

# **Harrow Business Consultative Panel AGENDA**

**DATE:** Tuesday 28 January 2020

**TIME:** 6.00 pm

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

## **MEMBERSHIP** (Quorum 3)

---

**Chair:** Councillor Jeff Anderson

**Councillors:**

Kiran Ramchandani

Norman Stevenson  
Bharat Thakker

## **Reserve Members:**

---

1. Adam Swersky
2. Antonio Weiss

1. Ramji Chauhan
2. Susan Hall

**Contact:** Mwim Chellah, Senior Democratic and Electoral Services Officer  
Tel: 020 8420 9262 E-mail: [mwimanji.chellah@harrow.gov.uk](mailto:mwimanji.chellah@harrow.gov.uk)

# Useful Information

## Meeting details:

This meeting is open to the press and public.

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

## Filming / recording of meetings

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

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

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

## Meeting access / special requirements.

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

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

**Agenda publication date: Monday 20 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. APPOINTMENT OF VICE CHAIR

## 3. DECLARATIONS OF INTEREST

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

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

## 4. MINUTES (Pages 5 - 8)

That the minutes of the meeting held on 22<sup>nd</sup> January 2019 be taken as read and signed as a correct record.

## 5. PUBLIC QUESTIONS \*

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

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

**[The deadline for receipt of public questions is 23<sup>rd</sup> January 2020, by 3.00 pm. Questions should be sent to [publicquestions@harrow.gov.uk](mailto:publicquestions@harrow.gov.uk)**

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

## 6. PETITIONS

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

## 7. DEPUTATIONS

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

(Part 4D of the Constitution).

**8. DRAFT REVENUE BUDGET 2020/21 AND DRAFT MTFS 2020/21 TO 2022/23**  
(Pages 9 - 88)

Report of the Director of Finance.

**9. ANY OTHER URGENT BUSINESS**

Which cannot otherwise be dealt with.

## **AGENDA - PART II**

**\* DATA PROTECTION ACT NOTICE**

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

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

# HARROW BUSINESS CONSULTATIVE PANEL MINUTES

## 22 JANUARY 2019

**Chair:** \* Councillor Jeff Anderson (Vice-Chair in the Chair)

**Councillors:** \* Peymana Assad (1) \* Bharat Thakker  
\* Ramji Chauhan (1)

\* Denotes Member present  
(1) Denotes category of Reserve Members

### 1. Attendance by Reserve Members

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

Ordinary Member

Councillor Ajay Maru  
Councillor Norman Stevenson

Reserve Member

Councillor Peymana Assad  
Councillor Ramji Chauhan

### 2. Appointment of Vice-Chair

**RESOLVED:** That Councillor Jeff Anderson be appointed Vice-Chair of the Panel for the 2018/19 Municipal Year.

### 3. Declarations of Interest

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

## Agenda Item 8 – Draft Revenue Budget 2019/20 and Medium Term Financial Strategy 2019/2020 to 2021/22

Councillor Jeff Anderson declared a Non-Pecuniary interest in that he was trustee of a local group. He would remain in the room whilst the matter was considered and voted upon.

### **4. Minutes**

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

### **5. Public Questions, Petitions and Deputations**

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

## **RESOLVED ITEMS**

### **6. Draft Revenue Budget 2019/20 and Medium Term Financial Strategy 2019/20 to 2021/22**

Members received two reports of the Director of Finance which set out the Council's proposed Draft Revenue Budget to 2019/20 and the Medium Term Financial Strategy 2019/20 to 2021/22.

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

Following comments and questions from Members, the Director of Finance advised that:

- there was a proposal to increase Council Tax by 2.99% in 2019/20 and in the Adult Social Care Precept by 2.0%, which would bring the final figure to 4.99%. The Director added that the precept had been awarded for a three year period and would end in the 2019/20 financial year. The Council Tax base had been increased in 2019/20 due to the anticipated increase in the number of new properties in the borough and a commensurate increase in the number of council tax payers. The Band D tax base had been increased to 86,250. The Director confirmed that Council tax receipt targets for the 2018/19 financial year had been achieved;
- London Boroughs retained a portion of their business rates with the remainder going to the GLA. However, there were plans to allow local authorities to retain 100% of their business rates. Harrow had been included in the Business Rates Pooling Pilot for the 2018/19 financial year. Being part of the pool had been beneficial for Harrow as it had been able to benefit from growth in other London Boroughs;

- on the whole, the proposals contained within the budget reports were not expected to have either a beneficial or adverse effect on local businesses as most of the proposals pertained to Council business. The proposals contained in the annual Fees and Charges report, would be approved by Council in February 2019, may affect local businesses if they bought the services. The Council's Regeneration programme and business rate relief would be likely to benefit local businesses. 1400 local businesses had been identified as eligible to receive the business rates relief grant, which would be funded by the GLA. Letters informing businesses of this would be sent out in February 2019 and the Inspector would follow these up. The grant related to business premises with a rateable value of less than £51k. An officer undertook to verify whether this information would be publicised in the Harrow People magazine.
- in recent years, a number of small and large businesses had opted to relocate outside Harrow. This coupled with permitted development rights allowing office space to be converted to residential space had led to a reduction in available office space in the borough;
- with regard to the Council's commercialisation agenda, both the Regeneration project and project Infinity had been reversed out of the budget. There were other commercialisation proposals, such as project Phoenix, which were expected to provide additional income;
- other commercialisation initiatives such as HB Public Law (HBPL) had been set up as legal entities in their own right. HBPL had yielded a small net surplus in 2018/19. Concilium Business Services had suffered some losses which would be offset from profits from other companies within the commercial structure. A revised business plan for Sancroft and the first business plan for the LLP (Limited Liability Partnership) were both planned for approval by Cabinet in June or July. The latter would manage the 53 PRS units at Gayton Road. She added that the development was expected to be successful and was predicted to yield £700-800k in revenue per annum (subject to Business Plan). The 72 affordable units at the Gayton Road development were already delivering revenue. She confirmed that none of the Corporate Directors or the Interim Chief Executive had been directors of any of the legal entities mentioned above.

A representative from the business sector stated that:

- in his experience, banks were more cautious when lending to businesses than they had been in the past;
- it was unfortunate that Harrow in Business had been dissolved as the expert advice and support services offered by it in the past had been an invaluable resource for local entrepreneurs;
- Harrow needed to attract both small and large firms.

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

(Note: The meeting, having commenced at 7.30 pm, closed at 8.25 pm).

(Signed) COUNCILLOR JEFF ANDERSON  
Chair





---

**REPORT FOR: CABINET**

---

<b>Date of Meeting:</b>	09 January 2020
<b>Subject:</b>	Draft Revenue Budget 2020/21 and draft Medium Term Financial Strategy 2020/21 to 2022/23
<b>Key Decision:</b>	Yes
<b>Responsible Officer:</b>	Dawn Calvert – Director of Finance (S151 Officer)
<b>Portfolio Holder:</b>	Councillor Adam Swersky – Portfolio Holder for Finance and Resources
<b>Exempt:</b>	No
<b>Decision subject to Call-in:</b>	Yes
<b>Wards affected:</b>	All
<b>Enclosures:</b>	<b>Appendix 1A</b> – Proposed savings and growth 2020/21 to 2022/23(New proposals) <b>Appendix 1B</b> – Proposed savings and growth 2020/21 to 2021/22 to be agreed from 2019/20 and 2018/19 MTFS <b>Appendix 1C</b> – Summary of Proposed savings & growth 2020/21 to 2022/23 <b>Appendix 2</b> - Medium Term Financial Strategy 2020/21 to 2022/23 <b>Appendix 3</b> - Schools Budget 2020/21 <b>Appendix 4</b> - 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
<b>Total</b>		<b>60.9</b>	<b>26.1</b>	<b>-95.8</b>	<b>-42.2</b>		

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 been 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:

<b>Table 2 : Changes to MTFS (Prior to Local Government Finance Settlement)</b>			
	2020/21	2021/22	2022/23
	£'000	£'000	£'000
<b>Budget gap as at February 2019 Council Report</b>	<b>£16,795</b>	<b>£9,346</b>	<b>£0</b>
<b>Implications of Rolling the MTFS forward to include 2022/23</b>			
Capital Financing costs from additional Capital Programme			£1,250
Pay Inflation			£2,000
Non Pay Inflation/budget pressures			£2,750
<b>Council Tax Base changes</b>			
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	
<b>Council tax increases</b>			
<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	-	-
<b>Revised budget gap</b>	<b>£10,739</b>	<b>£10,716</b>	<b>£6,000</b>
<b>Savings proposals:</b>			
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
<b>Growth Proposals</b>			
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		
<b>Revised budget gap</b>	<b>£13,423</b>	<b>£9,147</b>	<b>£5,678</b>
<b>Technical Adjustments</b>			
<b>Social Care Funding</b>			
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		
<b>Corporate Budgets</b>			
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		
<b>Capital Financing</b>			
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		
<b>Additional Income</b>			
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
<b>Technical Grants</b>			
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		
<b>Revised budget gap</b>	<b>£1,950</b>	<b>£9,244</b>	<b>£5,184</b>
<b>Use of Reserves</b>			
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
<b>Revised budget gap</b>	<b>£0</b>	<b>£9,344</b>	<b>£5,570</b>
<b>Adults Growth / Pressure</b>			
<b>Revised budget gap - assumes Council tax increase of 3.99% In 2020/21 only</b>	<b>£0</b>	<b>£15,328</b>	<b>£8,924</b>

## 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 4<sup>th</sup> 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.

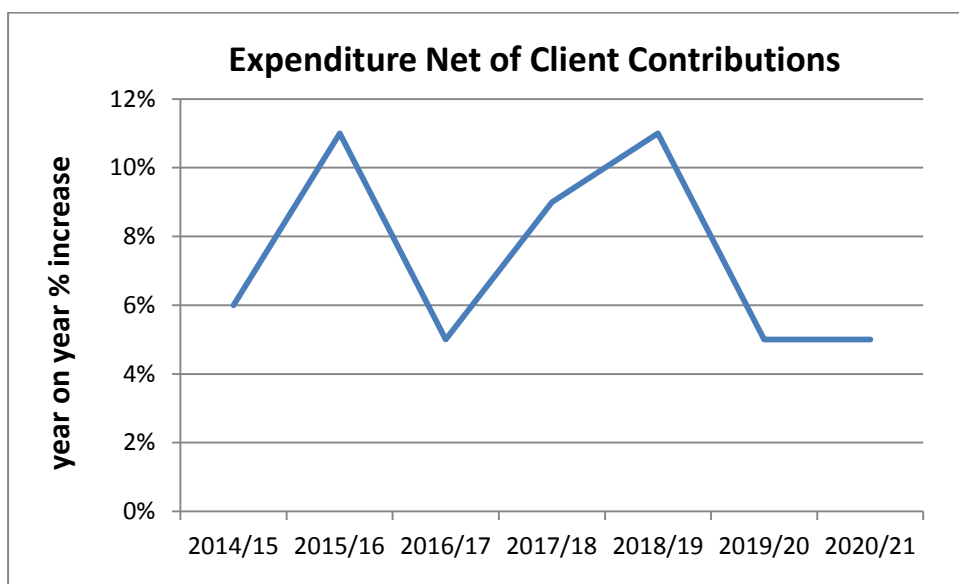
1.33 Once the figures are received as part of the Final Finance settlement, any adjustments required will be made for the Final Budget to be agreed by February Cabinet .

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
<b>MTFS Impact</b>	<b>0</b>	<b>5,984</b>	<b>3,354</b>	<b>3,414</b>

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)
<b>Savings Total</b>	<b>(2,125)</b>	<b>(2,947)</b>	<b>(5,072)</b>
<u>Growth Summary</u>			
Resources	95	140	235
Adults	881	652	1,533
Community	25	-	25
Corporate	330	244	574
<b>Growth Total</b>	<b>1,331</b>	<b>1,036</b>	<b>2,367</b>
<b>Total Growth and Savings</b>	<b>(794)</b>	<b>(1,911)</b>	<b>(2,705)</b>

- 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)
<b>Savings Total</b>	<b>(1,688)</b>	<b>(3,241)</b>	<b>(2,222)</b>	<b>(7,151)</b>
<u>Growth Summary</u>				
Resources	1,006	353	678	2,037
Adults	(971)	-		(971)
Children	789	-	-	789
Community	2,946			2,946
<b>Growth Total</b>	<b>3,770</b>	<b>353</b>	<b>678</b>	<b>4,801</b>
<b>Total Growth and Savings</b>	<b>2,082</b>	<b>(2,888)</b>	<b>(1,544)</b>	<b>(2,350)</b>

- 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)
<b>Savings Total</b>	<b>(3,813)</b>	<b>(6,188)</b>	<b>(2,222)</b>	<b>(12,223)</b>
<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
<b>Growth Total</b>	<b>5,101</b>	<b>1,389</b>	<b>678</b>	<b>7,168</b>
<b>Total Growth and Savings</b>	<b>1,288</b>	<b>(4,799)</b>	<b>(1,544)</b>	<b>(5,055)</b>

## 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**

<b>Front line Priority</b>	<b>Investment</b>
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
<b>TOTAL INVESTMENT</b>	<b>£965,000</b>

**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.

<b>Initiative to Support Harrow’s Council Tax Payers</b>	<b>Year 2020/21</b>	<b>Year 2021/22</b>	<b>Year 2022/23</b>	<b>Accounted for</b>
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
<b>Total Investment</b>	<b>£400k</b>	<b>£400k</b>	<b>£400k</b>	

\*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		

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

**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
<b>Resources Directorate</b>									
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
		<b>Resources total</b>	<b>(123)</b>	<b>(33)</b>	<b>-</b>	<b>(156)</b>			

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
<b>People Directorate</b>									
1	PC_01	<b>Reduction in expenditure in relation to children's placements, accommodation and client related spend.</b> 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
		<b>Children and Young People Total</b>	<b>(410)</b>	<b>(410)</b>		<b>(820)</b>			
<b>Community Directorate</b>									
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
		<b>Community Total</b>	<b>(155)</b>	<b>(79)</b>	<b>-</b>	<b>(234)</b>			
<b>Corporate</b>									
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
		<b>Corporate Total</b>	<b>(1,000)</b>	<b>(2,719)</b>	<b>(2,222)</b>	<b>(5,941)</b>			
		<b>Total Savings</b>	<b>(1,688)</b>	<b>(3,241)</b>	<b>(2,222)</b>	<b>(7,151)</b>			

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
<b>Growth</b>									
<b>Resources</b>									
1	RES G1	With the HR Shared Service Buckinghamshire County Council (BCC) having ceased on 1 <sup>st</sup> 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
		<b>Resources Total</b>	<b>1,006</b>	<b>353</b>	<b>678</b>	<b>2,037</b>			
		<b>People</b>							
		<b>Adult</b>							
1	ADULT G1	Removal of 20/21 growth	(971)			(971)	N	N	N
		<b>Children And Young People</b>							
2	CHIL G1	SEN Transport growth	789			789	N	N	N
		<b>People Total</b>	<b>(182)</b>	<b>-</b>	<b>-</b>	<b>(182)</b>			
							N	N	N
		<b>Community</b>							
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
		<b>Community Total</b>	2,946			2,946			
		<b>Total Growth</b>	<b>3,770</b>	<b>353</b>	<b>678</b>	<b>4,801</b>			
		<b>Net Savings/Growth</b>	<b>2,082</b>	<b>(2,888)</b>	<b>(1,544)</b>	<b>(2,350)</b>			

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
<b>Resources Directorate</b>									
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	<b>Investment Income :</b>		(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
			<b>Resources Total</b>	<b>(595)</b>	<b>(1,901)</b>	<b>(2,496)</b>			
<b>Community</b>									
8	COM	Commissioning & Commercial	Income from expansion of Central Depot	(681)		(681)	<a href="http://www.harrow.gov.uk/www2/documents/b24374/Supplemental%20Agenda%20Thursday%2015-Feb-2018%2018.30%20Cabinet.pdf?T=9">http://www.harrow.gov.uk/www2/documents/b24374/Supplemental%20Agenda%20Thursday%2015-Feb-2018%2018.30%20Cabinet.pdf?T=9</a>	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)	<a href="http://www.harrow.gov.uk/www2/documents/b24374/Supplemental%20Agenda%20Thursday%2015-Feb-2018%2018.30%20Cabinet.pdf?T=9">http://www.harrow.gov.uk/www2/documents/b24374/Supplemental%20Agenda%20Thursday%2015-Feb-2018%2018.30%20Cabinet.pdf?T=9</a>	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	<b>Additional Financing Income :</b> Banister (25k) Harrow Weald Toilet (£11k) Probation Centre (£275k) Drones (unmanned aerials) (£92k)		(403)	(403)	N	N	N
			<b>Community and Culture</b>	(1,530)	(1,046)	(2,576)			
			<b>Savings Total</b>	(2,125)	(2,947)	(5,072)			
<b>Growth</b>									
<b>Resources Directorate</b>									
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
<b>Resources Total</b>				<b>95</b>	<b>140</b>	<b>235</b>			
<b>People Services</b>									
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><b>'Growth 2019-20.</b> This relates to £650k for transitions funding (additional 24pa) and £345k for personal budgets (additional 1 per week).</p> <p><b>Growth 2020-21.</b> This relates to £450k for transitions funding (based on further 15) and £521k personal budgets (assumes a further 1 new PB every other week in addition to the 2019/20 increase)</p> <p><b>Growth 2021-22</b> - this relates to £300k for transitions (assumes additional 10 pa) and £352k for Personal Budgets (a further 1 new PB every</p>	971	652	1,623	N	N	N
			<b>Adult's Total</b>	<b>881</b>	<b>652</b>	<b>1,533</b>			
			<b>People Total</b>	<b>881</b>	<b>652</b>	<b>1,533</b>			
<b>Community</b>									
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
			<b>Communty Total</b>	<b>25</b>	<b>-</b>	<b>25</b>			
<b>Corporate</b>									
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
			<b>Corporate Total (financing Cost)</b>	<b>330</b>	<b>244</b>	<b>574</b>			
			<b>Total Growth</b>	<b>1,331</b>	<b>1,036</b>	<b>2,367</b>			
			<b>Net Savings and Growth</b>	<b>(794)</b>	<b>(1,911)</b>	<b>(2,705)</b>			

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
<b>Resources Directorate</b>									
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 eia will be done as 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	<b>Investment Income :</b>  Income from investing in commercial properties		(1,726)		(1,726)	N	N	N
		<b>Resources total</b>	<b>(718)</b>	<b>(1,934)</b>	<b>-</b>	<b>(2,652)</b>			
<b>People Directorate</b>									

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><b>Reduction in expenditure in relation to children's placements, accommodation and client related spend.</b></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
<b>Children and Young People Total</b>			<b>(410)</b>	<b>(410)</b>		<b>(820)</b>			
<b>Community Directorate</b>									
11	COM_20.21_S01	<p>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.</p>	(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)	<a href="http://www.harrow.gov.uk/www2/documents/b24374/Supplemental%20Agenda%20Thursday%2015-Feb-2018%2018.30%20Cabinet.pdf?T=9">http://www.harrow.gov.uk/www2/documents/b24374/Supplemental%20Agenda%20Thursday%2015-Feb-2018%2018.30%20Cabinet.pdf?T=9</a>	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)	<a href="http://www.harrow.gov.uk/www2/documents/b24374/Supplemental%20Agenda%20Thursday%2015-Feb-2018%2018.30%20Cabinet.pdf?T=9">http://www.harrow.gov.uk/www2/documents/b24374/Supplemental%20Agenda%20Thursday%2015-Feb-2018%2018.30%20Cabinet.pdf?T=9</a>	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
		<b>Community Total</b>	<b>(1,685)</b>	<b>(1,125)</b>	<b>-</b>	<b>(2,810)</b>			
<b>Corporate</b>									
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
		<b>Corporate Total</b>	<b>(1,000)</b>	<b>(2,719)</b>	<b>(2,222)</b>	<b>(5,941)</b>			
		<b>Total Savings</b>	<b>(3,813)</b>	<b>(6,188)</b>	<b>(2,222)</b>	<b>(12,223)</b>			
<b>Growth</b>									
<b>Resources</b>									

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	
		<b>Resources Total</b>	<b>1,101</b>	<b>493</b>	<b>678</b>	<b>2,272</b>				
		<b>People</b>								
		<b>Adult</b>								
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.  <b>'Growth 2019-20.</b> This relates to £650k for transitions funding (additional 24pa) and £345k for personal budgets (additional 1 per week). <b>Growth 2020-21.</b> This relates to £450k for transitions funding (based on further 15) and £521k personal budgets (assumes a further 1 new PB every other week in addition to the 2019/20 increase) <b>Growth 2021-22</b> - 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			
		<b>Children And Young People</b>							
11	CHIL G1	SEN Transport growth	789			789	N	N	N
		<b>People Total</b>	<b>699</b>	<b>652</b>	<b>-</b>	<b>1,351</b>			
		<b>Community</b>							
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
		<b>Community Total</b>	<b>2,971</b>	-	-	<b>2,971</b>			
	<b>Corporate</b>								
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
		<b>Corporate Total (financing Cost)</b>	<b>330</b>	<b>244</b>	-	<b>574</b>			
		<b>Total Growth</b>	<b>5,101</b>	<b>1,389</b>	<b>678</b>	<b>7,168</b>			
		<b>Net Savings/Growth</b>	<b>1,288</b>	<b>(4,799)</b>	<b>(1,544)</b>	<b>(5,055)</b>			



## MEDIUM TERM FINANCIAL STRATEGY 2020/21 to 2022/23

	2020/21	2021/22	2022/23
	£000	£000	£000
<b>Budget Requirement Brought Forward</b>	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
<b>Total</b>	<b>7,035</b>	<b>13,958</b>	<b>8,924</b>
<b>FUNDING GAP</b>	<b>0</b>	<b>-15,328</b>	<b>-8,924</b>
<b>Total Change in Budget Requirement</b>	<b>7,035</b>	<b>-1,370</b>	<b>0</b>
<b>Revised Budget Requirement</b>	<b>174,116</b>	<b>172,746</b>	<b>172,746</b>
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
<b>Amount to be raised from Council Tax</b>	<b>133,492</b>	<b>134,242</b>	<b>134,242</b>
<b>Council Tax at Band D</b>	<b>£1,522.72</b>	<b>£1,522.72</b>	<b>£1,522.72</b>
<b>Increase in Council Tax (%)</b>	<b>3.99%</b>	<b>0.00%</b>	<b>0.00%</b>
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

<b>TECHNICAL BUDGET CHANGES</b>			
	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Capital and Investment</b>			
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	
<b>Capital Financing included as part of 2020/21 budget setting process</b>			
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		
<b>Total Capital and Investment Changes</b>	<b>-914</b>	<b>5,321</b>	<b>1,250</b>
<b>Grant Changes</b>			
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	
<b>Total Grant Changes</b>	<b>-494</b>	<b>3,751</b>	<b>728</b>
<b>Other Technical Changes</b>			
<b>Corporate Budgets</b>			
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		
<b>Use of Reserves</b>			

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

<b>TECHNICAL BUDGET CHANGES</b>			
	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
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
<b>Total Other Technical Changes</b>	<b>1,555</b>	<b>100</b>	<b>386</b>
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
<b>Total Pay and Price Inflation</b>	<b>2,500</b>	<b>3,100</b>	<b>4,750</b>
<b>OTHER</b>			
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
<b>Total Corporate &amp; Technical</b>	<b>5,747</b>	<b>18,757</b>	<b>10,468</b>

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

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

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

<b>COMMUNITY</b>			
	<b>2019/20</b>	<b>2020/21</b>	<b>2021/22</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Community and Culture</b>			
Proposed Savings - see appendix 1a	-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
<b>Sub total Environmental Services</b>	<b>1,304</b>	<b>-1,023</b>	<b>0</b>
<b>Housing - General Fund</b>			
Proposed Savings - see appendix 1a	-18	-102	0
<b>Sub total Housing General Fund</b>	<b>-18</b>	<b>-102</b>	<b>0</b>
<b>Total Community</b>	<b>1,286</b>	<b>-1,125</b>	<b>0</b>

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

<b>RESOURCES &amp; COMMERCIAL</b>			
	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Resources &amp; Commercial</b>			
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	
<b>Total Resources &amp; Commercial</b>	<b>383</b>	<b>-1,441</b>	<b>678</b>

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

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

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

**Funded by**

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

This page is intentionally left blank