

Performance and Finance Scrutiny Sub-Committee AGENDA

DATE: Wednesday 20 September 2017

TIME: 7.30 pm

VENUE: Committee Room 5, Harrow Civic Centre

MEMBERSHIP (Quorum 3)

Chair: Councillor Jerry Miles

Councillors:

Phillip O'Dell
Mrs Rekha Shah

Barry Macleod-Cullinane
Bharat Thakker

Reserve Members:

1. Margaret Davine
2. Barry Kendler
3. Anne Whitehead

1. Richard Almond
2. Amir Moshenson

Contact: Miriam Wearing, Senior Democratic Services Officer
Tel: 020 8424 1542 E-mail: miriam.wearing@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: Tuesday 12 September 2017

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. APPOINTMENT OF VICE-CHAIR

To consider the appointment of a Vice-Chair to the Sub Committee for the Municipal Year 2017/18.

3. 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 Sub-Committee;
- (b) all other Members present.

4. MINUTES (Pages 7 - 12)

That the minutes of the meeting held on 20 March 2017 be taken as read and signed as a correct record.

5. PUBLIC QUESTIONS *

To receive any public questions received in accordance with Committee Procedure Rule 17 (Part 4B of the Constitution).

Questions will be asked in the order notice of them was received and there be a time limit of 15 minutes.

[The deadline for receipt of public questions is 3.00 pm, Friday 15 September 2017. Questions should be sent to 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 Committee Procedure Rule 15 (Part 4B of the Constitution).

7. REFERENCES FROM COUNCIL AND OTHER COMMITTEES/PANELS

To receive any references from Council and/or other Committees or Panels.

8. INFORMATION REPORT- 2017/18 REVENUE AND CAPITAL MONITORING FOR QUARTER 1 AS AT 30 JUNE 2017 (Pages 13 - 54)

Report of the Director of Finance

9. UPDATE RE OFFICERS' RESPONSE TO SCRUTINY'S REVIEW OF THE IMPACTS OF WELFARE REFORM IN HARROW (Pages 55 - 68)

Report of the Collections and Housing Benefits Head of Service

10. REPORT OF THE SCRUTINY REVIEW INTO SOCIAL AND COMMUNITY INFRASTRUCTURE (Pages 69 - 84)

Report of the Divisional Director Planning Enterprise and Regeneration

11. COMMERCIALISATION STRATEGY (Pages 85 - 122)

Report of the Corporate Director of Resources

12. ANY OTHER BUSINESS

Which cannot otherwise be dealt with.

13. EXCLUSION OF THE PRESS AND PUBLIC

To resolve that the press and public be excluded from the meeting for the following item of business, on the grounds that it involves the likely disclosure of confidential information in breach of an obligation of confidence, or of exempt information as defined in Part I of Schedule 12A to the Local Government Act 1972:

<u>Agenda Item No</u>	<u>Title</u>	<u>Description of Exempt Information</u>
8.	INFORMATION REPORT – 2017/18 Revenue and Capital Monitoring For Quarter 1 as at 30 June 2017 – Appendix 5	Information under paragraph 3 of Part 1 of Schedule 12A to the Local Government Act 1972, relating to the financial or business affairs of any particular person (including the authority holding that information)..

AGENDA - PART II

14. INFORMATION REPORT - 2017/18 REVENUE AND CAPITAL MONITORING FOR QUARTER 1 AS AT 30 JUNE 2017 (Pages 123 - 124)

Appendix 5 to the report of the Director of Finance at item 8.

*** 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.]

This page is intentionally left blank

PERFORMANCE AND FINANCE SCRUTINY SUB-COMMITTEE MINUTES

20 MARCH 2017

Chair:	* Councillor Phillip O'Dell	
Councillors:	* Barry Macleod-Cullinane	† Aneka Shah-Levy
	* Primesh Patel	* Bharat Thakker
In attendance: (Councillors)	Richard Almond	Minute 87
	Sue Anderson	Minute 86

- * Denotes Member present
- † Denotes apologies received

82. Attendance by Reserve Members

RESOLVED: To note that there were no Reserve Members in attendance.

83. Declarations of Interest

RESOLVED: To note that the following interests were declared:

Agenda Item 8 – Information Report – 2016/17 Revenue and Capital Monitoring for Quarter 3 as at 31 December 2016

Councillor Barry Macleod-Cullinane declared a non-pecuniary interest in that he was employed by the Citizens' Advice Bureau at a national level. He would remain in the room whilst the matter was considered and voted upon.

Agenda Item 8 – Information Report – 2016/17 Revenue and Capital Monitoring for Quarter 3 as at 31 December 2016

Councillor Bharat Thakker declared a non-pecuniary interest in that he was a landlord with properties in Harrow. He would remain in the room whilst the matter was considered and voted upon.

84. Minutes

RESOLVED: That the minutes of the meeting held on 7 December 2016, be taken as read and signed as a correct record.

85. Public Questions, Petitions and References

RESOLVED: To note that no public questions, petitions or references were received at this meeting.

RESOLVED ITEMS

86. Community Grants Scheme 2015/16

The Sub-Committee received a report which set out information on the monitoring of projects which had been awarded Council grant funding in 2015/16. It sought to assess the outcomes delivered to and for the community of Harrow.

The Portfolio Holder for Community, Culture and Resident Engagement introduced the report and apologised for the delay in its submission which had originally been scheduled for December 2016. She advised that this delay was partly attributable to requests from the voluntary sector for an extension of time due to capacity issues in responding to the Council's consultation on support to voluntary and community organisations in Harrow during the same period. It was noted that the Chair and Vice-Chair of the Sub-Committee had therefore agreed to the submission of the report to this meeting which was nearly 12 months from the closure of the delivery year. The 2016/17 monitoring report would be available for the next meeting of the Sub-Committee.

The Divisional Director, Strategic Commissioning informed the Sub-Committee that further monitoring information was available and would be circulated to the Sub-Committee. As a result of queries raised by Members, the officers would ensure that the information in the summary table aligned with the individual monitoring reports. Feedback from the Sub-Committee would be taken into account in the preparation of the 2016/17 monitoring report.

A Member enquired as to the position concerning those organisations who had reported under or overspends and what percentage under or over spend triggered an investigation. Members were advised that organisations were liable for any overspends and, provided a project had been delivered more efficiently, a roll forward was an option or retention of the funding for use elsewhere in the Council. Investigations were not on the basis of meeting a percentage threshold but on whether the organisation had clearly indicated that the delivery objectives had been met.

In response to a question as to the emphasis on the number of target beneficiaries from organisations applying for a grant in the scoring system and whether variances in the actual beneficiaries resulted in an investigation, Members were informed that investigations took place on a risk basis and a return quoting the exact number of beneficiaries could also be a trigger to

investigate. Small organisations sometimes found data management challenging and officers needed to be confident that good governance arrangements existed.

Members noted that the capacity to undertake monitoring was stretched following the reduction in staffing resources. The termination of the small grants programme mid year had resulted in the focus on Outcome Based Grants which were larger sums. Although the scheme had been discontinued, the officers were pursuing certain organisations for information and the outcomes would be monitored. A Member questioned whether the available capacity was adequate for the 2016/17 monitoring and suggested that an investigation be undertaken as to whether staff resources were sufficient to ensure the expenditure was properly managed. The Divisional Director, Strategic Commissioning responded that it was important to put into context the size of the spend and that arrangements were in place in order to monitor grants.

With regard to ongoing schemes, the Sub-committee was advised of the replacement of the current arrangements whereby over 30 organisations were in receipt of grants with a single tender for advice and information services, an infrastructure service, and devolution to Harrow Community Action (HCA) of £100k for year one and £50k for two years. The new arrangements would free up some existing staff capacity in the relevant team. The situation had, however, been challenging due to a reduction in staff and sickness. In response to a question, it was noted that performance indicators would be agreed as part of the contracting model.

Having agreed that further monitoring information provided by organisations and list of organisations visited by the Grants Officer be circulated to the Sub-Committee, it was

RESOLVED: That

- (1) the report be noted;
- (2) Cabinet be requested to consider whether the available staffing capacity was sufficient for the monitoring of the current grants process and for the new arrangements in order to ensure that grants expenditure was properly managed.

87. INFORMATION REPORT - 2016/17 Revenue and Capital Monitoring for Quarter 3 as at 31 December 2016

The Sub-Committee received a report of the Director of Finance on the Council's revenue and capital monitoring position for Quarter 3 as at 31 December 2016 which had been considered by Cabinet on 16 February 2017. It was noted that the movement between quarter 2 and quarter 3 was £1.285k.

A Member expressed the view that financial information was received too late for meaningful comment and enquired what form the monthly financial information that had been previously agreed with effect from the next financial year would take. In terms of timeliness of the information, the Director of

Finance pointed out that the Quarter 3 information was reported to Cabinet six weeks after the period end which was timely. The Director of Finance advised that the monthly reporting would comprise a brief update, on an exception basis after period 1.

A Member enquired whether the capacity to achieve targets had been considered in the initial budget considerations and was it realistic to find resources elsewhere to balance variances as the Leader of the Council had suggested. The Sub-Committee was informed that each saving was tracked quarterly and, as part of a budget refresh, unachievable savings had been removed and alternatives substituted. Checks would take place to ensure that 'red savings' were actioned in future years. Due to the size of the budget and number of savings required it was inevitable that substitution would be required.

A Member requested clarification on the position regarding capital receipts and reference was made to the scrutiny review which recommended better understanding of capital. The Director of Finance advised on the current position. A report had been taken to Cabinet in November 2017 which detailed the proposals for asset disposals, the capital receipts from which would be applied under the new flexibility arrangements. The 2017/18 budget report showed that capital receipt flexibilities of £3.039m were being applied to the 2017/18 budget and the balance, if required, would be applied in 2016/17. There was no prescribed limit in the regulations, allowing flexibility where legitimate revenue costs could be demonstrated. The Council could not borrow capital to fund revenue overspend and, at the time of the Sub-Committee, the Council was not planning on drawing down from reserves other than that detailed in the Quarter 3 monitoring report, with the exception of redundancy costs.

A Member drew attention to the overspend arising from the negotiation on the IT contract with Capita and requested information on the final settlement, for example the outstanding invoice amount. The Director of Finance undertook to provide further information.

A Member stated that the outturn indicated about £9.8m excess spending, and asked what the bottom line was for earmarked reserves and contingencies compared to the previous year. The officer advised that reserves were included in the report that there was an on going revenue contingency of £1.329m built into the budget. There were no plans currently to draw down further from contingencies and earmarked reserves, with the exception of redundancy costs.

In response to questions regarding specific items of expenditure, responses from the Director of Finance were as follows:

- an invoice for £75,162.97, regarding works to make a dangerous structure safe due to health and safety concerns, had been written off subsequent to legal advice. Write-offs took place for a variety of reasons and it was not considered to be a control issue;

- the SEND transport pressure had arisen due to increased demand, particularly the extension of eligibility to 25 years of age, savings that had proved difficult to achieve and the challenges of route planning;
- should the settlement reached with Keepmoat on the School Expansion Programme be in excess of the available funding in the current year, a review of current provision in the capital programme would be undertaken in preference to additional funding in the budget;
- the People's Directorate were under further financial pressure and, as with all directorates, were reviewing all non-essential spend. The budget pressures on Children's Services continue to increase and initiatives included tight control over placements, actions to stem demand, Stepdowns and early interventions. Support had been received from the Local Government Association and a review by People Too indicated that costs were lower than the statistical average. Information was awaited on how the additional funding for adult social care would be spent and on government monitoring;
- work had been undertaken to ensure that capitalised regeneration expenditure was in accordance with financial regulations. There was a revenue effect of £1/2m of expenditure that could not be charged to capital;
- slippage in the regeneration budget was easier to predict on Council owned land. Reasons for slippage elsewhere included withdrawal from a large assembly deal due to due diligence, renegotiation of a site taking longer than anticipated particularly due to sub tenants, and planning delays on Haslam House which had not been predicted but were now resolved;
- the reduction in public health expenditure was balanced by expenditure on wider determinates of health.

Having agreed that the reasons for slippage would be included in future text, and that information be circulated on: the number of properties purchased to date under the Housing Property Purchase Initiative, the financial settlement with Capita on the IT contract, and how much IT finance would be drawn down, it was

RESOLVED: That the report be noted.

88. Report of the Scrutiny Review into Social and Community Infrastructure

The Sub-Committee received a report which updated Members on officer feedback in response to the Scrutiny Review into the Social and Community Infrastructure review report and relevant recommendations.

The Divisional Director Regeneration, Enterprise and Planning introduced the report, drawing particular attention to the recommended initiatives arising from the scrutiny review, the responses to those recommendations and an update on implementation progress. A report on the strategy for attracting and

retaining employment uses in Harrow that recognised the Borough's advantages would be submitted to the next meeting of the Major Developments Panel and further detailed briefings would be available. The Chair stated that a briefing on the Economic Development Needs Assessment (EDNA plan) would be useful.

In response to a question it was advised that the £1.75bn of private and public sector investments that comprised the programme was the gross development value.

With regard to the consultation undertaken on the Byron Quarter development, a Member commented that access difficulties could arise as one of the two entrances led to a Transport for London (TfL) controlled road, and weekend use of the nearby civic amenity site regularly blocked the site entrance.

A Member expressed the view that there was not a clear strategy for regenerating business expansion in Harrow and that other parts of London had been more successful in attracting large businesses. The emphasis on start ups had implications for business rates.

In response the officer stated that whilst the advice was for Harrow to nurture and grow small businesses, the strategy was nevertheless looking at opportunities to attract larger scale businesses and proposals in the town centre were under consideration.

With regard to comments on the hospitality sector and the affect of the evening closure of St Anns on the night time economy, the Sub-Committee was advised that the town centre had a strong footfall and a low vacancy rate. However, it was recognised that there was a need to reinforce the hospitality sector. The development at 51 College Road included a new public square with a significant food and beverage offer and discussions were taking place with major retailers on opportunities to enable expansion of current businesses.

With regard to the programme to support a strategy for attracting and retaining employment uses in Harrow that recognised the Borough's advantages, it would be a combination of a strategic approach and working site by site. Given the number of sites there was the opportunity for substantial control and influence over the area to make a palatable affect.

In response to a question, the Sub-Committee was informed that consultation events were generally well attended with the drop in model working well. The officer undertook to circulate statistics on attendance.

RESOLVED: That the report be noted.

(Note: The meeting, having commenced at 7.30 pm, closed at 9.35 pm).

(Signed) COUNCILLOR PHILLIP O'DELL
Chair

Date of Meeting:	20 September 2017
Subject:	INFORMATION REPORT 2017/18 Revenue and Capital Monitoring for Quarter 1 as at 30 th June 2017
Responsible Officer:	Dawn Calvert, Director of Finance
Scrutiny Lead Member area	Performance Lead Member – Councillor Phillip O’Dell Policy Lead Member – Councillor Stephen Wright
Exempt:	No, except for Appendix 5 to Cabinet 14 September 2017, which is exempt on the grounds that it contains “exempt information” under paragraph 3 of Part I of Schedule 12A to the Local Government Act 1972 (as amended) in that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information).
Wards affected:	All
Enclosures:	Appendix 1 – 14 September 2017 Cabinet: Revenue and Capital Monitoring for Quarter 1 as at 30 June 2017.

Section 1 – Summary and Recommendations

This report includes as an appendix, the Revenue and Capital Monitoring report to be considered at the 14 September 2017 Cabinet meeting for further consideration by this sub-committee.

Recommendations :

To note the report and to make any recommendations the sub-committee wishes for consideration by Cabinet or officers.

Section 2 – Report

Introductory paragraph

The Council undertakes regular monitoring of the Council's revenue and capital budgets, with reports being presented to Cabinet on a quarterly basis with the year end outturn reported in June following the end of the financial year. The attached report shows the forecast position as at the end of Quarter 1 (30th June 2017).

Financial Implications

These are contained within the September Cabinet report attached.

Performance Issues

These are contained within the September Cabinet report attached.

Environmental Impact

There are no direct impacts.

Risk Management Implications

There are contained within the September Cabinet report attached.

Equalities implications

Was an Equality Impact Assessment carried out? No

The report is for noting and comment only

Council Priorities

The Council's vision:

Working Together to Make a Difference for Harrow

The Council's priorities are:

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

Good financial governance contributes to achieving them

Section 3 - Statutory Officer Clearance

Name: Dawn Calvert	<input checked="" type="checkbox"/>	Chief Financial Officer
Date: 5 th September 2017		

Ward Councillors notified:	No
-----------------------------------	-----------

Section 4 - Contact Details and Background Papers

Contact: Sharon Daniels Head of Strategic Finance and Business (Deputy S151)
e-mail sharon.daniels@harrow.gov.uk

Tel: 020 8424 1332

Background Papers: None

This page is intentionally left blank

REPORT FOR: CABINET

Date of Meeting:	14 September 2017
Subject:	Revenue and Capital Monitoring 2017/18 – Quarter 1 as at 30 th June 2017
Key Decision:	Yes
Responsible Officer:	Dawn Calvert, Director of Finance
Portfolio Holder:	Councillor Adam Swersky, Portfolio Holder for Finance and Commercialisation
Exempt:	No, except for Appendix 5, which is exempt on the grounds that it contains “exempt information” under paragraph 3 of Part I of Schedule 12A to the Local Government Act 1972 (as amended) in that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information
Decision subject to Call-in:	Yes
Wards affected:	All
Enclosures:	Appendix 1 Revenue Budget Summary (Divisional) as at 30 th June 2017. Appendix 2 MTFS 2017/18 to 2019/20 Savings Tracker.

Appendix 3 Draw Down from
/Contribution to Reserves.

Appendix 4 Capital Programme as at
30 June 2017.

Appendix 5 Concilium Business
Services Performance
Report (Exempt – Part II)

Section 1 – Summary and Recommendations

This report sets out the Council's revenue monitoring position as at Quarter 1 2017/18 (30th June 2017).

Recommendations:

1. Cabinet note the revenue forecast position detailed in this report as at Quarter 1 2017/18.
2. Cabinet approve the proposed additions to the capital programme as outlined in paragraphs 3.26 to 3.30.
3. Cabinet approve the proposed reduction to the capital programme as outlined in paragraphs 3.31.
4. Cabinet approve the proposed virement to the capital programme as outlined in paragraph 3.32.
5. Cabinet note the quarter 1 performance report from Concilium Business Service as specified in Appendix 5 (Part II report).

Reason: (For recommendation)

To report the 2017/18 forecast financial position as at 30th June 2017 and seek the approval for capital programme adjustments which require Cabinet approval in accordance with Financial Regulations.

Section 2 – Report

1.0 INTRODUCTION

- 1.1 The net forecast position as at Quarter 1 (30th June 2017) on the revenue budget is showing a balanced position. Resources and Commercial, Community, Adults, Public Health and Regeneration are all forecasting a balanced budget position. The Children's division is forecasting demand pressures estimated at £3.6m, a reduction of £549k from period 2. These are fully mitigated through the receipt of additional income notified after budget setting, corporate items and the implementation of a spending control freeze across the organisation.
- 1.2 The capital programme is reporting a forecast spend of £135.959m against a budget of £222.795m. This represents a total forecast spend of 61%. In terms of general fund capital, there is a forecast underspend of (£75.3m) of which £57.898m is requested for slippage into 2018/19, £1m is to be reallocated to other projects and £16.425m can be removed from the Capital Programme. For the Housing Revenue Account, an underspend of (£11.513m) is forecast which is requested for slippage into 2018/19.

(Please note, all number in brackets relates to income/underspends)

2.0 REVENUE MONITORING

- 2.1 The revenue forecast position at Quarter 1 (30th June 2017) is showing a balanced position after a draw down from reserves of £2.484m, as detailed in appendix 3, the use of Corporate budgets of £2.235m and £1.325m of spending controls. The forecast by division is detailed in appendix 1.
- 2.2 Assumed in the balanced position above is the use of £3.039m of capital receipts flexibilities generated from assets disposals. This would be applied under the capital receipt flexibilities granted to Local Authorities by central government to support on-going revenue savings, transformation costs and long terms cost reductions. As the authority has a MTFS including such initiatives, appropriate costs incurred will be funded from the capital receipts flexibilities initiative.
- 2.3 A summary of the Quarter 1 monitoring is shown in table 1 below:

Table 1: Revenue Monitoring – as at 30th June 2017

Directorate	Revised Budget	Outturn	Period 3 Variance	Draw Down from Reserve	Period 3 Variance After Draw Down from Reserve	Period 2 Variance After Draw Down from Reserve	Movement Between P2 and P3
	£000	£000	£000	£000	£000	£000	£000
Resources and Commercial	23,024	23,133	109	(109)	-	(44)	44
Resources Total	23,024	23,133	109	(109)	-	(44)	44
Community and Culture	36,545	37,102	557	(557)	-	-	-
Community Total	36,545	37,102	557	(557)	-	-	-
Adult	64,654	65,034	380	(380)	-	-	-
Children	37,614	41,515	3,901	(341)	3,560	4,109	(549)
Public Health	1,295	1,295	-	-	-	-	-
People Total	103,563	107,844	4,281	(721)	3,560	4,109	(549)
Planning and Enterprise	2,080	2,160	80	(80)	-	-	-
Regeneration	(350)	667	1,017	(1,017)	-	-	-
Regeneration Total	1,730	2,827	1,097	(1,097)	-	-	-
Total Directorates	164,862	170,906	6,044	(2,484)	3,560	4,065	(505)
Corporate Items	5,610	5,610	-	-	-	-	-
Corporate contingency	1,248	1,248	-	-	-	-	-
Technical and Corporate adjustment Budget	(3,877)	(5,278)	(1,401)	-	(1,401)	(1,703)	302
Use of Capital Receipt	(3,039)	(3,039)	-	-	-	-	-
Other Income	-	(834)	(834)	-	(834)	(863)	29
one-off Spending Controls Freeze	-	(1,325)	(1,325)	-	(1,325)	(1,499)	174
Total Budget Requirement	164,804	167,288	2,484	(2,484)	-	-	-

RESOURCES AND COMMERCIAL

Table 2: Resources & Commercial Variance

Quarter 1 Variance £000	Period 2 Variance	Movement between Quarter 1 and Period 2
-	(44)	44

- 2.4 At Quarter 1 Resources is forecasting a balanced budget for the 2017/18 financial year. This is after an assumed draw down from reserves of (£109k) as detailed in appendix 3. This balanced position represents a deficit movement £44k from period 2.
- 2.5 Legal and Governance – The service is managing a budget pressure of £251k which is due to an increase in the number of hours that is needed in order to meet the legal requirement of the directorates. Legal services together with the other directorates are working towards reducing these hours.

Spending Control Freeze

- 2.6 The Resources & Commercial directorate is working towards identifying a number of in-year items to contribute towards the requested spending freeze across the Council. Proposed items

include underspends of budgets from current vacant staff posts, overachievement of income and contract efficiency savings.

COMMUNITY DIRECTORATE

- 2.7 At Quarter 1, the Community Directorate is reporting a balanced budget after an assumed draw from reserves of (£557k) as detailed in appendix 3.
- 2.8 Within Environment & Culture, there is an unachieved MTFS in relation to the redevelopment of Harrow Leisure Centre **£100k**.
- 2.9 There were unexpected costs in relation to responding to emergency repairs arising from a flooding at the Civic Centre in April £50k.
- 2.10 Housing General Fund forecast a balanced position. The Council has been awarded £1.675m Flexible Homelessness Support Grant (FHSG) to offset the reduction in Housing Benefit income and enable the Council to start the process of moving from Private Sector Leased (PSL) temporary accommodation, to using Assured Short hold Tenancies (AST) in the Private Rented Sector in line with Government requirements. This sum will be ring-fenced to offset the income loss within Housing Needs.
- 2.11 Currently the Flexible Homeless Support Grant (FHSG) has only been allocated for two years; the 2018/19 allocation is £1.985m.

SPENDING CONTROL FREEZE

- 2.12 The Community Directorate continues to explore new income opportunities by increasing utilisation of assets. This includes renting out any empty properties, taking over the management of a café and performance space, and undertaking rent reviews as part of lease renewals. All of these will be undertaken with the aim of generating additional income, the exact amount of which will be subject to the timing of new leases / lease review, rent negotiations and/or business cases. In addition, the directorate will carry out efficiency reviews on its services to achieve cost savings. It is anticipated that these actions in coming months will yield a total estimated saving of £455k, which will be used to contribute towards the Council's overall financial position.

PEOPLE'S DIRECTORATE

- 2.13 At Quarter 1 the People's Directorate is forecasting an over spend of £3.560m, this forecast includes assumed draw down from reserves of (£721k) as set out in appendix 3. The directorate's forecast represents a favourable movement of (£549k) when compared with period 2

Table 3: People's Directorate Variance

	Quarter 1 Variance	Period 2 Variance	Movement between P2 and Quarter 1 after Spending Control Freeze
	£'000	£'000	£'000
Adults	-	-	-
Public Health	-	-	-
Children	3,560	4,109	(549)
Total	3,560	4,109	(549)

ADULT SERVICES

- 2.14 Adults Services are reporting a balanced position. This balanced position is achieved after assuming a drawdown from reserves of (£380k) as detailed in appendix 3 to this report.
- 2.15 Whilst the service received MTFs growth, together with the announcement of the improved Better Care Fund funding, the front line demand led service continues to face cost pressures in relation to the provision of services, arising largely from increasing complexities and also the interface with health.
- 2.16 The service is working towards containing these pressures within the approved budget; however this continues to be challenging. The Adult Social Care grant of £3.6m will be committed in line with the grant conditions and is expected to enable a balanced position by 31st March 2018.
- 2.17 Within Adult Social Care, purchasing pressures are continuing to rise (forecast overspend of £1.7m), especially relating to the increased weeks of care required for residential and nursing placements. In particular, a number of new trends since the budget was set in February, are emerging that carry increased financial challenge, such as:
- The complexities existing between residential and nursing care have shifted resulting in increased placements in nursing care and increased weekly costs of residential placements.
 - An increasing trend towards dementia in younger adults, resulting in a longer financial commitment than previously anticipated.
 - A 21% increase in the number of discharges from hospital into adult social care.
 - Continuing pressure against increasing demands on the Deprivation of Liberties (DoLs) service.
- 2.18 Pressures of £408k in relation to placement costs for children with disability (within the all age disability pathway have been transferred from children's services).
- 2.19 Delays (including those associated with planning and building related issues) associated with the achievement of MTFs savings in relation

to in-house provided services in the region of £1.123m, including £0.9m in relation to the Sancroft Phoenix project, increase the pressure to be mitigated. These pressures are expected to be mitigated.

- 2.20 The Clinical Commission Group have indicated an intention to reduce the funding in relation to the protection of social care (a Better Care Fund condition). Any reduction to the assumed funding of £6.558m within the 2017/18 budgets will require mitigation.

PUBLIC HEALTH

- 2.21 Overall the 2017/18 forecast outturn position for Public Health is a balanced budget.

SPENDING CONTROL FREEZE (Adults and Public Health)

- 2.22 The directorate is also reporting a one-off contribution to the Spending Control Freeze of (£320k). It is been proposed that in Adult Services this will be achieved by reducing expenditure across the training budgets (mandatory training will continue to be provided which is consistent with the practice in 2016/17) and within the hospital team. Within Public Health the reduced expenditure reflects the early achievement of the 2017/18 MTFs saving in relation to drug and alcohol services, together with a reduction in committed spend for obesity services.

CHILDREN'S SERVICES

- 2.23 As at Quarter 1 the headline pressure for the directorate is £4.511m which reduces to a net forecast overspend for the directorate of £3.560m after the use of one off management actions and drawdowns from reserves totalling (£0.951m).
- 2.24 This represents a reduction in overspend of £0.549m from the position reported at Period 2. The reduction results from additional one off management actions to mitigate the overall overspend

Table 4: Children's variance

	Period 3 Variance	Period 2 Variance	Movement between P2 and P3
	£'000	£'000	£'000
Children	3,560	4,109	(549)
Total	3,560	4,109	(549)

- 2.25 In 2017/18 £2.9m of growth was included in the budget to support increased demand in children's services. Of this, £1m was for SEN Transport which is anticipated to be within budget this financial year. The remaining £1.9m was for social care staffing and children's placements & accommodation. However, since the budget was set in

February, there has been a further increase in demand, in particular, for more costly children's placements and accommodation.

2.26 The headline pressures of £4.511m are as follows:

2.27 **Children's Placements and Accommodation £3.260m overspend**

-There is an overall reduction of £62k from the overspend reported at Period 2. As part of the service's planned actions 4 young person's placements packages have been reduced, resulting in a reduction in weekly costs. This totals approximately £209k in 2017/18. However 5 new young people were accommodated in in house and external fostering placements which has partially offset the reduction in costs.

2.28 In order to mitigate and monitor the spend on children's placements a schedule of panels has been drawn up to scrutinize and reduce costs. These panels, chaired by the Divisional Director, include;

- Weekly Access to Resources Panel – no new spends are permitted without exploring alternatives.
- A monthly themed panel focussing on high cost areas such as semi-independent and leaving care costs.
- A monthly tracking panel to ensure that placements are ended in a timely manner.
- Revised Tri-Partite Panel to ensure that health contributions are maximised.

2.29 **Children and Young People's Service Frontline Teams £0.560m overspend**

- The majority of the overspend relates to staffing and a breakdown of variances is shown in Table 5 below. The main pressure is as a result of agency staff covering vacant posts, sickness and maternity as well as a super numerate team manager and 'as and when' required staff carrying out supervised contact. In addition to this there is a one off cost for overseas social worker recruitment estimated at £50k and anticipated pressures of £150k relating to IT & mobile phone equipment and other non-staffing costs particularly driven by the recent growth in social care staff numbers.

2.30 Agency costs will be reduced during the course of the year with the arrival of social workers from India, and the permanent recruitment of social workers who complete the front-line and step-up programmes.

2.31 The reported overspend in the Front Door Team has reduced by £30k since Period 2 mainly resulting from a reduction in cost pressures relating to agency staff. This reduction is an indication that planned management actions are now delivering real cost reductions.

Table 5: CYP staffing variances to budget

Description	Front Door	Quality Assurance	CYP Mgt	Children in Need	Corp Parent	YOT	Total
	£'000	£'000	£'000	£'000	£'000		£'000
Permanent Staff	(126)			(99)	(111)	(23)	(359)
Agency vacancies	147			142	34		323
Agency sick/maternity	31			38	16		85
Supernumerary	92				26	93	211
As & When	(8)				108		100
Total	136	0	0	81	73	70	360
Budget FTE	42.5	14.1	11.0	58.0	49.0	12.5	187.1
Forecast FTE	43.0	14.1	11.0	58.2	47.9	14.2	188.4

2.32 Families with No Recourse to Public Funds £74k overspend -

These are families being supported by the Council because they have no recourse to public funds (NRPF). 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. The exit routes for ceasing funding are dependent on variable factors, many of which cannot be controlled by the Council. 1.5 FTE bespoke workers have been recruited to focus specifically on these families to help reduce costs and mitigate the financial pressures on this budget. These workers are currently supporting 22 cases, 5 cases have been successfully closed since April 2017.

2.33 A funding bid is being constructed to purchase the premium service from the Home Office. This will mean the co-location of an Immigration & Enforcement Officer who will fast-track all asylum related processes and background checks. This will reduce the amount of time that families are being funded through no recourse to public funds.

2.34 **Departmental Legal Costs £103k overspend** - There is an estimated overspend on disbursements related to barristers, experts and other expenses in relation to care proceedings. The processes for allocating legal costs including the number of hours for legal advice are being analysed, along with the breakdown of disbursements. This analysis will be presented to CSB to make recommendations about priorities for use of in house legal resources across the council.

2.35 **Signers and Interpreters Fees £90k overspend** - The provision of an Interpretation and Translation service is a demonstrable component of the Council's commitment to equality of opportunity, enabling access to information and services.

2.36 **Capital Team £170k overspend** - There are anticipated costs for external legal services and external commercial and technical advice

services in relation to continued efforts to close the accounts for School Expansion Programme phase 2 (SEP2).

- 2.37 **Commissioning Team £248k overspend** - This pressure results from redundancy and residual staffing costs of 3 members of staff who are expected to leave in September as part of the MTFs saving in this area which has been delayed in its implementation.
- 2.38 **Other small overspends £6k.**
- 2.39 The above pressure of £4.511m is reduced to £3.560m by one off management actions of (£610k) and draw down from reserves of (£341k) which is mainly for redundancy payment.
- 2.40 The Children's forecast excludes the costs associated with Pinner Wood School. In June, Cabinet were updated on the cost estimates for Pinner Wood School and the proposed funding. The estimated revenue cost of £1.840m will be funded by £1.248m from the revenue contingency for unforeseen items and £592k from the corporate budget. In addition £2.860m was estimated as the capital cost, this will be funded from the 2016/17 Capital Programme underspend.

REGENERATION, ENTERPRISE AND PLANNING

- 2.41 At Period 3, Regeneration, Enterprise & Planning are reporting a balanced budget.
- 2.42 Regeneration activity, estimated at £1.017m, will be funded from the capacity within the Minimum Revenue Provision (MRP).
- 2.43 £3.4m [net] of Community Infrastructure Levy (S106) monies has been received at Quarter 1. The net unspent income will be transferred to reserves at year end.

SPENDING CONTROL FREEZE

- 2.44 Following the review of Building Control fees earlier this year, additional income may be achievable subject to the number of applications being at a similar level as pre-Brexit time. The income can be volatile and will require regular monitoring as part of monthly forecast. At this stage, it is anticipated that an additional income of £25k may be achieved in 2017/18. In addition, a recharge of planning officers' time against CIL administrative fee is considered possible but this will be subject to the actual time legitimately spent on CIL related work. It is estimated that a one-off recharge of £50k can be achieved from this in 2017/18.

HOUSING REVENUE ACCOUNT

- 2.45 As at Quarter 1 there is a forecast pressure of £314k in the HRA, an improvement against period 2 of £318k due mainly to capacities identified on staffing and operating costs. The pressure is due mainly

to on-going repairs expenditure required to meet legislative requirements and discharge mandatory health & safety obligations.

- 2.46 The £314k pressure also includes £200k interest payments to Department for Community and Local Government on retained Right to Buy receipts expected to be repaid to Government under terms of the retention agreement.
- 2.47 The costs of compulsory upgrade of IT systems have been reflected although additional pressures in this area are possible; an impact assessment is in progress. Reforms of HRA and Welfare, including rent reduction, borrowing cap and high value voids levy from 2018-19 continue to present significant challenges which are being addressed by the Housing Management Team.
- 2.48 A summary of the HRA position is provided below which includes estimated balances;

Table 6: HRA Variance

Period 3 Variance	Period 2 Variance	Movement between P2 and P3
£'000	£'000	£'000
314	318	(4)

CORPORATE BUDGETS

- 2.49 Corporate budgets are forecast to underspend by (£1.401m). This underspend includes unallocated inflation budgets, other contingencies and grants. The council has also received one off income of (£834k) after the budget was set in February 2017.

SPENDING CONTROL FREEZE

- 2.50 In Period 2, a balanced position was reported after proposing a £1.5m spending control and Spending Freeze contribution across the Directorates.
- 2.51 Further work has now been done on this proposal; a total of (£1.325m) has been identified across the directorates as the amount that directorates are able to contribute towards the spending controls and Children's services position has improved by (£549k).
- 2.52 Table 7 below shows the breakdown of the £1.325m by directorate.

Table 7: Spending Control Freeze

Directorate	Contribution to Spending control Freeze
	£000
Resources and Commercial	(475)
Community and Culture	(455)
Adult	(160)
Public Health	(160)
People Total	(320)
Planning and Enterprise	(75)
Total Directorates	(1,325)

CONTINGENCIES AND RESERVES

- 2.53 The contingencies exist to cover unavoidable pressures together with other unforeseen items and spending pressures and to cover areas of risk and uncertainty.

The contingency for unforeseen items of £1.248m is assumed to be used in full for Pinner Wood School.

- 2.54 There are also a number of specific reserves for a variety of purposes as identified in table 8 below:

Table 8: Contingencies and Earmarked Reserves

	Budget Planning	Rapid Response	Standing up for those in need	IT Impl./Trans.	Commercialisation	TPIF	Carry Fwd	Business Risk	MTFS Implementation cost	CIL Harrow and Mayor
	£000	£000	£000	£000	£000	£000	£000	£000	£000	
Balance at Start of Year	2,000	75	800	678	405	2,534	2,336	2,109	2,857	6,289
Total Earmark Reserve Balance	2,000	75	800	678	405	2,534	2,336	2,109	2,857	6,289
Total Applied/ To Be Applied	(1,000)	0	0	0	(405)	(1,482)	(2,336)	0	(845)	(5,600)
Balance Carryforward	1,000	75	800	678	0	1,052	0	2,109	2,012	689

MTFS IMPLEMENTATION TRACKER

- 2.55 The 2017/18 budget includes approved MTFS savings of £10.242m. The progress on implementation is summarised in table 9 below and shown in more detail in Appendix 2.

- 2.56 As at the end of Quarter 1, 13% of savings have already been banked (blue savings), 74% of savings (green and amber) are on track or partially achieved, with 13% of savings being declared as red.

Table 9: RAG Rating of 2017/18 Savings

	Resources	People	Community	Regeneration	Pan Organisation	Total at Period 3	Total at Period 2	Movement between P2 and P3	Percentage Split
	£000	£000	£000	£000	£000	£000	£000	£000	
Red	57	871	100	0	350	1,378	1,378	0	13%
Amber	195	845	1,223	100		2,363	2,307	56	23%
Green	1,282	1,197	2,693	47	0	5,219	5,275	-56	51%
Blue	307	925	50	0	0	1,282	1,282	0	13%
Purple	0	0	0	0	0	0	0	0	0
Total	1,841	3,838	4,066	147	350	10,242	10,242	0	100%

Red	Agreed savings not achievable
Amber	Saving only partially achieved or risk remaining
Green	Achievement of Savings on track
Blue	Achieved and banked

2.57 Total savings of £56k below has moved from Green to Amber:

- CH_9 Property Purchase savings of £31k
- CH_3 Supporting People savings of £25k

3. CAPITAL PROGRAMME

Capital Programme Forecast at Quarter 1

- 3.1 The 2017/18 capital programme agreed by Council in February 2017 totalled £143.863m. After allowing for agreed slippage of £76.691m from 2016/17 outturn and other approved amendments, the programme now totals £222.795m at Quarter1.
- 3.2 The forecast spend at Quarter 1 is £135.959m, 61% of the total capital programme.
- 3.3 The forecast variance on the General Fund at Quarter 1 is an underspend of £75.323m (40%) of which £57.898m is requested for slippage into 2018/19, £1m reallocated to other projects and £16.425m can be removed from the Capital Programme.
- 3.4 The forecast variance on the Housing Revenue Account budget of £32.457m at Quarter 1 is £11.513m, which will all be slipped into 2018/19.
- 3.5 Tables 10 and 11 below summarise the capital forecast position and Appendix 4 shows the capital programme in more detail.

Table 10: Summary of Capital forecast by Directorate

Directorate	Original Programme	CFWD's	Other Adjustment (Additional)	External	LBH	TOTAL BUDGET	Forecast Spend	Forecast Variance	Slippage	Underspend after slippage
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
PEOPLE	17,315	20,534	1,452	19,286	20,015	39,301	29,106	-10,194	5,769	-4,425
<i>Adult</i>	7,450	891	1,452	1,516	8,276	9,793	9,793	0	0	0
<i>Schools and Children</i>	9,865	19,643	0	17,769	11,739	29,508	19,314	-10,194	5,769	-4,425
COMMUNITY	55,231	4,837	789	19,595	41,262	60,857	38,659	-22,198	9,198	-13,000
<i>Environment and Commission</i>	33,675	-297	729	17,079	17,028	34,107	22,107	-12,000	0	-12,000
<i>Housing</i>	19,080	3,948	0	1,180	21,848	23,028	13,830	-9,198	9,198	0
<i>Culture</i>	1,336	0	60	1,336	2,386	3,722	2,722	-1,000	0	-1,000
RESOURCES	9,949	23,589	0	0	33,538	33,538	26,937	-6,601	6,601	0
REGENERATION	46,130	10,513	0	872	55,771	56,643	20,313	-36,330	36,330	0
TOTAL GENERAL FUND	128,625	59,473	2,241	39,752	150,586	190,339	115,015	-75,323	57,898	-17,425
TOTAL HRA	15,238	17,219	0	1,481	30,976	32,457	20,944	-11,513	11,513	0
TOTAL GENERAL FUND & HRA	143,863	76,691	2,241	41,233	181,562	222,795	135,959	-86,836	69,411	-17,425

Table 11 Analysis of Forecast Outturn Variance

Directorate	Outturn variance	Split of outturn variance by funding		Slippage	Slippage by funding		Underspend after slippage	Split of Underspend after slippage	
		Grant/sec106	LBH		Grant /Sec 106	LBH		Grant	LBH
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
PEOPLE	-10,194	-5,423	-4,771	-5,769	-997	-4,771	-4,425	-4,425	0
<i>Adult</i>	0	0	0	0	0	0	0	0	0
<i>Schools and children</i>	-10,194	-5,423	-4,771	-5,769	-997	-4,771	-4,425	-4,425	0
COMMUNITY	-22,198	-12,000	-10,198	-9,198	0	-9,198	-13,000	0	-13,000
<i>Environment and commissioning</i>	-12,000	-12,000	0	0	0	0	-12,000	0	-12,000
<i>Culture</i>	-1,000	0	-1,000	0	0	0	-1,000	0	-1,000
<i>Housing</i>	-9,198	0	-9,198	-9,198	0	-9,198	0	0	0
RESOURCES	-6,601	0	-6,601	-6,601	0	-6,601	0	0	0
REGENERATION	-36,330	0	-36,330	-36,330	0	-36,330	0	0	0
TOTAL GENERAL FUND	-75,323	-17,423	-57,900	-57,898	-997	-56,901	-17,425	-4,425	-13,000
TOTAL HRA	-11,513	0	-11,513	-11,513	0	-11,513	0	0	0
TOTAL	-86,836	-17,423	-69,413	-69,411	-997	-68,414	-17,425	-4,425	-13,000

RESOURCES DIRECTORATE

As at Quarter 1 the forecast spend is £26.937m, 80% of the 2017/18 Resource's directorate capital budget. Plans are underway to purchase further properties this year however it is been estimated that only £7.998m of the £14.599m budget will be spent this year and the remaining £6.601m will be slipped to 2018/19.

COMMUNITY DIECTORATE

- 3.6 As at Quarter 1 the forecast is £38.659m, 63% of the total budget.
- 3.7 The forecast under spend is £22.198m of which £9.198m will be slipped to 2018-19 and £13m is no longer needed. The main items of slippage and underspend are detailed below:

Environment & Commissioning

- 3.8 At Quarter 1, the service forecast to spend £22.107m this year. Within this year's budget, there is an assumed £12m TfL funding for the step-free access project at Harrow on the Hill Station. It is anticipated that TfL will deliver the project directly and therefore it is requested that the assumed budget is removed from the capital programme.

Culture

- 3.9 At Quarter 1 the forecast spend is £2.722m.
- 3.10 The forecast under spend of £1m relates to Harrow Art Centre roof repair project. It is proposed that this budget is be reallocated to other projects.

Housing General Fund

- 3.11 At Quarter 1 the outturn forecast for Housing General Fund is £13.830m
- 3.12 The forecast under spend is £9.198m of which will all be slipped to 2018-19.
- 3.13 Empty Property Grants is expected to slip £198k into next year this is due to a lower uptake of grant been offered by the council. The implication of this will be less property to combat homelessness; housing service is working with local landlords to complete the awarded grant.
- 3.14 Housing Property Purchase reflects the completion of 100 property acquisitions; the budget of £9m for the additional 50 properties is assumed to slip to 2018-19 pending completion of the review of programme.

PEOPLE

- 3.15 At Quarter 1 the forecast spend is £29.106m, 74% of the 2017/18 People's directorate capital budget.
- 3.16 The forecast under spend is £10.194m of which £5.769m will be slipped to 2018/19 and £4.425m is no longer needed.

ADULTS

- 3.17 At Quarter 1 the forecast spent is £9.793m this represents 100% of the approved capital programme.

SCHOOLS

- 3.18 The approved capital programme in 2017-18 for Children's Services totals £29.508m. The projected expenditure this year is £19.314m which represents 65% of the total capital budget.
- 3.19 **School Expansion Programme (SEP) 1 and 2 (including some SEN and Secondary)** - Keepmoat, the Council's Framework Partner was commissioned to deliver the majority of the Phase 1 (SEP1) and Phase 2 (SEP2) construction projects. The projects in SEP1 and SEP2 have reached Project Completion and the schools are occupying their new accommodation.
- 3.20 The Children's Capital Project Team is working to resolve a number of building defects with Keepmoat post completion. There are on-going contractual issues with Keepmoat and the council has appointed Legal and Commercial advisers to secure resolution. For the purposes of budget monitoring these programmes are forecast to budget but there is a risk to the capital programme that the final outturn is higher than the budget
- 3.21 **SEP 3** - Following procurement processes, Arcadis were appointed as Technical Advisers and Willmott Dixon as the single supplier from the SCAPE framework for the SEP3 projects. The SCAPE framework is local authority owned and specialises in school construction. There are four school expansions over five school sites. Three of the projects are completed, one is on site with a completion planned for Autumn 2017 and the final scheme will be submitted for planning approval in the Autumn for completion by Autumn 2018. In addition, Weald Rise is being rebuilt by the Priority Schools Building Programme (PSBP) and the LA is providing a top up to expand the school to 4 forms of entry.

Slippage

- 3.22 The majority of the slippage relates to new SEN and Secondary provision. As reported to Cabinet in June 2017 the projections for Year 7 places continue to show a lower trajectory of increase than the 2015 projections. With the current number of places available there will be a shortfall of 4 to 5 forms of entry in 2022/23. This reduces to 3-5 forms of entry in 2027/28. However, at this time there are a higher number of Year 7 places than required which is

resulting in vacancies being concentrated in a small number of schools. It is proposed to slip the funding to 2019-20 and ensure that the situation is monitored and that once there is greater clarity about changes on the borough boundaries that a local solution to meet the growing need is developed with the High Schools.

- 3.23 In relation to SEN provision, to meet the increasing need for places for children and young people with severe and complex needs with autism a free school proposal is being developed by three special school headteachers in Harrow for submission in the next wave of applications expected in the Autumn. However, further work on analysing the needs of pupils with SEND and spend will be undertaken to inform future provision needs and any capital programme requirements. It is therefore proposed to slip this funding into next financial year once the scope of provision required is established and the outcome of the free school bid is known.

Underspends

- 3.24 SEN Provision £4.2m -The original budget for new SEN provision was set at £10.5m and included an assumption of external funding in 2018-19 of £6m from the Government's capital Basic Need grant. However the LA did not receive an allocation of funding in 2018-19. It is therefore proposed to reduce the capital programme by £6m over 2017-18 and 2018-19. The remainder of the budget is proposed to slip into 2018-19 as per the paragraph above. This is not committed to a particular scheme and forms part of the scoping for SEN provision as set out in paragraph 3.30.
- 3.25 Schemes at Marlborough and Whitmore partially funded by schools at net nil cost to the council. The original budget was estimated and as both schemes have now concluded the budget of £225k needs to be reduced to reflect the final outturn. This is offset by a reduction in the level of funding received from the school.

AMENDMENTS TO THE CAPITAL PROGRAMME

Additions to the capital programme

- 3.26 Additional funding of £360k has been confirmed by TfL, as part of 17/18 Local Implementation Plan, for implementing further bus priority schemes. The budget in the capital programme will therefore need to be increased by this sum to reflect the funding award.
- 3.27 The Council has successfully secured Salix interest-free loan funding under Energy Efficiency Loan Scheme for a couple of schools to deliver lighting improvement works. The total value of these works is £69k, of which one school will provide a lump sum contribution of £19k and the rest will be met from Salix funding. The schools will be responsible for the repayment of the Salix loan over eight years. An addition to the Community's capital programme is required to accommodate the Carbon Reduction project.

- 3.28 S106 funding (received from the development of Valley Centre) is to be applied to provide sports facilities at Harrow Leisure Centre. This will include the purchase of a range of equipment to enable the provision of additional activities for young people. It is therefore proposed to increase the Leisure & Libraries Infrastructure capital programme by £8k and the expenditure will be met by S106 funding
- 3.29 Cabinet is requested to increase the budget for Disabled Facilities Grants, currently £2,030k, by £500k to £2,530k to enable adaptations for private households to be carried out in financial year 2017-18 which will support the achievement of approved MTFS revenue savings. This is fully funded by external fund received as part of the Better Care Funding arrangement.
- 3.30 An addition to the Children's capital programme is required to facilitate upgrade works at The Firs Short Break Residential Centre totalling £32k. This will be funded by external funding

Reduction to the capital programme

- 3.31 In the current capital programme, there is an assumed TfL funding of £12m and £8m in 17/18 and 18/19 respectively for the step-free access project at Harrow on the Hill Station. It is anticipated that TfL will deliver the project directly, with the Council providing a capital grant as a financial contribution towards the project. It is therefore proposed that the TfL element of the funding is removed from the capital programme as the Council will not receive this funding from TfL.

Capital budget virement

- 3.32 As part of the 2017/18 capital programme, £1.470m budget was allocated for the repair of Harrow Art Centre roof. However the actual cost of repair is now been projected at £470k. It is proposed that the underspend of £1m be added to the £5.8m budget that was reported at outturn as the budget that can be reallocated to alternative projects.

CONCILIUM BUSINESS SERVICES

- 3.33 The Quarter 1 forecast currently shows that Concilium Business Services is on target to achieve the business plan. A refresh of the forecast and longer term business plan will be presented in the Q2 report to cabinet in December 2017.

4. Legal Implications

- 4.1 Section 151 of the Local Government Act 1972 states that without prejudice to section 111, every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs". Section 28 of the Local Government Act 2003 imposes a statutory duty on a billing or major precepting authority to monitor, during the financial year, its income and expenditure against budget calculations.
- 4.2 Under the Council's Financial Regulation B48 Additions in year to the Capital Programme up to £500,000 additional capital spending can be approved by Cabinet on specific projects where the expenditure is wholly covered by additional external sources; and the expenditure is in accordance with at least one of the priorities listed in the capital programme; and there are no significant full year revenue budget effects. The additional capital spending agreed by Cabinet in one financial year cannot exceed £2.5million.

5. Equalities

- 5.1 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:
- 5.2 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.
- 5.3 Having due regard to the need to advance equality of opportunity between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
- (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.
- 5.4 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.
- 5.5 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.
- 5.6 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:
 - a) Age
 - b) Disability
 - c) Gender reassignment
 - d) Pregnancy and maternity
 - e) Race
 - f) Religion or belief
 - g) Sex
 - h) Sexual orientation
 - i) Marriage and Civil partnership
- 5.7 A full equalities impact assessment was completed on the 2017/18 budget when the budget was set by Full Council. Equalities implications are taken into account by individual directorates whilst running services and making decisions to vire money. A full equality impact assessment will be completed on the budget for 2018/19.

6. Financial Implications

Financial matters are integral to the report.

7. Performance Issues

Good financial performance is essential to achieving a balanced budget. The financial performance is integrated with the strategic performance of the Council through quarterly Directorate Improvement Boards which consider the financial position alongside performance including key projects, service KPIs (including customer data and complaints) and workforce. Monitoring of finance and performance is reported regularly to the Corporate Strategic Board and Cabinet and is also considered by the Council's Performance and Finance Scrutiny Sub- Committee.

The Revenue forecast position at Quarter 1 is showing a balanced position.

For the 2017/18 savings built into the MTFs, the overall position as at Q1 is that 13% of the savings are RAG rated as blue (achieved and banked), 51% green (achievement of saving on track), 23% amber (saving only partially achieved or risks remaining) and 13% red (agreed saving not achievable).

The Capital Programme is projecting a spend of 60% as at quarter 1.

8. Risk Management Implications

The risks to the Council and how they are being managed are set out in the report.

Risks are included on the Directorate risk registers

9. Council Priorities

The Council's vision is:

Working Together to Make a Difference for Harrow

The Council's priorities are:

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

This report deals with Revenue and Capital monitoring which is key to delivering the infrastructure to deliver the Council's priorities.

Section 3 - Statutory Officer Clearance

Name: Dawn Calvert	<input checked="" type="checkbox"/>	Chief Financial Officer
Date: 4 September 2017		
Name: Mathew Adams	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 4 September 2017		

Ward Councillors notified:	NO, as it impacts on all Wards
EqIA carried out:	NO Not applicable
EqIA cleared by:	

Section 4 - Contact Details and Background Papers

Contact: Sharon Daniels (sharon.daniels@harrow.gov.uk),
Deputy sec151 officer Tel: 020 8424 1332

Background Papers: [..\..\..\BUDGET\Budget 2017-18\February Cabinet\Final report\Final Report Appendices for Daksha\V4 Final Budget Report 070217.doc](#)
[G:\1 Public\Capital programme\2017-18 to 2019-20\February Cabinet\Final February Cabinet\Final version Capital Programme Feb 2017 Cabinet.docx](#)
[G:\1 Public\Capital programme\2017-18 to 2019-20\February Cabinet\Final February Cabinet\Appendix 1 - 16.17 Capital Programme restated V4 18.01.17.xlsx](#)

Call-In Waived by the Chairman of Overview and Scrutiny Committee	NOT APPLICABLE <i>[Call-in applies]</i>
--	---

Revenue Summary

Appendix 1

	Revised Budget	Outturn	Period 3 Variance	Drawdown From Reserve	Period 3 Variance After Draw Down from Reserves and Spending Control Freeze Contribution	Period 2 Variance After Contribution to and draw down from Reserve	Budget Movement between P2 and P3
	£000	£000	£000	£000	£000	£000	
Resources							
Controllable Budget							
Customer Services	23,901	23,789	● (112)		(112)	(68)	(44)
Business Support	3,597	3,604	● 7		7	(8)	15
Director of Resources	795	795	● 0		0	0	0
Assurance	558	535	● (23)		(23)	4	(27)
HRD & Shared Services	1,103	1,134	● 31		31	21	10
Procurement & Commercial	322	458	● 136		136	125	11
Legal & Governance	2,465	2,471	● 6		6	6	0
Strategic Commissioning	2,191	2,295	● 104	● (109)	(5)	(45)	40
Finance	3,207	3,167	● (40)	● 0	(40)	(79)	39
Contribution to spending Freez			● 0		0	0	0
Total Controllable Budget	38,139	38,248	109	(109)	0	(44)	44
Uncontrollable Budget	(15,115)	(15,115)	● 0		0	0	0
Total Directorate Budget	23,024	23,133	109	(109)	0	(44)	44
							0
Community							0
Controllable Budget							0
Commissioning & Corporate Estate	(2,987)	(2,706)	● 281	(281)	0	0	0
Environment & Culture	20,338	20,614	● 276	(276)	0	0	0
Directorate Management	227	227	● 0		0	0	0
Housing General Fund	4,476	6,151	● 1,675		1,675	1,675	0
Flexible Homelessness support grant		(1,675)	● (1,675)		(1,675)	(1,675)	0
Contribution to spending Freez			● 0		0	0	0
Total Controllable Budget	22,054	22,611	557	(557)	0	0	0
Uncontrollable Budget	14,491	14,491	● 0		0	0	0
Total Directorate Budget	36,545	37,102	557	(557)	0	0	0
							0
People							0
Controllable Budget							0
Adult Services	58,197	58,577	● 380	(380)	0	0	0
Public Health	476	476	● 0		0	0	0
Children & Families	29,080	32,981	● 3,901	(341)	3,560	4,109	(549)
Contribution to spending Freez			● 0		0	0	0
Total Controllable Budget	87,753	92,034	4,281	(721)	3,560	4,109	(549)
Uncontrollable Budget	15,810	15,810	● 0		0	0	0
Total Directorate Budget	103,563	107,844	4,281	(721)	3,560	4,109	(549)
							0
Regeneration							0
Economic Development & Research	613	693	● 80	(80)	0	0	0
Planning	384	384	● 0		0	0	0
Regeneration Programme	(350)	667	● 1,017	(1,017)	0	0	0
Sec 106	0	0	● 0		0	0	0
Contribution to spending Freez			● 0		0	0	0
Total Controllable Budget	647	1,744	1,097	(1,097)	0	0	0
Uncontrollable Budget	1,083	1,083	● 0		0	0	0
Total Directorate Budget	1,730	2,827	1,097	(1,097)	0	0	0
							0
Total Directorate Budgets	164,862	170,906	6,044	(2,484)	3,560	4,065	(505)
							0
Corporate Items Including Levies	5,610	5,610	● 0		0	0	0
Corporate Contingency	1,248	1,248	● 0		0	0	0
Reserves and Provisions Including Other Grants	(3,877)	(5,278)	● (1,401)		(1,401)	(1,703)	302
Use of Capital Receipts	(3,039)	(3,039)	● 0		0	0	0
Other Income		(834)	● (834)		(834)	(863)	29
Spending Controls Freez		(1,325)	● (1,325)		(1,325)	(1,499)	174
Total Budget Requirement	164,804	167,288	2,484	(2,484)	0	0	0

This page is intentionally left blank

2017-18 MTFS Savings

Appendix 2

Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction INTERNAL	2016/17 Service Budget	Total Savings in Current MTFS	2017/18	2018/19	2019/20	Total	Rag rating	Comment
			£000	£000	£000	£000	£000	£000		
Resources										
								-		
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.	(544)		80	100	100	280	Green	2017/18 Savings on track for delivery.
RES_13	Customer Services and IT	Technology and Transformation Services Reduce level of support on SAP.	300		64	-	-	64	Blue	Savings Banked
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	Purple	Future year, still in development.
RES_14	Procurement / HR	Early re-procurement of Agency Staff Contract	£21 million spend across services		150			150	Amber	This will be achieved through i) lower agency costs from Per Temps (through use of YPO contract which has lower rates) - these costs need to flow through to the central budget from Per Temps rather than being passed on to Service areas. ii) rebate from YPO resulting from Harrow being an associate Member of YPO NB this amount will flow through to Harrow 18 months after commencement date. The estimated £130K income from YPO will therefore need to be raised as an outstanding asset as at 31/3/18.
RES_15	Procurement / HR	Re-procurement of Occupational Health contract delivering an overall cheaper pricing model on the service.	114		24			24	Blue	2017/18 Savings Banked
RES_HR01	HR	Shared HR Service with Buckinghamshire County Council - Business Case Under Development	837		140	110		250	Blue	2017/18 Savings Banked
RES_HR03	HR	Organisational Development - Review existing shared OD service provision	244		155			155	Blue	2017/18 Savings Banked
RES_CP01	Commercial, Contracts & Procurement	Selling services through shared procurement arrangements.			(19)	29	0	10	Green	See below
RES15	Procurement	Restructuring of the Commercial, Contracts and Procurement Division's function.			201	151		352	Green	2017/18 target has been delivered. New Divisional Director has been informed of savings target of £180K by 1/4/18 and provided with suggestions as to how this might be achieved.
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.	1,446		110	57	50	217	Green	Savings on track for delivery.
RES_17a	Strategic Commissioning	Member Development Reducing the frequency in spend of the member development budget.	31		26	-		26	Blue	Savings Banked
RES_SC01	Strategic Commissioning	Income from Communications Through Gain Share Model	0		25	13		38	Amber	Plans being brought together, which at this point are targeting £135k for 2017/18.
RES_SC02	Strategic Commissioning	Additional Income from Communications Provider and Further Savings	375			107		107	Purple	Future year, still in development.
RES_SC03	Strategic Commissioning	Alternative Funding of domestic violence budget			21	61		82	Green	External funding secured for 2017/18 and 2018/19.
RES_SC04	Strategic Commissioning	Proposed savings in Health watch Funding	112			50		50	Purple	Future year, still in development.
RES_SC05	Strategic Commissioning	SIMS Team Contribution to Overheads and Additional Income	0		20	20		40	Amber	Income on-track on basis of last years' performance. However, schools budgets are being put under more pressure so this is not guaranteed at this stage. Exploring joint marketing opportunities with Bucks CC.

Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction INTERNAL	2016/17 Service Budget	Total Savings in Current MTFS	2017/18	2018/19	2019/20	Total	Rag rating	Comment
			£000	£000	£000	£000	£000	£000		
RES_SC06	Strategic Commissioning	Commissioning Capacity in the Council	861		10	50		60	Blue	2017/18 Savings Banked
RES16	Strategic Commissioning	Retender of the Communications Service to take account of reductions in spend phased in the following way: 2015/16 - 20% reduction, 2016/17 - 10% reduction, 2017/18 - 10% reduction.			57			57	Red	The saving has not been delivered and will be reviewed in the light of the service being brought back in-house. However, for the current year the Division will deliver the required saving within its overall budget
RES_10	Legal	Political Office Support Councillors are supported by a variety of administrative arrangements. The proposal reduces the amount allocated to each member /group office.			100			100	Blue	2017/18 Savings Banked
RES_LG04	Legal & Governance	Expansion of the Legal Practice			210	210		420	Green	2017/18 Savings on track for delivery.
RES12	Legal & Dem Services	Reduction in Legal cost, in the initial instance by growing the business			144	144		288	Green	2017/18 Savings on track for delivery.
RES 18	Finance	Finance - Insurance Savings from re-tendering of Insurance contract.			50			50	Green	2017/18 Savings on track for delivery.
RES_F02	Finance & Assurance	Improved Treasury investment return from increased Risk appetite (Primarily lending for longer and to institutions with lower credit ratings)			595	625		1,220	Blue	2017/18 Savings Banked
RES_F03b	Finance & Assurance	Audit and Fraud - deletion of Fraud Investigation Officer post			15			15	Green	2017/18 Savings on track for delivery.
RES_F04	Finance & Assurance	Investment Portfolio			350	350		700	Green	2017/18 Savings on track for delivery.
		Total Resources excluding Business Support			2,528	2,377	150	5,055		
Business										
								£0		
BSS_02	Business Support	PA Support The creation of a new Central PA Hub to support the Chief Executive, Corporate Directors and Directors offering a fixed catalogue of services.			100			100	Green	Savings on track for delivery.
BSS_07	Business Support	Community Hub A reorganisation of the Community hub will re-allocate a prioritised workload over a smaller team.			20			20	Green	Savings on track for delivery.
		Total Business Support			120	-	-	120		
		sub - Resources Total			2,648	2,377	150	5,175		
BSS 01	BSS	Reversal of saving - 'A thorough review of Business Support has been undertaken in the last year, as a result of which over £1m of savings have been identified that are being delivered. However it has been decided that further reduction in these areas are not appropriate, and therefore savings proposed in previous budgets will not be progressed and need to be reversed. This is reversing the 2017/18 and 2018/19 savings.			(557)			(557)	Blue	
RES_LG05	Legal & Governance	Delayed implementation of land charges transfer of service			(250)	(250)		(500)	Blue	
		Resources Total			1,841	2,127	150	4,118		
People Services										
Adults										
PA_01	Adults	Voluntary Sector - cessation of all services other than those required under the Care Act. There is a separate cabinet report to the December 2016 cabinet in respect of this saving.	799		420			420	Amber	Shortfall of £35k, following consultation delay, will be mitigated by ASC grant.
PA_03	Adults	Commissioning - Cessation of Adults commissioning function (2.6FTE) from People's commissioning team resulting in spot purchasing only, and limited strategic commissioning for the Adult's services.	303		187			187	Red	Saving will not be achieved in 2017-18 due to a delay in implementation. Staff are not expected to leave until October. Residual staffing costs amount to £103k and redundancy and pension strain costs amount to £218k. Full saving will be achieved in 2018-19.

Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction INTERNAL	2016/17 Service Budget	Total Savings in Current MTFS	2017/18	2018/19	2019/20	Total	Rag rating	Comment
			£000	£000	£000	£000	£000	£000		
PA_04	Adults	Management - further reduction in strategic management function, reducing by 1FTE (Head of Service) from 4FTE down to 3FTE i.e.; DASS plus 2 Heads of Service	564		127			127	Blue	Post vacant since July 2016
PA_05	Adults	Contracts & Admin - in line with the voluntary sector proposals and move to personalisation model, the function of this team (4FTE) will be deleted. Any residual duties will be accommodated within already stretched social work teams.	161		161			161	Blue	Post holders left the Council's employment February 2017.
PA_06	Adults	Reduce Safeguarding Quality Assurance Team - Deletion of 2 FTE – reduction in ability to visit all 750 Community Providers and over 300 Care Homes in the year and respond to safeguarding alerts.	410		112			112	Blue	Vacant posts, previously covered by agency staff, now deleted
PA_08	Adults	Reduce Occupational Therapy Team - Deletion of 4FTE – will increase the current 6 month waiting list with more vulnerable people delayed in hospital, and an increased number of vulnerable people placed unnecessarily in costly residential and nursing units	494		113			113	Blue	Vacant posts, previously covered by agency staff, now deleted
PA_3	Adults	Wiseworks - commercialisation opportunities and to be self financing by end of MTFS period			69	56		125	Green	On target to be achieved
PA_4	Adults	Milmans Community tender			175	184		359	Amber	£78k Achieved. £97k is being mitigated via budget realignments within Adults Services.
PA_6A	Adults	Vaughan NRC - service review to identify efficiencies in supporting the most complex			100			100	Green	On target to be achieved
PA_9	Adults	Sancroft - contract management and service renegotiation			334			334	Red	Superseded by local authority traded service operating from Sancroft under project Phoenix. Expected to deliver £640k in a full year (after capital financing costs) and will increase with any dividend (after company expenses). Shortfall in 2017/18 (representing part year commencement) of £600k is forecast and is assumed to be mitigated by ASC grant.
PA_10A	Adults	Transport - review transport provision			200	350		550	Red	Saving will not be achieved in 2017/18 as efficiencies planned against routes are unlikely to be achieved. The pressure will be mitigated through base budget realignment
PA_11A	Adults	MOW/Catering Service - review of service			65			65	Blue	2017/18 Savings Banked
PA_14	Adults	Shared Lives - commercialisation through selling model to neighbouring boroughs.			150			150	Red	Saving will not be achieved in 2017-18 as target commercial income is unlikely to be achieved. Pressure is to be mitigated through base budget re-alignment.
PA_15	Adults	Bedford House / Roxborough Park - review provision within Bedford House. £650k less £400k reversed as part of 17.18 Budge setting.			250			250	Amber	Shortfall due to building planning and procurement requirements and processes (after assuming redundancy costs funded centrally) which will be mitigated through wider variations.
PA_16	Adults	7 Kenton Road - review provision through supporting living and shared lives			228			228	Green	CQC de-registration confirmed, on target to be achieved
PA_26	Adults	My Community ePurse - commercialisation of My Community ePurse - Rephased.				1,000	600	1,600	Purple	Future year, still in development.
PA_27	Adults	Re-phasing - add in new phasing				998	1,250	2,248	Purple	Future year, still in development.
PA_28	Adults	Community Wrap - explore new commercialisation opportunities				640		640	Purple	Future year, still in development.
PA_29B	Adults	Total Community ePurse - explore new commercialisation opportunities					2,250	2,250	Purple	Future year, still in development.
		Total Adult			2,691	3,228	4,100	10,019		

Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction INTERNAL	2016/17 Service Budget	Total Savings in Current MTFS	2017/18	2018/19	2019/20	Total	Rag rating	Comment
			£000	£000	£000	£000	£000	£000		
Childrens										
PC_S05	Education Services	Virtual School Transfer funding for 1fte PEP Co-ordinator and 0.88fte Education Welfare Officer to external grant funding	179	-	90			90	Green	Saving is currently on track - The savings will be closely monitored throughout the financial year.
PC_S06	Children & Young People	Children & Young People Services Additional Savings Reduction 1.3fte posts and cessation of procurement contract	267	-	165			165	Green	The savings are currently on track to be delivered as related contractual and staffing spend has ceased. The £20k reduction in relation to the Local Safeguarding Children's Board is being delivered by a reduction to the Council's contribution to the learning review and serious case review.
PC12	Children & Young People	Review of posts in Quality Assurance & Improvement Service				223		223	Purple	Future year, still in development.
PC13	Children & Young People	Early Intervention & Youth Development Integration and restructure of childrens centres, early intervention and youth development service			266			266	Green	Saving is currently on track to be achieved. There are some residual costs relating to staff whose redundancies are taking place between April and August 2017 together with with redundancy and pension strain costs not provided for, which are being offset by holding a number of posts vacant in year.
PC14	Children & Young People	Review of Adoption Contract				86		86	Purple	Future year, still in development.
PC15	Children & Young People	Review of posts in MASH				100		100	Purple	Future year, still in development.
PC16	Children & Young People	Review of posts in Family Information Service				61		61	Purple	Future year, still in development.
PC17	Children & Young People	Review of posts in Access to Resources				57		57	Purple	Future year, still in development.
PC19	Children & Young People	Review of Leaving Care, Children Looked After & Unaccompanied Asylum Seeking Children Teams				173		173	Purple	Future year, still in development.
PC24	Education & Commissioning	Enhancing Achievement within Education Strategy Post should be 75% funded by grant management fees from April 2016, post holder redundant from August 2016			8			8	Blue	Post holder left in August 2016 and post deleted from costed establishment.
PC28	Cross Service	Non-pay inflation			150	150	150	450	Blue	Funding retained centrally and therefore not included in 2017/18 budgets.
PC33	Special Needs Service	Review of Special Educational Needs Transport			257			257	Blue	Saving reversed through growth - see PC 33 below.
PC36	Children & Young People	Review of posts in Quality Assurance & Service Improvement.				248		248	Purple	Future year, still in development.
PC38	Children & Young People	Review of Children Looked After & Placements Service.				1,000		1,000	Purple	Future year, still in development.
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	Purple	Future year, still in development.
		Total Childrens Services			936	2,611	150	3,697		
PC33	Special Needs Service				-514			-514	Blue	Reversal of saving. See PC 33 above
					422	2,611	150	3,183		
Public Health										
PH	PH	Reduction in wider health improvement function.	456	-	107			107	Blue	2017/18 Savings Banked
PH	PH	Reversal of Public Health wide growth to deal with small projects.	456	-	60			60	Blue	2017/18 Savings Banked
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.	117		96	(96)		-	Green	Savings on track for delivery.

Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction INTERNAL	2016/17 Service Budget	Total Savings in Current MTFS	2017/18	2018/19	2019/20	Total	Rag rating	Comment
			£000	£000	£000	£000	£000	£000		
PH_02	PH	Wider Health Improvement - breast feeding - saving scheduled for 2018/19 to allow service to develop alternative model.	65			65		65	Purple	Future year, still in development.
PH_3	PH	Contract Efficiencies within Health Visiting contract			105			105	Green	Savings on track for delivery.
PH_5	PH	Tobacco Control & Smoking Cessation - reduction of service			279			279	Blue	Post holders left the Council's employment March 2017.
PH_9	PH	Health intelligence & Knowledge - reduction in staff costs			48			48	Green	Savings on track for delivery.
PH_10	PH	Staffing & Support - reduction in budget & deletion of additional procurement support			30			30	Green	Savings on track for delivery.
PH_11	PH	Drug and Alcohol - reduction in service (contract related costs. Employee costs included in PH_12)				1,500		1,500	Purple	Future year, still in development.
PH_12	PH	Reduction to service - staffing reductions				795		795	Purple	Future year, still in development.
		Total Public Health			725	2,264	-	2,989		
		People Total			3,838	8,103	4,250	16,191		
Community										
Community and										
COM_S01	Commissioning & Commercial	Commercial projects under Project Phoenix - The Revenue Maximisation business case has identified commercial opportunities in parking, waste services, events, advertising and increased rental income. Implementation Costs: Projects will start during 16/17, and it is anticipated that implementation costs can be met from income raised in 16/17 achieving a break-even position.	(115)	1,640	520			520	Green	The projects under Revenue Maximisation business case are being implemented. The savings target this year is on track of delivery.
COM	Commissioning & Commercial	Income from expansion of Central Depot			68	239	246	553	Green	Although new income streams can only be expected following the completion of depot redevelopment, the saving target allocated this year will be met from central depot leases already negotiated.
COM_S04	Environment & Culture	Sports & Physical Activity - 2 options: either cease all activities or seek alternative funding to meet the costs including the use of S106 funding and/or funding the post by working together with other funding partners.	48	-	48			48	Green	100% of salary of Sports Development Co-ordinator post in 2017-18 to be assigned to S106 Bannister Sports Centre funding for project support for delivery of the improvements.
COM_S13	Commissioning & Commercial	Additional cost recovery in Network Management - Additional cost recovery from street works by having better use of traffic orders to manage street works	(268)	30	50			50	Green	On track to be achieved.
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.	1,587	320		200		200	Purple	Future year saving in development
COM_S12	Environment & Culture	Route Optimisation on food waste collection	900	-	-	150		150	Purple	Future year saving in development
COM_S11	All	Reduce staff training, stationery and conference budgets across the directorate	131	-	68			68	Green	Achieved. In year one off savings offered in 16-17 now become reductions on an on-going basis.
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	210	(210)		-	Green	No programmed NIS expenditure in 17/18.
CE_5	Directorate Wide	Reduction of supplies & services budget			50	50		100	Blue	Achieved

Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction INTERNAL	2016/17 Service Budget	Total Savings in Current MTFS	2017/18	2018/19	2019/20	Total	Rag rating	Comment
			£000	£000	£000	£000	£000	£000		
CE_8	ESD - Technical Services	Staff efficiency once Towards Excellence fully embedded - Deletion of 2 posts.			34	34		68	Green	This will be achieved as part of division-wide restructure due to be completed in 17/18.
CE_9	ESD - Public Protection	Efficiencies arising from Selective Licensing - Through full cost recovery and reduction in failure demand. Net income.			35			35	Amber	The target set for Selective Licensing was ambitious and is reliant on other Wards coming on board. South Harrow is currently being consulted on which should address this but staffing resources remain tight (being reviewed as part of an enforcement review)
CE_10.2	ESD - Management	Management savings Savings on a management post across the Environmental Service Delivery division.			75			75	Green	This is achieved as part of Phase 1 of the division-wide restructure. One Head of Service post is deleted.
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.			30	50		80	Green	This will be achieved as part of division-wide restructure due to be completed in 17/18.
E&E_20	Directorate-wide	Contractual/commissioned/SLA savings - To seek maximum value in savings from existing contracts, Service Level Agreements and all services commissioned, from third parties by re-negotiating terms that will yield cashable savings. To secure on-going cashable benefits from gain share and third party income arrangements.			200			200	Green	Income from the shared SNT service with Brent and the SLA with Barnet for the use of Central Depot will contribute towards achieving this saving target in 17/18.
CE_12	Commissioning Services	Project Phoenix - Commercialisation projects			0	1,525		1,525	Purple	The implementation of business cases approved to date will achieve the overall 3-year targets.
CE_14	Commissioning Services	Highways Services - revenue savings on utilities and maintenance costs due to acceleration of the Street Lighting replacement programme and extension of the variable lighting regime.			10			10	Green	Included in 17/18 budget, completed.
CE_15	Commissioning Services	Highways Services - Reduction in revenue budget for reactive maintenance due to accelerated capital investment from 2014/15.			20	20		40	Green	Included in 17/18 budget as a reduction against highways reactive maintenance, changes for 18/19 will be achieved in the same way. This is deliverable but the highways reactive maintenance budget will be severely reduced and require far greater capitalisation of minor works (where appropriate) in order to achieve service standards.
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.			80	20		100	Green	Restructure completed.
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.			9	80		89	Green	17/18 target achieved by reducing Supplies & Services budget
CE_18	Commissioning Services	Income Generation - Facilities Management Service Level Agreements (SLAs) and Energy SLAs to schools.			20	20		40	Green	Council services are being actively marketed to schools by Business & Commercial team. Additional SLAs from schools will achieve this year's target.
CE_19	Commissioning Services	Road safety officer post - externally funded by Transport for London (TfL)			40			40	Green	Income target realigned as part of the budget build process.
CE_20	Commissioning Services	Further contract efficiencies following the re-procurement of Facilities Management contract.			80			80	Green	To secure reduced costs through gain share mechanism on commercial opportunities / back office efficiencies.

Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction INTERNAL	2016/17 Service Budget	Total Savings in Current MTFS	2017/18	2018/19	2019/20	Total	Rag rating	Comment
			£000	£000	£000	£000	£000	£000		
E&E_01	Commissioning Services	reduction in Trading Standards service by re-negotiating the Service Level Agreement with London Borough of Brent			40			40	Green	SLA is being re-negotiated with Brent. More collaborative approach of work to maximise POCA income.
E&E_05	Commissioning Services - Contract Mgt & Policy	Staff Efficiencies across the Division - Deletion of 3 posts			86			86	Green	Achieved. Relates to the deletion of 2 vacant posts as part of staffing efficiencies.
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.			44	22		66	Green	Restructure completed and salaries budgets have been realigned.
E&E_08	Commissioning Services - Highway Services	Reduce highways maintenance budget - Changes to the response times on non urgent works i.e. respond to these in 48 hours instead of existing 24 hours.			45			45	Green	Included in 17/18 budget, completed.
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		240	Green	Included in 17/18 budget as a reduction against highways reactive maintenance, changes for 18/19 will be achieved in the same way. This is deliverable but the highways reactive maintenance budget will be severely reduced and require far greater capitalisation of minor works (where appropriate) in order to achieve service standards.
E&E_10	Commissioning Services - Highways	Review salary capitalisation of highway programme & TFL funded projects			50	50		100	Green	Included in 17/18 budget as additional income, changes for 18/19 will be achieved in the same way. This will increase recharges to capital up to 82% of total staff costs in 18/19.
E&E_11	Commissioning Services - Network Mgt	Additional income - from street works			10			10	Green	On track to be achieved.
E&E_12	Commissioning Services - Street Lighting	Changes in Street Lighting Policy to include variable lighting solutions.			10	12		22	Green	The energy consumption has been reduced following the street lighting investment as part of capital programme. The financial saving achieved, however has been outstripped by the increase in energy inflation, resulting in a net (smaller) increase in energy costs.
E&E_13	Commissioning Services - Street Lighting and Drainage	Street lighting and Drainage budgets - capital investment allows for lower maintenance costs			40			40	Green	Included in 17/18 budget and completed. The budget reduction has placed extreme pressure on the services even though this has been mitigated by capital investment, work programmes are prioritised and limited to budget.
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	Purple	Deliverable in 18/19 if there is a mild winter but not if there is a harsh winter. Subject to winter weather conditions because a pay as you go system has been introduced from 16/17
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	Purple	This saving has been achieved early in 2017-18 [see COM-S10]
CC_2	C&C	Library Strategy Phase 2 - delivery of network of libraries and library regeneration			108	209		317	Amber	As re-provision of libraries (in particular the Town Centre Library) will not now be completed by 2018-19. Carillion has been asked to identify savings from reducing opening hours. Potential savings from 2 options to be provided by Carillion in due course and will be reviewed by officers.

Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction INTERNAL	2016/17 Service Budget	Total Savings in Current MTFS	2017/18	2018/19	2019/20	Total	Rag rating	Comment
			£000	£000	£000	£000	£000	£000		
CC_4	C&C	Arts & Heritage - delivery of business plan (reallocation of savings based on Cabinet report May 2015)			282			282	Green	Saving reversed.
CHW12	C&C	Redevelopment Harrow Leisure Centre Site. This will need to link with Regeneration Programme. 17/18 saving is expected to be met from one-off income through the improvement to playing pitches at Bannister Sports Centre.			100			100	Red	The redevelopment Of Harrow Leisure Centre will not now be completed until 2020-21 at the earliest. It is now not possible to offset this in 2017-18 from a one off income through the improvement of playing pitches at Bannister Sports Centre due to the level of pitch specification required by Sport England.
		Total Community & Culture			2,582	2,811	246	5,639		
CC_4	C&C	Arts & Heritage Services - Total saving in the original MTFS proposal in relation to the proposed transfer of the services to Cultura London was £455k (£173k of which was profiled in 16/17). At this stage the service remains in-house, subject to any further decisions regarding the future of the arts centre and therefore at this stage the saving is being reversed. Should this position change, adjustments would be made to the MTFS and be reflected in the Final Budget report.			(455)			(455)	Green	A Cultural Strategy is being developed to help inform decisions regarding future cultural provision in Harrow.
					2,127	2,811	246	5,184		
Housing										
COM_S09	Housing	Supporting People - savings from contract renegotiation and/or review of service delivery	610	60	50			50	Green	Contracts include savings
COM_S02	Housing	Home Improvement Agency - increase in fee income as a result of increased capital expenditure on Disabled Facilities Grants - savings are conditional on capital budget increases being approved with additional amounts being administered by HIA.	445	120	100			100	Green	Assumes adequate referral rate for Adult Services throughout financial year 2017-18
COM_G05.3	Housing	Homelessness - Extension of Property Purchase Initiative (Additional 50 homes) - Purchase of a further 50 homes for use as TA to reduce pressure on B&B.		304	254	469	225	948	Amber	Subject to review by internal audit
COM	Housing	Homelessness Invest to save - Reduction in expenditure resulting from work undertaken by temporary additional staff resources taken on to undertake additional prevention work, local procurement of properties and arears recovery.			494			494	Green	Staff have been recruited for homelessness prevention resulting in lower expenditure in accomodating homeless families
CH_3	HGF	Supporting People - cessation of funding for Handyperson Scheme, which is intended to become self-supporting through commercialisation			25			25	Amber	Changed from green (pd 2) to amber (pd 3) as review shows this can only be achieved by alternative means : capitalisation of expenditure and funding through DFG, to be confirmed with Finance colleagues.
CH_4	HGF	Supporting People - Sheltered Housing floating support - savings assumed to result from contract renegotiation or review of service delivery.			60			60	Green	Reflected in Supporting People contracts

Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction INTERNAL	2016/17 Service Budget	Total Savings in Current MTFS	2017/18	2018/19	2019/20	Total	Rag rating	Comment
			£000	£000	£000	£000	£000	£000		
CH_7	HGF	Watkins House - Options review £100k (This is a 16/17 savings , full Reversal of savings was agreed in 17/18 however £25k was approved as growth in 16/17 hence the £25k net savings in 17/18)			25	0		25	Green	Salaries budget moved to Adults, non salaries budgets remain on Hsg General Fund.
CH_9	HGF	Property purchase initiative - net benefit to Council of proposals to purchase 100 homes, per Cabinet report appendix. Homelessness savings are part of the equation.			31	(2)	42	71	Amber	Expected to be achieved 2017-18 all 100 Homes expected to be purchased.
CH_9	HGF	Additional income - 'Property purchase initiative - net benefit to Council of proposals to purchase 100 homes, per Cabinet report appendix. Homelessness savings are part of the equation.			770	355	(4)	1,121	Amber	No net pressure forecast although detailed review of income in progress, hence set as amber.
CH_10	HGF	Home Improvement Agency - savings arising from a combination of reducing the service and increasing the charge to the HRA in respect of the Occupational Therapist service			130			130	Green	Assumes adequate referral rate for Adult Services throughout financial year 2017-18
		Total Housing			1,939	822	263	3,024		
		Community Total			4,066	3,633	509	8,208		
Regeneration										
REP_S01	Development Control	Planning income - Increase of pre-application charges to a competitive level (subject to the approval as part of annual F&C review process)	(1,377)	100	20			20	Green	On track to be achieved.
REP_S03	Economic Development	Economic Development & Regeneration – Reduction in activity to support economic development and regeneration	598	-	27			27	Green	Savings in revenue budget and staffing budget have been made.
E&E_36	Planning - Development Mgt	Planning Fees: following an increase in 2013, the government may increase the statutory planning fees at some point over the next four years			100			100	Amber	In Feb 2017, a proposed 20% increase in planning fees was announced by the DCLG for implementation in the summer. However this has been delayed by the call for a General Election. We are awaiting further updates post-election to confirm when and/or if the increase will be implemented.
		Regeneration Total			147	-	-	147		
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.			350	2,000	0	2,350	Red	Rental income from property portfolio not expected to be achieved 2017-18, however scheme on track to deliver saving later on MTFS
		Total Savings			10,241	15,863	4,909	31,014		

This page is intentionally left blank

Draw Down From /Contribution To Reserves

Appendix 3

	TPIF	Redundancy	MRP	Total
Resources	£000	£000	£000	
Domestic Violence	109			
	109	0	0	109
Community				
Flytip squad (Night rider)	100			
CA site traffic management	77			
North Harrow Library transfer to voluntary group	14			
Loss of car parking income as a result of regeneration activity			164	
Redundancy		212		
Sancroft	0			
Business and Commercialisation Team				
Loss of car parking income as a result of regeneration activity			-10	
	191	212	154	557
People				
Adult				
Project Infinity	50			
Redundancy		330		
	50	330	0	380
Children				
SEN Transport	38			
Redundancy		303		
	38	303	0	341
Regeneration				
Food Strategy	80			
Council Regen programme : MRP, forecast spend Qtr 1 £667k therefore this is amount assumed to be drawn down			1,017	
	80	0	1,017	1097
Total	468	845	1,171	2484

This page is intentionally left blank

2017/18 Capital Programme Forecast

Appenmdix 4

Project Definition	Original Programme	Brought Forward	Virement	Other Adjustment (Additional/Reduction)	Externally Funded (E)	Harrow Funded (B)	TOTAL BUDGET	Forecast Outturn	Forecast Variance	Slippage	Over/Underspend
	£	£	£	£	£	£	£	£	£	£	£
MOSAIC Implementation - Adults & Children's Services	0	272,306	0	0	0	272,306	272,306	422,306	150,000	0	150,000
Capital Strategic Reviews	0	284,330	0	0	0	284,330	284,330	284,330	0	0	0
Integrated Health Model	0	84,925	0	0	15,081	69,844	84,925	34,925	-50,000	0	-50,000
Milman's Day Centre - Remodeling and Ref	0	0	0	0	0	0	0	0	0	0	0
Maintenance of Adults	0	149,000	0	0	49,000	100,000	149,000	149,000	0	0	0
Project Infinity	2,000,000	0	0	0	0	2,000,000	2,000,000	2,000,000	0	0	0
In-House Residential	100,000	100,000	0	0	0	200,000	200,000	100,000	-100,000	0	-100,000
Sancroft Care Home	5,100,000	0	0	1,452,000	1,452,000	5,100,000	6,552,000	6,552,000	0	0	0
Mentis Pilot	250,000	0	0	0	0	250,000	250,000	250,000	0	0	0
Total Adult	7,450,000	890,561	0	1,452,000	1,516,081	8,276,480	9,792,561	9,792,561	0	0	0
School Amalgamation	0	599,914	0	0	599,914	0	599,914	599,914	0	0	0
Bulge Classes	150,000	137,635	0	0	137,635	150,000	287,635	85,163	-202,472	202,472	0
Schools Capital Maintenance	1,350,000	1,931,385	0	0	3,281,385	0	3,281,385	3,281,385	0	0	0
Devolved Formula Non VA Schools	0	53,243	0	0	53,243	0	53,243	53,243	0	0	0
Secondary Expansions	2,625,000	2,017,420	0	0	-607,580	5,250,000	4,642,420	1,492,420	-3,150,000	3,150,000	0
SEN Provision	1,560,000	4,505,093	1,000,000	0	4,817,000	2,248,093	7,065,093	948,779	-6,116,314	1,916,314	-4,200,000
Schools Expansion Programme - Phase 1	0	219,543	0	0	219,543	0	219,543	5,543	-214,000	0	-214,000
Schools Expansion Programme - Phase 2	0	2,928,688	0	0	2,611,073	317,615	2,928,688	2,928,688	0	0	0
Schools Expansion	4,180,000	6,489,645	-1,000,000	0	6,639,645	3,030,000	9,669,645	9,669,645	0	0	0
Free School Meals	0	6,279	0	0	6,279	0	6,279	6,279	0	0	0
Whitmore School	0	11,301	0	0	11,301	0	11,301	0	-11,301	0	-11,301
Childrens IT Development	0	742,869	0	0	0	742,869	742,869	242,869	-500,000	500,000	0
Total School and Children	9,865,000	19,643,015	0	0	17,769,438	11,738,577	29,508,015	19,313,928	-10,194,087	5,768,786	-4,425,301
TOTAL PEOPLE	17,315,000	20,533,576	0	1,452,000	19,285,519	20,015,057	39,300,576	29,106,489	-10,194,087	5,768,786	-4,425,301
Enviroment											
Carbon Reduction Programme	300,000	-210,000	0	0	0	90,000	90,000	90,000	0	0	0
Car Parks Infrastructure	20,000	4,035	0	0	0	24,035	24,035	24,035	0	0	0
City Farm/Pinner Park Farm	0	90,789	0	0	0	90,789	90,789	90,789	0	0	0
Corporate Accommodation Maintenance	255,000	0	0	0	0	255,000	255,000	255,000	0	0	0
Harrow On Hill Station	12,000,000	0	0	0	12,000,000	0	12,000,000	0	-12,000,000	0	-12,000,000
High Priority Plan Maintenance Corporate Property	400,000	-101,670	0	0	0	298,330	298,330	298,330	0	0	0
Highway Drainage Improvements & Flood Defence Infrastructure	500,000	0	0	339,000	339,000	500,000	839,000	839,000	0	0	0
Highway Improvement Programme	6,900,000	-113,288	0	0	2,400,000	4,386,712	6,786,712	6,786,712	0	0	0
Parking Management Programme	300,000	6,139	0	0	0	306,139	306,139	306,139	0	0	0
Waste and Recycling	200,000	0	0	0	0	200,000	200,000	200,000	0	0	0
Section 106 Schemes for Highways	0	0	0	30,000	30,000	0	30,000	30,000	0	0	0
Street Lighting Improvement Programme	3,000,000	86,761	0	0	0	3,086,761	3,086,761	3,086,761	0	0	0
TfL Principal Roads	0	0	659,000	0	659,000	0	659,000	659,000	0	0	0
TfL Transport Capital	2,000,000	-50,269	-659,000	360,000	1,650,731	0	1,650,731	1,650,731	0	0	0
Trade Waste	200,000	57,100	0	0	0	257,100	257,100	257,100	0	0	0
Harrow Green Grid	150,000	60,459	0	0	0	210,459	210,459	210,459	0	0	0
CCTV cameras and equipment at the depot	150,000	0	0	0	0	150,000	150,000	150,000	0	0	0
Parks Infrastructure	875,000	-126,992	0	0	0	748,008	748,008	748,008	0	0	0
Parks Litter Bins	65,000	0	0	0	0	65,000	65,000	65,000	0	0	0
Green Gym	50,000	0	0	0	0	50,000	50,000	50,000	0	0	0
Street Litter Bins	300,000	0	0	0	0	300,000	300,000	300,000	0	0	0
Redevelopment of Vernon Lodge	750,000	0	0	0	0	750,000	750,000	750,000	0	0	0
Depot redevelopment	5,260,000	0	0	0	0	5,260,000	5,260,000	5,260,000	0	0	0
Total Enviroment	33,675,000	-296,936	0	729,000	17,078,731	17,028,333	34,107,064	22,107,064	-12,000,000	0	-12,000,000
Housing											
Disabled Facilities Grants	2,030,000	0	0	0	1,180,000	850,000	2,030,000	2,030,000	0	0	0
Empty Property Grant	480,000	307,310	0	0	0	787,310	787,310	589,373	-197,937	197,937	0

Project Definition	Original Programme	Brought Forward	Virement	Other Adjustment (Additional/Reduction)	Externally Funded (E)	Harrow Funded (B)	TOTAL BUDGET	Forecast Outturn	Forecast Variance	Slippage	Over/Underspend
	£	£	£	£	£	£	£	£	£	£	£
Improvement grant	70,000	128,290	0	0	0	198,290	198,290	198,290	0	0	0
Housing Property Purchase	16,500,000	3,512,137	0	0	0	20,012,137	20,012,137	11,012,137	-9,000,000	9,000,000	0
Total Housing	19,080,000	3,947,737	0	0	1,180,000	21,847,737	23,027,737	13,829,800	-9,197,937	9,197,937	0
Culture											
Sec 106 Banister Sport Pitch	50,000	39,875	0	0	89,875	0	89,875	89,875	0	0	0
Harrow Arts Centre	1,470,000	0	0	0	0	1,470,000	1,470,000	470,000	-1,000,000	0	-1,000,000
Headstone Manor	806,000	1,010,083	0	0	1,246,083	570,000	1,816,083	1,816,083	0	0	0
Central Library Refit/Refurb	0	0	0	60,000	0	60,000	60,000	60,000	0	0	0
Libraries and Leisure Capital Infrastructure	150,000	135,973	0	0	0	285,973	285,973	285,973	0	0	0
Total Culture	2,476,000	1,185,931	0	60,000	1,335,958	2,385,973	3,721,931	2,721,931	-1,000,000	0	-1,000,000
Total Community	55,231,000	4,836,732	0	789,000	19,594,689	41,262,043	60,856,732	38,658,795	-22,197,937	9,197,937	-13,000,000
BTP - Public Realms	0	639,313	0	0	0	639,313	639,313	639,313	0	0	0
Capital cost of transition and transformation of ICT service	999,000	2,005,433	0	0	0	3,004,433	3,004,433	3,004,433	0	0	0
ITO Transformation	0	117,919	0	0	0	117,919	117,919	117,919	0	0	0
Web Upgrade Project	0	25,291	0	0	0	25,291	25,291	25,291	0	0	0
SAP: Financial Leger/Systems Control Imp	250,000	436,321	0	0	0	686,321	686,321	686,321	0	0	0
BTP - IT BTP Refresh	0	206,451	0	0	0	206,451	206,451	206,451	0	0	0
BTP - Mobile & Flex	0	721,320	0	0	0	721,320	721,320	721,320	0	0	0
ICT Infrastructure & Corporate Applications	0	85,909	0	0	0	85,909	85,909	85,909	0	0	0
IT Corporate System Refresh	0	750,107	0	0	0	750,107	750,107	750,107	0	0	0
LAA Performance Reward Grant	0	88,788	0	0	0	88,788	88,788	88,788	0	0	0
Loan Payment - Capital	0	225,358	0	0	0	225,358	225,358	225,358	0	0	0
Ongoing refresh & enhancement of ICT	2,000,000	1,956,372	0	0	0	3,956,372	3,956,372	3,956,372	0	0	0
Small Schemes (Council wide)	0	5,851,726	0	0	0	5,851,726	5,851,726	5,851,726	0	0	0
FM Minor Work	0	500,000	0	0	0	500,000	500,000	500,000	0	0	0
IER Grant	0	12,178	0	0	0	12,178	12,178	12,178	0	0	0
My Harrow Service Account	0	268,000	0	0	0	268,000	268,000	268,000	0	0	0
Property Investment	5,000,000	9,598,645	0	0	0	14,598,645	14,598,645	7,998,000	-6,600,645	6,600,645	0
HR Shared Service	0	100,000	0	0	0	100,000	100,000	100,000	0	0	0
Devolved Applications refresh	1,700,000	0	0	0	0	1,700,000	1,700,000	1,700,000	0	0	0
TOTAL RESOURCES	9,949,000	23,589,131	0	0	0	33,538,131	33,538,131	26,937,486	-6,600,645	6,600,645	0
Artisan Studios	0	109,414	0	0	109,414	0	109,414	109,414	0	0	0
Trinity Square	0	762,732	0	0	762,732	0	762,732	762,732	0	0	0
Regeneration Programme	46,130,000	9,641,137	0	0	0	55,771,137	55,771,137	19,441,190	-36,329,947	36,329,947	0
TOTAL Regeneration	46,130,000	10,513,283	0	0	872,146	55,771,137	56,643,283	20,313,336	-36,329,947	36,329,947	0
TOTAL GENERAL FUND	128,625,000	59,472,722	0	2,241,000	39,752,354	150,586,368	190,338,722	115,016,106	-75,322,616	57,897,315	-17,425,301
Housing Programme	9,139,000	3,254,141	0	0	120,774	12,272,367	12,393,141	12,393,141	0	0	0
Grange Farm Redevelopment	0	7,150,232	0	0	0	7,150,232	7,150,232	3,550,465	-3,599,767	3,599,767	0
HRA Affordable Housing	6,099,000	6,814,289	0	0	1,360,192	11,553,097	12,913,289	5,000,000	-7,913,289	7,913,289	0
TOTAL HRA	15,238,000	17,218,662	0	0	1,480,966	30,975,696	32,456,662	20,943,606	-11,513,056	11,513,056	0
Total General Fund and HRA	143,863,000	76,691,384	-	2,241,000	41,233,320	181,562,064	222,795,384	135,959,712	-86,835,672	69,410,371	-17,425,301

**REPORT FOR: OVERVIEW AND
SCRUTINY COMMITTEE
AND SCRUTINY SUB-
COMMITTEES**

Date of Meeting:	20 September 2017
Subject:	Update re Officers' response to Scrutiny's Review of the Impacts of Welfare Reform in Harrow
Responsible Officer:	Fern Silverio – Collections & Housing Benefits Head of Service
Scrutiny Lead Member area:	Policy Lead Member – Councillor Stephen Wright Performance Lead Member – Councillor Phillip O'Dell
Exempt:	No
Wards affected:	All
Enclosures:	None

Section 1 – Summary and Recommendations

The report provides members with a further progress update regarding actions implemented since the Committees' recommendations following its review into the impacts of welfare reform on Harrow residents.

Recommendations:

That Scrutiny Members note the updated actions carried out as set out in this report.

Section 2 – Report

Introductory paragraph

The original scope of the Scrutiny review was to understand the experiences of benefit claimants and of those who had needed to claim benefits in the past or may need to so in future. It was also to understand what services are available and what policies are in place to help people come off, live better on, or avoid needing benefits and how effective these policies are.

The outcomes were set out in a number of recommendations which along with Officers responses', were set out in the first two columns in table A below. A further officer update has now been added in the third column on the right.

Table A

Update to Officer Responses & actions to the recommendations from the Overview and Scrutiny Group deriving from the review on THE IMPACT OF WELFARE REFORMS IN HARROW

Recommendations	Action & Response	Officer Update as @ May 2017
1. Harrow Council should ensure that sufficient provision remains in place for residents who will struggle to complete transactions with the Council using the internet and set out robust measures for determining if this is being achieved	<p>There are 16 self-serve terminals based in the One Stop Shop where staff are at hand to help facilitate.</p> <p>The Customer Service team has also met (and continues to meet) with community groups to share how the digital platform can be utilised more effectively.</p> <p>Customers can contact the Council by telephone to request a service although there is a diminishing resource available to handle this.</p>	<p>The self service terminals are used by over 5,000 residents each month whereby they receive support where required.</p> <p>The Digital Services team continues to meet with relevant groups to ensure that the website is positioned appropriately.</p> <p>A small telephone team is in place to respond to customers.</p> <p>We are in the process of recruiting an intern within Housing Resident Services. Part of their role will be to personally assist customers with accessing the internet and any other digital tools to complete transactions and form filling, particularly Housing Benefit.</p>
2. Harrow Council should ensure that residents are able to transact with Harrow Council about their Council Tax using email, rather	The Council Tax email box has been closed and replaced with an intelligent web form which not only ensures that all the relevant information is captured but also integrates into the back office	No further update applicable

<p>than simply by post</p>	<p>system.</p> <p>For the time being customers can also present personally at Access Harrow one stop shop with complex queries, albeit through an appointment system.</p> <p>Moving away from a self service digital delivery model would go against the current strategy. As it would also increase Access Harrow costs and require extra staff resources. There is no additional funding available and any additional costs would need to be met from savings made elsewhere.</p>	
<p>3. Harrow Council should record first or preferred languages for people with poor English and explore the use of vetted volunteers to translate information relating to debt and support options into first languages where required</p>	<p>Residents who struggle to understand and/or speak English can request a translation through the Council's translation service.</p>	<p>A new contract for Translation and Interpretations was awarded on 1st March 2017 to DA Languages.</p>
<p>4. Officers to investigate ways of ensuring that appointments are not automatically cancelled through failure to respond to a confirmation email (often due to lack of regular internet access).</p>	<p>The Council is investigating available technology to notify customers via text messages.</p>	<p>Appointments are retained for those booking them</p>
<p>5. Harrow Council to contact residents who are likely to be affected by the reduced Benefit Cap at the earliest possible opportunity and often thereafter, ensuring a joined up package of support across departments and organisations is provided; this should go beyond sending letters and be tailored to the needs of the individual households</p>	<p>We are planning to contact families we believe will be affected by the reduced benefit cap to offer an Housing Advice interview where we will discuss their income and housing options to try to prevent them becoming homeless. We will liaise with other services as required.</p> <p>The best option is to avoid the cap by gaining employment (A minimum of 16 hours for a lone parent or 24 hours for a couple. There is generally still plenty of entry level part time employment available). We were very successful with this process when the cap was originally introduced in 2012.</p>	<p>As in previous years, we are working with families affected by the reduced benefit cap. Looking for cheaper housing solutions and use DHP or other prevention funds as a stop gap until longer term solutions (employment or lower cost accommodation) can be found.</p> <p>As the cap is now so low, and private rents so high, many smaller families are affected.</p> <p>All tenants affected who are residing in council property have been identified and contacted by Housing Resident</p>

		<p>Services Income Officers. Where contact has not been made in writing, officers have a dedicated home visiting day to make contact.</p> <p>Housing Officers in Resident Services have also been contacting tenants who are affected by the benefit cap. They have been interviewing them and explaining that the best option is to gain employment. We have seen a rise in residents who have taken this advice and are now in employment.</p>
<p>6. Harrow Council should ensure that housing officers and other relevant officers are trained to understand how best to work with clients in order to encourage them to recognise and address debt issues at the earliest opportunity. This includes behavioural aspects and how and when to engage to achieve the best outcome.</p>	<p>Housing officers already receive a high level of training on housing and welfare benefits so they are able to give expert advice. The only limiting factor is the large workload that we currently deal with, and the extra pressure the benefit cap will cause. Staff are experienced in advising and know when to intervene.</p>	<p>Staff are regularly trained on welfare reform changes. We have recruited a Welfare Benefit Officer on a fixed term basis to help with new benefit cap reduction. When the Homelessness Reduction Bill (and new burden funding) is in place, we will consider establishing it permanently to help prevent homelessness.</p> <p>Resident Services have specialist Income Officers who are working with tenants to prevent rent arrears at the earliest opportunity. Tenants are visited within 6 weeks of moving into their home where debt is discussed. The current court protocol is very strict with questions as to how rent recovery is managed with tenants insisting that debt advice is maximised before any order is awarded. Resident Services have a specialist Tenancy Welfare Housing Officer to work with vulnerable tenants.</p>
<p>7. All households affected or likely to be affected by the Benefit Cap to be offered a referral to a relevant voluntary sector organisation for</p>	<p>After we have given affected households expert advice, if there are other non priority debt problems, we refer to specialist organisations such as Money Advice Trust.</p>	<p>Within Housing Resident Services a pilot financial awareness workshop was organised for residents of the Pinner area in Feb 2017. We are hoping to roll this out to other areas. The workshop was</p>

<p>holistic financial advice to maximise income, reduce outgoings and deal with emergencies and priority debts</p>		<p>organised by the Resident Involvement team and facilitated by CAB. Residents learnt about better budgeting, money and debt management, energy saving tips and Universal Credit. There was an opportunity for tenants to discuss their personal money situation with the trainer.</p>
<p>8. Undertake a journey mapping exercise to understand the experiences of people using information and advice services to inform Harrow Council's information, advice and advocacy strategy development. This could include a focus on Care Act related services as they are relatively new services.</p>	<p>Care Act focus: As part of the contract monitoring and review of the information and advice and Independent Care Act Advocacy Service contracts we have been working closely with the winning providers (SWISH and Community Solutions) to ensure that the services are as responsive as possible to the needs of individual clients while also meeting our Care Act 2014 statutory obligations. There remains a Care Act information and advice working group, which is a cross directorate group aimed at updating and amending information on the Council website in order to support the Council in achieving its information and advice requirements.</p>	<p>As part of the co-production of the Information, Advice and Advocacy strategy we gathered case studies of people's experiences of accessing information and advice and used these to produce journey maps that were used in the design process.</p>
<p>9. Harrow Council should ensure that letters regarding Council Tax arrears are easy to understand and more supportive, and not threatening, in terms of the language used. They should include details of the local Citizens Advice and other relevant organisations that may be able to offer assistance and how residents can appeal decisions made by Harrow Council</p>	<p>Staff in Revenues are currently undertaking a review and revised document versions will be discussed with Portfolio Holders before implementation. Some changes are restricted by legislation as certain letters need to comply with prescribed text.</p> <p>Many of the comments regarding the perceived harshness of the wording referred to Housing letters and staff in Housing collections will also review their services' documents that are sent to customers</p>	<p>The review of stationery was led by Digital Services Team based on their research to make them more user friendly and understandable as well as promoting self service. This included a review of the information on the website. The Revenues Team checked the new design for legislative requirements and are implementing these for 2017/18 recovery. We are currently awaiting the proofs from our external printers to share with the PH. This covers reminders and final notices.</p> <p>Where appropriate we are also using Nudge techniques and implementing these into the revised letters.</p>
<p>10. Harrow Council should consider whether to provide a Discretionary</p>	<p>DHP is a limited pot of money where demand exceeds available funds. To pay a household who later become exempt will divert</p>	<p>Previous approach continues to apply</p>

<p>Housing Payment to all those who are applying for a Benefit Cap exemption benefit (e.g. Personal Independence Payment) until the outcome is known</p>	<p>funds from other households who are not expected to have the cap removed. Should a household be refused an exempting benefit they can apply for a DHP retrospectively.</p>	
<p>11. Officers to monitor how many Council Tax support claimants are subject to legal proceedings each year, and to report back on this to the Performance and Finance Scrutiny Sub Committee</p>	<p>Implementing this would require separating CTS claimants out of the automatic recovery runs and to monitor manually. This would require staff resources and incur additional cost. Any additional costs will need to be funded from existing budgets or from compensatory savings made.</p>	<p>No update applicable as insufficient resources exist to carry out this work</p>
<p>12. Officers to investigate signing up to the best practice protocol, produced jointly by the Local Government Association and Citizens Advice, on collecting Council Tax arrears</p>	<p>The protocol has already been considered and many suggestions contained within the protocol were implemented as part of Harrow's council tax recovery policy.</p>	<p>No further update applicable</p>
<p>13. Vulnerable clients (as defined by the Council's Vulnerability Policy) to receive more proactive support with debt or money related issues at an early stage when they become known to Harrow Council</p>	<p>As part of the revised recovery policy implementation, the council tax recovery policy now defines vulnerable clients and caters for them where identified. Access Harrow staff have also been trained on the new policy and vulnerability. Policy is on Council's website.</p> <p>Due to Harrow providing no specialised debt advice service, this can only be done by sign posting or through the voluntary sector, eg organisations such as the citizens advice bureau (CAB).</p> <p>This could be provided through commissioned services and officers will see if it is possible to incorporate this within the information, advice and advocacy strategy which is currently being developed, as well as other commissioning arrangements for</p>	<p>Debt support being integrated into the Generalist Information and Advice Service which will be commissioned to the Voluntary Sector later in 2017.</p> <p>As mentioned above Resident Services have a specialist Income Officers. The specialist Tenancy Welfare Housing Officer manages a caseload of vulnerable tenants where bespoke action plans are agreed to include debt management.</p>

	the voluntary community sector (VCS). However funding for this area is already under pressure so this will need to be considered as part of the wider budget setting process.	
14. Monitor how many people who receive an Emergency Relief Scheme award are subject to the Benefit Cap and use this intelligence to understand what is driving emergency needs and how best to respond to it	Currently around 500 applications are received annually of which around 250 are successful. The data will be analysed and shared with Housing to see if it can be linked to specific needs and the Benefit cap.	White Goods and Furniture support part of the Emergency Relief Scheme transferred to Housing with effect from 1/4/2017. This area accounts for 90% plus of the supported given and the change of delivery of the service to Housing will allow better analysis of data and cross referencing of cases so we can better understand demand and reasons for demand.
15. Make the Council's policy on the allocation of Discretionary Housing Payment available to all relevant voluntary and community sector organisations	This will be circulated to all voluntary sector interested parties. It is already published on Harrow's website at www.harrow.gov.uk/dhp	No further update applicable
16. Harrow Council to ensure that departments share information about households to better understand, for instance, the impact of housing, debt or poverty issues on other needs, outcomes and services. This information should be used to improve the way services are delivered to individual families and build business cases for wider change	Information sharing already takes place with specific pieces of work, and through the Together with Families Programme (Troubled Families) there is a clear desire to share information on vulnerable families to best support developing and delivering effective interventions. The work to develop an Information, Advice and Advocacy strategy will also support this area from the perspective of understanding the needs of residents and supporting arrangements to give them early support where necessary and appropriate.	Further work on-going between the Collections & Housing Benefits Service and Children's and Adults to improve sharing of data and support to residents. Advice and Advocacy strategy now completed and adopted by Cabinet.
17. Encourage schools to be aware of good practice in relation to identifying families at risk of homelessness	The viability of compiling a list of indicators that may identify families at risk of homelessness will be explored in consultation with housing and welfare services.	The safeguarding leads for schools meet termly with the LSCB and with the Divisional Director for Children and Young people services. There has

<p>and helping them to prevent this by signposting when possible</p>	<p>Should this be successful, schools will be provided with these indicators and a summary list of contacts so schools may share this with and / or publish to parents as appropriate.</p>	<p>been a regular briefing on homelessness. Schools are beginning to identify the early indicators of homelessness ; and are referring into Early Support Services to gain assistance for these families at risk of homelessness. Schools have been provided with a list of contacts so that parents can refer themselves directly for help if needed .</p>
<p>18. Investigate whether concerns expressed about the potential for carers to have to give up responsibility for caring for people (who don't live with them), with subsequent additional costs for the local authority, are actually happening</p>	<p>A statistical analysis completed by Harrow's BIU (Business Intelligence Unit) on the Carers Survey showed that the two most significant factors associated with carers feeling under excessive pressure (and at risk of breakdown) were not being able to maintain social contacts and becoming socially isolated, and feeling that they were not receiving enough encouragement and support. Both are issues that can be addressed by services and support offered by the Council. It is suggested that these areas are prioritised in carer assessments. However Harrow reablement services for carers provide support addressing these issues. In addition a draft Carers strategy is being produce by the local authority and CCG to address these issues in a coordinated way.</p>	<p>Harrow reablement services for carers provide support addressing these issues. In addition a draft Carers strategy is being produce by the local authority and CCG to address these issues in a coordinated way.</p>
<p>19. The Leader of the Council to write to the relevant Minister to request that the Government reduce the time taken for information about changes in benefit entitlement to be communicated to Harrow Council, to enable timely payment of appropriate benefits to residents. Officers to provide data to substantiate this claim</p>	<p>Should case investigations substantiate the fact that DWP data takes too long to reach the authority, the Head of Service in Housing Benefits will discuss the issue with the Leader with a view to a letter being sent to the Department of Work and Pensions (DWP) in order to lobby Government regarding the timely issue of information regarding DWP known changes of circumstances so quicker housing benefit assessment can occur.</p>	<p>Process in place to escalate this to Leader should circumstances occur.</p> <p>Harrow too as reviewed its own processes jointly with DWP to ensure any bottlenecks are removed from the authority's end so earlier processing is achieved.</p>
<p>20. Harrow Council</p>	<p>Harrow has the joint highest</p>	<p>Harrow as reviewed its own</p>

<p>should undertake a quicker assessment of housing benefit claims and reassessment in response to changes in income (people on zero hours contracts, moving in or out of work, or self employed etc.)</p>	<p>proportion of in-work private sector Housing Benefit claims in the country. The majority of changes in circumstances received are therefore from in-work households. It is not possible to prioritise these claims due to the volumes. The service has however recently reviewed the way it treats earnings in an attempt to simplify the process. The turnaround time for all changes in circumstances is currently 12 days.</p>	<p>processes jointly with DWP to ensure any bottlenecks are removed from the authority's end so earlier processing is achieved. Speed of processing for changes of circumstances kept at 12 days or below and further improvement should be achieved by the end of Q1 in 2017/18.</p>
<p>21. Investigate how often housing benefit forms are returned to applicant because they are not completed properly, and whether anything needs to be done as a result.</p>	<p>The housing benefit application form (new claim and change in circumstances) is now an automated web form. This online solution allows us to offer online help at the relevant parts of the application process and a form cannot be submitted without all the relevant information being available. Accuracy of claims completed is under review with planned changes to the form to simplify the process and additional guidance is to be made available for common areas of error.</p>	<p>The Housing Benefit online form was reviewed and amended following comments received from customers, stakeholders and Council officers. The enhancements went live at the end of January 2017 and have reduced the need for forms to be returned.</p>
<p>22. Investigate whether Harrow Council and its partners could do more to support victims of domestic abuse who have left the abuser and are living in unaffordable temporary accommodation, or are not leaving for financial reasons. This should include clarifying the scale of such issues</p>	<p>Rent for Temporary Accommodation offered by the council is within HB limits, so is affordable. If requested we are usually able to assist with a move to cheaper accommodation away from the area, outside London. This is usually the only option where affordability is an issue. For existing social housing tenants, we work with our neighbouring boroughs to get a reciprocal offer of a similar social tenancy in another area.</p>	<p>No further update applicable</p>
<p>23. Recommend to the Pension Fund Forum that it considers participation in the Investor Collaborative by signing joint investor letters; selecting particular companies for deeper engagement (i.e. at AGMs); and</p>	<p>The Harrow Pension Fund is committed to pursuing a responsible investment policy and has recently changed its Statement of Investment Principles to reflect this. The Fund is pursuing a multi-strand strategy to engage actively on these issues:</p> <ul style="list-style-type: none"> • Writing to all fund managers to ensure they 	<p>The Pension Fund Committee has recently agreed a new Investment Strategy Statement which includes strengthened paragraphs on social, environmental and governance (ESG) considerations. In particular, it considers that long-term financial performance of a company is likely to be enhanced if it follows good practice in ESG activities. It</p>

<p>speaking directly to Asset Managers about areas of concern</p>	<p>are signed up the UN Principles of Responsible Investment and other appropriate codes of practice</p> <ul style="list-style-type: none"> Identifying particular areas where environmental, social, and governance risks could impact financial performance Supporting campaigns by Share Action to influence the behaviour of companies on issues such as air pollution or the living wage. <p>The Pension Fund is constrained in that it invests in pooled funds rather than directly in specific company shares. The bulk of action, therefore, must necessarily be to influence the behaviour of fund managers either directly or via the Local Authority Pension Fund Forum.</p> <p>Investment collaboration and asset management engagement will be discussed with the new Chair of the Pension Fund Committee to agree the way to continue and enhance this approach.</p>	<p>expects its fund managers to use their influence as major institutional investors to promote good practice and each time the Committee meets a manager this is a major item on the agenda.</p>
<p>24. Officers to consider the Social Value weighting in procurement to determine whether there is any scope for extending this beyond 10%, or any way of expanding/clarifying the questions for this section of the tender documentation to encourage companies to pay the living wage and to see this as a positive move.</p>	<p>Tender documents clearly clarify the metrics that are being used to evaluate social value and the inclusion of a commitment to pay London Living Wage (LLW) to employees and/or to encourage sub-contractors to do this will help contractors in terms of supporting social value. This is stated in the Social Value – Background Information For Bidders document: Promoting fair employment practices.</p>	<p>No further update applicable</p>
<p>25. That the issue of low pay is identified in Harrow Council's Corporate Plan as a priority area for</p>	<p>Our Procurement Strategy ensures that payment of the London Living Wage (LLW) is considered in our procurements by seeking contract prices both with and without</p>	<p>No further update applicable</p>

<p>tackling in Harrow – this will allow Procurement colleagues to identify low pay as a particular issue in the Social Value section of the tendering documentation</p>	<p>payment of LLW. We also encourage first tier suppliers to adopt LLW for their wider workforce and sub-contractors employees who deliver services on our behalf.</p> <p>The potential for payment of the London Living Wage within supply chains will continue to be explored.</p>	
<p>26. Officers to contact the Living Wage Foundation with a view to getting advice towards Harrow Council becoming Living Wage accredited, and how to tackle the issues it faces in this (around contractors paying the Living Wage in particular).</p>	<p>Economic Development liaised with Caroline Reilly from London Living Wage in November 2014 to participate in an event to promote this to Harrow businesses but were advised that they “are only able to support accredited employers at the moment.”</p> <p>Further discussions were held with LLW and HR (Jon Turner) also liaised with LLW, regarding Harrow becoming accredited. However , requiring contractors to pay the LLW is currently unaffordable. We are continually reviewing options to increase the number of people paid the LLW.</p>	<p>No further update applicable</p>
<p>27. Officers investigate whether there are any London Borough’s comparable to Harrow that are Living Wage accredited, and if so to have a discussion with them to gain information as to how they have managed this.</p> <p><i>Note: London Boroughs currently accredited are Brent, Camden, Lambeth, Croydon, Ealing, Enfield, Hounslow, Islington, Lewisham, Southwark, Tower Hamlets, Greenwich and City of London.</i></p>	<p>Officers will approach other West London boroughs’ procurement teams.</p>	<p>Other boroughs ensure suppliers pay the LLW. In Brent and in Harrow (and other boroughs) where there is a contract that we are aware doesn’t currently pay LLW we go to the market seeking 2 prices (with/without). This then enables Members to make a decision on whether to pay. Taking Brent as an example, for every contract that has come up so far, the Members have agreed to pay LLW. The procurement team has renegotiated a number of contracts that have 3 to 4 years before renewal to include LLW now rather than waiting for renewal.</p> <p>In November 2015 work was undertaken by Terry Brewer and Donna Edwards to assess the impact of implementing LLW across contracts without LLWt. At that time it was calculated the costs to be £6.7m for Adults and £600K for children’s. The costs may be a bit less now given the introduction of the NLW but this gives an idea of the scale of the problem and why Harrow isn’t</p>

		signed up to the LWF.
28. Officers to investigate ways of highlighting workers' rights to particular areas of the community (ie those who do not speak/ understand English well).	There is currently no capacity to take this work forward. We have secured funding for skills and employment projects but have no capacity for additional work.	No further update applicable
29. Officers to investigate ways of extending access to ESOL (English for speakers of other languages) classes in the Borough.	Skills Escalator funding is being used to extend access to ESOL. JCP will be funding additional provision	External funding was secured from DWP to increase provision in 16/17. Mapping exercise to be commissioned in 17/18 to determine provision. Subject to devolution further funding will be sought from a future West London Skills and Employment Board.
30. Officers to investigate opportunities for upskilling start up businesses in financial management.	This is currently available through business support activities funded through our NHB programmes	No further update applicable.
31. Officers to investigate Camden Council's pilot into utilising flexi working in apprenticeships to enable young parents to take up places, and to assess as to whether a similar project could be run in this Borough.	There appears to be no demand for this initiative, however officers will investigate further the viability of a similar pilot.	To be investigated in development of apprenticeship levy.
32. Officers to undertake pilot research on the prevalence of payment below the minimum wage and National Living Wage, with a focus on high risk sectors and apprentices.	There is no capacity to take forward this work.	No further update applicable.

Financial Implications

Consideration will need to be given to any proposed service changes or the adoption of specific policies, and these should only be implemented where changes lead to “invest to save” or overall Council savings. Where implementation of the recommendations may lead to an increase in specific services revenue budgets, funding will need to be found from within existing budgets or by making compensatory savings elsewhere in the budgets.

Performance Issues

Whilst there is no measure for the broad actions that welfare reform brings, welfare reform has and will continue to impact on residents. Impacts are in the amount of disposable income those residents dependent on benefits will have and their ability to pay for housing and living costs generally.

Having less disposable income could lead to both poverty and inequality and in Harrow Council & other public bodies having to provide additional support which in turn increases public expenditure and adds further pressures on local government budgets.

Environmental Impact

Not applicable

Risk Management Implications

Welfare Reform brings risks to both residents’ wellbeing, mental health and Council budgets. However Welfare Reform is a Central Government initiative and the authority has no say in the matter and can only prepare the best it can for potential impacts as well as highlighting potential issues and pressures. Bringing this update report to P&F ensures Members are informed and gives assurance that within existing budgets, Officers have done what they can to mitigate repercussions.

Equalities implications

Welfare Reform is a Central Government policy and as such it is not for the local authority to conduct Equality Impact Assessments on the matter. However, where the reforms impact on local services, comprehensive Equality Impact Assessments (EqIA) are undertaken. An EqIA was not carried out specifically for this report as the report includes no specific proposals for service change. Where changes result from the acceptance of this report’s responses and further work actions, these will be accompanied by an EqIA.

Council Priorities

By noting this report and agreeing to the actions set out in the responses, Members will be supporting those in financial need. As such, this report reflects the aims of our corporate priorities and will ensure we continue supporting the most vulnerable.

Section 3 - Statutory Officer Clearance

Not required

Ward Councillors notified:	NO
-----------------------------------	-----------

Section 4 - Contact Details and Background Papers

Contact:

Fern Silverio (Head of Service – Collections & Housing Benefits),
Tel: 020-8736-6818 / email: fern.silverio@harrow.gov.uk

Background Papers:

None

**REPORT FOR: PERFORMANCE AND
FINANCE SCRUTINY
SUB-COMMITTEE**

Date of Meeting:	20 September 2017
Subject:	Report of the Scrutiny Review into Social and Community Infrastructure
Responsible Officer:	Paul Nichols - Divisional Director Planning Enterprise and Regeneration
Scrutiny Lead Member area:	Policy Lead – Councillor Jeff Anderson Performance Lead – Councillor Manjibhai Kara
Exempt:	No
Wards affected:	All
Enclosures:	Report of the Scrutiny Review into Social and Community Infrastructure June 2016

Section 1 – Summary and Recommendations

The report provides members with an update on officer feedback in response to the Scrutiny Review into Social and Community Infrastructure review report and relevant recommendations.

Recommendations:

The Sub-Committee is requested to note the update to the response to the recommendations of the Scrutiny Review report.

Section 2 – Report

Introductory paragraph

The scope of the scrutiny review was to examine the factors that contribute to a new residential development becoming a community from examples across the country. This included examining the factors that help an existing community accept and integrate with new residents, and vice-versa, from examples across the country. The review explored the contribution that can be made by the Council and voluntary and community sector organisations to develop community benefits such as cohesion, self-help, volunteering, neighbourliness and mutual support. The review also set out a number of recommended initiatives. Responses to those recommendations are set out in this report, together with an update on implementation progress.

Background

Harrow is undertaking a once in a lifetime regeneration programme to provide the infrastructure the borough needs. The Regeneration Strategy adopted by Cabinet in February 2016 sets out our objectives to maximise the benefits for our community and businesses from the £1.75bn of private and public sector investments that comprise the programme.

Our work centres around 3 key themes, Communities, Business and Place. The Strategy details key sites for development and the strategic objectives that will be delivered. These include:

Community

Creating new jobs, breaking down barriers to employment, tackling overcrowding and fuel poverty in our homes and working alongside other services to address health and welfare issues.

Place

Providing the homes, schools and infrastructure needed to meet the demands of our growing population and business base, with high quality town and district centres that attract business investment and foster community engagement.

Business

Reinforcing our commercial centres, promoting Harrow as an investment location, addressing skills shortages and supporting new business start ups, developing local supply chains through procurement.

The approach and recommendations of the Scrutiny Review are set out in the attached Report.

Table A
Recommendations from the Overview and Scrutiny Group
Social and Community Infrastructure

Recommendations	Action & Response (July 16)	Update at 12 months
<p>1. Commission a site-specific master plan supported by Supplementary Planning Documents to ensure that the regeneration programme for Harrow fulfils the ambitions for successful cohesive, sustainable communities including quality housing, employment opportunities, viable retail, entertainment uses and a heritage offer (paragraph 8).</p>	<p>It is crucial that the regeneration programme delivers cohesive, sustainable communities, as described in this recommendation. These ambitions and values are incorporated into the Area Action Plan for the Heart of Harrow, which provides a vision for the development of the Opportunity Area as well as a full spatial framework for development and detailed policies for individual sites and infrastructure. This document forms part of Harrow's Development Plan and was adopted recently (2013). A programme of more detailed site-specific masterplanning is already in progress for the major regeneration sites. There will be a high level of stakeholder engagement in each of these masterplanning exercises. This will lead to outline or hybrid planning applications to establish the planning approach in each case. In our opinion, the preparation of site specific Supplementary Planning Documents is not required in addition to this. The preparation and adoption of such documents would</p>	<p>There has been substantial progress in preparing the masterplans for Poet's Corner (the existing Civic Centre site), Byron Quarter (including the Leisure Centre) and the New Civic Centre site. All are now at RIBA stages 2 or 3. In all three cases there has been an intensive public and stakeholder engagement process, which continues. Outline and hybrid planning applications will be submitted in autumn 2017 and there will be further consultation as part of the planning process for these sites.</p> <p>In addition to the provision of new homes, these sites have significant retail and workspace offers built into them. We have introduced a Community Benefit Model to determine and maximise employment, training, and other social value benefits for residents.</p>

	cause a substantial delay in the implementation of the regeneration programme.	
2. Ensure that existing communities are substantially involved in the design of new developments and that these do not repeat some of the mistakes the Panel has identified in comparatively recent schemes (paragraph 11).	It is agreed that community engagement in the design of new developments is vital and this is the planned approach on each of the major regeneration sites, as outlined above.	A high level of engagement is taking place on each site in the regeneration programme, both with the public and with key stakeholders. This includes a series of widely publicised drop-in events at pre-application stage and detailed discussions with interested parties.
3. Commission a strategy for attracting and retaining employment uses in Harrow that recognises the Borough's advantages (paragraphs 21 and 24).	<p>It is agreed that strategic work to reinforce employment opportunities in Harrow is required. A wide ranging programme is in place to deliver this, as outlined below.</p> <p>The council's Regeneration Strategy sets out an ambition to Promote Harrow as an investment destination and the benefits of Harrow to business. It sets out the borough's advantages in respect of transport, accessibility, the skills base of the population, and investment opportunities. The strategy is being built on through the Build Innovate Grow (BIG) campaign which has taken the council to MIPIM and developer walkabouts to market our key opportunities.</p> <p>We have developed an effective business support programme to retain and grow local businesses and</p>	<p>The programme of work to support business development and growth in Harrow continues, as identified in July 2016.</p> <p>In addition, an Economic Development Needs Assessment (EDNA) has been completed. This provides an update of Harrow's Employment Land Review and Retail Study in order to provide evidence to:</p> <ul style="list-style-type: none"> • recommend how Harrow can increase its business rate base; • support a future review of the Local Plan focussing on the use of available existing data sources and analysis where possible; and • provide recommendations to inform the provision of non-residential

	<p>this has been recognised by the Federation of Small Businesses and London Councils. It includes the development of supply chains, provision of work space, business to business mentoring and growth workshops.</p> <p>Investment Guides have been developed to promote Harrow's district centres to businesses, and we are working jointly with the HA1 BID to help market the Metropolitan Town Centre not just as a destination to shoppers, but also as a business location.</p> <p>We are currently looking to commission work to determine space requirements of businesses and this will feed into work to attract employment use.</p> <p>We have worked with West London Business to deliver the Gateway Asia programme which built on our demographics and helped Harrow businesses gain trading opportunities in Asia and also helped promote the borough to Asian investors. We will continue to seek other external funds to promote Harrow.</p> <p>The council's planning policies are used to protect and enhance employment land, as far as possible, and are being used to create new workspace which would otherwise be lost.</p>	<p>employment uses on Harrow's key regeneration sites.</p> <p>The findings of the EDNA and resulting actions are now being incorporated into plans for the major regeneration sites, as well as providing a basis for future Local Plan review work.</p> <p>Specific opportunities to provide new workspace, commercial space and other forms of employment are being incorporated into the masterplans for each of the major regeneration sites. For example, 14 work studios have been completed and are now ready for occupation in Artisans Place and the 6 new build commercial units at Artisan studios have already been occupied. In addition, there are significant workspace allocations in the masterplans for the Poets' Corner and Byron Quarter.</p> <p>The council is now developing Expressions of Interest to the GLA's Good Growth Fund to secure funds for additional workspace to meet growth demands and replace stock lost through Permitted development.</p>
--	---	---

<p>4. Evaluate the Complete Streets and Create Streets concepts in relation to the vision for residential regeneration in Harrow (paragraphs 9-11 and 27);</p>	<p>An evaluation of the Complete Streets and Create Streets concepts will be undertaken as proposed, alongside consideration of other best practice, to inform the development of designs for the major Council regeneration schemes in Harrow. Work in progress is already evaluating the potential of mid-rise mansion blocks on appropriate sites. There is also an emphasis on mixed use development, with active ground floors, incorporating neighbourhood employment, services and shops where this is commercially viable.</p>	<p>This work has been undertaken and informed the <i>Strategy for Major Development in Harrow</i> report which was delivered to the Major Developments Panel on November 9th 2016.</p>
<p>5. Investigate further the potential advantages of retaining the freehold of Council-owned land that forms part of the regeneration area to give greater control over the form of development and the tenure residential development provided (paragraph 28).</p>	<p>This is already a core principle of the Council's regeneration programme; the Scrutiny Committee's endorsement of this approach is very welcome. The proposed model is to retain ownership wherever possible, both in order to provide greater control over the development achieved and to secure a future income stream for the Council. Some land sales will be necessary in order to manage the overall level of borrowing required, but the principles of not 'selling the family silver' and retaining control over the development are fully accepted.</p>	<p>Nothing further to add on this point: this remains a core principle of the Council's regeneration programme.</p>

Risk Management Implications

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

Legal Implications

None

Financial Implications

The actions in response to the recommendations of the Scrutiny Review set out in Table A above are integral to the Regeneration Programme. The programme was approved by Cabinet in May 2016 and the costs of delivering the programme are incorporated into the financial model that underpins the Council's regeneration activity and the programme's budget requirements, which have been approved by Cabinet.

Equalities implications / Public Sector Equality Duty

An EQIA on the Regeneration Strategy was undertaken. Where changes result from the acceptance of this report's recommendations, these will be accompanied by an EqIA.

Council Priorities

The implementation of Harrow's Regeneration Strategy delivers the council's priorities.

Section 3 - Statutory Officer Clearance

Not required.

Ward Councillors notified:	NO
-----------------------------------	-----------

Section 4 - Contact Details and Background Papers

Contact:

Paul Nichols (Divisional Director Planning Enterprise and Regeneration)

Tel: x 8736

Email: Paul.Nichols@harrow.gov.uk

Background Papers: 2016 Scrutiny report on Social and Community Infrastructure.

Report of the Scrutiny Review into Social and Community Infrastructure

Introduction

1. A Scrutiny Review Panel was established in late December 2015 to:
 - Examine the factors that contribute to a new residential development becoming a community from examples across the country;
 - Examine the factors that help an existing community accept and integrate with new residents and vice-versa from examples across the country;
 - Explore in particular the contribution that can be made by the Council and voluntary and community sector organisations to develop less tangible community benefits such as cohesion, self-help, volunteering, neighbourliness and mutual support; and
 - Recommend initiatives that could facilitate community development in the Borough of Harrow.

2. The brief approved by the Overview and Scrutiny Committee identified the following measures of success:
 - Production of a menu of community infrastructure projects and initiatives, and their impact, that have been introduced across the country that contributed to the success of major residential development in terms of community cohesion both amongst new residents and between new and existing communities;
 - Recommendation of a specific package of measures for consideration in relation to the development in the Borough of Harrow that can lead to:
 - Successful integration of the new and existing communities;
 - The diversity of people's backgrounds and circumstances being appreciated and positively valued;
 - Those from different backgrounds having similar life opportunities; and
 - Strong and positive relationships being developed between people in the area.

3. In summary, the Review Panel was tasked with considering the general "soft" infrastructure provision that helps community formation from new and expanded residential development and then identifying specific provision that would be appropriate.

4. The Review Panel comprised Councillor Marilyn Ashton, who chaired the Review, and Councillors Jeff Anderson, Michael Borio, Ameet Jogia, Barry Macleod-Cullinane, Primesh Patel and Stephen Wright. The Panel met on four occasions and received presentations from Paul Nichols, Divisional Director of Planning; Mark Billington, Head of Economic Development and Research, Edwin Whittingham, representing the Institute of Directors and Frank Vickery, Architect and social housing entrepreneur. The Panel also undertook a site visit to identify lessons that could be learnt from developments that have taken place comparatively recently in the Borough. The Panel also reviewed an extensive library of reports and publications relating to various aspects of the brief.

Amongst these background documents, there were several definitions of sustainable and cohesive communities, many of which mixed physical features, service provision and social attitudes, but were not clear about how these less concrete qualities could be engendered. However, a common theme was that a cohesive community is one where there is a common vision and sense of belonging, and where people from different backgrounds have similar life opportunities so that the place where they reside becomes more than simply a place to sleep.

Approach

5. The Review Panel identified three significant aspects to their brief early in the project: namely:
 - Developing a vision for an area/borough and master and site specific planning to achieve that vision;
 - Providing a range of employment opportunities; a range of employment initiatives are in place to ensure residents benefit from regeneration programme. (see attached)
 - Ensuring inclusivity in design (built into tender process).
6. The Panel felt that there were more fundamental issues that influenced the successful development of a community than the 'soft' issues set out in the brief. These fundamental issues included ensuring that there were adequate transport links for new developments; that the design did not visually and physically divide social from other forms of housing tenure in a manner where the development comprises a demarcation between the 'haves' and 'have nots'; and that there were employment opportunities and leisure provision so that, in the widest sense, there were 'things to do'. Without these basic elements built into regeneration proposals from the beginning, none of the softer social initiatives would have a realistic chance of success and, equally, if these elements were present, the need for social cohesion programmes would be reduced. These themes ran through the evidence provided by expert witnesses and spoke to the need to ensure development in general should reflect local needs articulated through supplementary planning documents to inform potential developers how an area needs to evolve.

Master Planning and site specific guidance

7. The Review heard about the scale of the regeneration envisaged for the 'Heart of Harrow area', which it is hoped will include investment of some £1.75billion and the development of around 5,500 new homes, as well as schools and other infrastructure buildings. The Divisional Director of Planning has justifiably called the scale of proposed change to amount to "Place Making". In this context, it is important to have a vision of the sort of place that the Council is trying to make.
8. The regeneration programme includes helping to meet the need for more residential accommodation, which could include the conversion of office floor space to residential uses; and relocating the Civic Centre. These ambitions

need to be defined through more detailed outcomes that describe the sort of place that the Council wants Harrow to become. The evidence that the Panel heard clearly indicated that without the use of specific, site-by-site master planning, supported by supplementary planning documents, there is a danger that the economics of piecemeal development will produce an undesirable and incoherent result. The current very high value of residential development sites will tend to drive out other uses and exacerbate the danger of Harrow becoming a residential only location, better known as a purely dormitory borough, without a convincing employment, retail, entertainment or heritage offer. In fact, inappropriate and incoherent regeneration programmes can deliver the destruction of existing communities and has a less well-established capacity to create them.

9. The Review considered the work of Create Streets, a non-partisan social enterprise and independent research institute focusing on the built environment which encourages the creation of more and better urban homes. Create Streets believe that what gets built has become divorced from what people actually want. They think that this is due to:

- density targets;
- building and planning regulations;
- very high land values;
- little focus on long-term returns;
- a contempt by some for how most wish to live.

10. New developments often therefore meet top-down targets rather than real people's needs. Communities, neighbourhoods, even landowners have lost control of what is built in this country. The 'market' for new homes in certain instances is broken. Many oppose new homes as they don't like what gets built, hence the need for the adoption of comprehensive master planning and the adoption of Supplementary Planning Documents.

11. While the Review Panel does not support all of the analysis that Create Streets put forward, there is some compelling evidence that, as the demand for residential accommodation across the whole of London in particular is so far in excess of supply, there is little incentive for the market to produce well designed schemes that promote formation and sustainability of communities. The evidence that the Panel received suggested that the involvement of existing residents in estate renewal and existing communities in local area regeneration can help to define plans that support the development of a place in which people will actively want to live with a good prospect of becoming a community. Create Streets have been involved in the development of an alternative development proposal for the Mount Pleasant former post office sorting office site in Camden. The land owner's proposal was for a series of large blocks which local people have described as being like a fortress whereas Create Streets and the local community have proposed a higher density, but human scale alternative called Mount Pleasant Circus. Their lesson is that attractive development proposals only need imagination and need not provide fewer units on a site.

12. The council is undertaking a rigorous consultation process on each of its sites, to ensure the views of residents and businesses inform the design process. .
13. The importance of design was underscored by a site visit that members of the Panel undertook to comparatively recent developments in Harrow. At Bentley Grove, the Panel identified first, that the development is isolated due to the lack of easily accessible transport links making it very hard to get there without using a car. The Panel also noted that the development includes three blocks of flats within an estate otherwise comprising houses. The Panel found that these blocks were out of character and inappropriate because such a high density development belongs in a more urban environment and not in a Green Belt site such as this. The lessons from this development need to be applied to future development proposals such as that likely to be made at the RNOH.
14. Similarly, at RAF Stanmore, the Panel was stuck by the narrowness of the streets, which lead to a congested feel with parked cars creating pinch points. There are detached garages that are dotted around the estate looking like strange small houses. The design of the individual dwellings was acceptable, but they seem to be crammed in, giving an impression of overcrowding. The biggest issue here, however, was the complete separation of the social housing from the owner occupied dwellings and this degree of separation runs the risk of creating ghetto-like areas. The Panel felt that, with a little more imagination, RAF Stanmore Park could have delivered a real sense of place that people would have been really proud of as opposed to simply being somewhere to live.
15. The Panel also visited Stanmore Place where, again, the segregation of the social and private housing was plainly evident with no connectivity between the different homes provided giving no impression of a sense of community.
16. These examples, and particularly the estate version of the “poor door”, demonstrate that without site specific planning requirements, developments can too often provide designs that undermine the aspiration for a cohesive community, a common sense of belonging and give a physical manifestation of different life opportunities.
17. The next section, which deals with employment opportunities, also reinforces the importance of providing a vision for the Borough and site specific supplementary planning documents to ensure that the loss of employment in Harrow is halted and reversed.

Employment

18. The Panel heard evidence from a representative of the Institute of Directors. This contrasted Harrow’s approach to seeking to expand the employment opportunities available in the Borough with those exhibited by Watford in generating a medical business campus adjacent to Watford General Hospital. The message of this evidence was that, rather than suggesting Harrow was available for all or any businesses, it needed to examine the local factors that

would appeal to particular forms of enterprise and market the Borough accordingly.

19. For Harrow, the plus factors included the quality of the environment, of education and of the quality of life that the Borough could offer. It has good transport links –especially rail - although this could also be a dis-benefit since it makes it easy to commute to work elsewhere in London and beyond.
20. Harrow's benefits were confirmed by an examination of a report prepared by Grant Thornton which scores a number of Business Location factors. The report helps local authorities, local enterprise partnerships, central government and other stakeholders understand and identify opportunities to address the factors that make areas less attractive. It is also used by businesses in making decisions about where to locate their premises. The combined Business Location Index score ranks the overall quality of areas but, as costs are also a critical factor, it includes an analysis of the costs of operating from each area. The most attractive business locations are also often the most expensive places.
21. Eight of the top ten performers on the index are in London. All London Boroughs score above the national median but the top locations are central London areas. Harrow does not feature in the top 25 authority areas nationally for quality versus cost; economic performance or people and skills. However, it is 18th in the Environment and Infrastructure category, which looks at connectivity, innovation based on the presence of universities and R&D centres and the quality of life based on health, school performance, crime levels and access to local amenities and an attractive natural environment. The current and projected level of traffic congestion is likely to threaten this good result if it can not be addressed.
22. The Institute of Directors advised that, rather than adopt an “open for anything” approach, Harrow should play to the strengths identified in the Grant Thornton report and other advantages including the diversity of the population as a draw for businesses based in Asia, and perhaps parts of Eastern Europe, developing an education business hub related to Harrow's strong education performance, and the extensive small business sector in the Borough.
23. The council's Build Innovate Grow (BIG) investment strategy is gaining momentum, focussing on promoting the boroughs strengths to developers and investors.
24. In relation to retail, the Panel heard that that the range of shops in Watford, Uxbridge, Brent Cross and Westfield at Shepherd's Bush would make it difficult for Harrow to compete for a mass shopping market. However, in addition to satisfying the local market, there might be scope for growing one or more niche shopping markets.
25. The council will build on its work with developers and the HA1 BID to maximise the capacity of Harrow Metropolitan Town Centre to realise the

potential of a catchment area of up to 1m shoppers and visitors.

26. The change in planning legislation that allowed offices to be converted to residential uses without the need for new planning consent had led to a loss of available office floor space – although much of that which had been lost had been vacant for some time and, therefore, this had not had an immediate impact on employment potential. The reducing supply and use of offices did however impact on the attractiveness of the Borough as a headquarters location as evidenced by the migration of companies out of the borough following mergers. In relation to new office uses, the Panel also considered the Government's Estates Strategy, but this envisages a concentration of staff into buildings currently in Government ownership rather than seeking new accommodation.
27. The Panel accepted the view that, in relation to employment opportunities, the Council needed to decide what it wanted from the regeneration opportunities, and to hold out for development that would advance this vision. The suggestion made earlier in this report regarding site specific planning briefs would be equally important to promote employment as attractive residential development. Without the Council having robust master planning and the adoption of Supplementary Planning Documents, it will find itself on the 'back-foot' with developers telling the Council what they want to build rather than the Council setting out its vision and enshrining that vision into adopted planning policy.

Inclusivity in Design

28. One of the background papers that the Panel received was a report prepared by the Prince's Foundation entitled "What People Want" which examined the forms of housing development that are the most popular and how communities have influenced regeneration proposals through community consultation. Their research has revealed a reasonably clear picture: people want where they live to be more than just a building. They want it to be somewhere distinct, somewhere that enhances their quality of life: a place. Creating places goes beyond merely creating spaces - it means designing buildings that cater to the needs of residents, supporting quality public spaces and providing opportunities for communities to thrive. Their research has shown that people do want parks and green spaces but they also want buildings that respect a traditional form and (often) style. Very few people want to live in huge or high buildings. People prefer streets, blocks and squares. Mixed use and mixed communities are valued by most. Perhaps above all, communities want to be genuinely involved in a real and not stage-managed consultation process.
29. The report concluded that people do not want rapid urban development that is exclusive, overbearing or which compromises the character of their local areas. Policy-makers, developers, local representatives, designers and architects need to give these public preferences the consideration they are due if we are to achieve a successful, thriving built environment.

30. The design message of the Prince's Foundation report was echoed in a report prepared by Savills for the Cabinet Office, which suggests that more and better housing can be provided by replacing existing estates with what they termed "Complete Streets". This term means streets of terraced housing and mid-rise mansion blocks, which would also contain neighbourhood employment, services and shops. The report envisages increasing densities from the average for a 'blocks and towers' estate of 78 homes per hectare to an average of 135 homes hectare plus neighbourhood community and commercial premises. This insight should form part of planning briefs for the regeneration of Harrow, including in relation to re-provisioning of the Council's own stock.
31. These messages were given practical expression in evidence that the Panel received from Frank Vickery, architect and social housing entrepreneur. Mr Vickery described how, predominantly in East London, he had been involved in the development of high quality affordable housing through involving public sector land owners who in one way or another provide development land for little or no cost. While these approaches may not be directly applicable to the regeneration of Harrow, the Panel felt that there were valuable lessons to be gleaned from his description of partnership approaches, the advantages of retention by public bodies or social landlords of the freehold interest in land to maintain influence over the form and tenure of developments, and the use of cross subsidies to enable some of the issues that the Panel had identified in relation to master planning and design to be realised.
32. The Panel also noted the benefits of "meanwhile" uses of land proposed for redevelopment in the future – in the case of the Coin Street development, land had been used for temporary car parks over a number of years yielding significant income to support the provision of high quality social housing.
33. Finally, the Panel heard of the success of the HARCA in Poplar – a Housing and Regeneration Community Association. Poplar HARCA is a charity and Housing Association working in the capital's most deprived neighbourhoods, tackling entrenched poverty through an innovative approach to delivering youth work, employment, health, financial inclusion, social enterprise and community organising. Poplar HARCA was established in 1996 and is a resident led housing association. Working only in Poplar enables it to focus resources into the local neighbourhoods with a view to transforming these into thriving areas where people are proud to live. Again, the example may not be immediately applicable to Harrow, but it does embody the advantages of co-ordinated master planning for all of the land uses that contribute to supporting a successful, cohesive community to demonstrate that Harrow's regeneration could be more than just housing.

Recommendations

Cabinet is recommended to:

1. Commission a site-specific master plan supported by Supplementary Planning Documents to ensure that the regeneration programme for Harrow fulfils the ambitions for successful cohesive, sustainable communities including quality housing, employment opportunities, viable retail, entertainment uses and a heritage offer (paragraph 8);
2. Ensure that existing communities are substantially involved in the design of new developments and that these do not repeat some of the mistakes the Panel has identified in comparatively recent schemes (paragraph 11);
3. Commission a strategy for attracting and retaining employments uses in Harrow that recognises the Borough's advantages (paragraphs 21 and 24);
4. Evaluate the Complete Streets and Create Streets concepts in relation to the vision for residential regeneration in Harrow (paragraphs 9-11 and 27);
5. Investigate further the potential advantages of retaining the freehold of Council-owned land that forms part of the regeneration area to give greater control over the form of development and the tenure residential development provided (paragraph 28).

**REPORT FOR: PERFORMANCE AND
FINANCE SCRUTINY
COMMITTEE**

Date of Meeting:	20 September 2017
Subject:	Commercialisation Strategy
Responsible Officer:	Tom Whiting, Corporate Director, Resources & Commercial
Scrutiny Lead Member area:	Policy Lead Member – Councillor Stephen Wright Performance Lead Member – Councillor Phillip O’Dell
Exempt:	No
Wards affected:	All
Enclosures:	Appendix A – Financial Implications Appendix B - Commercialisation Strategy 2015-2018

Section 1 – Summary and Recommendations

This report provides an update on the Commercialisation Strategy that was approved by Cabinet in June 2015.

Recommendations:

Members are asked to note the report and the continuing implementation of the Commercialisation Strategy as it continues to support the council's priorities and aims to deliver a significant financial return.

Section 2 – Report

Introductory paragraph

In response to significant reductions in the council budget in recent years and faced with continued cuts in the future, Cabinet approved a Commercialisation Strategy in June 2015. Commercialisation provides a means to use the council's capability, experience, assets and reputation to drive forward income-generating initiatives across all directorates and help address the challenging funding gap.

By taking a more commercial approach, the council can ensure local services are financially sustainable and can establish new revenue streams to re-invest in priority services and outcomes.

Commercialisation is a positive agenda for Harrow Council. It provides the opportunity to build on the council's strengths to generate income for the benefit of local people.

The Commercialisation Strategy was a new approach for Harrow Council, although built on the foundations of running traded services for a number of years and early successes with shared services. It is inherently risky and this needs to be considered alongside alternative options and with risk mitigation through the budget planning cycle.

Context and reasons for commercialisation

As the council's budget continues to shrink, all directorates are required to make significant contributions to the Medium Term Financial Strategy. Existing approaches, however, were not sufficient to meet these targets while maintaining the council's vital and statutory services. Cabinet therefore approved the Commercialisation Strategy in June 2015.

Confidence in taking a more commercial approach to the delivery of existing services, while also looking to pursue new income streams, was bolstered by some early successes. In particular, the expansion of Harrow's Legal Services in 2012 – trading as HB Public Law – was an early indication of the potential for commercialisation.

The success of commercial initiatives across local government has also served to reinforce Harrow's commitment to commercialisation. Faced with a predicted £5.8 billion funding gap by 2020, other local authorities have increasingly looked to commercial activity as the means to support essential services and ensure long term financial sustainability. In 2015 when the Commercialisation Strategy was developed it was evident that a body of best practice was emerging across the sector that Harrow could benefit from.

Access to best practice in the sector has come via the Local Government Association (LGA) who provided peer support and case studies. The council has also joined the LGA's Advanced Commercialisation Group.

Warrington Borough Council is one of the numerous councils that instituted a Commercial Strategy before Harrow. Warrington's strategy was approved in 2012 and includes a commercial property acquisition programme, a Local Authority Mortgage Scheme and an improved traded services offer to schools.

Many of the commercial initiatives that Harrow is pursuing have been shown to be successful income generating opportunities by other councils. These include the following:

- From 2010, Nottingham City Council began developing its commercial waste services, selling to business directly and through sub-contractual arrangements. It has also developed its catering business to trade externally.
- Oxford City Council has developed arrangements to trade repairs, MOTs, highways and grounds services.
- Basingstoke Council and Portsmouth City Council have both developed significant commercial property portfolios.
- Durham County Council has invested in, and manages, a portfolio of business and commercial properties.
- Over 140 local authorities use the Council Advertising Network (CAN) to generate income from adverts on council web pages and intranets.
- East Northamptonshire Council rents council assets to third parties to generate an income in excess of £100k.
- Northumberland County Council has developed a portfolio of affordable housing properties that are rented to local residents and generate an income return.
- Councils also generate income through sponsorship and advertising on assets and the sale of facilities services.

Shared services with other local authorities are a common way that councils make savings. A 2013 Localis survey of local authorities showed that nearly all councils (94%) share at least one service. Shared services are typically for back office functions, such as management teams, transactional services, and commissioning, but have also been used for frontline services.

The creation of new council-owned companies has also become increasingly popular. The same Localis study revealed that more than half of councils (58%) operated a local authority trading company in 2013 – a figure that has risen further over the last few years. Other delivery models that councils are choosing to use are joint ventures with private sector organisations, public service mutuals and trusts.

Harrow Council draws on the growing commercial expertise in the public sector through membership of a number of groups and forums. The Cross Council Revenue Generation Group, APSE's Commercialisation Network and the LGA have proved particularly useful.

Since the publication of the Commercialisation Strategy, Harrow has pursued a variety of income-generating initiatives, has moved quickly to exploit many of the opportunities that have been pursued by others and is now leading in some areas.

Implications of the Recommendation

The council's commercialisation vision is for Harrow to become an innovative and entrepreneurial authority that continuously drives positive annual contributions to the Medium Term Financial Strategy by generating extra revenue and delivering cost reductions through trading and business improvement.

The Commercialisation Strategy aims to deliver substantive culture change in the council, whereby colleagues are proactive in identifying commercial opportunities without losing focus on their existing customer base and the quality of service delivery. Services will need to be fit to compete in order to win and maintain market share.

The management and reporting of the commercial portfolio is becoming increasingly embedded. This will facilitate a more sophisticated understanding of the Commercialisation Strategy, as well as the respective merits and viability of individual commercial initiatives.

Scope and objectives

The Commercialisation Strategy makes it clear that the commercial approach is open to all service delivery options, and is intended to encompass all service areas (or elements of service areas) within the council.

Key objectives of the Commercialisation Strategy are to:

- Deliver a financial return and contribution in order to invest in services we have to run where we cannot recover adequate or any income, or to invest in new projects;

- Help enable non-statutory services to at least cover all their costs including overheads (and potential opportunity cost) in order to reduce risk of closure and be surplus-generating where possible;
- Actively engage in market development and market shaping where no such market currently exists and using insight to manage specification and demand;
- Attract alternative investment models to support service delivery e.g. through social investment;
- Invest and use our financial strengths to deliver a financial return;
- Ensure that outcomes in the local community are delivered on a sustainable basis;
- Strengthen our reputation with residents, local businesses, the local government sector, staff, other customers, partners, and stakeholders in general;
- Become a services provider to new and existing customers both from within the local authority environment and beyond, particularly where we are uniquely placed to do so; and
- Use the commercial knowledge acquired through this programme to gain a competitive advantage.

Current Situation

The Commercialisation Strategy was approved in June 2015. It was one of the themes looked at during the Corporate Peer Review, which was conducted in June 2016.

In particular, the report writers praised the way in which staff have enthusiastically embraced commercialisation and noted that there are a number of major projects underway that have the potential to make a meaningful financial contribution. Some challenges were, however, identified. These include developing the workforce over time to realise commercial objectives, improving customer access and response, and contingency planning.

Projects identified in Commercialisation Strategy

Within the Commercialisation Strategy, a number of commercial opportunities were identified as priorities for development. In June 2015, these projects were at various stages of implementation, ranging from early stage concepts to draft business cases. An update on the progress of these initiatives is outlined below and is followed by a review of whether they are delivering the expected financial returns.

- **Legal Service Expansion**

Harrow embarked on the expansion of its Legal Practice when it entered a shared arrangement with LB Barnet and created a shared identity of HB Public Law. This involved the full TUPE transfer of the legal staff to Harrow as well as them physically moving to Harrow's offices.

With the service to Barnet successfully running, the shared service was expanded to include LB Hounslow. This again involved the TUPE transfer of Hounslow's legal staff to Harrow and their move to Harrow Civic Centre.

The service further expanded to include Aylesbury Vale. This involved taking on their legal work but did not involve the transfer of staff.

In 2016 the service expanded again with the transfer of staff from Buckinghamshire County Council. This again involved a TUPE transfer; however, the staff remain located in Aylesbury. This arrangement was entered into alongside the shared arrangements with Buckinghamshire for Human Resources and Payroll.

Currently Harrow is providing support to Slough Borough Council, although they have not formally entered the shared service at this stage.

- **Communications services (previously Web Commercialisation)**

Harrow has partnered with the Council Advertising Network (CAN) in order to sell advertising space on the 'harrow.gov.uk' website and the 'harrowhub' intranet. Advertising went live in June 2015 and the majority of income is shared equally with the CAN. Harrow does, however, sell a proportion (200 'clicks') of its advertising space directly to local business, which generates income solely for the council.

The Harrow People magazine also generates commercial income through advertising. Almost 100,000 copies are distributed five times a year and a wide variety of local businesses use the magazine to promote their services.

External sponsorship and advertising is currently used to support core council events, including Harrow's Heroes, the Staff Awards, and the Harrow Business Den. The continued viability of these events is dependent on commercial income.

The Communications team are exploring a partnership with the Environment and Enterprise directorate to offer local advertising on all council assets, including vehicles and land assets. The intention is to implement this initiative during 2017.

- **Investment Portfolio**

In December 2015, Cabinet approved an Investment Property Strategy with the intention to build a portfolio of commercial property. Cabinet agreed the maximum purchase commitment of the council to be £20m and that no single purchase would exceed £5m. To ensure a viable income stream after accounting for capital financing costs, a gross yield of 7.5% was stipulated as

a requirement for any property. For logistical reasons, it was decided that any investment opportunity must be within a commutable distance of Harrow. Investment criteria also include the length of unexpired lease, quality of property and quality of tenant.

In October 2016, the council purchased the leasehold on a warehouse in Manchester for £5m. Since October 2016, Harrow has let this property to Fluorocarbon Company Limited. The contract is 10 years in duration and is providing a gross yield of 7.6%.

The council continues to explore opportunities for further investment and is looking to acquire a second property in the North West of England.

- **Procurement Services**

In September 2016 a Shared Procurement Service was established between Harrow and Brent Councils. The decision was taken in response to the latest rounds of budget cuts and associated resource pressures, which threatened the continued provision of effective procurement activity. The shared service – named HuB Procurement Services – is led by Harrow and has helped generate significant savings for both councils through a newly integrated staff structure.

The appointment of a new Divisional Director for the service in June 2017 and the continued consolidation of the staff structure will facilitate collaboration on future procurements across both boroughs.

The shared service also generates commercial income through the provision of procurement support and advice to a number of other local authorities and public sector organisations. These include the London Grid for Learning, Haringey Council, the LGA and the West London Waste Authority.

Harrow's procurement team also operates two commercial framework agreements – Small Cells and Digital Advertising – that other councils and public sector bodies can use to expedite tenders. Harrow receives a 0.75% rebate on total supplier income. In August 2017, Harrow agreed a Memorandum of Understanding with the Yorkshire Purchasing Organisation (YPO). The YPO will promote the frameworks using their high-profile website and UK-wide networks for a split of the rebate. Significant returns are anticipated over the coming years.

- **Letting Agency**

Cabinet approved the Lettings Agency project in June 2015 with the objective of generating profit from the letting and managing of property. These are expected from three sources: private landlords; the council's acquired 150 homes through the Property Purchase Initiative (PPI); and the council's build to rent units from the regeneration programme.

In July 2015, Cabinet approved the setting up of Concilium Group Ltd as the holding company for the council's profit-generating commercial activities. The sole remit of the company is to balance the returns from its subsidiaries and pass any surpluses to the shareholder (Harrow Council).

Currently, only one trading subsidiary exists – Concilium Business Services Ltd, trading as Smart Lettings. Since then, Smart Lettings has focussed on establishing a presence in the market through advertising. Challenges attracting landlords and slower than envisaged availability of properties from the PPI have, however, adversely affected income generation. A revised business plan was subsequently approved in May 2017.

- **Sexual Health Commissioning**

This was a proposal to establish a pan-London clearing centre for the management and processing of invoices from out-of-borough attendance at sexual health clinics. There was no appetite amongst London boroughs to proceed with this service and the proposal was subsequently dropped.

- **Project Infinity (previously My Community ePurse)**

Project Infinity is a suite of bold technology solutions created by adult social services at Harrow Council. It aims to empower citizens to improve their well-being; anticipate integrated health and social care services; and reduce costs by encouraging more competition among service providers. Project Infinity comprises three solutions:

- My Community ePurse (MCeP): a digital marketplace enabling eligible citizens to have more control and choice in their care solutions and to use their personal budgets safely and securely online;
- Our Community ePurse (OCeP): will expand upon MCeP by enabling all citizens, family and friends to buy care services and products independently; and
- Total Community ePurse (TCeP): will enable eligible citizens to manage their health and social care online in one place and give service providers and health and social care professionals more actionable information.

In September 2016, Harrow signed a 10-year partnership agreement with IBM, who will integrate Infinity into its existing Watson Care Manager (WCM) platform. This will enable system improvements, scalability and interoperability.

The MCeP minimum viable product is expected to be available within WCM by 31 March 2018. The delivery dates for OCeP and TCeP are respectively the second quarter of 2018 and 2018/19.

- **Construction Delivery Unit**

A Construction Delivery Unit (CDU) is being developed with the aim of managing the council's major capital investment programme – expected to increase from £15m in 2017 to several hundred million by 2025. In particular, the CDU will support the council's extensive regeneration schemes that are progressing through planning in the summer and autumn of 2017.

The CDU was established as part of the Regeneration Unit in 2016. A new staff structure of permanent staff – supported by consultants – will provide the depth of experience and knowledge required to ensure the delivery of its objectives. The Schools Capital team is in the process of integrating into the CDU, which will strengthen its capability and capacity. The intention is that this will be completed by March 2018. A rigorous learning and development programme will also help the CDU to become less reliant on consultants, ensuring cost reductions for the council.

The CDU is currently providing project management support for the delivery of the Gayton Road housing development. It is also in the process of recruiting new project managers and support staff for the delivery of future projects, including the Vaughan, Haslam, Byron and Poets housing schemes, and the New Civic Centre development.

In the medium to longer-term, there is potential to generate commercial income for the council by offering the expertise and services of the CDU to other local authorities and other social housing providers on a consultancy basis.

- **Private Rented Sector Housing**

The Private Rented Sector (PRS) Housing project refers to the construction of new homes on council assets as part of the regeneration plan for the borough. It aims to generate commercial income by the letting of these new homes to private tenants.

A proportion of the properties will be offered to tenants at discounted rates to help alleviate housing shortages in the borough. Debt generated by construction costs will be repaid through the income the council will receive from land receipts, development profits and rent. In the medium to longer term, the council will hold an investment portfolio that should increase in value if rental and property prices continue to rise across London.

The council has identified six sites that it owns that can support approximately 700 PRS units. On two of these sites, a total of 80 PRS units are under construction. Planning for a third site containing 35 units will be submitted over summer 2017.

- **Harrow School Improvement Partnership**

The Harrow School Improvement Partnership (HSIP) was created in 2011 to ensure that the council fulfils its statutory duties to schools and continues to raise education standards. Council funding was used to establish HSIP, with an agreement that the service would become financially self-sufficient in the longer-term.

A new financially sustainable operating model will be implemented from September 2017. This will entail greater distinction between effective schools and those in need of additional support. All schools – with the exception of one primary school – have bought into the service for the upcoming academic year (2017/18). A more streamlined resource structure is also now in place.

The savings generated from the new model are intended to eliminate the service's deficit and ensure a balanced budget from September 2018.

- **Recruitment Agency**

In 2015, the council explored the options for setting up an in-house recruitment agency to supply Harrow's contingent labour needs. A council owned service and a joint venture partnership were both regarded as commercially marginal and risky due to the high set up costs, tight margins involved and high level of volume risk.

It was decided that the most tenable option was to give a single provider exclusivity on all vacancies for a period of time in return for a reduced mark-up. The council awarded a contract to Pertemps – valued at £88m over three years from 1 January 2017 – for the recruitment of contingent labour. This was awarded through a Yorkshire Purchasing Organisation (YPO) framework, meaning, as an associate member of the YPO, Harrow receives a rebate.

The YPO rebate, savings negotiated on tenure discounts and reduction of rates, means that savings of £370k are projected annually.

- **Project Phoenix**

The Project Phoenix team in the Community Directorate lead and manage a significant commercialisation programme. Project Phoenix has created a Harrow Commercial Services website, enabling customers to view and enquire about service offers. The commercial services that Harrow's residents, businesses and schools can purchase include:

- Commercial Waste Services – the collection of large household items, trade waste, and confidential waste;
- Gardening & Grounds Maintenance – ranging from residential and business garden maintenance to full estate management, including schools and outdoor building maintenance;
- Catering – a Harrow Cookery School opened recently, and joins the existing school meals service, a hospitality team that offers catering for events and meetings, a meals on wheels delivery service, and the hire of fully equipped pop-up kitchens. A number of new cafes have also been opened in the borough;
- Pest Control Service – the identification, treatment and prevention of a variety of pests;
- Training Academy – a wide range of accredited classroom training and e-Learning to enhance skills, knowledge and business performance. This includes training related to Food Safety, Health & Safety, Personal License Training and Landlord Advice;
- Transport & Vehicle Services – includes Mini Bus Hire, Valet Services, Driver Assessments, Fleet Management on behalf of other local

authorities, and Vehicle Servicing & Repairs. A new MOT bay with MOT testing is also available;

- Special Needs Transport – in September 2016 Harrow entered into a shared service arrangement to manage the Special Needs Transport operations for Brent Council;
- Events – over 20 parks and open spaces can be booked for commercial functions, including weddings, private parties, entertainment events and attractions. A professional party planning service is also available, as well as conference and meeting room hire at the Civic Centre. In addition, a Harrow Film Service generates income through professional filming and photography; and
- Advertising & Marketing – marketing opportunities on council assets in the borough, including roundabouts, billboards and vehicles.

Projects identified post Commercialisation Strategy

Further opportunities have been identified since the Commercialisation Strategy was agreed. These are also at various stages of implementation and are summarised below.

- **Harrow Careline (formerly Helpline)**

Harrow Careline provides a personal alarm service to elderly and vulnerable people in the boroughs of Harrow and Brent. The service is provided free of charge to clients referred through Adult Services and Re-ablement, causing the service to run £250k over budget by the end of the 2015/16 financial year. To close this gap in the budget, Cabinet approved a business case in February 2017 to grow the self-funder user population.

The Harrow Careline service subsequently established a marketing strategy that included the more effective deployment of digital channels, such as the council website. The integration of Careline with Access Harrow has also generated savings, as it enables staff to ‘flex’ their time in order to handle calls during periods of high demand.

The Careline service team continues to aim to increase the number of self-funders and is also assessing the viability of using new technology to expand the type of service offered. This could include working with a new supplier to provide a wider range of internet-connected devices to help vulnerable people live more independently in their own homes.

- **HR Shared Service**

In April 2017, the council agreed to enter into an HR Shared Services arrangement with Buckinghamshire County Council (BCC). After considering a range of options, including the outsourcing of shared services and a jointly managed shared service, it was decided that a BCC hosted shared service had the highest potential for savings.

An Inter Authority Agreement was therefore developed and implemented. This delegated authority to BCC for the delivery of HR Shared Services on behalf of Harrow Council. The agreement will last four years until March 2021 and is projected to deliver significant savings for the council.

- **Adult Services – Wiseworks & Shared Lives**

Wiseworks is a community service that supports people with enduring mental health problems to build sustainable coping strategies and break social isolation through meaningful activities and training. Most users pay for the service through their personal budgets and are referred by the Central and North West London (CNWL) NHS Trust.

To reduce budgetary pressures, Wiseworks generates commercial income from some paying clients and the personal budgets of a small number of users from other boroughs. A number of other commercial income streams have been developed over the last few years, including a printing service, plant sales and premises hire. In 2015, a garden maintenance service was established and in 2016, the restoration and sale of furniture and tools was launched.

Increasing the number of clients from outside of Harrow through a focussed marketing strategy is a necessary next step for generating more income. There is also the potential to expand the service to include clients with, for example, learning difficulties and/ or physical disabilities.

Shared Lives looks for ordinary members of the public to share their lives with a vulnerable adult. Over the last 18 months, the service has been working in partnership with the London Borough of Barnet and has recruited 12 new carers. The service currently accommodates one Long Term Placement and rolling respite to four service users.

- **Property Purchase Initiative**

Cabinet approved the Property Purchase Initiative in July 2015. The objective was to acquire 100 properties for use as temporary housing, providing an alternative to expensive and less suitable bed and breakfast accommodation.

The original budget of £30m was reduced to £27m and includes purchase price, initial refurbishment works, professional and legal fees. In August 2016, a bid was submitted for internal capital funding of a further £15m for the purchase of up to 50 more properties. The purchase of the additional properties is pending final approval.

The first 100 properties have been identified and secured with vendors. As of July 2017, 74 properties have been purchased and 56 let. They are a mixture of one, two and three bed properties. The purchased properties are held in the General Fund and will be managed by the council's new lettings agency, Smart Lettings.

So far, the council has purchased the majority of its properties in Aylesbury and Watford due to the relatively high value of properties in Harrow. Homelessness legislation, however, means the council is restricted in its

capacity to relocate families to homes outside the borough. The higher value of properties in Harrow will therefore limit the number of properties that the council can purchase within the budget, should it be approved.

In July 2017, less than 150 families remained temporarily housed in bed and breakfast accommodation, falling from over 300 at the start of 2016. This has led to a significant reduction in temporary accommodation costs for the council.

- **Handyperson Service**

The Harrow Handyperson commercial paid service was established in November 2015 and has carried out over 200 jobs (the majority for our Resident Service's team Sheltered Housing schemes). These include basic plumbing, carpentry, electrics and gardening services. Some larger jobs have also been undertaken.

The paid service is currently being reviewed, as the volumes of jobs required to make it commercially viable are challenging given marketing constraints, contractor capacity and the current margins. Other local authorities that have attempted to commercialise handyperson services in the past agree that the low margins are a barrier to financial self-sufficiency.

A further update can be provided after a defined approach on the future of the paid Handyperson service is agreed in the autumn.

- **Harrow Deals**

Harrow Deals was launched by the council in November 2015. The Harrow Deals website promotes exclusive discounts for Harrow residents and comprises products and services that can be found in local business or purchased online. It also includes local job opportunities.

The council receives a percentage commission on all customer spend through the website and local businesses pay a monthly fee to advertise their deals. As of July 2017, over 90 businesses and more than 7500 users have registered to Harrow Deals.

- **Early Payments Initiative**

There is an opportunity for the council to negotiate savings from suppliers in return for paying them earlier than their contracted terms. To increase the likelihood of early payment rebates, it is necessary to align existing SAP terms to the contractual terms agreed with suppliers.

In early 2016, the council engaged the services of Oxygen Finance – a firm operating in this sector – to provide an assessment of the income opportunity available to Harrow. Implementing early payments with Oxygen is anticipated to deliver between £0.6m and £0.8m over a five year period.

In June 2017, Harrow signed a contract with Oxygen, and it was agreed that implementation of the initiative will begin in October. Sopra Steria will help embed Oxygen's technology into Harrow's SAP system, with the cost to the council capped at £45k. It is anticipated that the council will start to generate income from this initiative in October 2018.

- **Sancroft Hall**

This project is being led by Project Phoenix. Sancroft Hall is a purpose built residential care home with 50 single bedrooms and a large two-storey Day Centre with a separate entrance and facilities. In 1999, Harrow entered into a pilot PFI arrangement with private firm Catalyst for the provision of 45 beds and two 25 place Day Centres until 2024 (25 year term).

In April 2017, Cabinet approved the purchase of Sancroft Hall and the continued provision of a regulated residential care service from the property and transfer of the day care service to our in-house provided services. The purpose of the project is to trade successfully in the social care market and make a net profit over the first five years of business. In July 2017, the council completed the purchase and carried out a successful transfer of Day Care Services to Kenmore NRC. The council will need to set up a further subsidiary to Concilium Group to achieve this objective.

Programme activities

Pricing

A review of the council's subsidy position on fees and charges was conducted and where costs were not being recovered, discussions held to ensure options for doing so were being explored. Amendments were built into the Fees and Charges report that went to Cabinet last year.

Contract specifications

The council's standard terms and conditions have been revised to include stronger provisions for continuous improvement. A new Commissioning & Commercial Board has been established, where senior council officers across all service areas will challenge and scrutinise new contract proposals. The contracts register is being regularly reviewed and revisions to specifications are now built in to a business as usual approach.

Commercial awareness training

Training options have been reviewed and the council has held training sessions in 2016.

Capability and culture review

A managers' conference was held and feedback from that event was incorporated into a new values and behaviours framework, and into staff objectives being more business-like.

Lessons Learned

The council is in the process of reviewing the budget for February 2018 with the draft budget due in December 2017. Any amendments to the financial targets for individual projects will be included in these reports.

Overall, improved commercialisation has made a significant contribution to the council's financial position, which means that the objective of developing income streams to support the delivery of council services is being achieved. This is preferable to the alternative option of only cutting services.

Shared services have made a significant contribution and the council has demonstrated flexibility in its approach. Arrangements are in place with County Councils, District Councils and Unitary Authorities. These are within and outside London and are multi political party. The council both provides and receives services, delivering a financial return in each direction.

The trading of existing services, improving their performance to win custom and the development of related offers has also been successful. Project Phoenix has been particularly successful in this area and has also been a positive agenda for staff to engage in as well as providing new services to residents.

As per the one of the principles outlined in the Commercialisation Strategy, the council has shown a willingness and ability to take on risks as is necessary for any commercial initiative, with an appreciation that not every initiative will be successful. A number of ideas were looked into and then stopped. The recruitment business is a good example of the evaluation of an idea and a decision not to pursue.

Project Infinity represents an example of showing significant ambition and entering an innovative arrangement with a partner who will bring a reach to markets the council would not otherwise access. However it also represents a significant risk with the product requiring further development, a fast moving market and a significant expected return built into the budget.

Regeneration also represents a major commercial project for the council, the financial next steps for which were reported to Cabinet on 14th September.

The majority of the commercialisation of services has seen the council trading as Harrow Council. Consideration has been given on each occasion to the legal powers the council has to trade and make a surplus/profit. One service has been traded through a Local Authority Trading Company (LATCO) for housing lettings as the council did not have the legal powers to do so otherwise. The council therefore now has experience of LATCO formation and

when it is required and has drawn on this experience for the development of the Sancroft project. The council going forward has the option to look at the greater role that LATCOs may play in the future.

These initiatives demonstrate an ability to be innovative through embarking on ventures where prior experience is limited, but where analysis has shown that positive returns can be achieved.

Further lessons came to light following a Peer Review in June 2016 mentioned earlier in this report. The peer review team was asked to explore if the council was doing the right things, with the right skills and capacity on commercialisation, and whether risk was appropriately understood and managed.

The report specifically made reference to commercialisation being clearly defined, understood and accepted throughout the organisation, however did make suggestions on building commercialisation capacity, reviewing governance arrangements, and ensuring there is an understanding of the synergies between the commercialisation, regeneration and economic development programmes and ensuring an alignment of plans.

Financial Implications

The council has built commercial objectives into its MTFS worth £15m. Some of this is already captured in the MTFS, with the remainder predicted to be delivered over the next three financial years. This is shown in the table attached at **Appendix A**.

Performance Issues

Performance issues are covered for all individual services in the body of the report (above).

Environmental Impact

There is no environmental impact associated with this report though there are energy initiatives being considered.

Risk Management Implications

Risk included on Directorate risk register? Yes

The council is facing significant funding gaps over the coming years and therefore adopting the Commercialisation Strategy was a necessary step to begin to make positive contributions to the MTFS. There is a greater risk of the council not pursuing this approach.

The risk for commercialisation initiatives is captured in the council's Corporate Risk Register.

For any initiatives requiring substantive funding or resources, initiative owners will be required to carry out suitable feasibility studies and put together business cases where appropriate, before any significant investments are made.

The council's budgets in future years will increasingly see highly valued local outcomes being deliverable and affordable and linked to the success of its commercial operations. There is significant evidence that this is the direction of the local government sector. The success of the council in supporting and benefiting from its commercial activities will be crucial for the continuing delivery of local services.

A key recommendation from the Peer Review was that the council needed to identify its Plan B if commercialisation initiatives do not make the contribution that was targeted. Equally, the returns from commercialisation initiatives can be volatile. This risk is mitigated through the council's budget process. Commercialisation projects represent a direction of travel, however if they are not delivering the returns targeted this is handled through the budget refresh exercise which results in a revised draft budget each year. If projects are not delivering in year then this would be expected to be handled through in year budget management.

Equalities implications

There are no decisions related to this report.

Council Priorities

The Commercialisation Strategy supports the following corporate priorities

- Be more Business-like and Business Friendly

Section 3 - Statutory Officer Clearance

Name: Sharon Daniels



on behalf of the
Director of Finance

Date: 17/08/2017

Ward Councillors notified:

NO

Section 4 - Contact Details and Background Papers

Contact: Anand Pajpani

Background Papers: Commercialisation Strategy 2015-2018

Appendix A – Financial Implications

	MTFS 2015/16	MTFS 2016/17	MTFS 2017/18	Total MTFS to 2017/18	Q1 Forecast 2017/18	Variance	MTFS 2018/19	MTFS 2019/20	Total	Commentary
Activity	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
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	882	882	0	354	0	1,236	These savings are built into the budget up to 2017/18, with a further saving of £354k for 2018/19. As well as providing legal services for Harrow, HB Public Law now provides legal services for Barnet, Hounslow, Aylesbury Vale, Bucks CC and Slough.
2. HR Shared Service – a shared HR service hosted by Buckinghamshire Council.	-	-	140	140	140	0	110	0	250	These savings are built into the budget up to 2017/18, with a further saving of £110k for 2018/19. The saving for 2017/18 is being achieved.
3. Investment Portfolio – exploring opportunities to build a portfolio of commercial property.	-	-	350	350	114	236	350	0	700	A £20m Capital Programme budget exists for the Investment Property Initiative. To date, one investment property has been purchased in Manchester, for which the Council is receiving rental income. It is achieving a net income stream of £114k which is well within the expected return of the capital investment. Two further property acquisitions are in the pipeline to be acquired. An underspend in the Capital Budget will produce savings in Capital Financing costs.
4. Procurement Services – a shared service with Brent Council. Expansion opportunities with other authorities are being explored.	50	108	182	340	270	70	180	0	520	These savings are built into the budget up to 2017/18, with a further saving of £180k for 2018/19. This relates to the procurement shared service with Brent Council. The shortfall of £70k is as a result of agency staff costs whilst permanent recruitment to the posts takes place.

5. Project Infinity – three technology solutions providing a market place for care solutions and products	-	-	-	0	0	0	2,638	4,100	6,738	Project Infinity is a suite of bold technology solutions created by adult social services at Harrow Council. It aims to: empower citizens to improve their well-being; anticipate integrated health and social care services; and reduce costs by encouraging more competition among service providers.
6. Adults services - Wiseworks and Shared Lives – community services that support vulnerable adults and people with mental health problems	-	100	219	319	99	220	56	0	375	The £319k is split between £119k for Wiseworks and £200k for Shared Lives. The majority of the Wiseworks saving is on target to be achieved in 2017/18 (£99k out of the £119k), but the Shared Lives saving will not be achieved. It was based on Barnet identifying service users who would be suitable for the Shared Lives service however despite several meetings and training sessions to assist Barnet colleagues, there have been no referrals. The budget has been realigned so that the £220k shortfall will be managed within the Adults overall budget.
7. 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	350	0	350	2,000	0	2,350	This saving is based on the Regeneration project. In the interim and until there is a rental stream from private sector leased properties, the saving is covered from within the MRP capacity that was established to fund the Regeneration project until the cash flow is established.
8. Property Purchase Initiative - Purchasing properties to increase supply of good quality temporary accommodation and mitigate homelessness costs.	-	230	31	261	261	0	(2)	42	301	This saving relates to the purchase of 100 homes in Harrow and neighbouring areas, which will be used to temporary accommodation purposes with a saving to come through as a result of savings in Bed and Breakfast costs as well as private sector leasing costs. The first 100 properties have been identified and secured with vendors. As of July 2017, 74 properties have been purchased and 56 let.

9. Harrow School Improvement Partnership – full cost recovery of the service	-	130	-	130	0	130	0	0	130	Significant reductions to income in 2016/17 meant that this saving was not achieved. A new operating model for HSIP is being developed to ensure that the service is financially sustainable going forward.
10. Project Phoenix – a range of commercial initiatives led by the community directorate	-	115	520	635	647	(12)	1,525	0	2,160	The project covers a number of initiatives such as waste services, the training academy, gardening services, advertising on council assets, transport commercialisation and catering services.
12. Harrow Careline – a personal alarm service to help elderly and vulnerable people	-	15	80	95	53	42	100	100	295	The service has increased its client base with new business from the start of the financial year generating £53k on new income since Apr 17. The service does however need to continue generating further income in order to achieve its overall income budget target.
Total	294	982	2,226	3,502	2,466	1,036	7,311	4,242	15,055	
13. Pan Organisation Savings	-	220	0	220	220	0	0	0	220	The Procurement Service negotiated a new contract based on a master vendor model which gave one main provider exclusivity on all vacancies for a period of time in return for reduced mark-up.
14. Early re-procurement of Agency Staff Contract	-		150	150	150	0	0	0	150	This will be achieved through i) lower agency costs from Pertemps (through use of YPO contract which has lower rates)
Total	294	1,202	2,376	3,872	2,836	1,036	7,311	4,242	15,425	

This page is intentionally left blank



Commercialisation Strategy 2015-2018 Harrow Council

Contents

1	Commercialisation in Context	3
	Overview	3
	Commercialisation Strategy Drivers	3
	Commercialisation Vision	4
	Principles & boundaries of commercialisation at Harrow Council	5
	Links to other Harrow Council strategies and policies	5
2	Key aims & objectives	6
3	Creating the right environment	7
4	Benefits	8
	Alternative options considered	8
5	Priority opportunities	9
6	Organisation wide activity	11
	Pricing review	11
	Trading vehicle	11
	Culture and capability review	11
	Programme Timescales – Year 1 Timetable	12
7	Appendix A: Summary of case studies	14

1 Commercialisation in Context

Overview

This document outlines Harrow Council's approach to commercialisation.

There have been some excellent examples within Harrow Council of cost saving initiatives being successfully carried out, such as re-commissioning services, re-letting contracts, re-negotiating arrangements, and reviewing specifications. Whilst excellent progress has been made, there is also recognition that these measures alone will not be enough to meet the significant funding pressures we are seeing.

The Commercialisation Strategy aims to put in place measures designed to offset the substantial cuts that Harrow has experienced and further envisages in the coming years.

Harrow Council's Commercialisation Strategy 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.

Commercialisation Strategy Drivers

The following key drivers have informed the development of this strategy:

- The Council still needs to make significant income to offset the cuts that are due through to 2019 ;
- Our financial position is forcing us to look more commercially at our methods of service delivery;
- The Council has an ambition to be more commercial, both within Harrow and also across the sector;
- Early successes in commercialisation activities at Harrow, e.g. in shared services, have built confidence;
- Commercialisation successes across the sector (see appendix A) have further built confidence;
- There is more interest in inter-Council arrangements from other Councils as financial pressures mount.

Commercialisation Vision

“ Our vision is for Harrow Council to become an innovative and entrepreneurial authority that continuously drives positive annual contributions by generating extra revenue and delivering cost reductions through trading and business improvement. Through this we will put local services into a more sustainable footing to support local people as well as raising money to invest in our priority outcomes ”

There will increasingly be a culture of services actively looking for additional opportunities without losing focus upon their existing customer base and the quality of service delivery. Services will strive to be fit to compete and fit to market, even if they do not currently provide services externally, and services making positive financial contributions shall increasingly be considered as the norm.

Our staff will be involved in actively seeking out potential for reviewing services, and will have a reputation for being aware, willing, and able.

We will have an understanding of our abilities, knowing what we can deliver and what we cannot, supported with a clear understanding of where it is desirable to be able to increase our capabilities and where we do not wish to. We will have an understanding of our portfolio of external service offerings, and understand not only which ones offer a greater return than others, but also what our approach needs to be going forward to address this.

Principles & boundaries of commercialisation at Harrow Council

Commercialisation for Harrow Council has been defined as encompassing the following areas:

- Shared services;
- Investments;
- Selling services;
- Pricing analysis;
- Fitness of traded services;
- Consideration of concessions;
- Better contract management;
- Continuous improvement in procurement.

This strategy advocates that the commercialisation approach is open to all services (or elements of services). The approach initially is to pick a small number of key opportunities. This approach enables us to ensure organisational learning is built up, processes are refined, and projects can be resourced without the need for extensive support.

The principles of commercialisation include:

- Open to all options for service delivery;
- Willingness to take risks – some ideas may fail;
- Honesty about current performance – not all current traded services are market ready;
- Preparedness to invest now for a return in the future;
- A requirement for concessions to be carefully considered.

Links to other Harrow Council strategies and policies

In devising the Commercialisation Strategy we have been mindful of the need for it to align with and complement other key documents that contribute towards the overall success of Harrow Council. In particular, this strategy has been aligned to:

- Harrow Council Corporate Plan 2015-2019;
- Medium Term Financial Strategy 2015/16 to 2018/19;
- Harrow Council Core Strategy 2012;
- Harrow Council Commercial and Procurement Strategy 2014.

2 Key aims & objectives

The overarching aims of the strategy are to deliver a financial return which contributes to the council spending plans and to help sustain priority outcomes in the local community.

This will entail developing a programme of work that includes a process for identifying potential opportunities, applies methodologies to further develop those opportunities, has a structure in place to ensure those fledgling opportunities are nurtured and supported, and has the resources to successfully deliver the aim of the strategy.

It is also key to develop clearer commissioning intentions and medium term delivery strategies across all major service areas, e.g. by making decisions around multi-borough join up, seeking more innovative approaches to delivery, challenging existing approaches and set a picture of what the Council will look like in 2020;

Some further objectives will be to:

- Deliver a financial return and contribution in order to invest in services we have to run where we cannot recover adequate or any income, or to invest in new projects;
- Help enable non-statutory services to at least cover all their costs including overheads (and potential opportunity cost) in order to reduce risk of closure and be profit generating where possible;
- Actively engaging in market development and market shaping where no such market currently exists and using insight to manage specification and demand;
- Attract alternative investment models to support service delivery e.g. through social investment;
- Invest and use our financial strengths to deliver a financial return;
- Ensure that outcomes in the local community are delivered on a sustainable basis;
- Strengthen our reputation with residents, local businesses, the Local Government sector, staff, other customers, partners, and stakeholders in general;
- Become a services provider to new and existing customers both from within the local authority environment and beyond, particularly where we are uniquely placed to do so;
- Use the commercial knowledge acquired through this programme to gain a competitive advantage.

3 Creating the right environment

Careful consideration will be given to creating the right environment within the organisation to nurture innovative ideas and develop them into robust project proposals. This will involve the following activities:

- Undertaking a culture and capability review;
- Designing a communications campaign to draw in ideas from staff and generate new ideas;
- Producing a framework for development of new propositions;
- Capturing lessons learned as and when encountered;
- Adopting a project management approach for the implementation of the programme;
- Ensuring new proposals have the right support from the Commercial team and necessary stakeholders.

4 Benefits

Taking the approach outlined within this strategy is believed to be the most appropriate for Harrow Council as it offers a number of key benefits, many of which have already been covered elsewhere within this strategy, including:

- Providing a real, tangible opportunity to make a contribution to the Medium Term Financial Strategy;
- Staff development – new skills will be acquired and can be transferred to other opportunities internally;
- Taking an approach of raising standards and generating revenue at the same time;
- Helping to provide a competitive advantage in key markets;
- Giving Harrow Council an enhanced reputation as a leading-edge authority in this sphere;
- Transforming the organisation into an innovative workplace;
- Bringing benefits to the local economy;
- Ensuring the sustainability of non-statutory services that would otherwise be stopped due to lack of funding.

Alternative options considered

Doing nothing was not an option given the scale of cuts to funding we are experiencing and we are expecting in the coming years.

The council has an option to consider tendering further services to make savings, but savings from procurements alone will not be sufficient to bridge the funding gap.

The council has an option to consider further collaborative efforts but as above, savings from collaborative activities alone will not be enough.

5 Priority opportunities

The Council is already exploring a number of priority commercial opportunities. These will be developed and assessed during 2015/16 and decisions to go ahead brought to Cabinet if appropriate. There is an ongoing area of work to identify new opportunities and so this list will change during the year. However, current priorities are as follows:

1. Legal Service Expansion – Following the successful creation of HB Public Law with Harrow and Barnet Councils, work continues to expand the Legal Practice. An alternative business structure (ABS) was set up in 2014 to enable service to be sold to the private sector. The Council is developing a proposal to include Hounslow in the shared service and the Director Legal and Governance Services is currently shared with Buckinghamshire County Council. The Council will continue to explore opportunities for expanding HB Public Law.
2. Recruitment Agency - The Council spends approximately £20m per year and agency staff, who currently make up over 20% of the Council's head count. A feasibility study has been undertaken to look at the possibility and setting up an in house recruitment agency. Work has now progressed to the development of a business case and conclusions will be reported to Cabinet in the autumn.
3. Website Commercialisation – The Council through its new communications contract is looking to increase the volume of income from advertising and sponsorship, in particular through the website. Opportunities are also being explored to promote national and local deals.
4. Investment Portfolio – The Treasury Management Strategy will be reviewed to look at opportunities to achieve a higher rate of return from the Council's investments. Opportunities for investing a portfolio of commercial property will also be explored as well as other potential investment opportunities such as energy generation.
5. Procurement Services – Similar to the expansion of the Legal Practice, the Council is exploring sharing Procurement services with other Councils in order to share expertise and contribute to overheads.
6. Lettings Agency – The Council has completed a feasibility study to look at the launch of a lettings agency to provide a service to local landlords and to future Council owned housing stock. The proposal to go ahead with this proposition is also presented to June Cabinet.
7. Sexual Health Commissioning – The Council is working with boroughs across London to explore the opportunity for leading a pan London service for the commissioning and management of sexual health services.

8. My Community ePurse – Harrow has developed market leading technology in My Community ePurse as well as industry leading standards of personalisation in Adults Care Services. The Council is exploring the potential to market this capability to other councils.
9. Construction Delivery Unit – Although at a very early stage of development the opportunity to set up a Construction Delivery Unit is being looked at given the volume of construction activity underway and planned across the borough.
10. Private Rented Sector Housing – Significant regeneration is being planned across the Heart of Harrow and this development will include the building of Private Rented Sector Housing across a number of sites. This would provide a long term, source of revenue to the Council.
11. Harrow School Improvement Partnership – The Council runs a very successful School Improvement Partnership which is already providing services to other boroughs. The opportunity to expand the service to other councils is being looked into.
12. Trade Waste – Trade waste services are already provided across the borough and there is an opportunity to win back lost market share within the borough to bring income into the Council.

6 Organisation wide activity

In view of the potential opportunities, our intention is to move at pace with the implementation of this strategy. The programme to support this, together with key dates, is detailed on the next page. Three of these activities are expanded on below.

Pricing review

This activity will review our current subsidy position across all non-statutory services that we charge for to ascertain whether it warrants amendments to our pricing if full cost recovery is the agreed goal.

Trading vehicle

We are at an advanced stage of investigating the possibility and ramifications of establishing a trading vehicle to support the delivery of new revenue streams. A recommended company structure is expected to be brought to Cabinet in July 2015.

Culture and capability review

A review of the Council's culture and workforce to determine whether a new governance approach and mind-set shift is required to achieve the maximum benefits from a Council-wide commercialisation programme. Training, objective setting, revision of job descriptions, and resources are some of the measures being considered within this activity.

Programme Timescales – Year 1 Timetable

118

Date	Activity	Description
Ongoing, commencing April 2015	Proposition Development	Develop high level business cases / feasibility studies for priority opportunities.
July 2015	Pricing	<p>Initial review of subsidy position.</p> <p>Review income vs cost position across major traded services.</p> <p>Amendments if required to our pricing policy.</p> <p>Plans to be developed to move to full cost recovery or profitability on all traded non statutory services with quantification of financial impact.</p>
July 2015 onwards	Contract Specifications	<p>Revisit high value opportunities for challenging specification levels on major contracts – especially in light of work on what Council will look like in 4yrs time.</p> <p>As part of the Re-commissioning work stream (below), each directorate, by division, to look at which of their contracts could be amended to contribute towards the Strategy.</p>
July 2015	Commercial Awareness Training	Investigate training options and pricing.

July 2015	New Propositions	Develop a framework and campaign for development of new propositions in order to create a short list of new opportunities.
July 2015	Selling Current	Identify priority services that are traded where a business improvement methodology (e.g. Canvas) could be used to develop stronger commercial performance (Amateur to Professional to Commercially Fit) in order to expand market share and improve trading performance.
July 2015	Trading Vehicle	Establish a trading vehicle for new revenue streams and agree as part of Cabinet / Council decision making.
September 2015	Capability & Culture Review	Review our current culture and approach using the framework identified to identify how effectively we are set up to be more commercial.
October 2015	Re-commissioning	Aim for all major services areas to have conducted a commissioning / service review, along side the budget process for a view of what the service will look like by 2020. Each directorate, by division, to report on how they will contribute towards the Commercialisation Strategy, by taking full account of in-house skills, knowledge, contracts and assets (i.e. buildings, land, etc.).
October 2015	Grants and Bidding	Review opportunities to bid for external funding.

7 Appendix A: Summary of case studies

Basingstoke Council – Have a commercial property portfolio which delivers an income. A proportion of its portfolio is on long leases. They are not expanding the portfolio and have owned it for many years. Identifying commercial partners to re-develop a major business park and leisure park. Have earmarked further money to invest and looking for competitive return. Early look at PRS but must be balanced with affordable housing.

Oxford City Council – Employ a large manual workforce and are actively in the markets of transport, grounds maintenance, construction and highways providing services to other local organisations, institutions and residents. Achieving an income stream that makes a contribution to overheads.

Cherwell Council – Set up a confederated model across 3 councils to separate who delivers what and to identify what to put under separate vehicles, following a series of service reviews. Have created a I-Lab incubation unit to identify what new services they could sell and to help them prepare business plans and launch.

Luton Borough Council – Single trading company selling a range of Council services including safeguarding training, road planning etc. Directors comprised of Council officers. Trading Building Technical Services as a trading account within Council. Luton Trading Services also operates as a trading account and provides debt collection to other LAs.

Runnymede – A loan from the Public Works Loan Board secured for the regeneration of Addlestone Town Centre (previously been debt-free). The scheme includes a multi storey car park, hotel, cinema complex, 24 hour gym, small supermarket and numerous food and beverage outlets. The development also provides homes, some of which will be rented at affordable rents or shared ownership (part rent, part buy). Contributes to the regeneration of the town centre and also a significant source of income for the Council.

Aylesbury Vale – Have developed new business models for how their services will be delivered using a ‘business canvas’ planning tool. Aim is for services to come as close as possible to cost neutral by focusing on both cost (service design) and income.

LB Camden – Let a contract with a number of other Councils for the letting of a Wireless Concession Contract. Users get 30 mins free access every day for each device the use. Helps provide businesses with free access and also encourages visitor numbers and local trade. *Approach has been replicated in Harrow.*

Peterborough City Council – Have launched a series of energy schemes to generate renewable energy and reduce energy consumption. Energy performance contract set up with Honeywell Solutions delivering guaranteed energy efficiency for non domestic properties. A separate partnership with British Gas will also invest in reducing energy consumption across many homes.

Eastleigh Borough Council – They have actively been pursuing the acquisition of a range of property assets which generate a high investment yield. By 2015, expenditure will have increased and includes a range of assets. Council owned assets have risen considerably.

Cheshire East – Has established a set of companies to trade with the local Council and to identify potential new clients. A charitable trust has been set up to deliver leisure services and 900 staff have been transferred including staff in a range of back office / support functions. Also examining a range of energy projects in partnership with registered housing providers.

Wychavon - Also investing recently in commercial property. Recent investment in development of a new supermarket which delivers a competitive rate of return. Investment can only be in the District.

Portsmouth – Launched a new Income Generation work stream to develop ideas from across the council. Most lucrative opportunities have been from advertising and sponsorship.

Braintree – Three work streams to improve commercialisation: ‘Better at Business’, ‘Investment Strategy’, and ‘Economic Development’. Investment in commercial property, in equity and property funds, housing and solar schemes. Commercial premises reserve. Winning back market share in e.g. trade waste.

Author: Anand Pajpani

Next review date: June 2018

Document is Restricted

This page is intentionally left blank