

# Performance and Finance Scrutiny Sub-Committee AGENDA

**DATE:** Thursday 13 December 2018

**TIME:** 7.30 pm

**VENUE:** Committee Room 5, Harrow Civic Centre

## **MEMBERSHIP** (Quorum 3)

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**Chair:** Councillor Ghazanfar Ali

### **Councillors:**

Jeff Anderson  
Ajay Maru

Nitesh Hirani  
Pritesh Patel (VC)

### **Reserve Members:**

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1. David Perry
2. Dean Gilligan
3. Primesh Patel

1. Ameet Jogia
2. Amir Moshenson

**Contact:** Manize Talukdar, Democratic Services Officer

Tel: 020 8424 1323 E-mail: [manize.talukdar@harrow.gov.uk](mailto:manize.talukdar@harrow.gov.uk)

## **Useful Information**

### **Meeting details:**

This meeting is open to the press and public.

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

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

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

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

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

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

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**Agenda publication date: 4 December 2018**

# AGENDA - PART I

## 1. ATTENDANCE BY RESERVE MEMBERS

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

Reserve Members may attend meetings:-

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

## 2. DECLARATIONS OF INTEREST

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

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

## 3. MINUTES (Pages 5 - 10)

That the minutes of the meeting held on 13 July 2018 be taken as read and signed as a correct record.

## 4. PUBLIC QUESTIONS \*

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

Questions will be asked in the order 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, Monday 10 December 2018. Questions should be sent to [publicquestions@harrow.gov.uk](mailto:publicquestions@harrow.gov.uk)**

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

## 5. PETITIONS

To receive petitions (if any) submitted by members of the public/Councillors under the provisions of Committee Procedure Rule 15 (Part 4B of the Constitution).

## 6. REFERENCES FROM COUNCIL AND OTHER COMMITTEES/PANELS

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

## 7. DRAFT CAPITAL PROGRAMME 2019/20 TO 2020/21 (Pages 11 - 42)

Report of the Director of Finance.

**8. DRAFT REVENUE BUDGET 2019/20 AND MEDIUM TERM FINANCIAL STRATEGY 2019/20 TO 2021/22 (Pages 43 - 94)**

Report of the Director of Finance.

**9. REVENUE AND CAPITAL MONITORING 2018/19 - AS AT QUARTER 2 (30TH SEPTEMBER 2018) (Pages 95 - 150)**

Report of the Director of Finance.

**10. ANY OTHER BUSINESS**

Which cannot otherwise be dealt with.

**11. EXCLUSION OF THE PRESS & PUBLIC**

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

<u>Agenda Item No</u>	<u>Title</u>	<u>Description of Exempt Information</u>
9.	Appendix 5 - Revenue and Capital Monitoring 2018/19 - as at Quarter 2 (30th September 2018)	On the grounds that it contains "exempt information" under paragraph 3 of Part I of Schedule 12A to the Local Government Act 1972 (as amended) in that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information

**AGENDA - PART II - NIL**

**12. REVENUE AND CAPITAL MONITORING 2018/19 - AS AT QUARTER 2 (30TH SEPTEMBER 2018)\_ (Pages 151 - 154)**

**\* 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.]

# PERFORMANCE AND FINANCE SCRUTINY SUB-COMMITTEE MINUTES

## 23 JULY 2018

**Chair:** \* Councillor Ghazanfar Ali

**Councillors:** Jeff Anderson \* Ajay Maru  
\* Nitesh Hirani \* Pritesh Patel

\* Denotes Member present

### 1. Attendance by Reserve Members

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

### 2. Declarations of Interest

**RESOLVED:** To note that there were no declarations of interests made by Members.

### 3. Appointment of Vice Chair

**RESOLVED:** To appoint Pritesh Patel as Vice-Chair of the Sub-Committee for the 2018/19 Municipal Year.

### 4. Minutes

**RESOLVED:** That the minutes of the meeting held on 19 March 2018 be taken as read and signed as a correct record.

### 5. Public Questions

**RESOLVED:** To note that no public questions, petitions or deputations were received.

## 6. References from Council and Other Committees/Panels

**RESOLVED:** To note the Reference from Cabinet.

## RESOLVED ITEMS

## 7. Equalities Annual Report 2018/19

The Sub-Committee received a report of the Divisional Director, Strategic Commissioning which set out the Council's performance and work towards advancing equality of opportunity and the equality of service provision.

Members asked the following questions and officers provided the following responses:

- Had the 100 homes property acquisition programme received approval?

The Director of Finance advised that the properties had been purchased and that the business case for the acquisition of an additional 50 homes was being drafted.

- Were there plans to include the issue of Communities and Regeneration into the annual Scrutiny work programme?

An officer stated that the work programme was being re-drafted and updated and this issue would be included. During a recent visit to the Council, a representative from the Ministry of Housing, Communities and Local Government had looked at the impact of transient, migrant populations on areas such as council services, HMOs (House of Multiple Occupation) enforcement notices, fly tipping, rough sleeping and community cohesion. The MHCLG had issued a Green Paper on Communities and Harrow had provided a response to this. Both the Council and MHCLG were committed to tackling these issues and there were pots of funding available this year to this end. Harrow would be putting in a bid for this.

The Chair expressed concern that the figures for the number of women taking up apprenticeships and vocational training was significantly lower than that for men. An officer advised that this may be because the apprenticeship programmes were largely focussed on the construction industry. However, the Council would work to increase the number of female participants in those programmes.

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

## 8. **INFORMATION REPORTS: Revenue and Capital Outturn 2017/18 & 2018-19 Revenue Monitoring as at 31st May 2018 (Submitted at Cabinet on 12.7.2018)**

The Sub-Committee considered the following reports of the Director of Finance: Revenue and Capital Outturn 2017/18 report to Cabinet 21 June 2018 and 2018-19 Revenue Monitoring as at 31<sup>st</sup> May 2018 - Report to Cabinet 12 July 2018.

Members asked the following questions and officers responded accordingly:

- Following on from Q1, how has such a large projected overspend (Adult Services) figure been reached so quickly. £2.521 vs £2.072 previously. Does this indicate a weakness in the budget setting process?

The Director of Finance advised that the £2.4m figure in 2017/18 related to People Services (this had included both Children and Adults), whereas in 2018/19 the figures related to Adults only. The projected overspend was due to increasing demand for Adult services, and the increased complexity and unpredictability of that demand.

- Underspends of £7.476M were shown in the Corporate Budgets and additional income. These budgets are now showing a balanced position. Where has the difference in these figures been allocated to in the budget?

The Director of Finance stated that, on the whole, Corporate budgets would not be forecast as underspends. The interest on borrowing, costs on levies and pay inflation were forecast to be spent at this stage in the year. It would be unusual to forecast Corporate budgets accurately so early on in the financial year and this was the reason for the discrepancies in the two sets of figures.

- a) Why are the figures in Table 5 not reflected in Table 1 to represent a total view of the Revenue Budget?
- b) What is the total figure for the Contingency and Reserves based on Table 5?
- c) How much of a concern is the Central Contingency forecast so early in the year and is it a forecast which can reasonably be expected to reduce as the year goes on?

The Director of Finance stated that the three year MTFS which was set in February 2018 would be updated and reported to Cabinet in December 2018. The Council was obliged to set a balanced budget in year 1 (2018/19) and the only process for changing this was through the virement process and for this to be subsequently reported to Cabinet. The final budget report was set out in tables in order to show all the adjustments that had been made. Table 1 set out the ongoing Revenue budget. Reserves on contingencies tended to

be one-off pots of money (which were replenished as and when required), and as they were not allocated to a specific year they could be carried forward.

Members stated that the term 'Revised' Budget could cause confusion and that in the interests of clarity and transparency, future reports should be set out so that it would be easier to track progress. For example, why could the earmarked contingencies not be included in table 1 as this would provide a clearer overall picture of the current financial position.

The Director of Finance undertook to ensure that the tables in future reports were more comprehensive and clarified the above issues raised by Members.

- Spending Control Freeze
  - a) Is the £0.6M in section 2.10 Adult Services, for mitigating actions different in nature from the spending controls in other directorates in Table 6? If so, how?
  - b) Has any areas for spending controls already been identified and has any implementation started? In general, how soon does all that need to happen for the £1.1M figure to be realised?
- How seriously would you rate that risk currently? Are there any specific maintenance or improvement schemes which have already been scrapped?

The Portfolio Holder for Housing responded that robust monitoring of the risks associated with the Housing Revenue Account would be crucial in closing the £1.8m projected gap. This was being done through cost reduction and income generation measures, for example, the 100 homes initiative. He added that following the Grenfell Tower tragedy in 2017, many leaseholders and tenants had raised a number of health and safety concerns regarding their properties. Consequently, an extensive safety audit focussed on identifying hazards was ongoing. No projects had been postponed, but a number of them had been re-programmed and the programme of repairs and replacement was ongoing.

The Director of Finance added that there was a 3-year rolling programme of works relating to the Housing stock.

- Depending on the outcome of the Business Plan review, what is the range of projected numbers of new properties that could be affected during each of the next 4 years? Were grants received dependant on receiving planning permission?

The Portfolio Holder for Housing stated that the Grange Farm scheme comprised some 750 properties which were offered under a mixture of tenures. The Council's Homes for Harrow programme would see an additional 500 properties on its books. In the meanwhile, the Council would continue to lobby Central Government regarding how the Council used its right to buy receipts. He added that the Mayor of London had recently



launched a new Housing scheme and Harrow had successfully bid for funding from this. The Housing Regeneration Team worked closely with planning officers for early identification of any issues relating to proposed schemes and would take appropriate action to ensure that the schemes received planning permission.

- What arrangements had been made to relocate Grange Farm tenants?

The Portfolio Holder for Housing advised that some tenants had accepted new tenancies and around 140 of them had been accommodated in vacant properties on a temporary basis.

- With regard to technical and Corporate Adjustments, the table showed that these to be in a balanced position?
- There seems to be a significant change in figures in Table 1 from the report presented at Cabinet 21st June 2018 to the current Table 1, 2018-19 Revenue Monitoring report as at 31st May 2018.
- Why has the baseline i.e. the revised budget changed so significantly over a period of 2 months? Recommend that baselines should not change, as this negates any meaningful comparisons in order to manage and track progress according to initial estimates and plans. The forecast can change, but the baseline should remain until the end of the period for which the budget process was considered i.e. 3 MTFS.
- Was the 3-year MTFS rigidly applied?

The Director of Finance stated that the 3-year budget included any grant funding and proposed investments. The Portfolio Holder Finance stated that any new proposals for savings would mean changes being made to the MTFS, for example, £1.5m saving had been applied to the Addiction Service in 2015 after the budget had been set. He added that the funds in the Revenue Contingency were earmarked for specific purposes. The Director of Finance added that the annual contingency was included in the figures related to Corporate items. If there were no calls on the contingency funds, then at year end any underspend would be added to the budget planning reserve.

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

(Note: The meeting, having commenced at 7.30 pm, closed at 8.20 pm).

(Signed) COUNCILLOR GHAZANFAR ALI  
Chair

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**REPORT FOR: CABINET**

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<b>Date of Meeting:</b>	6 December 2018
<b>Subject:</b>	Draft Capital Programme 2019/20 to 2020/21
<b>Key Decision:</b>	Yes Involves expenditure in excess of £1m
<b>Responsible Officer:</b>	Dawn Calvert, Director of Finance
<b>Portfolio Holder:</b>	Councillor Adam Swersky, Portfolio Holder for Finance and Resources
<b>Exempt:</b>	No
<b>Decision subject to Call-in:</b>	Yes
<b>Wards affected:</b>	All
<b>Enclosures:</b>	Appendix 1 – Draft New proposals for Capital Programme 2019/20 to 2020/21  Appendix 2 – Existing Capital Programme for 2018/19 to 2020/21

## Section 1 – Summary and Recommendations

This report sets out the new draft General Fund capital programme proposals which have been proposed as part of the 2019/20 budget process and also sets out budgets within the existing Capital Programme between 2018/19 and 2020/21 and requests agreement to the principle of reviewing the Capital Programme for the periods 2019/20 to 2020/21.

### Recommendations:

1. Cabinet is requested to note the new draft capital proposals, as detailed within Appendix 1, which will be brought back to Cabinet in February for approval.
2. Cabinet is requested to note the existing Capital programme for 2018/19 to 2020/21, within Appendix 2, with 2019/20 and 2020/21 being brought back to Cabinet in February for approval.
3. Cabinet is asked to agree that the existing Capital Programme for 2019/20 to 2020/21 and new proposals for the Capital Programme (Appendix 1) are reviewed in line with the principles set out in paragraph 18.
4. Cabinet is asked to agree that CIL funding should be applied firstly to schemes in the existing capital programme as set out in paragraph 26.

The final version of the Capital Programme 2019/20 to 2020/21 will be brought back to Cabinet in February for recommendation to Council in February.

**Reason:** To enable the Council to have an approved Capital Programme for 2019/20 to 2020/21.

## Section 2 – Report

### Development of the Capital Programme

1. Traditionally, the purpose of this draft Capital Programme report is to do the following:
  - Set out the Council's draft additional capital proposals for investment over the next three years 2019/20 to 2021/22 which have been proposed as part of the 2019/20 annual budget setting process and
  - Review the existing Capital Programme budgets agreed as part of the previous year's budget but which need to be amended in order to reflect revised expenditure plans.
2. However, this year a different approach is recommended which will see the Capital programme being limited to 2 years as far as 2020/21, and

also to undertake a review of the new and existing proposals in light of the Council's challenging financial position (paragraphs 14 to 18).

3. The final Capital Programme report which will be presented to Cabinet in February 2019 and will show the total Capital Programme for 2019/20 to 2020/21 incorporating the new capital proposals as well as the existing capital budgets which may be subject to some re profiling between years.

#### **New Capital proposals 2019/20 to 2020/21**

4. Service directorates were invited to bid for capital resources, as part of their service proposals for 2019/20 to 2021/22. The proposals which have been put forward take into account the council's strategic vision of "Working together to make a difference for Harrow", the Council's priorities and equalities or other statutory duties.
5. In view of the current financial climate and reduced external funding service directorates were asked to limit new capital proposals to the following categories:
  - a. Life and Limb/Health and Safety.
  - b. Statutory Requirement/legislation.
  - c. Schemes fully funded by external sources.
  - d. Invest to Save Schemes (the capital expenditure must generate a revenue stream to cover the capital financing costs and make a savings contribution).

#### **Current cost of the Capital Programme**

6. The 2018/19 revenue budget in respect of the capital financing cost of the existing Capital programme 2018/19 to 2020/21 is £24.6m. This figure of £24.6m will also relate to the cost of historic capital programmes spent prior to 2018/19 but it does **not** include the cost of the proposals at Appendix 1. £24.6m is approximately 15% of the net revenue budget of £168.9m.
7. Although there are no specific limits to borrowing in order to fund capital expenditure, the Council must be prudent when considering the revenue implications in the context of the overall revenue budget commitments in the medium term and the Capital Programme must be affordable.
8. In the current situation where the revenue budget continues to reduce each year, but capital financing costs increase as a result of increasing the capital programme each year, the proportion of the net revenue budget which funds capital financing costs will increase each year.
9. Table 1 below shows the capital financing costs that are already factored into the existing MTFs from 2018/19 to 2021/22 in relation to the existing and historic capital programmes as a proportion of the 2018/19 net revenue budget of £168.9m.

**Table 1 - Capital Financing Costs as % of the Net Revenue Budget**

	Capital Financing Costs	Capital financing costs as % of 2018/19 Net Budget
	£m	%
2018/19	24.6	15%
2019/20	32.6	19%
2020/21	33.8	20%
2021/22	35.7	21%

**New Capital proposals put forward 2019/20 to 2020/21**

10. A schedule of the new proposed projects within the programme for 2019/20 and 2020/21 is detailed in appendix 1 and summarised in Table 2 below:

**Table 2 – Summary new Capital bids 2019/20 to 2020/21**

	2019/20			2020/21			TOTAL		
	Gross Value £000	External Funding £000	Net Value £000	Gross Value £000	External Funding £000	Net Value £000	Gross Bid Value £000	External Funding £000	Net Bid Value £000
<b>Resources and Commercial Directorate</b>	0	0	0	1,000	0	1,000	1,000	0	1,000
<b>People</b>									
<i>Adults</i>	0	0	0	0	0	0	0	0	0
<i>Schools</i>	621	621	0	621	621	0	1,242	1,242	0
<b>Total People's Directorate</b>	621	621	0	621	621	0	1,242	1,242	0
<b>Community</b>									
<i>Environmental Services</i>	19,291	291	19,000	11,991	291	11,700	31,282	582	30,700
<i>Community &amp; Culture</i>	945	95	850	2,210	910	1,300	3,155	1,005	2,150
<i>Housing General Fund</i>	932	0	932	1,037	0	1,037	1,969	0	1,969
<i>Regeneration &amp; Enterprise</i>	2,200	430	1,770	1,000	0	1,000	3,200	430	2,770
<b>Total Community Directorate</b>	23,368	816	22,552	16,238	1,201	15,037	39,606	2,017	37,589
<b>Total General Fund</b>	23,989	1,437	22,552	17,859	1,822	16,037	41,848	3,259	38,589

11. The gross value of the proposed General Fund programme is £41.848m, with external funding of £3.259m and a net increase in the programme of £38.589m.
12. When bids were invited for 2019/20 and 2020/21, it was on the basis that they would be either funded from external funding or generate revenue savings which would as a minimum, cover the capital financing costs so

there would be no net revenue impact to the Council as a result of any additional borrowing required.

13. However, after allowing for those schemes which generate a revenue contribution, those schemes which are externally funded and those schemes which could be funded from Borough CIL, there is a residual capital financing cost from the remaining schemes of £1.194m, which is set out in the table below. There is therefore a question over affordability given the existing budget gaps in the Revenue Budget for 2020/21 and 2021/22 of £13.5m and £9.3m.

**Table 3 - Capital Financing Implications of New Additions**

<b>Capital Financing Costs</b>	<b>Annual costs</b>
	<b>£000</b>
Minimum Revenue Provision (MRP)	2,074
Interest	1,158
Total Capital Financing Costs	3,232
Schemes eligible for CIL	(508)
Invest to save income	(1,530)
<b>Net impact on Revenue Budget</b>	<b>1,194</b>

**Review of the existing Capital Programme and new Proposals**

14. Since inviting Directorates to put forward new capital proposals earlier in the year, the Council is now developing principles for defining what Council services in Harrow should look like given the current budget gaps in the Revenue Budget.
15. Therefore, given that a review of all revenue services will take place and also considering the increasing value of capital financing costs as a proportion of the net revenue budget, it is appropriate to carry out the same review and apply some principles to the existing and new Capital Programme proposals. The aim of this review will be to set a revised affordable Capital Programme with reduced capital financing costs which can contribute towards the existing budget gaps in 2020/21 to 2021/22.
16. Services have put forward capital proposals for 2021/22 in addition to those set out at Appendix 1 for 2019/20 and 2020/21. However, the Capital Programme to be agreed as part of the 2019/20 budget setting will only extend as far as 2020/21, and so **there is no** Capital Programme being put forward for 2021/22 as part of this year's 2019/20 budget setting process.
17. The Capital programme for 2021/22 will be considered as part of the next year's 2020/21 budget setting process.
18. Between now and the Final Capital Programme report being presented to cabinet in February 2019, it is the intention to review the new proposals in Table 1, as well as the existing Capital programme for 2019/20 and

2020/21, and to put forward proposals to cabinet for a 2019/20 to 2020/21 Capital Programme that are aligned with the following principles:

1. Is this capital needed to meet a statutory obligation? Also, is the amount requested the minimum requirement?
  2. Is this capital required to operate safely? Also, is the amount requested the minimum requirement?
  3. Does the capital investment make a net financial contribution to Harrow after accounting for all revenue costs (capital financing costs, implementation costs and any ongoing running costs)?
  4. Does the capital investment generate additional external funding?
  5. Is this capital requirement essential to sustain the organisation? Also, is the amount requested the minimum requirement?
  6. Where a project has already started, can existing contractual arrangements be re-negotiated?
19. The existing Capital Programme for 2018/19 to 2020/21 is set out at Appendix 2 and the 2019/20 and 2020/21 budget will be reviewed in line with the 6 principles set out above:
20. The existing capital programme has been realigned where appropriate for schemes where the original profile of spend has needed amendment, but overall any realigned budgets will total to the same amount, so this is cost neutral in terms of the overall programme. There have also been some other amendments in 2019/20 and 2020/21 as follows:
- An increase in the budget for the expansion of the central depot of £5m in 2020/21. The additional capital financing costs from this additional £5m cost is being financed from additional rental income to be achieved from additional rental and parking spaces.
  - There has been a net reduction in the HRA Capital Programme of £1.086m between 2020/21 and 2021/22. This has no capital financing implications for the general fund as it is entirely financed by the Housing Revenue Account.
  - The most significant amendment to the existing programme relates to the Regeneration Programme which has been amended to reflect a reset of the programme as set out in the table below with further detail set out in the Regeneration report elsewhere on the agenda.

**Table 4 - Revised Regeneration Programme 2019/20 to 2020/21**

	2019/20	2020/21	Total
	£	£	£
<b>Feb 2018 Approved Budget</b>	<b>162,119,729</b>	<b>35,534,010</b>	<b>197,653,739</b>
<b>Reduction</b>	<b>142,426,979</b>	<b>30,340,838</b>	<b>172,767,817</b>
<b>Revised Budget Dec 2018</b>	<b>19,692,750</b>	<b>5,193,173</b>	<b>24,885,923</b>



### Community Infrastructure Levy (CIL) Funding

21. The Community Infrastructure Levy (CIL) enables the council to raise funds for infrastructure from new development. It is levied on the net increase in floor space arising from new developments and is paid when that development starts. The Community Infrastructure Levy (CIL) is a tool for local authorities to support the development of their area by funding the provision, improvement, replacement, operation or maintenance of infrastructure. However the focus of CIL is on the delivery of new infrastructure to meet and mitigate the impacts of new development in an area.
22. CIL receipts can be used to fund a wide range of infrastructure including transport, schools, health and social care facilities, libraries, play areas, green spaces and sports facilities. Harrow's list of strategic infrastructure requirements known as a Regulation 123 list is shown below:

**Regulation 123 List**

The following table comprises Harrow Council's Regulation 123 List. It includes the strategic infrastructure that the Council currently considers it is likely to apply CIL revenues to. The Regulation 123 List will be kept under review and may change depending upon the following:

- Changes to local or national funding streams in respect of CIL eligible infrastructure; and
- The requirements of the regulations governing the level of the "meaningful proportion" of CIL that is to be passed to local communities.

Infrastructure currently considered likely to benefit from the application of CIL funding	
Education facilities	Early years, primary and secondary schools
Health services	GPs, acute healthcare
Social care	Supported accommodation
Emergency services	Police, Ambulance and Fire Services
Cultural and community facilities	Libraries and community halls
Improvements to public open space	Parks, natural green space, civic space and green corridors and green grid
Improvements to biodiversity	
Public recreation and leisure facilities	Neighbourhood and Youth Play space, sports and leisure centres, swimming pools and playing pitches
Cemeteries and burial space	
Strategic transport facilities	Roads, buses, cycling, rail and underground
Strategic flood mitigation	

23. Of all CIL monies collected, 85% is used to fund strategic borough wide infrastructure projects, which includes a 5% allowance to cover the administrative costs of CIL. The decisions on where to spend CIL at a borough-wide level is determined by the Council. The remaining 15% is allocated to Neighbourhood CIL (NCIL) and must be spent on projects that have taken account of the views of the communities in which the income was generated and these projects should support the development of the area.
24. Last year, a report was presented to the Major Development Panel (MDP) on 14<sup>th</sup> November 2017, recommending that the allocation of Borough and Neighbourhood CIL is included as part of the Annual Budget Setting process and included in the Capital Programme report which goes to Cabinet in draft in December (this report) and in February in its final

version. The recommendations from the Major Development Panel (MDP) report were agreed by Cabinet on 7<sup>th</sup> December 2017 and set out the principles as follows:

- (1) *the allocation of the Borough Community Infrastructure Levy (CIL) be included as part of the Annual Budget Setting process and included in the Capital Programme report which is presented to Cabinet every year in December (draft budget) and February (final budget);*
  - (2) *the allocation of the Borough CIL be informed by the Harrow Local Plan, Infrastructure Delivery Plan, Corporate Priorities and external funding opportunities and have regard to the criteria outlined in Section 7 of the report considered by the Major Developments Panel;*
  - (3) *the following approaches to allocating the Neighbourhood CIL be approved:*
    - (i) *allocation of 15% of CIL receipts raised in each Ward back to the respective Ward in which it was generated (except where received from within the geographical definition of the Harrow and Wealdstone Opportunity Area), provided there was no neighbourhood plan for that area (if there was, the amount be 25%).*
    - (ii) *for CIL received within the geographical definition of the Harrow and Wealdstone Opportunity Area, (which was considered to form a neighbourhood), allocation of 15% of CIL receipts into a combined fund to be spent on projects across the entire area, to reflect that the area contained the greater proportion of strategic development sites within the borough.*
    - (iii) *the broad allocation of Neighbourhood CIL be agreed as part of the Capital Programme (based on available funds at the time and allocated as per 3(i) and 3(ii) above), and included in the Capital Programme report which is presented to Cabinet every year in December (draft budget) and February (final budget).*
    - (iv) *Once the broad allocation of NCIL is agreed as part of the Capital Programme, individual projects put forward by the relevant Directorates / Ward Members be assessed against the criteria outlined in section 7 of the MDP report (including the extent of consultation and level of community support), with the final decision on what projects were funded from the agreed CIL allocations being delegated to the Divisional Director of Regeneration and Planning, following consultation with the Portfolio Holders for Regeneration and Planning, and Finance and Commercialisation.*
25. The Borough CIL element will be used to fund the core Capital programme and can be considered as a funding source for new capital bids as well as existing projects in the Capital programme.

26. In addition to the principles already reached on how CIL funding should be used to fund the capital programme, in light of the budget gaps in future years, it is recommended that CIL should be **first** be applied to any schemes in the existing capital programme rather than applying it to new schemes. The rationale for this is that if applied to schemes that are currently funded from borrowing, by funding from CIL instead, this will reduce the existing capital financing costs and therefore improve the existing budget gaps.
27. In terms of the Neighbourhood element of CIL, a sum of £800k was included in the 2018/19 Capital Programme which was in addition to a sum of £200k which was included for 2017/18. This was a general allocation with the intention being that as schemes are agreed, the budget gets reallocated to the individual projects.
28. Specific projects to be funded by Neighbourhood CIL can be put forward by the relevant Directorates / Ward members and assessed against the criteria outlined in the CIL Allocations report agreed by the Major Development Panel in November 2017. The final decision on what projects are funded from the agreed NCIL allocations will be delegated to the Divisional Director – Regeneration and Planning, in consultation with the Portfolio Holders for Regeneration and Planning, and Finance and Commercialisation.
29. The following table sets out the CIL funding received to date plus allocations made to date, including the provisional items that could be funded from CIL from the new Capital bids set out at Appendix 1.

**Table 5 – CIL Funding and Allocations to 30<sup>th</sup> September 2018.**

	CIL Receipt	BCIL	NCIL	Admin
	£	£	£	£
<b>Total receipts up to 31/3/2018</b>	<b>-10,907,800</b>	<b>-8,744,647</b>	<b>-1,635,283</b>	<b>-527,870</b>
<b>18/19 receipts (6 months April - Sept 2018)</b>	<b>-1,630,327</b>	<b>-1,304,261</b>	<b>-244,549</b>	<b>-81,516</b>
<b>Total Receipts as at Sept 2018</b>	<b>-12,538,127</b>	<b>-10,048,909</b>	<b>-1,879,832</b>	<b>-609,386</b>
<b>Allocations made up to 31/3/18</b>	5,021,318	4,800,000	0	221,318
<b>Further Commitments agreed to date</b>	1,604,227	885,000	381,227	338,000
<b>Total Allocations/Commitments to date</b>	<b>6,625,545</b>	<b>5,685,000</b>	<b>381,227</b>	<b>559,318</b>
<b>Available balance</b>	<b>-5,912,582</b>	<b>-4,363,909</b>	<b>-1,498,605</b>	<b>-50,068</b>
Less Capital Programme from new round	4,000,000	4,000,000		
	<b>-1,912,582</b>	<b>-363,909</b>	<b>-1,498,605</b>	<b>-50,068</b>

30. The Allocation of CIL funding to date amounts to £6.625m. £559k of this relates to the 5% administration allowance. After allowing for this a total of £6.066m has been allocated to fund schemes in the Capital Programme as follows:

**Table 6: Schemes funded from CIL to date**

Financial year	Description	BCIL	NCIL	Actual or Committed
		£	£	
2017/18	Highway projects	4,800,000		Actual
2018/19	Headstone Manor (Parks for People)	300,000		Committed
2018/19	Good Growth Fund - Lyon Road project mgt		75,000	Committed
2018/19	Rayners Lane Triangle project	40,000		Committed
2018/19	Rayners Lane Triangle project		297	Committed
2018/19	Rayners Lane Triangle project		6,930	Committed
2018/19	Parks Infrastructure (Playground replacement)	545,000		Committed
2018/19	Wealdstone Square		299,000	Committed
<b>Total CIL Assigned</b>		<b>5,685,000</b>	<b>381,227</b>	

31. After allowing for the allocation of CIL to date, a sum of £4.364m is available as Borough CIL funding and £1.499m for Neighbourhood CIL funding that can be used to fund the new or existing Capital Programme. Having been through the new capital bids presented in Appendix 1, a total of £4m has been identified as being eligible to be funded from BCIL. After applying this sum, £364k of BCIL will be available and £1.499m of NCIL will be available to fund future Capital projects which meet the criteria. The figures in Tables 5 and 6 assume CIL received to 30<sup>th</sup> September 2018 and so will be higher by the 31<sup>st</sup> March 2019 as and when further CIL funding is received.
32. The exercise of reviewing where CIL can be applied to the new capital has been carried in this report to give an idea of what the net capital financing costs would be of the new capital proposals if CIL were applied. The final decision on where CIL funding should be applied will be taken once the review of schemes has been made in line with the core offer principles, because even though schemes can be funded from CIL and therefore are no cost to the Council, they will still be subject to the same review to see how they fit with the principles of the core offer.
33. As CIL becomes available in future years it will be applied as a funding source for the Capital Programme.

#### **Housing Revenue Account (HRA)**

34. The proposed HRA Capital Programme is detailed in a separate report to Cabinet elsewhere on this agenda. Any implications from the HRA Capital Programme are funded from the Housing Revenue Account and do not impact upon the General Fund Budget. The report sets out the detail, but in summary, the HRA general capital programme has been reduced from £8.6m to £5.45m with the focus being on Health & Safety works and

statutory requirements as part of the wider service review aimed as restricting expenditure to essential works only.

#### **Options considered**

35. A number of capital proposals are considered during the budget setting process.

#### **Legal Implications**

36. Under the Financial Regulations paragraph B2 full council is responsible for agreeing the authorities policy framework which are proposed by the cabinet and this includes the capital programme. Under B41 the Director of Finance is responsible for producing an annual capital strategy for Cabinet to recommend to Council.

#### **Financial Implications**

37. Financial matters are integral to the report. The capital financing costs of all capital investment must be provided for within the revenue budget.

#### **Procurement Implications**

38. There are no procurement implications arising from this report.

#### **Performance Issues**

39. The capital programme proposed represents a significant investment by the Council in infrastructure. This will have an impact on a range of performance indicators across the Council's services.
40. Monitoring of the approved programme is ongoing and is essential for good financial management.
41. It is proposed that a performance target is set of 90% of the approved budget to be spent in year. Having approved an investment programme it is important that the programme is then substantially delivered in the planned timeframe, in line with member priorities.

#### **Risk Management Implications**

42. The individual schemes within the programme will either be incorporated within departmental registers or have individual registers. A significant consideration in developing the programme has been the risks arising from not keeping our infrastructure in good order. Not doing so would lead to an increase in health and safety risks and additional costs in replacing assets when they deteriorate too much to repair.

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

43. One of the aims of the Capital Strategy is to ensure the responsible allocation of funding in line with the Council's priorities and legislative requirements such as equalities legislation. Equalities implications form part of the way that the projects are prioritised. The officer's initial views are that no protected group is adversely affected by the proposals. A number of the projects proposed in the programme will require full Equality Impact Assessments before they commence. Following consultation the impact will be further reviewed before the programme is finalised.

44. Decision makers should have due regard to the public sector equality duty in making their decisions. Consideration of the duties should precede the decision. It is important that Cabinet has regard to the statutory grounds in the light of all available material such as material in the press and letters from residents. The statutory grounds of the public sector equality duty are found at section 149 of the Equality Act 2010 and are as follows:

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

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

*The relevant protected characteristics are:*

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

45. Consultation responses received on this draft programme will be taken into account in drafting the final EIA.

### **Council Priorities**

The Council's vision is:

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

This report deals with the use of financial resources which is key to delivering the priorities of the Harrow Ambition Plan:

- Build a Better Harrow
- Be More Business-Like and Business Friendly
- Protecting the most Vulnerable and Support Families.

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

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

Date: 13/11/18

### Section 3 – Procurement Clearance

Name: Nimesh Mehta

on behalf of the \*  
Head of Procurement Officer

Date: 27/11/18

<b>Ward Councillors notified:</b>	<b>NO, as it impacts on all Wards</b>
<b>EqIA carried out:</b>	<b>NO</b>
<b>EqIA cleared by:</b>	Any projects with potential impacts will separately be required to do an impact assessment.

### Section 4 - Contact Details and Background Papers

**Contact:** Sharon Daniels, Head of Strategic and Technical Finance (Deputy S151)

Email: [sharon.daniels@harrow.gov.uk](mailto:sharon.daniels@harrow.gov.uk)

**Background Papers:** [Community Infrastructure Levy \(CIL\)- Proposed Allocations Process report to Major Development Panel - 14th November 2017](#)

<b>Call-In Waived by the Chairman of Overview and Scrutiny Committee</b>	<b>YES/ NO / NOT APPLICABLE*</b>
<i>(for completion by Democratic Services staff only)</i>	<i>* Delete as appropriate If No, set out why the decision is urgent with reference to 4b - Rule 47 of the Constitution.</i>

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**Capital Programme 2019/20 to 2020/21**

**Appendix 1**

Project Title	2019/20			2020/21			TOTAL			CIL assessment
	Gross Value £000	External Funding £000	Net Value £000	Gross Value £000	External Funding £000	Net Value £000	Gross Bid Value	External Funding £000	Net Value £000	
<b>Resources and Commercial Directorate</b>										
SAP upgrade/alternative provision			0	1,000		1,000	1,000	0	1,000	Not eligible
<b>Total Resources and Commercial Directorate</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,000</b>	<b>0</b>	<b>1,000</b>	<b>1,000</b>	<b>0</b>	<b>1,000</b>	
<b>People's Directorate</b>										
<b>Adults</b>			0			0	0	0	0	
<b>Total Adults</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	
<b>Schools</b>										
<b>SEN Expansion</b> - The LA will also receive £2.295m from the DfE's capital grant for special provision. The proposal is to add this grant to the capital programme in addition to the existing £4.5m taking the total budget available for SEN provision to £6.795m	621	621	0	621	621	0	1,242	1,242	0	CIL eligible, however no internal funding requirement
<b>Total Schools</b>	<b>621</b>	<b>621</b>		<b>621</b>	<b>621</b>	<b>0</b>	<b>1,242</b>	<b>1,242</b>	<b>0</b>	
<b>Total People's Directorate</b>	<b>621</b>	<b>621</b>	<b>0</b>	<b>621</b>	<b>621</b>	<b>0</b>	<b>1,242</b>	<b>1,242</b>	<b>0</b>	
<b>Community Directorate</b>										
<b>Environmental Services</b>										
<b>Highway Programme</b> Renewal and replacement of highways and footways.			0	3,300		3,300	3,300	0	3,300	Not eligible

**Capital Programme 2019/20 to 2020/21**

**Appendix 1**

Project Title	2019/20			2020/21			TOTAL			CIL assessment
	Gross Value £000	External Funding £000	Net Value £000	Gross Value £000	External Funding £000	Net Value £000	Gross Bid Value	External Funding £000	Net Value £000	
<b>Local Implementation Plan (LIP) including CPZ schemes</b> Implementation of the Mayor of London's Transport Strategy as well as Harrow's Transport Local Implementation Plan & parking management programmes.	291	291	0	291	291	0	582	582	0	Not eligible
<b>High Priority Planned Maintenance</b> Improvements to corporate properties (excluding schools) to ensure that they are in a safe condition for occupants.	150		150	150		150	300	0	300	Not eligible
<b>Bannisters Former Civil Defence Building</b> Refurbishment and redevelopment of a redundant building to bring it back into use as part of our more commercial approach to maximise the value of existing assets	350		350			0	350	0	350	Not eligible
<b>Harrow Weald Toilet Block</b> Refurbishment and redevelopment of a redundant building to bring it back into use as part of our more commercial approach to maximise the value of existing assets	150		150			0	150	0	150	Not eligible
<b>Property Investment - extend the portfolio of commercial investment properties to provide income from commercial property rents</b>	15,000		15,000	5,000		5,000	20,000	0	20,000	Not eligible

**Capital Programme 2019/20 to 2020/21**

**Appendix 1**

Project Title	2019/20			2020/21			TOTAL			CIL assessment
	Gross Value £000	External Funding £000	Net Value £000	Gross Value £000	External Funding £000	Net Value £000	Gross Bid Value	External Funding £000	Net Value £000	
<b>Probation Centre</b> Refurbishment and redevelopment of the building after it is handed back to the Authority to maximise the value of the asset	2,000		<b>2,000</b>	3,000		<b>3,000</b>	5,000		<b>5,000</b>	Not eligible
<b>Warneford Road</b> Redevelopment of the site of the former caretakers house	600		<b>600</b>			<b>0</b>	600		<b>600</b>	Not eligible
<b>Playground Infrastructure</b> To undertake a comprehensive investment programme to bring all playground assets up to a minimum “low risk” standard, ensuring regulatory compliance and providing an appropriate base for future management and maintenance <i>Funding being sought from BCIL.</i>	350	0	<b>350</b>	250	0	<b>250</b>	600	0	<b>600</b>	Improvements to public open space and ‘play’ are both included in the Harrow CIL ‘Regulation 123’ list and it is therefore possible to use CIL to fund improvements to parks / play equipment.
<b>Development of unmanned aerial vehicles to support a range of Council services and</b>	400		<b>400</b>			<b>0</b>	400	0	<b>400</b>	Not eligible
<b>Total Environmental Services</b>	<b>19,291</b>	<b>291</b>	<b>19,000</b>	<b>11,991</b>	<b>291</b>	<b>11,700</b>	<b>31,282</b>	<b>582</b>	<b>30,700</b>	

**Capital Programme 2019/20 to 2020/21**

**Appendix 1**

Project Title	2019/20			2020/21			TOTAL			CIL assessment
	Gross Value £000	External Funding £000	Net Value £000	Gross Value £000	External Funding £000	Net Value £000	Gross Bid Value	External Funding £000	Net Value £000	
<b>Cultural Services</b>										
<p><b>Harrow Arts Centre - IBackHAC</b>                      The proposal is to bring derelict buildings into use and replace dilapidated buildings with new buildings that can be better used and are cheaper to run. This will allow the latent demand for space from community groups to be met, thus increasing revenue and reducing running costs.                      Total project capital costs are estimated at £2.155m.  <b>GLA Good Growth Fund £1.705m</b> application has been submitted to try to secure external grant (£95k in 19/20 and £1.61m in 20/21). The outcome of the Stage 1 bid suggests that the GLA will not fund the cost of 3 new modular buildings, which means that the Stage 2 bid to the GLA will be reduced to <b>£1.005m</b>.  <b>Council match fund of £1.15m is requested to be met from CIL.</b></p>	95	95	0	2,060	910	1,150	2,155	1,005	1,150	The element of the bid (£1.15m) related to modular buildings (to replace / enhance existing learning spaces) is considered to be CIL eligible.

Capital Programme 2019/20 to 2020/21

Appendix 1

Project Title	2019/20			2020/21			TOTAL			CIL assessment
	Gross Value £000	External Funding £000	Net Value £000	Gross Value £000	External Funding £000	Net Value £000	Gross Bid Value	External Funding £000	Net Value £000	
<p><b>New Town Centre library</b>                      The new library is being built by Barratt Homes as part of the CIL in-kind agreement and will be handed over to the Council on a shell and core basis. The Council is responsible for the fit-out works. The latest cost estimate for the project is £2.3m. There is £1.8m funding in the approved capital programme, leaving a shortfall of £500k. <b>This additional budget requirement is requested to be met from CIL.</b></p>	500	0	500	0	0	0	500	0	500	Libraries are eligible for CIL funding. New central library already funded by CIL in-kind payment to value of £3.2M.
<p><b>Leisure &amp; Libraries Capital Infrastructure -</b>                      Capital to be invested in a targeted programme to improve the infrastructure of the Council's leisure and library facilities. There is a high risk, particularly with Harrow Leisure Centre, that failure to maintain the infrastructure will inevitably lead to a building closure if a major fault occurs and be a risk to leisure income.</p>	0		0	0		0	0	0	0	Not eligible as work tends to be non infrastructure
<p><b>Priority works for libraries</b> identified from the condition surveys following the service being brought back in-house.</p>	200		200	0		0	200	0	200	Not eligible

**Capital Programme 2019/20 to 2020/21**

**Appendix 1**

Project Title	2019/20			2020/21			TOTAL			CIL assessment
	Gross Value £000	External Funding £000	Net Value £000	Gross Value £000	External Funding £000	Net Value £000	Gross Bid Value	External Funding £000	Net Value £000	
Refurbishment of 3 libraries (Pinner, Roxeth, and Wealdstone) requested by the Cross Party Members Steering Group. This would require a minimum of £150k per library.	150		150	150		150	300	0	300	Not eligible
<b>Total Cultural Services</b>	<b>945</b>	<b>95</b>	<b>850</b>	<b>2,210</b>	<b>910</b>	<b>1,300</b>	<b>3,155</b>	<b>1,005</b>	<b>2,150</b>	
<b>Housing General Fund</b>										
Disabled Facilities Grant	932		932	1,037		1,037	1,969	0	1,969	Not eligible
Empty Properties Grant			0			0	0	0	0	Not eligible
<b>Total Housing General Fund</b>	<b>932</b>	<b>0</b>	<b>932</b>	<b>1,037</b>	<b>0</b>	<b>1,037</b>	<b>1,969</b>	<b>0</b>	<b>1,969</b>	
<b>Regeneration, Enterprise &amp; Planning</b>										
Wealdstone Creative Enterprise Zone GLA Creative Enterprise Zones funding application has been submitted for the development and relocation of the University of Westminster's Menswear Archive to Wealdstone and the development of meanwhile creative space for creative businesses. The outcome of the bid is expected in the autumn.	400	400	0			0	400	400	0	N/a as external funding applied for

**Capital Programme 2019/20 to 2020/21**

**Appendix 1**

Project Title	2019/20			2020/21			TOTAL			CIL assessment
	Gross Value £000	External Funding £000	Net Value £000	Gross Value £000	External Funding £000	Net Value £000	Gross Bid Value	External Funding £000	Net Value £000	
<p><b>Skills for Londoners - Kenton Learning Centre Refurbishment</b>                      The proposal is to deliver refurbishments to expand the capacity of adult learning opportunities at Kenton Learning Centre. Total project costs are estimated at £60k.                      A bid will be submitted to the <b>GLA under their Skills for Londoners Capital</b> (small projects and equipment) funding stream for £30k and the announcement of the bids outcome is expected in the autumn. The remaining £30k will need to be match funding - £10k from S106 (in kind payment as the developer has agreed to undertake some of the work) and <b>£20k is requested to be met from CIL.</b></p>	50	30	20			0	50	30	20	Not eligible

**Capital Programme 2019/20 to 2020/21**

**Appendix 1**

Project Title	2019/20			2020/21			TOTAL			CIL assessment
	Gross Value £000	External Funding £000	Net Value £000	Gross Value £000	External Funding £000	Net Value £000	Gross Bid Value	External Funding £000	Net Value £000	
<p><b>High Street Fund</b> - This is a 3-year funding programme to deliver improvements in Town Centres and High Streets in Harrow. The funding will be used to deliver interventions which have a high impact and which are delivered in partnership with local traders and their partners. Resources will be allocated based on a range of criteria including where the need is the greatest and where partners have been identified to assist in the project. Initiatives with match funding will be prioritised. The Council will support traders and their partners in identifying priorities and will also lead on the delivery element. The funding will also fund a post to work with traders and community groups to develop action plans and proposals that meet the criteria. .Examples of projects can include street art, shop front enhancements, creating an identify for parades, targeted public realm enhancements and any similar project which enhances High Streets in Harrow.</p> <p>£750k in 19/20, £1m in 20/21</p>	750	0	750	1,000		1,000	1,750	0	1,750	Only defined infrastructure projects can be funded from BCIL



**Capital Programme 2019/20 to 2020/21**

**Appendix 1**

Project Title	2019/20			2020/21			TOTAL			CIL assessment
	Gross Value £000	External Funding £000	Net Value £000	Gross Value £000	External Funding £000	Net Value £000	Gross Bid Value	External Funding £000	Net Value £000	
<b>New Planning IT system</b> Implementation of a replacement for the Northgate (M3) planning system, enabling service improvements and the move towards greater digitalisation of the service. Indicative capital costs only at this stage until the scoping work and system specification is completed.	1,000		1,000			0	1,000		1,000	Not eligible
	<b>2,200</b>	<b>430</b>	<b>1,770</b>	<b>1,000</b>	<b>0</b>	<b>1,000</b>	<b>3,200</b>	<b>430</b>	<b>2,770</b>	
<b>Total Community Directorate</b>	<b>23,368</b>	<b>816</b>	<b>22,552</b>	<b>16,238</b>	<b>1,201</b>	<b>15,037</b>	<b>39,606</b>	<b>2,017</b>	<b>37,589</b>	
<b>Total General Fund</b>	<b>23,989</b>	<b>1,437</b>	<b>22,552</b>	<b>17,859</b>	<b>1,822</b>	<b>16,037</b>	<b>41,848</b>	<b>3,259</b>	<b>38,589</b>	

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Capital Programme 2018/19 to 2020/21

Appendix 2

Project Title	2018/19			2019/20			2020/21			TOTAL		
	Gross Value £000	External Funding £000	Net Value £000	Gross Value £000	External Funding £000	Net Value £000	Gross Value £000	External Funding £000	Net Value £000	Gross Value £000	External Funding £000	Net Value £000
<b>Resources and Commercial Directorate</b>												
<b>Ongoing refresh &amp; enhancement of ICT</b> 'Replacement, upgrades and enhancements to applications, infrastructure and end user devices, not included within the agreed supplier service charges or transformation programme	6,589	0	6,589	5,000		5,000			0	11,589	0	11,589
<b>Transition and Transformation - Sopra Steria</b>	481	0	481			0			0	481	0	481
<b>Sub Total Transformation &amp; Technology</b>	<b>7,070</b>	<b>0</b>	<b>7,070</b>	<b>5,000</b>	<b>0</b>	<b>5,000</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>12,070</b>	<b>0</b>	<b>12,070</b>
<b>IT Infrastructure refresh</b> - Essential refresh of the IT infrastructure to enable continued operation of Council services.	164	0	164				3,000	0	3,000	3,164	0	3,164
<b>Devolved Applications Refresh</b> -In order to maintain external compliance and to support the deployment of new applications a roadmap has been agreed with Sopra Steria to keep the IT infrastructure up to date. This will result in the need to upgrade line of business applications (owned by the services) in order for them to remain compatible and maintain external compliance.	2,082	0	2,082	700		700	1,700	0	1,700	4,482	0	4,482
ICT Infrastructure & Corporate Applications	75	0	75			0			0	75	0	75
SAP: Financial Leger/Systems Control Imp	585	0	585			0			0	585	0	585
Waste Collector	66	0	66			0			0	66	0	66
Other Schemes - Schools	3,770	0	3,770			0			0	3,770	0	3,770
Property Investment	6,325	0	6,325			0			0	6,325	0	6,325
Individual Electoral Registration (IER) - IT intervention to assist with improvement of IER	18	18	0			0			0	18	18	0
HR Shared Services	100	0	100			0			0	100	0	100
FM Minor Works	138	51	87			0			0	138	51	87
LAA Performance Grant	86	0	86			0			0	86	0	86
<b>Total Resources and Commercial Directorate</b>	<b>20,479</b>	<b>69</b>	<b>20,410</b>	<b>5,700</b>	<b>0</b>	<b>5,700</b>	<b>4,700</b>	<b>0</b>	<b>4,700</b>	<b>30,879</b>	<b>69</b>	<b>30,810</b>
<b>People's Directorate</b>												
<b>Adults</b>												

Project Title	2018/19			2019/20			2020/21			TOTAL		
	Gross Value £000	External Funding £000	Net Value £000	Gross Value £000	External Funding £000	Net Value £000	Gross Value £000	External Funding £000	Net Value £000	Gross Value £000	External Funding £000	Net Value £000
<b>Reform of Social Care Funding</b> The second phase of the Care Act in relation to the Care Accounts has been delayed until 2020. The originally approved funding is therefore pushed back to 2019/20 pending further guidance on next steps. The funding will be used to support the implementation, including building new information system(s) to support the requirements including self-assessment tools.	0	0	0	250	0	250			0	250	0	250
<b>Project Infinity</b> Placeholder for potential capital funding to enable further commercialisation of My Community e Purse (MCeP – self directed care) and for Our Community e Purse (OCeP – self funded care) with the expectation (subject to development of further business cases) that investment and continued partnership working with IBM will support the delivery of a revenue income stream, enabling MTFS savings to be reinstated.	470	0	470		0	0			0	470	0	470
<b>In-House Residential Establishments</b> Investment to maintain the infrastructure of the Council's internal residential and day care facilities. Requirement ceases post 2018/19 linking to revenue MTFS service reprovision proposals	200	0	200	200	0	200			0	400	0	400
<b>Integrated Health Model</b>	85	0	85			0			0	85	0	85
<b>Mentis Pilot</b>	8	0	8			0			0	8	0	8
<b>Sancroft Care Home</b>	356	0	356			0			0	356	0	356
<b>Total Adults</b>	<b>1,119</b>	<b>0</b>	<b>1,119</b>	<b>450</b>	<b>0</b>	<b>450</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,569</b>	<b>0</b>	<b>1,569</b>
<b>Schools</b>												
<b>SEN Expansion</b> 'There is pressure for special educational needs (SEN) provision places, which will be alleviated in the medium term as additional places will become available from 2015 following successful TBNP applications in accordance with Harrow's Special Schools and SEN Placement Planning Framework. However, in light of the projections and in light of the Government's Special Educational Needs and Disability reform agenda, consideration needs to be given to the next phase of expansion. A time limited task and finish group has been established, which will drive forward work on producing a refresh of the Harrow SEN strategy.	5,316	3,115	2,201	0	0	0			0	5,316	3,115	2,201

Capital Programme 2018/19 to 2020/21

Appendix 2

Project Title	2018/19			2019/20			2020/21			TOTAL		
	Gross Value £000	External Funding £000	Net Value £000	Gross Value £000	External Funding £000	Net Value £000	Gross Value £000	External Funding £000	Net Value £000	Gross Value £000	External Funding £000	Net Value £000
<b>Bulge Classes</b> The pupil numbers in Harrow have risen rapidly in recent year, particularly at primary intake level. This has given rise to the School Expansion Programme which is covered in other bids. However, until permanently expanded schools are available, the short term measure has been to provide 'bulge classes' in multiple schools across the borough. These are where an additional form of entry are placed in a particular year which then passes through the school without being followed by additional classes.	402	102	300	150		150			0	552	102	450
<b>Children's Capital Maintenance Programme</b> Proactive and reactive programme of maintenance across the schools estate	3,866	2,516	1,350	1,350		1,350			0	5,216	2,516	2,700
<b>Capital Maintenance funding estimate 2018-19</b> 'Estimated allocation for Capital Maintenance to contribute to schools capital programme for 2018-19	0	2,000	-2,000			0			0	0	2,000	-2,000
<b>Secondary Expansion</b> The growth in demand for primary places will progress to secondary schools and it is projected that there will be a shortfall of Year 7 places from 2018. Additional capacity has been secured through the expansion of two schools, Bentley Wood and Whitefriars and the permanent location of Avanti House will contribute to an overall increase in places. In addition, a further 6 forms of entry has been secured through the successful free school bid opening on the Heathfield School site. However, there will still be a shortfall of places from September 2020 rising to approx. 13 forms of entry in September 2023.	7,998	4,348	3,650	5,250	2,625	2,625			0	13,248	6,973	6,275
<b>Children's IT Development</b>	684	0	684			0			0	684	0	684
<b>Devolved Formula Non VA Schools</b>	53	53	0			0			0	53	53	0
<b>Schools Expansion Programme phase 2</b>	2,819	2,552	267			0			0	2,819	2,552	267
<b>Schools Expansion Programme phase 3</b>	3,627	1,252	2,375			0			0	3,627	1,252	2,375
<b>School Amalgamation</b>	421	421	0			0			0	421	421	0
<b>Total Schools</b>	<b>25,186</b>	<b>16,359</b>	<b>8,827</b>	<b>6,750</b>	<b>2,625</b>	<b>4,125</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>31,936</b>	<b>18,984</b>	<b>12,952</b>
<b>Total People's Directorate</b>	<b>26,305</b>	<b>16,359</b>	<b>9,946</b>	<b>7,200</b>	<b>2,625</b>	<b>4,575</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>33,505</b>	<b>18,984</b>	<b>14,521</b>
<b>Community Directorate</b>												
<b>Environmental Services</b>												
<b>Flood Defence</b> Renewal of ageing drainage infrastructure to reduce the risk of flooding impact on residents, properties and business continuity.	300	0	300	300		300	300		300	900	0	900

**Capital Programme 2018/19 to 2020/21**

**Appendix 2**

Project Title	2018/19			2019/20			2020/21			TOTAL		
	Gross Value £000	External Funding £000	Net Value £000	Gross Value £000	External Funding £000	Net Value £000	Gross Value £000	External Funding £000	Net Value £000	Gross Value £000	External Funding £000	Net Value £000
<b>Waste &amp; Recycling</b> Replacement of aged, damaged and/or lost wheeled bins, as well as bins provision for new residential developments within the borough. On-going improvement works at CA site.	150	0	150	150		150	150	0	150	450	0	450
<b>Highway Programme</b> Renewal and replacement of highways and footways.	7,279	0	7,279	3,300		3,300	3,400	0	3,400	13,979	0	13,979
<b>Highway Drainage</b> Improvements to critical drainage areas identified in Surface Water Management Plan as required by The Flood & Water Management Act 2010.	200	0	200	200		200	200		200	600	0	600
<b>Local Implementation Plan (LIP) including CPZ schemes</b> Implementation of the Mayor of London's Transport Strategy as well as Harrow's Transport Local Implementation Plan & parking management programmes.	1,667	1,384	283	1,300	1,000	300	1,300	1,000	300	4,267	3,384	883
<b>Parks Infrastructure</b> Prioritise parks infrastructure which are most in need of repair in order to provide safe access and use of facilities for all.	506	0	506	506		506	675	0	675	1,687	0	1,687
<b>Street Lighting</b> Replacement of aged and dangerous lighting columns as well as investment in new lighting to support Climate Change strategy and to provide variable lighting solutions.	1,550	0	1,550	1,500		1,500	1,000		1,000	4,050	0	4,050
<b>Corporate Accommodation</b> Improvements to corporate buildings to provide a safe and secure environment in which to operate its business.	155	0	155	155		155	155	0	155	465	0	465
<b>High Priority Planned Maintenance</b> Improvements to corporate properties (excluding schools) to ensure that they are in a safe condition for occupants.	573	0	573	600		600	500	0	500	1,673	0	1,673
<b>Carbon Reduction</b> Provision of retro-fit energy efficiency measures in corporate buildings.	100	0	100	100		100	50	0	50	250	0	250
<b>Replacement of Parks litter bins</b>	49	0	49	0		0			0	49	0	49
<b>Green Grid Programme</b> Improvements to Harrow's green infrastructure to provide a network of interlinked and multifunctional open spaces.	162	0	162	150	0	150	150	0	150	462	0	462
<b>Harrow on the Hill Station</b> Improvements to the station and surrounding area to create step free access	0	0	0			0			0	0	0	0
<b>Green Gym / Play Equipment</b> Installation of outdoor gym equipment within parks to promote health and well being.	38	0	38	0		0	38		38	75	0	75

Capital Programme 2018/19 to 2020/21

Appendix 2

Project Title	2018/19			2019/20			2020/21			TOTAL		
	Gross Value £000	External Funding £000	Net Value £000	Gross Value £000	External Funding £000	Net Value £000	Gross Value £000	External Funding £000	Net Value £000	Gross Value £000	External Funding £000	Net Value £000
<b>CCTV Cameras and equipment at depot</b> Installation of parking enforcement cameras at certain locations where it is permissible to capture contraventions by cameras following Deregulation Bill. Upgrade of CCTV equipment and facilities at the depot.	150	0	150	50		50	50		50	250	0	250
<b>CCTV Infrastructure</b> - this project is to upgrade the borough's CCTV infrastructure. The current infrastructure has been in place since 2001.	800	0	800	800		800	0		0	1,600	0	1,600
<b>Purchase of Trade Waste Bins</b> Purchase of bins to support expansion of business as part of Project Phoenix	77	0	77	100		100	100	0	100	277	0	277
<b>Car parks Infrastructure</b> Improvement to car parking facilities to comply with H&S requirements and to commercialise council owned car parks.	15	0	15	15		15	15		15	45	0	45
<b>Street Litter Bins:</b> This funding is to support the provision and replacement of adequate numbers of on street litter bins, creating an environment where there are adequate numbers of bins provided to meet demand.	300	0	300	300		300			0	600	0	600
<b>Depot redevelopment</b> - this proposal is to redevelop the Central depot to consolidate and intensify the existing site.	15,318	0	15,318	5,830		5,830	5,000		5,000	26,148	0	26,148
<b>Redevelopment of Vernon Lodge &amp; Atkins House</b> - this is the redevelopment of the Council's only homelessness hostel, Vernon Lodge, to increase capacity and create purpose built accommodation that will provide capacity for the council to house its homeless. It will also provide units that can be rented to those able to afford the rental. There is £725k already in the existing budget as a contribution towards this scheme so the total cost is £11.049m	1,482	0	1,482	8,225		8,225	1,324		1,324	11,031	0	11,031
<b>Redevelopment of Rayners Lane Toilet Block</b> - refurbishment and redevelopment of this building to bring it back into use through conversion to shop/office space.	170	0	170	0		0	0		0	170	0	170
<b>Headstone Manor - Park for People project</b> - the project will address health and safety issues with the historic moat and improve existing footpath network and car park surface to cope with additional visitors.	75	75	0	1,722	1,722	0	0		0	1,797	1,797	0
<b>Vehicle Procurement</b>	22,314	0	22,314			0			0	22,314	0	22,314
<b>City Farm/Pinner Park Farm</b>	89	0	89			0			0	89	0	89
<b>Total Environmental Services</b>	<b>53,519</b>	<b>1,459</b>	<b>52,060</b>	<b>25,303</b>	<b>2,722</b>	<b>22,581</b>	<b>14,407</b>	<b>1,000</b>	<b>13,407</b>	<b>93,228</b>	<b>5,181</b>	<b>88,047</b>

Capital Programme 2018/19 to 2020/21

Appendix 2

Project Title	2018/19			2019/20			2020/21			TOTAL		
	Gross Value £000	External Funding £000	Net Value £000	Gross Value £000	External Funding £000	Net Value £000	Gross Value £000	External Funding £000	Net Value £000	Gross Value £000	External Funding £000	Net Value £000
<b>Community &amp; Culture</b>												
<b>Leisure &amp; Libraries Capital Infrastructure</b> - Capital to be invested in a targeted programme to improve the infrastructure of the Council's leisure and library facilities. There is a high risk, particularly with Harrow Leisure Centre, that failure to maintain the infrastructure will inevitably lead to a building closure if a major fault occurs and be a risk to leisure income. There will be Lifecycle Gym equipment replacement in 2018/19	559	0	559	150	0	150	150		150	859	0	859
<b>'Leisure &amp; Libraries Capital Infrastructure</b>		0	0	-40		-40			0	-40	0	-40
<b>Central Library Refit &amp; Library Refurbishments</b> - As part of the town centre regeneration scheme on College Road, majority of funding will come from CIL.	194	0	194	1,000	0	1,000			0	1,194	0	1,194
<b>Central Library Refit &amp; Library Refurbishments</b>				590		590			0	590	0	590
<b>Bannister Sports Centre (S106)</b>	922	922	0			0			0	922	922	0
<b>Harrow Museum Capital Infrastructure</b> - this covers regular planned works beyond day to day maintenance revenue costs.	0	0	0			0	104	60	44	104	60	44
<b>HAC/Museum - ICT</b>	29	0	29			0			0	29	0	29
<b>Harrow Art Centre</b>	282	0	282			0			0	282	0	282
<b>Total Community &amp; Culture</b>	<b>1,986</b>	<b>922</b>	<b>1,064</b>	<b>1,700</b>	<b>0</b>	<b>1,700</b>	<b>254</b>	<b>60</b>	<b>194</b>	<b>3,940</b>	<b>982</b>	<b>2,958</b>
<b>Housing General Fund</b>												
<b>Better Care Fund - Disabled Facilities Grant</b> - Grants to fund adaptations to private properties to help enable residents to remain in their existing homes	1,726	876	850	1,500	650	850	1,500	650	850	4,726	2,176	2,550
<b>'Better Care Fund - Disabled Facilities Grant</b>	226	226	0			0			0	226	226	0
<b>Improvement Grants</b> - Grants to private landlords to improve the condition of their properties, generally in exchange for a lease agreement	52	0	52	52		52	70		70	174	0	174
<b>Empty Properties Grants</b> - Grants to help bring empty properties back into use, generally in exchange for nomination rights for a period of time	345	0	345	187		187	450		450	982	0	982
<b>Better Care Fund - Disabled Facilities Grant</b> - Grants to fund adaptations to private properties to help enable residents to remain in their existing homes - Includes assumed use of additional DFG grant to fund additional works - no net cost to the Council as additional works grant funded. Linked to income generation proposal for Home Improvement Agency.	530	530	0	530	530	0	530	530	0	1,590	1,590	0



Capital Programme 2018/19 to 2020/21

Appendix 2

Project Title	2018/19			2019/20			2020/21			TOTAL		
	Gross Value £000	External Funding £000	Net Value £000	Gross Value £000	External Funding £000	Net Value £000	Gross Value £000	External Funding £000	Net Value £000	Gross Value £000	External Funding £000	Net Value £000
<b>Empty Property Initiative</b> - to bring empty/vacant property into use which may require Compulsory Purchase Order. The intention being to purchase property and then re-sell.	746	0	746			0			0	746	0	746
<b>New Bid - Extension to Property Purchase Initiative</b> - funding for the purchase of an additional 50 properties on the open market for the council to use as Temporary accommodation; providing good quality temporary accommodation and reducing the overall net cost to the Council of B & B accommodation	15,000	0	15,000			0			0	15,000	0	15,000
<b>Housing Property Purchase - 100 Homes</b>	63	0	63			0			0	63	0	63
	0	0	0			0			0	0	0	0
<b>Total Housing General Fund</b>	<b>18,462</b>	<b>1,406</b>	<b>17,056</b>	<b>2,269</b>	<b>1,180</b>	<b>1,089</b>	<b>2,550</b>	<b>1,180</b>	<b>1,370</b>	<b>23,281</b>	<b>3,766</b>	<b>19,515</b>
<b>Total Community Directorate</b>	<b>74,007</b>	<b>3,787</b>	<b>70,220</b>	<b>29,272</b>	<b>3,902</b>	<b>25,370</b>	<b>17,211</b>	<b>2,240</b>	<b>14,971</b>	<b>120,449</b>	<b>9,929</b>	<b>110,520</b>
<b>Regeneration Capital programme</b>	71,418	422	70,996	19,693		19,693	5,193		5,193	96,304	422	95,882
<b>Lyon Road Pop Up Restaurant and Square (GLA and S106 funded)</b> - this project is to transform an existing car park in Harrow Town Centre into a multi-function public space, improving the general environment for pedestrians and providing the opportunity for markets, particularly food markets. Any design for the new public space will look to maintain car parking spaces as part of the shared design space.	84	84	0	726	726	0	201	201	0	1,010	1,010	0
<b>Mobile technology in Community Learning</b> - GLA and Skill Funding Agency are funding the purchase of IT equipments to support the delivery of community learning and skills focused education.	50	50	0	0	0	0	0	0	0	50	50	0
<b>Neighbourhood CIL Schemes</b> - CIL receipts can be used to fund a wide range of infrastructure including transport, schools, health and social care facilities, libraries, play areas, green spaces and sports facilities.	960	960	0	0		0	0		0	960	960	0
<b>Trinity Square</b>	691	691	0			0			0	691	691	0
<b>Total Regeneration</b>	<b>73,203</b>	<b>2,207</b>	<b>70,996</b>	<b>20,419</b>	<b>726</b>	<b>19,693</b>	<b>5,394</b>	<b>201</b>	<b>5,193</b>	<b>99,015</b>	<b>3,133</b>	<b>95,882</b>
<b>Total General Fund</b>	<b>193,994</b>	<b>22,422</b>	<b>171,572</b>	<b>62,591</b>	<b>7,253</b>	<b>55,338</b>	<b>27,304</b>	<b>2,441</b>	<b>24,864</b>	<b>283,848</b>	<b>32,115</b>	<b>251,733</b>
<b>Housing Revenue Account</b>												
<b>Housing Revenue Account capital programme</b> - Continued investment in the Council's existing housing stock, as well as the commencement of a programme of new build housing	5,532	0	5,532	5,450		5,450	6,835		6,835	17,817	0	17,817

Capital Programme 2018/19 to 2020/21

Appendix 2

Project Title	2018/19			2019/20			2020/21			TOTAL		
	Gross Value £000	External Funding £000	Net Value £000	Gross Value £000	External Funding £000	Net Value £000	Gross Value £000	External Funding £000	Net Value £000	Gross Value £000	External Funding £000	Net Value £000
Grange Farm Redevelopment	5,399	0	5,399	6,013		6,013	8,386		8,386	19,798	0	19,798
Affordable Housing - Infill Phase 1	4,309	0	4,309	4,565		4,565	0		0	8,874	0	8,874
Affordable Housing - Infill Phase 2	6,099	0	6,099	1,384		1,384	0		0	7,483	0	7,483
							0					
<b>Total HRA</b>	<b>21,339</b>	<b>0</b>	<b>21,339</b>	<b>17,412</b>	<b>0</b>	<b>17,412</b>	<b>15,221</b>	<b>0</b>	<b>15,221</b>	<b>53,972</b>	<b>0</b>	<b>53,972</b>
<b>Total General Fund + HRA</b>	<b>215,333</b>	<b>22,422</b>	<b>192,911</b>	<b>80,003</b>	<b>7,253</b>	<b>72,750</b>	<b>42,525</b>	<b>2,441</b>	<b>40,085</b>	<b>337,820</b>	<b>32,115</b>	<b>305,705</b>



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**REPORT FOR: CABINET**

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<b>Date of Meeting:</b>	06 December 2018
<b>Subject:</b>	Draft Revenue Budget 2019/20 and Medium Term Financial Strategy 2019/20 to 2021/22
<b>Key Decision:</b>	Yes
<b>Responsible Officer:</b>	Dawn Calvert – Director of Finance
<b>Portfolio Holder:</b>	Councillor Adam Swersky – Portfolio Holder for Finance and Resources
<b>Exempt:</b>	No
<b>Decision subject to Call-in:</b>	Yes
<b>Wards affected:</b>	All
<b>Enclosures:</b>	<b>Appendix 1A</b> – Proposed savings and growth 2019/20 to 2021/22(New proposals) <b>Appendix 1B</b> – Proposed savings and growth 2019/20 to 2020/21 to be agreed from 2018/19 and 2017/18 MTFS <b>Appendix 2</b> - Medium Term Financial Strategy 2019/20 to 2021/22 <b>Appendix 3</b> - Schools Budget 2019/20 <b>Appendix 4</b> - 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 26<sup>th</sup> out of 32 London Boroughs. A similar comparison with the England average shows Harrow's revenue spending power per head was £127 (or 14.3%) below average and ranked Harrow 105<sup>th</sup> out of 120 local authorities. 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
<b>Budget gap at February 2018 Council Report</b>	<b>£17,636</b>	<b>£16,061</b>	<b>£0</b>
<b>Implications of Rolling the Budget forward to include 2021/22</b>			
Capital Financing Costs from the current Capital Programme			<b>£1,900</b>
Pay Inflation and General Inflation			<b>£3,100</b>
<b>One off actions</b>			
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	
<b>Revised budget gap</b>	<b>£13,436</b>	<b>£20,261</b>	<b>£5,000</b>
<b>Saving proposals:</b>			
Resources	-£643	-£595	-175
Children's	-£831	£0	
Community	-£300	-£553	-643
<b>Growth proposals:</b>			
Resources	£400	£95	140
Children's	£315	£0	0
Adults	£995	£971	652
Community savings proposals requiring Capital financing Growth	£286	£330	244
<b>Revised budget gap after savings and growth proposals</b>	<b>£13,658</b>	<b>£20,509</b>	<b>£5,218</b>
<b>Council Tax changes</b>			
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		
<b>Revised gap after Council Tax adjustments</b>	<b>£8,028</b>	<b>£20,196</b>	<b>£5,218</b>
<b>Technical Adjustments</b>			
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
<b>Revised gap after savings, growth and Council Tax changes</b>	<b>£0</b>	<b>£22,950</b>	<b>£9,343</b>
<b>Removal of Directorate growth</b>		<b>-£4,000</b>	
Assumption that Improved Better Care Fund continues		-£5,467	£0
<b>Revised gap assuming IBCF continues</b>	<b>£0</b>	<b>£13,483</b>	<b>£9,343</b>

#### 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
<b>Savings</b>	£'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)
<b>Total Savings</b>	<b>(3,417)</b>	<b>(977)</b>	<b>(4,394)</b>
<b>Growth</b>			
Resources	530	-	530
Adult	(90)	(90)	(180)
Community and Cultural services	20	25	45
<b>Total Growth</b>	<b>460</b>	<b>(65)</b>	<b>395</b>
<b>Net Savings / Growth</b>	<b>-2,957</b>	<b>-1,042</b>	<b>-3,999</b>

- 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)
<b>Total Savings</b>	<b>(1,774)</b>	<b>(1,148)</b>	<b>(818)</b>	<b>(3,740)</b>
<b>Growth</b>				
Resources	400	95	140	635
Children's	315	-	-	315
Adults	995	971	652	2,618
<b>Total Directorate Growth</b>	<b>1,710</b>	<b>1,066</b>	<b>792</b>	<b>3,568</b>
<b>Corporate Growth - Capital Financing Costs</b>	<b>286</b>	<b>330</b>	<b>244</b>	<b>860</b>
<b>Total Growth</b>	<b>1,996</b>	<b>1,396</b>	<b>1,036</b>	<b>4,428</b>
<b>Net Savings/Growth</b>	<b>222</b>	<b>248</b>	<b>218</b>	<b>688</b>

- 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**

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

### **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		

<b>Ward Councillors notified:</b>	<b>No, as it impacts on all Wards</b>
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<b>EqlA carried out:</b>	To be reported on as Part of the Feb Budget report
<b>EqlA cleared by:</b>	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](#)

<b>Call-In Waived by the Chairman of Overview and Scrutiny Committee</b>	<b>Call in applies</b>
<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			
<b>Resources Directorate</b>									
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	<b>Reduction in Customer Channels (B)</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	<b>Review of Business Support for Children's Services</b> - 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	<b>Printing Savings:</b> ongoing reductions in print volumes have permanently reduced costs and savings can be taken.	(70)			(70)	N	Y	
6	RES 2019-20 S1-13	<b>Additional Legal Hours 'Growth</b> 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	<b>Delete a Category Officer post</b> - 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	<b>Reduction in the Contribution to the Insurance Fund.</b> 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
<b>Resources Total</b>			<b>(643)</b>	<b>(595)</b>	<b>(175)</b>	<b>(1,413)</b>			
<b>People Services</b>									
<b>Children's Services</b>									
9	PC01	<b>Children's Placements &amp; Accomodation and other client related spend</b> 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
<b>Children's Services total</b>			<b>(831)</b>	<b>-</b>	<b>-</b>	<b>(831)</b>			

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			
<b>Community</b>									
12	COM_19.20S01	<b>Review of Libraries Service</b> 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	<b>Increase in Planning fees Income</b> 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			
<b>Growth</b>									
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
		<b>Resources Total</b>	<b>400</b>	<b>95</b>	<b>140</b>	<b>635</b>			
<b>People Services</b>									
	PC02	<b>Keeping Families Together workers</b> 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	<b>SEN Case Workers</b> 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			
		<b>Children's Total</b>	315	-	-	315			
<b>Adult</b>									
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><b>'Growth 2019-20.</b> This relates to £650k for transitions funding (additional 24pa) and £345k for personal budgets (additional 1 per week).</p> <p><b>Growth 2020-21.</b> This relates to £450k for transitions funding (based on further 15) and £521k personal budgets (assumes a further 1 new PB every other week in addition to the 2019/20 increase)</p> <p><b>Growth 2021-22</b> - this relates to £300k for transitions (assumes additional 10 pa) and £352k for Personal Budgets (a further 1 new PB every other week)</p>	995	971	652	2,618	N	N	N
		<b>People Total</b>	<b>1,310</b>	<b>971</b>	<b>652</b>	<b>2,933</b>			
		<b>Directorate's Total</b>	<b>1,710</b>	<b>1,066</b>	<b>792</b>	<b>3,568</b>			

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			
<b>Corporate</b>									
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
		<b>Corporate Total (financing Cost)</b>	<b>286</b>	<b>330</b>	<b>244</b>	<b>860</b>			
		<b>Growth Total</b>	<b>1,996</b>	<b>1,396</b>	<b>1,036</b>	<b>4,428</b>			
		<b>Net Savings/Growth</b>	<b>222</b>	<b>248</b>	<b>218</b>	<b>688</b>			



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			
<b>Resources</b>									
1	RES_01	Customer Services and IT	Increase Helpline Income Developing a robust multi-channel marketing plan to build the brand and promote the Helpline service to generated additional income through the existing service.	100		100	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
			<b>Resources Total</b>	<b>180</b>	<b>-</b>	<b>180</b>			
<b>People Services</b>									
<b>Adults</b>									
4	PA05	Adult Social Care	Adult Services - Home In Harrow	1,251	-	1,251	Y	N	Y
			<b>Total Adults</b>	<b>1,251</b>	<b>-</b>	<b>1,251</b>			

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			
<b>Children's Services</b>									
5	PC28	Cross Service	Non-pay inflation	150		150	N	N	N
			<b>Total Children's Services</b>	<b>150</b>	<b>-</b>	<b>150</b>			
			<b>People Services Total</b>	<b>1,401</b>	<b>-</b>	<b>1,401</b>			
<b>Community</b>									
<b>Community and Culture</b>									
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	<p>Waste Services Review - implementing waste management strategy to include the following:</p> <p>1. Introduction of food / dry recycling in Flats</p> <p>2. Review collection regime and resources</p> <p>Total target saving of £500k, subject to detailed proposals to be developed as part of Waste Review and requisite Cabinet approval. One-off implementation costs anticipated and estimated at £150k, leading to a net saving of £350k in 19/20 and £150k in 20/21.</p>	500		500	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
			<b>Total Commissioning, Environment and Culture</b>	<b>1,441</b>	<b>977</b>	<b>2,418</b>			
						-			

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
			<b>Total Housing</b>	<b>395</b>	<b>-</b>	<b>395</b>			
			<b>Community Total</b>	<b>1,836</b>	<b>977</b>	<b>2,813</b>			
			<b>Total Net Savings</b>	<b>3,417</b>	<b>977</b>	<b>4,394</b>			

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
			<b>Resources Total</b>	<b>(530)</b>	<b>0</b>	<b>(530)</b>			
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
			<b>Adult's Total</b>	<b>90</b>	<b>90</b>	<b>180</b>			

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
			<b>Environment Total</b>	<b>(20)</b>	<b>(25)</b>	<b>(45)</b>			
			<b>Growth Total</b>	<b>(460)</b>	<b>65</b>	<b>(395)</b>			
			<b>Savings and Growth Total</b>	<b>2,957</b>	<b>1,042</b>	<b>3,999</b>			



## MEDIUM TERM FINANCIAL STRATEGY 2019/20 to 2020/21

	2019/20	2020/21	2021/22
	£000	£000	£000
<b>Budget Requirement Brought Forward</b>	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
<b>Total</b>	<b>-137</b>	<b>12,463</b>	<b>9,343</b>
<b>FUNDING GAP</b>	<b>0</b>	<b>-13,483</b>	<b>-9,343</b>
<b>Total Change in Budget Requirement</b>	<b>-137</b>	<b>-1,020</b>	<b>0</b>
<b>Revised Budget Requirement</b>	<b>168,780</b>	<b>167,760</b>	<b>167,760</b>
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
<b>Amount to be raised from Council Tax</b>	<b>126,295</b>	<b>128,808</b>	<b>128,808</b>
<b>Council Tax at Band D</b>	<b>£1,464.29</b>	<b>£1,493.43</b>	<b>£1,493.43</b>
<b>Increase in Council Tax (%)</b>	<b>4.99%</b>	<b>1.99%</b>	<b>0.00%</b>
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

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

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

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

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

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

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

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

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

<b>RESOURCES &amp; COMMERCIAL</b>			
	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Resources &amp; Commercial</b>			
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	
<b>Total Resources &amp; Commercial</b>	<b>107</b>	<b>-500</b>	<b>-35</b>

## 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**

<b>National Funding Formula Factors</b>
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 19<sup>th</sup> 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**

<b>Mandatory Services</b>	£000	
Sexual Health (incl Family Plannin	2,642	
0-19 Services	3,536	
Health Checks	<u>175</u>	
		6,353
<b>Discretionary Services</b>		
Drug & Alcohol Misuse	1,946	1,946
<b>Staffing &amp; Support Costs</b>		
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>
<b>Total Expenditure</b>		<b><u><u>10,791</u></u></b>
<b>Funded by</b>		
Contribution from PH Reserve	-270	
Department of Health Grant	<u>-10,521</u>	
<b>Total Income</b>		<b><u><u>-10,791</u></u></b>

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**REPORT FOR: CABINET**

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<b>Date of meeting:</b>	06 December 2018
<b>Subject:</b>	Revenue and Capital Monitoring 2018/19 - as at Quarter 2 (30 <sup>th</sup> September 2018)
<b>Key Decision:</b>	Yes
<b>Responsible Officer:</b>	Dawn Calvert, Director of Finance
<b>Portfolio Holder:</b>	Councillor Adam Swersky, Portfolio Holder for Finance and Resources
<b>Exempt:</b>	No, except for Appendices 5, which is exempt on the grounds that it contains "exempt information" under paragraph 3 of Part I of Schedule 12A to the Local Government Act 1972 (as amended) in that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information
<b>Decision subject to Call-in:</b>	Yes
<b>Wards affected:</b>	All wards
<b>Enclosures:</b>	Appendix 1 - Revenue Budget Summary 2018/19 – as at Quarter 2 (30 <sup>th</sup> September 2018). Appendix 2 - Draw Down From Reserves. Appendix 3 - 2018/19 MTFs Savings Tracker. Appendix 4 - Capital Programme 2018/19 – as at Quarter 2 (30 <sup>th</sup> September 2018). Appendix 5 - Sancroft Community Care Performance Report (Exempt) – as at Quarter 2 (30 <sup>th</sup> September 2018).

## Section 1 – Summary and Recommendations

This report sets out the Council's forecast financial position as at Quarter 2 (30<sup>th</sup> September 2018) and seeks approval for Capital Programme adjustments and debts write offs which require Cabinet approval.

### Recommendations:

1. That Cabinet notes the revenue and capital forecast positions set out at paragraphs 1.1 to 1.2
2. That Cabinet approves debts write offs as specified in paragraph 2.77 to 2.78 and paragraph 5.2.
3. That Cabinet approves the proposed addition to the Capital Programme as set out at paragraphs 3.38 to 3.42.
4. That Cabinet note the Quarter 2 performance reports from Sancroft Community Care specified in Appendix 5 (Part II report).

### Reason (for recommendation)

To report the 2018/19 forecast financial position as at Quarter 2 (30<sup>th</sup> September 2018) and seeks Cabinet approval for Capital Programme adjustments and debts write offs which require Cabinet approval in accordance with Financial Regulations.

## Section 2 – Report

### 1.0 INTRODUCTION

- 1.1 As at Quarter 2 (30<sup>th</sup> September 2018) there is a forecast revenue overspend on Directorate budgets of £4.55m. Following the planned application of reserves (which have largely been applied to fund one-off projects), one off income received after budget setting and a contribution to spending controls of £1.1m, there is a forecast net underspend of £2.2m. The forecast position at Quarter 2 is summarised below:

	£m
• Resources and Commercial Directorate underspend	(0.618)
• Environment and Culture overspend	0.710
• Adult services overspend	5.022
• One-off Adult Social care funding	(1.576)
• Public Health	(0.250)
• Children's Services	(0.314)
• 2018/19 Contribution to spending controls	(1.100)
• One-off Income	(0.532)
• Corporate underspend	(3.542)
<b>Net Underspend</b>	<b><u>(2.200)*</u></b>

*\* This £2.200m underspend will be used as a contribution to the 2019/20 budget*



1.2 The capital programme is reporting a forecast spend of £96.390m against a budget of £215.333m. This represents a total forecast spend of 45%. In terms of general fund capital, there is a net forecast variance of £107.982m of which (£42.782m) is the slippage into 2019/20 and (£65.201m) can be removed from the Capital Programme. For the Housing Revenue Account, a variance of £10.959m is forecast of which (£6.965m) is the slippage into 2019/20 and (£3.994m) can be removed from the capital programme.

## 2.0 REVENUE MONITORING

2.1 The revenue forecast position as at Quarter 2 (30<sup>th</sup> September 2018) is showing an underspend position of (£2.200m), this is an improvement of (£3.653m) when compared to the £1.453m overspend reported in Quarter 1. Of the (£3.542m) Corporate underspend, (£2.200m) is a planned underspend and will be carried forward to contribute to the 2019/20 budget gap.

2.2 The forecast by division is detailed in Appendix 1.

2.3 Table 1 below sets out the summary of the Quarter 2 monitoring position:

**Table 1: Revenue monitoring – as at Quarter 2 (30<sup>th</sup> September 2018)**

Directorate	Budget	Forecast Outturn	Quarter 2 Variance	Draw Down From Reserves	Quarter 2 Variance after Draw Down	Quarter 1 Variance	Movement between Q1 and Q2
	£000	£000	£000	£000	£000	£000	£000
Resources and Commercial	17,144	16,951	(193)	(425)	(618)	(235)	(383)
<b>Resources Total</b>	<b>17,144</b>	<b>16,951</b>	<b>(193)</b>	<b>(425)</b>	<b>(618)</b>	<b>(235)</b>	<b>(383)</b>
Commissioning, Environment and Culture	33,875	35,473	1,598	(888)	710	267	443
Housing	8,200	10,217	2,017	(2,017)		0	-
Regeneration, Enterprise and Planning	2,203	3,583	1,380	(1,380)	-	0	-
<b>Community Total</b>	<b>44,278</b>	<b>49,273</b>	<b>4,995</b>	<b>(4,285)</b>	<b>710</b>	<b>267</b>	<b>443</b>
Adults	64,691	70,296	5,605	(583)	5,022	2521	2,501
Public Health	(1,704)	(1,954)	(250)	-	(250)	0	(250)
Children's	43,545	43,231	(314)	-	(314)	0	(314)
<b>People Total</b>	<b>106,532</b>	<b>111,573</b>	<b>5,041</b>	<b>(583)</b>	<b>4,458</b>	<b>2,521</b>	<b>1,937</b>
<b>Total Directorates</b>	<b>167,954</b>	<b>177,797</b>	<b>9,843</b>	<b>(5,293)</b>	<b>4,550</b>	<b>2,553</b>	<b>1,997</b>
Spending Control		(1,100)	(1,100)		(1,100)	-1100	-
One-off Income		(532)	(532)		(532)		(532)
One-Off Social Care Grant		(1,576)	(1,576)		(1,576)		(1,576)
<b>P6 Forecast after 'one off's'</b>	<b>167,954</b>	<b>174,589</b>	<b>6,635</b>	<b>(5,293)</b>	<b>1,342</b>	<b>1,453</b>	<b>(111)</b>
Corporate Items	5,760	5,760	-	-	-	0	-
Corporate Contingency	1,248	-	(1,248)		(1,248)	0	(1,248)
Technical and Corporate Adjustment	(3,345)	(5,639)	(2,294)		(2,294)	0	(2,294)
Use of Capital Receipts	(2,700)	(2,700)	-		-	0	-
<b>Total Budget Requirement</b>	<b>168,917</b>	<b>172,010</b>	<b>3,093</b>	<b>(5,293)</b>	<b>(2,200)</b>	<b>1,453</b>	<b>(3,653)</b>
<b>Contribution to 2019/20 Budget</b>					<b>2,200</b>		

## **Resources and Commercial**

2.3 At Quarter 2, the Resources and Commercial Directorate is forecasting to underspend by **(£0.618m)**, an improvement of (£0.383m) when compared to (£0.235m) underspend reported in Quarter 1.

**Table 2: Resources Directorate Variance**

Quarter 2 Variance £'000	Quarter 1 Variance £'000	Movement between Quarter 1 and Quarter 2 Variance £'000
(618)	(235)	(383)

2.4 The net underspend of **(£0.618m)** mainly relates to externally generated income in the Legal Shared Service, anticipated rebates from the Pertemps contract and other contract efficiency savings.

2.5 The **Customer Services** division is projecting a net underspend of **(£83k)** which relates mainly to the lower cost of IT contractors and the IT client team and the reduced cost of photocopiers. The reduction in the forecast underspend of £55k when compared to Quarter 1 is mainly due to an increase in staff costs of the parking ticket processing officers.

2.6 **Legal & Governance** are reporting a net **(£0.464m)** underspend in Q2 which is an increase of (£0.232m) when compared to Q1, which reflects additional external income from the Legal Shared Service. Clients have been commissioning increased number of recorded hours from Legal Services. The number of hours commissioned by clients is reviewed on a monthly basis.

2.7 The **Procurement and Commercialisation division** are currently forecasting an overall underspend of **(£0.170m)** in Q2 which reflects anticipated rebates from pertemps and delayed recruitment. This is an increase in forecast underspend of (£69k) when compared with Q1, which is due to additional rebate from the Pertemps contract.

2.8 The **Director of Resources** budget is reporting an overall underspend of **(£85k)** in Q2, which is as a result of back filling the Director of Resources post.

2.9 **Finance** are reporting an under spend of **(£0.119m)** mainly as a result of early insurance savings. An increase of (£98k) when compared to Q1 is due to additional income.

2.10 Other underspends across the directorate of **(£64k)** in Human Resources, Business Support and Assurance have improved by (£56k) when compared to Q1.

2.11 **Strategic Commissioning** is forecasting a **£0.367m** over spend, this pressure mostly relates to the communication budget which is due to lower income from internal clients. The over spend has increased by £0.102m due to additional spend on the waste campaign, library promotion campaign and guide.

## Community

2.12 At Quarter 2, the Community Directorate is forecasting an overspend of £0.710m.

**Table 3: Community Directorate Variance**

	Quarter 2 Variance £'000	Quarter 1 Variance £'000	Movement between Quarter 1 and Quarter 2 Variance £'000
Commissioning and Commercial	-		-
Environment and Culture	710	267	443
Housing General Fund	-	-	-
Regeneration, Enterprise and Planning	-	-	-
<b>Total</b>	<b>710</b>	<b>267</b>	<b>443</b>

2.13 The movement from Q1 to Q2 of £0.443m is a net effect of the following;

2.14 Forecast cost pressure of **£0.208m** from waste disposal (increase by £0.047m from Q1). For dry recycling disposal, the gate fee per tonne has increased significantly since February 18 due to unfavorable market prices for dry recyclables. However, the monthly gate fee could fluctuate materially throughout the year, as such, forecast cost pressure could increase or decrease subject to market prices. The WLWA waste disposal levy is also variable subject to actual waste tonnage delivered to them. The quarterly residual waste tonnage shows an increase when compared to the same period of last financial year.

2.15 There is a saving target of **£75k** in 18/19 for the Route Optimisation of Food Waste collection. Although the initiatives in relation to food waste collection are being progressed as part of Waste Review, the saving likely to be achieved in the latter part of the financial year will be offset by the additional costs from other proposed changes within the review. The service also forecast a pressure on staffing cost of **£60k**.

2.16 Under-achievement of income at the Civic Amenities site from trade customers **£84k**.

2.17 Forecast overspends in staffing costs in Clean & Green – additional overtime payment **£0.100m** and agency staff cost **£0.160m** is due to Housing service standard review which has required overtime to cover unbudgeted holiday and sickness absence. These are partially offset by underspend in parks levy of **(£35k)**, a one-off over achievement in Cemeteries income of **(£56k)** and other income of **(£19k)**.

2.18 A shortfall of **£0.135m** on Public Protection income, which relates to £50k reduction in health and safety service level of agreement income due to a reduced take-up from schools and (85k) licensing income.

- 2.19 There was a shortfall of (£0.130m) in Museum income reported in Q1, this has been mitigated by an underspend in staffing and is part of the movement between Q1 and Q2.
- 2.20 **Housing General Fund** forecasts a balanced position. The budget assumes a saving of £0.573m against the homelessness budget as a result of purchasing an additional 50 properties for temporary accommodation.
- 2.21 The additional 50 properties has not yet been purchased, however as the budget assumes £0.573m of borrowing costs to fund the properties, there is no cost pressure as a result of the delay of this initiative.
- 2.22 The homelessness budget is forecasting a pressure of £17k after a drawdown of (£1.449m) from the Flexible Homelessness Support Grant (FHSG), an increase in drawdown of £0.826m from Q1. This increase is as a result of detailed work that has been carried out to ensure the base information held on Northgate is correct and up to date which was completed in July and as a result better information is now available for projection of costs. Coupled with the introduction of the new Homelessness Reduction Act in April 2018 has led to an increase in the homelessness pressures which is being prevented and relieved by the use of Flexible Homelessness Support grant.
- 2.23 Remaining budgets are forecasting a pressure of £87k fully mitigated by a favourable variance on the Property Acquisition Programme.
- 2.24 The Flexible Homelessness Support Grant and New Burdens Funding of £1.985m and £0.167m respectively have been received in 2018/19 with a further £1.449m grant brought forward from 2017/18 bringing total grant funding to £3.601m, following the drawdown of £1.449m there will be a balance of £2.152m remaining.
- 2.25 **Regeneration, Enterprise and Planning Planning** forecasts a neutral outturn on the basis that the revenue costs of regeneration activity (estimated at £1.380m) are funded from the capacity already set aside within the Minimum Revenue Position (MRP). This is inclusive of regeneration programme delivery costs including, staff time and additional consultancy advice costs.

### **People Services**

- 2.26 The People's Directorate is forecasting a gross overspend position of **£4.458m**, this represent an increase in forecast of £1.937m when compare to Q1 position of **£2.521m**. The £4.458m overspend is further reduced to **£2.882m** after one-off social care funding of **(£1.576m)** received after budget setting, bringing the net movement between Q1 and Q2 down to **£0.361m**.

**Table 4: People's Directorate Variance**

	Quarter 2 Variance  £'000	Quarter 1 Variance  £'000	Movement between Quarter 1 and Quarter 2 Variance £'000
Adult	5.022	2.521	2.501
Adult Social Care Funding	(1.576)	-	(1.576)
Public Health	(0.250)	-	(0.250)
Children	(0.314)	-	(0.314)
<b>Total</b>	<b>2.882</b>	<b>2.521</b>	<b>0.361</b>

**Adult Services**

2.27 The Quarter 2 Adults forecast is projecting gross over spend of **£5.022m**, reflecting increases anticipated in relation to winter pressures, inflationary uplifts and risks around delivery of mitigation to reduce the underlying overspend. The gross pressure is reduced by in year one-off social care finding of (**£1.576m**) which reduces the overspend to the net reported figure of **£3.446m**.

2.28 The net **£3.446m** pressure relates largely to adult social care placements, pressures in the delivery of in-house services, offset by the one-off grants and other wider divisional underspends as set out below;

2.29 **£4.906m** relates to an overspend in adult social care placements as follows;

- An increase of £2.334m in relation to new placements (between now and the end of the financial year, including additional winter pressures).
- An overspend of £3.388m based on MTFs and mitigations achieved to date (as at 18.09.18) and inflationary uplifts of £0.606m
- A reduction in expenditure of (£0.509m) anticipated in relation to the delivery of the remaining MTFs and budgeted assumptions. This relates largely to clawback (£0.198m), the core and cluster model (£95k) and promoting independence (£0.216m).
- A reduction in expenditure of (£0.287m) anticipated in relation to the mitigation plan. This assumes reductions in expenditure in relation to day care (£0.130m), care funding calculator reviews (£0.120m) and reviews being carried out by an external provider (£0.337m) together with a further increase in clawback (£0.200m) reduced by £0.5m to offset any risk associated with delivery.
- A forecast underspend of (£20k) in relation to re-ablement.

2.30 **Other Adults** – an over spend of **£0.108m**. This largely represents an overspend of £0.127m in relation to Central North West London (CNWL) managed mental health

services, offset by minor variations (12k) within the division. The position assumes an outturn in relation to Mental Health services of £5.230m against a budget of £4.054m. The shortfall of £1.176m is shared between the Council and CNWL. Further risk remains in relation to the recovery plan (approx. £0.107m) assumed to be delivered within the forecast currently being reported.

2.31 **In-house provision** – an over spend of **£0.154m** - This largely represents increased staffing costs required to maintain a safe service of £0.275m offset by underspends of £0.121m across transport, Watkins House and shared lives.

2.32 The above pressure is reduced by the following underspends and one-off grants income as follows;

2.33 **Strategic management** – an under spend of **(£0.146m)** - This variation represents a lower level of legal costs in relation to the Infinity project (£21k) and releasing the unallocated placement contingency (£0.125m).

2.34 **One-Off Social Care Funding** - The Secretary of State for Health and Social Care announced in a speech to the Conservative Party Conference at the beginning of October that an extra £240m of funding would be made available to councils to pay for social care packages for Winter 2018/19. The allocation for Harrow totals **(£0.968m)** and will offset any increase the volume of packages being agreed. In addition the Adult Social Care support grant of **(£0.606m)** (announced after the 2018/19 budget was set), is being applied to fund agreed inflationary uplifts.

2.35 The £3.446m represents an increase of **£0.925m** in the forecast between Q1 and Q2 as set out below;

- An increased forecast in relation to social care placements of **£0.833m**, this is due to additional packages for personal budgets, community care placements, nursing homes placements, anticipated new packages for children and young people, other increases in pressure includes transition costs, increase in relation to re-ablement costs and additional bad debt provisions assumes.
- Increased forecasts of **£39k** in relation to other adult social care spend. This represents an increase in the overspend for mental health services provided by Central North West London and assumes a forecast outturn of £5.230m against a budget of £4.054m.
- Increase of **£0.177m** in internally provided service due to an increase in staffing cost required to operate safe services offset by underspends on transport and additional income in relation shared lives.
- A reduced forecast of **(£0.124m)** in relation to the releasing of placement contingency to offset the pressures now being reported

2.36 The forecast continues to assume no additional pressure in relation to s117 cases currently funded 50/50 with health.

## Public Health

- 2.37 At Quarter 2 Public Health are forecasting a net underspend of (£0.250m). This relates to an underspend in relation to sexual health services and will enable the council to increase the wider determinants of health to be funded by the grant.
- 2.38 Sexual health services across London were re-procured during 2017/18 on a tariff basis with a new contract commencing in August 2017. This contracted activity is lower than anticipated resulting in an underspend, however this is slightly mitigated by an increase in testing services delivered through the pan London e-service leading to the underspend now reported. This is a demand led statutory service and there is limited comparable activity data, however this is being closely monitored.

## Children's Services

- 2.39 In 2018/19 the directorate received budget growth of £2.9m in response to a significant increase in the number of young people and families and complexity of need in 2016/17.
- 2.40 The forecast for the directorate is a headline pressure of £0.915m offset by underspends and management actions of £1.229m resulting in a net underspend of (£0.314m) at Quarter 2, an improvement of (£0.314m) when compared to the balanced position reported in Q1.
- 2.41 The following paragraphs summarise the over and under spends across the directorate;
- 2.42 **SEN Transport £0.169m Overspend** - SEN Transport provides home to school and home to further education settings for children and young people in education with Education Health and Care Plans (EHCPs). At this early stage in the year it is anticipated that there will be a pressure on this budget due to an increase in the number of young people eligible for transport particularly in the post 16 and post 19 phases, the latter of which results in transport being provided for a cohort of young people who previously did not receive a service. Work will continue to be undertaken this year to ensure that transport requirements are subject to annual review, routes are shared with other LAs where possible, and the most cost effective type of transport is used.
- 2.43 **Alexandra Avenue Premises Costs £55k overspend** - The lease for the floor space occupied by Special Education Need (SEN) and Children and Young Adult Disability officers at Alexandra Avenue Health Centre has increased by £15k which is a combination of inflation and additional service charges. In addition there is a requirement for the telephony system to be replaced at Alexandra Avenue at a cost of £40k.
- 2.44 **SEN Assessment Service & Educational Psychology £91k.** In the short term - There has been an increase in requests for Education Health & Care Plan (EHCPs) assessments from 156 in 2013-14 (pre SEND Reforms) to 217 in 2016/17, an increase of 37%. Since September 2017 to June 2018 there have been 243 new assessment requests. In 2012 there were 1,158 statements/EHCP compared with 1,477 in 2016. Significantly, in 2012 there were just 97 plans for post 16 and in 2016 this had risen to 339 (of which 40 are Post 20). In the short term 2 additional SEN caseworkers and one part time educational psychology will be employed to manage

the current demand for assessments and casework as well as to provide capacity so that the SEND strategy can be driven forward, delivered and embedded in the operational practice. These posts are over and above establishment.

- 2.45 **Capital Programme Dispute Resolution £0.100m overspend** - The overspend relates to costs for external legal services and external commercial and technical advice services in relation to continued efforts to close the accounts for School Expansion Programme phase 2 (SEP2).
- 2.46 **Frontline Teams Staffing & Other Costs £0.362m overspend** - The main pressure is as a result of agency staff covering vacant posts, sickness and maternity together with 'as and when' required staff carrying out supervised contact. Agency costs should be kept to a minimum due to the permanent recruitment of overseas social workers as well as social workers who completed the front-line and step-up programmes. However it is anticipated that there will always be a pressure on staffing since the full establishment is required to be filled in order to safely maintain service delivery meaning cover will always be required for long term sick and maternity leave. In addition to this there is a pressure on non-staffing costs particularly in relation to recruitment fees, staff expenses and IT/phone equipment and charges.
- 2.47 **Harrow School Improvement Partnership Overspend of £88K** - This this being due to one off severance costs as a result of a restructure to move the service from a traded service to a statutory service.
- 2.48 Other service pressure due to shortfall in income and contract cost of **£50k**.
- 2.49 The pressures above are offset by the following underspends:
- 2.50 **Children's Placements & Accommodation (£0.610m) underspend** - The forecast is projecting an underspend of (£0.610m) which is the full year effect of a number of reductions and planned actions that were undertaken in 2017/18 primarily in relation to returning children home from care or stepping down into more cost effective placements where it is safe to do so. The forecast in 2018-19 allows for some capacity for growth in the number of young people or complexity of placement requirements. This is calculated based on placements which started and finished in-year in 2017/18 and assumes the same activity will reoccur in 2018/19. As the months progress if this growth is not materialising then it is possible that this forecast will reduce further. The forecast in Q2 is projecting an increased underspend of (£0.373m) from Q1. This is as a result of half year adjustments on anticipated costs not materialising. There have also been a number of ended placements where children have returned home or moved to independence where it has been safe to do so.
- 2.51 **Section 17 and No Recourse to Public Funds (NRPF) (£97k) underspend**
- 2.52 Expenditure relates to families being supported by the Council because they have no recourse to public funds (NRPF) and also provides support and subsistence payments to children in need. Regular tracking & monitoring to enable decisions for families to be made in a timely way to enable access to benefits.
- 2.53 **Departmental Legal Costs (£0.312m) underspend** - The expenditure relates to external legal fees for care proceedings including counsel, court fees, experts and assessments. The underspend is due to an increase in the number of Public Law



Outline (PLO) pre proceedings work by 30%. This is in order to ensure that as much work has been carried out as possible before or instead of the beginning of care proceedings as well as carrying out any necessary assessments and work with the family which may either delay or incur additional costs once the care proceedings have begun.

#### 2.54 Management actions across the service (£0.210m)

### **HOUSING REVENUE ACCOUNT**

2.55 At Quarter 2, the HRA is forecasting an under spend of (£0.180m), an improvement against Q1 of (£0.509m), due mainly to reduced expenditure on repairs and bad debt provision and increased proportion of Homes-4-Harrow expenditure qualifying as capital. The estimated deficit on the HRA revenue account is forecast at (£0.919m) which will reduce revenue reserves to an estimated £6.6m.

2.56 Service reviews, aimed at reducing expenditure and increasing income, are ongoing to stabilise the HRA position as a result of the impact of ongoing Government reforms including rent reduction, and welfare reforms. The approved budget assumes revenue cost reductions and increased income of £1.9m per annum by March 2021.

2.57 If this is not achieved the HRA will be at risk of becoming unviable which is not legally permitted. Restrictions on borrowing have required a reduction in planned investment scheme to ensure only statutory and essential health & safety works are carried out.

2.58 Although, phase 1 of Grange Farm Regeneration scheme, which has secured the planning consent and external HIF funding, will be proceeding, a review of the HRA Business Plan is underway to ensure capacity exists to complete the Infill programme and initiate a wider spectrum of new build schemes to reverse sustained stock depletion from right to buys.

2.59 Ministry of Housing Community and Local Government has recently abolished the HRA borrowing cap which **has** been confirmed by government in the recent budget announcement, and combined with Council's successful bid for £32.144m grant funding from GLA in accordance with the Mayor's "Building Council Homes for Londoners" programme, will enable an additional 618 units to be built .

2.60 As well as significantly reversing the impact of historic Rent To Buy losses, these additional units will also improve the capacity to provide accommodation for homeless families thereby mitigating pressures on General Fund by potentially increasing social units available to permanently house homeless tenants.

2.61 Officers are now working up the delivery plan for the new Homes for Harrow programme which will also be presented to Cabinet for approval in February 2019.

2.62 Extensive consultation will also be required with tenants and leaseholders as part of the service reviews where increases in fees and charges are proposed. A summary of the HRA position is provided below which includes estimated balances on the revenue and additional transformation reserve which has been set up to support improvements in the HRA.

**Table 5: Housing Revenue Account Variance**

HRA revenue balances	Budget £'000	Forecast outturn £'000	Variance £'000
Balance b/fwd, pre-audit	-7,531	-7,474	57
Net (surplus) deficit	1,099	919	-180
Balance c/fwd	-6,432	-6,555	-123

**CONTINGENCIES AND RESERVES**

2.63 The contingencies exist to cover unavoidable pressures together with other unforeseen items and spending pressures and to cover areas such as risk, health and safety, equality impacts and uncertainty. There have been no calls on the central contingency for the unforeseen items as at 30<sup>th</sup> September and the forecast assumes no further calls for the remainder of the year, resulting in a £1.248m underspend. Should there be any need to use the contingency then this underspend will be reduced accordingly.

2.64 In Quarter 2, there is a planned corporate forecast underspend of (£2.294m) relating to unallocated inflation and savings on borrowing. This and the £1.2m underspend on the contingency are contributing to the net overall £2.2m underspend which will be used as a contribution to the 2019/20 budget gap.

2.65 There are also a number of earmarked reserves for a variety of purposes and the main ones highlighted in table 6 below:

**Table 6: Earmarked Reserves**

	Budget Planning and Capacity	TPIF	Carry Fwd	MTFS Implementatio n cost	CIL Harrow and Mayor
	£000	£000	£000	£000	£'000
<b>Balance at Start of Year April -18</b>	7,382	1,826	469	2,441	6,155
Estimated to be drawn down in 2018/19 as at Quarter 2	(563)	(411)	(469)	(138)	0
Potential Draw down for the rest of the year	(635)	(110)	0	(217)	0
Estimated to be drawn down in 2018/19 and future years	(2,000)	0	0	0	0
<b>Available after commitment in 2018/19</b>	<b>4,184</b>	<b>1,305</b>	<b>0</b>	<b>2,086</b>	<b>6,155</b>

**SPENDING CONTROL**

2.66 The under spend position of (£2.2m) in Quarter 2 includes a one-off contribution to spending controls across the directorates of £1.1m.

2.67 Table 7 below shows the breakdown of the £1.1m by directorate.

**Table 7: Contribution to Spending Control**

Directorate	Contribution to Spending control	Comment
	£000	
<b>Resources and Commercial</b>	<b>(450)</b>	Reduction in Insurance Fund (£150k) Revs & Bens bad debt provision not required (£250k)
<i>Community and Culture</i>	<i>(75)</i>	New Homes Bonus – LEP Programme. Surplus after
<i>Planning and Enterprise</i>	<i>(75)</i>	CIL – Planning Officer time charged against CIL admin fee
<b>Community Total</b>	<b>(150)</b>	
<i>Children</i>	<i>(250)</i>	Children’s – flexible use of grant carried forward from 17/18 (£250k)
<i>Public Health</i>	<i>(250)</i>	An increase in the funding of the wider determinants of health funded by any in year underspend or the PH reserve.
<b>People Total</b>	<b>(500)</b>	
<b>Total Directorates</b>	<b>(1,100)</b>	

2.68 **One-Off Income** - The council has also received one off income of (£0.532m) after budget setting in February which is also contributing to the forecast underspend.

### **National Non Domestic Rates (NNDR)**

2.69 As a first step towards 100% Business rates retention 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 in 2019/20.

2.70 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.

2.71 Additional one off income of £0.779m in the form of section 31 grant funding has also been allocated to Harrow in 2018/19 which will be applied in the 2019/20 budget.

### **MTFS IMPLEMENTATION TRACKER**

2.72 The 2018/19 budget includes approved MTFS savings of £8.801m.

2.73 Appendix 3 shows a list of the individual red, amber, green and blue rated savings in the MTFS. The definitions used to classify savings rating in this report are detailed in table 8 below:

**Table 8: Savings Definition**

<b>Green - Low or no risk to delivery of</b>	Clear delivery plans in place Project running to timescale
<b>Amber - Medium/some risk to delivery</b>	Potential for slippage but project will be delivered as originally intended but not within timescale, so saving will not be fully realised.
<b>Red - High risk to delivering forecast savings</b>	Project may have started but will deliver <b>no</b> savings in the current financial year Project cannot be delivered but underspends found else where to mitigate savings.
<b>Purple</b>	Future year's savings

2.74 Table 9 below shows the summarised position for each directorate as at Quarter 2:

**Table 9: Savings Tracker 2018/19 – Directorate Summary**

	Resources	People	Community	Regeneration	Total at Quarter 2	Total at Quarter 1	Movement	% Split
	£000	£000	£000	£000	£000	£000		
Red	369	340	314	0	1,023	948	75	12%
Amber	130	1,202	300	0	1,632	1,332	300	18%
Green	1,806	1,597	2,693	50	6,146	6,521	-375	70%
Purple	0	0	0	0	0	0	0	0
<b>Total</b>	<b>2,305</b>	<b>3,139</b>	<b>3,307</b>	<b>50</b>	<b>8,801</b>	<b>8,801</b>	<b>0</b>	<b>100%</b>

2.75 As at Quarter 2, 70% of the 2018/19 savings are rated green (Clear delivery plans in place and running to timescale), 18% are rated as amber (Potential for slippage but project will be delivered as originally intended but not within timescale, so saving will not be fully realised), whilst 12% are rated as red (Project may have started but will deliver no savings in the current financial year, Project cannot be delivered but underspends found elsewhere to mitigate savings).

2.76 **There has been £0.375m** movement the between green, amber and red savings between Quarter 1 and 2 as follows;

- **Housing Related Support Procurement savings (COM 18.19\_S08) £0.100m** has been reclassified as amber from green, this is due to expected £59k pressure as a result of late contract start date and unbudgeted TUPE expenditure.
- **Phase 2 of Environment & Culture Review - Regulatory Services £0.200m** savings has moved from green to amber - Plans are put in place to maximise licensing activities. The introduction of borough wide Public Spaces Protection Order to address environmental issues and new enforcement powers under the Housing and Planning Act 2016 ensures that enforcement actions can be effectively undertaken. A review of Public Protection is also underway. All these are expected to contribute to partially achieving the saving target.
- **£75k savings for Route Optimisation of food waste collection savings (COM\_S12)** has also been reclassified from green to red - Although the initiatives in relation to food waste collection are being progressed as part of Waste Review, the saving likely to be achieved in the latter part of the

financial year will be offset by the additional costs from other proposed changes within the review.

### **Debt Write-off**

- 2.77 An invoice of £0.162m was raised against Cultura London in 2017/18 in relation to income activities undertaken on behalf of the Council. The liquidation process of the company has now been completed and therefore it is requested that the outstanding debt is fully written off. This debt has been provided for.
- 2.78 Following a review of its debts, the Housing Service has identified amounts in the **Housing Revenue Account** totalling £65k which is no longer considered recoverable, £5k of which relates to debt of deceased tenants, with the remainder due to tenants not traceable following exhaustion of all approved channels and uneconomical to pursue. These debts have already been provided for and represent no additional charge to HRA balances. In line with Council's debt management policy, it is recommended Cabinet approves the write off of this amount.

### **Capital Programme**

- 3.0 The 2018/19 capital programme agreed by Council in February 2018 totalled £128.069m. After allowing for agreed slippage of £65.5m from 2017/18 outturn and other approved amendments of £21.764 the programme now totals £215.333m at Quarter 2.

**Table 10: Capital Outturn Summary**

Directorate	Original Programme	CFWD's	Other Adjustment (Additional)	TOTAL BUDGET	Forecast Spend	Forecast Variance	Slippage	Underspend after slippage
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>TOTAL GENERAL FUND</b>	<b>125,330</b>	<b>46,900</b>	<b>21,764</b>	<b>193,994</b>	<b>86,010</b>	<b>-107,982</b>	<b>-42,782</b>	<b>-65,201</b>
<b>TOTAL HRA</b>	<b>2,739</b>	<b>18,600</b>	<b>0</b>	<b>21,339</b>	<b>10,380</b>	<b>-10,959</b>	<b>-6,965</b>	<b>-3,994</b>
<b>TOTAL GENERAL FUND &amp; HRA</b>	<b>128,069</b>	<b>65,500</b>	<b>21,764</b>	<b>215,333</b>	<b>96,390</b>	<b>-118,942</b>	<b>-49,747</b>	<b>-69,196</b>

- 3.1 The forecast spend at Quarter 2 is £96.390m, 45% of the total capital programme. The forecast variance on the General Fund at Q2 is a variance of (£107.982m) (56%) of the £193.994m budget, of which £42.782m is the slippage into 2019/20 and (£65.201m) can be removed from the capital programme.
- 3.2 The forecast variance on the Housing Revenue Account budget of £21.339m at Quarter 2 is a variance of (£10.959m), of which £6.965m is the slippage into 2019/20 and (£3.994m) can be removed from the capital programme.

Tables 11 and 12 below summarise the capital forecast position and Appendix 4 shows the capital programme in more detail.

**Table 11: Summary of Capital forecast by Directorate**

Directorate	Original Programme	CFWD's	Virement	Other Adjustment (Additional)	External	LBH	TOTAL BUDGET	Forecast Spend	Forecast Variance	Slippage	Underspend after slippage
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>PEOPLE</b>	<b>7,870</b>	<b>18,435</b>	<b>20</b>	<b>0</b>	<b>12,012</b>	<b>14,313</b>	<b>26,325</b>	<b>14,572</b>	<b>-11,753</b>	<b>-11,660</b>	<b>-93</b>
<i>Adults</i>	200	918	20	0	0	1,138	1,138	1,045	-93	0	-93
<i>Schools and Children</i>	7,670	17,517	0	0	12,012	13,175	25,187	13,527	-11,660	-11,660	0
<b>COMMUNITY</b>	<b>113,722</b>	<b>13,714</b>	<b>-1,960</b>	<b>21,714</b>	<b>5,572</b>	<b>141,618</b>	<b>147,190</b>	<b>54,420</b>	<b>-92,769</b>	<b>-27,662</b>	<b>-65,108</b>
<i>Environment and Commissioning</i>	30,643	2,878	-1,920	21,898	1,459	52,040	53,499	42,185	-11,314	-11,314	0
<i>Housing</i>	9,015	9,221	0	226	1,406	17,056	18,462	2,778	-15,684	-14,933	-751
<i>Culture</i>	2,164	472	0	-610	922	1,104	2,026	1,272	-754	-754	0
<i>Regeneration</i>	71,900	1,143	-40	200	1,785	71,418	73,203	8,186	-65,017	-661	-64,356
<b>RESOURCES</b>	<b>3,738</b>	<b>14,751</b>	<b>1,940</b>	<b>50</b>	<b>69</b>	<b>20,410</b>	<b>20,479</b>	<b>17,018</b>	<b>-3,461</b>	<b>-3,461</b>	<b>0</b>
<b>TOTAL GENERAL FUND</b>	<b>125,330</b>	<b>46,900</b>	<b>0</b>	<b>21,764</b>	<b>17,653</b>	<b>176,341</b>	<b>193,994</b>	<b>86,010</b>	<b>-107,982</b>	<b>-42,782</b>	<b>-65,201</b>
<b>TOTAL HRA</b>	<b>2,739</b>	<b>18,600</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>21,339</b>	<b>21,339</b>	<b>10,380</b>	<b>-10,959</b>	<b>-6,965</b>	<b>-3,994</b>
<b>TOTAL GENERAL FUND &amp; HRA</b>	<b>128,069</b>	<b>65,500</b>	<b>0</b>	<b>21,764</b>	<b>17,653</b>	<b>197,680</b>	<b>215,333</b>	<b>96,390</b>	<b>-118,942</b>	<b>-49,747</b>	<b>-69,196</b>

**Table 12: Analysis of Forecast Outturn Variance**

Directorate	Outturn variance	Split of outturn variance by funding		Slippage	Slippage by funding		Underspend after slippage	Split of Underspend after slippage	
		Grant/sec 106	LBH		Grant /Sec 106	LBH		Grant	LBH
		£'000	£'000		£'000	£'000		£'000	£'000
<b>PEOPLE</b>	<b>-11,753</b>	<b>-3,085</b>	<b>-8,668</b>	<b>-11,660</b>	<b>-3,085</b>	<b>-8,575</b>	<b>-93</b>	<b>0</b>	<b>-93</b>
<i>Adults</i>	-93	0	-93	0	0	0	-93	0	-93
<i>Schools and children</i>	-11,660	-3,085	-8,575	-11,660	-3,085	-8,575	0	0	0
<b>COMMUNITY</b>	<b>-92,768</b>	<b>-661</b>	<b>-92,107</b>	<b>-27,661</b>	<b>0</b>	<b>-27,661</b>	<b>-65,109</b>	<b>0</b>	<b>-65,109</b>
<i>Environment and commissioning</i>	-11,314	0	-11,314	-11,314	0	-11,314	0	0	0
<i>Culture</i>	-754	0	-754	-754	0	-754	0	0	0
<i>Housing</i>	-15,684	0	-15,684	-14,933	0	-14,933	-751	0	-751
<i>Regeeration</i>	-65,016	-661	-64,354	-660	0	-660	-64,357	0	-64,357
<b>RESOURCES</b>	<b>-3,461</b>	<b>0</b>	<b>-3,461</b>	<b>-3,461</b>	<b>0</b>	<b>-3,461</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL GENERAL FUND</b>	<b>-107,982</b>	<b>-3,746</b>	<b>-104,236</b>	<b>-42,782</b>	<b>-3,085</b>	<b>-39,697</b>	<b>-65,202</b>	<b>0</b>	<b>-65,202</b>
<b>TOTAL HRA</b>	<b>-10,959</b>	<b>0</b>	<b>-10,959</b>	<b>-6,965</b>	<b>0</b>	<b>-6,965</b>	<b>-3,994</b>	<b>0</b>	<b>-3,994</b>
<b>TOTAL</b>	<b>-118,942</b>	<b>-3,746</b>	<b>-115,195</b>	<b>-49,747</b>	<b>-3,085</b>	<b>-46,662</b>	<b>-69,196</b>	<b>0</b>	<b>-69,196</b>

## **RESOURCES DIRECTORATE**

- 3.3 As at Quarter 2 the Resources Directorate is forecasting overall spend of £17.018m, which is 84% of the approved £20.479m capital budget in 2018/19.
- 3.4 The forecast variance of **(£3.461m)** is the slippage into 2018/19 as detailed below. There are no revenue implications as a result of this slippage.
- 3.5 Devolved applications slippage of **£1.438m** - The expenditure has been re-profiled to better reflect milestone delivery. The bulk of the work will be delivered in 2019/20.
- 3.6 Ongoing refresh & enhancement of ICT schemes of **£0.905m**. The expenditure has been re-profiled to reflect delays in commissioning the piece of work through 2018/19. The project must be delivered by 2020. There is minimal impact on the revenue budget as licences will still be required in 2018/19.
- 3.7 SAP Financial Leger projects - **£0.554m** will be slipped to 2019/20 pending decisions in relation to individual projects.
- 3.8 Other projects including the ABAVUS system and Human Resources system of **£0.564m** will be slipped to 2019/20.

## **COMMUNITY DIRECTORATE**

- 3.9 As at Quarter 2 the forecast is £54.333m, 37% of the total budget.
- 3.10 The forecast variance is (£92.856m) of which £82.025m will be slipped to 2019/20 and £10.832m can be removed from the capital programme. The main items of slippage and underspend are detailed below:

### **Environment and Commissioning**

- 3.11 At Quarter 2, the service is forecasting to spend £42.185m (79%) in 2018/19, and budget slippage of (£53.499m). There are no revenue implication of these capital slippages and underspend.
- 3.12 The services spent and committed 20% of its budget at Q2. The main reason that this is below the profiled spend at this time of the year is that the construction work at the depot is scheduled to commence in the latter part of the financial year when the majority of its budget will be spent.
- 3.13 The Vehicle Procurement budget of **£11.314m** will be slipped due to the lead-in time for manufacturing the vehicles which means some vehicles will be purchased in 2019/20 instead.

### **Culture**

- 3.14 At Quarter 2, the service is forecasting to spend £1.272m (63%) in 2018/19, and budget slippage of (£2.026m). There are no revenue implication of these capital slippages and underspend
- 3.15 The Bannister Sports Centre project is S106 funded. There is a total budget of £0.904m in 2018/19. It is planned to utilise the funding for the installation of a new 3G

pitch and improvement works at Harrow Weald Recreation. A funding application to the Football Foundation is being prepared to try to maximise the funding available for these works. The submission of the application is dependent on the confirmation of the granting of planning permission. The works to the pavilion will start after the football season has ended so April 2019 at the earliest. The forecast spend in 2018/19 is therefore mainly related to the electrical upgrades at the Bannister site and the remaining budget **£0.751m** is to be slipped to 2019/20.

### **Housing General Fund**

- 3.16 At Quarter 2 the outturn forecast for Housing General Fund is £2.778m.
- 3.17 The forecast variance is (£15.684m), **£14.933m** will be slipped to 2019/20 while £0.751m is no longer needed. The main items of underspend and slippage is detailed below;
- 3.18 **£14.933m** slippage relates to acquisition of additional properties under Council's Property Acquisition Programme. Delays in acquisition of additional properties will result in a reduced supply of temporary accommodation which can be used as an alternative to the more expensive Bed & Breakfast; however this would only be the case until the new properties come into use by the Council.
- 3.19 Underspend **£0.751m** relates mainly to budget set aside for Compulsory Purchase Order not now proceeding and will not have a significant revenue impact as it relates to a single property.

### **REGENERATION**

- 3.20 At Quarter 2, the forecast spend on regeneration main projects is £7.062m, this represents approximately 10% of the approved capital programme budget of £71.418m. The variance of £64.356m is the underspend that will be removed from the capital programme in 2018/19. The Regeneration Capital budget is been reset and is covered elsewhere on this agenda in the Regeneration Programme Report.
- 3.21 Other regeneration projects within the Planning and Enterprising division are forecasting an outturn of £1.124m and a budget slippage of £0.661m which relates to Neighbourhood Community Investment Levy Schemes.

### **PEOPLE**

- 3.22 As at Quarter 2 the forecast spend is £14.572m, 55% of the 2018/19 People's directorate capital budget.
- 3.23 The forecast variance is (£11.753m); £11.660m is the slippage into 2019/20 while £93k budget will be removed from the programme.

### **ADULTS**

- 3.24 At Quarter 2 the forecast spent is £1.045m this represents 92% of the approved capital programme in 2018/19 and £93k will be removed from the programme.
- 3.25 The £93k underspend in Adults relates to Integrated Health Model and Mentis Pilot which have not progressed. In the event that Adults decide to go ahead with these



projects then a new Business case will be raised. There is no revenue implications as a result of this underspend.

#### **SCHOOLS**

- 3.26 At Quarter 2 the service is forecasting to spend £13.527m (54%) in 2018/19 and a budget slippage of (£11.660m) into 2019/20.
- 3.27 **Bulge Classes, Amalgamations & Capital Maintenance** - Bulge class funding is for schools opening temporary additional classes in year. Amalgamation funding is for infant and junior schools amalgamating in year. Capital maintenance is for reactive and proactive maintenance in respect of maintained schools. All of these projects are expected to spend within budget.
- 3.28 **School Expansion Programme (SEP) 2** - Keepmoat (now Engie) was commissioned to deliver the majority of the Phase 1 (SEP1) and Phase 2 (SEP2) construction projects. The projects have reached project completion and the schools are occupying their new accommodation. There are a number of building defects and on-going contractual issues and the council has appointed legal and commercial advisers to secure a resolution. For the purposes of budget monitoring these programmes are forecast to budget but there is a risk to the capital programme that the final outturn is higher than the budget.
- 3.29 **SEP 3** - There are four school expansions over five school sites. Four of the projects are completed and the final scheme is scheduled to complete by autumn 2018. This is anticipated to be completed within budget.

#### **Slippage**

- 3.30 The total slippage is £11.66m. There are no revenue implications as a result of this slippage. The majority of these items are set out as follows:
- 3.31 **£6.8m** relates to funding set aside for secondary expansions. As reported to Cabinet in July 2018 the projections for Year 7 places indicate that there will be a shortfall of up to 5 forms of entry in 2022/23. This reduces to 1 form of entry in 2025/26. However, at this time there are a higher number of Year 7 places than required which is resulting in vacancies being concentrated in a small number of schools. It is proposed to slip the funding to 2019/20 and ensure that the situation is monitored and that once there is greater clarity about changes on the borough boundaries that a local solution to meet the growing need is developed with the High Schools.
- 3.32 Special Educational Needs provision slippage totals **£4.5m**. Funding has been included in the capital programme to support additional in-borough SEN provision which is driven by the SEND Strategy. As part of the implantation of the strategy, a whole system review of in-borough provision will be undertaken in conjunction with the changing and growing needs of the population to inform additional in-borough solutions. It is possible some of this funding will be spent in 2018/19 but at this stage it is anticipated that the majority of this funding will be slipped to 2019/20.
- 3.33 The remainder of the slippage is for IT for which the full budget is not anticipated to be needed this financial year.

## Housing Revenue Account

- 3.34 At Quarter 2, outturn forecast for Housing Revenue Account is £10.380m resulting in forecast variance (£10.959m) of which £6.965m will be slipped into 2019/20 and £3.994m will be removed from the programme.
- 3.35 **£6.965m** slippage includes £5.391m for Grange Farm, which now has planning permission and is moving into the procurement phase; the balance relates to the Infill programme which has been delayed following withdrawal of borrowing approvals, this is being addressed by the Council as part of a spectrum of proposals to Government to free up capital resources and additional borrowing to expedite new build across the capital.
- 3.36 **£3.994m** underspend includes £0.420m for planned investment works and £3.574m for Infill schemes originally part funded from borrowing which will not be assumed to continue until they are approved as part of the final HRA budget in February 2019. This is because these schemes were not assumed to have funding as at Qtr 2 but will be updated for the February Cabinet if the position changes when the final HRA Budget report will be submitted to Cabinet for approval.
- 3.37 Slippage will result in delays in construction of new units in Grange Farm and Infill sites. There will be no significant impact on statutory and health & safety works as these have been prioritised in the main planned investment programme.

## AMENDMENTS TO THE CAPITAL PROGRAMME

### Addition to Capital Programme

- 3.38 There is currently a budget allocation of £1.269m in the 2018/19 capital programme for Local Implementation Plan (LIP). LIP is funded by Transport for London (TfL). A further funding of £0.115m has been allocated following a successful bid to TfL to undertake carriageway widening works on High Road Harrow Weald, therefore the capital element of the LIP funding is now £1.384m. It is requested that £0.115m be added to the LIP programme in 2018/19.
- 3.39 S106 developer's contributions will be used to support the following highway schemes in 2018/19
- £20,800 for a local safety scheme in Oxhey Lane
  - £50,000 for physical works in College Road
- It is therefore requested that **£70,800** be added to the highway programme in 2018/19.
- 3.40 The council has received national funding from the soft drinks levy (sugar tax) called the Healthy Pupil Capital Fund (HPCF). This is a one off payment and must be used to improve health and wellbeing in schools. The fund will be used to identify an important public health issue and an intervention to address it. In this case, the issues are child hood obesity and poor oral health and the intervention would be to reduce the amount of sugary drinks consumed by improving access to water fountains in schools. It is therefore requested that a new programme budget called water fountains of £0.174m be added to the 2018/19 capital programme.
- 3.41 An addition is require for a project which seeks to transform an underutilised and neglected green space into a brand new pocket park; this project will also create a gateway to a linear green space connecting a residential area with a bustling town

centre. The total cost of the project is £25k, the council has already applied for a grant of £19k from the Mayors Greener City Fund while the balance of £6k will be funded from the ward priority fund. It is therefore requested that a new programme called new pocket park project of £25k is added to the 2018/19 capital programme. This addition is subject to the success of the £19k grant from the Mayors Greener City Fund.

3.42 The Financial regulations allow for a total of £2.5m of additional Capital expenditure to be added to the Capital Programme (which is funded from external sources) during any one financial year. To date taking into account the additions at paragraphs 3.38 to 3.41, a total of £1.733m has been added. There are 2 further additions of capital required in relation to £545k for playground infrastructure replacement which will be funded from Borough Community Infrastructure Levy (BCIL) and £509k of funding to improve the Highway infrastructure which has been received from the Department of Transport as part of the October Budget announcement. The addition of these 2 items would bring the total additions to a value in excess of £2.5m, and so these 2 items were added by Council on 29<sup>th</sup> November 2018, in order for the Financial Regulations not to be breached.

#### **4.0 Sancroft Care Home**

- 4.1 Sancroft Community Care Ltd took over operations on the 8th February 2018 of the 50 bed residential care home for the elderly. 45 of these beds are contracted with the London Borough of Harrow under a block bed contract. At the end of its first two months trading to the end of March 2018, Sancroft had delivered the net profit before tax as per the business plan.
- 4.2 In Quarter 2 of 2018/19 - Sancroft continues to deliver against the business plan with an improvement in position to that reported in Q1 2018. The Quarter 2 performance of the Company is set out in Confidential Appendix 5.

#### **5.0 Concilium Business Services**

- 5.1 Concilium Business Services Ltd has been trading as Smart Lettings since financial year 2015/16. In accordance with the Shareholder Agreement the Business Plan is refreshed and subsequently approved on an annual basis. Following the annual refresh, it has been concluded that Smart Lettings can no longer continue as a going concern and the functions of the Company will be transferred back to the Council, including the TUPE of staff employed by Smart Lettings. This process of transferring back the functions has commenced and the results of this process will be reported to Cabinet in February as part of the Quarter 3 Finance Update.
- 5.2 Smart Lettings took a loan of £0.284m from the Council. There are insufficient funds within the company to re-pay this loan. Contingency provision was made for such an event and the unrecoverable loan will be written off against the Commercialisation Reserve which currently stands at £0.355m. It is therefore recommended that Cabinet approve the write off of this loan of £0.284m.
- 5.3 When the process of transferring functions back to the authority has been completed, any residual loss within the company will be held within Concilium Group Ltd, the holding company, and be off set against profits earned elsewhere within the company structure.

## **6.0 Reporting for the 2018/19 Financial Year.**

6.1 Cabinet will receive quarterly monitoring reports during the year as follows:

- Quarter 3 - February 2019
- Outturn report - June 2019

## **7.0 IMPLICATIONS OF THE RECOMMENDATIONS**

The recommendations are asking the Cabinet mainly to:

- To note the revenue position for 2018/19
- To approve amendments to Capital Programme
- To approve bad debt write-off
- To note the Quarter 2 performance of Sancroft Community Care.

These recommendations do not affect the Council's staffing / workforce and have no equalities, procurement, data protection or community safety impact.

## **8.0 PROCUREMENT IMPLICATIONS**

There are no procurement implications arising from this report

## **9.0 LEGAL IMPLICATIONS**

9.1 Section 151 of the Local Government Act 1972 states that without prejudice to section 111, every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs". Section 28 of the Local Government Act 2003 imposes a statutory duty on a billing or major precepting authority to monitor, during the financial year, its income and expenditure against budget calculations.

9.2 Under the Council's Financial Regulation B48 Additions in year to the Capital Programme up to £500,000 additional capital spending can be approved by Cabinet on specific projects where the expenditure is wholly covered by additional external sources; and the expenditure is in accordance with at least one of the priorities listed in the capital programme; and there are no significant full year revenue budget effects. The additional capital spending agreed by Cabinet in one financial year cannot exceed £2.5million.

9.3 Under section F5 of the financial regulation debts write-offs over £25,000 will be subject to cabinet approval. The limits apply to individual debts or category of debts. The write offs needing approval at Cabinet will be submitted as part of the quarterly Revenue Monitoring Report.

## **10.0 FINANCIAL IMPLICATIONS**

Financial implications are contained within the body of the report.

## 11.0 PERFORMANCE ISSUES

Good financial monitoring is essential to ensuring that there are adequate and appropriately directed resources to support delivery and achievement of Council priorities and targets as set out in the Corporate Plan. In addition, adherence to the Prudential Framework ensures capital expenditure plans remain affordable in the longer term and that capital resources are maximized.

The forecast position at Quarter 2 is showing an under spend position of (£2.200m).

For the 2018/19 savings built into the MTFs, the overall position is that 70% of the savings are RAG rated as Green (Clear delivery plans in place and project running to timescale), 18% amber (Potential for slippage, project will be delivered as originally intended but not within timescale, so saving will not be fully realise) and 12% red (Project may have started but will deliver no savings in the current financial year).

The Capital Programme is projecting a spend of 45% as at Quarter 2

## 12.0 ENVIRONMENTAL IMPACT

There is no direct environmental impact

## 13.0 RISK MANAGEMENT IMPLICATIONS

The Key financial risks are managed through the risk management strategy. There are two significant financial risks currently included on the Corporate Risk Register:

Risk 11 - The inability to provide services within budget.

## 14.0 EQUALITIES IMPLICATIONS / PUBLIC SECTOR EQUALITY DUTY

The MTFs savings have had equality impact assessments completed on them where required and these have been published with the budget setting report.

## 15.0 CORPORATE PRIORITIES

The Quarter 2 Budget monitoring Report 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"/>	Director of Finance
Date: 5 <sup>th</sup> November 2018		
		_____ on behalf of the

Name: Jessica Farmer	<input checked="" type="checkbox"/>	Monitoring Officer
Date: 26 <sup>th</sup> November 2018		

### Section 3 – Procurement Officer Clearance

Name: Nimesh Mehta	<input checked="" type="checkbox"/>	on behalf of the Head of Procurement
Date: 5 <sup>th</sup> November 2018		

<b>Ward Councillors notified:</b>	NO
<b>EqlA carried out:</b>	NO
<b>EqlA cleared by:</b>	N/A

### Section 4 - Contact Details and Background Papers

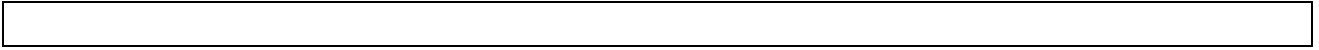
**Contact:** Sharon Daniels (Sharon.daniels@harrow.gov.uk)

**Background Papers:**

<http://www.harrow.gov.uk/www2/documents/b24374/Supplemental%20Agenda%20Thursday%2015-Feb-2018%2018.30%20Cabinet.pdf?T=9>.

<http://www.harrow.gov.uk/www2/documents/g64376/Public%20reports%20pack%20Thursday%2012-Jul-2018%2018.30%20Cabinet.pdf?T=10>.

<b>Call-In Waived by the Chair of Overview and Scrutiny Committee</b>	<b>NOT APPLICABLE</b>  <i>[Call –in applies]</i>
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## Revenue Forecast Summary by Directorate

## Appendix 1

	Budget	Outturn	Quarter 2 Variance	Drawdown From Reserves	Quarter 2 Variance after Drawdown From Reserves	Q1 Variance	Movement between Q1 and Q2
	£000	£000	£000	£000	£000	£000	
<b>Resources</b>							
<b>Controllable Budget</b>							
Customer Services	14,037	14,125	88	(171)	(83)	(138)	55
Concessionary Fares	10,000	10,000	0		0	0	0
Business Support	3,307	3,306	(1)	0	(1)	2	(3)
Director of Resources	641	556	(85)	0	(85)	0	(85)
Assurance	596	607	11	(45)	(34)	(1)	(33)
HRD & Shared Services	995	967	(28)	0	(28)	(9)	(19)
Procurement & Commercial	308	138	(170)	0	(170)	(101)	(69)
Legal & Governance	2,799	2,473	(326)	(138)	(464)	(232)	(232)
Strategic Commissioning	1,863	2,301	438	(71)	367	265	102
Finance	2,389	2,269	(120)	0	(120)	(21)	(99)
<b>Total Controllable Budget</b>	<b>36,935</b>	<b>36,742</b>	<b>(193)</b>	<b>(425)</b>	<b>(618)</b>	<b>(235)</b>	<b>(383)</b>
Uncontrollable Budget	(19,791)	(19,791)	0		0	0	0
<b>Total Directorate Budget</b>	<b>17,144</b>	<b>16,951</b>	<b>(193)</b>	<b>(425)</b>	<b>(618)</b>	<b>(235)</b>	<b>(383)</b>
							0
<b>Community</b>							0
<b>Controllable Budget</b>							0
Commissioning & Corporate Estate	(5,139)	(4,732)	407	(407)	0	0	0
Environment & Culture	21,335	22,526	1,191	(481)	710	267	443
Directorate Management	184	184	0	0	0	0	0
Housing General Fund	4,656	6,673	2,017	(2,017)	0	0	0
Regeneration, Enterprise and Planning	1,063	2,443	1,380	(1,380)	0	0	0
<b>Total Controllable Budget</b>	<b>22,099</b>	<b>27,094</b>	<b>4,995</b>	<b>(4,285)</b>	<b>710</b>	<b>267</b>	<b>443</b>
Uncontrollable Budget	22,179	22,179	0		0	0	0
<b>Total Directorate Budget</b>	<b>44,278</b>	<b>49,273</b>	<b>4,995</b>	<b>(4,285)</b>	<b>710</b>	<b>267</b>	<b>443</b>
							0
<b>People</b>							0
<b>Controllable Budget</b>							0
Adult Services	58,104	63,709	5,605	(583)	5,022	2,521	2,501
Public Health	(1,814)	(2,064)	(250)	0	(250)	0	(250)
Children & Families	32,721	32,407	(314)	0	(314)	0	(314)
<b>Total Controllable Budget</b>	<b>89,011</b>	<b>94,052</b>	<b>5,041</b>	<b>0</b>	<b>4,458</b>	<b>2,521</b>	<b>1,937</b>
Uncontrollable Budget	17,521	17,521	0		0	0	0
<b>Total Directorate Budget</b>	<b>106,532</b>	<b>111,573</b>	<b>5,041</b>	<b>(583)</b>	<b>4,458</b>	<b>2,521</b>	<b>1,937</b>
							0
<b>Total Directorate Budgets</b>	<b>167,954</b>	<b>177,797</b>	<b>9,843</b>	<b>(5,293)</b>	<b>4,550</b>	<b>2,553</b>	<b>1,997</b>
							0
Corporate Items	5,760	5,760	0		0	0	0
Corporate Contingency	1,248	0	(1,248)		(1,248)	0	(1,248)
Technical and Corporate Adjustment	(3,345)	(5,639)	(2,294)		(2,294)	0	(2,294)
Use of Capital Receipts	(2,700)	(2,700)	0		0	0	0
Spending Controls Freeze		(1,100)	(1,100)		(1,100)	(1,100)	0
One-off Income		(532)	(532)		(532)		(532)
One-Off Social Care Grant		(1,576)	(1,576)		(1,576)	0	(1,576)
<b>Total Budget Requirement</b>	<b>168,917</b>	<b>172,010</b>	<b>3,093</b>	<b>(5,293)</b>	<b>(2,200)</b>	<b>1,453</b>	<b>(3,653)</b>



Draw Down From Reserves

Appendix 2

Description	TPIF	MRP	Others	Total
<b>Resources</b>	£000	£000	£000	
Domestic Violence	36			
Crowd Funding	10			
Access Harrow	40			
Assurance (grant)			45	
Communication	15			
Election Reserve			80	
Manifesto Commitment			68	
BTP Client team - (Capacity bid)			106	
BTP Client team - ICT reserve			25	
<b>Resources Total</b>	<b>101</b>	<b>0</b>	<b>324</b>	<b>425</b>
<b>Community</b>				
Public Protection Projects	157			
North Harrow Community Library	19			
Proceed Of Crime Act Reserve			222	
Award of Major Project.	8			
Library reserve			100	
Loss of Parking Income Gayton Road		142		
Loss of Parking Income Canning Road		19		
Litigation cost - From Corporate budget			105	
Litigation cost - From 2017/18 Provision			100	
Pool Car Pilot			16	
<b>Regeneration</b>				
Council Regeneration programme		1380		
<b>Housing General Fund</b>				
Flexible Homelessness Support Grant			1,449	
Additional 50 Homes		430		
Watkins House Redundancy			138	
<b>Community Total</b>	<b>184</b>	<b>1971</b>	<b>2130</b>	<b>4285</b>
<b>People</b>				
<b>Adult</b>				
Project Infinity	53			
Ewart House Contract	18			
Age UK	55			
Capacity bid			457	
<b>Total People</b>	<b>126</b>	<b>0</b>	<b>457</b>	<b>583</b>
<b>Total</b>	<b>411</b>	<b>1971</b>	<b>2911</b>	<b>5293</b>

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# 2018-19 MTFS Savings

Appendix 3

Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction INTERNAL	Old Savings reversed as part of 2018/19 MTFS	2018/19	2019/20	2020/21	Total	Rag rating	Comment
			£000	£000	£000	£000	£000		
<b>Resources</b>									
RES_01	Customer Services and IT	Increase Helpline Income Developing a robust multi-channel marketing plan to build the brand and promote the Helpline service to generated additional income through the existing service.		100	100		200	Green	Ongoing work with Adult Social Care to ensure that opportunities to stay at home are maximised.
Res 18.19 01	Customer Services	Review of Postal Process - the post room will sort inbound post but services will need to collect from the Post Room.  The post room will frank and send post out but services will be responsible for delivering mail to post room.		20	30		50	Green	Saving for 18/19 is accounted for through staff reduction. Hybrid Mail project underway to reduce annual cost of postage
RES_HR01	HR	Shared HR Service with Buckinghamshire County Council - Business Case Under Development		110			110	Amber	There is a small risk that part of the savings might not be achieved as some processes within the shared service need to be reviewed, mitigating activities are being put in place to release the savings. Risk element is £17.6k (40% Harrow share of £44k ).

# 2018-19 MTFS Savings

Appendix 3

Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction INTERNAL	Old Savings reversed as part of 2018/19 MTFS	2018/19	2019/20	2020/21	Total	Rag rating	Comment
			£000	£000	£000	£000	£000		
RES_CP01	Commercial, Contracts & Procurement	Selling services through shared procurement arrangements.		29	0		29	Green	SLA Income from schools - on track
RES15	Procurement	Restructuring of the Commercial, Contracts and Procurement Division's function.		151			151	Red	Third year of the savings, this was not achievable, now offset by underspend elsewhere
RES_16	Strategic Commissioning	VCS funding - This saving reduces community grants and transfer funding from the emergency relief fund, to support the information and advice strategy as the December cabinet report.		57	50		107	Green	On track
RES_SC01	Strategic Commissioning	Income from Communications Through Gain Share Model		13			13	Red	Increased savings combined with increased income will be difficult to achieve in 2018/19. Any spend pressure will be managed through the Resources Directorate, and proposals will be brought forward to create a sustainable position for Communications during 2018.
RES_SC03	Strategic Commissioning	Alternative Funding of domestic violence budget		61			61	Green	On track

# 2018-19 MTFS Savings

Appendix 3

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Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction INTERNAL	Old Savings reversed as part of 2018/19 MTFS	2018/19	2019/20	2020/21	Total	Rag rating	Comment
			£000	£000	£000	£000	£000		
RES_SC04	Strategic Commissioning	Proposed savings in Health watch Funding		50			50	Green	For 2018/19, the saving has been achieved with carry forwarded from 2017/18. However, there is a risk to service operation from next year at £50k per annum. Health watch England are working with the local HW to see if the funding is sufficient to provide this statutory service under Social Care Act 2012
RES_SC02	Strategic Commissioning	Additional Income from Communications Provider and Further Savings		107			107	Red	Increased savings combined with increased income will be difficult to achieve in 2018/19. Any spend pressure will be managed through the Resources Directorate, and proposals will be brought forward to create a sustainable position for Communications during 2018.
RES_SC02	Strategic Commissioning	The previous tender of the Communications Service aimed to deliver a programme of reductions in spend phased of a number of financial years. With the service recently being brought back in house, it requires all available funding to keep up with demand	(57)				(57)	Red	Saving reversed as part of 2018/19 budget setting process so there is no impact on the 2018/19 budget.

# 2018-19 MTFS Savings

Appendix 3

Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction INTERNAL	Old Savings reversed as part of 2018/19 MTFS	2018/19	2019/20	2020/21	Total	Rag rating	Comment
			£000	£000	£000	£000	£000		
RES_SC05	Strategic Commissioning	SIMS Team Contribution to Overheads and Additional Income		20			20	Amber	Income on-track on the basis of last years' performance. However, schools budgets are being put under more pressure so this is not guaranteed at this stage. Exploring joint marketing opportunities with Bucks CC.
RES_SC06	Strategic Commissioning	Commissioning Capacity in the Council		50			50	Green	On track
Res 18.19 06	Strategic Commissioning	Special Responsibilities Allowance		58			58	Red	New administration has confirmed the cabinet and the size of the cabinet will not be reduced.
Res 18.19 07	Strategic Commissioning	Restructure of the Policy team		25			25	Green	On track
RES_LG04	Legal & Governance	Expansion of the Legal Practice		210			210	Green	Based on last years performance this should be met depending upon the activity within the practice.
Res 18.19 05	Legal	Member meetings, member self service, change to standards regime		40			40	Red	Savings not achievable, not advisable due to recent judicial review of the processes in another council.

# 2018-19 MTFS Savings

Appendix 3

Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction INTERNAL	Old Savings reversed as part of 2018/19 MTFS	2018/19	2019/20	2020/21	Total	Rag rating	Comment
			£000	£000	£000	£000	£000		
RES12	Legal & Dem Services	Reduction in Legal cost, in the initial instance by growing the business		144			144	Green	On track
RES_F02	Finance & Assurance	Improved Treasury investment return from increased Risk appetite (Primarily lending for longer and to institutions with lower credit ratings)		625			625	Green	On track
RES_F04	Finance & Assurance	Investment Portfolio		350			350	Green	On track
Res 18.19 04	Finance	Insurance Tender Efficiencies. The following Insurance Policies were re-tendered and savings of £35k per annum will be realised from 01/04/17.		35			35	Green	On track
Res 18.19 03	Finance	Reduced contribution to the Insurance Fund - Harrow Council primarily self insures and makes an annual contribution from the general fund to the Insurance Fund. The annual contribution currently stands at £1,132,143. Due to tighter management of insurance claims, it is estimated that the contribution can be reduced by a further £50k. No implementation costs.		50			50	Green	On track
		<b>sub - Resources Total</b>	(57)	2,305	180	-	2,428		
		<b>Resources Total</b>	(57)	2,305	180	-	2,428		

# 2018-19 MTFS Savings

Appendix 3

Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction INTERNAL	Old Savings reversed as part of 2018/19 MTFS	2018/19	2019/20	2020/21	Total	Rag rating	Comment
			£000	£000	£000	£000	£000		
<b>People Services</b>									
<b>Adults</b>									
PA_3	Adults	Wiseworks - commercialisation opportunities and to be self financing by end of MTFS period		56			56	Red	Shortfall in delivery of income target together with further increased income requirement unlikely to be achieved. MTFS shortfall has been mitigated in full across the internally provided services.
PA_4	Adults	Milmans Community tender		184			184	Red	Community model (starting with Kenmore) was unsuccessful. These savings are expected to be mitigated in full through achievement of rental income (£125k in a full year) and maximisation of capacity at NRC's enabling externally funded placements to be supported through in house provision, although progress is slow given the number of interdependencies.
PA01	Adult Social Care	Restructure of Adult Social Care Management Deletion of up to 7 management posts within Adult social care, whilst maintaining the number of staff required to support the delivery of care and Resilient Communities.		233	-	-	233	Amber	Senior management structure in place by 1st Sept (excluding DASS), this will deliver majority of planned savings. Any shortfall in savings (current year only) expected to be mitigated through wider staff vacancies.



# 2018-19 MTFS Savings

Appendix 3

Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction INTERNAL	Old Savings reversed as part of 2018/19 MTFS	2018/19	2019/20	2020/21	Total	Rag rating	Comment
			£000	£000	£000	£000	£000		
PA02	Adult Social Care	Housing Provision with Floating Support A new modernised and flexible approach to supported living for vulnerable adults. Responding to the LGA Adults Finance Review which noted potential opportunities to be explored around housing options, given the number.		50	-	-	50	Green	Fully achieved through the Park House model.
PA03	Adult Social Care	Review of Floating Support Contracts Savings through supporting people in appropriate housing rather than high cost placements.		200	-	-	200	Amber	Delay of one month in retendered floating support and two months for mental health accommodation arising from an extended procurement process. Any shortfall expected to be mitigated within wider contractual efficiencies.
PA04	Adult Social Care	Retendering of Care Act Contracts to deliver efficiencies in contract cost		40	-	-	40	Green	Re-procured contracts commenced 1st April 2018 as planned. Procurement exercise achieved £33k of the £40k saving, balance expected to be mitigated within other re-procurement arrangements.

# 2018-19 MTFS Savings

Appendix 3

Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction INTERNAL	Old Savings reversed as part of 2018/19 MTFS	2018/19	2019/20	2020/21	Total	Rag rating	Comment
			£000	£000	£000	£000	£000		
PA05	Adult Social Care	Adult Services - Home In Harrow		719	1,251	-	1,970	Amber	New Adult Social Care vision, supported by re-deisgned pathway, including signposting to information and advice will support achievement of savings. Project and savings being closely monitored and reported accordingly.
		<b>Total Adult</b>	-	<b>1,482</b>	<b>1,251</b>	-	<b>2,733</b>		
<b>Children's Services</b>									
PC12	Children & Young People	Review of posts in Quality Assurance & Improvement Service		223			223	Green	Net saving is 0.5 fte principle social worker post which was deleted in 2017-18. Saving is achieved
PC12	Children & Young People	These savings were based on a reduction in the number of Looked After Children, Children in Need and Child Protection cases compared with 2015-16. However demand has increased since 2015-16 meaning these savings, in order to maintain a safe service, are now not achievable. The post affected is vacant,		(185)			(185)	Green	Net saving is 0.5 fte principle social worker post which was deleted in 2017-18. Saving is achieved
PC15	Children & Young People	Review of posts in MASH		100			100	Green	On track

# 2018-19 MTFS Savings

Appendix 3

Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction INTERNAL	Old Savings reversed as part of 2018/19 MTFS	2018/19	2019/20	2020/21	Total	Rag rating	Comment
			£000	£000	£000	£000	£000		
PC15	Children & Young People	These savings were based on a reduction in the number of Looked After Children, Children in Need and Child Protection cases compared with 2015-16. However demand has increased since 2015-16 meaning these savings, in order to maintain a safe service, are now not achievable.		(86)			(86)	Green	On track
PC28	Cross Service	Non-pay inflation		150	150		300	Green	Non pay inflation not included in children's budget and retained corporately. Saving is achieved
PC42	Special Needs Service	Review of Special Needs Service £1,164m ('Reversal of Savings - Special Educational Needs Placements In respect of PC41 approved February 2016. New funding regulations mean there will no longer be flexibility to further charge these costs to grant £651k)		513			513	Red	Net saving was intended to be reduction in SEN assessment & review service. Given the rise in demand in the number of young people with SEN the remainder of this saving is no longer considered achievable. This will be mitigated in other areas of the directorate
PC42	Special Needs Service	Demand has continued to rise in the number of young people with Special Educational Needs, in particular for post 16 provision up to age 25, as well as an increase in complexity of growth.		(413)			(413)	Red	Net saving was intended to be reduction in SEN assessment & review service. Given the rise in demand in the number of young people with SEN the remainder of this saving is no longer considered achievable. This will be mitigated in other areas of the directorate

# 2018-19 MTFS Savings

Appendix 3

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Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction INTERNAL	Old Savings reversed as part of 2018/19 MTFS	2018/19	2019/20	2020/21	Total	Rag rating	Comment
			£000	£000	£000	£000	£000		
PC03	Commissioning & Strategy	Delete Capital Team The majority of the capital schemes for the School Expansion Programme have been completed or are near completion. Beyond 2017-18 there will be small numbers of rolling maintenance programmes which could be managed by the CDU in Regen. Any specific schools projects beyond that can be commissioned from the CDU and funded by capital as a capital project fee. This savings proposal deletes the revenue budget associated with the administration & project support. Project management has historically been capitalised. Estimated redundancy costs £40k unless staff can be transferred into CDU.		91			91	Green	Capital team has been deleted and remaining staff and functions transferred to Community Services and Regeneration as appropriate. Saving is achieved
		<b>Total Children's Services</b>	-	<b>393</b>	<b>150</b>	-	<b>543</b>		
			-	<b>393</b>	<b>150</b>		<b>543</b>		
<b>Public Health</b>									
PH_01	PH	Wider Health Improvement - bring forward approved 2018/19 savings in relation to wider determinants of health to 2017/18. Warmer Homes £50k retained until 2018/19.		(96)			(96)	Green	On track

# 2018-19 MTFS Savings

Appendix 3

Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction INTERNAL	Old Savings reversed as part of 2018/19 MTFS	2018/19	2019/20	2020/21	Total	Rag rating	Comment
			£000	£000	£000	£000	£000		
PH_02	PH	Wider Health Improvement - breast feeding - saving scheduled for 2018/19 to allow service to develop alternative model.		65			65	Green	Breast feeding services included in re-procured 0-19 service which commenced 1st July 2018.
PH_11	PH	Drug and Alcohol - reduction in service (contract related costs. Employee costs included in PH_12)		1,500			1,500	Green	Reduced saving of £500k achieved following renegotiation of service delivery with contracted provider.
PH_11	PH	Drug and Alcohol - reduction in saving		(1,000)			(1,000)	Green	See above
PH_12	PH	Reduction to service - staffing reductions		795			795	Green	New structure implemented 1st April 2018 following cessation of shared service with Barnet. Following PHE engagement and staff consultation growth of £175k was allocated to reinstate three posts.
		<b>Total Public Health</b>	-	<b>1,264</b>	-		<b>1,264</b>		
		<b>People Services Total</b>	-	<b>3,139</b>	<b>1,401</b>	-	<b>4,540</b>		

# 2018-19 MTFs Savings

Appendix 3

Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction INTERNAL	Old Savings reversed as part of 2018/19 MTFs	2018/19	2019/20	2020/21	Total	Rag rating	Comment
			£000	£000	£000	£000	£000		
<b>Community</b>									
<b>Community and Culture</b>									
COM	Commissioning & Commercial	Income from expansion of Central Depot		239	246	681	1,166	Red	<p>Additional income from the depot is not possible until after the new depot which provides extra office and parking spaces has been built.</p> <p>The MTFs target was originally set to offset against the capital financing cost associated with the depot redevelopment work. This is mitigated in other areas within the division.</p>
COM_S08	Environment & Culture	Phase 2 of Environment & Culture Review - Regulatory Services Review of Enforcement functions across the Division and the Council. Revised approach to prioritise commercial / cost recovery generating work and health and safety issues and to undertake all other services at minimum standards meeting the minimum level of Food Standards Agency and other regimes.		200			200	Amber	<p>Plans are put in place to maximise licensing activities. The introduction of borough wide PSPO to address environmental issues and new enforcement powers under the Housing and Planning Act 2016 ensures that enforcement actions can be effectively undertaken. A review of Public Protection is also underway. All these are expected to contribute to partially achieving the saving target.</p>

# 2018-19 MTFS Savings

Appendix 3

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Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction INTERNAL	Old Savings reversed as part of 2018/19 MTFS	2018/19	2019/20	2020/21	Total	Rag rating	Comment
			£000	£000	£000	£000	£000		
COM_S12	Environment & Culture	Route Optimisation on food waste collection		150			150	Red	Saving target of £150k is for the route optimisation of Food Waste collection. Although the initiatives in relation to food waste collection are being progressed as part of Waste Review, the saving likely to be achieved in the latter part of the financial year will be offset by the additional costs from other proposed changes within the review.
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		-	Red	See above
CE_5	Directorate Wide	Reduction of supplies & services budget		50			50	Green	18/19 budget adjusted to reflect the reduction in training, stationery and uniform budgets across the directorate.

# 2018-19 MTFS Savings

Appendix 3

Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction INTERNAL	Old Savings reversed as part of 2018/19 MTFS	2018/19	2019/20	2020/21	Total	Rag rating	Comment
			£000	£000	£000	£000	£000		
CE_8	ESD - Technical Services	Staff efficiency once Towards Excellence fully embedded - Deletion of 2 posts.		34			34	Green	Restructure of Environmental Services completed. Post deleted.
E&E_18	Directorate wide	Commissioning Services Divisions - Delete one performance management officer post and a cemetery superintendent post as of 31 March 2015. In addition, further efficiencies to be achieved in Environmental Services Delivery and Commissioning Divisions in 17/18.		50			50	Green	Restructure of Environmental Services completed. Posts deleted to meet budget availability.
CE_12	Commissioning Services	Project Phoenix - Commercialisation projects		1,525			1,525	Green	Plans are put in place to generate additional income from a range of commercial activities including parking, rent reviews, advertising, commercial waste, events etc. Income will be monitored regularly to track progress against the full target.
CE_15	Commissioning Services	Highways Services - Reduction in revenue budget for reactive maintenance due to accelerated capital investment from 2014/15.		20			20	Green	Revenue budget reduced in 18/19 to reflect the saving target. The spend is capped within the budget availability.



# 2018-19 MTFS Savings

Appendix 3

Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction INTERNAL	Old Savings reversed as part of 2018/19 MTFS	2018/19	2019/20	2020/21	Total	Rag rating	Comment
			£000	£000	£000	£000	£000		
CE_16	Commissioning Services	Staff efficiencies in Parking and Network Teams - reduction in team leader and inspector posts. Staff consultation completed in June 15. The reduction in posts will be phased over the next 2 years to ensure minimal impact on service level.		20			20	Green	One post already deleted in 17/18 as part of the restructure.
CE_17	Commissioning Services	General efficiencies across the Division (Policy, Community Engagement, Facilities Management and Contracts Management) - including removal of some supplies & services budget.		80			80	Green	Achieved by keeping 2 posts vacant in Community Engagement team, and salary recharge for externally funded projects.
CE_18	Commissioning Services	Income Generation - Facilities Management Service Level Agreements (SLAs) and Energy SLAs to schools.		20			20	Green	Service Level Agreement price inflation uplift and new SLAs on energy management and FM.
E&E_06	Commissioning Services - Facilities Mgt	Reduction in Facilities Management costs - reduce the controllable budget by 20% in the first 2 years through re-structuring and changing ways of service delivery and a further 5% over Years 3 & 4 through additional efficiencies post re-structuring. Consultation with staff already underway and it is proposed to delete 8 posts, 3 of these are currently vacant.		22			22	Green	Achieved by deleting one post in FM team.

# 2018-19 MTFS Savings

Appendix 3

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Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction INTERNAL	Old Savings reversed as part of 2018/19 MTFS	2018/19	2019/20	2020/21	Total	Rag rating	Comment
			£000	£000	£000	£000	£000		
E&E_09	Commissioning Services - Highways	Highways Contract - Extend the scope of the Highways Contract to include scheme design and / or inspection services when the contract is re-procured (current contract will expire in 16/17).		120			120	Green	The contract has since been extended to March 19. The saving is met by reducing contract spend.
E&E_10	Commissioning Services - Highways	Review salary capitalisation of highway programme & TfL funded projects		50			50	Green	Staff resource allocation against capital and externally funded projects completed to ensure the target is achieved.
E&E_12	Commissioning Services - Street Lighting	Changes in Street Lighting Policy to include variable lighting solutions.		12			12	Green	The street lighting replacement is on-going, with more lamp columns replaced with energy efficient lighting to ensure that the energy consumption is reduced. It is however likely that the energy price inflation will outstrip the financial saving arising from the reduction in energy consumptions.
E&E_14	Commissioning Services - Winter Gritting	Reduction in winter gritting budgets - renegotiation of winter gritting contract - adopt a risk sharing approach and move away from the current fixed pricing for the service		10			10	Green	The contract is now on a pay as you go basis, so the level of spend will be subject to weather conditions in any given year.

# 2018-19 MTFS Savings

Appendix 3

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Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction INTERNAL	Old Savings reversed as part of 2018/19 MTFS	2018/19	2019/20	2020/21	Total	Rag rating	Comment
			£000	£000	£000	£000	£000		
CC_2	Environment & Culture	<p>Library Strategy Phase 2 - delivery of network of libraries and library regeneration</p> <p>The original saving relates to the relocation of Gayton Library and Wealdstone Library. The new town centre library that replaces Gayton Library will be built by the developer as part of the redevelopment of 51 College Road. The latest timescale suggests that the new library will become operational no later than March 2020. Therefore the saving relating to Gayton Library (£159k) needs to be re-profiled to 2020/21 at the earliest.</p> <p>Wealdstone Library is likely to remain in Wealdstone Centre, and therefore the saving of £50k will not be achieved.</p>				159	159	Purple	Future year saving. It is anticipated to be achieved from rental saving once the new town centre library is open.
COM18.19_S01	Commissioning & Commercial Division - Parking	Parking review - General efficiency review. Changes include the proposed Virtual Permits system.		205			205	Green	Restructure completed during 17/18 with 3 posts deleted. Additional income anticipated from permits for new CPZs introduced.

# 2018-19 MTFS Savings

Appendix 3

Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction INTERNAL	Old Savings reversed as part of 2018/19 MTFS	2018/19	2019/20	2020/21	Total	Rag rating	Comment
			£000	£000	£000	£000	£000		
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	Purple	Future year saving. Access restriction to the CA site already in place since Nov 2017. Any reduction in disposal costs for waste deposited at CA site will be reflected in 19/20 levy.
COM18.19_S04	Environment & Culture - Harrow Arts Centre	Reduce subsidy to the arts centre		150	150	137	437	Green	Investment in the new seating system to increase capacity will contribute to additional income. Introduced popular performances that will increase sales, coupled with marketing effort to promote these. Arts Centre business plan completed and GGF funding application submitted to secure external funding to support income maximisation from revenue activities in future years.

# 2018-19 MTFS Savings

Appendix 3

Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction INTERNAL	Old Savings reversed as part of 2018/19 MTFS	2018/19	2019/20	2020/21	Total	Rag rating	Comment
			£000	£000	£000	£000	£000		
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			500		500	Purple	Future year saving. Waste Review is already underway to scope work and identify saving opportunities.
COM18.19_S07	Commissioning & Commercial - Contracts Management	Savings from contract re-procurement			250		250	Purple	Future year saving. It is anticipated to be achieved through a number of major procurements being undertaken in 18/19.
COM18.19_S10	Commissioning & Commercial Division	Phoenix projects - Indicative net saving from the commercialisation of CCTV operations, subject to a business case.			200		200	Purple	Future year saving. A business case will be developed in 18/19.
		<b>Total Commissioning, Environment &amp; Culture</b>	-	2,882	1,441	977	5,300		
							-		

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Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction INTERNAL	Old Savings reversed as part of 2018/19 MTFS	2018/19	2019/20	2020/21	Total	Rag rating	Comment
			£000	£000	£000	£000	£000		
<b>Housing</b>							-		
COM_G05.3	Housing	Homelessness - Extension of Property Purchase Initiative ( <b>Additional 50 homes</b> ) - Purchase of a further 50 homes for use as TA to reduce pressure on B&B.		469	225		694	<u>Green</u>	Saving fully reversed out by COM_G05.3 below therefore green
COM_G05.3	Housing	Reversal - 'Homelessness - Extension of Property Purchase Initiative ( <b>Additional 50 homes</b> ) -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	(254)	(274)	153		(375)	<u>Green</u>	<b>Composition of £528k</b> : net reversal : Savings reversed (17-18, 18-19 & 19-20) £257k net rent + £844k B&B; Additional saving to offset interest on borrowing so GF impact nil overall £573k, net £528k. Reversals fully offset savings required for additional 50, therefore green. Interest offset and interest £573, forecast to nil therefore no impact on General Fund.

# 2018-19 MTFS Savings

Appendix 3

Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction INTERNAL	Old Savings reversed as part of 2018/19 MTFS	2018/19	2019/20	2020/21	Total	Rag rating	Comment
			£000	£000	£000	£000	£000		
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.		(2)	42		40	Green	<b>Composition of £353k saving :</b> £130k net rent + £223k B&B savings; £223k fully reversed by CH_9; £130k net rent expected to be fully achieved therefore green
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.		355	(4)		351	Green	

# 2018-19 MTFS Savings

Appendix 3

Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction INTERNAL	Old Savings reversed as part of 2018/19 MTFS	2018/19	2019/20	2020/21	Total	Rag rating	Comment
			£000	£000	£000	£000	£000		
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	(513)	(223)	(21)		(757)	Green	Saving reverse
COM18.19_S08	Housing	Housing Related Support Procurement		100			100	Amber	Pressures expected £59k including late contract start date and unbudgeted TUPE expenditure.
		<b>Total Housing</b>	(767)	425	395	-	53		
		<b>Community Total</b>	(767)	3,307	1,836	977	5,353		



# 2018-19 MTFS Savings

Appendix 3

Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction INTERNAL	Old Savings reversed as part of 2018/19 MTFS	2018/19	2019/20	2020/21	Total	Rag rating	Comment
			£000	£000	£000	£000	£000		
PO 03	Pan Organisation	regeneration - indicative net income realised from a long term regeneration strategy for the borough, to be formalised following consultation launched in early 2015.		2,000	0		2,000	Green	Saving reverse
PO 03	Pan Organisation	income realised from a long term regeneration strategy for the borough. . The Regeneration Programme is on going and key schemes are either in planning or about to be submitted but the income will not be realised by 2018/19 as originally anticipated. As a de-risking strategy to the MTFS, it is prudent to remove this income stream which will be re-instated into the budget as and when realised.	(350)	(2,000)	0		(2,350)	Green	Saving reverse
REP18.19_S0 1	Development Control	Additional Planning/Development Management Income - Review of pre-application fees - Income from Proceeds of Crime work relating to planning enforcement		25			25	Green	Pre-application fees have been reviewed as part of annual fees & charges process.
REP18.19_S0 2	Building Control	Additional Building Control Income by - working for development partners outside the Borough (such as for Redrow in Luton) - sales of specialist services (such as Fire Officer).		25			25	Green	Working with development partners on-going to increase income.
		<b>Net Savings Regeneration</b>	(350)	50	-	-	(300)		
		<b>Total Net Savings</b>	<b>(1,174)</b>	<b>8,801</b>	<b>3,417</b>	<b>977</b>	<b>12,021</b>		

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Project Definition	Original Programme	Brought Forward	Virement	Other Adjustment (Additional/Reduction)	Externally Funded (E)	Harrow Funded (B)	TOTAL BUDGET	Forecast Outturn	Forecast Variance	Slippage	Over/Underspend
	£	£	£	£	£	£	£	£	£	£	£
MOSAIC Implementation - Adults & Children's Services	0	0	0	0	0	0	0	0	0	0	0
Adults Personal Social Services - Community Capacity Grant	0	0	0	0	0	0	0	0	0	0	0
Capital Strategic Reviews	0	0	0	0	0	0	0	0	0	0	0
Integrated Health Model	0	84,925	0	0	0	84,925	84,925	0	-84,925	0	-84,925
Project Infinity	100,000	370,000	0	0	0	470,000	470,000	470,000	0	0	0
In-House Residential	100,000	100,000	0	0	0	200,000	200,000	200,000	0	0	0
Sancroft Care Home	0	355,372	20,000	0	0	375,372	375,372	375,372	0	0	0
Mentis Pilot	0	8,150	0	0	0	8,150	8,150	0	-8,150	0	-8,150
<b>Total Adult</b>	<b>200,000</b>	<b>918,447</b>	<b>20,000</b>	<b>0</b>	<b>0</b>	<b>1,138,447</b>	<b>1,138,447</b>	<b>1,045,372</b>	<b>-93,075</b>	<b>0</b>	<b>-93,075</b>
School Amalgamation	0	420,496	-217,563	0	202,933	0	202,933	202,933	0	0	0
Bulge Classes	150,000	252,266	0	0	252,266	150,000	402,266	402,266	0	0	0
Schools Capital Maintenance	1,350,000	2,516,227	217,563	0	4,083,790	0	4,083,790	4,083,790	0	0	0
Devolved Formula Non VA Schools	0	53,243	0	0	53,243	0	53,243	53,243	0	0	0
Secondary Expansions	3,650,000	4,348,495	0	0	500,000	7,498,495	7,998,495	1,198,495	-6,800,000	-6,800,000	0
SEN Provision	2,520,000	2,795,969	0	0	3,115,195	2,200,774	5,315,969	815,969	-4,500,000	-4,500,000	0
Schools Expansion Programme - Phase 1	0	0	0	0	0	0	0	0	0	0	0
Schools Expansion Programme - Phase 2	0	2,819,413	0	0	2,552,293	267,120	2,819,413	2,819,413	0	0	0
Schools Expansion Programme - Phase 3	0	3,626,929	0	0	1,252,135	2,374,794	3,626,929	3,626,929	0	0	0
Hatch End MUGA	0	0	0	0	0	0	0	0	0	0	0
Pinner Wood Ground Stabilisation Works	0	0	0	0	0	0	0	0	0	0	0
Short Breaks	0	0	0	0	0	0	0	0	0	0	0
Childcare IT Development	0	683,716	0	0	0	683,716	683,716	323,716	-360,000	-360,000	0
<b>Total School and Children</b>	<b>7,670,000</b>	<b>17,516,754</b>	<b>0</b>	<b>0</b>	<b>12,011,855</b>	<b>13,174,899</b>	<b>25,186,754</b>	<b>13,526,754</b>	<b>-11,660,000</b>	<b>-11,660,000</b>	<b>0</b>
<b>TOTAL PEOPLE</b>	<b>7,870,000</b>	<b>18,435,201</b>	<b>20,000</b>	<b>0</b>	<b>12,011,855</b>	<b>14,313,346</b>	<b>26,325,201</b>	<b>14,572,126</b>	<b>-11,753,075</b>	<b>-11,660,000</b>	<b>-93,075</b>
<b>Environment</b>											
Carbon Reduction Programme	100,000	0	0	0	0	100,000	100,000	100,000	0	0	0
Carbon Reduction - Schools	0	0	0	0	0	0	0	0	0	0	0
Car Parks Infrastructure	15,000	0	0	0	0	15,000	15,000	15,000	0	0	0
City Farm/Pinner Park Farm	0	88,803	0	0	0	88,803	88,803	88,803	0	0	0
Corporate Accommodation Maintenance	155,000	0	-20,000	0	0	135,000	135,000	135,000	0	0	0
Harrow On Hill Station	3,000,000	0	-3,000,000	0	0	0	0	0	0	0	0
High Priority Plan Maintenance Corporate Property	600,000	-26,919	0	0	0	573,081	573,081	573,081	0	0	0
Highway Drainage Improvements & Flood Defence Infrastructure	500,000	0	0	0	0	500,000	500,000	500,000	0	0	0
Highway Improvement Programme	7,100,000	-120,870	1,100,000	-800,000	0	7,279,130	7,279,130	7,279,130	0	0	0
Parking Management Programme	300,000	-17,322	0	0	0	282,678	282,678	282,678	0	0	0
Neighbourhood Investment Scheme	0	0	0	0	0	0	0	0	0	0	0
Waste and Recycling	150,000	0	0	0	0	150,000	150,000	150,000	0	0	0
Section 106 Schemes for Highways	0	0	0	0	0	0	0	0	0	0	0
Street Lighting Improvement Programme	1,500,000	50,010	0	0	0	1,550,010	1,550,010	1,550,010	0	0	0
TfL Principal Roads	0	0	0	0	0	0	0	0	0	0	0
TfL Transport Capital	1,000,000	0	0	384,000	1,384,000	0	1,384,000	1,384,000	0	0	0
Trade Waste	100,000	-23,173	0	0	0	76,827	76,827	76,827	0	0	0
Town Centre Regeneration	0	0	0	0	0	0	0	0	0	0	0
Harrow Green Grid	150,000	12,012	0	0	0	162,012	162,012	162,012	0	0	0
CCTV cameras and equipment at the depot	150,000	0	0	0	0	150,000	150,000	150,000	0	0	0
CCTV Infrastructure	800,000	0	0	0	0	800,000	800,000	800,000	0	0	0
Parks Infrastructure	506,000	0	0	0	0	506,000	506,000	506,000	0	0	0
Parks Litter Bins	49,000	0	0	0	0	49,000	49,000	49,000	0	0	0
Green Gym	38,000	0	0	0	0	38,000	38,000	38,000	0	0	0
Street Litter Bins	300,000	0	0	0	0	300,000	300,000	300,000	0	0	0
Redevelopment of Rayners Lane Toilet Block	170,000	0	0	0	0	170,000	170,000	170,000	0	0	0
Redevelopment of Vernon Lodge & Atkins House	775,000	707,250	0	0	0	1,482,250	1,482,250	1,482,250	0	0	0

Project Definition	Original Programme	Brought Forward	Virement	Other Adjustment (Additional/Reduction)	Externally Funded (E)	Harrow Funded (B)	TOTAL BUDGET	Forecast Outturn	Forecast Variance	Slippage	Over/Underspend
	£	£	£	£	£	£	£	£	£	£	£
Vehicle Procurement	0	0	0	22,313,632	0	22,313,632	22,313,632	11,000,000	-11,313,632	-11,313,632	0
Depot Redevelopment	13,110,000	2,208,543	0	0	0	15,318,543	15,318,543	15,318,543	0	0	0
Headstone Manor - Park for People Project	75,000	0	0	0	75,000	0	75,000	75,000	0	0	0
<b>Total Environment</b>	<b>30,643,000</b>	<b>2,878,334</b>	<b>-1,920,000</b>	<b>21,897,632</b>	<b>1,459,000</b>	<b>52,039,966</b>	<b>53,498,966</b>	<b>42,185,334</b>	<b>-11,313,632</b>	<b>-11,313,632</b>	<b>0</b>
<b>Housing</b>											
Disabled Facilities Grants	2,030,000	0	0	226,085	1,406,085	850,000	2,256,085	2,256,085	0	0	0
Empty Property Grant	933,000	158,000	0	0	0	1,091,000	1,091,000	345,000	-746,000	0	-746,000
Improvement grant	52,000	0	0	0	0	52,000	52,000	52,000	0	0	0
Housing Property Purchase - 100 Homes	0	63,000	0	0	0	63,000	63,000	57,635	-5,365	0	-5,365
Housing Property Purchase - 50 Homes	6,000,000	9,000,000	0	0	0	15,000,000	15,000,000	67,000	-14,933,000	-14,933,000	0
<b>Total Housing</b>	<b>9,015,000</b>	<b>9,221,000</b>	<b>0</b>	<b>226,085</b>	<b>1,406,085</b>	<b>17,056,000</b>	<b>18,462,085</b>	<b>2,777,720</b>	<b>-15,684,365</b>	<b>-14,933,000</b>	<b>-751,365</b>
<b>Culture</b>											
Sec 106 Banister Sport Pitch	904,000	18,187	0	0	922,187	0	922,187	168,187	-754,000	-754,000	0
Harrow Arts Centre	0	281,256	0	0	0	281,256	281,256	281,256	0	0	0
Headstone Manor	0	0	0	0	0	0	0	0	0	0	0
HAC/Museum - ICT	0	29,277	0	0	0	29,277	29,277	29,277	0	0	0
Central Library Refit/Refurb	800,000	44,318	0	-650,000	0	194,318	194,318	194,318	0	0	0
Libraries and Leisure Capital Infrastructure	460,000	98,710	0	40,000	0	598,710	598,710	598,710	0	0	0
<b>Total Culture</b>	<b>2,164,000</b>	<b>471,748</b>	<b>0</b>	<b>-610,000</b>	<b>922,187</b>	<b>1,103,561</b>	<b>2,025,748</b>	<b>1,271,748</b>	<b>-754,000</b>	<b>-754,000</b>	<b>0</b>
Neighbourhood CIL Schemes	800,000	0	-40,000	200,000	960,000	0	960,000	299,000	-661,000	-661,000	0
Mok Technology in Community Learning	20,000	30,000	0	0	50,000	0	50,000	50,000	0	0	0
Lyo Pop Restaurant & Square	84,000	0	0	0	84,000	0	84,000	84,000	0	0	0
Trinity Square	0	690,541	0	0	690,541	0	690,541	690,541	0	0	0
Haslam House Redevelopment	0	0	2,421,523	0	0	2,421,523	2,421,523	884,000	-1,537,523	0	-1,537,523
Waxwell Lane	0	0	6,207,290	0	0	6,207,290	6,207,290	644,616	-5,562,674	0	-5,562,674
Vaughan Road	0	0	8,459,858	0	0	8,459,858	8,459,858	0	-8,459,858	0	-8,459,858
Roxeth Library	0	0	1,305,627	0	0	1,305,627	1,305,627	0	-1,305,627	0	-1,305,627
Poets Corner	0	0	16,328,680	0	0	16,328,680	16,328,680	425,000	-15,903,680	0	-15,903,680
Byron Quarter	0	0	5,943,139	0	0	5,943,139	5,943,139	90,238	-5,852,901	0	-5,852,901
Gayton Rd	0	0	4,023,017	0	0	4,023,017	4,023,017	4,023,017	0	0	0
New Civic	0	0	26,414,391	0	0	26,414,391	26,414,391	995,209	-25,419,182	0	-25,419,182
Greenhill Way	0	0	120,875	0	0	120,875	120,875	0	-120,875	0	-120,875
Other Regeneration	0	0	193,833	0	0	193,833	193,833	0	-193,833	0	-193,833
<b>Regeneration Programme</b>	<b>70,996,000</b>	<b>422,233</b>	<b>-71,418,233</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>TOTAL Regeneration</b>	<b>71,900,000</b>	<b>1,142,774</b>	<b>-40,000</b>	<b>200,000</b>	<b>1,784,541</b>	<b>71,418,233</b>	<b>73,202,774</b>	<b>8,185,621</b>	<b>-65,017,153</b>	<b>-661,000</b>	<b>-64,356,153</b>
<b>Total Community</b>	<b>113,722,000</b>	<b>13,713,856</b>	<b>-1,960,000</b>	<b>21,713,717</b>	<b>5,571,813</b>	<b>141,617,760</b>	<b>147,189,573</b>	<b>54,420,423</b>	<b>-92,769,150</b>	<b>-27,661,632</b>	<b>-65,107,518</b>
Capital cost of transition and transformation of ICT service	38,000	442,680	416,128	0	0	896,808	896,808	896,808	0	0	0
ICT Infrastructure & Corporate Applications	0	74,600	0	0	0	74,600	74,600	74,600	0	0	0
IT Corporate System Refresh	0	163,542	0	0	0	163,542	163,542	163,542	0	0	0
Ongoing refresh & enhancement of ICT	3,000,000	3,588,814	-1,894,509	0	0	4,694,305	4,694,305	3,788,751	-905,554	-905,554	0
Devolved Applications refresh	700,000	1,382,473	1,478,381	0	0	3,560,854	3,560,854	2,123,275	-1,437,579	-1,437,138	-441
SAP: Financial Leger/Systems Control Imp	0	585,385	0	0	0	585,385	585,385	31,363	-554,022	-554,022	0
Waste Collector	0	65,775	0	0	0	65,775	65,775	65,775	0	0	0
ABAVUS	0	0	1,541,900	0	0	1,541,900	1,541,900	1,078,000	-463,900	-463,900	0
LAA Performance Reward Grant	0	86,407	0	0	0	86,407	86,407	86,407	0	0	0
Other Schemes (Council wide)	0	3,770,121	-1,541,900	0	0	2,228,221	2,228,221	2,228,221	0	0	0
IER Grant	0	0	0	17,795	17,795	0	17,795	17,795	0	0	0
FM Minor Work	0	66,461	40,000	32,000	51,461	87,000	138,461	138,461	0	0	0
Property Investment	0	4,424,920	1,900,000	0	0	6,324,920	6,324,920	6,324,920	0	0	0

Project Definition	Original Programme	Brought Forward	Virement	Other Adjustment (Additional/Reduction)	Externally Funded (E)	Harrow Funded (B)	TOTAL BUDGET	Forecast Outturn	Forecast Variance	Slippage	Over/Underspend	
	£	£	£	£	£	£	£	£	£	£	£	
HR Shared Service	0	100,000	0	0	0	100,000	100,000	0	-100,000	-100,000	0	
<b>TOTAL RESOURCES</b>	<b>3,738,000</b>	<b>14,751,178</b>	<b>1,940,000</b>	<b>49,795</b>	<b>69,256</b>	<b>20,409,717</b>	<b>20,478,973</b>	<b>17,017,918</b>	<b>-3,461,055</b>	<b>-3,460,614</b>	<b>-441</b>	
<b>TOTAL GENERAL FUND</b>	<b>125,330,000</b>	<b>46,900,235</b>	<b>0</b>	<b>21,763,512</b>	<b>17,652,924</b>	<b>176,340,823</b>	<b>193,993,747</b>	<b>86,010,467</b>	<b>-107,983,280</b>	<b>-42,782,246</b>	<b>-65,201,034</b>	
Housing Programme	2,739,000	2,792,655	2,710,995	0	0	8,242,650	8,242,650	6,522,054	-1,720,596	-1,299,719	-420,877	
Grange Farm Redevelopment	0	5,399,726	1,288,224	0	0	6,687,950	6,687,950	1,297,000	-5,390,950	-5,390,950	0	
Affordable Housing - Infill Phase 1	0	4,308,870	-1,473,830	0	0	2,835,040	2,835,040	2,560,700	-274,340	-274,340	0	
Affordable Housing - Infill Phase 2	0	6,099,000	-2,525,390	0	0	3,573,610	3,573,610	0	-3,573,610	0	-3,573,610	
<b>TOTAL HRA</b>	<b>2,739,000</b>	<b>18,600,251</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>21,339,251</b>	<b>21,339,251</b>	<b>10,379,754</b>	<b>-10,959,497</b>	<b>-6,965,009</b>	<b>-3,994,488</b>	
<b>Total General Fund and HRA</b>	<b>128,069,000</b>	<b>65,500,486</b>	<b>-</b>	<b>0</b>	<b>21,763,512</b>	<b>17,652,924</b>	<b>197,680,074</b>	<b>215,332,998</b>	<b>96,390,221</b>	<b>- 118,942,777</b>	<b>- 49,747,255</b>	<b>- 69,195,522</b>

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