

Harrow Business Consultative Panel AGENDA

DATE: Tuesday 22 January 2019

TIME: 7.30 pm

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

MEMBERSHIP (Quorum 3)

Chair: Councillor Ajay Maru

Councillors:

Jeff Anderson

Norman Stevenson
Bharat Thakker

Reserve Members:

1. Peymana Assad
2. Keith Ferry

1. Ramji Chauhan
2. Susan Hall

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

Useful Information

Meeting details:

This meeting is open to the press and public.

Directions to the Civic Centre can be found at:
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Agenda publication date: Friday 11 January 2019

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

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 Panel;
- (b) all other Members present.

4. MINUTES (Pages 5 - 8)

That the minutes of the meeting held on 22 January 2018 be taken as read and signed as a correct record.

5. PUBLIC QUESTIONS *

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

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

[The deadline for receipt of public questions is 3.00 pm, 17 January 2019. 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 Executive Procedure Rule 47 (Part 4D of the Constitution).

7. DEPUTATIONS

To receive deputations (if any) under the provisions of Executive Procedure Rule 48

(Part 4D of the Constitution).

8. DRAFT REVENUE BUDGET 2019/20 AND MEDIUM TERM FINANCIAL STRATEGY 2019/20 TO 2021/22 (Pages 9 - 60)

Report of the Director of Finance.

AGENDA - PART II - Nil

*** DATA PROTECTION ACT NOTICE**

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

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

HARROW BUSINESS CONSULTATIVE PANEL MINUTES

22 JANUARY 2018

Chair: * Councillor Aneka Shah-Levy

Councillors: * Ajay Maru * Bharat Thakker
* Norman Stevenson

* Denotes Member present

20. Attendance by Reserve Members

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

21. Declarations of Interest

RESOLVED: To note that the following interests were declared:

Agenda Item 8 - Draft Revenue Budget 2018/19 and Medium Term Financial Strategy 2018/19 to 2020/21 & Draft Capital Programme 2018/19 to 2020/21

Councillor Ajay Maru declared a non-pecuniary interest in that he owned a business in Harrow. He would remain in the room whilst the matter was considered and voted upon.

Agenda Item 8 - Draft Revenue Budget 2018/19 and Medium Term Financial Strategy 2018/19 to 2020/21 & Draft Capital Programme 2018/19 to 2020/21

Councillor Norman Stevenson declared a non-pecuniary interest in that he owned a business outside the borough and two of his staff lived in Harrow. He would remain in the room whilst the matter was considered and voted upon.

22. Appointment of Vice Chair

RESOLVED: That Councillor Ajay Maru be appointed Vice Chair of the Forum for the 2017/18 Municipal Year.

23. Minutes

RESOLVED: That the minutes of the meeting held on 27 January 2017 be taken as read and signed as a correct record.

24. Public Questions, Petitions & Deputations

RESOLVED: To note that none were received.

RESOLVED ITEMS

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

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

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

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

A Member commented on the low rate of participation in the meeting by business representatives. He asked whether the event had been publicised to Harrow businesses and what incentives there were for businesses to start-up in Harrow. Officers advised that the event had been widely publicised to local business representatives, and that businesses had just occupied the Committee Room to attend a business event, but had chosen not to stay for

this meeting. The Officer proposed that the following year, the Forum could be held earlier and be sandwiched between two business support events (which were usually well attended).

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

RESOLVED: That the report be noted.

(Note: The meeting, having commenced at 7.30 pm, closed at 8.07 pm).

(Signed) COUNCILLOR ANEKA SHAH-LEVY
Chair

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REPORT FOR: CABINET

Date of Meeting:	06 December 2018
Subject:	Draft Revenue Budget 2019/20 and Medium Term Financial Strategy 2019/20 to 2021/22
Key Decision:	Yes
Responsible Officer:	Dawn Calvert – Director of Finance
Portfolio Holder:	Councillor Adam Swersky – Portfolio Holder for Finance and Resources
Exempt:	No
Decision subject to Call-in:	Yes
Wards affected:	All
Enclosures:	Appendix 1A – Proposed savings and growth 2019/20 to 2021/22(New proposals) Appendix 1B – Proposed savings and growth 2019/20 to 2020/21 to be agreed from 2018/19 and 2017/18 MTFS Appendix 2 - Medium Term Financial Strategy 2019/20 to 2021/22 Appendix 3 - Schools Budget 2019/20 Appendix 4 - Draft Public Health Budget 2019/20

This report sets out the draft revenue budget for 2019/20 and draft Medium Term Financial Strategy (MTFS) for 2019/20 to 2021/22. The budget and MTFS will be brought back to Cabinet in February 2019 for final approval and recommendation to Council.

Recommendations:

Cabinet is requested to:

- 1) Approve the draft budget for 2019/20 and the MTFS 2019/20 to 2021/22 for general consultation as set out in Appendices 1a, 1b and 2 so that Cabinet may later consider the budget in light of the consultation responses and the equality impact assessments before it is referred to Council in February 2019.
- 2) Note the addition of £2.627m to the Social Care Reserve as set out in paragraph 1.7.
- 3) Note the balanced budget position for 2019/20, and the budget gaps of £13.5m and £9.3m for 2020/21 and 2021/22 respectively (table 2).
- 4) Note the proposal to increase Council Tax by 2.99% in 2019/20 (Table 2 and paragraphs 1.23 to 1.24).
- 5) Note the proposal to increase Council Tax by 2.0% in 2019/20 in respect of the Adult Social Care Precept (Table 2 and paragraph 1.25).
- 6) Note there are no changes to schools funding for 2019/20 as set out in Appendix 3 and paragraphs 1.45 to 1.48.
- 7) Note the assumed funding for the protection of social care in 2019/20 through the BCF as set out in paragraphs 1.52 to 1.54.
- 8) Approve the draft Public Health budget for 2019/20 as set out in Appendix 4.
- 9) Authorise the Director of Finance, following consultation with the Portfolio Holder for Finance and Resources, to agree Harrow's 2019/20 contribution to the London Borough's Grant Scheme (paragraph 1.57).
- 10) With regard to the London Business Rates Pooling Pilot agree 11 and 12 below:
- 11) Approve participation in the second year of the London Business Rates

Pilot Pool with effect from 1 April 2019 (to 31 March 2020) and delegate to the Director of Finance, in consultation with the Portfolio Holder for Finance and Resources, and the Monitoring Officer, to finalise the details for the continuation of the pilot pool.

- 12) Delegate to the Director of Finance, in consultation with the Leader of the Council, Portfolio Holder for Finance and Resources and the Monitoring Officer the authority to consider such consultative reports as the Lead Authority may circulate and to respond on behalf of the authority with regard to any recommendations and in particular, proposals for projects to be approved for funding from the Strategic Investment Pot.

Final approval will be sought from Cabinet and Council in February 2019.

Reason: (For recommendations)

To ensure that the Council publishes a draft budget for 2019/20 and a draft 3 Year MTFS to 2021/22.

Section 2 – Report

INTRODUCTION

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

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

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

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

1.1 Harrow has therefore seen its Revenue Support Grant reduced by 97% over a 7 year period, reducing the grant to £1.566m by 2019/20. This has translated into budget gaps that the Council has needed to fund over the seven year period 2015/16 to 2021/22 to achieve a balanced budget. In addition to the £40m reduction in RSG, further funding has been required to fund growth as a result of increasing demand pressures, inflation, capital financing costs and other reductions in specific grants such as the Education Support Grant.

1.2 To set this figure into context, Harrow Council does not have large cash reserves. Its general fund balances stand at £10m and remain within the lower quartile when benchmarked with other local authorities and spending them is not a responsible way to offset lost revenue. Harrow Council’s gross budget for 2018/19 is £570m. A significant proportion of this funding is ring fenced for services such as housing benefit, schools and public health. The Council’s net controllable budget is £168.8m in 2019/20 and this is the element of the budget that the Council can exercise more control over and from where savings must be found.

1.3 The draft budget set out in this report shows an updated MTFS with a number of changes Cabinet are asked to note. The changes achieve

a balanced budget position for 2019/20 and budgets gaps of £13.5m and £9.3m for 2020/21 and 2021/22 respectively. The MTFS will be subject to further adjustments following the provisional Finance Settlement due to be announced on 6 December 2018 with the final settlement being agreed no later than the end of January 2019. Whilst it is intended that Members will approve the MTFS in February 2019, this is subject to a number of assumptions in relation to grant settlements, council tax income, legislation and demographics. The Council will still be required to review the Council's budget on a yearly basis; however approval of the MTFS will allow officers to progress a number of important projects.

BACKGROUND

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

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

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

- Be Courageous
- Do It Together
- Make It Happen

EXTERNAL FUNDING POSITION

- 1.5 Harrow Council is one of the lowest funded councils in London. In 2015/16 Harrow's revenue spending power per head was £159 (or 17.3%) lower than the London average which ranked Harrow 26th out of 32 London Boroughs. A similar comparison with the England average shows Harrow's revenue spending power per head was £127 (or 14.3%) below average and ranked Harrow 105th out of 120 local authorities. Subsequent financial settlements have done little to address the balance on Harrow's funding position. The revenue spending power per head analysis was updated and concluded that Harrow's core spending power per head in 2019/20 is estimated to be £170 lower than the London average and £75 lower than the rest of England average.
- 1.6 The 2019 Budget did announce additional funding for local government. The three key areas in terms of additional funding and impact on the Councils 2019/20 draft budget are social care, pot holes and Disabled Facilities Grant:
- 1.7 **Social care** – Additional funding of £240m was announced for adult social care in 2019/20. London Councils have estimated London's share to be £37m and Harrow's share to be £970k based on the relative needs formula. A further £410m will be made available to

support both adult and children's social care in 2019/20. Once again London Councils have estimated London's share to be £63m and Harrow's share to be £1.657m. This provides estimated additional funding of £2.627m for Harrow in 2019/20. Whilst this is a helpful contribution to social care demand pressures, there is concern that this funding is for one year only with no announcements post 2019/20. For this reason the funding cannot be built into the base budget and this report recommends holding the funding in a Social Care Reserve.

- 1.8 **Pot Holes** - £420m of new funding will be made available across England for pot holes. Harrow's share is £509k and it will be considered alongside current capital programme plans.
- 1.9 **Disabled Facilities Grant (DFG)** – An additional £55m of DFG funding will be allocated in 2018/19 to provide home aids and adaptations for disabled children and adults on low incomes. Harrow's share is estimated at £270k and is being considered alongside current capital programme plans. This additional funding has not been built into the draft Capital Programme elsewhere on the agenda.
- 1.10 Whilst additional funding is well received, there remains significant concern that the funding announced is for 2019/20 only and will not address the low funding baseline for Harrow Council and how it manages its budget on a sustainable basis moving forward.
- 1.11 The last Spending Review (SR15) was followed by a four-year offer to councils to set Settlement Funding Assessment levels (SFA) between 2016/17 to 2019/20. This provided a degree of certainty over core funding from government. In light of the RSG reduction of 93% over the four year period, leaving a balance of £1.559m by 2019/20, the Council did not apply to accept the offer along with 8 other Councils. The risk of not accepting and being subject to the existing annual process for the financial settlement has not materialised and the Council has continued to receive its RSG settlement in line with the four year offer.
- 1.12 2019/20 is the final year of the four year settlement and local government finance is undergoing a period of significant change that brings with it growing uncertainty for the sector. The coming months will see three major external events that will change the amount of funding every local authority receive from 2020 onwards:
 - The next **Spending Review (SR)** will set the overall quantum of central government funding to local government when it sets government departmental expenditure limits for the next few years. The period the SR will cover, timelines for submission and the date of SR announcements all remain unknown.
 - The **Fair Funding Review** will set the new needs baseline in April 2020 and will therefore determine the distribution of core central government funding to local government. Further consultation is expected later this calendar year and in summer 2019 as work is progressed. Arrangements are expected to be

finalised in autumn 2019. Transition arrangements remain unknown.

- The **75% business rates retention scheme** will start in 2020-21. This will involve establishing new business rates baselines, setting new parameters regarding the level of risk/reward and, therefore, the ability of each local authority to benefit from growth, as well as the time period over which growth will be retained.

DELIVERY OF THE 2018/19 BUDGET

1.13 Delivery of the 2018/19 budget is critical to maintaining the Council's financial standing and to do everything possible to protect front line services. The 2018/19 revenue budget includes a challenging savings target of £8.801m. At Quarter 2 (as at 30 September 2018) performance against the savings target is good in light of the increasingly challenging fiscal and demand led environment:

- £6.146m of savings (70%) are already achieved or on course to be achieved (rated Green)
- £1.632m of savings (18%) are partially achieved or risks remain (rated Amber)
- £1m of savings (12%) will not be achieved (rated Red)

This position is an improvement on financial performance against budget savings at this stage in the year compared to 2018 when 63% of savings were rated green, 21% rated amber and 16% rated red.

1.14 The Quarter 2 forecast, subject to a separate report elsewhere on the agenda, indicates a directorate overspend of £4.050m net, the key pressures relating to pressures within Adults Services and Environment and Culture as detailed below:

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

The Environment & Culture division is forecasting to overspend by £710k as a result of pressures from dry recycling disposal, food waste collection, demand pressures increasing staffing costs in Clean & Green and challenges in achieving include targets across Civic Amenities and Public Protection.

1.15 Despite these pressures, financial management of the budget has remained robust throughout the year to ensure overall planned

services are delivered within resources and an underspend is delivered to contribute towards the 2019/20 budget gap:

- Period 2 (as at May 2018) financial performance was reported to Cabinet in July 2018 which estimated directorate pressures of £2.7m. Spending controls were immediately implemented across the organisation to generate £1.1m of mitigation actions which have been maintained throughout the year.
- Both the Resources directorate and Children's division are reporting forecast underspends totalling £932k.
- Robust management has prevented, to date, the need to call upon the contingency for unforeseen items (£1.248m). Corporate actions such as tight monitoring of cash balances to reduce the need to borrow and holding all external income received post budget setting corporately, has yielded underspends on corporate budgets.

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

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

BUDGET PROCESS 2019/20

- 1.17 The Council has a statutory obligation to agree and publish the budget for 2019/20, and approval for this will be sought in February 2019. In preparing the 19/20 budget, and rolling forward the MTFs to cover the three year period 2019/20 to 2021/22, the current MTFs (approved by Council in 2018) has been the starting point for the process.
- 1.18 For clarity the key assumptions underpinning the starting point for the updated 3 year MTFs are summarised. The MTFs approved in February 2018 assumed a budget gap of £17.636m for 2019/20 and £16.061m for 2020/21. This is the starting point for the refreshed 3 year MTFs. It is important to note that this starting point assumes achieving directorate savings of £3.4m in 2019/20 and £977k in 2020/21.
- 1.19 As the Council's financial position is dynamic and is affected by a number of financial uncertainties and adjustments that will impact upon its financial position over the long and medium term, in preparing the draft budget for 2019/20 the existing MTFs has been refreshed and rolled on a year and the adjustments are summarised in table 2 below, followed by an explanation of the more significant adjustments

Table 2: Changes to MTFs (Prior to Local Government Settlement on 6 December 2018)

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

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

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

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

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

The 2019/20 budget setting process has identified additional savings of £3.740m and additional growth of £4.428m over the three years. These are summarised in table 4 and detailed in Appendix 1A.

1.22 **Council Tax Adjustments**

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

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

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

Technical Adjustments

- 1.26 **Removal of Minimum Revenue Provision (MRP) budget assigned to Regeneration** –Following a review of the Regeneration Programme, the capacity allocated to fund the revenue costs of the existing programme during the development period has been reduced £2m and this capacity has been transferred to support the general fund.
- 1.27 **Use of capital Flexibilities** – a further £800k of capital flexibilities will be utilised in 2019/20. This is a one off benefit and so needs to be reversed in 2020/21. Paragraphs 1.42 to 1.44 set out more detail on the scheme and application in previous years.
- 1.28 **Funding from the 2018/19 Business Rates Pool** - Harrow joined the 100% business rates retention pilot proposal for 2018/19 covering all London Boroughs. Harrow will receive a proportion of the collective growth in London arising from the pool and the no detriment clause agreed by central Government guarantees that no Council could be worse off than it would have been had the pilot not been put in place. Currently, the no detriment clause is in place for the first year only and discussions are ongoing to extend the London Pilot Pool for a second year to 2019/20.
- 1.29 At the time of preparing the 2018/19 budget, no indicative figures were available for potential growth from the pilot pool therefore, as a prudent measure, no benefit was built into the final budget. Early indications are that Harrow could benefit from an estimated £3.5m of one off income in 2018/19 which will be applied in the 2019/20 budget.
- 1.30 **Additional Section 31 Funding 2018/19** - the budget assumes £779k additional one off income in the form of section 31 grant funding for 2019/20.
- 1.31 **New Homes Bonus (NHB)** – there were changes made to the scheme as part of the 2017/18 settlement, which saw the introduction of a national baseline for housing growth of 0.4%. This meant that there would be no benefit in terms of NHB payments until the 0.4% is exceeded. The payment period was also reduced, so for 2017/18 NHB payments were made for five, rather than six years, and that payment period was reduced again to four years from 2018/19.

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

Budget Refresh, Growth & Savings

- 1.38 There is a commitment to refresh the three year MTFs annually to ensure it remains reflective of the changing Harrow and Local Government landscape. All savings in the current MTFs for 2019/20

and 2020/21 have been reviewed to ensure that they can either be taken forward or removed as part of this draft budget.

- 1.39 There are no savings that require reversal in 2019/20 or 2020/21 in respect of savings put forward in previous years. The following table summarises the total savings and growth put forward either in as part of the 2018/19 or 2017/18 budget setting process for 2019/20 and 2020/21. Table 3 shows total savings of £4.394m between 2019/20 and 2020/21 and growth of £0.395m, so net savings of £3.999m. The detail is set out in Appendix 1B.

Table 3: Savings and Growth from 2018/19 and 2017/18 Budget setting

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

- 1.40 Table 4 sets out the total savings and growth proposed as part of the current 2019/20 budget process. Table 4, shows savings of £3.740m and growth of £4.428m over the three year period 2019/20 to 2021/22. Overall there is net growth in the budget of £688k over the 3 year period. The detail of these savings and growth is set out at Appendix 1a.

Table 4: Savings and Growth 2019/20 to 2021/22 from the 2019/20 process

Savings	2019-20	2020-21	2021-22	Total
	£000	£000	£000	£000
Resources	(643)	(595)	(175)	(1,413)
Children's	(831)	-	-	(831)
Community	(300)	(553)	(643)	(1,496)
Total Savings	(1,774)	(1,148)	(818)	(3,740)
Growth				
Resources	400	95	140	635
Children's	315	-	-	315
Adults	995	971	652	2,618
Total Directorate Growth	1,710	1,066	792	3,568
Corporate Growth - Capital Financing Costs	286	330	244	860
Total Growth	1,996	1,396	1,036	4,428
Net Savings/Growth	222	248	218	688

- 1.41 Table 5 sets out the summary of all savings and growth submitted as part of this year's budget and previous years budgets which give the total savings and growth for both 2019/20, 2020/21 and 2021/22. This is the combined total of Tables 3 and 4 which shows total net savings of £3.311m over the three years; the detail is set out in appendices 1a and 1b.

Table 5: Summary of Savings and Growth 2019/20 to 2021/22

Directorate	2019-20	2020-21	2021-22	Total
Savings	£000	£000	£000	£000
Resources	(823)	(595)	(175)	(1,593)
Adult	(1,251)	-	-	(1,251)
Children's	(981)	-	-	(981)
Community and Culture	(1,741)	(1,530)	(643)	(3,914)
Housing	(395)	-	-	(395)
Total Savings	(5,191)	(2,125)	(818)	(8,134)
Growth				
Resources	930	95	140	1,165
Children's	315	-	-	315
Adults	905	881	652	2,438
community and Culture	20	25	-	45
Total Directorate Growth	2,170	1,001	792	3,963
Capital Financing	286	330	244	860
Total Growth	2,456	1,331	1,036	4,823
Net Savings/Growth	(2,735)	(794)	218	(3,311)

CAPITAL RECEIPTS FLEXIBILITY

- 1.42 In the Spending Review 2015, it was announced that to support local authorities to deliver more efficient and sustainable services, the government will allow local authorities to spend up to 100% of their fixed asset receipts on the revenue costs of reform projects. This flexibility was initially offered for the three years 2016/17 to 2018/19, but has been extended as part of the 2018/19 Finance settlement for a further 3 years from 2019/20 to 2021/22.
- 1.43 The Council signified its intent to make use of this flexibility in its final budget report to Cabinet and Council in February 2016.
- 1.44 In terms of the required reporting requirements, DCLG recommend each authority disclose the projects that will be funded or part funded through capital receipts to full Council. This requirement can be satisfied as part of the annual budget setting process. In November 2016, Cabinet approved a number of asset disposals and the capital receipts from these disposals are being applied within the new flexibilities. In 2017/18 capital receipt flexibilities of £3.039m were applied and the draft budget for 2018/19 assumes further capital receipt flexibilities of £2.7m. For 2019/20 a further £800k is assumed as part of this draft budget report and will be reported to February Cabinet and finally approved by full Council in February 2019.

SCHOOLS BUDGET 2019/20

- 1.45 In 2018-19 the government introduced a new National Funding Formula (NFF) for Schools, High Needs and the Central Schools Services Block. For the Schools Block this meant that LAs are funded on the basis of the total of the national funding formula for all schools, academies and free schools in its area. However the final formula for distribution is determined by each Council following consultation with schools and Schools Forums.
- 1.46 There will be a 'soft' NFF in place up to 2021. This means that LAs will be funded on the basis of the aggregate of the NFF for all schools, academies and free schools in its area but the final formula for distribution will be determined by each LA following consultation with schools and Schools Forums. This will come to Cabinet in February 2019 for approval.
- 1.47 The LA carried out a consultation in Autumn 2017 which sought views on whether the LA should continue to use the Harrow Schools Funding Formula or introduce the National Funding Formula from 2018/19. 76% of schools responded to the consultation and 89% voted in favour of introducing the National Funding Formula from 2018/19. This was approved by Cabinet in February 2018 and school budgets were set for 2018/19 based on the National Funding Formula. There are no proposed changes to the structure of the formula for 2019/20.
- 1.48 In 2021 the Government intends to implement the NFF 'hard' formula which means that school allocations will be determined by the DfE rather than LAs. This is a year later than originally planned.

PUBLIC HEALTH FUNDING

- 1.49 Following the comprehensive spending review in November 2015, Public Health England wrote to local authorities detailing average real terms savings of 3.9% each year to 2020/21.
- 1.50 The draft Public Health commissioning intentions detailed in Appendix 4 of £10.523m are based on the indicative grant allocation notified by Public Health England in December 2017 and requires a contribution from the public health reserve to deliver statutory duties.
- 1.51 The Council consider that this level of funding enables the Council's overarching statutory duties (including equality duties) to be maintained, taking account of the joint strategic needs assessment.

BETTER CARE FUND (BCF)

- 1.52 The 2015 Spending Review set out the Government's intention that, by 2020, health and social care will be more fully integrated across England. BCF plans must set out how CCGs and local authorities are working towards fuller integration and better co-ordinated care, both within the BCF and in wider services.
- 1.53 NHS guidance is awaited in relation to the 2019/20 BCF plan which is likely to be linked to the anticipated NHS 10 year plan. It is expected

that this will require extended integrated working and increased pooling arrangements across health and social care. The 2019/20 BCF plan will be signed off by the Health & Wellbeing Board ahead of submission to, and assurance by, NHS England.

- 1.54 The 2019/20 Adults budget continues to assume that funding for the Protection of Social Care through the BCF will remain at £5.889m

RESERVES AND CONTINGENCIES

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

- Unforeseen contingency £1.248m –this is an on going revenue budget.
- Budget Planning contingency £4.184m remaining after applying £2m towards 2019/20 budget.
- MTFS Implementation Costs - The revenue and capital monitoring report as at Quarter 2 shows an estimated carry forward balance of £2.086m against this reserve. This is set aside to fund redundancy costs for the MTFS period to 2021/22

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

LONDON BOROUGHS GRANTS SCHEME

- 1.57 Harrow's contribution to the London Borough's Grant Scheme was £190k in 2018/19. At the time of writing this report the Council has not been notified of the recommended contribution for 2019/20. To ensure that the Council can respond to London Council's when contribution rates are notified, its is recommended that Cabinet authorise the Director of Finance to agree Harrow's 2019/20 contribution to the London Borough's Grant Scheme, in consultation with the Portfolio Holder for Finance and Commercialisation. The contribution rate will be reported to Cabinet in February 2019 as part of the final budget.

BUDGET PROCESS 2020/21 AND 2021/22

- 1.58 This report sets out a balanced budget position for 2019/20. However achieving this balanced position has proved a very difficult challenge in light of continued financial austerity and increasing demand pressures in adults and children's social care and homelessness. The Council has limited general fund reserves and has shown restraint in not applying these 'one off' balances to address the budget shortfalls.

- 1.59 There is a good track record of containing revenue expenditure within the annual budget envelope despite continued demand pressures. In 2017/18 an underspend of £3.2m was achieved and in the current

financial year an underspend of £2.2m is forecast. The Council has increased Council Tax in line with the referendum limits and applied the Adults Social Care precept. Yet despite all these responsible actions, the Council is finding it increasingly difficult to set a balanced budget and achieving long term financial sustainability. The Council appreciates the additional funding that has been received for social care in both 2018/19 and 2019/20 but the funding is non recurrent which does not assist the Council in addressing the key pressures on its budget in a sustainable manner.

1.60 Whilst a draft balanced budget position has been set for 2019/20, it is acknowledged that a number of one off items have been applied which have to be reversed out in 2020/21. The draft 3 year MTFS therefore shows a budget gap of £13.483m for 2020/21 and £9.343m for 2021/22.

1.61 In light of this position, the Council must now focus on its future financial position to ensure:

- Council services can be afforded and new sources of income are generated to fund core services
- Value is delivered from the Regeneration Programme, Project Infinity and other significant capital schemes
- The Council can operate safely and within the law
- The Council continues to support the argument for a fair funding settlement for Harrow residents

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

2.0 CONSULTATION

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

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

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

- Comments are genuinely invited at the formative stage;
- The consultation documents include sufficient reasons for the proposal to allow those being consulted to be properly informed and to give an informed response;

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

2.2 Public consultation on the overall budget for 2018/19 will commence after 6 December 2018 before the final savings are recommended to Full Council on the 28 February 2019. The public consultation will give residents an opportunity to comment on the 2019/20 overall budget before final decisions are formalised in the council's annual budget.

2.3 In terms of service specific consultations, the council has a duty to consult with residents and service users in a number of different situations including where proposals to significantly vary, reduce or withdraw services. Consultation is also needed in other circumstances, for example to identify the impact of proposals or to assist with complying with the council's equality duties. Where appropriate, separate service specific consultations have already taken place or are currently taking place for the 2019/20 savings.

3.0 PERFORMANCE ISSUES

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

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

4.0 RISK MANAGEMENT IMPLICATIONS

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

- Inability to provide services within budget
- Inability to manage demand for services in Adults Social Care

5.0 LEGAL IMPLICATIONS

5.1 Section 31A of the Local Government Finance Act 1992 requires billing authorities to calculate their council tax requirements in accordance with the prescribed requirements of that section. This requires consideration of the authority's estimated revenue expenditure for the year in order to perform its functions, allowances for contingencies in accordance with proper practices, financial reserves and amounts required to be transferred from general fund to collection fund.

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

6.0 FINANCIAL IMPLICATIONS

- 6.1 Financial Implications are integral to this report.

7.0 PROCUREMENT IMPLICATIONS

- 7.1 There are no procurement implications arising from this report.

8.0 EQUALITIES IMPLICATIONS / PUBLIC SECTOR EQUALITY DUTY

- 8.1 Decision makers should have due regard to the public sector equality duty in making their decisions. The equalities duties are continuing duties they are not duties to secure a particular outcome. The

equalities impact will be revisited on each of the proposals as they are developed. Consideration of the duties should precede the decision. It is important that Cabinet has regard to the statutory grounds in the light of all available material such as consultation responses. The statutory grounds of the public sector equality duty are found at section 149 of the Equality Act 2010 and are as follows:

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

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

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

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

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

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

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

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

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

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

9.0 COUNCIL PRIORITIES

9.1 The Council's draft budget for 2019/20 has been prepared in line with the Council's vision:

Working Together to Make a Difference for Harrow

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

Section 3 - Statutory Officer Clearance

Name: Dawn Calvert	<input checked="" type="checkbox"/>	on behalf of the * Chief Financial Officer
Date: 27/11/18		
Name: Jessica Farmer	<input checked="" type="checkbox"/>	on behalf of the * Monitoring Officer
Date: 26/11/18		

Section 3 – Procurement Clearance

Name: Nimesh Mehta	<input checked="" type="checkbox"/>	on behalf of the * Head of Procurement Officer
Date: 27/11/18		

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

Section 4 - Contact Details and Background Papers

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

Background Papers:

[Final Revenue Budget 2016/17 and Medium Term Financial Strategy 2016/17 to 2019/20 - report to Cabinet 18th February 2016](#)

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

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

Total Savings and Growth - 2019/20 Budget Process							Appendix 1A		
Item No	Unique Reference No.	Headline Description re: saving / reduction	2019-20	2020-21	2021-22	Total	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
			£000	£000	£000	£000			
8	RES 2019-20 S115	Reduction in the Contribution to the Insurance Fund. The further reduction of £100k of the General Fund contribution to the Insurance Fund takes the annual contribution to the minimum required based on the claims history.	(100)			(100)	N as this is a back office saving	N	N
Resources Total			(643)	(595)	(175)	(1,413)			
People Services									
Children's Services									
9	PC01	Children's Placements & Accomodation and other client related spend Continued reduction of cost of placements through frequent tracking panels and step down through Keeping Families Together (KFT) as well as reduction in requirement for placements through KFT prevention of care and reunification. This includes other client related spend and associated legal costs	(831)			(831)	N - this is not a cut to services this is reversal of growth. The needs of young people will be reviewed on a case by case basis	N - this is not a cut to services this is reversal of growth. The needs of young people will be reviewed on a case by case basis	N - this is not a cut to services this is reversal of growth. The needs of young people will be reviewed on a case by case basis
Children's Services total			(831)	-	-	(831)			

Total Savings and Growth - 2019/20 Budget Process							Appendix 1A		
Item No	Unique Reference No.	Headline Description re: saving / reduction	2019-20	2020-21	2021-22	Total	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
			£000	£000	£000	£000			
Community									
12	COM_19.20S01	Review of Libraries Service Review of operational arrangements to revise opening hours of libraries to meet public demand.	(50)	(50)		(100)	Y	N	Y - Public and staff consultation done in September
13	COM_19.20S02	Increase in Planning fees Income Following a 20% national fees increase in early 2018, the income for planning applications is anticipated to increase if the number of applications remains at a similar level. However, this needs to be balanced against the additional costs of running the planning service. For 19/20, the income is supplemented by strategic development coming forward, and greater use of planning performance agreements to manage the planning process. In light of this, it is possible to make a one-off contribution to the MTFS in 19/20 and the projected net additional income is reduced to £50k in 20/21.	(100)	50		(50)	N - It is a national change		
14	COM_19.20S03	Commercialisation of Building Control Service, subject to a business case.	(20)			(20)	N		

Total Savings and Growth - 2019/20 Budget Process							Appendix 1A		
Item No	Unique Reference No.	Headline Description re: saving / reduction	2019-20	2020-21	2021-22	Total	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
			£000	£000	£000	£000			
Growth									
1	RES 2019-20 G1-2	The Housing Benefit Admin Grant reduces annually due to year on year efficiency cuts to DWP funding under SR2007 & SR 2013 efficiency directives re settlements to DWP funding. The DWP efficiency targets in place impact on the HB Admin Grant annually, reducing future grants by approximately 10% cumulatively (7% + 3%). As a minimum we will have a cut of around £100k (although this will not be confirmed until the proceeding December before the new year starts)	100	95	90	285	N	N	N
2	RES 2019-20 G1-3	Growth is required to replace cuts in both DWP Administration grants to the Local Authorities and for overpayments of compensation payments from DWP to Harrow. This is due to both imposed cuts to the LA admin grant by the DWP due to their own savings strategy and due to the fact that as we will administer less cases over time (due to the migration of new cases to Universal Credit), there will be less overpayments and therefore less compensation awarded to Harrow which reduces the income in the revenue budget.			50	50	N	N	N

Total Savings and Growth - 2019/20 Budget Process							Appendix 1A		
Item No	Unique Reference No.	Headline Description re: saving / reduction	2019-20	2020-21	2021-22	Total	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
			£000	£000	£000	£000			
3	RES 2019-20 G1-10	The original reductions in the Communications Budget have not been matched by demand for the service. This proposal would enable the Team to respond to all core requirements, as well as support other communications and marketing activity to help the organisation to make additional savings and also commercial income, by enabling the Council to be fully supported.	300			300	N	N	N
		Resources Total	400	95	140	635			
People Services									
	PC02	Keeping Families Together workers Growth for 3fte KFT workers. These workers are pivotal in further reducing the demand for placements and enabling young people to step down or return home where it is safe to do so. Currently funded by Together With Families grant funding which ceases March 2019. These workers will significantly contribute to further efficiencies/savings/demand management	155			155	N - Equality implications will be considered on a case by case basis	N	N
5	PC05	SEN Case Workers Growth is required for 4fte SEN case workers to manage increased demand for Education Health & Care Plans and to enable the delivery of the SEND strategy to reduce spend on SEND.	160			160	N - Equality implications will be considered on a case by case basis	N	N

Total Savings and Growth - 2019/20 Budget Process							Appendix 1A		
Item No	Unique Reference No.	Headline Description re: saving / reduction	2019-20	2020-21	2021-22	Total	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
			£000	£000	£000	£000			
		Children's Total	315	-	-	315			
Adult									
6		<p>Growth in the transition budget and Personal Budgets over the next 3 years which will increase the transitions budget by a total of £1.4m and Personal Budgets by £1.218m.</p> <p>'Growth 2019-20. This relates to £650k for transitions funding (additional 24pa) and £345k for personal budgets (additional 1 per week).</p> <p>Growth 2020-21. This relates to £450k for transitions funding (based on further 15) and £521k personal budgets (assumes a further 1 new PB every other week in addition to the 2019/20 increase)</p> <p>Growth 2021-22 - this relates to £300k for transitions (assumes additional 10 pa) and £352k for Personal Budgets (a further 1 new PB every other week)</p>	995	971	652	2,618	N	N	N
		People Total	1,310	971	652	2,933			
		Directorate's Total	1,710	1,066	792	3,568			

Total Savings and Growth - 2019/20 Budget Process							Appendix 1A		
Item No	Unique Reference No.	Headline Description re: saving / reduction	2019-20	2020-21	2021-22	Total	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
			£000	£000	£000	£000			
Corporate									
7		Capital Financing costs associated with the capital investment of the redevelopment of the Vernon Lodge and Atkins House site	221	140	244	605	N	N	N
8		Capital Financing costs associated with the additional capital investment of the redevelopment of the Central Depot site.	65	190	-	255	N	N	N
		Corporate Total (financing Cost)	286	330	244	860			
		Growth Total	1,996	1,396	1,036	4,428			
		Net Savings/Growth	222	248	218	688			

Savings and Growth Savings 2017/18 and 2018/19 MTFS							Appendix 1B		
Item No	Unique Reference No.	Specific Service Area	Headline Description	2019/20	2020/21	Total	EQIA Required and in file Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
				£000	£000	£000			
Resources									
1	RES_01	Customer Services and IT	Increase Helpline Income Developing a robust multi-channel marketing plan to build the brand and promote the Helpline service to generated additional income through the existing service.	100		100	N	Y	N
2	Res 18.19 01	Customer Services	Review of Postal Process - the post room will sort in bound post but services will need to collect post from the Post Room. The post room will frank and send post out but services will be responsible for delivering mail to post room.	30		30	Y	Y	Y
3	RES_16	Strategic Commissioning	VCS funding - This saving reduces community grants and transfer funding from the emergency relief fund, to support the information and advice strategy as the December cabinet report.	50		50	Y	Y	Y- separate report to December 2016 Cabinet
			Resources Total	180	-	180			
People Services									
Adults									
4	PA05	Adult Social Care	Adult Services - Home In Harrow	1,251	-	1,251	Y	N	Y
			Total Adults	1,251	-	1,251			

Savings and Growth Savings 2017/18 and 2018/19 MTFS							Appendix 1B		
Item No	Unique Reference No.	Specific Service Area	Headline Description	2019/20	2020/21	Total	EQIA Required and in file Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
				£000	£000	£000			
Children's Services									
5	PC28	Cross Service	Non-pay inflation	150		150	N	N	N
			Total Children's Services	150	-	150			
			People Services Total	1,401	-	1,401			
Community									
Community and Culture									
6	COM	Commissioning & Commercial	Income from expansion of Central Depot	246	681	927	Y	N	N
7	COM_S12	Environment & Culture	Route Optimisation on food waste collection This saving is predicated on the availability of a food waste transfer facility in a closer proximity. The latest update from West London Waste Authority is that the new facility is unlikely to be ready and in operation until Oct 2018, which means route optimisation is delayed to achieve cost efficiencies.	75		75	Y	N	N

Savings and Growth Savings 2017/18 and 2018/19 MTFS							Appendix 1B		
Item No	Unique Reference No.	Specific Service Area	Headline Description	2019/20	2020/21	Total	EQIA Required and in file Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
				£000	£000	£000			
8	CC_2	Environment & Culture	Library Strategy Phase 2 - delivery of network of libraries and library regeneration The original saving relates to the relocation of Gayton Library and Wealdstone Library. The new town centre library that replaces Gayton Library will be built by the developer as part of the redevelopment of 51 College Road. The latest timescale suggests that the new library will become operational no later than March 2020. Therefore the saving relating to Gayton Library (£159k) needs to be re-profiled to 2020/21 at the earliest. Wealdstone Library is likely to remain in Wealdstone Centre, and therefore the saving of £50k will not be achieved.		159	159	Y	N	Y
9	COM18.19_S03	Environment & Culture - Waste Services	Changes to the Household Recycle & Reuse Centre (HRRC) at Forward Drive 1. Restrict access for non residents to HRRC by introducing a charging regime for non residents. 2. Introduce charges for non household waste (e.g. building waste) deposited at HRRC by residents / non residents 3. Upgrade trade waste controls	20		20	Y	N	Y

Savings and Growth Savings 2017/18 and 2018/19 MTFS							Appendix 1B		
Item No	Unique Reference No.	Specific Service Area	Headline Description	2019/20	2020/21	Total	EQIA Required and in file Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
				£000	£000	£000			
10	COM18.19_S04	Environment & Culture - Harrow Arts Centre	Reduce subsidy to the arts centre	150	137	287	Y	N	Y
11	COM18.19_S05	Environment & Culture - Waste Services	Waste Services Review - implementing waste management strategy to include the following: 1. Introduction of food / dry recycling in Flats 2. Review collection regime and resources Total target saving of £500k, subject to detailed proposals to be developed as part of Waste Review and requisite Cabinet approval. One-off implementation costs anticipated and estimated at £150k, leading to a net saving of £350k in 19/20 and £150k in 20/21.	500		500	Y	N	Y
12	COM18.19_S07	Commissioning & Commercial - Contracts Management	Savings from contract re-procurement	250		250	N	N	N
13	COM18.19_S10	Commissioning & Commercial Division	Phoenix projects - Indicative net saving from the commercialisation of CCTV operations, subject to a business case.	200		200	Y	N	Y
			Total Commissioning, Environment and Culture	1,441	977	2,418			
						-			

Savings and Growth Savings 2017/18 and 2018/19 MTFS							Appendix 1B		
Item No	Unique Reference No.	Specific Service Area	Headline Description	2019/20	2020/21	Total	EQIA Required and in file Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
				£000	£000	£000			
Housing						-			
14	COM_G05.3	Housing	Homelessness - Extension of Property Purchase Initiative (Additional 50 homes) - Purchase of a further 50 homes for use as TA to reduce pressure on B&B.	225		225	N	N	N
15	COM_G05.3	Housing	Reversal - 'Homelessness - Extension of Property Purchase Initiative (Additional 50 homes) -The initiatives were included in the MTFS on the basis there would be a net saving against the B & B accommodation budget as a result of moving residents from B & B accommodation into the 150 homes. The savings against the B & B budget were originally intended to cover the capital financing costs incurred to purchase the properties and still make a positive contribution to the MTFS. However as a result of increased demand across the housing needs budget and the impact of the Homelessness Reduction Act, achieving a net saving against the B & B accommodation budget is no longer viable. In terms of the 50 homes, a gross saving of £948k is included in the MTFS. Capital financing costs are assumed at £573k leaving a net contribution to the MTFS of £375k	153		153	N	N	N
16	CH_9	HGF	Property purchase initiative - net benefit to Council of proposals to purchase 100 homes, per Cabinet report appendix. Homelessness savings are part of the equation.	42		42	N	N	N

Savings and Growth Savings 2017/18 and 2018/19 MTFS							Appendix 1B		
Item No	Unique Reference No.	Specific Service Area	Headline Description	2019/20	2020/21	Total	EQIA Required and in file Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
				£000	£000	£000			
17	CH_9	HGF	Additional income - 'Property purchase initiative - net benefit to Council of proposals to purchase 100 homes, per Cabinet report appendix. Homelessness savings are part of the equation.	(4)		(4)	N	N	N
18	CH_9	HGF	Reversal - 'Property purchase initiative - proposal to purchase 100 homes. - The initiatives were included in the MTFS on the basis there would be a net saving against the B & B accommodation budget as a result of moving residents from B & B accommodation into the 150 homes. The savings against the B & B budget were originally intended to cover the capital financing costs incurred to purchase the properties and still make a positive contribution to the MTFS. However as a result of increased demand across the housing needs budget and the impact of the Homelessness Reduction Act, achieving a net saving against the B & B accommodation budget is no longer viable. In terms of the 100 homes a gross saving of £1.192m is built into the MTFS. £435k of this can be achieved through additional rental income leaving £757k non achievable which is now being reversed out of the budget, £736k in 2018/19 and £21k in 2019/20.	(21)		(21)	N	N	N
			Total Housing	395	-	395			
			Community Total	1,836	977	2,813			
			Total Net Savings	3,417	977	4,394			

Savings and Growth Savings 2017/18 and 2018/19 MTFS							Appendix 1B		
Item No	Unique Reference No.	Specific Service Area	Headline Description	2019/20 £000	2020/21 £000	Total £000	EQIA Required and in file Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed

Growth									
1		Legal Services	Due to significantly increased demand upon the legal service from the across the organisation caused by increased child protection, adult safeguarding, regeneration, commercialisation and environmental protection activities growth of £530k is required from 2018/19. This pressure can be contained within current resources for 2018/19 but has been built into the MTFS in 2019/20	(530)		(530)	N	N	N
			Resources Total	(530)	0	(530)			
2	PA01	Adult Services	Growth to reflect existing demands in Adult Social Care and to reflect anticipated demographic pressures in 2018/19		90	90	N	N	N
3	Adults	Adults	Growth - reinstatement of an operational budget for The Bridge to be phased out over a three year period so that by 2020/21, the service can be provided at nil cost.	90		90	N	N	N
			Adult's Total	90	90	180			

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

MEDIUM TERM FINANCIAL STRATEGY 2019/20 to 2020/21

	2019/20	2020/21	2021/22
	£000	£000	£000
Budget Requirement Brought Forward	168,917	168,780	167,760
Corporate & Technical	2,598	13,257	9,125
People	-1,012	881	652
Community	-2,116	-1,505	-643
Resources & Commercial	107	-500	-35
Corporate Growth - capital financing	286	330	244
Total	-137	12,463	9,343
FUNDING GAP	0	-13,483	-9,343
Total Change in Budget Requirement	-137	-1,020	0
Revised Budget Requirement	168,780	167,760	167,760
Collection Fund Deficit/-surplus	-2200		
Revenue Support Grant	-1,560	0	0
Top Up	-22,245	-21,977	-21,977
Retained Non Domestic Rates	-16,480	-16,975	-16,975
Amount to be raised from Council Tax	126,295	128,808	128,808
Council Tax at Band D	£1,464.29	£1,493.43	£1,493.43
Increase in Council Tax (%)	4.99%	1.99%	0.00%
Tax Base	86,250	86,250	86,250
Collection rate	98.00%	98.00%	98.00%
Gross Tax Base	87,700	87,700	87,700

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

TECHNICAL BUDGET CHANGES			
	2019/20	2020/21	2021/22
	£000	£000	£000
Capital and Investment			
Capital financing costs and investment income			
Increased Minimum Revenue Provision costs of the capital programme and interest on balances changes	4856		
One off MRP underspend	4000		
On going MRP underspend			
25%reduction	-355	-45	0
Reductions following review of capital bids in December	-816		
Application of Capital Receipts to reduce borrowing costs	350		
Capital Investment reversed		500	0
Capital Financing costs increasing 2020/21 for depot 2018/19 implications in 2021/22		681	0
Use of Regen MRP Provision 2019/20	-1000	1000	
Use of Regen MRP Provision 2020/21		-1000	1000
Total Capital and Investment Changes	7,035	1,136	2,900
Grant Changes			
New Homes Bonus			
Estimated Grant changes	1000	940	0
Additional New Homes Bonus - December 2017 Settlement	353		
New Homes Bonus 2018	-962	300	
Better Care Fund			
<i>Estimated additional grant announced Dec 2017</i>	24	33	0
Improved Better Care Fund 2018/19 one off grant assumed	4643	0	0
Improved Better Care Fund 2019/20 one off grant assumed	-5467	5467	0
Assumed BCF continues beyond 2019/20 on permanent basis		-5,467	
Education Support Grant.			
Projected reduction in grant received	144	0	0
New NNDR Multiplier Inflation compensation grant	-399	1194	0
Section 31 Grant	-500	500	
Business Rates Pool 2018/19	-3779	3779	
Business Rates Pool 2019/20		-2625	2625
Public Health Grant Reduction	487		
Removal of budget to fund PH Grant reduction	-487		
Total Grant Changes	-4,943	4,121	2,625
Other Technical Changes			
Freedom Pass Levy increase. Cost of Freedom passes charged to Harrow by Transport for London		500	0
Amendment 2016/17 review - extension to 2019/20	414		
Budget planning contingency.	-2,000	2,000	
One off use from 2018/19	-2,200	2,200	
<i>corporate adjustment</i>	-108		
Total Other Technical Changes	-3,894	4,700	0

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

TECHNICAL BUDGET CHANGES			
	2019/20	2020/21	2021/22
	£000	£000	£000
Pay and Inflation			
Pay Award @ 2% pa	2,300	2,000	2,000
Employer's Pension Contributions lump sum increases agreed with actuary			
Required to reduce the pension deficit	700		
Inflation on goods and services @ 1.3% p.a.	0	500	1100
Total Pay and Price Inflation	3,000	2,500	3,100
OTHER			
Gayton Road Income	-500	0	500
Estimated Directorate Growth		0	0
Capital Receipts Flexibility	2700		
Capital Receipts Flexibility	-800	800	0
Total Corporate & Technical	2,598	13,257	9,125

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

PEOPLE DIRECTORATE			
	2019/20	2020/21	2021/22
	£000	£000	£000
Children & Families			
Proposed Savings - see appendix 1a	-831	0	0
Proposed Growth - see appendix 1a	315	0	0
Proposed Savings - see appendix 1b	-150	0	0
Sub total Children & Families	-666	0	0
Adults			
Proposed Savings - see appendix 1a	0	0	0
Proposed Growth - see appendix 1a	995	971	652
Proposed Savings - see appendix 1b	-1,251	0	0
Proposed Growth - see appendix 1b	-90	-90	0
Sub total Adults	-346	881	652
Public Health			
Proposed Savings - see appendix 1a	0	0	0
Proposed Growth - see appendix 1a			
Proposed Savings - see appendix 1b	0	0	0
Sub total Public Health	0	0	0
Total People Directorate	-1,012	881	652

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

COMMUNITY			
	2019/20	2020/21	2021/22
	£000	£000	£000
Community and Culture			
Proposed Savings - see appendix 1a	-300	-553	-643
Proposed Growth - see appendix 1a	0	0	0
Proposed Growth - see appendix 1b	-1,441	-977	0
Proposed Savings - see appendix 1b	20	25	0
Sub total Environmental Services	-1,721	-1,505	-643
Housing - General Fund			
Proposed Savings - see appendix 1a	0	0	0
Proposed Growth - see appendix 1a	0	0	0
Proposed Savings - see appendix 1b	-395	0	0
Sub total Housing General Fund	-395	0	0
Total Community	-2,116	-1,505	-643

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

RESOURCES & COMMERCIAL			
	2019/20	2020/21	2021/22
	£000	£000	£000
Resources & Commercial			
Proposed Savings - see appendix 1a	-643	-595	-175
Proposed Growth - see appendix 1a	400	95	140
Proposed Savings - see appendix 1b	-180	0	0
Proposed Growth - see appendix 1b	530	0	
Total Resources & Commercial	107	-500	-35

Introduction

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

School Funding for 2019-20

2. In 2018-19 the government introduced a new National Funding Formula (NFF) for Schools, High Needs and the Central Schools Services Block. For the Schools Block this meant that LAs are funded on the basis of the total of the national funding formula for all schools, academies and free schools in its area. However the final formula for distribution is determined by each Council following consultation with schools and Schools Forums.
3. This will be a transitional NFF in up to 2021. This means that LAs will be funded on the basis of the aggregate of the NFF for all schools, academies and free schools in its area but the final formula for distribution will be determined by each LA, subject to prescribed limits, following consultation with schools and Schools Forums.
4. The LA carried out a consultation in Autumn 2017 which sought views on whether the LA should continue to use the Harrow Schools Funding Formula or introduce the National Funding Formula from 2018-19. 76% of schools responded to the consultation and 89% voted in favour of introducing the National Funding Formula from 2018-19. This was approved by Cabinet in February 2018 and school budgets were set for 2018-19 based on the National Funding Formula.
5. There are no proposed changes to the structure of the formula for 2019-20.
6. In 2021 the Government intends to implement the NFF formula in full which means that school allocations will be determined by the DfE rather than LAs. This is a year later than originally planned.

Table 1 – Funding Formula Factors

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

7. The NFF maximises the proportion of funding allocated to pupil-led factors compared to the current system and increases the total spend on the additional needs factors in the NFF. Whilst the base factor rates are standard across the country LAs will receive an Area Cost Adjustment (ACA) to recognise the higher salary costs faced by some schools especially in London. This uses the hybrid ACA methodology which takes into account variation in both general and teaching labour markets.
8. All the funding in the schools block has to be passed to schools apart from some limited flexibility which allows local authorities to transfer up to 0.5% of the schools block funding into another block with the approval of schools forum following consultation with all local maintained schools and academies.

Transitional Protection

9. The NFF builds in an overall funding floor so that no school would face a reduction of more than 3% per pupil (over two years) as a result of the NFF. LAs may also set a minimum funding guarantee for schools between plus 0.5% and minus 1.5% per pupil. This is subject to consultation but the level the LA will set will ultimately depend on the overall affordability of the formula.

Consultation

10. The LA undertook a consultation with all schools, academies and free schools in Harrow to seek views on aspects of school funding for 2019-20. The consultation closed on Friday 19th October 2018. There was a 44% (26/59 schools) response rate.
11. The full outcome of the consultation, proposed final funding formula and final DSG allocations will be reported to Cabinet in February 2019 for approval.

Central Services

12. The Central Services Block funds the following services:
 - Co-ordinated Admissions
 - Servicing of Schools Forum

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

Additional Class Funding

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

High Needs Funding

14. High Needs funding is designed to support a continuum of provision for pupils and students with special educational needs (SEN), learning difficulties and disabilities, from their early years to age 25. The following are funded from the High Needs Block:
- Harrow special schools & special academies
 - Additional resourced provision in Harrow mainstream schools & academies
 - Places in out of borough special schools and independent special schools
 - Education Health & Care Plans (EHCPs) in mainstream schools & academies
 - Post 16 SEN expenditure including Further Education settings
 - SEN Support services and support for inclusion
 - Alternative provision including Pupil Referral Units and Education Other than at school
15. The Government introduced a National Funding Formula for High Needs from 2018-19. High Needs funding has previously been based on historical allocations plus small annual amounts of growth. In order to manage increasing growth for demand and complexity annual funding transfers from the schools block into the high needs block have been approved by Schools Forum.
16. In 2018-19 the schools block is ring-fenced and transfers to the High Needs block are limited to 0.5% of the overall Schools Block. For Harrow this equates to around £850k. This decision is still the responsibility of Schools Forum and Schools Forum agreed to the transfer in 2018-19.
17. Table 2 shows the formula factors for the high needs NFF.

Table 2 – High Needs National Funding Formula Factors

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

18. The implication for Harrow is that there is a shortfall in funding compared with the 2017-18 budget of approximately £2.9m. This is because there was an overall shortfall in the DSG in 2017-18 which was funded by the use of a schools brought forward contingency. This means that the funding baseline on which 50% of the allocation in 2018-19 is based is lower than the actual budget available to spend in 2017-18. Schools Forum agreed in November 2018 to fund the 2018-19 deficit from remaining schools forum reserve. The pressure on the High Needs Block in 2018-19 estimated at £2.1m
19. Under the revised regulations the LA is still permitted to transfer 0.5% of the overall Schools Block into the High Needs Block for 2019-20. This is subject to Schools Forum approval. In November 2018 Schools Forum, informed by the outcome of the consultation with local maintained schools and academies, did not agree a transfer from the Schools Block to the High Needs Block for 2019-20. The LA will therefore make an application to the Secretary of State to override the Schools Forum decision.
20. The DfE guidance states that at the end of the financial year the central expenditure element of the schools budget may be under or overspent. If the local authority overspends on the central expenditure component of the schools budget there are three options:
 - 1) The local authority may decide to fund all the overspend from its general resources in the year in question;
 - 2) The local authority may decide to fund part of the overspend from its general resources in the year in question and carry forward part to the schools budget in the next or subsequent year; or
 - 3) The local authority may decide not to fund any of the overspend from its general resources in the year in question and to carry forward all the overspend to the schools budget in the next or subsequent year.
21. Where a local authority decides it wishes to carry all or some of the overspend forward it needs to obtain the consent of the schools forum, or failing that the Secretary of State, to fund this deficit from the schools budget.
22. Once the final DSG allocations are announced in December 2018 the LA will be in a better position to understand any financial implications for future years. In the meantime the LA will continue to drive down costs and improve efficiencies to minimise future pressures. The DfE is currently consulting on the treatment of DSG deficits in local authority accounts.

Early Years Funding

23. Funding for Early Years relates to free 15 hour nursery entitlement for all 3 and 4 year olds in maintained nurseries and nursery classes as well as private, voluntary and independent providers (PVI). From September 2017 this was extended to 30 hour nursery entitlement for eligible 3 and 4 year olds. It also funds free 15 hour nursery entitlement for disadvantage 2 year olds.
24. A national funding formula for Early Years was introduced in 2017-18. Cabinet approved the structure of the Harrow formula for the distribution of funding to providers in January

2018. At this stage there are no proposed changes in respect of Early Years funding for 2019-20.

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Draft Public Health Funding 2019-20

Appendix 4

Mandatory Services	£000	
Sexual Health (incl Family Plannin	2,642	
0-19 Services	3,536	
Health Checks	<u>175</u>	
		6,353
Discretionary Services		
Drug & Alcohol Misuse	1,946	1,946
Staffing & Support Costs		
Staffing	603	
Non-Staffing	37	
Overheads	<u>163</u>	
		803
Health Improvement	38	
Wider Determinants of Health	<u>1,651</u>	
		<u>1,689</u>
Total Expenditure		<u><u>10,791</u></u>
Funded by		
Contribution from PH Reserve	-270	
Department of Health Grant	<u>-10,521</u>	
Total Income		<u><u>-10,791</u></u>

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