

Employees' Consultative Forum

AGENDA

DATE: **Wednesday 29 January 2020**

TIME: **7.30 pm**

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

PRE-MEETINGS: **[Council Side - 7.00 pm - Committee Rooms 1&2
Employees' Side - 6.30 pm - Committee Room 3]**

MEMBERSHIP (Quorum: 3 from the Council Side and 2 trade union representatives from different trade unions)

Chair: Councillor Adam Swersky

Councillors:

Pamela Fitzpatrick	Camilla Bath
Graham Henson	Philip Benjamin
Angella Murphy-Strachan	Mina Parmar

Employee Representatives:

Teachers Representatives:	Louise Crimmins	- National Union of Teachers
	Anne Lyons	- National Association of Head Teachers
	(1 vacancy)	

Representatives of UNISON:	Mr G Martin	Mr D Searles
	Mr J Royle	

Representatives of GMB: Ms P Belgrave

(Reserve Council Side Members overleaf)

Reserve Council Side Members:

- | | |
|----------------------|------------------|
| 1. Ghazanfar Ali | 1. John Hinkley |
| 2. Varsha Parmar | 2. Pritesh Patel |
| 3. Kiran Ramchandani | 3. Susan Hall |
| 4. Sachin Shah | |

Contact: Daksha Ghelani, Senior Democratic Services Officer
Tel: 020 8424 1881 E-mail: daksha.ghelani@harrow.gov.uk

Useful Information

Meeting details:

This meeting is open to the press and public.

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

Filming / recording of meetings

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

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

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

Meeting access / special requirements.

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

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

Agenda publication date: Tuesday 21 January 2020

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 Forum;
- (b) all other Members present.

3. APPOINTMENT OF VICE-CHAIR

To appoint a Vice-Chair from the Employees' side for the Municipal Year 2019/20.

4. MINUTES (Pages 7 - 20)

That the minutes of the meeting held on 30 January 2019 be taken as read and signed as a correct record.

5. PETITIONS

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

6. DEPUTATIONS

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

7. PUBLIC QUESTIONS *

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

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

[The deadline for receipt of public questions is 3.00 pm, Friday 24 January 2020. Questions should be sent to publicquestions@harrow.gov.uk

No person may submit more than one question].

- 8. EMPLOYEES' SIDE REPORT ON: HRD_ (To Follow)**
- 9. RESPONSE TO EMPLOYEES' SIDE REPORT ON: HRD_ (To Follow)**
- 10. EMPLOYEES' SIDE REPORT ON: HOUSING NEEDS_ (To Follow)**
- 11. RESPONSE TO EMPLOYEES' SIDE REPORT ON: HOUSING NEEDS_ (To Follow)**
- 12. EMPLOYEES' SIDE REPORT ON: COMMERCIAL ACTIVITIES_ (To Follow)**
- 13. RESPONSE TO EMPLOYEES' SIDE REPORT ON: COMMERCIAL ACTIVITIES (To Follow)**
- 14. INFORMATION REPORT - DRAFT REVENUE BUDGET 2020/21 AND MEDIUM TERM FINANCIAL STRATEGY 2020/21 TO 2022/23 (Pages 21 - 104)**
Report of the Director of Finance
- 15. HEALTH & SAFETY REPORT ANNUAL REPORT_ (To Follow)**
- 16. ACTIONS AGREED BY THE ECF SUB-GROUP_ (To Follow)**

AGENDA - PART II - Nil

*** DATA PROTECTION ACT NOTICE**

The Council will audio record item 6 (Public Questions) and will place the audio recording on the Council's website, which will be accessible to all.

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

This page is intentionally left blank

EMPLOYEES' CONSULTATIVE FORUM MINUTES

30 JANUARY 2019

Chair:	* Mr D Searles	
Councillors:	* Camilla Bath	* Angella Murphy-Strachan
	* Philip Benjamin	* Mina Parmar
	* Pamela Fitzpatrick	* Adam Swersky
	* Graham Henson	
Teacher Representatives:	* Ms L Crimmins	- NUT
	* Ms A Lyons	- NAHT
Unison Representatives:	* Mr D Butterfield	* Mr G Martin
GMB Representative:	* Ms P Belgrave	

* Denotes Member present

12. Attendance by Reserve Members

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

13. Declarations of Interest

RESOLVED: To note that the following interests were declared:

Agenda Items 7/8/9 – Draft Revenue Budget 2019/20 and Medium Term Financial Strategy 2019/20 to 2020/22/Employees' Side Report on Matter Arising from the ECF Equalities Report 2017-18/Response Report from Management to Matters arising from the ECF Equalities Report 2017-18

Councillor Adam Swersky, a member of the Forum, declared an interest in agenda items 7, 8 and 9. In relation to agenda item 7, his interest related to his capacity as Portfolio Holder for Finance. In relation to agenda items 8 and 9, he stated that he was a member of the Unite Union. He would remain in the room whilst the matters were considered and voted upon.

Councillor Graham Henson, a member of the Forum, declared an interest in agenda items 8 and 9. He stated that he was a member of GMB (General Municipal Boilermakers and Allied Trade Union), an Honorary member of CWU (Communication Workers Union) and a former member of Unison. He added that his cousin was an employee of the Council. He would remain in the room whilst the matters were considered and voted upon.

Councillor Pamela Fitzpatrick, a member of the Forum, declared a non-pecuniary interest in agenda items 8 and 9 in that she was a member of the Unite Union. She would remain in the room whilst the matters were considered and voted upon.

Councillor Angella Murphy-Strachan, a member of the Forum, declared a non-pecuniary interest in that she was a member of the Teachers' Union, NASUWT (The National Association of Schoolmasters' Union of Women Teachers). She would remain in the room whilst the matters were considered and voted upon.

14. Minutes

RESOLVED: That the minutes of the meeting held on 17 December 2018 be taken as read and signed as a correct record, subject to the following amendment to Minute 9 (Annual Health and Safety Report and Current Update), page 14 of the agenda, 4th bullet point, 1st line, which should read as follows:

‘the report had understated the incidents in the Civic 1 reception area. A poll had been carried out with the security offices regarding the incidents in the Civic Reception area and there had been six incidents which were subsequently confirmed by the Corporate Director of Community in writing. The officer ...’

15. Matter Arising from the Minutes of the meeting held on 17 December 2018

Minute 7 – Harrow Unison LG Branch and GMB Harrow Branch Report on Housing Directorate

A Unison representative expressed concern that the resolution at Minute 7, page 13 of the agenda, had not been actioned since the December 2018 meeting. The representative stated that the Unions had not been informed of any progress/outcome and that no meeting(s) between the Unions and the Portfolio Holder had been facilitated as undertaken by the Corporate Director of Community. He understood that the Housing Review process had continued. He added that the lack of progress that had been made had further compromised the relationship with the Unions and he questioned the

intended role of the Forum. Moreover, the employer appeared to have failed to comply with the Council's Recognition Agreement in relation to the Housing Review.

In response, the Divisional Director of Strategic Commissioning referred to the communication sent to the relevant Portfolio Holders and Unison by the Corporate Director of Community updating them on the progress and action taken following the last ECF meeting in regard to the Housing restructure. He stated that two meetings had been held with management and the relevant Trades' Unions. The next steps agreed by all parties were:

- (a) officers to draft a report for the Portfolio Holders in response to issues raised at the December 2018 meeting of the Forum;
- (b) to present the report to the Portfolio Holders at a joint meeting with Management and the relevant Trades' Unions;
- (c) to advise the Portfolio Holders of progress made in advance of the meeting of the Forum scheduled to be held on 30 January 2019;
- (d) to review and record why the restructure process had not followed the 'Change Management' policies and procedures and identify the lessons learnt.

In response to questions from the Council side representatives, the Divisional Director of Strategic Commissioning replied that the communication had been sent to the Portfolio Holders for Housing and Finance and Resources. He did not see why the shadow Portfolio Holders could not be given access to the communication and he undertook to take their request back to the Corporate Director of Community, although it was acknowledged that both shadow Portfolio Holders were also members of the Forum.

The Council side representatives present at the December 2018 meeting of the Forum stated that they had expressed strong views on the manner in which the Housing Review had been conducted and they were disappointed with the lack of action taken on the recommendation. They too ought to be informed of the communication.

Following a question from a Unison representative about the date of the communication, the Divisional Director of Strategic Commissioning stated that it had been sent that day and that he had intended to provide feedback at this meeting.

Another Unison representative stated that it had taken some 6 weeks from the decision to communicate this message and he once again questioned the role of this Forum which he considered to be of no worth. He was of the view that there was no meaningful consultation through the Forum. He suggested that Unison refer the matter to the London Region.

16. Petitions, Public Questions and Deputations

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

RECOMMENDED ITEMS

17. INFORMATION REPORT - Draft Revenue Budget 2019/20 and Medium Term Financial Strategy 2019/20 to 2020/22

The Forum received a report of the Director of Finance which set out the draft Revenue Budget 2019/20 and Medium Term Financial Strategy (MTFS) 2019/20 to 2020/22, as reported to Cabinet at its meeting held on 6 December 2018. The Forum was informed that the budget and MTFS would return to Cabinet, which would submit its recommendation to full Council in February 2019 for final approval. The Director explained that this was the formal consultation process on the budget with the ECF, whose comments would be submitted to the February 2019 meeting of the Cabinet by inclusion of this minute as an appendix to the Budget Report.

The Director introduced the report and outlined the following key aspects of the report:

- table 1, page 24 of the agenda, set out the position in relation to the Revenue Support Grant (RSG) received by the Council which had reduced by 97% over a 7-year period;
- paragraph 1.5, page 25 of the agenda, set out the external funding position with the Council being one of the lowest funded Councils in London. Harrow's revenue spending power per head continued to be lower than the London average;
- the Council's social care budget continued to be under significant demand pressure and there was uncertainty surrounding future funding of local government. No assumptions had been made in the three year MTFS other than those factors known to minimise risk.

The Director reported on the challenges facing the Council on the delivery of the 2018/19 budget. She emphasised the need to maintain the Council's financial standing and to protect front line services. She referred to the pressures both in the Adults Division and the Community Directorate.

The Director informed the Forum that the Council was required to set a balanced budget for 2019/20 and referred to table 2, page 29 of the agenda. She referred to the provision of an agreed 2% pay award for 2019/20 and mentioned that the same figure had been assumed in the 3-year MTFS. She referred to paragraph 1.39, page 33 of the agenda, which set out the savings and growth put forward in the budget for 2019/20. The growth related to frontline services.

The Director stated that reserves and contingencies also needed to be considered in the context of the budget and re-iterated the need to protect the Council's good financial standing. The Council did not have large cash reserves and, as a result, it had limited ability to 'smooth out' funding gaps or invest.

In concluding her remarks, the Director stated that consultation on the budget had commenced in December 2018 and would continue until its consideration by full Council in February 2019. She invited comments on the report.

The Employees' side representatives asked questions on the budget, which were responded to as follows:

A large sum of money had been spent by the Council in relation to the redevelopment of the Depot and the Regeneration Programme as a whole. There was also a delay in the Programme. How much money had been spent/wasted on the Regeneration Programme and what impact would it have on members of the Trades' Unions and the services they provided?

In response, the Director of Finance stated that whilst a review of the Regeneration Programme was underway, she did not consider that the money spent to date could be considered to have been wasted. She informed the Forum that £25m had been spent on the Regeneration Programme to date, £10m of which had been used to buy the 72 affordable units at Gayton Road to support the homelessness budget. All the 72 units were occupied. Land assembly work, totalling approximately £5m, had been undertaken to enhance land value during the Regeneration Programme. The design of the proposed new Civic Centre Project was being reviewed, including the project finance, and work undertaken to date was informing the future direction to ensure best value from sites.

The Director of Finance responded to the impact of the Regeneration Programme on jobs and services. As an example, she explained the financial benefits from the Gayton Road development which were supporting the revenue budget, including staff and care budgets, which prevented the need for additional savings. The 72 affordable units were generating £500k savings against the temporary accommodation budget which had been built into the MTFs. The 53 units at Gayton Road were to be rented on the open market and would generate a significant return to the Council which, once confirmed in the business plan, would be built into the budget. There were a number of schemes that had helped to support the Council's revenue budget, otherwise additional savings to those already proposed would have been necessary.

A Council side representative added that the Regeneration Programme was vast and complex. It also included various sites in Harrow Town Centre, including Gayton Road, together with the provision of affordable housing, and the proposed new Town Centre Library. The Community Infrastructure Levy (CIL) had helped to bring in additional income. It was important to recognise that the Regeneration Programme had provided new employment opportunities.

Another Council side representative stated that he too did not consider that money had been wasted on the Regeneration Programme. He added that it was important to recognise that the Council did not have large cash reserves and this aspect needed to be factored in as part of the Regeneration Programme. It was important that the design of the proposed new Civic Centre was fit for purpose. The situation was compounded by the uncertain economic climate and Brexit, which had resulted in construction companies 'pausing' on their planned developments. Fluctuating house prices and the cost of building materials were also an issue. The existing Civic Centre was situated on a major development site, Poets Corner site, with borrowing levels originally at £350m. The Council needed to weigh the pros and cons, assess the levels of risk associated with the various aspects of the Regeneration Programme and reassess the proposed scheme at Poets Corner to secure maximum commercial return and the delivery of affordable housing. The Poets Corner site was directly linked to the new Civic Centre project. As a result, the Council needed to ensure that the Regeneration Programme did not place a burden on the General Fund. Otherwise, the government would step in and close down services. In response to a further question from an employees' side representative, the Member stated that it was not intended to make a loss on the Poets Corner site and housing would form a key element on this valuable site.

What costs were associated with empty housing units on the Grange Farm estate who were now occupying properties in Gayton Road?

The Director of Finance agreed to provide this information separately.

What was the spend on salaries for the 'old' and the 'new' regeneration teams?

In response, the Director of Finance agreed to provide this information separately.

When would the refresh of potential impact on FTE (full-time equivalent), as a result of the budget be provided?

In response, the Director of Finance stated that there would be a small reduction in FTE. The potential FTE impact of the budget would be included in the final budget report but she undertook to provide the employees' side with final figures in advance of the final budget being published. She confirmed that £300k of growth at item 3 on page 48 of the agenda would be removed from the final budget.

In conclusion, the Chair outlined the information required, such as the percentage spend on salaries for Regeneration, loss of rental income on Grange Farm estate, and potential impact on FTE of the budget. The Director of Finance undertook to send the relevant information to all members of the Forum.

Resolved to RECOMMEND: (to Cabinet)

That the report be noted and the comments of the Forum be submitted to February 2019 Cabinet meeting for consideration.

Reason for Recommendation: To ensure that the views of the Forum were submitted for Cabinet's consideration.

18. Employees' Side report on: Matters Arising from the ECF Equalities Report 2017-2018

The Forum received a submission from the Employees' side in relation to the matters arising from the Equalities Report 2017-18, which had been considered at its last meeting. The submission at agenda item 8 was considered in conjunction with the response report from the Divisional Director of Strategic Commissioning at agenda item 9.

The Employees' side presented the joint report. A representative of Unison read out, in full, with minor variations, the report at agenda item 8, which was appended to the minutes at appendix 1, following which he set out the decision requested as set out below:

- that the Leader and Opposition Leader provide unequivocal written commitment to the Unions that they would ensure that the rules of the organisation applied equally to all including the most senior levels and that a failure to comply with the rules of the organisation would enact personal consequences at all levels of the employment structure without fear or favour;
- that the employer, namely Harrow Council, fully endorse and adopt the government's Taylor review on the modern workplace without reservation.

The Unison representative stated that without these actions, Harrow Council would remain in a time loop with the same old antediluvian culture, which had existed unabated and unimproved for decade upon decade.

The Chair then invited the Management to present their Response Report. The Head of Employee and Customer Relations introduced the report at agenda item 9 and outlined the following salient points:

- in relation to the Taylor Review, the Council would comply with agreed recommendations when these were implemented by the government;
- the issue of contractual overtime, which ought to have ceased for some staff as a result of the Single Status Agreement but had not, was being addressed;
- the allegation that Peer Reviews over the years had highlighted the appalling management culture within Harrow Council were not correct;
- the contractual requirements for staff on MG Grades was a standard working week of 36 hours with additional hours, if necessary, to discharge the duties of the post;

- the number of leavers at the top two pay bands would be low as there were few employees in these senior grades.

A Unison representative referred to page 5, paragraph 3, of the officer's report as set out on the supplemental agenda, which stated that, in relation to the issue of contractual overtime, there had been no detriment to manual workers. He challenged this assumption and pointed out that there had been four restructures but that no review of their grades had been undertaken, whilst the management grades had been reviewed and upgraded.

The same Unison representative added that the Ofsted Report had been carried out in 2016 and not 2018 at a cost of £5m. The representative refuted that the reference to the working hours of staff on MG Grades was incorrect in the report submitted by the Employees' side, as it also referred to a minimum of 36 working hours. He noted that honoraria payments were at the discretion of the relevant Chief Officer but pointed out that the majority of the 11.1% MG graded staff who were dismissed left with a 'settlement' agreement and their departure could not, therefore, be classified as a dismissal. He also cited case law relating to 'Fulton and others v Bear Scotland' and the issue of overtime in holiday pay which had been brought to the Council's attention by the Unions. People working overtime could claim for additional holiday pay. He pointed out that staff on MG grades should not have been compensated.

Additionally, staff that were made redundant and had been paid overtime (that they might not have been entitled to) would have left with enhanced redundancy payments as redundancy was based on all the hours worked.

He stated that the Council could not continue to make payments that staff were not entitled to. This issue had been raised by the Unions, initially in 2004, but successive Administrations had ignored it. Poor management practices had not helped. The money lost could have been invested in other services. It was important that the Council recognised the value of lower graded staff that were the 'backbone' of the Council. He requested that the Leader of the Council ensure that the rules were complied with and that they applied to all staff fairly. He questioned why staff surveys had not been undertaken recently and whether it was because the management and the Administration were concerned that it would result in a 'critical' report.

A Council side representative referred to the analogy drawn by the employees' side about large payments made by football clubs to departing footballers and stated that he did not recognise a similar culture in Harrow in recent times. With regard to the Taylor Review, he made the following observations:

- it did not go far enough and it formalised the dependant contractor status;
- the principle of flexible working was correct but it was not clear how this could be enacted.

He agreed that the rules of the Council should apply equally to all staff, including those at senior levels. He was confident that the Leader of the

position would support his sentiments. The responsibility of implementing this lay with Head of Paid Service. He was disappointed that following a review in 2011/12, the issues being considered remained on the agenda.

An Employees' side representative stated that it was not for the Unions to 'police' such issues. Over a 12-year period, the Unions had written many letters to various officers and Members highlighting the issue of payments made to staff that were not entitled to them. He referred to the modernising of terms and conditions and pointed out the amount of money that had been wasted due to enhanced redundancies and pensions paid. He asked for the costs to be identified.

A Council side representative asked about the staff survey, the total costs of the overpayments made and how many reviews had been conducted over the 12-year period. In response, the Divisional Director of Strategic Commissioning stated that the incoming Chief Executive would be considering whether to commission a staff survey. He undertook to provide the total costs of overpayments made.

The Director explained that this issue had been brought to his attention in December 2018 and, since then, a process for resolving the issue had been agreed. The staff affected were mostly based in the Community Directorate. He asked the Employees' side representative to send all the past communication sent to managers and Councillors, including the responses received, to him, but assured the Forum that steps had been put in place to resolve the issue. He undertook to keep them informed.

It was noted that former managers could not be compelled to come back to answer questions. It was acknowledged that it had been the first time in 12 years that a Director had stepped in to help resolve this issue.

The Head of Employee and Customer Relations responded to questions on redundancy payments and flexible working policies. He informed the Forum that for redundancy, Harrow paid more than the statutory minimum and he referred to the redundancy calculator available on the intranet. He explained the Council's compressed working hours policy allowed staff to reduce the length of their working week. It allowed employees to work their total number of which contracted week hours (36 hours or less) over a shorter period – 4 days a week or a 9 day fortnight.

A Council side representative stated that in his capacity as the relevant Portfolio Holder for Finance and Resources, he would raise some of the wide ranging issues raised at the Forum with the incoming Chief Executive. It was important that managers treated all staff equally.

Resolved to RECOMMEND (unanimously): to the Portfolio Holder for Strategy, Partnerships, Devolution and Customer Services

That

- (1) the Leader of the Council and the Leader of the Opposition provide unequivocal written commitment to the Unions that they would ensure

that the rules of the organisation applied equally to all including those at the most senior levels and that a failure to comply with the rules of the organisation would enact personal consequences at all levels of the employment structure without fear or favour;

- (2) the employer, namely Harrow Council, fully endorse and adopt the final outcomes from the government's Taylor Review on the modern workplace.

Reason for Recommendation: To ensure that the rules were applied equally to all staff and that some staff were not affected adversely.

19. Response to an Employees' Side Report on Matters Arising from the ECF Equalities Report 2017-18

See Minute 18.

(Note: The meeting, having commenced at 7.40 pm, closed at 9.18 pm).

(Signed) DAVIS SEARLES
Chair

EMPLOYEES' CONSULTATIVE FORUM: Date 30th January 2019**EMPLOYEES' SIDE REPORT ON: MATTERS ARISING FROM THE ECF EQUALITIES REPORT 2017-2018****SUMMARY AND DECISION REQUESTED**

That the Leader and Opposition Leader provide unequivocal written commitment to the Unions that they will ensure that the rules of the organisation apply equally to all including the most senior levels and that a failure to comply with the rules of the organisation enacts personal consequences at all levels of the employment structure without fear or favour.

That the employer namely Harrow Council fully endorses and adopts the Governments Taylor review on the modern workplace without reservation.

Without these actions Harrow Council will remain in a time loop with the same old antediluvian culture, which has existed unabated and unimproved for decade upon decade.

CHRONOLOGY:

DATE	ACTION	OUTCOME
	Harrow Council Annual Equalities Report Supporting Employee Diversity Data 2017-2018 (pages 75, 76 & 87)	

REPORT

The Joint Union ECF report is submitted tonight which emerges from the known trend identified each year though the Councils Equalities report relating to the organisations rules accompanied with Responsible Corporate Governance and a report fully compliant of the ECF Terms of Reference.

This matter has a known detrimental impact on the lowest paid staff across the council's employ, and a situation which we can only reasonably describe as a misuse of public monies. In furtherance and supporting the Unions position is the Government's Good Work document which is a response to the Taylor Review of modern working practices. This document further supports and corroborates the known situation and the fact that the Councils workplace 'remains in a dark era of history'.

Firstly we would draw the forum's attention to the Single Status Agreement implemented into this Organisation from 2004 to 2007. This agreement was to bridge the gap between white collar and blue collar workers (employees). However, in certain sections of the council's employ it has in fact widened the gap through total mismanagement; deliberate or otherwise.

Single status set out certain working conditions for former APT&C and Manual Grades, the London Agreement was to enact a 36hr working week for white collar workers within

Harrow Council, and a 36 standard plus 4 hour contractual overtime for Manual workers. As a result of this debacle certain white collar worker received compensation for a reduction in hours from 39 hours to the agreed 36, and of course increases of 5.4% on the overall salary figure?

However in certain sections of the council's employ white collar workers received the compensation figure, and also, received an unentitled 4 hour contractual overtime payment, therefore receiving the compensation for the reduction in hours, but then to be re-instated by an increase of 4 hours extra payment! Some would say that not only is this is milking the system but goes much further by rubbing the noses of the less fortunate operational staff in the dirt.

This shambolic action widened the gap between this section of the council's workforce, and despite management being aware of this financial loss and gross irregularity, no remedial action was ever taken by them to address the situation whatsoever. This situation has left a very bitter taste in the mouth as it has enacted a detriment to the manual workforce who have not had a grade review since 2004, whilst white collar workers have seen a grade increase through every restructure.

The cost of this mismanagement to this council needs to be fully defined. Not only have the redundancy payments for the group of favoured workers mentioned above been enhanced together with the pension implications, but additionally, the Death in Service payment increased by 4 hours contractual unentitled payment over a period in excess of 14 years!

This known direction of travel demonstrates the low value placed on the manual workforce by Harrow Council, particularly when one considers those at the frontline, who can ill afford the high cost of living in and around London, never mind the above financial inequalities cited above. This action completely identifies the imposed detriment for a Manual worker not only whilst in the employ of LBH but also compounded at retirement age where further poverty is enacted by a failure of LBH to follow their own organisations rules.

Let's view the content of the Taylor review on responsible Corporate Governance, this is in fact **'good management and strong employment relations within an organisation, which is why it is important that companies are seen to take good work seriously and are open about their practices and that all workers are able to be engaged and heard'**.

It should be noted that the above highlighted extract from the Taylor review in no way, shape, or form, reflects the appalling modus operandi enacted by this organisation. An organisation where Senior Managers are never held to account, (again this fact is portrayed every year in the Equalities report), where the rules of a Public employer are selectively applied and only to those at the lower end of the wage structure. As demonstrated above, a two tier employment structure fully supported by the employer.

The Unions would draw the forum's attention to the Government's Five Principle Strategy. This is listed below:

- (a) Overall worker satisfaction
- (b) Good Pay
- (c) Participation and Progression
- (d) Wellbeing, Safety and security
- (e) Voice and Autonomy

All the above five key Government principles only seem to apply to an upper tier of the council's employment structure even though agreement of the five key principles was supported by the Chartered Institute for Personnel and Development (CIPD). This we assume applies to the council's HRD lead.

We all need to provide an honest approach, and openly declare that the Equalities Yearly Report on Accountabilities **only applies to those at the lower end of LBH structure.** Accountabilities or to be more precise rules, honesty, and supporting documentation state and demonstrate that this organisation fails to have any responsible corporate governance whatsoever. We therefore invite a challenge from the employer on this salient point through their own yearly reporting mechanism. (Not to mention the countless peer reviews and independent reports over the years that have highlighted the appalling management culture within Harrow Council.)

In furtherance is the Taylor Review comprehensive response on a Fair Deal, this passage identifies a real problem with the council's employment structure: The Government recognises the real issue that one-sided flexibility can cause for working people and their families. This was brought to the attention of the forum at the previous meeting, in that MG graded staffs are by and large required to work the hours required for business needs. Yet in this council the attitude is one of a hubris approach. We directly refer to a 'feather the nest' situation of managers openly stating 'let's only do 36hrs but compress our hours to four days per week so we have an extended weekend'! In addition we request what is the overall cost across the organisation related to 36 hours for MG grades and not as the contract stipulates hours for the needs of the business?

The above paragraph sadly reflects the truth, and widens an even further gap between the lower grades and senior staff; this in the Unions opinion does not represent either value for money or customer expectations, but solely a benefit for the highest earners of a public salary, whilst all others are not afforded a Fair Deal.

Harrow Council is the largest employer in Harrow, yet failure to apply the organisation's rules equally demonstrates an employer failing in its legal and moral duties relating to both a Fair Deal, and an organisation which professes to support equality. This cannot be denied or defended as the organisation's own documents support this sorry state of affairs and damns a council with no real comprehension of Responsible Corporate Governance.

The report honestly demonstrates a real lack of value placed on lower graded staff within the organisation, both pay conditions and equality relating to the Governments principle of a Fair Deal. Yet these staff are, the foundations of any political employer, those that make a real difference to the customer, and of course those who by their employ win or lose political elections for the political parties. We have to ask how and why we have arrived at this sorry position in 2019.

At this stage we must question the current management topic of 'Core Services' together with an anticipated increase of 4.5% in council tax next year? Looking at these proposals logically one might say "if we are removing other non-core services there will be a saving in money so why then do we need to increase council revenue? Of course looking at all the points mentioned above and the existing two tier management culture within this organisation an outside observer might guess that the increased revenue is needed to further enhance management terms and conditions?

What we do know is that with this type of strategy there will only be two losers namely the non-core staff that will lose their jobs (many of whom are in fact residents) and all the other residents of this borough that will be paying more for less services???

Any draconian cuts to the council's services coupled with an increase in council tax is guaranteed to attract national media interest leading to further reputational damage, again another unfortunate oversight by this council.

Finally, we can mirror this Council to a premier league Football club in regards to accountability, where the manager fails to deliver and the Club provides a handsome payment for an exit to happen. This has been the ethos and practice of this Council, maybe to hide the embarrassment, or perhaps in reality is it because management culture is so imbedded that it is incapable of applying the organisations rules. Without rule or governance the Council is at risk legally, something that time after time it constantly fails to appreciate or recognise.

AUTHOR: Harrow UNISON LG Branch

CONTACT DETAILS:

Harrow L.G. Branch

The UNISON Office

Central Depot, Forward Drive

Harrow, Middlesex

HA3 8NT

Tel: 020 8424 1795

Fax: 020 8424 1835

Email: info@harrow-unison.org.uk

GMB Harrow

Civic Centre

Civic 7

HA3 8NT

Tel no. 020 8424 1086

Email: gmb@harrow.gov.uk



**REPORT FOR: EMPLOYEES'
CONSULTATIVE FORUM**

Date of Meeting:	29 January 2020
Subject:	INFORMATION REPORT Draft Revenue Budget 2020/21 and Medium Term Financial Strategy 2020/21 to 2022/23
Key Decision:	Yes
Responsible Officer:	Dawn Calvert – Director of Finance
Portfolio Holder:	Councillor Adam Swersky – Portfolio Holder for Finance and Resources
Exempt:	No
Decision subject to Call-in:	No
Wards affected:	All
Enclosures:	9 th January 2020 Cabinet Report and Appendices for Draft Budget report

Section 1 – Summary and Recommendations

The Forum is requested to note the report detailing Harrow Council's Draft Revenue Budget 2020/21 and Medium Term Financial Strategy 2020/21 to 2022/23, as reported to the Council's Cabinet on 9 January 2020.

The budget and MTFS will return to Cabinet on 13 February 2020 for final approval and recommendation to Council.

Section 2 – Report

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

The report shows a balanced budget for 2020/21 and that further work is needed to achieve balanced budgets for 2021/22 and 2022/23.

The draft budget report submitted to Cabinet in January will be subject to further adjustments following the Local Government Financial Settlement, which was announced on 20 December 2019 and this will be reported to Cabinet in February 2020 as part of the Final Budget for 2020/21 and MTFS 2020/21 to 2022/23.

Whilst it is intended that Members will approve the final MTFS up to 2022/23 in February 2020, future year budgets from 2021/22 onwards will be subject to a number of significant changes in relation to the Spending Review 2020, the Fair Funding Review (which will reset the needs baseline for local government) and Business Rates Reform as well as assumptions on council tax income, legislation and demographics. Therefore, Council will still be required to review the Council's budget on a yearly basis.

All adjustments to the draft budget will be reported to Cabinet and Council in February 2020 as part of the setting of the final annual budget and council tax setting process.

Options considered

See attached report.

Further Information

See attached report.

Risk Management Implications

See attached report.

Legal Implications

See attached report.

Financial Implications

See attached report.

Equalities implications / Public Sector Equality Duty

See attached report

Council Priorities

See attached report.

Section 3 - Statutory Officer Clearance

Name: Sharon Daniels



Chief Financial Officer

Date: 21/01/2020

Ward Councillors notified:

NO, as it impacts on all Wards

EqIA carried out:

To be reported on as Part of the Feb Budget report

EqIA cleared by:

n/a

Section 4 - Contact Details and Background Papers

Dawn Calvert, Director of Finance, Tel: 020 8420 9269
dawn.calvert@harrow.gov.uk

Background Papers: See attached report

This page is intentionally left blank

REPORT FOR: CABINET

Date of Meeting:	09 January 2020
Subject:	Draft Revenue Budget 2020/21 and draft Medium Term Financial Strategy 2020/21 to 2022/23
Key Decision:	Yes
Responsible Officer:	Dawn Calvert – Director of Finance (S151 Officer)
Portfolio Holder:	Councillor Adam Swersky – Portfolio Holder for Finance and Resources
Exempt:	No
Decision subject to Call-in:	Yes
Wards affected:	All
Enclosures:	Appendix 1A – Proposed savings and growth 2020/21 to 2022/23(New proposals) Appendix 1B – Proposed savings and growth 2020/21 to 2021/22 to be agreed from 2019/20 and 2018/19 MTFS Appendix 1C – Summary of Proposed savings & growth 2020/21 to 2022/23 Appendix 2 - Medium Term Financial Strategy 2020/21 to 2022/23 Appendix 3 - Schools Budget 2020/21 Appendix 4 - Draft Public Health Budget 2020/21

This report sets out the draft revenue budget for 2020/21 and draft Medium Term Financial Strategy (MTFS) for 2020/21 to 2022/23. The budget and MTFS will be brought back to Cabinet in February 2020 for final approval and recommendation to Council.

Recommendations:

Cabinet is requested to:

- 1) Approve the draft budget for 2020/21 and the MTFS 2020/21 to 2022/23 for general consultation as set out in Appendices 1C and 2 so that Cabinet may later consider the budget in light of the consultation responses and the equality impact assessments before it is referred to Council in February 2020.
- 2) Note the balanced budget position for 2020/21, and the budget gaps of £15.328m and £8.924m for 2021/22 and 2022/23 respectively based on the scenario of a total Council Tax increase of 3.99% in 2020/21 only (table 2).
- 3) Note the proposal to increase core Council Tax by 1.99% in 2020/21 (Table 2 and paragraph 1.22).
- 4) Note the proposal to increase Council Tax by 2.0% in 2020/21 in respect of the Adult Social Care Precept (Table 2 and paragraph 1.22).
- 5) Note there are no proposed structured changes to the schools funding formula for 2020/21 as set out in Appendix 3 and paragraphs 1.49 to 1.53.
- 6) Approve the draft Public Health budget for 2020/21 as set out in Appendix 4.
- 7) Note the assumed funding for the protection of social care 2020/21 through the BCF as set out in paragraphs 1.57 to 1.60
- 8) Authorise the Director of Finance, following consultation with the Portfolio Holder for Finance and Resources, to agree Harrow's 2020/21 contribution to the London Borough's Grant Scheme (paragraph 1.63).
- 9) Note that the London 75% Business Rate Retention Pilot will not continue in 2020/21 but the London Borough's Leaders Committee have agreed to continue to informally post business rates across all London authorities in 2020/21 as set out in paragraph 1.9.
- 10) 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 respond on behalf of the authority with regard to any recommendations from the informal business rates pool from 2020/21.

Final approval will be sought from Cabinet and Council in February 2020

Reason: (For recommendations)

To ensure that the Council publishes a draft budget for 2020/21 and a draft 3 Year MTFS to 2022/23.

Section 2 – Report

BACKGROUND

- 1.1 Local Government finances continue to have a very difficult decade. Revenue expenditure has reduced by 20 to 30% on average against a backdrop of a rising UK population and a continued increase in demand for social care across all age groups and for pupils with special educational needs. In their publication ‘Local Government Funding – Moving the conversation’ (June 2018) the Local Government Association shared a number of their key statistics including:
- Analysis indicated that local services face a funding gap of £7.8billion by 2025 of which £6.6 billion would relate to Adults social care and Children’s services.
 - By 2020, local authorities will have faced a reduction to core funding from central Government of nearly £16 billion over the preceding decade.
- 1.2 In November 2019, the Institute for Fiscal Studies published their report ‘English local government funding: trends and challenges in 2019 and beyond.’ The report continued the conversation that councils will face significant future cost pressures for adult social care. A finding from the report showed that, based on central government projections of the cost of adult social care services rising 3.4% above inflation per annum, Councils would need to find an extra £1.6bn by 2024/25 increasing to an extra £9bn by the mid 2030’s based on council tax increases of 4%.
- 1.3 Harrow remains one of the lowest funded Council’s both within London and nationally. Table 1 below summarises the key financial changes over the 7 year period up to 2019/20:

Table 1: Summary of Key Financial Changes 2013/14 to 2020/21

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

The table shows:

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

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

1.5 Harrow Council does not have large cash reserves. Its General Fund balances stand at £10m and remain within the lower quartile when benchmarked with other local authorities and the Council has consistently taken the view that spending them is not a responsible way to offset lost revenue. The Council does exercise robust financial management and has

not overspent its revenue budget for the last 8 years. The Council has not shied away from implementing in year spending controls if early indications suggest a balanced budget position is not on track. Such actions have helped to prevent unnecessary draw downs on the Council's limited cash balances.

SUMMARY

- 1.6 The draft budget set out in this report shows an updated MTFs with a number of changes which Cabinet are asked to note. The changes achieve a balanced budget position for 2020/21 and budget gaps of £15.328m and £8.924m for 2020/21 and 2021/22 respectively. The MTFs is based on the Spending Round 2019, announced Wednesday 4 September 2019, which confirmed broad public spending allocations for 2020/21 only. The Spending Round 2019 was subject to a technical consultation which closed on 31 October 2019. Central government intends to come back to the sector with proposals in the 2020/21 Provisional Local Government Finance Settlement in early December 2019 with the final settlement being agreed no later than the end of January 2020. The General Election on 12 December 2019 may impact on settlement agreements and dates. Section 30 of the Local Government Finance Act 1992 requires local authorities to set their council tax no later than 11 March 2020 therefore the final budget and MTFs will proceed to Cabinet and Council in February 2020. The Council does hold a contingency for unforeseen items (£1.248m) which is intended to support uncertainties. Whilst it is intended that Members will approve the MTFs in February 2020, 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.

EXTERNAL FUNDING POSITION

- 1.7 Harrow Council remains one of the lowest funded councils both in London and nationally. Harrow's core spending power per head in 2019/20 was estimated to be £170 lower than the London average and £75 lower than the rest of England average. The announcements within the Spending Round 2019 have done little to address the relative position of Harrow's funding baseline.
- 1.8 The 2019 Spending Round confirmed broad public spending allocations for 2020/21 only. Whilst this does result in additional funding for 2020/21, which is well received, the short term temporary nature of the income increases the challenge of considering it over the medium and longer term, for budget planning and sustainability purposes. The key areas of the Spending Round 2019 are detailed below:
- Council Tax increases are capped at 4% which is 2% core council tax and 2% Adult Social care precept.
 - £1bn of new funding for Social care. London will receive £155m of which Harrow's share is £3.482m.

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

1.9 2019/20 was the final year of the four year settlement and the Spending Round 2019 provided funding for 2020/21 only. The sector is undergoing a period of significant change that brings with it growing uncertainty both in terms of funding and service direction. The coming months will see major external events which will influence the Council's funding for 2021/22:

- The **Spending Review 2020** which should set the quantum of the overall funding envelope for local government. The period the SR will cover, timelines for submission and the date of SR announcements all remain unknown.
- **Fair Funding Review** will reset the needs baseline which will determine how the overall quantum of local government funding is distributed. Consultation is expected in Spring 2020.
- **Business Rates Reform** Central government is intending to allow local government, as a whole, to retain all or a significant proportion of its rates collected. Prior to 2018/19 Councils retained 30% of their business rates collected. From 2018/19 Harrow has been part of the London Business Rates Pool allowing the council to receive a proportion of the collective growth in London. The 2019 Spending Review confirmed the London 75% Business Rates Retention pilot will not continue in 2020/21. The Local Authorities share, and therefore Harrow's retention share, will therefore change from 48% to 30%, (i.e. the central share will be 33% with the 67% local share being split 37% GLA / 30%. The London Borough's Leaders' Committee have however agreed to continue to informally pool business rates across all 34 London authorities in 2020/21 – subject to the Mayor agreeing to forgo the GLA's share of any net financial benefit. At this stage the potential financial benefit from business

rates reform and the informal pool is not known and has therefore not been built into the MTFs. Once quantified, it could be applied to support any changes as a result of business rates revaluation.

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

DELIVERY OF THE 2019/20 BUDGET

1.10 Delivery of the 2019/20 budget is critical to maintaining the Council's financial standing and to do everything possible to protect front line services. The 2019/20 revenue budget includes a challenging savings target of £5.946m. At Quarter 2 (as at 30 September 2019) performance against the target is reflective of the increasingly challenging fiscal and demand led environment the Council is finding itself in:

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

1.11 The Quarter 2 forecast, subject to a separate report elsewhere on the agenda, indicates a directorate overspend of £4.445m with key pressures

across the three directorates. The detailed analysis of the forecast pressure is included in the separate report and summarised below:

Resources Directorate:

- Resources is forecasting an overspend of £514k as a result of exiting Shared Service arrangements for HR and Procurement, the Communications team's budget being formalised following agreement to its future role and a loss of income from schools and non achievement income targets. This is partly mitigated by additional income received from Land Charges and Registration Services. Growth has been provided for in the MTFS to stabilise these pressures moving forward.

People Directorate:

- The People directorate is forecasting an overspend of £871k of which £85k relates to the non recurring revenue costs associated with relocating staff from Alexandra Avenue Health Centre to the Civic Centre to support integration with the CCG. The remainder is the continued pressure against the transport budget for adults and children with SEN. Transport is subject to a whole systems review, the results of which are due towards the end of the year. Being prudent, and reflecting that a proportion of the pressure is demand related, growth has been provided for within the MTFS for SEN transport with the intention of this being removed over two years as a result of the whole systems review.
- In 2019/20 £2.6m of additional funding was received for social care. As this funding was announced for 1 year only, it was not built into the budget and ear marked in an Adults Social Care reserve. With the exception of transport, Adults are forecasting a balanced budget position and this assumes a £1.3m draw down from the reserve. The balance of the reserve will be applied to the on going impact of these pressures into 2020/21 with permanent growth being built into the draft MTFS from 2021/22.

Community Directorate:

- The Community directorate is forecasting an overspend of £3.060m of which £917k is against Environment and & Culture and £2.143m against Commissioning & Commercial services:

Environment & Culture:

- Interim management arrangements (£168k)
- Reduced revenue rebate from dry recyclables (£447k)
- Food waste collection – route optimisation (£150k)
- Reduced income in Waste management (£82k)
- Harrow Arts Centre – part slippage of saving into 2020/21 (£70k).

Commissioning & Commercial Services:

- Facilities Management (£1.352m)
- Parking Services and Network Management (£395k)
- Catering service (104k)
- Commercial rent income (£104k)
- Contracts Management (£118k)
- Other (£99k)

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

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

- 1.13 A sum of £200k is provided as growth in 2020/21 to invest in Corporate Health and Safety.
- 1.13 In addition to the above, the current MTFS includes additional rental income due from the two additional floors being built at the depot, £473k in 2020/21. Firstly there is a revised timeline for the completion of the depot project. Secondly the Council is in the process of procuring a Strategic Development Partner to take forward its Regeneration Plans for three core sites. The provision of a new Civic Centre is included in these plans. The results of the procurement process will not conclude and be reported to Cabinet until approximately June 2020. Until the detailed plans for the new Civic Centre are known, it cannot be determined if the two additional floors at the depot will be required for staff accommodation or commercial rental purposes. It is therefore considered prudent to remove the income target from the current MTFS and when plans are finalised a decision can be made whether the target is re stated. In summary, the total of the pressures driven by external factors and operationally no longer feasible (£2.273m), investment in corporate Health & Safety (£200k) and the prudent removal of the depot income (£473k) total £2.946m and growth has been provided for these items in the draft 2020/21 budget.
- 1.14 Over the summer period a series of budget reviews was undertaken by the directorate and finance to understand the on going implications of the pressures identified. The results of these reviews identified a further estimated budget pressure of £2m. This is in addition to the growth of £2.946m and can be categorised into two key areas:
- Category 1 - £700k of services which must be provided within current budget. There are three key services within this category, cleaning SLA (£305k), trading standards (£222k) and catering (£80k).
 - Category 2 - £1.3m of additional income which the directorate needs to achieve to meet targets already built into the MTFS. There are two key strands within this category. In respect of the new depot (excluding the additional two floors), the current MTFS assumes income of £1.234m of which £861k is being progressed. . The second strand primarily relates to Schools SLA income which is proving challenging against a back drop of a reduced take up of the services.
- 1.15 To progress the £2m pressures estimated in 1.14 above, the directorate has commenced a programme of budget reviews to baseline budgets that reflect business needs. The baselining will take into consideration any future operating models which provide opportunities for growth or maximise operational efficiencies. The budget review will include an analysis of performance against income budgets. Commercial activities are being reviewed to explore any growth opportunities to generate additional income. The directorate needs to ensure that any future service provisions are financially sustainable. The directorate has a timeline of 2 years (2020/21 and 21/22) to meet the £2m on going pressures and the Commercialisation reserve will be used to support during this timeline.

- 1.16 These Directorate overspends are being offset by an underspend in the Corporate and Technical budgets totalling £4.191m resulting in a net overall overspend of £254k. The Corporate underspends relate to the Corporate contingency of £1.248m, capital financing savings of £2.307m largely as a result of securing borrowing from PWLB at a lower interest rate than budgeted for and other underspends of £636k across a number of budgets.

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

BUDGET PROCESS 2020/21

- 1.17 The Council has a statutory obligation to agree and publish the budget for 2020/21, and approval for this will be sought in February 2020. In preparing the 20/21 budget, and rolling forward the MTFs to cover the three year period 2020/21 to 2022/23, the current MTFs (approved by Council in 2019) 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 2019 assumed a budget gap of £16.795m for 2020/21 and £9.346m for 2021/22. This is the starting point for the refreshed 3 year MTFs. It's important to note that this starting point assumes achieving existing directorate savings of £2.1m in 2020/21 and £2.9m in 2021/22.
- 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 2020/21 the existing MTFs has been refreshed and rolled on a year and the adjustments are summarised in Table 2 below. Following Table 2 there is an explanation for the figures in the table. These adjustments will also be set out in Appendix 2 along with Adjustments included within the previous MTFs agreed as part of the 2019/20 Budget process:

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

1.20 Implications of rolling budget forward to include 2022/23:

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

1.21 Council Tax Adjustments

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

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

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

- 1.23 There is a report elsewhere on the agenda that estimates the surplus / deficit on the Collection Fund for 2019/20. The report details an overall net estimated surplus as at March 2020 of which Harrow's share is £2.120m which is now reflected in the budget for 2020/21. As this is a one off benefit it must be reversed out in 2021/22.

- 1.24 The combination of the increases to the tax base and 3.99% council tax increase generates an additional £7.199m in 2020/21 in Council tax income.

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

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

Technical Adjustments

1.26 **Social Care Funding** – the Council is currently receiving £2.627m for adult and children’s social care in 2019/20. This is Harrow’s share of additional funding of £650m provided to Councils across England. The Spending review which was announced on 4th September 2019, confirmed the continuation of this grant in 2020/21 and also announced a further allocation of £1bn across England for 2020/21. Harrow’s share of the £1bn has been estimated at £3.482m.

1.27 **Corporate Budgets** – A number of reductions are made to corporate budgets totalling £1.195m which reflect previous assumptions made for potential increases which have not materialised and therefore these budgets can now be reduced. For example, in the 2018/19 budget process a sum of £500k was assumed to meet potential inflationary increases and demand in the Concessionary fares budget in 2020/21, but the latest estimates show that this is not required and can therefore be released.

1.28 **Capital Financing Costs** – there are savings in capital financing costs totalling £2.050m set out in Table 2. £1m of this relates to a reduction in interest charges as a result of having borrowed £100m at a rate lower than budgeted and further planned borrowing being deferred and borrowed at a rate below the sum assumed in the budget. In addition the application of capital receipts to fund capital has led to savings on borrowing of £550k and there is a general reduction in MRP as short life assets are fully funded and MRP costs are therefore reduced.

1.29 **Additional Income** – the 53 units at Gayton Road being managed by the LLP will deliver an additional £641k in income to the Council by 2022/23 (£450k in 2021/22 increasing to a total of £641k by 2022/23).

1.30 **Additional Income** – £100m was approved by cabinet in July 2019 as an addition to the Capital Programme for Commercial Investments. The basis of the inclusion was that this £100m would generate a minimum net return of £2.5m after repaying the capital financing costs (2.5%). One property has been purchased from the £100m which is generating a net return of £150k which is built into the 2020/21 draft budget. The balance of the net return is allocated over years two and three of the MTFs and there is the potential to bring this forward.

1.31 **Technical Grants** - In 2019/20 the New Homes Bonus (NHB) grant is £4.344m. The budget last year (2019/20) assumed that the NHB for 2020/21 would reduce to £2.928m. The latest information from London Councils suggests that Councils will receive the same cash allocation in 2020/21 as they did in 2019/20. Therefore a one off increase of £1.416m has been included for 2020/21, but budget reductions that had already been built into the budget for a winding down of the scheme are being maintained

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

1.32 The 2019 Spending Review also set out a continuation of **Revenue Support Grant (RSG)** for a further year in 2020/21 of £1.585m and also the **Multiplier Cap grant of £1.145m** as part of our baseline funding. The assumption is that these will form part of our 2020/21 baseline before any reset takes place for 2021/22 as a result of the review of 2020 Spending Review and Fair Funding Review.

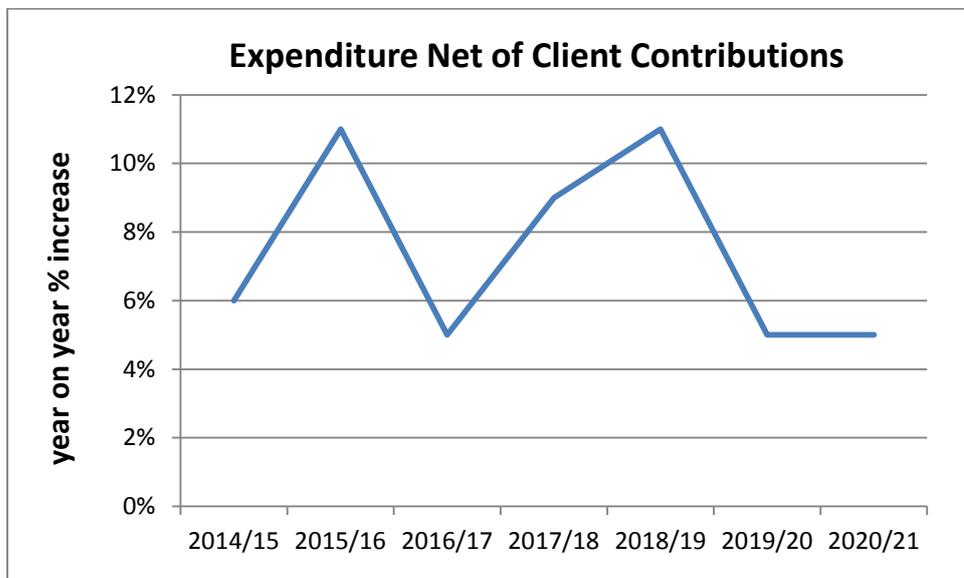
1.33 Once the figures are received as part of the Final Finance settlement, any adjustments required will be made for the Final Budget to be agreed by February Cabinet .

1.34 **Use of Reserves** – the budget assumes the use of £1.950m from the Budget Planning Reserve in 2020/21 and that a total of £3.314m will be drawn down from the Business Risk reserve between 2021/22 and 2022/23.

1.35 **ADULT SOCIAL CARE GROWTH FORECASTS**

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

As part of extensive modelling work to understand the future demands on Adults Social care, evidence based analysis does show that cost pressures are showing signs of slowing down with the forecast increase of 5% in 2020/21 being in line with 2019/20, as detailed below:



1.36 However against a backdrop of a rising UK population, increasing social care demands for older people and young adults with learning difficulties

and the NHS under pressure, the modelling is estimating future cost pressures that are currently not in the MTFS:

Table 3: Estimate Adult Social Care Growth 2020 to 2024

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

The following narrative supports the numbers in table 3 above:

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

Mitigations:

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

- Focus on the hospital discharge to avoid an over reliance on admission to care homes

Demography assumes 50 new services users per annum

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

1.37 However these estimated growth projections, and the assumptions upon which they are based, are very much a work in progress and continue to be worked upon and refined, especially in light of the service approaching one of its most challenging times of the year, winter pressures. Due to its complexity, the model is in effect an on going process which will need to be robustly managed to ensure the optimum balance between budget requirement and service provision in line with the ethos of the resilient communities' transformation. As the model does identify future funding pressures it is important to include them in the MTFS and they are reflected in table 2. These pressures are linked to future funding announcements and the MTFS currently does not assume any additional support over and

above that received for 2020/21. In particular the commissioning activity cannot be implemented until there is some surety of additional funding

- 1.38 It is accepted that in the current climate the mitigations of £1.584m estimated for 2020/21 will prove challenging and the Council hold a contingency for unforeseen items.

Budget Refresh, Growth & Savings

- 1.40 There is a commitment to refresh the three year MTFS annually to ensure it remains reflective of the changing Harrow and Local Government landscape. All savings in the current MTFS for 2020/21 and 2021/22 have been reviewed to ensure that they can either be taken forward or removed as part of this draft budget.
- 1.41 Table 4 summarises the total savings and growth put forward as part of the 2019/20 and 2018/19 budget setting process in respect of financial years 2020/21 and 2021/22. Table 4 shows total savings of £5.072m between 2020/21 and 2021/22 and growth of £2.367m, so net savings of £2.705m. The detail is set out in Appendix 1B.

Table 4: Savings and Growth from 2019/20 and 2018/19 Budget setting

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

- 1.42 Table 5 sets out the total savings and growth proposed as part of the current 2020/21 budget process. Table 5, shows savings of £7.151m and growth of £4.801m over the three year period 2020/21 to 2022/23. Overall there is net savings in the budget of £2.350m over the 3 year period. The detail of these savings and growth is set out at Appendix 1A.

Table 5: Savings and Growth 2020/21 to 2021/23 from the 2020/21 process

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

- 1.43 Table 6 sets out the summary of all savings and growth submitted as part of this year's budget and previous years budgets which give the total savings and growth for both 2020/21, 2021/22 and 2022/23. This is the combined total of Tables 4 and 5 which shows total net savings of £5.055m over the three years, the detail is set out in appendix 1C.

Table 6: Summary of Savings and Growth 2020/21 to 2022/23

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

INVESTMENT

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

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

- £3.314m built into the MTFS in 2021/22 and 2022/23 as temporary one off support.
- £3m member investment in front line priorities at £1m per annum (reviewed annually)
- £1.212m to remain within the reserve

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

Table 7: Investment 2020/21

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

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

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

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

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

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

Initiative to Support Harrow’s Council Tax Payers	Year 2020/21	Year 2021/22	Year 2022/23	Accounted for
Additional awards expected to be granted by new Income Banded Scheme	£75k	£183k	£291k	@ Tax Base level
Funding for awards expected to be granted to CTS claimants impacted by 3.99% CT inflation	£100k*	n/a	n/a	Within Revenue budget
Funding for awards expected to be granted to CTS claimants impacted by UC migration	£130k	£130k	£130k	Within Revenue budget
Funding for individual council tax relief expected to be granted to CTS claimants experiencing extreme financial hardship	£95k	£87k	£0k	Within Revenue budget
Total Investment	£400k	£400k	£400k	

*Applies to 2020/21 year only.

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

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

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

CAPITAL RECEIPTS FLEXIBILITY

- 1.47 In the Spending Review 2015, it was announced that to support local authorities to deliver more efficient and sustainable services, the government will allow local authorities to spend up to 100% of their fixed asset receipts on the revenue costs of reform projects. This flexibility was initially offered for the three years 2016/17 to 2018/19, but was extended as part of the 2018/19 Finance settlement for a further 3 years from 2019/20 to 2021/22.
- 1.48 The Council signified its intent to make use of this flexibility in its final budget report to Cabinet and Council in February 2016. The refreshed MTFS currently assumes no future use of capital flexibilities beyond 2019/20.

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

- 1.49 In September 2019 the government announced an increased investment in school budgets and high needs for the next three years. For Harrow there is a projected increase in school funding of around £6.5m for 2020-21.
- 1.50 In 2018-19 the government introduced a new National Funding Formula (NFF) for Schools, High Needs and the Central Schools Services Block. For the Schools Block this means LAs are funded on the basis of the total of the NFF for all schools, academies and free schools in its area. However the final formula for distribution is determined by each Council following consultation with schools and Schools Forums.
- 1.51 There are no proposed changes to the **structure** of the formula for 2020-21 however there are a number of changes which Schools Forum, in consultation with schools, need to make a decision on.
- 1.52 The LA undertook a consultation with all schools, academies and free schools in Harrow to seek views on aspects of school funding for 2020-21 in the autumn term.
- 1.53 The full outcome of the consultation, proposed final funding formula and final DSG allocations will be reported to Cabinet in February 2020 for approval.

PUBLIC HEALTH FUNDING

- 1.54 The 2019 Spending Review announced that the Public Health Grant would increase by around £100 million nationally. The working assumption is that Harrow’s share will be approximately £324k and detailed below are the priority areas where the additional funding will be invested, the proposals

being aligned with evidence of population priorities and the emerging Health & Wellbeing Strategy and Borough Plan:

- Staffing – integrated care and priority work streams of mental health and long term conditions
- Additional funding for smoking cessation
- Physical activity projects and weight management
- Oral health
- Mental health
- Social prescribing

1.55 The draft Public Health commissioning intentions detailed in Appendix 4 of £10.848m are based on the expected grant allocation (yet to be notified by Public Health England) and enables an increase in expenditure as detailed above.

1.56 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)

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

1.58 The BCF continues to provide a mechanism for personalised, integrated approaches to health and care that support people to remain independent at home or to return to independence after an episode in hospital. The continuation of the national conditions and requirements of the BCF provides opportunities for health and care partners to build on their plans to embed joint working and integrated care further, including how to work collaboratively to bring together funding streams to maximise the impact on outcomes for communities and sustaining vital community provision.

1.59 Whilst the detailed NHS guidance is awaited in relation to the 2020/21 BCF plan, the requirements around integration and collaborative working are expected to continue. The 2020/21 BCF plan will be signed off by the Health & Wellbeing Board ahead of submission to, and assurance by, NHS England.

1.60 The 2020/21 Adults budget assumes that funding for the Protection of Social Care through the BCF will remain at the agreed 2019/20 level of £6.112m.

RESERVES AND CONTINGENCIES

1.61 Reserves and contingencies need to be considered in the context of their need to protect the Council's good financial standing and in the context of

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

- Contingency for Unforeseen items £1.248m – This is a recurrent revenue budget and is used to support unforeseen events during the year.
- Budget Planning Reserve – This reserve was set aside for 'budget smoothing'. The draft MTFs assumes £1.950m of the reserve is being applied for this purpose in 2020/21 leaving a balance of £679k.
- Business Risk Reserve – This reserve was set at £7.526m to fund the risk around the assumption of being able to increase Council Tax by 5% per annum for 2020/21 and 2021/22, Following announcements made in the Spending Round 2019, the draft MTFs now assumes a 3.99% per annum increase in Council Tax which releases the Business Risk Reserve from its original purpose. £3.314m of the reserve is being used to support the MTFs in years 2 and 3, £3m is being invested in front line priorities which leaves a balance of £1.212m.
- MTFs Implementation Reserve – At Quarter 2, the estimated carry forward balance on this reserve is £1.829m. This is set aside to fund redundancy costs.
- The Commercialisation Reserve stands remains at £1.265m

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

LONDON BOROUGH GRANTS SCHEME

1.63 Harrow's contribution to the London Borough's Grant Scheme was £188k in 2019/20. At the time of writing this report the Council has not been notified of the recommended contribution for 2020/21. 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 2020/21 contribution to the London Borough's Grant Scheme, in consultation with the Portfolio Holder for Finance and Resources. The contribution rate will be reported to Cabinet in February 2020 as part of the final budget.

2.0 CONSULTATION

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

- Where there is a statutory requirement in the relevant legislative framework;
- Where the practice has been to consult or where a policy document states the council will consult then the council must comply with its own practice or policy;

- Exceptionally, where the matter is so important that there is a legitimate expectation of consultation and
- Where consultation is required to complete an equalities impact assessment.

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

- Comments are genuinely invited at the formative stage;
- The consultation documents include sufficient reasons for the proposal to allow those being consulted to be properly informed and to give an informed response;
- There is adequate time given to the consultees to consider the proposals;
- There is a mechanism for feeding back the comments and those comments are conscientiously taken into account by the decision maker / decision making body when making a final decision;
- The degree of specificity with which, in fairness, the public authority should conduct its consultation exercise may be influenced by the identity of those whom it is consulting and;
- The consultation is clear on the reasons and extent to which alternatives and discarded options have been discarded.

2.3 Public consultation on the overall budget for 2020/21 will commence on 16 December 2019 and will last for a period of 4 weeks ending 10 January 2020 before the final savings are recommended to Full Council on the 27 February 2020. The public consultation will give residents an opportunity to comment on the 2020/21 overall budget before final decisions are formalised in the council's annual budget. Other key stakeholders are consulted on the budget as detailed below:

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

2.4 In terms of service specific consultations, the council has a duty to consult with residents and service users in a number of different situations including where proposals to significantly vary, reduce or withdraw services. Consultation is also needed in other circumstances, for example to identify the impact of proposals or to assist with complying with the council's

equality duties. Where appropriate, separate service specific consultations have already taken place or will be taking place for the 2020/21 savings and may be subject to a separate cabinet report.

3.0 PERFORMANCE ISSUES

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

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

4.0 RISK MANAGEMENT IMPLICATIONS

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

- Inability to deliver the Council's approved MTFS – leading to a dereliction of duties resulting in government intervention and an inability to pay the Council's debts. At Quarter 2 2019/20 this risk is rated at C2 – medium likelihood and critical impact

5.0 LEGAL IMPLICATIONS

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

5.2 Local authorities owe a fiduciary duty to council tax payers, which means it must consider the prudent use of resources, including control of expenditure, financial prudence in the short and long term, the need to strike a fair balance between the interests of council tax payers and ratepayers and the community's interest in adequate and efficient services and the need to act in good faith in relation to compliance with statutory duties and exercising statutory powers.

5.3 Cabinet is approving these proposals for consultation after which a cumulative equalities impact will be drafted. These proposals will be referred to Council so that Council can approve the budget envelope and set the Council Tax. There will be contingencies within the budget envelope so that decision makers have some flexibility should any decisions have detrimental equalities impacts that cannot be mitigated.

5.4 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 2020//21 has been prepared in line with the Council's priorities:

- Building a Better Harrow
- Supporting Those Most in Need
- Protecting Vital Public Services
- Delivering a Strong Local Economy for All
- Modernising Harrow Council

Section 3 - Statutory Officer Clearance

Name: Dawn Calvert	<input checked="" type="checkbox"/>	on behalf of the * Chief Financial Officer
Date: 19-12-2019		
Name: Jessica Farmer	<input checked="" type="checkbox"/>	on behalf of the * Monitoring Officer
Date: 4-12-2019		

Section 3 – Procurement Clearance

Name: Nimesh Mehta	<input checked="" type="checkbox"/>	on behalf of the * Head of Procurement Officer
Date: 19-12-2019		

Section 3 – Corporate Director Clearance

Name: Charlie Stewart	<input checked="" type="checkbox"/>	Corporate Director of Resources
Date: 19-12-2019		

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

Section 4 - Contact Details and Background Papers

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

Background Papers:None

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

No

Total Savings and Growth - 2020/21 Budget Process									Appendix 1A
Item No	Unique Reference No.	Headline Description re: saving / reduction	2020-21 £000	2021-22 £000	2022-23 £000	Total £000	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
Resources Directorate									
1	RES 2	Access Harrow /Contact Cente - delete one post in the Adults team	(35)			(35)	N - Vacant Post. HR procedures will be followed and eia will be done as required.	Y	Adult Social Care
2	RES 3	Revenues - delete 0.5 FTE which covers the Capita contract resilience	(25)			(25)	N - Vacant Post. HR procedures will be followed and eia will be done as required.	N	N
3	RES 4	Benefits - delete two posts over two years	(33)	(33)		(66)	N - Vacant Post. HR procedures will be followed and	N	N
4	RES 5	Delete one FTE across finance function	(30)			(30)	N - Vacant Post. HR procedures will be followed and	N	N
		Resources total	(123)	(33)	-	(156)			

Total Savings and Growth - 2020/21 Budget Process									Appendix 1A
Item No	Unique Reference No.	Headline Description re: saving / reduction	2020-21	2021-22	2022-23	Total	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
People Directorate									
1	PC_01	Reduction in expenditure in relation to children's placements, accommodation and client related spend. Targeted early intervention and support to prevent young people from coming into care or stepping young people down from care where it is safe to do so. Targeted actions continue to reduce the average cost of service provision through negotiation with providers and continued maximisation of capacity available within block contracts services and council properties.	(410)	(410)		(820)	N - Reduction in cost of provision rather than the provision. Assessment will be done on individual bases.	N	N
		Children and Young People Total	(410)	(410)		(820)			
Community Directorate									
1	COM_20.21_S01	Substitute funding for 2 existing job brokers with external grant in 2020/21. External funding has been secured as part of Strategic Investment Pot (SIP) over 2 years. Part of this grant is earmarked for funding staffing costs. The proposed funding substitution means the delivery of the programme will have to be incorporated into the work of existing staff. If no further funding is secured beyond 2020/21, one post will be deleted and the other one retained.	(90)	45		(45)	Y	N	N
2	COM_20.21_S02	Automatic Public Convenience (APC) 'The removal of the APC situated at Pinner Road in previous year results in a saving on hire and maintenance costs.	(25)			(25)	N	N	N

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

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

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

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

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

Total Savings and Growth - 2020/21 Budget Process									Appendix 1A
Item No	Unique Reference No.	Headline Description re: saving / reduction	2020-21	2021-22	2022-23	Total	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
12	COM G12	Reversal of depot - additional 2 floors See the original savings of (£473k) in line 25 of appendic 1c and line 14 of appendix 1b	473			473	N	N	N
		Community Total	2,946			2,946			
		Total Growth	3,770	353	678	4,801			
		Net Savings/Growth	2,082	(2,888)	(1,544)	(2,350)			

Summary Savings and Growth 2018/19 to 2019/20 MTFS				Appendix 1B					
Item No	Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction	2020-21 £000	2021-22 £000	Total £000	EQIA Required	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
Resources Directorate									
1	RES 2019-20 S1-4	Customer Services	Reduction in Customer Channels (A) - closing telephony & email channels across Council Tax, Housing Benefits, Planning & Building Control and only accepting on-line applications following the release of new on-line services by April 2019.	(135)		(135)	Y - Submitted as part of 20th of February 2019 Budget Report (Background paper)	Y	Affected services
2	RES 2019-20 S1-5	Customer Services	Reduction in Customer Channels (B) - closing telephony & email channels across Council Tax, Housing Benefits, Planning, Building Control, Education, Parking & Switchboard and only accepting on-line applications following the release of new on-line services by April 2019/20.	(175)	(175)	(350)	Y - Submitted as part of 20th of February 2019 Budget Report (Background paper)	Y	Affected services
3	RES 2019-20 S1-6	Business Support	Review of Business Support for Children's Services - Lean review of Children's' Services and associated business support.	(20)		(20)	Eia will be needed when the restructure is done and HR procedures will be followed	Y	Staff will be consulted via the usual HR procedures
6	RES 2019-20 S1-13	Legal	Additional Legal Hours 'Growth of £530k was added to the budget for 2019/20 in connection with additional usage within Harrow of legal services. Only 50% of this growth is required in 2019/20 and the remaining 50% can be fully removed in 2020/21.	(265)		(265)	N this is the reversal of 2017/18 growth	N	N
7	RES	Finance	Investment Income :		(1,726)	(1,726)	N	N	N

Summary Savings and Growth 2018/19 to 2019/20 MTFS				Appendix 1B					
Item No	Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction	2020-21 £000	2021-22 £000	Total £000	EQIA Required	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
			Resources Total	(595)	(1,901)	(2,496)			
Community									
8	COM	Commissioning & Commercial	Income from expansion of Central Depot	(681)		(681)	http://www.harrow.gov.uk/www2/documents/b24374/Supplemental%20Agenda%20Thursday%2015-Feb-2018%2018.30%20Cabinet.pdf?T=9	N	N
9	CC_2	Environment & Culture	Library Strategy Phase 2 - delivery of network of libraries and library regeneration The original saving relates to the relocation of Gayton Library and Wealdstone Library. The new town centre library that replaces Gayton Library will be built by the developer as part of the redevelopment of 51 College Road. The latest timescale suggests that the new library will become operational no later than March 2020. Therefore the saving relating to Gayton Library (£159k) needs to be re-profiled to 2020/21 at the earliest.	(159)		(159)	Y - Submitted as part of 20th of February 2019 Budget Report (Background paper)	N	N

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

Summary Savings and Growth 2018/19 to 2019/20 MTFS				Appendix 1B					
Item No	Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction	2020-21 £000	2021-22 £000	Total £000	EQIA Required	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
11	COM_19.20S01	Libraries	<p>Review of Libraries Service</p> <p>Review of operational arrangements to consider minimum staffing level and/or opening hours of libraries in the next 6-9 months through the work with the cross party working group. The estimated financial saving will be available once the proposal is developed.</p> <p>To deliver a service model in line with the new vision for Libraries which is to be developed by the cross party working group. Externalisation of the service will also be considered, to identify a suitable provider to deliver the service for the Council. It should be noted that, the libraries budget was insufficient to pay for Carillion's cost in the past due to the unbudgeted contract indexation. It remains the case for the in-house service provision, with an estimated budget pressure of circa £150k in 18/19 (to be met from one-off libraries reserve). There is a growth budget in the existing MTFS, originally intended for contract indexation (£175k in 19/20 and £25k in 20/21). This will be needed to fund the in-house service to meet the current operating arrangements.</p>	(50)		(50)	Y - Submitted as part of 20th of February 2019 Budget Report (Background paper)	N	Y - Public and staff consultation done in September

Summary Savings and Growth 2018/19 to 2019/20 MTFS				Appendix 1B					
Item No	Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction	2020-21 £000	2021-22 £000	Total £000	EQIA Required	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
12	COM_19.20S02	Development Management	Increase in Planning fees Income NB: this is predicated on diverting further CIL monies to fund Harrow Local Plan Review instead of using planning income as originally planned. This proposal is still subject to confirmation that the use of CIL monies to fund local plan review are compliant with CIL regulations.	50		50	N - It is a national change	N	N
13	COM_19.20S04	Commissioning & Commercial	Redevelopment of the Vernon Lodge Homelessness Hostel and the Atkins House Site The maximisation of the assets to increase the homelessness provision at Vernon Lodge while providing capacity to generate additional income at both Vernon Lodge and Atkins House, following Cabinet approval of the redevelopment work in July 18. Gross savings.	(80)	(643)	(723)	Y - Submitted as part of 20th of February 2019 Budget Report (Background paper)	N	Y for any planning application
14	COM_19.20S05	Commissioning & Commercial	Redevelopment of Central Depot (Additional areas) Further maximisation of the use of the depot site to deliver additional areas for commercial income generation, following Cabinet approval of the increase in capital programme for the site. (This saving is reversed on line 23 of appendix 1c)	(473)	-	(473)	Y	N	Y for any planning application

Summary Savings and Growth 2018/19 to 2019/20 MTFS					Appendix 1B				
Item No	Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction	2020-21 £000	2021-22 £000	Total £000	EQIA Required	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
15		Commissioning & Commercial	Additional Financing Income : Banister (25k) Harrow Weald Toilet (£11k) Probation Centre (£275k) Drones (unmanned aerials) (£92k)		(403)	(403)	N	N	N
			Community and Culture	(1,530)	(1,046)	(2,576)			
			Savings Total	(2,125)	(2,947)	(5,072)			
Growth									
Resources Directorate									
1	RES 2019-20 G1-2	Revenue & Benefits	The Housing Benefit Admin Grant reduces annually due to year on year efficiency cuts to DWP (Department of Work and Pensions) funding under SR2007 & SR 2013 efficiency directives in relation to settlements to DWP funding. The DWP efficiency targets in place impact on the HB Admin Grant annually, reducing future grants by approximately 10% cumulatively (7% + 3%).	95	90	185	N	N	N

Summary Savings and Growth 2018/19 to 2019/20 MTFS				Appendix 1B					
Item No	Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction	2020-21 £000	2021-22 £000	Total £000	EQIA Required	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
2	RES 2019-20 G1-3	Revenue & Benefits	Growth is required to replace cuts in both DWP (Department for Work and Pensions) Administration grants to the Local Authorities and for overpayments of compensation payments from DWP to Harrow. This is due to both imposed cuts to the LA admin grant by the DWP due to their own savings strategy and due to the fact that as we will administer less cases over time (due to the migration of new cases to Universal Credit), there will be less overpayments and therefore less compensation awarded to Harrow which reduces the income in the revenue budget.		50	50	N	N	N
Resources Total				95	140	235			
People Services									
3	PA01	Adult Services	Growth to reflect existing demands in Adult Social Care and to reflect anticipated demographic pressures in 2018/19	(90)		(90)	N	N	N

Summary Savings and Growth 2018/19 to 2019/20 MTFS				Appendix 1B					
Item No	Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction	2020-21 £000	2021-22 £000	Total £000	EQIA Required	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
4	Adults	Adults	<p>Growth in the transition budget and Personal Budgets over the next 3 years which will increase the transitions budget by a total of £1.4m and Personal Budgets by £1.218m.</p> <p>'Growth 2019-20. This relates to £650k for transitions funding (additional 24pa) and £345k for personal budgets (additional 1 per week).</p> <p>Growth 2020-21. This relates to £450k for transitions funding (based on further 15) and £521k personal budgets (assumes a further 1 new PB every other week in addition to the 2019/20 increase)</p> <p>Growth 2021-22 - this relates to £300k for transitions (assumes additional 10 pa) and £352k for Personal Budgets (a further 1 new PB every</p>	971	652	1,623	N	N	N
			Adult's Total	881	652	1,533			
			People Total	881	652	1,533			
Community									
5	COM18.19_G01	Libraries Service	Additional costs following in-sourcing of libraries service	25		25	N	N	N

Summary Savings and Growth 2018/19 to 2019/20 MTFS				Appendix 1B					
Item No	Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction	2020-21 £000	2021-22 £000	Total £000	EQIA Required	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
			Communty Total	25	-	25			
Corporate									
6			Capital Financing costs associated with the capital investment of the redevelopment of the Vernon Lodge and Atkins House site	140	244	384	N	N	N
7			Capital Financing costs associated with the additional capital investment of the redevelopment of the Central Depot site.	190	-	190	N	N	N
			Corporate Total (financing Cost)	330	244	574			
			Total Growth	1,331	1,036	2,367			
			Net Savings and Growth	(794)	(1,911)	(2,705)			

This page is intentionally left blank

Total Savings and Growth 2020/21 to 2022/23							Appendix 1C			
Item No	Unique Reference No.	Headline Description re: saving / reduction	2020-21 £000	2021-22 £000	2022-23 £000	Total £000	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed	
Resources Directorate										
1	RES 2	Access Harrow /Contact Cente - delete one post in the Adults team	(35)			(35)	N - Vacant Post. HR procedures will be followed and eia will be doneas required.	Y	Adult Social Care	
2	RES 3	Revenues - delete 0.5 FTE which covers the Capita contract resilience	(25)			(25)	N - Vacant Post. HR procedures will be followed and eia will be doneas required.	N	N	
3	RES 4	Benefits - delete two posts over two years	(33)	(33)		(66)	N - Vacant Post. HR procedures will be followed and eia will be doneas required.	N	N	

Total Savings and Growth 2020/21 to 2022/23							Appendix 1C		
Item No	Unique Reference No.	Headline Description re: saving / reduction	2020-21 £000	2021-22 £000	2022-23 £000	Total £000	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
4	RES 5	Delete one FTE across finance function	(30)			(30)	N - Vacant Post. HR procedures will be followed and eia will be done as required.	N	N
5	RES 2019-20 S1-4	Reduction in Customer Channels (A) - closing telephony & email channels across Council Tax, Housing Benefits, Planning & Building Control and only accepting on-line applications following the release of new on-line services by April 2019.	(135)			(135)	Y - Submitted as part of 20th of February 2019 Budget Report (Background paper)	Y	Affected services
6	RES 2019-20 S1-5	Reduction in Customer Channels (B) - closing telephony & email channels across Council Tax, Housing Benefits, Planning, Building Control, Education, Parking & Switchboard and only accepting on-line applications following the release of new on-line services by April 2019/20.	(175)	(175)		(350)	Y - Submitted as part of 20th of February 2019 Budget Report (Background paper)	Y	Affected services

Total Savings and Growth 2020/21 to 2022/23				Appendix 1C					
Item No	Unique Reference No.	Headline Description re: saving / reduction	2020-21 £000	2021-22 £000	2022-23 £000	Total £000	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
7	RES 2019-20 S1-6	Review of Business Support for Children's Services - Lean review of Children's Services and associated business support.	(20)			(20)	Eia will be needed when the restructure is done and HR procedures will be followed	Y	Staff will be consulted via the usual HR procedures
8	RES 2019-20 S1-13	Additional Legal Hours Growth of £530k was added to the budget for 2019/20 in connection with additional usage within Harrow of legal services. Only 50% of this growth is required in 2019/20 and the remaining 50% can be fully removed in 2020/21.	(265)			(265)	N this is the reversal of 2017/18 growth	N	N
9	RES	Investment Income : Income from investing in commercial properties		(1,726)		(1,726)	N	N	N
		Resources total	(718)	(1,934)	-	(2,652)			
People Directorate									

Total Savings and Growth 2020/21 to 2022/23							Appendix 1C		
Item No	Unique Reference No.	Headline Description re: saving / reduction	2020-21 £000	2021-22 £000	2022-23 £000	Total £000	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
10	PC_01	<p>Reduction in expenditure in relation to children's placements, accommodation and client related spend.</p> <p>Targeted early intervention and support to prevent young people from coming into care or stepping young people down from care where it is safe to do so. Targeted actions continue to reduce the average cost of service provision through negotiation with providers and continued maximisation of capacity available within block contracts services and council properties.</p>	(410)	(410)		18,940	N - Reduction in cost of provision rather than the provision. Assesment will be done on individual bases.	N	N
Children and Young People Total			(410)	(410)		(820)			
Community Directorate									
11	COM_20.21_S01	Substitute funding for 2 existing job brokers with external grant in 2020/21. External funding has been secured as part of Strategic Investment Pot (SIP) over 2 years. Part of this grant is earmarked for funding staffing costs. The proposed funding substitution means the delivery of the programme will have to be incorporated into the work of existing staff. If no further funding is secured beyond 2020/21, one post will be deleted and the other one retained.	(90)	45		(45)	Y	N	N

Total Savings and Growth 2020/21 to 2022/23							Appendix 1C			
Item No	Unique Reference No.	Headline Description re: saving / reduction	2020-21 £000	2021-22 £000	2022-23 £000	Total £000	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed	
13	COM_20.21_S02	Automatic Public Convenience (APC) The removal of the APC situated at Pinner Road in previous year results in a saving on hire and maintenance costs.	(25)			(25)	N	N	N	
14	COM_20.21_S03	Removal of base budget from October 2020 for 4 positions that are currently 67% grant funded - either securing further external funding to 100% fund these posts or deleting the posts. These 4 FTC positions are created as part of the successful bid to HLF for the Headstone Manor refurbishment project. HLF funding will end in Sept 2020, thereby the future of these posts will be dependent on the availability of further external funding.	(22)	(22)		(44)	Y	N	N	
15	COM_20.21_S04	Achieving full cost recovery from Travellers site- The council has a duty to provide suitable accommodation for Gypsy and Travellers and use Watling farm site for this purpose. Saving proposal is to seek a cost neutral outcome for the council to be achieved by increased charges to the current licensees and/or agreement for the cost of repairs and maintenance to be passed over to the occupiers.		(14)		(14)	Y - require in 2021/22	N	N	

Total Savings and Growth 2020/21 to 2022/23							Appendix 1C		
Item No	Unique Reference No.	Headline Description re: saving / reduction	2020-21 £000	2021-22 £000	2022-23 £000	Total £000	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
16	COM_20.21_S05	Reduction in EACH contract and Sheltered housing support from April 2020- Each contract to be transferred to floating support scheme and reduction in sheltered housing support proposed to finance through enhanced housing management service charge which is HB eligible/ or reduce scope of the service provided.		(68)		(68)	Y - require in 2021/22. Individual assessments will be done.	N	N
17	COM_20.21_S06	Removal of GF funded base budget for 1 position from April 2020 - As part of the Housing Services management re organisation the vacant post of Head of Service for Business Development & Transformation has been deleted.	(18)			(18)	N	N	N
18	COM_20.21_S07	Building Control - Additional income from commercialisation of the service		(20)		(20)	N	N	N
19	COM	Income from expansion of Central Depot	(681)			(681)	http://www.harrow.gov.uk/www2/documents/b24374/Supplemental%20Agenda%20Thursday%2015-Feb-2018%2018.30%20Cabinet.pdf?T=9	N	N

Total Savings and Growth 2020/21 to 2022/23							Appendix 1C		
Item No	Unique Reference No.	Headline Description re: saving / reduction	2020-21 £000	2021-22 £000	2022-23 £000	Total £000	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
20	CC_2	Library Strategy Phase 2 - delivery of network of libraries and library regeneration The original saving relates to the relocation of Gayton Library and Wealdstone Library. The new town centre library that replaces Gayton Library will be built by the developer as part of the redevelopment of 51 College Road. The latest timescale suggests that the new library will become operational no later than March 2020. Therefore the saving relating to Gayton Library (£159k) needs to be re-profiled to 2020/21 at the earliest.	(159)			(159)	Y - Submitted as part of 20th of February 2019 Budget Report (Background paper)	N	N
21	COM18.19_S04	Reduce subsidy to the arts centre - See reversal of this saving in line 18.	(137)			(137)	http://www.harrow.gov.uk/www2/documents/b24374/Supplemental%20Agenda%20Thursday%2015-Feb-2018%2018.30%20Cabinet.pdf?T=9	N	N

Total Savings and Growth 2020/21 to 2022/23							Appendix 1C		
Item No	Unique Reference No.	Headline Description re: saving / reduction	2020-21 £000	2021-22 £000	2022-23 £000	Total £000	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
22	COM_19.20 S01	<p>Review of Libraries Service</p> <p>Review of operational arrangements to consider minimum staffing level and/or opening hours of libraries in the next 6-9 months through the work with the cross party working group. The estimated financial saving will be available once the proposal is developed.</p> <p>To deliver a service model in line with the new vision for Libraries which is to be developed by the cross party working group. Externalisation of the service will also be considered, to identify a suitable provider to deliver the service for the Council.</p> <p>It should be noted that, the libraries budget was insufficient to pay for Carillion's cost in the past due to the unbudgeted contract indexation. It remains the case for the in-house service provision, with an estimated budget pressure of circa £150k in 18/19 (to be met from one-off libraries reserve). There is a growth budget in the existing MTFs, originally intended for contract indexation (£175k in 19/20 and £25k in 20/21). This will be needed to fund the in-house service to meet the current operating arrangements.</p>	(50)			(50)	Y - Submitted as part of 20th of February 2019 Budget Report (Background paper)	N	Y - Public and staff consultation done in September

Total Savings and Growth 2020/21 to 2022/23 **Appendix 1C**

Item No	Unique Reference No.	Headline Description re: saving / reduction	2020-21 £000	2021-22 £000	2022-23 £000	Total £000	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
23	COM_19.20 S02	Increase in Planning fees Income NB: this is predicated on diverting further CIL monies to fund Harrow Local Plan Review instead of using planning income as originally planned. This proposal is still subject to confirmation that the use of CIL monies to fund local plan review are compliant with CIL regulations.	50			50	N - It is a national change	N	N
24	COM_19.20 S04	Redevelopment of the Vernon Lodge Homelessness Hostel and the Atkins House Site The maximisation of the assets to increase the homelessness provision at Vernon Lodge while providing capacity to generate additional income at both Vernon Lodge and Atkins House, following Cabinet approval of the redevelopment work in July 18. Gross savings.	(80)	(643)		(723)	Y - Submitted as part of 20th of February 2019 Budget Report (Background paper)	N	Y for any planning application
25	COM_19.20 S05	Redevelopment of Central Depot (Additional areas) Further maximisation of the use of the depot site to deliver additional areas for commercial income generation, following Cabinet approval of the increase in capital programme for the site. Additional planning income.	(473)			(473)	Y	N	Y for any planning application
26		Banister (25k) Harrow Weald Toilet (£11k) Probation Centre (£275k) Drones		(403)		(403)	N	N	N

Total Savings and Growth 2020/21 to 2022/23			Appendix 1C						
Item No	Unique Reference No.	Headline Description re: saving / reduction	2020-21 £000	2021-22 £000	2022-23 £000	Total £000	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
		Community Total	(1,685)	(1,125)	-	(2,810)			
Corporate									
27	COR 02	Gayton Road - income from 53 PRS units	(450)	(144)	(47)	(641)	N	N	N
28	COR 03	SEN Transport efficiency from Transformation	(400)	(400)		(800)	N	N	N
29	COR 04	Income from £100m Investment Property Purchase	(450)	(3,525)	(3,525)	(7,500)	N	N	N
30	COR 05	Capital Financing Cost of the £100m Investment Property	300	2,350	2,350	5,000	N	N	N
31	COR 06	Transformation Target - additional £1m over and above SEN Transport target per annum		(1,000)	(1,000)	(2,000)	N	N	N
		Corporate Total	(1,000)	(2,719)	(2,222)	(5,941)			
		Total Savings	(3,813)	(6,188)	(2,222)	(12,223)			
Growth									
Resources									

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

Total Savings and Growth 2020/21 to 2022/23							Appendix 1C		
Item No	Unique Reference No.	Headline Description re: saving / reduction	2020-21 £000	2021-22 £000	2022-23 £000	Total £000	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
6	RES 2019-20 G1-2	The Housing Benefit Admin Grant reduces annually due to year on year efficiency cuts to DWP (Department of Work and Pensions) funding under SR2007 & SR 2013 efficiency directives in relation to settlements to DWP funding. The DWP efficiency targets in place impact on the HB Admin Grant annually, reducing future grants by approximately 10% cumulatively (7% + 3%).	95	90		185	N	N	N
7	RES 2019-20 G1-3	Growth is required to replace cuts in both DWP (Department for Work and Pensions) Administration grants to the Local Authorities and for overpayments of compensation payments from DWP to Harrow. This is due to both imposed cuts to the LA admin grant by the DWP due to their own savings strategy and due to the fact that as we will administer less cases over time (due to the migration of new cases to Universal Credit), there will be less overpayments and therefore less compensation awarded to Harrow which reduces the income in the revenue budget.		50		50	N	N	N
		Resources Total	1,101	493	678	2,272			
People									
		Adult							
9	PA01	Growth to reflect existing demands in Adult Social Care and to reflect anticipated demographic pressures in 2018/19	(90)			(90)	N	N	N

Total Savings and Growth 2020/21 to 2022/23							Appendix 1C		
Item No	Unique Reference No.	Headline Description re: saving / reduction	2020-21 £000	2021-22 £000	2022-23 £000	Total £000	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
10	Adults	Growth in the transition budget and Personal Budgets over the next 3 years which will increase the transitions budget by a total of £1.4m and Personal Budgets by £1.218m. 'Growth 2019-20. This relates to £650k for transitions funding (additional 24pa) and £345k for personal budgets (additional 1 per week). Growth 2020-21. This relates to £450k for transitions funding (based on further 15) and £521k personal budgets (assumes a further 1 new PB every other week in addition to the 2019/20 increase) Growth 2021-22 - this relates to £300k for	971	652		1,623	N	N	N
8	ADULT G1	Removal of 20/21 growth	(971)			(971)			
		Adult Total	(90)	652	-	562			
		Children And Young People							
11	CHIL G1	SEN Transport growth	789			789	N	N	N
		People Total	699	652	-	1,351			
		Community							
12	COM G1	Waste disposal cost relating to a reduction in the revenue rebate for dry recyclables (£447k) and Inflationary pressures on the WLWA Levy (£181k).	628			628	N	N	N

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

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

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

MEDIUM TERM FINANCIAL STRATEGY 2020/21 to 2022/23

	2020/21	2021/22	2022/23
	£000	£000	£000
Budget Requirement Brought Forward	167,081	174,116	172,746
Corporate & Technical	5,747	18,757	10,468
People	289	242	0
Community	1,286	-1,125	0
Resources & Commercial	383	-1,441	678
Corporate	-670	-2,475	-2,222
Total	7,035	13,958	8,924
FUNDING GAP	0	-15,328	-8,924
Total Change in Budget Requirement	7,035	-1,370	0
Revised Budget Requirement	174,116	172,746	172,746
Collection Fund Deficit/-surplus	-2,120		
Revenue Support Grant	-1585	-1585	-1585
Top Up	-21,977	-21,977	-21,977
Retained Non Domestic Rates	-14,942	-14,942	-14,942
Amount to be raised from Council Tax	133,492	134,242	134,242
Council Tax at Band D	£1,522.72	£1,522.72	£1,522.72
Increase in Council Tax (%)	3.99%	0.00%	0.00%
Tax Base	87,667	88,160	88,160
Collection rate	98.00%	98.00%	98.00%
Gross Tax Base	89,456	89,959	89,959

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

TECHNICAL BUDGET CHANGES			
	2020/21	2021/22	2022/23
	£000	£000	£000
Capital and Investment			
25%reduction	-45	0	
Capital Investment reversed	500	0	
Capital Financing costs increasing 2020/21 for depot	681	0	
2018/19 implications in 2021/22		1900	
Use of Regen MRP Provision 2019/20	1000		
Use of Regen MRP Provision 2020/21	-1000	1000	
MRP on Community projects and Property investment		1454	
Interest on Community projects and Property investment		967	
Capital Financing included as part of 2020/21 budget setting process			
Capital Financing costs from additional Capital Programme			1250
Reduced costs of borrowing (from £100m taken between April and July 2019)	-£500		
Application of capital receipt to reduce borrowing costs	-£550		
Additional planned saving on borrowing costs	-£500		
General reduction in Minimum Revenue Provision costs	-£500		
Total Capital and Investment Changes	-914	5,321	1,250
Grant Changes			
New Homes Bonus			
Estimated Grant changes	940	0	
New Homes Bonus 2018	300		
Additional 2019 New Homes Bonus after settlement	176	535	
Additional New Homes Bonus for 2020/21	-1416	1416	
Assumption that New Homes Bonus reduces in 2022/23			728
Better Care Fund			
Estimated additional grant announced Dec 2017	33	0	
Improved Better Care Fund 2019/20 one off grant assumed	5467	0	
Assumed Better Care Fund continues beyond 2019/20 on permanent basis	-5467		
One-off Education Service Grant	902		
Reduction to New NNDR Multiplier Inflation compensation grant	582		
Multiplier Cap Funding - continuation for 2020/21	-1145		
Section 31 Grant 2018/19	779		
Section 31 Grant 2019/20	2170		
Section 31 Grant 2020/21	-2033		
Use of 2019/20 Business Rates Pool Budget in 2020/21	-1800	1800	
Reversal Business Rates Pool Income use in 2018/19	3500		
Continuation of the 2019/20 Adults Social Care funding as permanent funding	-2625		
Allocation of Adult Social Care funding to adults	2625		
Additional Social Care Funding in 2020/21 assumed as permanent funding	-3482	0	
Total Grant Changes	-494	3,751	728
Other Technical Changes			
Corporate Budgets			
Freedom Pass Levy increase. Cost of Freedom passes charged to Harrow by Transport for London	500	0	
Reduction in existing Freedom Pass budget	-500		
Reduction in Inflation provision based on previous allocation	-500		
Reduction in Litigation Reserve budget	-125		
Reduction in levies, grants and subscriptions budget	-70		
Use of Reserves			

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

TECHNICAL BUDGET CHANGES			
	2020/21	2021/22	2022/23
	£000	£000	£000
Budget planning contingency - Reversal of 2019/20 one-off use	2,000		
Budget planning contingency - Reversal of 2019/20 one-off use	2,200		
One off draw down from the Budget Planning Reserve in 2020-21	-1950	1950	
Use of Business Risk Reserve smoothed over 2 years		-1850	1850
Use of Business Risk Reserve smoothed over 2 years			-1464
Total Other Technical Changes	1,555	100	386
Pay and Inflation			
Pay Award @ 2% pa	2,000	2,000	
Pay Inflation			2000
Inflation on goods and services @ 1.3% p.a.	500	1100	
Non Pay Inflation/budget pressures			2750
Total Pay and Price Inflation	2,500	3,100	4,750
OTHER			
Gayton Road Income - Reversal of 72 units transferred to HRA	0	500	
Capital Receipts Flexibility - Reversal for one-off impact	800	0	
Additional Capital Flexibility - Reversal for one-off impact	2300		
Adults Growth / Pressure		5984	3354
Total Corporate & Technical	5,747	18,757	10,468

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

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

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

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

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

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

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

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

This page is intentionally left blank

Introduction

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

Funding Announcements Autumn 2019

2. In September 2019 the government announced an increased investment in school budgets and high needs for the next three years.
3. For Harrow there is a projected increase in school funding of around £6.5m for 2020-21. This is an approximate increase of 4.8% compared with a London average increase of 3.3% (national 4.9%). These figures are indicative and will be updated for the pupil numbers and demographics recorded on the October 2019 census.
4. The per pupil value of all of the key factors will increase in the NFF by 4% with the exception of the Free School Meals factor which will increase by 1.84% in line with inflation.
5. With regards to the High Needs Block the government announced a national increase of £700m. For Harrow there is a projected increase of around £2.7m for 2020-21. This is an approximate increase of 8.9% compared with a London average increase of 10.4% (national 12%).

Schools Funding for 2020-21

6. In 2018-19 the government introduced a new National Funding Formula (NFF) for Schools, High Needs and the Central Schools services Block. For the Schools Block this means LAs are funded on the basis of the total of the NFF for all school, 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.
7. 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 NFF from 2018-19. This was approved by Cabinet in February 2018 and school budgets for the last two years have been set based on the NFF.
8. The NFF will therefore will continue to be used to distributed school budgets for 2020-21.

9. From 2020 the government intended to implement the NFF in full which means that school allocations will be determined by the DfE rather than LAs. However this has been delayed and there is currently no confirmed date for this.
10. There are no proposed changes to the **structure** of the formula for 2020-21 however there are a number of changes which Schools Forum, in consultation with schools, need to make a decision on.

Table 1 – indicative funding formula factor values

Factor	2019-20		Indicative 2020-21	
	Primary	Secondary	Primary	Secondary
Primary per pupil basic entitlement	£3,016.28		£3,137.07	
KS3 per pupil basic entitlement		£4,241.31		£4,411.88
KS4 per pupil basic entitlement		£4,815.75		£5,008.11
Free School Meals	£483.13	£483.13	£494.11	£494.11
Free School Meals Ever6	£592.94	£861.95	£614.90	£894.89
Deprivation IDACIF	£219.61	£318.43	£230.59	£329.41
Deprivation IDACIE	£263.53	£428.23	£274.51	£444.70
Deprivation IDACID	£395.29	£565.49	£411.76	£587.45
Deprivation IDACIC	£428.23	£614.90	£444.70	£636.86
Deprivation IDACIB	£461.17	£658.82	£477.64	£686.27
Deprivation IDACIA	£631.37	£889.40	£658.82	£922.35
Low Prior Attainment	£1,122.19	£1,701.95	£1,169.40	£1,767.83
English as an Additional Language	£565.49	£1,520.77	£587.45	£1,581.16
Mobility	£2,980.90	£2,668.82	£875.00	£1,250.00
Lump Sum	£120,783.30	£120,783.30	£125,614.63	£125,614.63

Consultation

11. The LA undertook a consultation with all schools, academies and free schools in Harrow to seek views on aspects of school funding for 2020-21 in the Autumn term.
12. The full outcome of the consultation, proposed final funding formula and final DSG allocations will be reported to Cabinet in February 2020 for approval.

Central School Services Block

13. The CSSB funds the following services:
- School Admissions
 - Servicing of Schools Forum
 - LA retained duties for schools and academies.
14. The indicative funding for 2020-21 has remained unchanged at £1.2m.

Growth Fund

15. Schools Forum agreed to continue to maintain a ring fenced growth fund from the DSG in order to fund in-year pupil growth in relation to additional classes in both maintained and academy schools which create additional classes at the request of the LA.

High Needs Funding

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

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

17. The government introduced a National Funding Formula for High Needs from 2018-19. 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 transfer from the schools block into the high needs block have been approved by Schools Forum

18. From 2018-19 the Schools Block has been ring-fenced and transfers between blocks has been restricted to 0.5% of the Schools Block (approx. £800k). The decision to agree a transfer remains with Schools Forum. It agreed a transfer of 0.5% in 2018-19 and a reduced transfer of 0.25% in 2019-20. The schools consultation for 2020-21 requests a further transfer of 0.5% and Schools Forum will be asked to vote to agree this. The LA has the power to apply for disapplication to the Secretary of State if Schools Forum does not agree to the transfer.

19. The implication of the High Needs NFF is that there is reduction in funding available compared with 2017-18 of approx. £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 of which 50% of the allocation is based is lower than the budget being spent.

20. In 2018-19 there was an overspend on the HNB of £590k. This was funded by the schools brought forward contingency. In 2019-20 there is a projected deficit of £4.1m. Schools Forum has not agreed to use any of the remaining £1.7m brought forward contingency to mitigate the deficit instead voting to allocate it to the schools funding formula for 2020-21.

DSG deficits

21. The government is currently consulting on the accounting treatment of deficits on the DSG. The consultation focuses on changing the conditions of grant and regulations applying to the DSG so as to clarify that the DSG is a ring-fenced specific grant separate from the general funding of local authorities. Therefore any deficits an authority may have on its DSG account is expected to be carried forward and does not require to be covered by the authority's general reserves.
22. An increasing number of local authorities have been incurring a deficit on their overall DSG account, largely because of overspends on the high needs block.
23. With effect from 2019-20, the DfE has tightened up the rules under which local authorities have to explain their plans for bringing the DSG account back into balance.
24. This is the second year in which the DfE will require a report from any local authority that has a cumulative DSG deficit of more than 1% at the end of the financial year. The 1% calculation will be based on the latest published DSG allocations for 2019 to 2020, gross of recoupment, as at the end of the 2019 to 2020 financial year, compared with the deficit shown in the authority's published draft accounts.
25. Harrow's projected deficit of £4.1m as a proportion of the gross budget of £217m would equate to approx. 1.9% and will therefore require a deficit recovery plan.
26. Recovery plans will need to be discussed with Schools Forum and should set out the authority's plans for bringing the DSG account back into balance. The Chief Finance Officer (CFO) must also review and sign off the report before submitting to the DfE.
27. Where a local authority has a cumulative overspend of more than 1%, producing a deficit on its DSG reserve, its recovery plan should look to bring the overall DSG account into balance within a timely period. There is recognition that this may prove difficult for some local authorities; particularly where authorities are accelerating moving their schools to mirror the NFF allocations in full. Where this is the case there would need to be evidence explaining the pressures.
28. The evidence to support the recovery plan will need to address whatever the main causes of overspending on the DSG have been as well as
29. The evidence should include:
 - A full breakdown of specific budget pressures locally that have led to the local authority incurring a cumulative DSG deficit of over 1%.
 - Where the deficit has resulted from high needs pressures, an assessment and understanding of the specific local factors that have caused an increase in high needs costs to a level that has exceeded the local authority's high needs funding allocations; and a plan to change the pattern of provision where this is necessary, as well as to achieve greater efficiency and better value for money in other ways; together with

evidence of the extent to which the plan is supported by schools and other stakeholders.

30. If the authority judges that it cannot recover the whole of its cumulative DSG deficit within a timely period, it must explain the reasons for this.
31. Details of any previous movements between blocks, what pressures those movements covered, and why those transfers have not been adequate to counter the new cost pressures.
32. This means that the LA will start 2020-21 with a brought forward deficit of approx. £4.1m. The additional investment in HNB from 2020-21 will therefore only contribute to offsetting existing deficits.
33. A recent survey by the Association of Local Authority Treasurers reveals that 83% of responding LAs reported a HNB deficit in 2018-19 totalling £210m, rising to 88% (90% in London) forecasting a deficit in 2019-20.

Early Years Funding

34. Funding for Early Years relates to free 15 hour nursery entitlement for all 3 & 4 year olds in maintained nurseries and nursery classes as well as private, voluntary and independent (PVI) provision. From September 2017 this was extended to 30 hour nursery entitlement for eligible 3&4 year olds. It also funds free 15 hour nursery entitlement for disadvantaged 2 year olds.
35. 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.
36. Funding rates and allocations will be announced in December 2019.

This page is intentionally left blank

Draft Public Health Funding 2020-21**Appendix 4**

	£000	
Mandatory Services		
Sexual Health (incl Family Planning)	2,192	
0-19 Services	3,536	
Health Checks	<u>176</u>	5,904
Discretionary Services		
Tobacco Control	100	
Drug & Alcohol Misuse	1,946	
Physical Activity	<u>30</u>	2,076
Staffing & Support Costs		
Staffing	711	
Non-Staffing	59	
Overheads	<u>163</u>	933
Health Improvement	284	
Wider Determinants of Health	<u>1,651</u>	1,935
Total Expenditure		<u><u>10,848</u></u>

Funded by

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

This page is intentionally left blank