 2017/18 to 2019/20**

Members received two reports of the Director of Finance which set out the Council's proposals Draft Revenue Budget 2017/18 And Medium Term Financial Strategy 2017/18 To 2019/20 and the Draft Capital Programme 2017/18-2019/20 For Consultation.

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

Following comments and questions from Members, officers advised that:

- the draft Business Rates list has been issued at the end of 2016 and local businesses would have been informed of their new rateable values. The final list will be issued on 1 April 2017 but business rates bills will be sent out in early March 2017 based on the draft list. Whilst rateable values have generally gone up in London and in Harrow too, the amount of additional business rates payable will be capped under the transitional relief scheme;
- 98% of business rates are collected annually, 30% of which (approximately £14.5m) is retained by Harrow Council as part of its budgeted income. The Council's gross budget for 2016/17 amounted to £560m, a significant proportion of which was ring-fenced to meet the Council's statutory responsibilities in the areas of public health, housing benefit, schools etc. The Council's net controllable budget, the

element that the Council had control over and where the savings would need to be found, amounted to £165m in 2017/18;

- the Government was consulting on proposals where Council's would retain 100% of business rate revenues by 2020 in order to enable them to fund local services;
- the number of Business ratepayers in Harrow has been declining steadily over a number of years. This had in part been due to permitted development rights under planning law which allowed office space to be converted to domestic use, resulting in a loss of jobs and business rates. This loss of income was in part offset by an increase in council tax revenue due to more domestic properties being built;
- consultation was ongoing regarding the specifics for future 100% rates retention, including the mechanism for top-up and tariff and the 'level of need' assessment process.

**RESOLVED:** That the reports be noted.

(Note: The meeting, having commenced at 7.30 pm, closed at 8.12 pm).

(Signed) COUNCILLOR ANEKA SHAH-LEVY  
Chair

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**REPORT FOR: HARROW BUSINESS  
CONSULTATIVE PANEL**

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**Date of Meeting:** 22<sup>nd</sup> January 2018

**Subject:** INFORMATION REPORTS

1. Draft Revenue Budget 2018/19 and Medium Term Financial Strategy 2018/19 to 2020/21
2. Draft Capital Programme 2018/19 to 2020/21

**Responsible Officer:** Dawn Calvert – Director of Finance

**Exempt:** No

**Wards affected:** All

**Enclosures:**

1. Report on Draft Revenue Budget 2018/19 and MTFS 2018/19 to 2020/21 and appendices
2. Report on Draft Capital Programme 2018/19 to 2020/21 and appendices

## **Section 1 – Summary and Recommendations**

The Panel is requested to note the 2 reports detailing Harrow Council's Draft Revenue Budget 2018/19 and Medium Term Financial Strategy 2018/19 to 2020/21 and Draft Capital Programme 2018/19 to 2020/21, as reported to the Council's Cabinet on 7 December 2017.

Both reports will return to Cabinet in February 2018 for final approval and recommendation to Council.

## **Section 2 – Report**

The draft Revenue budget set out in the attached report shows a refreshed Medium Term Financial Strategy (MTFS) with a number of changes which Cabinet were asked to approve and note.

The report shows a balanced budget for 2018/19 and that further work is needed to achieve balanced budgets for 2019/20 and 2020/21.

The report submitted to December Cabinet may be subject to further adjustments following the Local Government Financial Settlement, which was announced on 19 December 2017 and this will be reported to Cabinet in February 2018 as the Final Budget for 2018/19 and MTFS 2018/19 to 2020/21.

Whilst it is intended that Members will approve the Final MTFS up to 2020/21 in February 2018, this is subject to a number of assumptions in relation to grant settlements, council tax income, legislation and demographics. Therefore, Council will still be required to review the Council's budget on a yearly basis.

The Draft Capital Programme report sets out the proposed additions to the Capital Programme for the period 2018/19 to 2020/21 as well as some reductions in the previous Capital programme agreed by Cabinet in February 2017.

All adjustments to both the draft revenue budget and the draft Capital Programme will be reported to Cabinet and Council in February 2018 as part of the annual budget and council tax setting process.

### **Further Information**

See attached report

### **Risk Management Implications**

See attached report

### **Legal Implications**

See attached report

### **Financial Implications**

See attached report

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

See attached report

### **Council Priorities**

See attached report

### **Working Together to Make a Difference for Harrow**

See attached report

## **Section 3 - Statutory Officer Clearance**

Name Dawn Calvert

Chief Financial Officer

Date: 3.12.2018

<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 February 2018 Budget report</b>
<b>EqIA cleared by:</b>	n/a

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

**Sharon Daniels, Head of Strategic and Technical Finance**, tel: 0208 424 1332, [sharon.daniels@harrow.gov.uk](mailto:sharon.daniels@harrow.gov.uk)

**Background Papers: None**

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**REPORT FOR: CABINET**

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<b>Date of Meeting:</b>	07 December 2017
<b>Subject:</b>	Draft Revenue Budget 2018/19 and Medium Term Financial Strategy 2018/19 to 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 Commercialisation
<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 2018/19 to 2020/21 (New proposals) <b>Appendix 1B</b> – Proposed savings 2018/19 to 2020/21 to be agreed from 2016/17 and 2017/18 MTFS <b>Appendix 1C</b> - Growth from 2017/18 MTFS <b>Appendix 2</b> - Medium Term Financial Plan 2018/19 to 2020/21 <b>Appendix 3</b> - Schools Budget 2018/19 <b>Appendix 4</b> - Draft Public Health Budget 2018/19

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This report sets out the draft revenue budget for 2018/19 and draft Medium Term Financial Strategy (MTFS) for 2018/19 to 2020/21. The budget and MTFS will be brought back to Cabinet in February 2018 for final approval and recommendation to Council.

### **Recommendations:**

Cabinet is requested to:

- 1) Approve the draft budget for 2018/19 and the MTFS 2018/19 to 2020/21 for general consultation as set out in Appendices 1a, 1b, 1c and 2 so that Cabinet may later consider the budget in light of the consultation responses and the equality impact assessments before it is referred to Council.
- 2) Note the balanced budget position for 2018/19, and the budget gaps of £16.7m and £11m for 2019/20 and 2020/21 respectively (table 2).
- 3) Note the proposal to increase Council Tax by 1.99% in 2018/19 (Table 2 and paragraph 1.17).
- 4) Note the proposal to increase Council Tax by 1.5% in 2018/19 in respect of the Adult Social Care Precept (Table 2 and paragraph 1.17).
- 5) Note the changes to schools funding for 2018/19 as set out in Appendix 3 and paragraphs 1.32 to 1.34.
- 6) Approve the draft Public Health budget for 2018/19 as set out in Appendix 4.
- 7) Authorise the Director of Finance, following consultation with the Portfolio Holder for Finance and Commercialisation, to agree Harrow's 2018/19 contribution to the London Borough's Grant Scheme (paragraph 1.50).
- 8) With regard to the London Business Rates Pooling Pilot agree 9-15 below:
- 9) Approve and accept the designation by the Secretary of State as an authority within the London Business Rates Pilot Pool pursuant to 34 (7) (1) of Schedule 7B Local Government Finance Act 1988.
- 10) Approve participation in the London Business Rates Pilot Pool with effect from 1 April 2018 (to 31 March 2019).
- 11) Delegate the authority's administrative functions as a billing authority pursuant to the Non Domestic Rating (Rates Retention) Regulations 2013 to the City of London Corporation (COLC) acting as the Lead

Authority.

- 12) Authorise the Lead Authority to sub contract certain ancillary administrative function (regarding the financial transactions (payment of tariffs and top ups) within the Pool to the GLA as it considers expedient.
- 13) Enter into a Memorandum of Understanding with the participating authorities as may be necessary to implement and / or regulate the pool and to delegate authority of the Director of Finance, in consultation with the Portfolio Holder for Finance and Commercialisation and the Monitoring Officer, to negotiate, finalise and execute the same on behalf of the authority.
- 14) To authorise the Leader of the Council to represent the authority in relation to consultations regarding the London Business Rates Pilot Pool consultative as may be undertaken by the Lead Authority pursuant to the Memorandum of Understanding.
- 15) Delegate to the Director of Finance, in consultation with the Leader of the Council, Portfolio Holder for Finance and Commercialisation and the Monitoring Officer the authority to consider such consultative reports as the Lead Authority may circulate and to respond on behalf of the authority with regard to any recommendations and in particular, proposals for projects to be approved for funding from the Strategic Investment Pot.

Final approval will be sought from Cabinet and Council in February 2018.

**Reason: (For recommendations)**

To ensure that the Council publishes a draft budget for 2018/19 and a draft 3 Year MTFS to 2020/21.

## Section 2 – Report

### INTRODUCTION

1.0 The Government continues to reduce its funding to Local Government as part of its nationwide austerity programme. Since 2013/14, the Council has had to manage significant reductions in its Revenue Support Grant (RSG), which is its main source of funding from central government, alongside increases in demand for services and cost inflationary pressures. Table 1 below summarises the reductions in RSG:

**Table 1: Revenue Support Grant 2013/14 to 2019/20**

	RSG	Annual Reduction	Cumulative Reduction
	£'000	£'000	%
2013/14	52,100		
2014/15	42,628	9,472	18%
2015/16	32,034	10,594	39%
2016/17	21,935	10,099	58%
2017/18	13,019	8,916	75%
2018/19	7,332	5,687	86%
2019/20	1,566	5,766	97%

1.1 Therefore Harrow will see its main source of central government grant funding reduced by 97% over a 7 year period, reducing the Revenue Support Grant (RSG) to £1.566m by 2019/20. Over the four year period 2015/16 to 2018/19, it was estimated that the Council needed to fund an £83m budget gap in order to achieve a balanced budget. If this four year period is extended to the end of the current MTFS (2020/21) it is estimated Harrow Council has to fund £125m of pressures in order to achieve a balanced budget. In addition to the £40m reduction in RSG, further funding has been required to fund growth as a result of demand pressures, inflation, Capital Financing costs and other reductions in specific grants such as the Education Support Grant and this brings the total that the Council will need to fund to £125m in order to deliver balanced budgets to date and for 2019/20 and 2020/21. To set this figure into context, 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 2017/18 is £558m. 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 £165m in 2017/18 and this is the element of the budget that the Council can exercise more control over and from where savings must be found.

1.2 The draft budget set out in this report shows an updated MTFS with a number of changes Cabinet are asked to note. The changes achieve a balanced budget position for 2018/19 and budgets gaps of £16.7m and



£11m for 2019/20 and 2020/21 respectively. The MTFs may be subject to further adjustments following the provisional Finance Settlement which is due mid December 2017. Whilst it is intended that Members will approve the MTFs in February 2018, this is subject to a number of assumptions in relation to grant settlements, council tax income, legislation and demographics. The Council will still be required to review the Council's budget on a yearly basis; however approval of the MTFs will allow officers to progress a number of important projects.

## **BACKGROUND**

1.3 The budget process is designed to ensure that it is priority led so that resources are aligned with council priorities and statutory responsibilities including equalities implications. The Harrow Ambition Plan 2020 sets out the ambitious council vision of 'Working Together to Make a Difference for Harrow.' Between now and 2020 the Council's Strategy to deliver its vision is to:

- Build a Better Harrow
- Be More Business Like and Business Friendly
- Protect the Most Vulnerable and Support Families

The Council's values, developed by staff, are also a key part of the Harrow Ambition Plan:

- Be Courageous
- Do It Together
- Make It Happen

## **EXTERNAL FUNDING POSITION**

1.4 Harrow Council is one of the lowest funded councils in London. In 2015/16 Harrow's revenue spending power per head was £159 (or 17.3%) lower than the London average which ranked Harrow 26<sup>th</sup> out of 32 London Boroughs. A similar comparison with the England average shows Harrow's revenue spending power per head was £127 (or 14.3%) below average and ranked Harrow 105<sup>th</sup> out of 120 local authorities.

1.5 The Local Government Finance Settlement for 2016/17 did nothing to readdress the balance on Harrow's funding position. This settlement was intended to protect authorities that were heavily dependent on central resources from the full impact of cuts in funding over the next four years up 2019/20. The Settlement allocated central funding in a way that ensured councils received the same percentage change in settlement core funding, i.e. Council Tax and central funding. This methodology therefore benefitted Councils who obtained a relatively small proportion of their income from Council Tax. Harrow has the third highest Council Tax in London and the effect of factoring in overall funding levels, rather than applying a simple percentage cut, resulted in Harrow losing £10m of Revenue Support Grant (RSG) between 2015/16 and 2016/17. Under the new methodology, Harrow was the sixth hardest hit amongst London Boroughs.

- 1.6 Linked to the revised methodology for RSG allocation, from 2016/17 Care Act Funding was subsumed within RSG and not allocated as a separate funding stream. As Harrow's overall RGS reduced so significantly in 2016/17, there was no capacity to allocate Care Act Funding to the Adult Services division (£1.271m in 2016/17).
- 1.7 Whilst the Council was grateful to receive Transition Grant funding (£712k in 2016/17 and £699k in 2017/18), the benefit was fully off set by reductions in the Public Health Grant.
- 1.8 The results of such settlement decisions will see Harrow's relative funding position remain low. The revenue spending power per head analysis was recently updated and concluded that Harrow's core spending power per head in 2019/20 is estimated to be £170 lower than the London average and £75 lower than the rest of England average.

### **DELIVERY OF THE 2017/18 BUDGET**

- 1.9 Delivery of the 2017/18 budget is critical to maintaining the Council's financial standing and to do everything possible to protect front line services. The 2017/18 revenue budget includes a challenging savings target of £10.242m. At Quarter 2 (as at 30 September 2017) performance against the savings target is good in light of the challenging environment:

- £6.4m of savings (63%) are already achieved or on course to be achieved.
- £2.2m of savings (21%) are partially achieved or risks remain.
- £1.6m of savings (16%) will not be achieved.

The Quarter 2 forecast, subject to a separate report elsewhere on the agenda, indicates a directorate overspend of £3.88m net, the key pressures relating to demand pressures within the Children's Service (£3m) and purchasing pressures, largely relating to increased weeks of care required for residential and nursing placements within the Adults Service (£439k). The directorate overspend is fully mitigated through the receipt of additional income received after budget setting (£834k), centrally held corporate budgets (£1.721m) and an organisation wide spending freeze implemented at the start of the financial year (£1.325m).

### **MULTI YEAR FINANCE SETTLEMENT AND EFFICIENCY PLAN**

- 1.10 As part of the December 2015 Spending Review, the Secretary of State for Communities and Local Government (DCLG) made an offer to councils to take up a four year funding settlement for the period 2016/17 to 2019/20. To accept this offer an Efficiency Plan had to be prepared and published by 14 October 2016.
- 1.11 The offer made by the Government, as part of the Spending Review, was to any council that wished to take up a four year funding

settlement up to 2019/20. The purpose of this offer was to help local authorities prepare for the move to a more self-sufficient resource base by 2020 and the devolution of business rates. The multi year settlement was intended to provide funding certainty and stability for the sector that would enable more proactive planning and support strategic collaboration with local partners. For those councils that chose not to accept the offer, they will be subject to the existing annual process for determining the local government finance settlement. Allocations could be subject to additional reductions dependent on the fiscal climate and the need for the government to make further savings to reduce the deficit.

- 1.12 In light of a reduction of 93% in RSG over the four year period of the funding settlement offer, leaving a balance of £1.566m by 2019/20, the Council did not apply to accept the offer along with 8 other Council's. The risk of being subject to the existing annual process for the financial settlement has to date not materialised and the Council has received its RSG settlement in line with the four year offer and its these numbers that the MTFS is based upon.

#### **BUDGET PROCESS 2018/19**

- 1.13 The Council has a statutory obligation to agree and publish the budget for 2018/19, and approval for this will be sought in February 2018. In preparing the 18/19 budget, and rolling forward the MTFS to cover the three year period 2018/19 to 2020/21, the current MTFS (approved by Council in 2017) has been the starting point for the process.
- 1.14 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 long and medium term, in preparing the draft budget for 2018/19 the existing MTFS has been refreshed and rolled on a year and the adjustments are summarised in table 2 below, followed by an explanation of the more significant adjustments

**Table 2: Changes to MTFS**

	2018/19	2019/20	2020/21
	£000	£000	£000
<b>Budget gap at February 2017 Council Report</b>	<b>8,043</b>	<b>8,998</b>	<b>0</b>
	8,043	8,998	0
Implications of rolling forward the model to include 2020/21			
New Homes Bonus			940
Education Services Grant		144	0
2% pay award			2,000
Minimal Capital Investment of £10m			500
Estimated Directorate growth			4,000
Estimated growth in Freedom Pass take up			500
Estimated non pay inflation			500
1.99% Council Tax			-2,468
<b>Sub total</b>	<b>0</b>	<b>144</b>	<b>5,972</b>
Grant and Tax base adjustments			
Reversal of 2016/17 Collection Fund Surplus	3,500		
Collection Fund surplus 2017/18	-6,093	6,093	
Estimated increase in band D properties by 1,485		-2,064	
Increase CT by 1.99%	-2,140	-2,277	
Adult Social Care precept - 1.5% per annum	-1,707	-1,798	
<b>Sub Total</b>	<b>-6,440</b>	<b>-46</b>	<b>0</b>
<b>Budget Refresh, Growth &amp; Savings</b>			
<b>Growth</b>			
Resources and Commercial	110		
Children's Services	2,900		
Adult Services	5,825		-90
Public Health	275		
Culture - Library Contract Indexation	0	175	25
<b>Prior MTFS Savings to be reversed or re-phased</b>			
MTFS savings identified for refresh:			
Resources and Commercial	357		
Children's Services	2,309		
Adult Services	2,988	4,100	
Public Health	1,000		
Community Services	284	-75	-159
<b>Savings from 2018/19 Budget Process</b>			
Resources and Commercial	-228	-30	
Children's Services	-91		
Adult Services	-523		
Adult Services - Home In Harrow	-719	-1,251	
Community and Culture	-355	-1,120	-137
Housing	-100		
Regeneration - Planning & Development Control	-50		
<b>Sub Total</b>	<b>13,982</b>	<b>1,799</b>	<b>-361</b>
<b>Technical:</b>			
Corporate budgets - provided for in 17/18 and no longer required	-748	-108	
2016/17 and 2017/18 MRP underspends (one off)	-4,000	4,000	
2018/19 estimated MRP underspend (on going)	-2,000		
Capital financing - estimated 17/18 borrowing delayed into 2018/19	-350	350	
Capital Receipts flexibilities	-2,700	2,700	
25% reduction in 17/18 to 2019/20 Capital Programme	-1,144	-355	-45
Improved Better Care Fund 2018/19	-4,643	4,643	
Improved Better Care Fund 2019/20		-5,467	5,467
<b>Sub Total</b>	<b>-15,585</b>	<b>5,763</b>	<b>5,422</b>
<b>Revised Gap</b>	<b>0</b>	<b>16,658</b>	<b>11,033</b>

## 1.15 Implications of rolling the MTFS forward to 2020/21

Set out below are the explanations for the figures in Table 2. This is also set out in Appendix 2 along with Adjustments included within the previous MTFS agreed as part of the 2017/18 Budget process:

**New Homes Bonus (NHB)** – as part of the 2017/18 settlement a national baseline for housing growth was introduced of 0.4%. This meant that there will be no benefit in terms of NHB payments until the 0.4% is exceeded. The payment period was also reduced, so for 2017-18 NHB payments were made for five, rather than six years, and that payment period has been reduced again to four years from 2018/19. As a result of these changes, the amount of NHB was reduced in the MTFS last year by £940k in 2018/19 and a further £1m in 2019/20. The impact of this for a further year in 2020/21 is an estimated further reduction of £940k. In 2017/18 the grant to be received is £4.069m. The reductions set out above assume the estimate grant for 2020/21 will be approximately £1.2m.

- **Education Services Grant** - The grant to be paid in 2017/18 for the Education Services Grant (ESG) is £895k. The general rate of the ESG provided to Local Authorities (LA's) and existing academies has ceased from 01/09/17. This grant is provided to support LA responsibilities towards maintained schools and academies. LA's will continue to receive £15 per pupil for all pupils in state funded schools. However this grant was transferred into the Dedicated Schools Grant (DSG) rather than being an un ring-fenced grant. A reduction was already built into last year's budget process of £751k for 2018/19 and the remaining £144k needs to be removed in 2019/20.
- **Pay inflation** - A 1% pay award has been assumed for 2018/19 and 2019/20 as part of the 2017/18 budget setting process (£1m p.a.). At the present time pay discussions for 2018/19 are still ongoing and the assumptions for 2018/19 and 2019/20 are that pay increases will be in line with the Government pay policy for public sector awards to be no more than 1% up to 2019/20. For 2020/21 a 2% increase is being allowed for which equates to £2m p.a.
- **Capital Financing Charges** – An allowance of £0.5m has been included in 2020/21 for the capital financing requirement in respect of the new Capital additions as reported elsewhere on the agenda in the Capital Programme report. This will support approximately £10m of investment. This figure will be updated between draft and final budget depending on the Final agreed Capital Programme.
- **Front line growth** - An allowance of £4m has been included in the 2020/21 budget for Directorate growth based. The growth included for 2018/19 and 2019/20 is set out in Table 3.
- **Freedom Pass** - An allowance of £500k has been included in the 2020/21 budget for an estimated increase in Freedom pass take up. This is based on the annual average increase in take up.

- **Non pay inflation** - An allowance of £500k has been included for non pay inflation.
- **Council tax increase 2020/21** – The MTFS assumes an increase in Council Tax of 1.99% for 20/21, generating approximately £2.5m.

#### 1.16 Grant and Tax Base Adjustments

- **Council tax base** - largely as a result of new properties, the tax base is assumed to increase, over current assumptions, by approximately 1,485 band D equivalent properties in 2019/20, generating approximately £2.0m additional income. Being prudent, no increase is built in for 2020/21 at this time.
- **Collection Fund** - There is a report elsewhere on the agenda that estimates the surplus / deficit on the Collection Fund for 2018/19. The report details an overall net estimated surplus of £13.382m on the Collection Fund as at March 2018 of which Harrow's share is £6.093m which is now reflected in the budget for 2018/19. As this is a one off benefit, it must be reversed out in 2019/20. The surplus included in the budget for 2017/18 of £3.5m is now reversed out of the 2018/19 budget.
- **Public Health Grant** - The Public Health Grant remains ring fenced to 2017/18 until further notice Grant allocations for 2018/19 onwards have yet to be announced but annual reductions are anticipated to be at similar levels pending the outcome of consultation on options to fully fund local authorities' public health spending from their retained business rates receipts as part of the move towards 100% business rate retention. For the purposes of the budget the grant has been estimated at £10.8m and reflects a continued reduction in the grant in line with the spending review. Grant reductions have already been built into the budget as part of the last year's budget process up to 2019/20.

#### 1.17 Council Tax and the Adult Social Care Precept

- **Adult Social Care** - The budget for 2017/18 included 3% for the Adult Social Care precept. As part of the grant settlement for 2017/18, Authorities were given increased flexibility in the use of the Social care precept, which enabled them to increase by up to 3% in 2017/18 or 2018/19, but that the increase could not exceed 6% over the 3 year period 2017/18 to 2019/20. This draft budget assumes that the remaining 3% will be levied at 1.5% in 2018/19 and a further 1.5% in 2019/20, which generates an additional £1.7m and £1.8m respectively. There is no information as to whether the Social Care precept will continue beyond 2019/20 and so no assumptions are made beyond 2019/20.
- **Council Tax** - The draft budget assumes a 1.99% council tax increase in both 2018/19 and 2019/20 and this generates £2.1m and £2.3m respectively. . A 1.99% increase is also assumed for 2020/21.

## **1.18 Budget Refresh, Growth & Savings**

### **Budget Refresh**

There is a commitment to refresh the three year MTFS annually to ensure it remained reflective of the changing Harrow and Local Government landscape. All savings in the current MTFS for 2018/19 and 2019/20 have been reviewed and those savings that, for various circumstances, can no longer be taken forward are recommended for removal from the budget. These savings, which total £10.804m over the period 2018/19 to 2020/21 are summarised in table 2 and shown in Appendix 1B against the original saving. In addition to savings being reversed, there are a couple of savings which have been re-profiled between years.

The current MTFS includes savings of £2.6m and £4.1m in 2018/19 and 2019/20 for Project Infinity. This saving is proposed for reversal from the budget as a prudent measure to de-risk the MTFS in light of the Council's challenging financial position. The work will progress with IMB on Project Infinity and income generated will be re-instated into the budget as and when realised. This accounts for £6.7m of the £10.804m or reversed savings.

### **Savings identified as part of the 2018/19 Budget process**

The 2018/19 budget setting process has identified additional savings of £4.604m over the three years. These are summarised in table 3 below and detailed in Appendix 1A.

### **Growth identified as part of the 2018/19 Budget process**

Irrespective of funding reductions, the demand for front line Council services continues to increase and, in the main, shows no sign of reducing. There remain significant underlying pressures against the adults and children's social care budgets. The underlying pressures need to be addressed to ensure the budget is robust and financially sustainable as the Council moves forward into continued financially challenging times. Therefore growth of £9.220m has been allocated over the three years to address the underlying pressures. This growth is summarised in table 3 below and detailed in Appendix 1A:

**Table 3: Savings and Growth from the 2018/19 Budget setting process**

Directorate	2018/19	2019/20	2020/21	Total
<b>Savings</b>	£'000	£'000	£'000	£'000
Resources	228	30	0	258
Adult	1,242	1251	0	2,493
Children and Family	91	0	0	91
Public Health	0	0	0	0
Community and Cultural services	355	1120	137	1,612
Housing	100	0	0	100
Regeneration	50	0	0	50
<b>Total</b>	<b>2,066</b>	<b>2,401</b>	<b>137</b>	<b>4,604</b>
<b>Growth</b>				0
Resources	-110	0	0	-110
Adults	-5,825	0	90	-5,735
Children's and Family	-2,900	0	0	-2,900
Public Health	-275	0	0	-275
Community and Cultural services	0	-175	-25	-200
<b>Total</b>	<b>-9,110</b>	<b>-175</b>	<b>65</b>	<b>-9,220</b>
<b>Net Savings/Growth</b>	<b>-7,044</b>	<b>2,226</b>	<b>202</b>	<b>-4,616</b>

1.19 Table 4 sets out savings proposed as part of the current MTFS and which were included in the 2017/18 Budget report. Table 4, shows savings of £9.968m over the three year period and this is the net position after allowing for the savings referred to in the budget refresh section being reversed which total £10.804m. The savings totalling a net £9.968m over the three years are detailed in Appendix 1b.

**Table 4: Savings from 2016/17 and 2017/18 MTFS**

Directorate	2018/19	2019/20	2020/21	Total
<b>Savings</b>	£'000	£'000	£'000	£'000
Resources	1,770	150	0	1,920
Adult	240	0	0	240
Children's Services	302	150	0	452
Public Health	1,264	0	0	1,264
Community and culture	2,527	321	159	3,007
Housing	822	263	0	1,085
Regeneration	2,000	0	0	2,000
<b>Total</b>	<b>8,925</b>	<b>884</b>	<b>159</b>	<b>9,968</b>

1.20 Table 5 sets out the summary of savings and growth in the current MTFS and those that were included in the 2017/18 budget report. The



net position is net savings of £5.401m over the three years; this is set out in appendix 1a, 1b, and 1c.

**Table 5: Summary of Savings and Growth 2018/19 to 2020/21**

Directorate	2018/19	2019/20	2020/21	Total
<b>Savings</b>	£'000	£'000	£'000	£'000
Resources	1,998	180	0	2,178
Adult	1,482	1,251	0	2,733
Children's Services	393	150	0	543
Public Health	1,264	0	0	1,264
Community and culture	2,882	1,441	296	4,619
Housing	922	263	0	1,185
Regeneration	2,050	0	0	2,050
<b>Total</b>	<b>10,991</b>	<b>3,285</b>	<b>296</b>	<b>14,572</b>
<b>Growth</b>				
Resources	-110	0	0	-110
Adults	-5,729	90	90	-5,549
Children's and Family	-3,100	0	0	-3,100
Public Health	-275	0	0	-275
Community and Cultural services	0	-275	-25	-300
Housing	163			163
Total	-9,051	-185	65	-9,171
<b>Net Savings/Growth</b>	<b>1,940</b>	<b>3,100</b>	<b>361</b>	<b>5,401</b>

### 1.21 Technical Adjustments

- **Corporate Budgets** - A review of the Corporate budgets has provided for £0.748m and £0.108m of savings in 2018/19 and 2019/20. This is largely as a result of building in estimates for items in previous budget setting rounds. For example, the impact of the 2017/18 NNDR revaluation on Harrow's own sites has cost approximately £300k less than estimated.
- **Capital Financing Charges** - There are a number of savings, both one off and ongoing that are being factored into the budget in connection with Capital Financing Charges:
  - a) There is a one off £4m over provision of Minimum Revenue Provision estimated in 2017/18, as a result of slippage on the Capital programme. By charging the same level of MRP in 2017/18, it is possible to reduce the MRP charge by the same amount in 2018/19, therefore producing a one off saving in 2018/19 which needs to be reversed in 2019/20.

- b) As a result of a review of the MRP provision, it is possible to reduce the budget by £2m on a permanent basis. The budget is increased incrementally each year for new Capital financing costs from new schemes, but the schemes where MRP charges have now been repaid in full do not get taken out of the budget on an annual basis. This review has delivered a £2m saving.
- c) The slippage on the Capital programme has meant that borrowing that was estimated to take place in 2017/18, can be delayed until 2018/19, therefore bringing about one off savings in interest charges of £350k in 2018/19.
- d) As reported elsewhere on the agenda in the Capital Programme report, a reduction in the Capital Programme in 2017/18 to 2019/20 has brought about capital financing savings of £1.144m in 2018/19, £355k in 2019/20 and £45k in 2020/21.

1.22 The 2015 Spending Review announced £2.4 billion announced as part of an improved Better Care Fund over the three years to 2019/20 (£6m for Harrow although no funding in 2017/18). The spring 2017 budget announced additional funding of £2 billion for adult social care (£7.7m for Harrow), £1 billion of which was made available in 2017-18. (£3.6m for Harrow). Therefore over the 3 year period 2017/18 to 2020/21, the Council received funding of £13.7m, of which £10.1m relates to the current MTFs period. This funding is now included in the draft MTFs, £4.643m in 2018/19 and £5.467m in 2020/21.

1.23 This additional funding for adult social care was given to councils in a direct grant from the DCLG, and was required to be included within the Better Care Fund, specifically titled the Improved Better Care Fund (IBCF). Three conditions have been set by DCLG in relation to this funding: meeting social care needs, stabilising the social care provider market and relieving pressures on the NHS. In July, NHS England set targets for councils to meet by September 2017 which are currently being measured. Subsequent national policy announcements stated that Councils which did not improve performance significantly would have their IBCF allocation reviewed. The current position is that funding will not be removed in 17/18 but could be reviewed in future years, based on performance in September and November.

#### **CAPITAL RECEIPTS FLEXIBILITY**

1.24 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 is being offered to the sector for the three financial years 2016/17 to 2018/19.

1.25 The Council signified its intent to make use of this flexibility in its final budget report to Cabinet and Council in February 2016.

- 1.26 In terms of the required reporting requirements, DCLG recommend each authority disclose the projects that will be funded or part funded through capital receipts to full Council. This requirement can be satisfied as part of the annual budget setting process. In November 2016, Cabinet approved a number of asset disposals and the capital receipts from these disposals are being applied within the new flexibilities. A separate report on this agenda provides an update on asset disposals. In 2017/18 capital receipt flexibilities of £3.039m were applied and the draft budget for 2018/19 assumes further capital receipt flexibilities of £2.7m. The further use of capital receipt flexibilities will be reported to February Cabinet and finally approved by full Council in February 2018.

### **THE AUTUMN BUDGET 2017**

- 1.27 The Autumn Statement was released on 22 November 2017. There were a number of announcements in relation to Local Government, the financial implications of which are being evaluated or the detail will become known following receipt of the Local Government Financial Settlement which is due by mid December. This may result in further adjustments to the MTFs which will be reported to Cabinet and Council in February 2018.

### **LONDON BUSINESS RATES POOLING PILOT**

- 1.28 Currently Local Authorities retain 30% of the Business Rates income they collect, for Harrow this equates to £14.4m per annum, Business Rates are currently subject to reform with central government intending to allow local government, as a whole, to retain all its rates collected. Alongside this there will be a phasing out of a number of specific grants including RSG and the transfer of additional responsibilities to local government to ensure overall fiscal neutrality of the reforms.
- 1.29 As a first step towards 100% rates retention Harrow has agreed, in principle, to support a 100% business rates retention pilot proposal for 2018/19 covering London. This approach was collectively agreed by borough Leaders and the Mayor at the Congress of Leaders meeting on 10 October 2017. Following implementation, Harrow would receive a proportion of the collective growth in London arising from the pool and the no detriment clause agreed by central Government would guarantee that the Council could be no worse off than it would have been had the pilot not been put in place. Central government have committed to the pool for the period of 1 year only. Full implementation of 100% retention will require primary legislation.
- 1.30 The pool will be governed by a quasi – contractual approach involving a lead authority in consultation with participating authorities. This would be documented in a non legally binding Memorandum of Understanding with delegated authority to the City of London Corporation as the Lead Authority. It is proposed that a portion of the net gain from the pooling arrangement would be retained as a strategic investment pot (SIP) which could be used to fund projects that deliver

economic growth and it is proposed that the lead Authority will take decisions on the allocation of the SIP in consultation with the other participating authorities.

- 1.31 The draft MTFS is based on the current business rate arrangements. Any changes as a result of the 100% business rates retention pilot proposal will be reported to Cabinet and Council in February 2018 as part of the report to approve the final 2018/19 budget and MTFS. Being prudent, the draft MTFS includes no growth potential as a result of the pool.

### **SCHOOLS BUDGET 2018/19**

- 1.32 There are significant changes to school funding in 2018/19. In March and December 2016 the Government issued a two phase consultation which proposed the introduction of a National Funding Formula (NFF) for schools and High Needs funding. The outcome of these consultations was announced in the summer.
- 1.33 The Government will introduce a National Funding Formula from 2018/19. This will be a 'soft' NFF in 2018/19 and 2019/20. This means that Local Authorities (LA) will be funded on the basis of the aggregate of the NFF for all schools, academies and free schools in its area but the final formula for distribution will be determined by each LA following consultation with schools and Schools Forums. The Council is currently undertaking a consultation with all schools which closes on 1 December 2017, the outcome of which will be reported to Cabinet in February 2018 for approval of the proposed formula.
- 1.34 In 2020 the Government intends to implement the NFF 'hard' formula which means that school allocations will be determined by the DfE rather than LAs.

### **PUBLIC HEALTH FUNDING**

- 1.35 Following the comprehensive spending review in November 2015, Public Health England wrote to local authorities detailing average real terms savings of 3.9% each year to 2020/21 and notified allocations for 2016/17 and 2017/18.
- 1.36 Grant allocations for 2018/19 onwards have yet to be announced but annual reductions are anticipated to be at similar levels pending the outcome of consultation on options to fully fund local authorities' public health spending from their retained business rates receipts as part of the move towards 100% business rate retention. For the purposes of the budget the grant has been estimated at £10.8m and reflects a continued reduction in the grant in line with the spending review.
- 1.37 The shared public health service with Barnet will cease on 31<sup>st</sup> March 2018. The original term of 5 years will not be extended given the relationship with STP footprints which is expected to more appropriately align Barnet within the North Central London region rather than the North West London region where Harrow as the host

provider is located. The draft Public Health commissioning intentions detailed in Appendix 4 of £10.8m represents the costs of a Harrow only service from 1<sup>st</sup> April 2018. This expenditure includes an increase in costs associated with health checks (to meet the national minimum requirement), the re-instatement of three posts resulting in an increase in the head count from 5 to 8 FTE , and a reduction in the savings associated with the ongoing drug and alcohol services.

- 1.38 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**

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

- 1.40 The Better Care Fund (BCF) provides a mechanism for joint health and social care planning and commissioning, bringing together ring-fenced budgets from Clinical Commissioning Group (CCG) allocations, the Disabled Facilities Grant (DFG) and funding paid directly to local government for adult social care services – the Improved Better Care Fund (IBCF). The Integration and Better Care Fund Plan is the principle vehicle in Harrow to deliver Whole Systems Integrated Care with partners to support the local health and care economy to define and deliver its Accountable Care model that will enable longer term system wide capacity to meet increasing need and demand for services. The Harrow-wide vision for whole systems integrated care is to improve the quality of health and social care for individuals, carers and families, empowering and supporting people to maintain independence and to lead full lives as active participants in their community by improving access to services in the “Right place at the Right time”

- 1.41 The aim for 2017/19 is to further reduce hospital admissions and overall cost of delivery by shifting investment in resource and provision of services into the community rather than acute settings in line with the CCG's 'Out of Hospital' strategy and emerging 'Local Service' model. The CCG plan to have a local ASC – Accountable Care System Organisation operating in shadow form by April 2018. The 2017-19 BCF plan was approved by NHS England on 10<sup>th</sup> November.

- 1.42 The BCF in 2018-19 has national funding of £5.617billion and comprises £3.650billion from CCG allocations, £468mn Disabled Facilities Grant and £1.499 billion IBCF grant to local authorities. The agreed value of the Better Care Fund in Harrow is £22.115m, £1.406m of which reflects the capital funding in relation to Disabled Facility (the Community Capacity Grant having been discontinued). The balance of £20.709m allocated to revenue funding supporting the two agreed schemes – Protecting Social Care (£5.888m) and Whole Systems and

Transforming Community Services (£10.142m) and the direct grant to local government in relation to the iBCF funding of £4.643m.

- 1.43 Over the duration of the plan the aim is to increase the proportion of resources that are pooled, and extend integrated working to new service areas including the development of an Accountable Care System.

### **COMMERCIALISATION**

- 1.44 Harrow's Commercialisation Strategy was agreed by Cabinet in June 2015. It aims to put in place measures designed to support the substantial cuts that Harrow has experienced and further envisages in the coming years. It aims to take a broad view of commercialisation, to include all aspects of service reviews and redesign, the commissioning cycle, shared services, multi borough joined up services, new opportunities for revenue generation and pricing.
- 1.45 Commercialisation for Harrow Council has been defined as encompassing, but not limited to, the following areas:
- Shared Services
  - Investments
  - Selling services
  - Pricing Analysis
  - Fitness of traded services
  - Consideration of concessions
  - Better contract management
  - Continuous improvement in procurement
- 1.46 Based on the council's current pipeline of commercialisation opportunities, it is expected that the Commercialisation Strategy will deliver significant benefits; £15.525m of these benefits are captured in the MTF5 over the period 2015/16 to 2020/21. Table 6 below summarises the commercialisation benefits:

**Table 6: Commercialisation Benefits**

	MTFS 2015/16	MTFS 2016/17	MTFS 2017/18	MTFS 2018/19	MTFS 2019/20	MTFS 2020/21	Total
<b>Activity</b>	£0	£0	£0	£0	£0		£0
1. Legal Service Expansion – HB Public Law has expanded to include Hounslow and Aylesbury Vale with further expansion opportunities continuing to be explored.	244	284	354	354	-		1,236
2. Website Commercialisation – There are two streams to this project: Advertising on website assets and introduction of national and local deals.	100	25	25	120	-		270
3. Shared HR service – look at sharing the service with other local authorities.	-	-	140	110	-		250
4. Investment Portfolio – an opportunity to invest in a portfolio of commercial properties will be explored as well as the potential to invest in opportunities such as energy generation. Peer support has been sought from Luton Borough Council via the LGA.	-	-	350	350	-		700
5. Procurement Services – a shared service with other authorities is being actively explored. The council's Director of Commercial, Contracts and Procurement is now also the Head of Procurement for Brent.	50	108	182	180	-		520
6. My Community ePurse – explore commercialisation opportunities	-	-	-	2,638	4,100		6,738
7. Adults services - Wiseworks and Shared lives – commercialisation opportunities and selling model to neighbouring Boroughs.	-	-	100	219	56		375
8. Private Rented Sector Housing – As part of the regeneration plans, the council is looking at building homes which could then be rented to private tenants.	-	-	350	2,000	-		2,350
9. Property Purchase Initiative - Purchasing of up to 100 properties to increase supply of good quality temporary accommodation and mitigate homelessness costs.	-	230	31	-2	42		301
10. Harrow School Improvement Partnership – HSIP is already providing a service to Brent. The opportunity to expand the service to other councils is being looked into.	-	130	-	-	-		130
11. Project Phoenix including Trade Waste.	-	115	520	1,525	-	200	2,360
12. Helpline – review the service to consider whether Helpline services can be provided to other councils.	-	15	80	100	100		295
<b>Total</b>	<b>394</b>	<b>907</b>	<b>2132</b>	<b>7594</b>	<b>4298</b>	<b>200</b>	<b>15525</b>

1.47 My Community e purse (Project Infinity) remains a commercialisation target. It has been removed from the MTFS as a de-risking measure as part of the budget refresh process. However work progress's with IBM on product development and marketing and income generated will be re-instated into the budget as and when realised.

## **RESERVES AND CONTINGENCIES**

1.48 Reserves and contingencies need to be considered in the context of their need to protect the Council's good financial standing and in the context of the overall risks that the Council faces during a continuing period of economic uncertainty. The MTFS reflects the Council's need to ensure an adequate level of reserves and contingencies which will enable it to manage the risks associated with delivery of the budget including equalities impacts and unforeseen events. As at the time of writing this report general fund non earmarked balances remain at £10m and those for specific purposes are detailed:

- Unforeseen contingency £1.248m (on going reserve build into the Revenue Account)
- Budget Planning contingency £1m
- Rapid Response reserve £75k
- Standing Up for Those in Need £800k
- Business Risk Reserve £2.109m
- MTFS Implementation Costs £0m (The Revenue and Capital Monitoring Report as at Quarter 2 shows an estimated carry forward balance of £1.990m against this reserve. Its is assumed this sum will be used for redundancy costs in 2018/19)

1.49 The Director of Finance will report on the adequacy of the Council's reserves as required in the budget setting report in February.

## **LONDON BOROUGHS GRANTS SCHEME**

1.50 Harrow's contribution to the London Borough's Grant Scheme was £218,749 in 2017/18. At the time of writing this report the Council has not been notified of the recommended contribution for 2018/19. To ensure that the Council can respond to London Council's when contribution rates are notified, its is recommended that Cabinet authorise the Director of Finance to agree Harrow's 2018/19 contribution to the London Borough's Grant Scheme, in consultation with the Portfolio Holder for Finance and Commercialisation. The contribution rate will be reported to Cabinet in February 2018 as part of the final budget.

## **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.

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.

2.2 Public consultation on the overall budget for 2018/19 will commence after 7 December 2017 before the final savings are recommended to Full Council on the 22 February 2018. The public consultation will give residents an opportunity to comment on the 2018/19 overall budget before final decisions are formalised in the council's annual budget.

2.3 In terms of service specific consultations, the council has a duty to consult with residents and service users in a number of different situations including where proposals to significantly vary, reduce or withdraw services. Consultation is also needed in other circumstances, for example to identify the impact of proposals or to assist with complying with the council's equality duties. Where appropriate, separate service specific consultations have already taken place or are currently taking place for the 2018/19 savings.

### **3.0 PERFORMANCE IMPLICATIONS**

3.1 The in-year measurement of the Council is reported in the Strategic Performance Report. The Corporate Plan, which will be developed alongside the Budget Report, will have measures within it which will set out how Council delivery in 2018/19 will be measured and this again will be reported through the Strategic Performance Report.

### **4.0 RISK MANAGEMENT IMPLICATIONS**

4.1 As part of the budget process the detailed budget risk register will be reviewed and updated. This helps to test the robustness of the budget and support the reserves policy. This will be reported to February Cabinet.

## **5.0 LEGAL IMPLICATIONS**

- 5.1 Section 31A of the Local Government Finance Act 1992 requires billing authorities to calculate their council tax requirements in accordance with the prescribed requirements of that section. This requires consideration of the authority's estimated revenue expenditure for the year in order to perform its functions, allowances for contingencies in accordance with proper practices, financial reserves and amounts required to be transferred from general fund to collection fund.
- 5.2 Local authorities owe a fiduciary duty to council tax payers, which means it must consider the prudent use of resources, including control of expenditure, financial prudence in the short and long term, the need to strike a fair balance between the interests of council tax payers and ratepayers and the community's interest in adequate and efficient services and the need to act in good faith in relation to compliance with statutory duties and exercising statutory powers.
- 5.3 Cabinet is approving these proposals for consultation after which a cumulative equalities impact will be drafted. These proposals will be referred to Council so that Council can approve the budget envelope and set the Council Tax. There will be contingencies within the budget envelope so that decision makers have some flexibility should any decisions have detrimental equalities impacts that cannot be mitigated.
- 5.4 The Secretary of State has the power to designate two or more "relevant authorities" as a pool of authorities for the purposes of the provisions of Schedule 7B of the Local Government Finance Act 1988 (as amended by the Local Government Finance Act 2012). Paragraph 45 (Interpretation) of Schedule 7B defines a "relevant authority" as a billing authority in England, or a major precepting authority in England. The list of billing authorities at Schedule 5, Part 1 of the Non-domestic Rating (Rates Retention) Regulations 2013/452 includes the GLA and the London Boroughs as billing authorities and the GLA is also a precepting authority pursuant to section 39 (1) of the Local Government Finance Act 1992. In relation to the project, the participating local authorities have implicit powers to enter into arrangements with each other for the purposes of fulfilling the requirements of Schedule 7B for obtaining an order of the Secretary of State authorising the establishment of a business rate pool. Local authorities have a power to enter into arrangements between them including under section 111 of the LGA 1972: "Without prejudice to any powers exercisable apart from this section but subject to the provisions of this Act and any other enactment passed before or after this Act, a local authority shall have power to do any thing (whether or not involving the expenditure, borrowing or lending of money or the acquisition or disposal of any property or rights) which is calculated to facilitate, or is conducive or incidental to, the discharge of any of their functions".

## **6.0 FINANCIAL IMPLICATIONS**

- 6.1 Financial Implications are integral to this report.

## 7.0 EQUALITIES IMPLICATIONS / PUBLIC SECTOR EQUALITY DUTY

7.1 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*

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

## 8.0 COUNCIL PRIORITIES

8.1 The Council's draft budget for 2018/19 has been prepared in line with the Council's vision:

### Working Together to Make a Difference for Harrow

- Making a difference for the vulnerable
- Making a difference for communities
- Making a difference for local businesses
- Making a difference for families

## Section 3 - Statutory Officer Clearance

Name: Dawn Calvert	<input type="checkbox"/>	on behalf of the * Chief Financial Officer
Date: 27/11/17		
Name: Jessica Farmer	<input checked="" type="checkbox"/>	on behalf of the * Monitoring Officer
Date: 27/11/17		

<b>Ward Councillors notified:</b>	<b>No, as it impacts on all Wards</b>
-----------------------------------	---------------------------------------

**EqIA carried out:**

To be reported on as  
Part of the Feb Budget  
report

**EqIA cleared by:**

n/a

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

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

### **Background Papers:**

- [1. Final Revenue Budget 2016/17 and Medium Term Financial Strategy 2016/17 to 2019/20 - report to Cabinet 18th February 2016](#)
- [2. Property Disposal Programme 2016-2017 - report to Cabinet 17th November 2016](#)
- [3. Commercialisation Strategy- report to Cabinet 17<sup>th</sup> June 2015](#)

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

**Call in applies**

*(for completion by Democratic  
Services staff only)*

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\* Please Note, all SAVINGS shown as POSITIVE and Growth as Negative

**Total Savings & Growth - 2018/19 Budget Process**

Directorate				Savings				Consultation/EQIA		
Item No	ref	Specific Service Area	Headline Description re: saving / reduction <b>INTERNAL</b>	2018-19	2019-20	2020-21	Total	EQIA required Yes/No	Does this proposal impact on another directorate Y/N	Consultation Required Yes/No
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)			
				£000	£000	£000	£000			
<b>Resources</b>							-			
1	Res 18.19 01	Customer Services	Review of Postal Process - the post room will sort inbound post but services will need to collect from the Post Room.  The post room will frank and send post out but services will be responsible for delivering mail to post room.	20	30		50	Y	Y	Y
2	Res 18.19 03	Finance	Reduced contribution to the Insurance Fund - Harrow Council primarily self insures and makes an annual contribution from the general fund to the Insurance Fund. The annual contribution currently stands at £1,132,143. Due to tighter management of insurance claims, it is estimated that the contribution can be reduced by a further £50k. No implementation costs.	50			50	N	N	N
3	Res 18.19 04	Finance	Insurance Tender Efficiencies. The following Insurance Policies were re-tendered and savings of £35k per annum will be realised from 01/04/17.	35			35	N	N	N
4	Res 18.19 05	Legal	Member meetings, member self service, change to standards regime	40			40	N	N	N

\* Please Note, all SAVINGS shown as POSITIVE and Growth as Negative

**Total Savings & Growth - 2018/19 Budget Process**

Directorate				Savings				Consultation/EQIA		
Item No	ref	Specific Service Area	Headline Description re: saving / reduction <b>INTERNAL</b>	2018-19	2019-20	2020-21	Total	EQIA required Yes/No	Does this proposal impact on another directorate Y/N	Consultation Required Yes/No
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)			
Heading in BOLD - detail in normal font - please keep typing - Text will wrap				£000	£000	£000	£000			
5	Res 18.19 06	Strategic Commissioning	Special Responsibilities Allowance	58			58	N	N	N
6	Res 18.19 07	Strategic Commissioning	Restructure of the Policy team	25			25	Y	N	Y
<b>Resources Total</b>				228	30	-	258			
<b>People Services</b>										
<b>Adult</b>										
7	PA01	Adult Social Care	Restructure of Adult Social Care Management Deletion of up to 7 management posts within Adult social care, whilst maintaining the number of staff required to support the delivery of care and Resilient Communities.	233	-	-	233	Y	N	Y
8	PA02	Adult Social Care	Housing Provision with Floating Support A new modernised and flexible approach to supported living for vulnerable adults. Responding to the LGA Adults Finance Review which noted potential opportunities to be explored around housing options, given the numbe	50	-	-	50	Y	N	Y



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**Total Savings & Growth - 2018/19 Budget Process**

Directorate				Savings				Consultation/EQIA		
Item No	ref	Specific Service Area	Headline Description re: saving / reduction <b>INTERNAL</b>	2018-19	2019-20	2020-21	Total	EQIA required Yes/No	Does this proposal impact on another directorate Y/N	Consultation Required Yes/No
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)			
			<b>Heading in BOLD</b> - detail in normal font - please keep typing - Text will wrap	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>			
9	PA03	Adult Social Care	Review of Floating Support Contracts Savings through supporting people in appropriate housing rather than high cost placements	200	-	-	200	Y	N	Y
10	PA04	Adult Social Care	Retendering of Care Act Contracts to deliver efficiencies in contract cost	40	-	-	40	Y	N	Y
11	PA05	Adult Social Care	Adult Services - Home In Harrow	719	1,251	-	1,970	Y	N	Y
			<b>Adult Total</b>	1,242	1,251	-	2,493			
	<b>Children</b>						-			

* Please Note, all SAVINGS shown as POSITIVE and Growth as Negative				Appendix 1A							
<b>Total Savings &amp; Growth - 2018/19 Budget Process</b>											
Directorate					Savings				Consultation/EQIA		
Item No	ref	Specific Service Area	Headline Description re: saving / reduction <b>INTERNAL</b>	2018-19	2019-20	2020-21	Total	EQIA required Yes/No	Does this proposal impact on another directorate Y/N	Consultation Required Yes/No	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)				
Heading in BOLD - detail in normal font - please keep typing - Text will wrap				£000	£000	£000	£000				
12	PC03	Commissioning & Strategy	Delete Capital Team The majority of the capital schemes for the School Expansion Programme have been completed or are near completion. Beyond 2017-18 there will be small amounts of rolling maintenance programmes which could be managed by the CDU in Regen. Any specific schools projects beyond that can be commissioned from the CDU and funded by capital as a capital project fee. This savings proposal deletes the revenue budget associated with the administration & project support. Project management has historically been capitalised. Estimated redundancy costs £40k unless staff can be transferred into CDU	91			91	Y	N	Y	
<b>Children's Total</b>				91	-	-	91				
<b>People Total</b>				1,333	1,251	-	2,584				
<b>Community</b>											
<b>Community and Culture</b>											

* Please Note, all SAVINGS shown as POSITIVE and Growth as Negative				Appendix 1A							
<b>Total Savings &amp; Growth - 2018/19 Budget Process</b>											
Directorate					Savings				Consultation/EQIA		
Item No	ref	Specific Service Area	Headline Description re: saving / reduction <b>INTERNAL</b>	2018-19	2019-20	2020-21	Total	EQIA required Yes/No	Does this proposal impact on another directorate Y/N	Consultation Required Yes/No	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)				
<b>Heading in BOLD</b> - detail in normal font - please keep typing - Text will wrap				<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>				
13	COM18.19_S01	Commissioning & Commercial Division - Parking	Parking review - General efficiency review. Changes include the proposed Virtual Permits system.	205			205	Y	N	Y	
14	COM18.19_S03	Environment & Culture - Waste Services	Changes to the Household Recycle & Reuse Centre (HRRC) at Forward Drive 1. Restrict access for non residents to HRRC by introducing a charging regime for non residents. 2. Introduce charges for non household waste (e.g. building waste) deposited at HRRC by residents / non residents 3. Upgrade trade waste controls		20		20	Y	N	Y	
15	COM18.19_S04	Environment & Culture - Harrow Arts Centre	Reduce subsidy to the arts centre	150	150	137	437	Y	N	Y	

\* Please Note, all SAVINGS shown as POSITIVE and Growth as Negative

**Total Savings & Growth - 2018/19 Budget Process**

Directorate				Savings				Consultation/EQIA		
Item No	ref	Specific Service Area	Headline Description re: saving / reduction <b>INTERNAL</b>	2018-19	2019-20	2020-21	Total	EQIA required Yes/No	Does this proposal impact on another directorate Y/N	Consultation Required Yes/No
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)			
			Heading in BOLD - detail in normal font - please keep typing - Text will wrap	£000	£000	£000	£000			
16	COM18.19_S05	Environment & Culture - Waste Services	Waste Services Review - implementing waste management strategy to include the following: 1. Introduction of food / dry recycling in Flats 2. Review collection regime and resources  Total target saving of £500k, subject to detailed proposals to be developed as part of Waste Review and requisite Cabinet approval. One-off implementation costs anticipated and estimated at £150k, leading to a net saving of £350k in 19/20 and £150k in 20/21.		500		500	Y	N	Y
17	COM18.19_S07	Commissioning & Commercial - Contracts Management	Savings from contract re-procurement		250		250	N	N	N
18	COM18.19_S10	Commissioning & Commercial Division	Phoenix projects - Indicative net saving from the commercialisation of CCTV operations, subject to a business case.		200		200	Y	N	Y
			<b>Total Community &amp; Culture</b>	355	1,120	137	1,612			
			<b>Housing</b>							
19	COM18.19_S08	Housing	Housing Related Support Procurement	100			100	Y	N	Y

\* Please Note, all SAVINGS shown as POSITIVE and Growth as Negative

**Total Savings & Growth - 2018/19 Budget Process**

Directorate				Savings				Consultation/EQIA		
Item No	ref	Specific Service Area	Headline Description re: saving / reduction <b>INTERNAL</b>	2018-19	2019-20	2020-21	Total	EQIA required Yes/No	Does this proposal impact on another directorate Y/N	Consultation Required Yes/No
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)			
			<b>Heading in BOLD</b> - detail in normal font - please keep typing - Text will wrap	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>			
			<b>Total Housing</b>	100	-	-	100			
			<b>Community Total</b>	455	1,120	137	1,712			
	<b>Regeneration</b>									
20	REP18.19_S01	Development Control	Additional Planning/Development Management Income - Review of pre-application fees - Income from Proceeds of Crime work relating to planning enforcement	25			25	N	N	N
21	REP18.19_S02	Building Control	Additional Building Control Income by - working for development partners outside the Borough (such as for Redrow in Luton) - sales of specialist services (such as Fire Officer).	25			25	N	N	N
			<b>Regeneration Total</b>	50	-	-	50			
			<b>TOTAL SAVINGS</b>	<b>2,066</b>	<b>2,401</b>	<b>137</b>	<b>4,604</b>	<b>0.0</b>		<b>0.0</b>

* Please Note, all SAVINGS shown as POSITIVE and Growth as Negative				Appendix 1A						
<b>Total Savings &amp; Growth - 2018/19 Budget Process</b>										
<b>Directorate</b>				<b>Savings</b>				<b>Consultation/EQIA</b>		
Item No	ref	Specific Service Area	Headline Description re: saving / reduction <b>INTERNAL</b>	2018-19	2019-20	2020-21	Total	EQIA required Yes/No	Does this proposal impact on another directorate Y/N	Consultation Required Yes/No
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)			
<b>Heading in BOLD</b> - detail in normal font - please keep typing - Text will wrap				<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>			
<b>Growth</b>										
<b>Resources</b>										
							-			
1	RESG01	Customer Services	HB Admin grant is reducing year on year by 10% (2017/18 reduced by £125k) and will reduce by £110k in 2018/19.	(110)	0	0	(110)	N	N	N
			<b>Resources Total</b>	<b>(110)</b>	<b>-</b>	<b>-</b>	<b>(110)</b>			
<b>People Services</b>										
<b>Adults</b>										
2	PA01	Adult Services	Growth to reflect existing demands in Adult Social Care and to reflect anticipated demographic pressures in 2018/19	(5,825)		90	(5,735)	N	N	N
			<b>Total Adult</b>	<b>(5,825)</b>	<b>-</b>	<b>90</b>	<b>(5,735)</b>			
<b>Children</b>										
3	PCG01	CYP Services	Children's Services Inherent Pressures Growth to reflect the existing demands in children's social care	(2,900)			<b>(2,900)</b>	N	N	N

\* Please Note, all SAVINGS shown as POSITIVE and Growth as Negative

**Total Savings & Growth - 2018/19 Budget Process**

Directorate				Savings				Consultation/EQIA		
Item No	ref	Specific Service Area	Headline Description re: saving / reduction <b>INTERNAL</b>	2018-19	2019-20	2020-21	Total	EQIA required Yes/No	Does this proposal impact on another directorate Y/N	Consultation Required Yes/No
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)			
			<b>Heading in BOLD</b> - detail in normal font - please keep typing - Text will wrap	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>			
			<b>Total Childrens Services</b>	<b>(2,900)</b>	<b>-</b>	<b>-</b>	<b>(2,900)</b>			
<b>Public Health</b>										
4	PH01	Health Checks	Increase in funding to enable 81% of eligible population to be invited to receive a health check over 5 years	(100)			(100)	N	N	N
5	PH02	Health Checks	Reinstate three posts to continue to improve health and reduce health inequalities	(175)			(175)	N	N	N
			<b>Total Childrens Services</b>	<b>(275)</b>	<b>-</b>	<b>-</b>	<b>(275)</b>			
			<b>People Total</b>	<b>(9,000)</b>	<b>-</b>	<b>90</b>	<b>(8,910)</b>			
<b>Community</b>							-			
6	COM18.19_G01	Libraries Service	Contract Indexation uplift for the Libraries contract. The contract is subject to an indexation uplift every 2nd anniversary of the contract. The first uplift was applied in Sept 15 and the second one in Sept 17. Current pressure is being offset by one-off libraries reserve		(175)	(25)	(200)	N	N	N
			<b>Total Community</b>	<b>-</b>	<b>(175)</b>	<b>(25)</b>	<b>(200)</b>			
			<b>Total Growth</b>	<b>(9,110)</b>	<b>(175)</b>	<b>65</b>	<b>(9,220)</b>			

* Please Note, all SAVINGS shown as POSITIVE and Growth as Negative					Appendix 1A						
<b>Total Savings &amp; Growth - 2018/19 Budget Process</b>											
Directorate					Savings				Consultation/EQIA		
Item No	ref	Specific Service Area	Headline Description re: saving / reduction <b>INTERNAL</b>	2018-19	2019-20	2020-21	Total	EQIA required Yes/No	Does this proposal impact on another directorate Y/N	Consultation Required Yes/No	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)				
			Heading in BOLD - detail in normal font - please keep typing - Text will wrap	£000	£000	£000	£000				
<b>Net Savings/Growth</b>				<b>(7,044)</b>	<b>2,226</b>	<b>202</b>	<b>(4,616)</b>				



<b>Savings Proposed from 2016/17 and 2017/18 Budget Setting</b>				Appendix 1B					
Item No	Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction INTERNAL	2018/19	2019/20	2020/21	Total	EQIA Required and in file Y/N	Key Stakeholders to consult 'Yes/No Completed
				£000	£000		£000		
<b>Resources</b>									
1	RES_01	Customer Services and IT	Increase Helpline Income Developing a robust multi-channel marketing plan to build the brand and promote the Helpline service to generated additional income through the existing service.	100	100		200	Y	N
2	RES_CS06	Customer Services and IT	Assumed savings from the completion of the roll out of universal credit and the opportunity this provides to simplify the CTS scheme.	300			300	N	N
3	RES_CS06	Customer Services and IT	This £300k is unachievable as it is linked to UC which will not be fully in place until 2022. Although UC has started in Harrow in 2017/18, there have been only a handful of cases to date. JCP have advised us that UC Full Service will be rolled out in the Harrow JCP in two phases a month apart. Some postcodes will go live in April and some in May 2018. However they can not confirm numbers as they don't know these for sure, although as it is only new cases these are likely to be small in number. Additionally the full migration of the existing caseload (18,500) will not actually happen until around 2022	(300)			(300)	N	N
4	RES_HR01	HR	Shared HR Service with Buckinghamshire County Council - Business Case Under Development	110			110	Y	Consultation already done.

<b>Savings Proposed from 2016/17 and 2017/18 Budget Setting</b>				Appendix 1B					
<b>Item No</b>	<b>Unique Reference No.</b>	<b>Specific Service Area</b>	<b>Headline Description re: saving / reduction INTERNAL</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>Total</b>	<b>EQIA Required and in file Y/N</b>	<b>Key Stakeholders to consult 'Yes/No Completed</b>
				<b>£000</b>	<b>£000</b>		<b>£000</b>		
5	RES_CP01	Commercial, Contracts & Procurement	Selling services through shared procurement arrangements.	29	0		29	Y	N
6	RES15	Procurement	Restructuring of the Commercial, Contracts and Procurement Division's function.	151			151	Y	N
7	RES_16	Strategic Commissioning	VCS funding - This saving reduces community grants and transfer funding from the emergency relief fund, to support the information and advice strategy as the December cabinet report.	57	50		107	Y	Y- separate report to December 2016 Cabinet
8	RES_SC01	Strategic Commissioning	Income from Communications Through Gain Share Model	13			13	Y	N
9	RES_SC03	Strategic Commissioning	Alternative Funding of domestic violence budget	61			61	Y	N
10	RES_SC04	Strategic Commissioning	Proposed savings in Health watch Funding	50			50	Y	N
11	RES_SC02	Strategic Commissioning	Additional Income from Communications Provider and Further Savings	107			107	Y	N

<b>Savings Proposed from 2016/17 and 2017/18 Budget Setting</b>				Appendix 1B					
<b>Item No</b>	<b>Unique Reference No.</b>	<b>Specific Service Area</b>	<b>Headline Description re: saving / reduction INTERNAL</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>Total</b>	<b>EQIA Required and in file Y/N</b>	<b>Key Stakeholders to consult 'Yes/No Completed</b>
				<b>£000</b>	<b>£000</b>		<b>£000</b>		
12	RES_SC02	Strategic Commissioning	The previous tender of the Communications Service aimed to deliver a programme of reductions in spend phased over a number of financial years. With the service recently being brought back in house, it requires all available funding to keep up with demand.	(57)			(57)	N	N
13	RES_SC05	Strategic Commissioning	SIMS Team Contribution to Overheads and Additional Income	20			20	N	N
14	RES_SC06	Strategic Commissioning	Commissioning Capacity in the Council	50			50	Y	N
15	RES_LG04	Legal & Governance	Expansion of the Legal Practice	210			210	Y	N
16	RES12	Legal & Dem Services	Reduction in Legal cost, in the initial instance by growing the business	144			144	Y	N
17	RES_F02	Finance & Assurance	Improved Treasury investment return from increased Risk appetite (Primarily lending for longer and to institutions with lower credit ratings)	625			625	N	N
18	RES_F04	Finance & Assurance	Investment Portfolio	350			350	N	N
<b>sub - Resources Total</b>				<b>2,020</b>	<b>150</b>	<b>-</b>	<b>2,170</b>		

<b>Savings Proposed from 2016/17 and 2017/18 Budget Setting</b>				Appendix 1B					
Item No	Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction INTERNAL	2018/19	2019/20	2020/21	Total	EQIA Required and in file Y/N	Key Stakeholders to consult 'Yes/No Completed
				£000	£000		£000		
19	RES_LG05	Legal & Governance	Delayed implementation of land charges transfer of service	(250)			(250)	N	N
<b>Resources Total</b>				<b>1770</b>	<b>150</b>	<b>0</b>	<b>1920</b>		
<b>People Service</b>									
<b>Adult</b>									
20	PA_3	Adults	Wiseworks - commercialisation opportunities and to be self financing by end of MTFS period	56			56	Y	N
21	PA_4	Adults	Milmans Community tender	184			184	Y	Y
22	PA_10A	Adults	Transport - review transport provision	350			350	Y	Consultation will be done in accordance with HR policies
23	PA_10A	Adult	Transport - Review transport Provision	(350)				N	N
24	PA_26	Adult	My Community ePurse - commercialisation of My Community ePurse	1,000	600		1600	Y	N
25	PA_26	Adult	My Community ePurse - commercialisation of My Community ePurse	(1,000)	-600		-1600	N	N
26	PA_27	Adults	Re-phasing - add in new phasing	998	1250		2248	Y	N
27	PA_28	Adult	Community Wrap - explore new commercialisation opportunities	(998)	-1250		-2248	N	N

<b>Savings Proposed from 2016/17 and 2017/18 Budget Setting</b>				Appendix 1B					
Item No	Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction INTERNAL	2018/19	2019/20	2020/21	Total	EQIA Required and in file Y/N	Key Stakeholders to consult 'Yes/No Completed
				£000	£000		£000		
28	PA_28	Adults	Community Wrap - explore new commercialisation opportunities	640			640	Y	N
29	PA_28	Adult	Community Wrap - explore new commercialisation opportunities	(640)			-640	N	N
30	PA_29B	Adults	Total Community ePurse - explore new commercialisation opportunities		2250		2250	Y	N
31	PA_29B	Adult	Total Community ePurse - explore new commercialisation opportunities		-2250		-2250	N	N
			<b>Total Adult</b>	<b>240</b>	<b>-</b>	<b>-</b>	<b>240</b>		
<b>Children</b>									
32	PC12	Children & Young People	Review of posts in Quality Assurance & Improvement Service	223			223	N	N
33	PC12	Children & Young People	These savings were based on a reduction in the number of Looked After Children, Children in Need and Child Protection cases compared with 2015-16. However demand has increased since 2015-16 meaning these savings, in order to maintain a safe service, are now not achievable	(185)			(185)	N	N
34	PC14	Children & Young People	Review of Adoption Contract	86			86	N	N

<b>Savings Proposed from 2016/17 and 2017/18 Budget Setting</b>				Appendix 1B					
<b>Item No</b>	<b>Unique Reference No.</b>	<b>Specific Service Area</b>	<b>Headline Description re: saving / reduction INTERNAL</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>Total</b>	<b>EQIA Required and in file Y/N</b>	<b>Key Stakeholders to consult 'Yes/No Completed</b>
				<b>£000</b>	<b>£000</b>		<b>£000</b>		
35	PC14	Children & Young People	These savings were based on a reduction in the number of Looked After Children, Children in Need and Child Protection cases compared with 2015-16. However demand has increased since 2015-16 meaning these savings, in order to maintain a safe service, are now not achievable	(86)			(86)	N	N
36	PC15	Children & Young People	Review of posts in MASH	100			100	N	N
37	PC15	Children & Young People	These savings were based on a reduction in the number of Looked After Children, Children in Need and Child Protection cases compared with 2015-16. However demand has increased since 2015-16 meaning these savings, in order to maintain a safe service, are now not achievable	(86)			(86)	N	N
38	PC16	Children & Young People	Review of posts in Family Information Service	61			61	N	N
39	PC16	Children & Young People	Review of posts in Family Information Service	(61)			(61)	N	N
40	PC17	Children & Young People	Review of posts in Access to Resources	57			57	N	N

<b>Savings Proposed from 2016/17 and 2017/18 Budget Setting</b>				Appendix 1B					
<b>Item No</b>	<b>Unique Reference No.</b>	<b>Specific Service Area</b>	<b>Headline Description re: saving / reduction INTERNAL</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>Total</b>	<b>EQIA Required and in file Y/N</b>	<b>Key Stakeholders to consult 'Yes/No Completed</b>
				<b>£000</b>	<b>£000</b>		<b>£000</b>		
41	PC17	Children & Young People	These savings were based on a reduction in the number of Looked After Children, Children in Need and Child Protection cases compared with 2015-16. However demand has increased since 2015-16 meaning these savings, in order to maintain a safe service, are now not achievable	(57)			(57)	N	N
42	PC19	Children & Young People	Review of Leaving Care, Children Looked After & Unaccompanied Asylum Seeking Children Teams	173			173	N	N
43	PC19	Children & Young People	These savings were based on a reduction in the number of Looked After Children, Children in Need and Child Protection cases compared with 2015-16. However demand has increased since 2015-16 meaning these savings, in order to maintain a safe service, are now not achievable	(173)			(173)	N	N
44	PC28	Cross Service	Non-pay inflation	150	150		300	N	N
45	PC36	Children & Young People	Review of posts in Quality Assurance & Service Improvement.	248			248	N	N

<b>Savings Proposed from 2016/17 and 2017/18 Budget Setting</b>				Appendix 1B					
<b>Item No</b>	<b>Unique Reference No.</b>	<b>Specific Service Area</b>	<b>Headline Description re: saving / reduction INTERNAL</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>Total</b>	<b>EQIA Required and in file Y/N</b>	<b>Key Stakeholders to consult 'Yes/No Completed</b>
				<b>£000</b>	<b>£000</b>		<b>£000</b>		
46	PC36	Children & Young People	These savings were based on a reduction in the number of Looked After Children, Children in Need and Child Protection cases compared with 2015-16. However demand has increased since 2015-16 meaning these savings, in order to maintain a safe service, are now not achievable	(248)			(248)	N	N
47	PC38	Children & Young People	Review of Children Looked After & Placements Service.	1,000			1,000	N	N
48	PC38	Children & Young People	These savings were based on a reduction in the number of Looked After Children, Children in Need and Child Protection cases compared with 2015-16. However demand has increased since 2015-16 meaning these savings, in order to maintain a safe service, are now not achievable	(1,000)			(1,000)	N	N
49	PC42	Special Needs Service	Review of Special Needs Service £1,164m ('Reversal of Savings - Special Educational Needs Placements In respect of PC41 approved February 2016. New funding regulations mean there will no longer be flexibility to further charge these costs to grant £651k)	513			513	N	N



<b>Savings Proposed from 2016/17 and 2017/18 Budget Setting</b>				Appendix 1B					
<b>Item No</b>	<b>Unique Reference No.</b>	<b>Specific Service Area</b>	<b>Headline Description re: saving / reduction INTERNAL</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>Total</b>	<b>EQIA Required and in file Y/N</b>	<b>Key Stakeholders to consult 'Yes/No Completed</b>
				<b>£000</b>	<b>£000</b>		<b>£000</b>		
50	PC42	Special Needs Service	Demand has continued to rise in the number of young people with Special Educational Needs, in particular for post 16 provision up to age 25, as well as an increase in complexity of growth.	(413)			(413)	N	N
			<b>Total Childrens Services</b>	<b>302</b>	<b>150</b>	<b>-</b>	<b>452</b>		
				<b>302</b>	<b>150</b>		<b>452</b>		
<b>Public service</b>									
51	PH_01	PH	Wider Health Improvement - bring forward approved 2018/19 savings in relation to wider determinants of health to 2017/18. Warmer Homes £50k retained until 2018/19.	(96)			(96)	N	N
52	PH_02	PH	Wider Health Improvement - breast feeding - saving scheduled for 2018/19 to allow service to develop alternative model.	65			65	Y	Consultation will be done in accordance with HR policies
53	PH_11	PH	Drug and Alcohol - reduction in service (contract related costs. Employee costs included in PH_12)	1,500			1,500	Y	Consultation will be done in accordance with HR policies
54	PH_11	PH	Drug and Alcohol - reduction in saving	(1,000)			(1,000)	N	N

<b>Savings Proposed from 2016/17 and 2017/18 Budget Setting</b>				Appendix 1B					
<b>Item No</b>	<b>Unique Reference No.</b>	<b>Specific Service Area</b>	<b>Headline Description re: saving / reduction INTERNAL</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>Total</b>	<b>EQIA Required and in file Y/N</b>	<b>Key Stakeholders to consult 'Yes/No Completed</b>
				<b>£000</b>	<b>£000</b>		<b>£000</b>		
55	PH_12	PH	Reduction to service - staffing reductions	795			795	Y	Consultation will be done in accordance with HR policies
			<b>Total Public Health</b>	<b>1,264</b>	<b>-</b>		<b>1,264</b>		
			<b>People Total</b>	<b>1,806</b>	<b>150</b>	<b>-</b>	<b>1,956</b>		
<b>Community</b>									
<b>Community and Culture</b>									
56	COM	Commissioning & Commercial	Income from expansion of Central Depot	239	246		485	Y	N
57	COM_S08	Environment & Culture	Phase 2 of Environment & Culture Review - Regulatory Services Review of Enforcement functions across the Division and the Council. Revised approach to prioritise commercial / cost recovery generating work and health and safety issues and to undertake all other services at minimum standards meeting the minimum level of Food Standards Agency and other regimes.	200			200	Y	Consultation will be done in accordance with HR policies

<b>Savings Proposed from 2016/17 and 2017/18 Budget Setting</b>				Appendix 1B					
<b>Item No</b>	<b>Unique Reference No.</b>	<b>Specific Service Area</b>	<b>Headline Description re: saving / reduction INTERNAL</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>Total</b>	<b>EQIA Required and in file Y/N</b>	<b>Key Stakeholders to consult 'Yes/No Completed</b>
				<b>£000</b>	<b>£000</b>		<b>£000</b>		
58	COM_S12	Environment & Culture	Route Optimisation on food waste collection	150			150	Y	N
59	COM_S12	Environment & Culture	Route Optimisation on food waste collection This saving is predicated on the availability of a food waste transfer facility in a closer proximity. The latest update from West London Waste Authority is that the new facility is unlikely to be ready and in operation until Oct 2018, which means route optimisation is delayed to achieve cost efficiencies.	(75)	75		-	N	N
60	CE_5	Directorate Wide	Reduction of supplies & services budget	50			50	N	N
61	CE_8	ESD - Technical Services	Staff efficiency once Towards Excellence fully embedded - Deletion of 2 posts.	34			34	Y	Consultation will be done in accordance with HR policies
62	E&E_18	Directorate wide	Staff Efficiencies following the merger of the Business & Service Development and Commissioning Services Divisions - Delete one performance management officer post and a cemetery superintendent post as of 31 March 2015. In addition, further efficiencies to be achieved in Environmental Services Delivery and Commissioning Divisions in 17/18.	50			50	Y	N

<b>Savings Proposed from 2016/17 and 2017/18 Budget Setting</b>				Appendix 1B					
<b>Item No</b>	<b>Unique Reference No.</b>	<b>Specific Service Area</b>	<b>Headline Description re: saving / reduction INTERNAL</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>Total</b>	<b>EQIA Required and in file Y/N</b>	<b>Key Stakeholders to consult 'Yes/No Completed</b>
				<b>£000</b>	<b>£000</b>		<b>£000</b>		
63	CE_12	Commissioning Services	Project Phoenix - Commercialisation projects	1,525			1,525	Y	N
64	CE_15	Commissioning Services	Highways Services - Reduction in revenue budget for reactive maintenance due to accelerated capital investment from 2014/15.	20			20	Y	N
65	CE_16	Commissioning Services	Staff efficiencies in Parking and Network Teams - reduction in team leader and inspector posts. Staff consultation completed in June 15. The reduction in posts will be phased over the next 2 years to ensure minimal impact on service level.	20			20	Y	Consultation completed in Junew 2015.
66	CE_17	Commissioning Services	General efficiencies across the Division (Policy, Community Engagement, Facilities Management and Contracts Management) - including capitalisation of senior contracts officer post, removal of some supplies & services budget.	80			80	Y	N

<b>Savings Proposed from 2016/17 and 2017/18 Budget Setting</b>				Appendix 1B					
<b>Item No</b>	<b>Unique Reference No.</b>	<b>Specific Service Area</b>	<b>Headline Description re: saving / reduction INTERNAL</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>Total</b>	<b>EQIA Required and in file Y/N</b>	<b>Key Stakeholders to consult 'Yes/No Completed</b>
				<b>£000</b>	<b>£000</b>		<b>£000</b>		
67	CE_18	Commissioning Services	Income Generation - Facilities Management Service Level Agreements (SLAs) and Energy SLAs to schools.	20			20	N	N
68	E&E_06	Commissioning Services - Facilities Mgt	Reduction in Facilities Management costs - reduce the controllable budget by 20% in the first 2 years through re-structuring and changing ways of service delivery and a further 5% over Years 3 & 4 through additional efficiencies post re-structuring. Consultation with staff already underway and it is proposed to delete 8 posts, 3 of these are currently vacant.	22			22	Y	N
69	E&E_09	Commissioning Services - Highways	Highways Contract - Extend the scope of the Highways Contract to include scheme design and / or inspection services when the contract is re-procured (current contract will expire in 16/17).	120			120	Y	N
70	E&E_10	Commissioning Services - Highways	Review salary capitalisation of highway programme & TfL funded projects	50			50	N	N

<b>Savings Proposed from 2016/17 and 2017/18 Budget Setting</b>				Appendix 1B					
<b>Item No</b>	<b>Unique Reference No.</b>	<b>Specific Service Area</b>	<b>Headline Description re: saving / reduction INTERNAL</b>	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>	<b>Total</b>	<b>EQIA Required and in file Y/N</b>	<b>Key Stakeholders to consult 'Yes/No Completed</b>
				<b>£000</b>	<b>£000</b>		<b>£000</b>		
71	E&E_12	Commissioning Services - Street Lighting	Changes in Street Lighting Policy to include variable lighting solutions.	12			12	Y	N
72	E&E_14	Commissioning Services - Winter Gritting	Reduction in winter gritting budgets - renegotiation of winter gritting contract - adopt a risk sharing approach and move away from the current fixed pricing for the service	10			10	Y	N
73	CE_21	NIS	Neighbourhood Investment Scheme (NIS) - a base budget of £210K is available for all 21 wards. A one-off saving has been offered as part of the early year saving. It is now proposed that the full budget is removed from 16/17 onwards.	210			210	Y	N
74	COM_S10	Commissioning & Commercial Division	Neighbourhood Investment Scheme (NIS) - cease funding. This is already an agreed MTFs saving for 18/19. This proposal is to bring forward the saving to 17/18.	(210)			(210)	N	N

<b>Savings Proposed from 2016/17 and 2017/18 Budget Setting</b>				Appendix 1B					
Item No	Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction INTERNAL	2018/19	2019/20	2020/21	Total	EQIA Required and in file Y/N	Key Stakeholders to consult 'Yes/No Completed
				£000	£000		£000		
75	CC_2	C&C	Library Strategy Phase 2 - delivery of network of libraries and library regeneration	209			209	Y	Consultation will be done in accordance with HR policies
76	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. Wealdstone Library is likely to remain in Wealdstone Centre, and therefore the saving of £50k will not be achieved.	(209)		159	(50)	N	N
			<b>Total Community &amp; Culture</b>	<b>2,527</b>	<b>321</b>	<b>159</b>	<b>3,007</b>		
							-		
			<b>Housing</b>				-		
							-		





**Savings Proposed from 2016/17 and 2017/18 Budget Setting**

Appendix 1B

Item No	Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction INTERNAL	2018/19	2019/20	2020/21	Total	EQIA Required and in file Y/N	Key Stakeholders to consult 'Yes/No Completed
				£000	£000		£000		
80	PO 03	Pan Organisation	Regeneration - Indicative net income realised from a long term regeneration strategy for the borough, to be formalised following consultation launched in early 2015.	2,000	0		2,000	N	N
							-		
			<b>Net Savings Pan Organisatin</b>	2,000	-	-	2,000		
			<b>Total Net Savings</b>	8,925	884	159	9,968		

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Item No	Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction INTERNAL	2018/19	2019/20	Total	EQIA Required Yes/NO
(1)	(2)	(3)	(4)	(9)	(10)	(11)	
				£000	£000	£000	
<b>People Services</b>							
1	Adults		Growth - reinstatement of an operational budget for The Bridge to be phased out over a three year period so that by 2020/21, the service can be provided at nil cost.	96	90	186	N
			Total Adults	96	90	186	
<b>Childrens</b>							
2	PC_G03	Children & Young People	Children's Placements & Accommodation and No Recourse to Public Funds & Other Client Spend Increase in the number of children in high cost residential placements. A number of these placements have been needed in response to significant risks relating to child sexual exploitation and gangs involvement. Increase in number of families with NRPF supported by the Council. The welfare reforms, along with stricter enforcement of Asylum Legislation are the main causal factors for this demand, which is unpredictable in terms of volume and costs.	(200)		(200)	N
			Total Children and Family	(200)	-	(200)	
			People's Total Growth	(104)	90	(14)	
<b>Community &amp; Culture</b>							
<b>Community and Culture</b>							
3	COM_G01	Environment & Culture	West London Waste Authority (WLWA) - increase in disposal levy arising from waste growth and population growth		(100)	(100)	N

Item No	Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction INTERNAL	2018/19	2019/20	Total	EQIA Required Yes/NO
(1)	(2)	(3)	(4)	(9)	(10)	(11)	
				£000	£000	£000	
People Services							
			Total Environment	-	(100)	(100)	
Housing							
4	COM	HGF	Homelessness growth - growth required to build the ongoing homelessness pressure into the base budget.	163	-	163	N
			Total Community	163	(100)	63	
			Total Growth	59	(10)	49	

## MEDIUM TERM FINANCIAL STRATEGY 2018/19 to 2020/21

	2018/19	2019/20	2020/21
	£000	£000	£000
<b>Budget Requirement Brought Forward</b>	164,804	167,913	163,003
Corporate & Technical	5,049	14,848	13,862
People	5,965	-1,491	-90
Community	-3,967	-1,429	-271
Resources & Commercial	-1,888	-180	0
Regeneration	-2,050	0	0
Pan Organisation			
<b>Total</b>	<b>3,109</b>	<b>11,748</b>	<b>13,501</b>
<b>FUNDING GAP</b>	<b>0</b>	<b>-16,658</b>	<b>-11,033</b>
<b>Total Change in Budget Requirement</b>	<b>3,109</b>	<b>-4,910</b>	<b>2,468</b>
<b>Revised Budget Requirement</b>	<b>167,913</b>	<b>163,003</b>	<b>165,471</b>
Collection Fund Deficit/-surplus	-6,093		
Revenue Support Grant	-7,332	-1,560	-1,560
Top Up	-21,684	-22,392	-22,392
Retained Non Domestic Rates	-15,000	-15,000	-15,000
<b>Amount to be raised from Council Tax</b>	<b>117,804</b>	<b>124,051</b>	<b>126,519</b>
<b>Council Tax at Band D</b>	<b>£1,394.69</b>	<b>£1,443.36</b>	<b>£1,472.08</b>
<b>Increase in Council Tax (%)</b>	<b>3.49%</b>	<b>3.49%</b>	<b>1.99%</b>
Tax Base	84,466	85,946	85,946
Collection rate	98.00%	98.00%	98.00%
Gross Tax Base	86,190	87,700	87,700

**MTFS 2018/19 to 2020/21 – Proposed investments / savings**

<b>TECHNICAL BUDGET CHANGES</b>			
	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Capital and Investment</b>			
<b>Capital financing costs and investment income</b>			
Increased Minimum Revenue Provision costs of the capital programme and interest on balances changes	7,994	4856	
<b>One off MRP underspend</b>	-4,000	4000	
<b>On going MRP underspend</b>	-2,000		
<b>25%reduction i</b>	-1,144	-355	-45
<b>Reductions following review of capital bids in December</b>	-51	-816	
<b>Application of Capital Receipts to reduce borrowing costs</b>	-350	350	
<b>Capital In Investment</b>			500
One of use of MRP capacity	500		
<b>Total Capital and Investment Changes</b>	<b>949</b>	<b>8,035</b>	<b>455</b>
<b>Grant Changes</b>			
<b>New Homes Bonus</b>			
<b>Estimated Grant changes</b>	940	1000	940
<b>Reduction in New Homes Bonus - December Settlement</b>			
New Adult Social Care Grant 2017.18	974		
<i>Total New Homes Bonus</i>	<i>1,914</i>	<i>1,000</i>	
<b>Better Care Fund</b>			
<i>Estimated additional grant from 2016/17</i>			
<b>Education Support Grant.</b>			
Projected reduction in grant received	751	144	0
<b>Reduction in ESG - December Settlement</b>			
<i>Total ESG</i>	<i>751</i>	<i>144</i>	
<b>Transition grant</b>	699		
<b>Public Health Grant Reduction</b>	697	487	
<b>Total Grant Changes</b>	<b>4,061</b>	<b>1,631</b>	<b>940</b>
<b>Other Technical Changes</b>			
<b>Freedom Pass Levy increase.</b> Cost of Freedom passes charged to Harrow by Transport for London	390		500
Amendment 2016/17 review - extension to 2019/20	0	414	
<i>Total Freedom Pass Levy change</i>	<i>390</i>	<i>414</i>	<i>500</i>
<i>Remove original energy price contingency</i>	<i>0</i>		
<i>Increase energy contingency</i>	<i>-64</i>		
<i>Contingency - reduction back to £1.248m</i>			
Estimated Cost of the Apprenticeship Levy			
<b>Budget planning contingency.</b>	370	0	
One off use from 2016/17	1,000	0	
<i>Total Budget planning contingency.</i>	<i>1,370</i>	<i>0</i>	
<i>corporate adjustment</i>	<i>-748</i>	<i>-108</i>	
<b>Total Other Technical Changes</b>	<b>948</b>	<b>414</b>	<b>500</b>
<b>Pay and Inflation</b>			
<b>Pay Award @ 1% pa</b>	1,000	1,000	
<b>Pay Award @ 2% pa</b>			2,000
<b>Pay inflation total</b>	1,000	1,000	
<b>National Minimum Wage</b>		1,300	

**MTFS 2018/19 to 2020/21 – Proposed investments / savings**

<b>TECHNICAL BUDGET CHANGES</b>			
	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Employer's Pension Contributions lump sum increases agreed with actuary</b>			
Required to reduce the pension deficit	664	700	
<b>Further Contribution of Lump sum in accordance with actuarial triennial valuation</b>			
<b>NNDR Revaluation - Estimated cost of Harrow NNDR</b>			
<b>Inflation on goods and services @ 1.3% p.a.</b>	1,270	0	500
Reduction in inflation provision	0	TBC	
<i>Inflation Provision total</i>	1,270	0	
<b>Total Pay and Price Inflation</b>	<b>2,934</b>	<b>3,000</b>	<b>2,500</b>
<b>OTHER</b>			
<b>Reversal 17.18 Income</b>	3,500		
<b>Estimated Directorate Growth</b>			4000
<b>Adult Social care grant 2018/19 and 2019/20</b>	-2,743	1376	1367
<b>Improved better care grant</b>	-1,900	-2200	4100
<b>Capital Receipts Flexibility</b>	-2,700	2700	
<b>Total Corporate &amp; Technical</b>	<b>5,049</b>	<b>14,848</b>	<b>13,862</b>

**MTFS 2018/19 to 2020/21 – Proposed investments / savings**

<b>PEOPLE DIRECTORATE</b>			
	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Children &amp; Families</b>			
Proposed Savings - see appendix 1a	-91	0	0
Proposed Growth - see appendix 1a	2,900	0	0
Proposed Savings - see appendix 1b	-302	-150	0
Proposed Growth - see appendix 1c	200		
<b>Sub total Children &amp; Families</b>	<b>2,707</b>	<b>-150</b>	<b>0</b>
<b>Adults</b>			
Proposed Savings - see appendix 1a	-1,242	-1,251	0
Proposed Growth - see appendix 1a	5,825	0	-90
Proposed Savings - see appendix 1b	-240	0	0
	-96	-90	0
<b>Sub total Adults</b>	<b>4,247</b>	<b>-1,341</b>	<b>-90</b>
<b>Public Health</b>			
Proposed Savings - see appendix 1a	0	0	0
Proposed Growth - see appendix 1a	275		
Proposed Savings - see appendix 1b	-1,264	0	0
<b>Sub total Public Health</b>	<b>-989</b>	<b>0</b>	<b>0</b>
<b>Total People Directorate</b>	<b>5,965</b>	<b>-1,491</b>	<b>-90</b>



**MTFS 2018/19 to 2020/21 – Proposed investments / savings**

<b>COMMUNITY</b>			
	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Environmental Services</b>			
Proposed Savings - see appendix 1a	-355	-1,120	-137
Proposed Growth - see appendix 1a	0	175	25
Proposed Savings - see appendix 1b	-2,527	-321	-159
Proposed Growth - see appendix 1c		100	0
<b>Sub total Environmental Services</b>	<b>-2,882</b>	<b>-1,166</b>	<b>-271</b>
<b>Cultural Services</b>			
Proposed Savings - see appendix 1a	0	0	0
Proposed Growth - see appendix 1a		0	0
Proposed Savings - see appendix 1b			
<b>Sub total Community &amp; Culture</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Housing - General Fund</b>			
Proposed Savings - see appendix 1a	-100	0	0
Proposed Growth - see appendix 1a			
Proposed Savings - see appendix 1b	-822	-263	0
Proposed Growth - see appendix 1c	-163	0	0
<b>Sub total Housing General Fund</b>	<b>-1,085</b>	<b>-263</b>	<b>0</b>
<b>Total Community</b>	<b>-3,967</b>	<b>-1,429</b>	<b>-271</b>

**MTFS 2018/19 to 2020/21 – Proposed investments / savings**

<b>RESOURCES &amp; COMMERCIAL</b>			
	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Resources &amp; Commercial</b>			
Proposed Savings - see appendix 1a	-228	-30	0
Proposed Growth - see appendix 1a	110	0	0
Proposed Savings - see appendix 1b	-1,770	-150	0
<b>Total Resources &amp; Commercial</b>	<b>-1,888</b>	<b>-180</b>	<b>0</b>

**MTFS 2018/19 to 2020/21 – Proposed investments / savings**

<b>REGENERATION</b>			
	<b>2018/19</b>	<b>2019/20</b>	<b>2020/21</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Proposed Savings - see appendix 1a	-50		
Proposed Savings - see appendix 1b	-2,000		
<b>Total Regeneration</b>	<b>-2,050</b>	<b>0</b>	<b>0</b>

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## Schools Budgets 2018-19

### Introduction

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

### School Funding for 2018-19

2. There are significant changes to school funding in 2018-19. In March and December 2016 the Government issued a two phase consultation which proposed the introduction of a National Funding Formula (NFF) for schools and High Needs funding. The outcome of these consultations was announced in the summer.
3. The Government will introduce a National Funding Formula from 2018-19. This will be a 'soft' NFF in 2018-19 and 2019-20. This means that LAs will be funded on the basis of the aggregate of the NFF for all schools, academies and free schools in its area but the final formula for distribution will be determined by each LA following consultation with schools and Schools Forums. This will come to Cabinet in February 2018 for approval.
4. In 2020 the Government intends to implement the NFF 'hard' formula which means that school allocations will be determined by the DfE rather than LAs.

**Table 1 – Funding Formula Factors**

<b>National Funding Formula Factors</b>	<b>Harrow Funding Formula Factors</b>
Basic per pupil entitlement	Basic per pupil entitlement
Deprivation Free School Meals	Deprivation Free School Meals
Deprivation Free School Meals Ever 6	
Deprivation Income Deprivation Affecting Children Index (IDACI)	Deprivation Income Deprivation Affecting Children Index (IDACI)
	Looked After Children
English as an Additional Language	English as an Additional Language
Mobility	Mobility
Low Prior Attainment	Low Prior Attainment
Lump Sum	Lump Sum
Business Rates	Business Rates

5. **Formula Factors**  
Whilst the formula factors remain broadly the same in both formulae, the £ values are, in some cases, significantly different.
6. **Free School Meals**  
The NFF uses both Free School Meals and Ever 6 and whilst the proposed factor values are lower in the NFF compared with the current Harrow formula, the cohort of young people on which the funding will be based, increases.
7. **English as an Additional Language (EAL)**  
The current Harrow formula uses EAL2 for primary and EAL1 for secondary schools. This means that funding is allocated for the first and second year a child, whose first language is not English, is in the state education system for primaries and only the first year in secondary schools. The NFF uses EAL3 for both primary and secondary schools so that funding will be allocated for the first 3 years that a child enters the education system. In addition the factor value is higher than the Harrow factor and it is distributed over a larger cohort of young people.
8. **Low Prior Attainment (LPA)**  
The current Harrow formula uses Early Years Foundation Stage Profile (EYFSP) below 73. The NFF uses EYFSP 78. In addition the factor value is higher than the Harrow factor and it is distributed over a larger cohort of young people.
9. **Looked After Children (LAC)**  
There will not be a LAC factor in the new NFF. Instead, Pupil Premium Plus rates for 2018-19 will increase.
10. **The NFF maximises the proportion of funding allocated to pupil-led factors compared to the current system and increases the total spend on the additional needs factors in the NFF.** Whilst the base factor rates are standard across the country LAs will receive an Area Cost Adjustment (ACA) to recognise the higher salary costs faced by some schools especially in London. This uses the hybrid ACA methodology which takes into account variation in both general and teaching labour markets.

### **Transitional Protection**

11. The NFF builds in an overall funding floor so that no school would face a reduction of more than 3% per pupil (over two years) as a result of the NFF. LAs may also set a minimum funding guarantee for schools between 0% and minus 1.5% per pupil. The level the LA will set will depend on the overall affordability of the formula.

### **Consultation**

12. The LA is currently undertaking a consultation with all schools, academies and free schools in Harrow to seek views on the structure of the Harrow schools funding formula in 2018-20. The consultation asks whether schools think the LA should use the existing Harrow schools funding formula or to introduce the national funding

formula for the distribution of budgets to schools. The consultation closes on Friday 1<sup>st</sup> December 2017.

13. The outcome of the consultation, proposed final funding formula and final DSG allocations will be reported to Cabinet in February 2018.

### **Central Services**

14. Services currently funded from centrally retained DSG are included in either the High Needs Block or Early Years Block where appropriate, with the remaining falling into the Schools Block. All the funding in the schools block has to be passed to schools apart from the following named exceptions which can still be retained but are frozen at 2012-13 levels:
  - Co-ordinated Admissions
  - Servicing of Schools Forum

Schools Forum has agreed to continue to de-delegate funding in respect of Trade Union Facilities Time.

### **Additional Class Funding**

15. Schools Forum agreed to continue to maintain a ring fenced Growth Fund from the DSG in order to fund in year pupil growth in relation to additional classes in both maintained and academy schools but not Free Schools, which create additional classes at the request of the local authority.

### **High Needs Funding**

16. High Needs funding is designed to support a continuum of provision for pupils and students with special educational needs (SEN), learning difficulties and disabilities, from their early years to age 25. The following are funded from the High Needs Block:
  - 1) Harrow special schools & special academies
  - 2) Additional resourced provision in Harrow mainstream schools & academies
  - 3) Places in out of borough special schools and independent special schools
  - 4) Statements/Education Health & Care Plans (EHCPs) in mainstream schools & academies
  - 5) Post 16 SEN expenditure including Further Education settings
  - 6) SEN Support services and support for inclusion
  - 7) Alternative provision including Pupil Referral Units and Education Other than at school
17. The Government will introduce a National Funding Formula for High Needs from 2018-19. High Needs funding has previously been based on historical allocations plus small annual amounts of growth. In order to manage increasing growth for demand and complexity annual funding transfers from the schools block into the high needs block have been approved by Schools Forum. In 2018-19 the schools block

will be ring-fenced and transfers to the High Needs block will be limited to 0.5% of the overall Schools Block. For Harrow this would equate to around £600k. This decision is still the responsibility of Schools Forum.

18. Table 2 shows the formula factors for the high needs NFF.

**Table 2 – High Needs National Funding Formula Factors**

Formula Factors		Other factors & adjustments
Basic entitlement: basic unit of funding for pupils and students in specialist SEN institutions		Area Cost Adjustment (ACA)
Population Factor		
Health and disability factors	Disability living allowance	Import/export adjustments
	Children in bad health	
Low Attainment factors	KS2 low attainment	Funding floor factor
	KS4 low attainment	
Deprivation Factors	Free school meals	Hospital education factor
	IDACI	
Historic spend factor – 50% of 2017-18 baseline funding		

19. The notional implication for Harrow is that there will likely be a shortfall in funding compared with the 2017-18 budget. This is because there is an overall shortfall in the DSG in 2017-18 which is being funded by the use of a schools brought forward contingency which will be fully spent by the end of this financial year. This means that the funding baseline on which 50% of the allocation in 2018-19 will be based is lower than the budget in 2017-18. This could equate to a pressure on high needs funding of £1m - £1.5m. This will be closely monitored and every effort to mitigate pressures will be taken.

20. The LA will formally request Schools Forum agree a transfer of funding from the schools block which could equate to around £600k in January 2018 once the October 2017 census data is available and the final high needs funding allocation is announced. If Schools Forum does not agree a transfer then the LA must make an application to the Secretary of State.

21. The DfE guidance states that at the end of the financial year the central expenditure element of the schools budget may be under or overspent. If the local authority overspends on the central expenditure component of the schools budget there are three options:

- 1) The local authority may decide to fund all the overspend from its general resources in the year in question;



- 2) The local authority may decide to fund part of the overspend from its general resources in the year in question and carry forward part to the schools budget in the next or subsequent year; or
  - 3) The local authority may decide not to fund any of the overspend from its general resources in the year in question and to carry forward all the overspend to the schools budget in the next or subsequent year.
22. Where a local authority decides it wishes to carry all or some of the overspend forward it needs to obtain the consent of the schools forum, or failing that the Secretary of State, to fund this deficit from the schools budget.
23. Once the final DSG allocations are announced in December 2017 the LA will be in a better position to understand any financial implications for future years. In the meantime the LA will continue to drive down costs and improve efficiencies to minimise future pressures.

### **Early Years Funding**

24. Funding for Early Years relates to free 15 hour nursery entitlement for all 3 and 4 year olds in maintained nurseries and nursery classes as well as private, voluntary and independent providers (PVI). From September 2017 this was extended to 30 hour nursery entitlement for eligible 3 and 4 year olds. It also funds free 15 hour nursery entitlement for disadvantage 2 year olds.
25. A national funding formula for Early Years was introduced in 2017-18. Cabinet approved the structure of the Harrow formula for the distribution of funding to providers in January 2018. At this stage there have been no further announcements about Early Years funding for 2018-19.

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**Draft Public Health Funding 2018-19****Appendix 4****Mandatory Services**

Sexual Health (incl Family Planning)	2,642	
Health Visiting	2,898	
Health Checks	175	
Supporting Child Health	655	
	<u>655</u>	6,370

**Discretionary Services**

Tobacco Control	0	
Drug & Alcohol Misuse	1,946	
Physical Activity	0	
	<u>0</u>	1,946

**Staffing & Support Costs**

Staffing	556	
Non-Staffing	66	
Overheads	218	
	<u>218</u>	840

Health Improvement	0	
Wider Determinants of Health	1,642	
	<u>1,642</u>	1,642

<b>Total Expenditure</b>	<u><u>10,798</u></u>	
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**Funded by**

Department of Health Grant	<u>-10,798</u>	
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<b>Total Income</b>	<u><u>-10,798</u></u>	
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