

Cabinet Agenda

Date: Thursday 11 February 2021

Time: 6.30 pm

Venue: Virtual Meeting - Online

Membership:

Chair: Councillor Graham Henson (Leader of the Council, Portfolio Holder for Strategy, Partnerships, Devolution and Customer Services)

Portfolio Holders:	Portfolio:
Councillor Sue Anderson	Community Engagement and Accessibility
Councillor Simon Brown	Adults and Public Health
Councillor Keith Ferry	Deputy Leader, Regeneration, Planning and Employment
Councillor Phillip O'Dell	Housing
Councillor Varsha Parmar	Environment
Councillor Christine Robson	Young People and Schools
Councillor Krishna Suresh	Community Cohesion and Crime
Councillor Adam Swersky	Finance and Resources

Non-Executive Members:	Role:
Councillor Antonio Weiss	Non-Executive Cabinet Member
John Higgins	Non-Executive Voluntary Sector Representative

Quorum 3, including the Leader and/or Deputy Leader

Contact: Nikoleta Nikolova, Senior Democratic & Electoral Services Officer
Tel: 020 8416 8284 E-mail: nikoleta.nikolova@harrow.gov.uk

Scan this code for the electronic agenda:



Useful Information

Meeting details:

This meeting is open to the press and public and can be viewed on www.harrow.gov.uk/virtualmeeting

Filming / recording of meetings

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

The recording will be made available on the Council website following the meeting.

Agenda publication date: Wednesday 3 February 2021

Agenda - Part I

1. 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 Committee, Sub-Committee or Panel;
- (b) all other Members present in any part of the room or chamber.

2. Petitions

To receive any petitions submitted by members of the public or Councillors.

3. Apologies for Absence

To receive apologies for absence (if any).

4. Public Questions *

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

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

[The deadline for receipt of public questions is 3.00 pm, 8 February 2021. Questions should be sent to publicquestions@harrow.gov.uk

No person may submit more than one question].

5. Councillor Questions *

To receive any Councillor questions received in accordance with paragraph 17 of the Executive Procedure Rules.

Questions will be asked in the order agreed with the relevant Group Leader by the deadline for submission and there be a time limit of 15 minutes.

[The deadline for receipt of Councillor questions is 3.00 pm, 8 February 2021].

6. Key Decision Schedule February - April 2021 (Pages 7 - 18)

7. Progress on Scrutiny Projects (Pages 19 - 20)

For consideration

8. Covid-19 Update (To Follow)

Verbal update from the Chief Executive.

Community

- KEY 9. Housing Revenue Account (HRA) Budget 2021-22 and Medium Term Financial Strategy (MTFS) 2022-23 to 2023-24** (Pages 21 - 50)

Report of the Divisional Director, Housing.

People

- KEY 10. Commissioning of Harrow Paediatric Services** (Pages 51 - 60)

Report of the Corporate Director, People.

Resources and Commercial

- KEY 11. Final Capital Programme 2021/22 to 2023/24** (Pages 61 - 80)

Report of the Director of Finance.

- KEY 12. Final Revenue Budget 2021/22 and Medium Term Financial Strategy 2021/22 - 2023/24** (To Follow)

Report of the Director of Finance.

- KEY 13. Revenue and Capital Monitoring 2020/21 - Quarter 3 as at 31st December 2020** (Pages 81 - 138)

Report of the Director of Finance.

- KEY 14. Treasury Management Strategy Statement including Annual Investment Strategy for 2021/22 and Capital Strategy for 2021/22** (To Follow)

Report of the Director of Finance.

- 15. Any Other Urgent Business**

Which cannot otherwise be dealt with.

Agenda - Part II - Nil

* Data Protection Act Notice

The Council will audio record items 4 and 5 (Public and Councillor 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.]

Deadline for questions	3.00 pm on 08 February 2021
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Publication of decisions	12 February 2021
Deadline for Call in	5.00 pm on 19 February 2021
Decisions implemented if not Called in	20 February 2021

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London Borough of Harrow

Key Decision Schedule (February 2021 - April 2021)

Month: February

The following is a list of Key Decisions which the Authority proposes to take at the above Cabinet meeting. The list may change over the next few weeks. A further notice, by way of the Cabinet agenda, will be published no less than 5 clear days before the date of the Cabinet meeting, showing the final list of Key Decisions to be considered at that meeting.

A Key Decision is a decision by the Executive which is likely to:

- (i) result in the Council incurring expenditure which is, or the making of savings which are, significant having regard to the Council's budget for the service or function to which the decision relates; or
- (ii) be significant in terms of its effects on communities living or working in an area of two or more wards or electoral divisions of the Borough.

A decision is significant for the purposes of (i) above if it involves expenditure or the making of savings of an amount in excess of £1m for capital expenditure or £500,000 for revenue expenditure or, where expenditure or savings are less than the amounts specified above, they constitute more than 50% of the budget attributable to the service in question.

Decisions which the Cabinet intends to make in private

The Cabinet hereby gives notice that it may meet in private after its public meeting to consider reports which contain confidential information. The private meeting of the Cabinet is open only to Members of the Cabinet, other Councillors and Council officers.

Reports relating to decisions which the Cabinet will take at its private meeting are indicated in the list of Key Decisions below with the reasons for the decision being made in private where appropriate. The Schedule also contains non-Key Decisions which involve Cabinet having to meet in private. Any person is able to make representations to the Cabinet if he/she believes the decision should instead be made in the public Cabinet meeting. If you want to make such representations please contact Democratic & Electoral Services. You will then be sent a response in reply to your representations. Both your representations and the Cabinet's/Leader's response will be published on the Council's website <http://www.harrow.gov.uk/www2/mgListPlans.aspx?RPId=249&RD=0&bcr=1> at least 5 clear days before the Cabinet meeting.

∞ The Cabinet/Leader will be considering a report prepared by the relevant Directorate. The report together with any other documents (unless they contain exempt information) will be available for inspection 5 clear days before the decision is taken by Cabinet/Leader from Democratic Services, on 020 8424 1055 or by contacting democratic.services@harrow.gov.uk or by writing to Democratic & Electoral Services, Harrow Council, Civic Centre PO Box 2, Station Road, Harrow, HA1 2UH or on the Council's website. Copies may be requested but a fee will be payable. Reports to be considered at the Cabinet's public meeting will be available on the Council's website 5 clear days before the meeting.

The KDS looks 3 meetings ahead and will be published 28 clear days before the Decision Date / Period of Decision.

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Subject	Nature of Decision	Decision Maker	Decision date / Period of Decision	Cabinet Member / Lead officer	Open or Private Meeting	Additional Documents to be submitted and any Consultation to be undertaken
FEBRUARY 2021						
Housing Revenue Account (HRA) Budget 2021-22 and Medium-Term Financial Strategy (MTFS) 2022-23 to 2023-24	To approve the HRA budget for 2021-22 & MTFS for submission to Cabinet (then Council) for approval of rents, service charges, revenue and capital budgets.	Cabinet	11 February 2021	Councillor Phillip O'Dell; Councillor Adam Swersky Divisional Director, Housing tasleem.kazmi@harrow.gov.uk, tel. 020 8420 9201	Open	Agenda Report and any related appendices Council tenants, leaseholders, private residents and staff.
Revenue and Capital Monitoring 2020/21 - Quarter 3 as at 31st December 2020	<ol style="list-style-type: none"> 1. To note the Revenue and Capital forecast position as at Quarter 3 2. To approve virements 3. To approve any amendment in the capital programme 	Cabinet	11 February 2021	Councillor Adam Swersky Charlie Stewart, Corporate Director, Resources Dawn.Calvert@harrow.gov.uk, tel. 0208 420 9269	Part exempt	Agenda Report and any related appendices

Subject	Nature of Decision	Decision Maker	Decision date / Period of Decision	Cabinet Member / Lead officer	Open or Private Meeting	Additional Documents to be submitted and any Consultation to be undertaken
	delegated to Cabinet					
Final Revenue Budget 2021/22 and Medium Term Financial Strategy 2021/22-2023-24	<p>To recommend to Council:</p> <ul style="list-style-type: none"> • The proposed revenue budget 2021/22 and the Medium Term Financial Strategy 2021/22 to 2023/24 to enable the Council Tax to be set • The members allowance scheme 2021/22 • The 2021/22 pay policy statement • The 2021/22 schools budget 	Cabinet	11 February 2021	<p>Councillor Adam Swersky</p> <p>Charlie Stewart, Corporate Director, Resources</p> <p>Dawn.Calvert@harrow.gov.uk, tel. 0208 420 9269</p>	Part exempt	Agenda Report and any related appendices

Subject	Nature of Decision	Decision Maker	Decision date / Period of Decision	Cabinet Member / Lead officer	Open or Private Meeting	Additional Documents to be submitted and any Consultation to be undertaken
Final Capital Programme 2021/22 to 2023/24	To approve to Council: <ul style="list-style-type: none"> • Final of 2021/22 to 2023/24 Capital Programme • The Capital Strategy 	Cabinet	11 February 2021	Councillor Adam Swersky Charlie Stewart, Corporate Director, Resources Dawn.Calvert@harrow.gov.uk, tel. 0208 420 9269	Part exempt	Agenda Report and any related appendices
Harrow Digital Infrastructure Strategy	To approve the draft Harrow Digital Infrastructure Strategy.	Cabinet	11 February 2021	Councillor Keith Ferry Corporate Director, Community David.Sklair@harrow.gov.uk	Open	Agenda Report and any related appendices The following council services have been consulted: Planning, Transport, Corporate Estates, Housing – Assets. External consultation will follow Cabinet

Subject	Nature of Decision	Decision Maker	Decision date / Period of Decision	Cabinet Member / Lead officer	Open or Private Meeting	Additional Documents to be submitted and any Consultation to be undertaken
						approval.
Procurement of Harrow Council's Domestic Abuse Service	<p>Seek approval from Cabinet to:</p> <ol style="list-style-type: none"> 1. Launch a procurement for a new domestic abuse service, to commence in September 2021 for an initial period of three years, with the option to extend for a further two years (1plus1). 2. Delegate authority to the Corporate Director for People Services to 	Cabinet	11 February 2021	<p>Councillor Krishna Suresh; Councillor Simon Brown; Councillor Christine Robson; Councillor Phillip O'Dell</p> <p>Director of Strategy</p> <p>farah.ikram@harrow.gov.uk; tel.020 8420 9389</p>	Open	<p>Agenda Report and any related appendices</p> <p>Groups that have been and will continue to be consulted:</p> <ol style="list-style-type: none"> 1. Professionals within Adult Social Care, Children's services, Public Health, Housing and Community Safety 2. Stakeholders including Health Partners, Safeguarding Boards,

Subject	Nature of Decision	Decision Maker	Decision date / Period of Decision	Cabinet Member / Lead officer	Open or Private Meeting	Additional Documents to be submitted and any Consultation to be undertaken
	award the contract, in consultation with the Portfolio Holder for Community Cohesion and Crime, together with Portfolio Holders for Adults and Public Health, Young People and Schools and Housing					Harrow Domestic Violence Forum and service users 3. 'Soft' market engagement with potential service providers has also been conducted.
Treasury Management Strategy Statement including Annual Investment Strategy for 2021/22 and Capital Strategy for 2021/22	Cabinet is asked to note the report and recommend to Council that the Treasury Management Strategy Statement for 2021/22 be approved including:	Cabinet	11 February 2021	Councillor Adam Swersky Director of Finance dawn.calvert@harrow.gov.uk	Open	Agenda Report and any related appendices Finance and Legal Services.

Subject	Nature of Decision	Decision Maker	Decision date / Period of Decision	Cabinet Member / Lead officer	Open or Private Meeting	Additional Documents to be submitted and any Consultation to be undertaken
	<ul style="list-style-type: none"> • Prudential Indicators for 2021/22; • Minimum Revenue Provision Policy Statement for 2021/22; • Annual Investment Strategy for 2021/22. • Capital Strategy for 2021/22 					
Commissioning of Harrow Paediatric Services	Cabinet is requested to: 1. Delegate authority to the Corporate Director People Services, following consultation with the Portfolio	Cabinet	11 February 2021	Councillor Christine Robson Corporate Director, People priya.ganatra@harrow.gov.uk	Open	Agenda Report and any related appendices None

Subject	Nature of Decision	Decision Maker	Decision date / Period of Decision	Cabinet Member / Lead officer	Open or Private Meeting	Additional Documents to be submitted and any Consultation to be undertaken
	<p> Holders for Young People and Schools and Finance and Resources, to approve the financial contribution to be made by the Council to Harrow Clinical Commissioning Group via the People Services overarching s75 Agreement for jointly commissioned paediatric services for SALT and OT. </p> <p>2. Delegate authority to the Corporate Director</p>					

Subject	Nature of Decision	Decision Maker	Decision date / Period of Decision	Cabinet Member / Lead officer	Open or Private Meeting	Additional Documents to be submitted and any Consultation to be undertaken
	People Services to review of the current People Services overarching s75 Agreement with Harrow CCG, and agree a new s75 Agreement for 1 st April 2022 implementation.					
MARCH 2021						
APRIL 2021						

Harrow Council Cabinet 2020/21

Contact Details of Portfolio Holders

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Portfolio	Councillor	Address	Telephone no.	Email
Leader, Strategy, Partnerships, Devolution & Customer Services	Graham Henson	Labour Group Office Room 102, PO Box 2, Civic Centre Station Road HARROW HA1 2UH	Mobile: 07721 509916 Group Office: (020) 8424 1897	Email: graham.henson@harrow.gov.uk
Deputy Leader, Regeneration, Planning & Employment	Keith Ferry	Labour Group Office Room 102, PO Box 2, Civic Centre Station Road HARROW HA1 2UH	Mobile: 07922 227147 Group Office: (020) 8424 1897	Email: keith.ferry@harrow.gov.uk
Adults & Public Health	Simon Brown	Labour Group Office Room 102, PO Box 2, Civic Centre Station Road HARROW HA1 2UH	Group Office: (020) 8424 1897	Email: simon.brown@harrow.gov.uk
Community Cohesion & Crime	Krishna Suresh	Labour Group Office Room 102, PO Box 2, Civic Centre Station Road HARROW HA1 2UH	Mobile: 07967 565477 Group Office: (020) 8424 1897	Email: krishna.suresh@harrow.gov.uk

Portfolio	Councillor	Address	Telephone no.	Email
Community Engagement & Accessibility	Sue Anderson	Labour Group Office Room 102, PO Box 2, Civic Centre Station Road HARROW HA1 2UH	Mobile: 07875 094900 Group Office: (020) 8424 1897	Email: sue.anderson@harrow.gov.uk
Environment	Varsha Parmar	Labour Group Office Room 102, PO Box 2, Civic Centre Station Road HARROW HA1 2UH	Mobile: 07764 681987 Group Office: (020) 8424 1897	Email: varsha.parmar@harrow.gov.uk
Finance & Resources	Adam Swersky	Labour Group Office Room 102, PO Box 2, Civic Centre Station Road HARROW HA1 2UH	Mobile: 07904 466987 Group Office: (020) 8424 1897	Email: adam.swersky@harrow.gov.uk
Housing	Phillip O'Dell	64 Marlborough Hill HARROW HA1 1TY	Tel: (020) 8861 0090 Group Office: (020) 8424 1897	Email: phillip.odell@harrow.gov.uk
Young People & Schools	Christine Robson	Labour Group Office Room 102, PO Box 2, Civic Centre Station Road HARROW HA1 2UH	Group Office: (020) 8424 1897	Email: christine.robson@harrow.gov.uk

PROGRESS ON SCRUTINY PROJECTS

Review	Methodology	Type of report	Expected date for report to Cabinet	Comments
<p>Joint Overview & Scrutiny Committee (JHOSC) for Shaping a Healthier Future Programme</p>	<p>Joint Committee</p>	<p>Update reports will be provided for O&S/ Health and Social Care sub committee and Cabinet (for information)</p>	<p>As required</p>	<p>The JHOSC met on 14 January, hosted by Ealing Council, to consider the NWL response to Covid-19 and the roll out of the NWL vaccination programme. Issues arising from these updates will be discussed on a more Harrow-specific level at Health Sub.</p> <p>A JHOSC update report will be provided to Health Sub on 23 February, as usual practice.</p> <p>The next JHOSC meeting is on 18 March.</p>
<p>Shared Services – Lessons learnt, other councils' experiences, impact on savings and improving quality</p>	<p>Review</p>	<p>Report to Cabinet</p>	<p>TBC</p>	<p>The scope was agreed by O&S on 16 September 2019. The first meeting with the group took place on 23 September. The challenge panel took place on 2 March 2020, with a view to reporting back to O&S in April. However as council capacity and resources were diverted to deal with the Covid pandemic, this was delayed.</p> <p>The final report of the review was scheduled to go to O&S in October, and Cabinet thereafter, however given the stretch in organisational capacity the O&S Chair and Vice-Chair have decided that this is now better considered in the new year. This is scheduled for O&S 20 April 2021, with a relaxation on when the Executive is expected to respond.</p>

Development and delivery of the Harrow Strategic Development Partnership	Review	Single-item O&S meetings	As required	<p>A model of informal briefing from the services followed by formal scrutiny through committee (O&S), prior to the relevant report going to Cabinet, has been adopted. This allows scrutiny to formally consider and comment on HSDP progress to Cabinet. There was a special O&S meeting on 1 September to consider the phase one report on progress.</p> <p>Regular meetings between the Chair and Vice-Chair of O&S and the Corporate Director and services continue. There is regular informal feedback on progress through Scrutiny Leadership Group.</p>
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Contact: Nahreen Matlib, Senior Policy Officer. **Email:** nahreen.matlib@harrow.gov.uk



Report for: Cabinet

Date of Meeting:	11 th February 2021
Subject:	Housing Revenue Account Budget 2021-22 & Medium-Term Financial Strategy 2022-23 to 2023-24
Key Decision:	Yes
Responsible Officer:	Nick Powell - Divisional Director of Housing; Dawn Calvert - Director of Finance; Paul Walker - Corporate Director of Community
Portfolio Holder:	Councillor Phillip O'Dell - Portfolio Holder for Housing; Councillor Adam Swersky - Portfolio Holder for Finance and Resources
Exempt:	No
Decision subject to Call-in:	Yes
Wards affected:	All
Enclosures:	Appendix 1 – HRA Budget 2021-22 Appendix 2 – Average Rents & Service Charges (Tenants) Appendix 3 – Garage & Parking charges Appendix 4 – Facility Charges Appendix 5 – Water charges Appendix 6 – Community Centre Charges Appendix 7 – Capital Programme

Section 1 – Summary and Recommendations

This report sets out the proposals on the Housing Revenue Account budgets and rent setting for 2021-22 and Medium-Term Financial Strategy (MTFS) for 2022-23 to 2023-24.

Recommendations:

Cabinet is requested to:

1. Approve proposed average weekly rent for non-sheltered and sheltered accommodation of £118.01 and £98.18 for 2021-22 respectively as set out in paragraph 34.
2. Approve proposed average weekly tenant service charge of £3.32 per week as set out in paragraph 40.
3. Delegate authority to the Corporate Director of Community following consultation with the Portfolio Holder for Housing , Portfolio Holder for Finance and Resources and Director of Finance to consider the results of the Tenant Service Charges review (and any consultation on this) and approve any changes to existing tenant service charges for the financial year 2021/22, as set out in paragraph 40.
4. Approve proposed average weekly rents for affordable rented and shared ownership accommodation of £197.11 and £199.82 for 2021-22 respectively as set out in paragraph 35 to 36.
5. Approve an increase in the overall HRA Capital programme of £40,728,480 made up £9,762,940 planned investment & Housing IT and £30,965,540 Building Council Homes for Londoners (BCHfL) as set out in paragraphs 56 to 66.
6. Note the following:
 - Charges for Facilities, Community Halls, Garages and Water to remain unchanged as set out in appendices 3 to 6Reconfigured planned investment programme which continues to focus on health and safety and compliance as well as supporting increased flexibility in its delivery. In the coming years we are also making provision to support the Council’s ambition to reduce carbon emissions.
 - Assumptions made in construction of the budget
 - Risk Management Implications which require prudent financial reserves, volatility around borrowing costs and ongoing probability of reforms in the housing sector.

Reason (for the recommendations) :

To recommend the HRA budget and capital programme for 2021-22 and the MTFS for 2022-23 to 2023-24.

Section 2 – Report

Introductory paragraph

1. The Council is required by the Local Government and Housing Act 1989 (section 74) to keep a Housing Revenue Account (HRA) which records all revenue expenditure and income relating to the provision of council dwellings and related services. The use of this account is heavily prescribed by statute and the Council is not allowed to fund any expenditure for non-housing related services from this account. In addition, the Act expects that the HRA does not fall into a deficit position.
2. The Council has a retained housing stock of c4820 homes currently available to let and manages an additional c1200 leasehold properties with an annual rent roll of c.£29m.
3. The Council has a statutory obligation to agree and publish the HRA budget. The primary purpose of this report is to present the HRA revenue position (see Appendix 1) and a capital position (see Appendix 7 for 2021/22 based on budget submissions plus a HRA Medium Term Financial Strategy(MTFS) 2022-23 to 2023-24 (see Appendix 1), ahead of the final budget presentation and rent setting at Full Council on 25th February 2021.
4. The budget and MTFS have been set within the framework set out in the HRA Business Plan update and draft HRA Budget, reported to Cabinet 8th October 2020 and 21st January 2021 respectively, and include the impact of legislation contained in the Welfare Reform & Work Act 2016 and Housing & Planning Act 2016 including reversion to rent increases of up to CPI + 1% from April 2020. The Business Plan update also included assumptions around inflation and interest rates as well as cost reductions in revenue expenditure required to produce a sustainable financial position for the Council's HRA.
5. Revenue cost reductions assumed at £1.90m will be phased in fully by 2021 and investment in HRA stock, detailed in Capital Investment section supported by appendix 7, is estimated at £12.161m for 2021-22, £5.895m per annum 2022-23 and 2023-24 then £4.895m per annum thereafter. This is based on latest stock condition survey results with focus on essential health & safety, compliance and statutory requirements.
6. A significant change since the Business Plan was submitted to Cabinet is the assumption on CPI used for rental increases. Business plan assumed CPI of 2% in 2021/22, but the September 2020 CPI used for budget setting came in at ½% resulting in an overall reduction in rental income of £13m across the 30-year business plan assuming CPI would return to 2% within two years.
7. Following the recent Budget 2020 announcement, where the Chancellor reversed the recent 1% hike in the interest rate for the Public Works Loan Board (PWLB), the Authority is reviewing its borrowing strategy to

secure debt in light of the reduction in PWLB rates. A risk to the Building Council Homes for Londoners (BCHfL) programme has been identified. The recommendations to proceed are therefore predicated on satisfactory borrowing rates being secured.

8. The budget assumes an increase in tenant service charges in line with the Consumer Prices Index (CPI), the Government's preferred measure of inflation.

Details on the assumption used to construct the budgets and MTFS are given later in this report.

Options considered

9. For 2021/22 rent setting there has been no change to the Government rent policy issued in 2020, that allows for social housing providers to increase rents by the previous September Consumer Prices Index (CPI) rate +1% for a five-year period. Guidance released in November 2020 does allow local authorities to breach this cap in circumstances of exceptional financial hardship. However, this would not currently apply to Harrow Council's HRA. Other unregulated income streams can be adjusted to ensure full cost recovery.
10. The Council can proceed with the programme of building 659 new units within the HRA originally approved by Council 27th February 2019 or implement alternative delivery models if it is considered the level of risk now presented cannot be sufficiently mitigated.

Option 1: Continue with new build programme within the HRA

11. This would provide up to 659 additional units across a mix of tenures including affordable rented and shared ownership as part of the BCHfL programme within the Council's HRA and in collaboration with the Harrow Strategic Development Partnership (HSDP).
12. Full utilisation of approved grant and borrowing, with sufficiently low interest rates, would be assumed and tested on an ongoing basis against a suite of assumptions using the HRA Business Plan.
13. Regular review and testing of assumptions would ensure continued viability given changing macro-economic and regulatory assumptions with appropriate mitigations against identified risks.
14. To ensure resources are not over extended and it remains affordable the programme will be expedited in phases with viability reviewed at each stage before starting on the next phase.

Option 2 : Consider alternative delivery models

15. In the event risks around the HRA indicate the service would, on the balance of probabilities, become unviable, alternative delivery models for the provision of low-cost housing would be implemented.

16. It is therefore considered prudent to consider alternatives in the context of the Council's wider regeneration aspirations and work is ongoing in this area.

Option 3: Increase rent by less than CPI plus 1%

17. Rents can be increased by CPI plus up to 1% under current regulations. However not doing so would result in the revenue account generating deficits 2021-22 and 2022-23 and lower surplus for 2023-24 as well as reducing the capacity of the HRA to mitigate the impact of increases in costs and or interest rates associated with the BCHfL programme.
18. In the context of the lower than expected September CPI figure this option is not considered prudent as it would increase the financial risk faced by the Council's HRA.

Preferred Options

19. A rent increase of CPI plus 1% is the preferred option as this is necessary to balance the HRA to a neutral position in 2021/22 and 2022/23. Tenant service charges increasing in line with inflation. Surpluses on the HRA will be used to support investment in stock and the BCHfL programme.
20. In relation to the new build programme Option 1 is the preferred option as it will provide much needed housing supply for the local community as well as mitigating the costs of homelessness on the General Fund and securing the longer-term viability of the Council's HRA.

Background

21. Statutory rent reductions spanning 2016-17 to 2019-20 imposed by Government impacted on the HRA by requiring service reviews across the HRA to reduce costs and maximise income.
22. As a result, it has been assumed a permanent reduction in revenue expenditure of £1.90m will be in place by March 2021 to mitigate the impact of rent reductions and these are on track for achievement.
23. Given the scale of the BCHfL programme and associated risks the cost base of the HRA must now be kept under constant review to ensure continued viability.

Consultation

24. Under s.105 of the Housing Act 1985, the Council is required to maintain such arrangements as it considers appropriate to enable secure tenants to be informed and consulted about housing management matters which substantially affect them. However, rent and other charges for facilities

are specifically excluded from the definition of housing management; therefore, there is no statutory requirement to consult secure tenants on proposed rent changes. The Council has however, always consulted residents on proposed changes via representative groups such as the Value for Money group and the quarterly residents' drop-in meeting (Housing Matters), formerly TLRCF (the Tenants', Leaseholders and Residents' Consultative Forum).

25. A review of tenant and leaseholder service charges is also under way to ensure all costs incurred in the provision of services are being properly recovered. The results from the outcome of this review will be implemented during 2021/22, following consultation, if appropriate.

COVID-19

26. The global pandemic that has been experienced in 2020 and continues to be experienced across the London region and others has had an obvious and significant impact on the local economy. There have been impacts on every activity that occurs within the HRA, from the Council's ability to collect income to void turnaround times. As a result, the impact can be seen in every area of budget setting in this HRA report. It should be noted that, although the financial impact of COVID-19 has been seen mostly during 2020/21, this is not reflected in the 2020/21 budget since that was agreed prior to the pandemic. Thus, we are comparing a pre-COVID budget (2020/21) with a COVID-recovery budget (2021/22).
27. At present it is unclear how and when many economic uncertainties will be resolved, and so medium-term planning is also affected. The HRA Medium Term Financial Strategy (MTFS) is included as appendix 1 and is based on the budget for 2021/22 with inflationary assumptions built in for future years. An update of the HRA Business Plan will be submitted to Cabinet after 2020/21 final accounts which will include updates of key assumptions.

Balances

28. HRA revenue balances were £7.5m as at 31st March 2020 and these are expected to be £7.6m at the end of 2023-24 which are above the minimum balances considered prudent.
29. The budgets for the financial years 2021/22 and 2022/23 have been balanced and so net to nil with a surplus anticipated from 2023-24. The first significant rental streams being generated from the BCHfL programme later in the MTFS.
30. In addition to specific reserves to support repairs, IT investment, restructuring, tenants experiencing financial difficulties, a reserve to support the BCHfL programme has been set up. These reserves are all within the HRA.

31. Given the scale of the programme significant additional contributions will be required to ensure associated risks can be contained. Although the budget and MTFs allow for a modest BCHfL reserve, increased contributions will be made after 2023-24 when the revenue account returns to a surplus.

Income

Assumptions supporting the main HRA income streams are set out below:

Dwelling rents

32. Rent policy set out by Central Government states that existing rents may be increased annually by the previous September's CPI rate, plus up to 1%. This calculation has been applied, giving a proposed rent increase of 1.5%. Although the Government has stated rents can be increased by CPI plus up to 1% for five years from April 2020, there is no confirmation these increases are permitted beyond March 2025. The Business Plan update reported to Cabinet 8th October 2020, assumed increases for all subsequent years from April 2025 will be at CPI only as this is considered a more prudent assumption given developments in the macro-economic environment.
33. Rents for newly constructed homes are on Affordable rents or the lower London Affordable Rents where the scheme benefits from part of the £32.144m grant secured from the Greater London Authority.
34. The overall average rent & service charge for the Council's housing stock for 2021-22 will be £119.18 per week comprising rent £115.86 (£118.01 non sheltered, £98.18 sheltered) and tenant service charge £3.32 per week (2020-21 average £117.45, comprising rent £114.15, tenant service charge £3.30) assuming an increase of CPI plus 1% for rents and CPI only for tenant service charges, as detailed in Appendix 2. CPI is required to be set at the September rate of ½%.
35. Rents for new build homes are set at affordable rent and are governed by different criteria depending on funding source. The overall average rent is estimated to be £197.11 per week assuming a rent increase of CPI plus 1% for affordable rented units.
36. Rents for shared ownership units, assuming the Council retains 65%/75% equity share, are estimated at £199.82 per week on average.

Right-to-Buy sales

37. There have been fifteen sales under Right-to-Buy ("RTB") so far in 2020-21 and a further nine are assumed by the end of the financial year totalling twenty four estimated sales with twenty four expected for 2021-22, then reducing to twenty per annum for remainder of the MTFs. It is envisaged the HRA will continue to be viable if RTB sales continue at these levels assuming BCHfL programme proceeds as proposed.

38. The Council continues to retain the majority of the capital receipts arising from the sale of Right to Buy properties, in line with the retention agreement signed with the Government. Under this agreement the receipts must be used within three years to fund a maximum of 30% of spend on replacement properties or be paid to the Government with a high interest penalty. While the new build programme, identified in the Business Plan, can absorb some of these receipts, there has often been difficulties in matching the timing of expenditure to when the receipts must be used and like most London Councils which have limited land, Harrow has found it difficult to invest these receipts and has been required to return some receipts with interest to MHCLG.
39. The Government has recognised the potential difficulties in meeting construction timetables during the current pandemic and has suspended the repayment of receipts for the first three quarters of 2020/21 whilst keeping the position under review. Latest forecasts show that with the use of this extension Harrow Council will need to pay £4.403m receipts to the Government for the current financial year. These funds will not be lost to the Authority but instead these Right to Buy receipts from disposals and the associated interest costs will be ring fenced to Harrow via the GLA and made available to Harrow as affordable housing grant to be used to deliver new rented affordable homes. This arrangement is called the right-to-buy ring fence offer (RTBRFO), to voluntarily repay these receipts to MHCLG and then claim these from GLA to support new build and regeneration schemes.

Service charges: Tenants & Leaseholders

40. Tenants who benefit from specific estate-based services pay a charge to the Council on a weekly basis in addition to their weekly rent charge. Service charges are not subject to the rental increase of 1.5% but are based on cost recovery. This service charge was £3.30 in 2020-21 and it is proposed this will increase to an average of £3.32 in 2021-22 and throughout MTF5 in line with CPI. A review of service charges is in the process of being concluded and any changes arising as a result of the review, subject to consultation, if appropriate and approval, will be implemented during 2021/22. It is anticipated that the review will conclude by the end of the first quarter of the financial year 2021.
41. Leaseholders are invoiced annually by the end of September for the previous financial year, based on actual costs. Income expected from leaseholders in 2021-22 (excluding s20 income for capital schemes) is £874k and reflects the recovery of costs from leaseholders of estate-based costs, communal lighting, repairs, ground maintenance, insurance premiums and administration charges. The above figure takes into account the increase in grounds maintenance charges to the HRA from the General Fund following the results of a recent review of the service provided.

Other Income

42. Rents for shops and commercial units situated on HRA land, garages, parking, facility charges and charges for community centres are set out in appendices 3 to 6.
43. Due to the current economic climate it is proposed to keep these at their current level. This can be revised in a year's time when we may have more economic certainty.

Expenditure

Assumptions supporting the main HRA expenditure items are set out below:

Employee Costs

44. Following the Government's spending review, no pay increase has been assumed with the current staffing establishment used as a basis. As Local Government is subject to separate negotiations the impact of any potential award has been held in HRA revenue reserves which will be deployed to support a subsequent pay award. If no pay award is negotiated the impact of the pay freeze will remain in reserves to support the MTFs.
45. In 2021/22 there is a proposal to create four new roles within Housing Repairs, Resident Services and Housing Regeneration totalling an additional £231k if approved. Two posts, totalling £111k are for a 3-4-year fixed term to support the BCHfL programme, comprising an apprentice and a project manager of which £62k will be funded through capital if approved. The other posts are a hoarding officer (£58k) currently funded through grant which comes to an end this financial year and a Climate Change Project Manager (£63k).
46. Several members of staff spend their time on both HRA and General Fund activities and as a result staff costs are split based on percentages of time relevant to services.

Utility Costs

47. There has been no increase in utility charges as anticipated usage is low and there is little information available about the global wholesale energy price post Covid. Charges for water supplies and sewerage have traditionally been paid to the Council with the amounts collected then paid over to the water company. For the majority of tenants this arrangement has now ceased with tenants paying the water company direct. This results in no additional costs for tenants or the Council.

Central Recharges

48. Costs of support services, which are estimated to increase by 2% p.a. in line with Government's long-term inflation target, are allocated to services using suitable bases of apportionment (e.g. number of staff, estimated

time allocation, gross budget). Recharges reflect the full cost of all support services and are designed to permit transparency and challenge to secure value for money.

Repairs

49. Expenditure on repairs has been driven by a focus on legislative and Health & Safety requirements with due regard to the cost reductions identified by the Service Reviews and approved by the Programme Board. These have been reviewed in conjunction with the capital programme. Work is ongoing on the stock condition survey to better inform investment decisions and prioritise works over the next 3 to 5 years. This stock condition survey will be supplemented with information to target retrofit works to address carbon reduction. A review of the repairs service is also taking place. This will help to better understand the cost base and inform the budget cycle next year in line with decisions around extension and the future procurement of the main repairs contract. The review of the capital programme will allow targeting works to reduce the need for reactive repairs. This will also be supported by the development of a robust Planned Preventative Maintenance (PPM) programme designed to extend the life of components. Repairs reporting will also be improved through investment in a new Housing and Asset Management System.

Bad debt provision

50. The HRA has been financially impacted by the COVID pandemic. Rent arrears have risen sharply and this is exacerbated by restrictions on enforcement, in line with national policy.
51. Income collection has become more challenging since the pandemic impacted, despite mitigations by housing services, and this could lead to increased write-offs of arrears. Similarly, the transition to Universal Credit means some rents that would have been received automatically are now recoverable from the tenant. Where tenants suffer a financial impact from the current climate, arrears are likely to increase with the potential for further write-offs, which represent a cost to the Council.
52. It is unclear at this stage precisely to what extent our arrears will be affected and for what duration. The budget has assumed that arrears will continue to rise during 2021 and it may therefore be necessary to increase the bad debt provision at the end of March 2022. A budget to increase the bad debt provision by £150k has been proposed.

General Contingency

53. In addition to HRA reserves, an annual amount of £150k is set aside to cover unforeseen expenditure that may arise in the management and maintenance of the housing stock or in-service development initiatives.
54. Applications for support from this general contingency will be considered on a case by case basis with due regard to the position of the whole HRA.

Charges for Capital

55. HRA Borrowing is divided into historic and new borrowing:

- Historic debt – includes debt Councils were required to raise at the time of Self Financing in 2012 in order to leave the subsidy system and resulted in the Council reaching the Government imposed cap of £150.683m; this is now being progressively reduced in line with RTB disposals thereby reducing interest exposure and providing capacity for future investment. Interest on this historic debt, shared in a single loans pool with General Fund, averages at 4.05% and is assumed to continue at this level.
- New borrowing – for BCHfL programme only is estimated at £95.8m for the full life of the scheme, an increase over the estimated borrowing of £77.2m and £73.1m reported to Cabinet 13th February 2020 for the Budget and 8th October 2020 for the Business Plan update 2020. This increase is due primarily to a lower than expected rent increase compounded by anticipated cost increases resulting from the economic environment.

Interest is expected to be payable at the lower rate of 3% as a result of the HRA taking advantage of lower rates conferred in a dedicated second pool for new home building in the HRA.

Current HRA rules do not require either debt to attract Minimum Revenue Provision (MRP), a mandatory charge in General Fund designed to ensure the cost of the asset is charged to revenue over its useful economic life. This is because depreciation in the HRA counts as a genuine charge against revenue and transfers resources to the HRA's Major Repairs Reserve which can be used to finance capital expenditure as well as repay debt.

The costs of the BCHfL programme continue to be reviewed and the results will be used to update the HRA Business Plan and revise the debt repayment strategy.

Capital Investment

56. Planned investment programme, based on the latest stock condition survey, budget for 2021/22 is £12.161m, then £5.895m for 2022/23 and 2023/24, then £4.895m per annum thereafter with focus continuing to be on Health & Safety and statutory works.
57. These estimates allow for slippage from 2020/21 of £4.341m together with an addition of £3m, spread evenly 2021/22 to 2023/24, to meet Government carbon reduction targets by 2030 by retrofitting Council homes.
58. Costs associated with the mandatory upgrade of the Housing IT system, are included at £975k for 2021/22 and 2022/23 after allowing for slippage

of £322k together with an addition to the programme of £603k assuming the scheme will complete within prescribed time limits.

Building Council Homes for Londoners

59. The Grange Farm Regeneration scheme will demolish obsolete Council homes and re-provide 274 new homes. Cabinet approved budget allocations 13th February 2020 for phases 1, which is now under construction and phase 2 of the scheme. Expenditure has been reprofiled following a review with an addition of £100k to phase 2 to align to latest cost estimates.
60. Grange Farm phase 1, which is supported by Housing Infrastructure Fund (HIF) as well as RTBRFO, will provide eighty-nine homes, sixty-eight at affordable rent and twenty-one shared ownership at an estimated remaining cost of £18.877m which includes slippage of £9.551m
61. Grange Farm phases 2 which is still at the planning stage is estimated to cost £18.4m in total. The procurement route including phase 3, which has not been finalised, will be the subject of another report to Cabinet.
62. Remaining schemes within the BCHfL programme are at various stages of development and planning and are included in the capital programme at a total remaining estimated cost of £115.940m which includes slippage of £19.215m. Also included in this are additional costs estimated at £23.446m reflecting the anticipated increase in build costs resulting from changes in the macro-economic environment.
63. The BCHfL programme, which has already provided 96 of a total of 659 additional homes, has assumed a selection of sites currently held in the General Fund will be transferred to the HRA for development in line with the current regulations for appropriations although the exact locations and valuations of these sites have yet to be clarified.
64. Funding will be from a combination of GLA grants totalling £32.144m, approved borrowing and other internal HRA resources with no impact on General Fund.
65. Net additions to the HRA capital programme over the approved budget total £51.764m. Of this, £40.728m relate to the current MTFS to 2023-24 with the remaining £11.035m relating to 2024-25 and 2025-26 reflecting the full life estimates of the construction programme.
66. Appendix 7 details the full capital programme including slippage and summarises the additions and re-profiling requested.

Consultation Papers and new developments

67. For the second year, the outcome of the Government's consultation on 'Use of Right to Buy (RTB) Receipts' and increased flexibilities has still not been concluded. **"Use of receipts from Right to Buy sales"** – Government has consulted on options including increasing proportion of

eligible new build expenditure which can be funded from retained right to buy receipts from 30% to 50% as well as potentially extending the deadline for reinvestment of these proceeds from three to five years enabling Councils more time and manoeuvrability to reinvest earmarked sales proceeds to replenish stock lost through right to buy. This will mean the Council will have to put less of its own resources in either through retained receipts or additional borrowing should this proposal go through.

68. This update assumes the current arrangements of 30% financing ratio and three-year deadline for reinvestment is continuing. The Council has submitted a consultation response positively supporting the proposals set out in the consultation document.
69. However, Councils have been allowed to retain receipts which would otherwise become repayable for the first three quarters of 2020/21 due to the impact of the COVID pandemic on development schemes. The Government has also issued a consultation, in November, asking for authorities' current position on the use of receipts. This may lead to a further extension of the repayment timetable, but this is not known at this time. As there has not been any formal conclusion to the last Government consultation process, future policy regarding the RTB system is not known and this continues to impede the use of the receipts
70. Following on from this on 17 November 2020 the white paper, the Charter for Social Housing Residents was released. The Building Safety Bill is already in progress and the Energy White Paper released on 15th December. These have implications going forward including:
- Consultation in respect of electrical safety, installation of carbon monoxide monitors
 - A review of the Decent Homes Standard to support the decarbonisation and energy efficiency of social homes and include standards for communal and green space outside the home.
 - Proposed introduction of Tenant Satisfaction measures that will be formally monitored including the introduction of a regular inspection regime for social landlords
 - Increased regulations to improve responses to complaints
 - Requirements to improve tenant engagement and empowerment
 - There are also linked commitments with the Building Safety Bill with regard to the management of tall buildings, for example the appointment of a Building Safety Manager
 - Retrofitting of the existing social housing stock to meet the Councils Climate Change objectives as well as those set out by the Government
71. **“Revised HRA Manual”** – Primary guidance is based on the HRA Manual issued by MHCLG in 2007; a revised version is expected and is likely to allow Councils to transfer land from General Fund to HRA at nil consideration or below fair value.

72. Although details have yet to be released, including restrictions regarding the number of years land is to be left undeveloped or its physical condition, the Council will consider the new guidance with due regard its broader regeneration aspirations with the aim of securing maximum advantage.

Variation to MTFS 2021-22

Changes in estimates of expenditure and income together with the anticipated impact of Covid-19 have been contained resulting in a neutral position for 2021-22, which is unchanged from the MTFS approved by Cabinet on 13th February 2020. The main changes in estimates are:

- Operating expenditure – increase £50k due to increased recharges in respect of Grounds maintenance and service from Council Depot partially offset by reductions in other expenditure
- Repairs – increase £178k due mainly to review of planned preventative maintenance requirements
- Other expenditure & income – reduction £228k due to increase in expenditure qualifying for capitalisation; improvement in estimated income from leaseholders and reduced void losses from rental income

Summary

73. HRA Budget & MTFS detailed in Appendix 1 include rent increases at CPI plus 1% and sits within the framework set out in the HRA Business Plan Update submitted to Cabinet 8th October 2020.
74. Revenue reserves are expected to remain stable and above minimum recommended balances over the life of the MTFS provided interest on new borrowing does not exceed 3%.
75. Longer term viability of the Council's HRA is dependent on successful completion of BCHfL therefore continuous review of the cost base of the HRA and underlying assumptions are essential through a revised HRA Business Plan Update.
76. Risks associated with BCHfL are significant and earmarked reserves to support this programme are modest therefore increased contributions are required which will be supported by the continuous review process.
77. Consultation papers and emerging Government regulation will be reviewed to ensure maximum advantage is secured for the Council as a whole.

Performance Issues

78. The BCHfL programme contributes to delivery targets agreed with the GLA. Failure to take the project forward would jeopardise achievement of these targets and potentially withdrawal of grant funding resulting in costs already incurred being written off to revenue which would compromise the longer-term viability of the Council's HRA.

Environmental Implications

79. All new homes must meet high standards of energy efficiency to reduce CO2 emissions and reduce fuel poverty as required by London Plan. We have already invested in some of our poorest performing energy efficient council homes by installing external wall insulation and continue programmes to install double glazing and the most efficient gas condensing boilers. The proposed retrofit programme will enhance the energy performance of more of the Council's properties and will contribute toward the Council's carbon reduction targets

Data Protection Implications

80. There are no GDPR implications.

Risk Management Implications

81. Risks included on corporate or directorate risk register? **Yes**
 Separate risk register in place? **No**
 The relevant risks contained in the register are refreshed and summarised below. **Yes**
82. A number of risks have been identified, listed below which if they materialise individually or collectively, could impede delivery of core services or raise questions about continued financial viability. The following key risks should be taken onto account when agreeing the recommendations in this report:

Risk Description	Mitigations	RAG Status
<ul style="list-style-type: none"> Interest rates – an immediate and significant risk; these have been assumed at 3% for the 2021/22 budget and MTFS. Increases in excess of this over the life of the MTFS will put the BCHfL programme at risk as not all homes will be completed and generating sufficient rental streams to service the debt 	In mitigation following the recent Budget 2020 announcement, where the Chancellor reversed the recent 1% hike in the interest rate for the Public Works Loan Board (PWLB), the Authority is reviewing its borrowing strategy to secure more favourable rates in light of the reduction in PWLB rates and minimise rates	Amber

Risk Description	Mitigations	RAG Status
	increases.	
<ul style="list-style-type: none"> • Inflation rates-There is a potential adverse financial impact on the HRA as a result of high inflationary pressures. Rent increases are based on the September CPI figure, which was lower than expected at 0.5%. 	<p>In mitigation If inflation rises above that assumed in the budget generally, or spikes as a result of BREXIT, reductions in spend may need to be made or some of the growth recommended in the MTF5 update removed</p>	Amber
<ul style="list-style-type: none"> • Rent increases – Following 2021/22, there will be three further years of the September CPI plus 1% rent increases. Historically the ring-fenced account has relied almost solely on rent income to finance both revenue and capital works. Many changes in policy, including the four years of rent reductions, have made medium to long term planning difficult. These risks have increased with the removal of the debt cap, as the Council is making long term financing decisions, on capital investment, based on income streams set by the current policy After that, it is unclear what rent policy central government will set out for us to follow. Clearly, there is great uncertainty of how costs of running the service will increase with inflation over the coming years and so it is hoped that rent collected will be sufficient to meet the needs of the service. The current Business Plan assumes CPI only rent increases beyond this (at 2%-Governments' long-term target); if rent increases are below this from 2025 this will have an adverse impact on revenue balances. 	<p>In mitigation HRA reserves will be strengthened from 2023-24 and the Business Plan refreshed, and stress tested to ensure the Council's HRA remains viable.</p>	Amber
<ul style="list-style-type: none"> • Welfare reforms – Currently one of the biggest risks to the account is a large increase in arrears. From April 2020 current tenant arrears have risen by 20% as at Qtr 2, to £717k. This was due to the impact of the COVID 19 pandemic and the measures put in place by the 	<p>To mitigate this position increased resources are being employed to help recover rent owed and signpost tenants to where they may seek support and the provision for bad debt has been increased to recognise that not all of the outstanding debt will be</p>	Amber

Risk Description	Mitigations	RAG Status
Government, which included a suspension of evictions.	recovered.	
<ul style="list-style-type: none"> • Delays to schemes – GLA grant funding and additional borrowing will be linked to successful delivery of additional housing supply in line with agreed targets for start on sites and completions. Failure to deliver new supply in line with these targets could result in withdrawal of funding and/or borrowing which would result in lower or delayed rental income streams and potential write off costs to the revenue account. 	In mitigation regular monitoring of new build schemes and update of the overarching HRA Business Plan will identify potential delays and appropriate action taken to substitute and expedite schemes ensuring full grant utilisation and keeping rental income in line with expectations. The BCHfL reserve can be deployed to offset unforeseen revenue costs if required.	Amber

83. In the light of these risks it is essential current targets for cost reductions are met and the cost base of the HRA kept under continuous review with the aim of strengthening reserves.

Procurement Implications

Any procurement arising from this report will be advised on supported by the procurement team and will be conducted compliant with the Public Contract Regulations [as amended] and the Contract Procedure Rules.

Legal Implications

Under section 103 of the Housing Act 1985 the terms of a secure tenancy which is a periodic tenancy may be varied by the landlord by a notice of variation served on the tenant. The landlord authority is required to serve a preliminary notice on the secure tenant giving them advance notification of any change proposed to be made to the terms of their tenancy and inviting their comments. A preliminary notice is not required for variation of rent or payments in respect of services or facilities provided by the landlord. Although a preliminary notice is not required in respect of a variation to the rent (or services/facilities) charge, a notice of variation is needed and this must set out what the change is and the date on which it takes effect. The period between the date on which the notice is served and the date on which it takes effect must be at least four weeks or the rental period, whichever is the longer.

Section 105 of the Housing Act 1985 requires a landlord authority to maintain such arrangements as it considers appropriate to enable those secure tenants who are likely to be substantially affected by matters of housing management, to be informed and consulted about the proposals, and before deciding on the matter, the landlord authority must consider

any representations made. The legislation sets out what matters of housing management relate to, but this does not extend to the rent payable under a secure tenancy or to charges for services or facilities provided by the authority.

The rent reduction requirements brought in under section 23 of the Welfare Reform and Work Act 2016 has now ended and has been replaced by the new rent standard, pursuant to a direction by the Secretary of State under section 197 of the Housing & Regeneration Act 2008, which permits Authorities to increase rents by CPI plus up to 1% for five years commencing April 2020.

Under section 74 of the Local Government & Housing Act 1989 the Council, as a Local Housing Authority, must maintain a Housing Revenue Account (HRA) which includes sums falling to be credited or debited in accordance with the category of properties listed within s74(1), which consists primarily of Council housing stock. HRA must include any capital expenditure on housing stock which a Local Authority has decided to charge to revenue. Save in accordance with a direction of the Secretary of State, sums may not be transferred between HRA or General Fund, therefore, HRA is ring-fenced and cannot be used to subsidise a budget deficit within General Fund, neither can General Fund be used to subsidise a budget deficit in HRA. Section 76 of 1989 Act requires Local Authorities to formulate and implement proposals to secure HRA for each financial year does not show a debit balance. If a debit occurs, this must be carried forward to next financial year.

Financial Implications

These are integral so are included in the body of the report.

Equalities implications / Public Sector Equality Duty

84. Pursuant to the Equality Act 2010 (“the Act”), the Council, in the exercise of its functions, has to have ‘due regard’ to (i) eliminating discrimination, harassment, victimisation and any other conduct that is prohibited by or under the Act; (ii) advancing equality of opportunity between those with a relevant protected characteristic and those without; and (iii) fostering good relations between those with a relevant protected characteristic and those without. The relevant protected characteristics are age, race, disability, gender reassignment, pregnancy and maternity, religion or belief, sex and sexual orientation. The duty also covers marriage and civil partnership, but to a limited extent.
85. When making decisions, the Council must take account of the equality duty and any potential impact on protected groups.

86. A full equalities impact assessment has been carried out in relation to the proposed rents and other charges increases and capital build programme and no negative impacts on the protected groups are expected.

The recommendation to increase the capital programme will result in much need new genuinely affordable housing supply and will have a positive impact on the community and businesses alike.

Council Priorities

1. Improving the environment and addressing climate change

The Planned Investment programme is being designed to address key climate change issues with a focus on renewable energy and efficiency in existing and new homes.

2. Tackling poverty and inequality

The additional housing will be genuinely affordable thereby providing accommodation to the most vulnerable in the Borough

3. Building homes and infrastructure

Provision of additional housing will support the local community and economy thereby contributing to the wellbeing of residents and supporting community cohesion,

4. Addressing health and social care inequality

Provision of additional housing will support health and social care of residents through high quality accommodation at affordable rents.

5. Thriving economy

The Business Plan is designed to support the longer-term viability of the HRA which provides much needed housing and advice to residents and those at risk of becoming homeless

Section 3 - Statutory Officer Clearance

Statutory Officer:

Signed on behalf of Chief Finance Officer

Tasleem Kazmi

Date: 3rd February 2021

Statutory Officer:

Signed on behalf of the Monitoring Officer

Paresh Mehta

Date: 3rd February 2021

Chief Officer:

Signed off by the Corporate Director

Paul Walker

Date: 3rd February 2021

Head of Procurement:

Signed by the Head of Procurement

Nimesh Mehta

Date: 30th January 2021

Head of Internal Audit:

Signed by the Head of Internal Audit

Susan Dixon

Date: 29th January 2021

Mandatory Checks

Ward Councillors notified: NO as it impacts on all Wards

EqIA carried out: YES

EqIA cleared by: Dave Corby

Section 4 - Contact Details and Background Papers

Contact: Tasleem Kazmi, Finance Business Partner – Housing & Regeneration,
Tel 020 8416 5201 or email tasleem.kazmi@harrow.gov.uk

Background Papers:

HRA Business plan update

<http://modern.gov:8080/documents/g64843/Public%20reports%20pack%20Thursday%2008Oct2020%2018.30%20Cabinet.pdf?T=10>

Draft HRA Budget 2021/22 and MTFS 2022/23 to 2023/24
<http://moderngov:8080/documents/g64846/Public%20reports%20pack%20Thursday%2021-Jan-2021%2018.30%20Cabinet.pdf?T=10>

**Call-in waived by the Chair of Overview and Scrutiny
Committee**

NO

Appendix 1

HRA Budget 2021-22 and MTFS 2022-23 to 2023-24 – Expenditure

All figures in £s	Budget 2021-22	Budget 2022-23	Budget 2023-24
Employee Costs	2,507,840	2,507,840	2,509,660
Supplies & Services	861,550	860,120	860,120
Utility cost	599,640	599,640	599,640
Estate & Sheltered Services	3,415,730	3,399,510	3,421,350
Central Recharges	3,503,280	3,573,340	3,644,810
Operating Expenditure	10,888,040	10,940,450	11,035,580
Repairs – Voids	1,000,000	1,000,000	1,000,000
Repairs – Responsive	3,238,770	3,238,770	3,238,770
Repairs – Other	2,608,190	2,458,190	2,458,190
Repairs Expenditure	6,846,960	6,696,960	6,696,960
Contingency	150,000	150,000	150,000
Bad debt provision	150,000	150,000	150,000
Affordable Housing	477,150	477,150	477,150
Charges for Capital	7,091,740	8,242,890	8,848,010
Depreciation	7,530,870	7,611,640	7,601,630
Other Expenditure	15,399,760	16,631,680	17,226,790
Total Expenditure	33,134,760	34,269,090	34,959,330

Appendix 1 (continued)

HRA Budget 2021-22 and MTFS 2022-23 to 2023-24 – Income

All figures in £s	Budget 2021-22	Budget 2022-23	Budget 2023-24
Rent Income – Dwellings	(29,226,470)	(30,367,870)	(31,828,140)
Rent Income – Non Dwellings	(494,330)	(494,330)	(494,330)
Service Charges – Tenants	(1,639,250)	(1,643,580)	(1,656,390)
Service Charges – Leaseholders	(874,430)	(863,030)	(863,030)
Facility Charges	(577,170)	(577,170)	(577,170)
Interest	(3,000)	(3,000)	(3,000)
Other Income	(154,460)	(154,460)	(154,460)
Recharge to General Fund	(165,650)	(165,650)	(165,650)
Total Income	(33,134,760)	(34,269,090)	(35,742,170)
In Year Deficit / (Surplus)	0	0	(782,840)
BALANCE brought forward	(6,346,710)	(6,346,710)	(6,346,710)
BALANCE carried forward	(6,346,710)	(6,346,710)	(7,129,550)

Average Rent & Service Charges – Social Rented Units Appendix 2

Description	No. units	2020-21 weekly charge	2021-22 rent	2021-22 service charge	2021-22 total	Increase
Bedsit bungalow	19	£105.62	£104.18	£2.99	£107.17	£1.55
1 Bed bungalow	115	£115.79	£115.02	£2.48	£117.50	£1.71
2 Bed bungalow	27	£131.90	£129.91	£3.93	£133.84	£1.94
Bedsit flat	82	£91.21	£88.14	£2.99	£91.13	-£0.08
1 bed flat	1,180	£101.24	£98.80	£3.92	£102.72	£1.48
2 bed flat	783	£115.27	£112.44	£4.51	£116.95	£1.68
3 bed flat	42	£127.84	£124.43	£5.28	£129.70	£1.87
1 bed Maisonette	6	£94.22	£95.17	£0.45	£95.62	£1.41
2 bed Maisonette	48	£114.17	£111.90	£3.94	£115.85	£1.68
3 bed Maisonette	44	£127.39	£124.55	£4.71	£129.26	£1.87
4 bed Maisonette	1	£133.51	£135.51	£0.00	£135.51	£2.00
2 bed Parlour House	34	£127.03	£127.56	£1.36	£128.92	£1.89
3 bed Parlour House	522	£139.97	£140.16	£1.89	£142.05	£2.08
4 bed Parlour House	55	£152.96	£152.43	£2.73	£155.15	£2.20
5 & 6 bed Parlour	10	£163.99	£157.30	£9.07	£166.36	£2.37
2 bed Non Parlour	497	£123.19	£122.79	£2.22	£125.01	£1.83
3 bed Non Parlour	707	£135.08	£134.73	£2.36	£137.09	£2.00
4 bed Non Parlour	33	£149.19	£148.10	£3.30	£151.40	£2.21
5,6 & 7 bed Non	6	£161.14	£162.27	£1.28	£163.55	£2.41
Sheltered bedsit	12	£101.01	£90.09	£12.31	£102.40	£1.39
Sheltered – other units	500	£100.43	£98.38	£3.53	£101.90	£1.47
Non sheltered	4,211	£119.52	£118.01	£3.26	£121.28	£1.76
Sheltered	512	£100.45	£98.18	£3.73	£101.92	£1.47
Total	4,723	£117.45	£115.86	3.32	£119.18	£1.73

Average charge for social rented units 2020-21 was £117.45 per week comprising £114.15 rent, £3.30 service charge compared to budgeted £114.13 and £3.30 per week respectively.

Estimated average charge 2021-22 is £119.18 per week comprising £115.86 rent, £3.32 service charge, reflecting rent increase of CPI + 1% where September CPI is ½% and just CPI for tenant service charges.

Average Rent – Affordable Rented & Shared ownership Units
Appendix 2 (continued)

Description	No. units	2020-21 rent	2021-22 rent	Increase
1 bed flat	17	£169.68	£172.22	£2.55
2 bed flat	49	£195.35	£198.28	£2.93
3 bed flat	10	£209.33	£212.47	£3.14
2 bed Parlour House	1	£137.86	£139.93	£2.07
3 bed Parlour House	1	£208.45	£211.58	£3.13
3 bed Non Parlour House	9	£208.21	£211.34	£3.12
4 bed Non Parlour House	4	£225.39	£228.77	£3.38
3 bed Parlour House (shared ownership)	5	£196.86	£199.82	£2.95
Total	96	£197.31	£200.27	£2.96
Affordable rented	91	£194.19	£197.11	£2.91
Shared ownership	5	£196.86	£199.82	£2.95
Total	96	£197.31	£200.27	£2.96

Ninety-six new homes have completed; table above shows average rents for 2021-22 reflecting average rent increase of CPI + 1% where September CPI is ½%.

Council initially has equity of 65% to 75% in shared ownership units with option for the tenant to purchase additional equity in future.

Garages & parking space charges

Appendix 3

All in £s	Current Weekly Rental 2020-21	Proposed Weekly Rental 2021-22
Garages	14.05	14.05
Car Spaces	9.16	9.16

Facility Charges

Appendix 4

Sheltered Block	No. of properties	Current average weekly facility charge (Heating) 2020-21	Proposed average weekly facility charge (Heating) 2021-22 0% increase
Alma Court	30	17.02	17.02
Belmont Lodge	30	17.02	17.02
Boothman House	30	17.02	17.02
Cornell House	30	17.02	17.02
Durrant Court	27	17.02	17.02
Edwin Ware Court	30	13.24	13.24
Goddard Court	30	17.02	17.02
Grahame White House	30	17.02	17.02
Grange Court	30	13.24	13.24
Harkett Court	30	17.02	17.02
Harrow Weald Park 0 Bed	12	11.50	11.50
Harrow Weald Park 1 Bed	19	15.54	15.54
Harrow Weald Park 3 Bed	1	23.10	23.10
John Lamb Court	32	17.88	17.88
Meadfield	30	17.02	17.02
Sinclair House	27	17.02	17.02
Tapley Court	26	17.02	17.02
Thomas Hewlett House	30	17.02	17.02
William Allen House	29	13.24	13.24
Resident Warden Accommodation	9	24.83	24.83
Other Non-Sheltered	101	14.67	14.67

Water Charges

Appendix 5

Sheltered Block	No.of flats	Current Range Water Charge 2020-2021		Proposed Range Charge at 0% increase for 2021-2022	
		Lower	Higher	Lower	Higher
Alma Court	30	£5.87	£5.87	£5.87	£5.87
Edwin Ware Court	30	£4.99	£6.49	£4.99	£6.49
Grange Court	30	£4.99	£6.20	£4.99	£6.20
John Lamb Court	32	£6.20	£6.20	£6.20	£6.20
William Allen House	29	£4.99	£6.20	£4.99	£6.20
Total No of Sheltered Flats	151				
Resident Warden Accommodation	3	£7.89	£8.73	£7.89	£8.73
Total Sheltered Flats incl Warden	154				

Responsibility for collection of water charges has been transferred for the majority of HRA properties to the water company. The Council collects water charges for remaining properties which have not yet been transferred to water company.

Community Hall and Capacity	Current 2020-21			Proposed 2021-22		
	Charges per first 3 hours block booking then subsequent hourly rate			Charges per hour letting 0% Price Increase		
	Evening Rate	Daytime Rate	Weekend Rate	Evening Rate	Daytime Rate	Weekend Rate
	£	£	£	£	£	£
Augustine Road [max 30]	27.38	13.69	41.06	27.38	13.69	41.06
Marsh Road Hall [max 30]	27.38	13.69	41.06	27.38	13.69	41.06
Brookside Hall [max 30]	27.38	13.69	41.06	27.38	13.69	41.06
Woodlands Hall [max 60]	41.06	20.52	56.05	41.06	20.52	56.05
Churchill Place [max 100]	54.74	24.62	68.43	54.74	24.62	68.43
Kenmore Park [max 100]	54.74	24.62	68.43	54.74	24.62	68.43
Pinner Hill Hall [max 100]	54.74	24.62	68.43	54.74	24.62	68.43
Pinner Hill [max 100]	52.63	23.67	65.79	52.63	23.67	65.79

Terms & Conditions associated with Hall lets:

- Lets to Tenants & Residents Assocs free, providing 4 weeks' notice provided.
- Charges shown are exclusive of VAT at 20% and Insurance Premium at 7%
- Day time rates are from 9.00am to 3.30pm
- Commercial lets will be charged at above hourly rates plus 20%.
- Registered Charities will receive a discount of 50% (9.00am to 3.30pm only).
- Block Bookings of 6 months minimum will receive a 25% discount.
- Refundable deposit of £100 against loss or damage required by all other users.

Of the 10 community centres, there are a number of premises that are fully let and supported by lease agreements and therefore charges not levied in accordance with the above schedule. These are:

- Stonegrove Gardens fully let to nursery on lease agreement £12,700 rent pa
- Pinner Hill hall partly let as nursery on lease agreement of £5,200 rent pa
- Churchill Place hall partly let as nursery on lease agreement of £13,000 rent pa

HRA Capital Programme

Appendix 7

Budget Description including additions / re-profiling (£)	MTFS				Additional		Total
	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	Cumulative
Main programme	4,345,866	10,316,010	4,050,000	4,050,000	4,050,000	4,050,000	30,861,876
Retrofit for energy efficiency	0	1,000,000	1,000,000	1,000,000	0	0	3,000,000
Housing IT system	412,750	796,280	178,880	0	0	0	1,387,910
Aids & Adaptations	845,000	845,000	845,000	845,000	845,000	845,000	5,070,000
Planned investment	5,603,616	12,957,290	6,073,880	5,895,000	4,895,000	4,895,000	40,319,786
Grange Farm phase 1	6,185,490	15,811,940	2,632,450	432,490	0	0	25,062,370
Grange Farm phase 2	4,000,000	975,000	1,800,000	6,037,500	2,537,500	3,052,940	18,402,940
Other schemes	5,688,927	61,079,254	43,042,596	10,672,987	1,145,472	0	121,629,236
Building Council Homes for Londoners (BCHfL)	15,874,417	77,866,194	47,475,046	17,142,977	3,682,972	3,052,940	165,094,546
Total HRA Capital Programme	21,478,033	90,823,484	53,548,926	23,037,977	8,577,972	7,947,940	205,414,332

2020-21 and 2021-22 both include slippage estimates from prior years. Slippage from 2019-20 totalled £15.345m

Summary of additions / reductions included in the capital programme over the term of the MTFS and two years beyond are summarised below:

Additions included in programme above (£)	MTFS				Additional		Total
	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	Cumulative
Main programme	-400	2,595,400	670,000	5,895,000	4,895,000	4,895,000	18,950,000
Housing IT system	-50,000	474,060	178,880	0	0	0	602,940
Grange Farm phase 2	0	0	0	0	0	100,000	100,000
Other schemes	0	13,447,190	9,657,980	7,860,370	1,145,470	0	32,111,010
Total HRA Capital Programme	-50,400	16,516,650	10,506,860	13,755,370	6,040,470	4,995,000	51,763,950

Summary of re-profiling included in the capital programme summarised below:

Additions included in programme above (£)	MTFS				Additional		Total
	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	Cumulative
Main programme	-4,340,610	4,340,610	0	0	0	0	0
Housing IT system	-322,230	322,230	0	0	0	0	0
Grange Farm ph 1	-9,550,760	6,485,820	2,632,450	432,490	0	0	0
Grange Farm ph 2	3,900,000	-9,128,580	-6,299,360	6,037,500	2,537,500	2,952,940	0
BCHfL other	-19,214,710	13,589,470	2,812,620	2,812,620	0	0	0
Total HRA Capital Programme	-29,528,310	15,609,550	-854,290	9,282,610	2,537,500	2,952,940	0

Report for: Cabinet

Date of Meeting:	11 February 2021
Subject:	Commissioning of Harrow Community Paediatric Services
Key Decision:	Yes - the decision will result in the Council incurring expenditure in excess of £0.5m revenue expenditure and affects two or more wards of the Borough.
Responsible Officer:	Paul Hewitt - Corporate Director, People Services
Portfolio Holder:	Christine Robson - Portfolio Holder for Young People and Schools
Exempt:	No
Decision subject to Call-in:	Yes
Wards affected:	All Wards
Enclosures:	None

Section 1 – Summary and Recommendations

This report presents the proposal to continue joint commissioning with Harrow Clinical Commissioning Group (CCG), Community Paediatric Services through an overarching Section 75 Agreement.

Recommendations:

Cabinet is requested to:

1. Delegate authority to the Corporate Director People Services, following consultation with the Portfolio Holders for Young People and Schools and Finance and Resources, to approve the financial contribution to be made by the Council to Harrow Clinical Commissioning Group via the People Services overarching s75 Agreement for jointly commissioned paediatric services.
2. Delegate authority to the Corporate Director People Services to review the current People Services overarching s75 Agreement with Harrow CCG and agree a new 5-year agreement with an option to extend for a further 5 years thereafter that will commence from 1st April 2022.

Reason:

To fulfil the statutory requirement of Local authorities to commission community health services for all children and young people in their area.

Section 2 – Report

Introductory paragraph

1. This report provides Cabinet with details on the arrangements to commission speech and language therapy (SALT) and occupation therapy (OT) services for children and young people in Harrow. The current contract ends on 31 March 2021 and this report proposes that both the services are jointly commissioned with Harrow CCG through a s75 agreement.
2. The Children and Families Act 2014 introduced major changes to the support for children and young people with special educational needs and disability. This Act states local authorities and its commissioning partner bodies must make arrangements ('joint commissioning arrangements') for the education, health and care provision to be secured for children and young people that have special educational needs and who have a disability. These include SALT and OT services.
3. The report also proposes that the current overarching s75 agreement with Harrow CCG is reviewed and a new agreement comes into effect from April 2022. Section 75 of the National Health Service Act 2006 permits CCG and Local Authorities to commission services jointly. The

overarching People Services Section 75 commenced 1st April 2017 with a 5-year period until 31st March 2022.

4. The decision will contribute to the Council's corporate priorities by tackling poverty and inequality and addressing health and social care inequality.

Options considered

5. The following three options have been considered:
 - Option 1: Do nothing. Allow the SALT and OT contracts to end in March 2021. This will create a gap in statutory service provision.
 - Option 2: Continue to jointly commission SALT and OT services with the CCG. Secure delegations from Cabinet to approve the financial contribution to be made by the Council to Harrow Clinical Commissioning Group for Paediatric Service.
 - Option 3: Commission SALT and OT services independently of Harrow CCG. This is not aligned with the Government's approach to the integration of health and social care. In addition, separately commissioned services may result in gaps across in provision across the system.
6. Option 2 is the preferred option because it will ensure that the local authority fulfils its statutory duties to secure therapy services for children and young people with special educational needs. The joint approach with the CCG will continue to develop an integrated approach across the education and health care system.

Current situation

Paediatric Therapy Services

7. Harrow's jointly commissioned Speech and Language Therapy Service works as part of an integrated team to address the communication and feeding needs of children and young people. This involves training, joint assessment, target setting, joint planning, assessment for and provision of equipment and set up & review of communication/ feeding programmes at school and at home.
8. This service is necessary in order to give every child the best start, with speech, language and communication skills being an important indicator of child wellbeing. These skills shape a child's ability to learn, develop relationships and their future life chances.
9. The Paediatric Occupational Therapy Service provides advice, guidance and training to children, young people and their parents/carers, children's centres, pre-schools, nurseries, schools, further education and peers including the voluntary sector.

10. Children and young people with short term conditions receive support and/or a short-term course of therapy or treatment to enable them to access educational establishments and to provide them with the tools and techniques to self-manage their condition.
11. The service also provides support, equipment assessments and therapy or treatment to children and young people who have a long-term condition such as a physical disability including those with an Education Health Care Plan (EHC Plan).
12. Under Section 26 of the Children and Families Act 2014, Local Authorities and CCGs must make joint commissioning arrangements for education, health and care provision for children and young people with SEN or disabilities and to promote wellbeing and improve quality of provision for children and young people with SEND. This includes SALT and OT services.
13. London North West University Healthcare NHS Trust (LNWH) currently provides a range of community services for Brent, Harrow and Ealing CCGs in NWL including SALT and OT. Brent CCG is the lead commissioner for the LNWHUHT Community Services and the contract ends on 31 March 2021.
14. Harrow Council jointly commissions with Harrow CCG speech and language services and will from 1st April 2021 commission occupational therapy. These are statutory services for the Council and CCG and are included in the community-based services commissioned by Brent CCG.
15. There are a number of community service health providers including London North West University Hospital NHS Trust (LNWHUT), Central North West London (CNWL) and Central London Community Hospital Trust (CLCH). North West London Integrated Care System (NWLICS), which includes Harrow and Brent Local Authorities and CCGs, has a range of objectives to promote integrated care, improve outcomes including equity of access, address health inequalities and improve local care provisions. This includes consolidating the provider landscape.
16. In this NWL context, Brent and Harrow CCGs have assessed options to consolidate community service provision. The outcome of this process has been the identification of CNWL as the preferred provider of CCG commissioned paediatric services in Harrow.
17. The key consideration in the evaluation of expressions of interest from CLCH and CNWL that resulted in this decision was the benefit of integrating health commissioned paediatric services with those currently commissioned by the local authority from CNWL.
18. The CCG intends to make a direct award of the contract for community paediatric services to CNWL. A contract will be signed by 31/03/21.

19. This means that there will be new contracts in place for 1st April 2021 including, with CNWL, the jointly commissioned SALT and OT services by Harrow CCG and Harrow Council.
20. Brent and Harrow CCG and the NWL Integrated Care Service (ICS) are working closely with the Local Authorities and other stakeholders to ensure the smooth transfer of services from the current provider to CNWL.
21. To deliver the effective transfer of services the CCG has established a time limited Community Services Transfer Working Group with representation from across the health and social care system. The Working Group is working to ensure the smooth transfer of services from the current provider to an existing NWL community services provider. Harrow Council is represented on the Working Group.
22. The service transfer following the award of a contract is to be on the basis of a “lift and shift”, meaning that the process to award a contract will not need to focus on a new service model, but instead assume that the new provider will arrange for the services to transfer safely “as is”. Any changes to be made to the service delivery model will be considered after service transfer in 1st April 2021, through a process of service transformation arising through engagement and agreement with ICS partners.

People Services Overarching s75 Agreement

23. The Council has responsibility for commissioning and/or providing social care services on behalf of the population of the borough of Harrow, whilst the CCG has the responsibility for commissioning health services pursuant to the 2006 Act in the borough of Harrow.
24. Section 75 of the 2006 Act gives powers to local authorities and clinical commissioning groups to establish and maintain pooled funds out of which payment may be made towards expenditure incurred in the fulfilment of prescribed local authority functions and prescribed NHS functions.
25. In October 2016 Cabinet gave approval for the local authority to jointly commission with the CCG the Future in Mind - emotional, well-being service for children and young people. The commissioning arrangement for this service was through an overarching People Services s75 Agreement that commenced on 1st April 2017 with a 5-year period until 31st March 2022.
26. The overarching People Services Agreement requires reviewing and updating for 1st April 2022 commencement. By agreeing a further 5 year period 1st April 2022 until 31st March 2027 with the option to extend for a further 5 years will allow the organisations to jointly establish terms and conditions on which pooled funds, joint commissioning arrangements can be exercised and formally agreed over this period of time.

27. The Agreement will apply to all joint and lead commissioning services within the People’s Directorate with the CCG which will be formally approved and signed by the relevant level of authority.

Performance Issues

28. The quality of the service provided by the therapists remains high and is well regarded by the service users, their families and other professionals.
29. During the contract period with LNWUHT there have been gaps identified which will need to be reflected in Harrow’s whole systems approach to Paediatric Therapy Services in order to ensure that the needs of children and young people are met going forward.
30. The service specification has been adapted to reflect these changes, which includes greater use of technology for digital/remote interventions, effective and robust transitions pathway and offer for 19-25-year olds.

Environmental Implications

31. There are no environmental implications arising from this report.

Data Protection Implications

32. There are no data protection implications arising from this report

Risk Management Implications

33. Risks included on corporate or directorate risk register? **No**
34. Separate risk register in place? **Yes**
35. As the lead commissioner, Harrow CCG has a risk register in place. The relevant risks contained in the register are summarised below. The risks to Harrow Council that should be taken onto account when agreeing the recommendations in this report are included in the risk register below:

Risk Description	Harrow CCG Mitigation	RAG Status for Risk to Harrow Council	Harrow Council Mitigation
Financial – existing provider budget may not be sufficient to deliver service outcomes	Cannot mitigate the total budget, finance colleagues will be involved in the due diligence process and	Green	The council’s financial contribution remains fixed

	seek feedback from Trusts. Collaborative programme to identify areas for greater efficiency to be put in place		
Challenge to process by NWL providers or external providers. Risk around legal challenge of not putting out to competition.	Design fair and transparent process. Ensure CAN notice is published before entering into contract.	Green	Harrow CCG lead commissioner will manage any challenges
Timescales for completing the transfer are tight and may slip	Options under consideration for flexibility on timescale for transfer	Green	Harrow Council will continue to receive services from the current provider, no gap in provision is envisaged
Business transfer processes is dependent on external organisations (will involve NHS Property Services) and TUPE consultation period. This also may put pressure on providers (including management capacity) during a time when they need to be focussed on managing COVID	Options set out by NWL CCG where the management of the service can commence earlier with formal business transfer taking place at a later stage.	Amber	The Council will adjust to new provider in line with Harrow CCG and ensure least disruption to service users
Workforce – key staff may leave due to uncertainty about their roles (more of a concern for senior staff/ management roles). Risk of loss of key staff.	Ensure communications programme involving LNWHUT and new provider that reassures staff around impact on their roles.	Amber	Brent CCG preparing communication for both Brent and Harrow. Staff will TUPE over to new provider.

Procurement Implications

36. Harrow Council is entering into a s75 agreement under which the SALT and OT services delivery is agreed. Harrow CCG is responsible for the delivery of these services to the Council and will award a contract to the provider. Harrow Council is not party to the contract and therefore the recourse to any service issues is through the s75 agreement.
37. To that end there is no direct procurement implication arising from the recommendations of this report. The s75 agreement is a public sector to public sector agreement that falls outside of the scope of the Public Procurement Regulations. The governance structure will be set out within the s75 agreement.
38. Harrow CCG Award of contract will be for two years, with a review in 2022/23. The LA joint commissioning financial contribution via the s75 will be for 5 years with the option to extend for a further 5 years.

Legal Implications

39. The Children and Families Act 2014 requires local authorities to keep their educational, training and social provision for children and young people with SEN under review, to ensure integration between these provisions and to promote wellbeing and improve quality of provision for children and young people with SEND. This includes SALT and OT services.
40. Section 75 of the National Health Service Act 2006 permits CCG and Local Authorities to commission services jointly. The overarching People Services Section 75 commenced 1st April 2017 with a 5 year period until 31st March 2022. The overarching s75 provides the facility for the Council and CCG to jointly commission a range of services and add service specifications as separate schedules.

Financial Implications

41. Funding for these contracts will come from the Dedicated Schools Grant (DSG) which is a ringfenced grant which includes a High Needs Block (HNB) designed to support a continuum of provision for pupils and students with special educational needs and disabilities (SEND) from 0-25 years old.
42. There are significant pressures on the High Needs Block. In 2019-20 there was an overspend of £2.944m and there is a further projected overspend in 2020-21 of £3.157m taking the projected cumulative deficit on the HNB to £6.101m by March 2021.

43. However, the financial contribution to the SALT and OT contracts ensure compliance with the statutory requirements of the code of practice for children with Special Educational Needs and the Children and Families Act 2014.
44. Speech Language and Communication Needs (SLCN) is the main primary need in Harrow's primary schools and the main secondary need for children and young people with SEND.
45. Investing in SALT and OT will enable more children with a higher level of SEND to attend a mainstream school in Harrow which aligns with Harrow's SEND Strategy to educate more pupils in borough thus reducing the requirement for expensive out of borough and independent school provision. Therefore, funding of £640k for SALT and £145k for OT is committed to these contracts within the HNB. This funding will apply to the new contract from April 2021, incorporating any new inflationary increase relevant to 2021/2022 contracts to ensure sufficiency of funding to meet Agenda for Change pay increases.

Equalities implications / Public Sector Equality Duty

46. An Equality and Health Inequalities Impact Assessment has been undertaken by Brent CCG. The summary outcome is that the proposed transfer of community service to a new provider is unlikely to have an adverse effect on equality or inequalities. The review and updating of specifications provides an opportunity to develop population outcome measures that aim to reduce inequalities in the health of Bent & Harrow populations.

Council Priorities

47. The recommendations ensure that Harrow Council fulfils its statutory duties to provide SALT and OT services to children and young people.
48. Providing services that provide early intervention and support for complex health and education needs support children and young people to access and achieve in education and be healthy contributing to the council's priorities to reduce inequality and delivering integrated services with education, health and social care.

Section 3 - Statutory Officer Clearance

Statutory Officer: Jo Frost

Signed on behalf of the Chief Financial Officer

Date: 8th January 2021

Statutory Officer: Blessing Enejo

Signed on behalf of the Monitoring Officer

Date: 8th January 2021

Statutory Officer: Lisa Taylor

Signed on behalf of the Head of Procurement

Date: 8th January 2021

Statutory Officer: Paul Hewitt

Signed by the Corporate Director

Date: 8th January 2021

Statutory Officer: Susan Dixon

Signed by the Head of Internal Audit

Date: 7th January 2021

Mandatory Checks

Ward Councillors notified: NO, as it impacts on all Wards

EqIA carried out: NO

An Equality and Health Inequalities Impact Assessment has been undertaken by Brent CCG as the lead commissioner.

Section 4 - Contact Details and Background Papers

Contact:

Priya Ganatra, Strategic Commissioning Manager, Children and Young Peoples Services, Priya.Ganatra@harrow.gov.uk

Background Papers: None

Call-in waived by the Chair of Overview and Scrutiny Committee

NO



Report for: Cabinet

Date of Meeting:	11 th February 2021
Subject:	Final Capital Programme 2020/21 to 2023/24
Key Decision:	Yes - involves expenditure in excess of £1m
Responsible Officer:	Dawn Calvert - Director of Finance and Assurance
Portfolio Holder:	Councillor Adam Swersky - Portfolio Holder for Finance and Resources
Exempt:	No
Decision subject to Call-in:	Yes
Wards affected:	All
Enclosures:	Appendix 1 – Proposed Capital Programme 2020/21 to 2023/24 (including new additions at Appendix 2) Appendix 2 – Net Capital additions to the Capital Programme

Section 1 – Summary and Recommendations

This report sets out the proposed Capital proposals for the financial years 2020/21 to 2023/24

Recommendations:

1. Cabinet is requested to recommend the capital programme, as detailed within Appendix 1, to Council for approval.

Reason: To enable the Council to have an approved Capital Programme for 2020/21 to 2032/24.

Section 2 – Report

Capital Programme 2020/21 to 2023/24

1. This report sets out the Council's proposals for Capital investment over the financial years 2020/21 to 2023/24, which provide for significant investment in the General Fund and Housing Revenue Account (HRA).

2. Development of the Capital Programme

Each year as part of the Annual Budget setting process services are requested to put forward proposals for new Capital required for the following 3 years.

3. Generally, the preparation of the Capital Programme looks at the 3 years ahead and not the current financial year (2020/21) but in order to fulfil the requirement for a full review, the current financial year of 2020/21 was also included as part of the review, so that services could better set out the likely spend for the current year given the situation with COVID-19 which put a halt on many Capital projects for several months.

Cost of the Existing Capital Programme

4. The Capital Programme can be funded from a variety of funding sources. Where the Capital Programme is funded from capital grants, external partnership funding, Borough Community Infrastructure Levy (BCIL) and revenue funding such as reserves; this will not attract any form of capital financing cost and has no impact on the revenue budget. Schemes funded from borrowing, will attract a capital financing cost and therefore a direct impact on the revenue budget.
5. Although there are no specific limits to borrowing in order to fund capital expenditure, the Council must be prudent when considering the revenue implications in the context of the overall revenue budget commitments in the medium term and the Capital Programme must be affordable.
6. Table 1 shows the capital financing cost budgets that are already factored into the existing MTFs from 2019/20 to 2021/22 in relation to the Capital Programme agreed in February 2020 and also what proportion of the 2020/21 net revenue budget of £174.8m is made up of Capital Financing costs.

Table 1 - Capital Financing Costs as % of the Net Revenue Budget as at 2020/21 Budget Setting

	Capital Financing Costs	Capital financing costs as % of 2020/21 Net Budget
	£m	%
2020/21	31.8	18%
2021/22	38.7	22%
2022/23	43.6	25%

7. The capital financing cost of the existing Capital programme 2020/21 to 2022/23 (**agreed at Council last year in February 2020**) is £31.8m in 2020/21 and then increases to £43.6m by 2022/23. These figures also relate to the cost of historic capital programmes.
8. In addition, the figures will also include capital financing costs which relate to projects put into the programme to generate enough revenue to cover their capital financing costs and therefore are cost neutral and do not impact on the revenue budget as a direct cost. Some of these projects totalling approximately £128m are being removed from the Programme as set out in paragraphs 12 and 13 and Table 3, and the capital financing costs in Table 1 will therefore reduce accordingly.

Capital proposals put forward 2020/21 to 2023/24

9. The proposed Capital Programme for 2020/21 to 2023/24 is detailed in Appendix 1. The list of changes proposed within the programme, which is over and above what was in the existing Capital Programme (agreed February 2020) is detailed in appendix 2. Table 2 sets out the total proposed Capital Programme.

Table 2 – Total Capital Programme 2020/21 to 2023/24

Project Title	2020/21			2021/22			2022/23			2023/24			TOTAL		
	Total Project cost £000	Funding excluding Borrowing £000	Net project cost funded from borrowing £000	Total Project cost £000	Funding excluding Borrowing £000	Net project cost funded from borrowing £000	Total Project cost £000	Funding excluding Borrowing £000	Net project cost funded from borrowing £000	Total Project cost £000	Funding excluding Borrowing £000	Net project cost funded from borrowing £000	Total Project cost £000	Funding excluding Borrowing £000	Net project cost funded from borrowing £000
Total Resources and Commercial Directorate	14,981	100	14,881	14,731	0	14,731	2,550	0	2,550	1,850	0	1,850	34,112	100	34,012
Total People's Directorate	5,010	4,337	674	22,803	22,033	770	9,071	9,071	0	0	0	0	36,885	35,441	1,444
Total Community Directorate	52,271	14,255	38,016	48,092	12,497	35,595	37,663	14,599	23,064	32,465	12,208	20,256	170,491	53,560	116,931
Total General Fund	72,263	18,692	53,571	85,626	34,530	51,096	49,285	23,671	25,614	34,315	12,208	22,106	241,488	89,101	152,387
Total HRA	21,478	20,116	1,362	90,823	44,644	46,179	53,548	21,277	32,271	23,039	13,410	9,629	188,888	99,447	89,441
Total General Fund + HRA	93,741	38,808	54,933	176,449	79,174	97,275	102,833	44,948	57,885	57,354	25,618	31,735	430,376	188,548	241,828

10. The gross value of the General Fund proposed capital programme for 2020/21 to 2023/24 as detailed in Appendix 1 and summarised in Table 2 is **£241.488m**. **£89.101m** of the total is funded by external sources such as grants as well as internal sources such as the Borough Community Infrastructure Levy (BCIL). This leaves a net cost of **£152.387m**. The net cost figure is the element of the Programme which requires financing from borrowing.

11. In preparing the proposed Capital Programme, services reviewed the need for investment according to the criteria set out below and also reviewed a number of schemes which had been included in the Programme on an invest to save basis, but which were no longer feasible and therefore there projects have been removed:

- a. Life and Limb/Health and Safety.
- b. Statutory Requirement/legislation.
- c. Schemes fully funded by external sources.
- d. Invest to Save Schemes (the capital expenditure must generate a revenue stream to cover the capital financing costs and make a savings contribution).

Overall change to the Capital Programme

12. Overall, the net increase in the Programme is £10.4m as set out in Appendix 2. However, projects which were originally put into the Capital Programme on an invest to save basis and have now been removed or reduced, total a reduction of (£127.7m). Therefore, the net movement is a reduction in the Capital Programme of (£117.3m).

13. The projects that have been removed were either built into the Programme on a cost neutral basis, where the capital financing costs were met by income, or on a net income generating basis, where the scheme should result in a net revenue stream to the Council. The reductions in both capital financing costs and the income streams have also been removed from the revenue budget and included in the draft Revenue budget 2021/22 and MTFs 2021/22 to 2023/24.
14. The Property Acquisition Programme is shown in table 3 as 2 entries as there has been a reduction in the budget of £4.5m and an addition of Right to Buy receipts of £9.873m as a funding resource which has reduced the requirement for borrowing by a total of £14.4m.
15. The following table sets out changes (apart from slippage of projects between years) between the existing Capital Programme (which covers the period 2020/21 to 2022/23) and the proposed programme which extends a further year to 2023/24.

Table 3 - Changes to the Capital Programme

	2020/21 £000	2021/22 £000	2022/23 £000	2023/24 £000	Total £000
Net Capital Additions (Appendix 2)	-6,879	3,347	2,404	11,510	10,382
<u>Removal of Invest to save projects</u>					
Resources					
Investment properties	-94,407				-94,407
Community Directorate					
Unmanned aerial Vehicles	-400				-400
Development of Vernon Lodge	-9177				-9,177
Probation Centre	-5000				-5,000
Vehicle Acquisitions	-7234	60	136	2731	-4,307
Property Acquisition Programme - budget removed from Programme			-4500		-4,500
Property Acquisition Programme - contribution from Right to Buy receipts and therefore reduction on net cost	-2,435	-8,838	-4550	5,950	-9,873
Total	125,532	-5,431	-6,510	20,191	117,282

Capital Programme changes and impact on the Revenue Budget

16. The proposed General Fund Capital Programme of £241.488m is funded by borrowing as well as other funding sources such as grants, revenue funding and the Borough Community Infrastructure Levy (BCIL). The total of the other funding sources (excluding borrowing) amounts to £89.101m. Of this total, the element funded by BCIL is £13.558m which is summarised below and set out in Table 7:

- **£2.000m** for Flood Defence and Highways Drainage
- **£0.016m** for Headstone Manor Parks for People project
- **£0.373m** for Playground Infrastructure
- **£3.154m** for the Harrow Arts Centre
- **£0.520m** for Greenhill Library
- **£0.635m** for the Green Grid Programme
- **£3.650m** for the High Street Fund
- **£0.500m** for the Headstone Manor Flood Alleviation Scheme
- **0.900m** for the Wealdstone Major Transport Project
- **£1.760m** for the Wealdstone Future High Street Fund
- **£0.050m** for Sudbury Hill step free access

17. The additional capital financing cost associated with the proposed Capital Programme is £694k in total. In effect this is the cost of the net increase of £10.4m. Of the £694k, £470k of this cost is in 2023/24, with a further £224k increase in 2024/25 which is outside the existing MTFS period. Therefore, a further £224k needs to be factored into the budget for 2024/25 as part of next year's 2022/23 budget process.

Table 4 – Additional Capital Financing Implications Proposed Capital Programme

Capital Financing Costs	Annual costs
	£000
2023/24 Impact	470
2024/25 Impact	224
Total Capital Financing Costs	694

Community Infrastructure Levy (CIL) Funding

18. The Community Infrastructure Levy (CIL) enables the council to raise funds for infrastructure from new development. It is levied on the net increase in floor space arising from new developments and is paid when that development starts. The Community Infrastructure Levy (CIL) is a tool for local authorities to support the development of their area by funding the provision, improvement, replacement, operation or maintenance of infrastructure. However, the focus of CIL is on the delivery of new infrastructure to meet and mitigate the impacts of new development in an area.

19. CIL receipts can be used to fund a wide range of infrastructure including transport, schools, health and social care facilities, libraries, play areas, green spaces and sports facilities. Harrow's list of strategic infrastructure requirements known as a Regulation 123.

20. Of all CIL monies collected, 85% is used to fund strategic borough wide infrastructure projects, which includes a 5% allowance to cover the administrative costs of CIL. The decisions on where to spend CIL at a borough-wide level is determined by the Council. The remaining 15% is allocated to Neighbourhood CIL (NCIL) and must be spent on projects that have taken account of the views of the communities in which the income was generated, and these projects should support the development of the area.
21. In 2017, the principle was adopted by the Major Development Panel (14th November 2017) and recommended to Cabinet that the allocation of Borough and Neighbourhood CIL is included as part of the Annual Budget Setting process and included in the Capital Programme report which goes to Cabinet in draft (in December each year) and in February in its final version.
22. In terms of the Neighbourhood element of CIL specific projects to be funded by Neighbourhood CIL can be put forward by the relevant Directorates / Ward members and assessed against the criteria outlined in the CIL Allocations report agreed by the Major Development Panel in November 2017. The final decision on what projects are funded from the agreed NCIL allocations was delegated to the Divisional Director – Regeneration and Planning*, in consultation with the Portfolio Holders for Regeneration and Planning, and Finance and Resources. *The current delegation is with the Interim Chief Planning Officer.
23. The Borough CIL element is used to fund the core Capital programme. Schemes in the Capital Programme that have been funded by BCIL to 2019/20 are set out in Table 5 and total £8.078m.

Table 5 – Schemes funded from BCIL up to 2019/20

Financial year	Description	Actual BCIL applied
		£'000
2017/18	Highway projects	4,800
2018/19	Headstone Manor (Parks for People)	284
2018/19	Rayners Lane Triangle project	40
2018/19	Parks Infrastructure (Playground replacement)	545
2019/20	Parks Infrastructure (Playground replacement)	227
2019/20	GGF Round 2 - HAC modular buildings	72
2019/20	Flood Defence	300
2019/20	Highway Drainage	200
2019/20	Green Grid	40
2019/20	New Town Centre Library	1,570
	Total	8,078

24. Table 6 sets out the CIL funding received to 22nd January 2021 showing that £6.652m of BCIL and £1.856m of NCIL is available to date to fund projects from 2020/21 onwards:

Table 6 – CIL Funding available as at 22 January 2021

	BCIL	NCIL	Total
	£'000	£'000	£'000
Balance as at 31.3.2020	5,627	1,683	7,310
20/21 Receipts (up to 22/01/2021 as per SA)	1,025	173	1,198
Total Balance (up to 22/01/21)	6,652	1,856	8,508

25. The projects in the new Capital Programme for 2020/21 to 2023/24, to be funded from BCIL is £13.558m as set out in Table 7 which shows the spend over financial years.

Table 7: Schemes funding from BCIL from 2020/21 to 2023/24

Capital programme commitments:	2020/21	2021/22	2022/23	2023/24	Total
	£'000	£'000	£'000	£'000	£'000
Flood Defence and Highway Drainage	500	500	500	500	2,000
Headstone Manor (Parks for People)	16				16
Parks Playground replacement	373				373
HAC project GGF Round 2	1,677	1,177			2,854
New Town Centre library	520				520
Green Grid	185	150	150	150	635
High Street Fund	250	1,300	1,100	1,000	3,650
Headstone Manor Flood Alleviation scheme	500				500
Wealdstone Major Transport Infrastructure		900			900
Wealdstone Major Transport Infrastructure project - Liveable Neighbourhood					0
HAC Capital Infrastructure	300				300
Sudbury Hill step free access	50				50
Wealdstone Future High Street Fund				1,760	1,760
Total Commitments	4,371	4,027	1,750	3,410	13,558

26. The total funding currently available of BCIL amounts to £6.652m as set out in Table 6. The total requirement for BCIL funding for the Capital Programme is £13.558m. This means a further £6.906m of BCIL is needed between the remainder of this current financial year of 2020/21 and the 3 years 2021/22, 2022/23 and 2023/24.

27. The impact of COVID-19 has seen the BCIL receipts drop from an average of £2.4m pa to only £1.025m to date this financial year. In order to fund the commitments in the Capital Programme an average of £2.3m is required pa for the next 3 years 2021/22 to 2023/24. Based on years prior to 2020/21 (which has been greatly impacted by COVID-19), achieving £2.3m pa would be considered a reasonable assumption. If this estimated level of BCIL is not received, then it would be necessary to fund the schemes from other sources or remove them from the Capital Programme. If the

alternative source is borrowing, then this will impact upon future year's budgets as it will increase the cost of borrowing and impact the revenue budget.

Housing Revenue Account (HRA)

The proposed HRA Capital Programme is set out elsewhere on the agenda in more detail but also included in Appendix 1. Any implications from the HRA Capital Programme are funded from the Housing Revenue Account and do not impact upon the General Fund Budget.

Options considered

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

Legal Implications

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

Financial Implications

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

Procurement Implications

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

Performance Issues

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

Risk Management Implications

35. Risks included on corporate or directorate risk register? **/No**
36. Separate risk register in place? **/No**
37. The relevant risks contained in the register are attached/summarised below. **n/a**
38. The following key risks should be taken onto account when agreeing the recommendations in this report:

Risk Description	Mitigations	RAG Status
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<p>A significant consideration in developing the programme has been the risks arising from not keeping our infrastructure in good order. Not doing so would lead to an increase in health and safety risks and additional costs in replacing assets when they deteriorate too much to repair.</p>	<p>Two of the key criteria for including projects in the capital Programme are those projects that are needed to ensure that we continue to invest in our capital assets to cover to ensure the Council meets it's requirements for both Life and Limb/Health and Safety requirements and to fulfil the Council's Statutory and legislative duties.</p>	
<p>The cost of the Capital programme is not affordable.</p>	<p>The additional cost of this Capital programme has been factored into the Revenue Budget and is included in the Final Revenue Budget report set out elsewhere on the agenda and is therefore affordable.</p>	
<p>The risk that the required level of BCIL does not materialise.</p>	<p>As the Capital programme is an annual process and the BCIL funding is now included in the report each year and will be kept under review.</p>	
<p>Capital projects being included in the Capital programme where they are funded from additional income to be generated from the project.</p>	<p>A number of projects that were reliant of income generation to fund the capital financing costs have been removed from the Capital Programme which has reduced the risk associated with income generation</p>	

Equalities implications / Public Sector Equality Duty

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

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

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

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

The relevant protected characteristics are:

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

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

42. **Council Priorities**

The Council's Final Capital Programme for 2020/21 to 2023/24 has been prepared in line with the Council's priorities:

1. **Improving the environment and addressing climate change**
2. **Tackling poverty and inequality**
3. **Building homes and infrastructure**
4. **Addressing health and social care inequality**
5. **Thriving economy**

Section 3 - Statutory Officer Clearance

Statutory Officer: Dawn Calvert

Signed by the Chief Financial Officer

Date: 01/02/21

Statutory Officer: David Hodge

Signed on behalf of the Monitoring Officer

Date: 01/02/21

Chief Officer: Charlie Stewart

Signed off by the Corporate Director

Date: 03/02/21

Head of Procurement: Nimesh Mehta

Signed by the Head of Procurement

Date: 02/02/21

Head of Internal Audit: Susan Dixon

Signed by the Head of Internal Audit

Date: 02/02/21

Mandatory Checks

Ward Councillors notified: NO, as it impacts on all Wards

EqlA carried out: NO - any projects with potential impacts will separately be required to do an impact assessment

EqlA cleared by: N/A

Section 4 - Contact Details and Background Papers

Contact: Sharon Daniels, Head of Strategic and Technical Finance (Deputy S151), Email: sharon.daniels@harrow.gov.uk

Background Papers: None

Call-in waived by the Chair of Overview and Scrutiny Committee

NO

Project Title	2020/21			2021/22			2022/23			2023/24			TOTAL			Governance Board
	Total Project cost £000	Funding excluding Borrowing £000	Net project cost funded from borrowing £000	Total Project cost £000	Funding excluding Borrowing £000	Net project cost funded from borrowing £000	Total Project cost £000	Funding excluding Borrowing £000	Net project cost funded from borrowing £000	Total Project cost £000	Funding excluding Borrowing £000	Net project cost funded from borrowing £000	Total Project cost £000	Funding excluding Borrowing £000	Net project cost funded from borrowing £000	
Resources and Commercial Directorate																
Capital cost of transition and transformation of ICT service	159		159			0			0			0	159	0	159	IT Strategy Board
ICT Re-Commissioning	1,044		1,044			0			0			0	1,044	0	1,044	IT Strategy Board
Legal Case Management System	41	41	0			0			0			0	41	41	0	IT Strategy Board
Digital Improvements Programme			0	750		750	400		400	600		600	1,750		1,750	IT Strategy Board
Enterprise Resources Planning TT			0	1,050		1,050	650		650			0	1,700		1,700	Dynamics Programme Board
Enterprise Resource Planning System	6,022		6,022	110		110			0			0	6,132	0	6,132	Dynamics Programme Board
Ongoing ICT Refresh and Enhancements	5,683		5,683	1,959		1,959	1,000		1,000	1,000		1,000	9,642	0	9,642	IT Strategy Board
Devolved IT Applications	1,435		1,435	1,861		1,861	500		500	250		250	4,046	0	4,046	IT Strategy Board
ABAVUS and Waste Collector	538		538			0			0			0	538	0	538	Integrated Streets and Grounds Project Group
LAA Performance Reward Grant	59	59	0			0			0			0	59	59	0	Capital Forum
Other Schemes (Council wide)	0		0			9,001			0			0	9,001	0	9,001	Capital Forum
Total Resources and Commercial Directorate	14,981	100	14,881	14,731	0	14,731	2,550	0	2,550	1,850	0	1,850	34,112	100	34,012	
Total People's Directorate	5,010	4,337	674	22,803	22,033	770	9,071	9,071	0	0	0	0	36,885	35,441	1,444	
Community Directorate																
Commissioning and Environment																
High Priority Planned Works - Corporate Sites To continue the programme of investment to undertake essential improvements across the Corporate Estate to ensure that properties in a safe and appropriate condition and comply with appropriate statutory, regulatory and corporate standards.	1,278		1,278	650		650	650		650	650		650	3,228	0	3,228	Contracts Board
Parks Infrastructure On-going programme to address historic under-investment and responsive only maintenance regimes to parks infrastructure; to address areas of deterioration and improve existing facilities and provide safe access for users.	951		951	350		350	350		350	350		350	2,001	0	2,001	Contracts Board
Parks Playground Improvement	373	373	0			0			0			0	373	373	0	Contracts Board
Car Park Infrastructure	19		19	0		0			0			0	19	0	19	Contracts Board
Waste Services bins (Trade) Replacement of aged, damaged and/or lost wheeled bins, as well as bins provision for new residential development within the borough and bins for business (as part of trade waste service).	157		157	150		150	0		0	0		0	307	0	307	Contracts Board

Project Title	2020/21			2021/22			2022/23			2023/24			TOTAL			Governance Board
	Total Project cost £000	Funding excluding Borrowing £000	Net project cost funded from borrowing £000	Total Project cost £000	Funding excluding Borrowing £000	Net project cost funded from borrowing £000	Total Project cost £000	Funding excluding Borrowing £000	Net project cost funded from borrowing £000	Total Project cost £000	Funding excluding Borrowing £000	Net project cost funded from borrowing £000	Total Project cost £000	Funding excluding Borrowing £000	Net project cost funded from borrowing £000	
Waste Services bins (Domestic) Replacement of aged, damaged and/or lost wheeled bins for domestic properties	238		238	0		0	0		0	0		0	238	0	238	Contracts Board
CA Site Infrastructure On-going maintenance programme to the Civic Amenity site to ensure it provides a safe and secure environment in which to operate its business and continue to meet the needs of staff and users.	0		0	100		100	75		75	75		75	250	0	250	Contracts Board
Green Grid Programme - BCIL funded Improvements to Harrow's green infrastructure to provide a network of interlinked and multifunctional open spaces.	217	185	32	150	150	0	150	150	0	150	150	0	667	635	32	Contracts Board
Highways Programme To deliver the highways programme of investment and undertake essential structural maintenance to the highway asset.	5,037	37	5,000	6,000		6,000	6,000		6,000	5,500		5,500	22,537	37	22,500	Contracts Board
Parking Management Programme to implement controlled parking schemes and restrictions and support the delivery of LIP	300		300			0			0			0	300	0	300	Contracts Board
Headstone Manor - Park for People Project	897	897	0			0			0			0	897	897	0	
Flood Defence & Highways Drainage -BCIL funded To deliver the flood defence and alleviation programme of investment and implement schemes that minimise the risk of flooding from approximately 80kms of rivers and watercourses in the borough, and the highways drainage programme of investment and implement schemes in 15 critical drainage areas identified in the Council's Surface Water Management Plan.	500	500	0	500	500	0	500	500	0	500	500	0	2,000	2,000	0	Contracts Board
Street Lighting Programme To continue the street lighting programme of investment, which includes upgrading life expired street lighting columns and replacing conventional lanterns for more energy efficient LED lanterns	1,000		1,000	1,500		1,500	1,500		1,500	1,500		1,500	5,500	0	5,500	Contracts Board
Local Implementation Plan (LIP) including Parking Management Programme To deliver the transport projects and initiatives set out in the third Transport Local Implementation Plan (LIP) programme of investment for 2020/21 - 2022/23. A Parking Management Programme to implement controlled parking schemes and restrictions is funded by Harrow Capital and supports the delivery of the LIP.	530	530	0	1,691	1,391	300	1,691	1,391	300	1,691	1,391	300	5,603	4,703	900	Contracts Board
Wealdstone Major Transport Infrastructure Project: Town centre / bus improvements scheme along the High Street / A409 corridor The project is funded from external funding from TFL (£1.5m) and a match fund from BCIL (£0.9m).	1,000	1,000	0	1,400	1,400	0			0			0	2,400	2,400	0	Contracts Board
Wealdstone Major Transport Infrastructure Project: Liveable Neighbourhood for the wider transport network and residential neighbourhoods around the town centre. The project is anticipated to be funded from external funding from TFL (£3.84m).	0		0	300	300	0	2,270	2,270	0	1,270	1,270	0	3,840	3,840	0	Contracts Board

Project Title	2020/21			2021/22			2022/23			2023/24			TOTAL			Governance Board
	Total Project cost £000	Funding excluding Borrowing £000	Net project cost funded from borrowing £000	Total Project cost £000	Funding excluding Borrowing £000	Net project cost funded from borrowing £000	Total Project cost £000	Funding excluding Borrowing £000	Net project cost funded from borrowing £000	Total Project cost £000	Funding excluding Borrowing £000	Net project cost funded from borrowing £000	Total Project cost £000	Funding excluding Borrowing £000	Net project cost funded from borrowing £000	
Headstone Manor Flood Alleviation scheme The proposed scheme is a combination of works in the Headstone Manor Recreation Ground playing fields and comprises the construction of a 20,000 m3 storage basin, to reduce flow leaving site and reducing the pressure on the existing sewer and river network downstream. Environment Agency funding of £0.968m has been granted, with the match fund of £0.5m being anticipated from BCIL .	1,618	1,618	0			0			0			0	1,618	1,618	0	Contracts Board
CCTV cameras and equipment at the depot	50		50			0			0			0	50	0	50	Contracts Board
CCTV Infrastructure	18	0	18	1,246		1,246			0			0	1,264	0	1,264	Contracts Board
Street Litter Bins	28		28			0			0			0	28	0	28	Contracts Board
Harrow Weald Toilet Block	149		149			0			0			0	149	0	149	Contracts Board
Redevelopment of Rayners Lane Toilet Block	71		71			0			0			0	71	0	71	Contracts Board
Redevelopment of Vernon Lodge	5		5			0			0			0	5	0	5	TBC
Vehicle Procurement	425		425	60		60	136		136	2,731		2,731	3,352	0	3,352	Contracts Board
Depot redevelopment project	14,571		14,571			0			0			0	14,571	0	14,571	Depot Project Board
Climate Emergency - Energy emissions reduction measures			0	250		250	250		250			0	500	0	500	
Total Commissioning and Environment	29,432	5,140	24,292	14,347	3,741	10,606	13,572	4,311	9,261	14,417	3,311	11,106	71,768	16,503	55,265	
Cultural Services																
Libraries Self-Service Kiosks Refresh To replace the 14 self-service kiosks across the 6 Harrow Libraries.			0	120		120			0			0	120	0	120	Contracts Board
Leisure and Libraries Capital Infrastructure Targeted investment to improve the infrastructure of the Council's leisure and library facilities.	352	0	352	150		150	150		150	150		150	802	0	802	Contracts Board
Bannisters Former Civil Defence Building	348		348			0			0			0	348	0	348	Contracts Board
Sec 106 Banister Sport Pitch	1,159	1,159	0			0			0			0	1,159	1,159	0	Contracts Board
Central Library Fit out	1,039	555	484			0			0			0	1,039	555	484	Contracts Board
Refurbishment of Libraries	0	0	0			0			0			0	0	0	0	Contracts Board
Harrow Arts Centre Capital Infrastructure Capital investment to deliver essential Health and Safety works including drainage, toilet facilities, roof tiles, external railings, fencing and paving, and intruder alarms.	300	300	0			0			0			0	300	300	0	Contracts Board
Harrow Arts Centre - BCIL funded Additional funding to complete the existing refurbishment and new build project. Original funding in the existing programme is £1.91m (GLA funding £760k and BCIL £1.15m). The total cost estimates are now £3.686m for the whole project, which takes into account the revised cost for refurbishing existing buildings based on updated QS advice and the requirement for traditional build for the new building (instead of modular building).	2,130	2,130	0	1,177	1,177	0			0			0	3,307	3,307	0	Contracts Board
Harrow Museum Capital Infrastructure	44	0	44			0			0			0	44	0	44	Contracts Board
Total Cultural Services	5,372	4,144	1,228	1,447	1,177	270	150	0	150	150	0	150	7,119	5,321	1,798	

Project Title	2020/21			2021/22			2022/23			2023/24			TOTAL			Governance Board
	Total Project cost £000	Funding excluding Borrowing £000	Net project cost funded from borrowing £000	Total Project cost £000	Funding excluding Borrowing £000	Net project cost funded from borrowing £000	Total Project cost £000	Funding excluding Borrowing £000	Net project cost funded from borrowing £000	Total Project cost £000	Funding excluding Borrowing £000	Net project cost funded from borrowing £000	Total Project cost £000	Funding excluding Borrowing £000	Net project cost funded from borrowing £000	
Housing General Fund																
Disabled Facilities Grant	2,306	1,517	789	2,070	1,638	432	2,111	1,638	473	2,154	1,638	515	8,641	6,432	2,209	Housing Contracts Board
Empty Property Grant -	120	0	120	120	0	120	120	0	120	120	0	120	480	0	480	Housing Contracts Board
Property Acquisition Programme - 2020/21 Q2 fcast; 2021/22 onwards assume 24 x £340k ea, round up to £8.5k p.a based on empirical purchase profile Financing : 30% RTB receipts, 70% Borrowing	7,109	2,133	4,976	8,802	2,641	6,162	8,500	2,550	5,950	8,500	2,550	5,950	32,911	9,873	23,038	Housing Contracts Board
Total Housing General Fund	9,534	3,650	5,885	10,992	4,279	6,713	10,731	4,188	6,543	10,774	4,188	6,585	42,032	16,305	25,726	
Regeneration, Enterprise and Planning																
Harrow High Street Fund To improve cycling and walking infrastructure and high street improvement works. £3.65m to be funded from BCIL.	350	250	100	1,800	1,300	500	1,600	1,100	500	1,500	1,000	500	5,250	3,650	1,600	Contracts Board
Wealdstone Future High Street Fund (FHSF): An in principle offer of £7.449m has been secured from the MHCLG for a number of capital projects in the town centre. Confirmation of funding will be received by the council in March 2021. The funding will be used to deliver various infrastructure investments. BCIL match funding of £1.76m .			0	1,500	1,500	0	4,500	4,500	0	3,209	3,209	0	9,209	9,209	0	Contracts Board
Lyon Rd Pop Restaurant & Square	685	685	0			0			0			0	685	685	0	Contracts Board
Trinity Square	151	151	0			0			0			0	151	151	0	Contracts Board
MoL COVID-19 - ERSF	78	78	0			0			0			0	78	78	0	Planning and Public Protection IT Solution Project Board
New Planning IT system	875	0	875			0			0			0	875	0	875	Planning and Public Protection IT Solution Project Board
Neighbourhood CIL funded projects	157	157	0	500	500	0	500	500	0	500	500	0	1,657	1,657	0	Contracts Board
Waxwell Lane Development	3,898	0	3,898	1,570	0	1,570	0	0	0	0	0	0	5,468	0	5,468	Building a Better Harrow Board
Haslam House Redevelopment	1,732	0	1,732	865	0	865	0	0	0	0	0	0	2,598	0	2,598	Building a Better Harrow Board
Other Regeneration	0	0	0	1,788		1,788			0			0	1,788	0	1,788	Building a Better Harrow Board
Poets Corner	0	0	0	8,119		8,119			0			0	8,119	0	8,119	Building a Better Harrow Board
Gayton Rd	5		5	2,293		2,293			0			0	2,298	0	2,298	Building a Better Harrow Board
Plot S				500		500			0			0	500	0	500	Building a Better Harrow Board
Demolition of Social club				300		300			0			0	300	0	300	Building a Better Harrow Board

Project Title	2020/21			2021/22			2022/23			2023/24			TOTAL			Governance Board
	Total Project cost £000	Funding excluding Borrowing £000	Net project cost funded from borrowing £000	Total Project cost £000	Funding excluding Borrowing £000	Net project cost funded from borrowing £000	Total Project cost £000	Funding excluding Borrowing £000	Net project cost funded from borrowing £000	Total Project cost £000	Funding excluding Borrowing £000	Net project cost funded from borrowing £000	Total Project cost £000	Funding excluding Borrowing £000	Net project cost funded from borrowing £000	
Investment in HNC				2,070		2,070			0			0	2,070	0	2,070	Building a Better Harrow Board
Investment in 3 core sites							6,610		6,610	1,915		1,915	8,525	0	8,525	Building a Better Harrow Board
Total Regeneration, Enterprise and Planning	7,932	1,321	6,611	21,305	3,300	18,005	13,210	6,100	7,110	7,124	4,709	2,415	49,572	15,430	34,141	
Total Community Directorate	52,271	14,255	38,016	48,092	12,497	35,595	37,663	14,599	23,064	32,465	12,208	20,256	170,491	53,560	116,931	
Total General Fund	72,263	18,692	53,571	85,626	34,530	51,096	49,285	23,671	25,614	34,315	12,208	22,106	241,488	89,101	152,387	
Housing Revenue Account																
Planned Investment Programme	5,191	5,191	0	12,161	12,161	0	5,895	5,895	0	5,895	5,895	0	29,142	29,142	0	Housing Contracts Board
HRA Acquisitions	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	Housing Regeneration Board
Housing IT Scheme	413	413	0	796	796	0	179	179	0	0	0	0	1,388	1,388	0	Housing Contracts Board
Grange Farm phase 1	6,185	6,185	0	15,812	15,812	0	2,632	2,632	0	432	432	0	25,061	25,061	0	Housing Regeneration Board
Grange Farm phase 2	4,000	4,000	0	975	975	0	1,800	1,800	0	6,038	3,288	2,750	12,813	10,063	2,750	Housing Regeneration Board
Grange Farm phase 3	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	Housing Regeneration Board
Building Council Homes For Londoners'	5,689	4,327	1,362	61,079	14,900	46,179	43,042	10,771	32,271	10,674	3,795	6,879	120,484	33,793	86,691	Housing Regeneration Board
Total HRA	21,478	20,116	1,362	90,823	44,644	46,179	53,548	21,277	32,271	23,039	13,410	9,629	188,888	99,447	89,441	
Total General Fund + HRA	93,740	38,808	54,933	176,449	79,174	97,275	102,833	44,948	57,885	57,354	25,618	31,735	430,375	188,548	241,828	

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Project Title	2020/21	2020/21	2020/21	2021/22	2021/22	2021/22	2022/23	2022/23	2022/23	2023/24	2023/24	2023/24	TOTAL for all years		
	Total Project cost	Funding excluding Borrowing	Net project cost funded from Borrowing	Total Project cost	Funding excluding Borrowing	Net project cost funded from Borrowing	Total Project cost	Funding excluding Borrowing	Net project cost funded from Borrowing	Total Project cost	Funding excluding Borrowing	Net project cost funded from Borrowing	Total Project cost	Funding excluding Borrowing	Net project cost funded from Borrowing
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Resources and Commercial Directorate															
Legal Case Management System	41	41	0										41	41	0
Digital Improvements Programme				750		750	400		400	600		600	1,750	0	1,750
Enterprise Resources Planning TT				1,050		1,050	650		650			0	1,700	0	1,700
Ongoing ICT Refresh and Enhancements							-882		-882	1,000		1,000	118	0	118
Devolved IT Applications							338		338	250		250	588	0	588
Total Resources and Commercial Directorate	41	41	0	1,800	0	1,800	506	0	506	1,850	0	1,850	4,197	41	4,156
People's Directorate															
Adults															
Integrated Health Model	-65	20	-85										-65	20	-85
Schools															
Schools Expansion Programme Phase 2	-1,148	-680	-468										-1,148	-680	-468
Secondary Expansion	-13,233	-9,071	-4,162										-13,233	-9,071	-4,162
SEN Expansion	-6,511	-4,752	-1,759										-6,511	-4,752	-1,759
Total Schools	-20,892	-14,503	-6,389	0	0	0	0	0	0	0	0	0	-20,892	-14,503	-6,389
Total People's Directorate	-20,957	-14,483	-6,474	0	0	0	0	0	0	0	0	0	-20,957	-14,483	-6,474
Community Directorate															
High Priority Planned Works to Corporate Sites				-30		-30	-30		-30	650		650	590	0	590
Parks Infrastructure				-150		-150	-150		-150	350		350	50	0	50
Car Park Infrastructure				-15		-15	-30		-30			0	-45	0	-45
Waste Services bins (Trade)							-150		-150	0		0	-150	0	-150
Waste Services bins (Domestic)				-100		-100	-100		-100	0		0	-200	0	-200
CA Site Infrastructure				25		25				75		75	100		100
Green Grid Programme - BCIL funded										150	150	0	150	150	0
Improvements to Harrow's green infrastructure															
Highways Programme	12	12	0				500		500	5,500		5,500	6,012	12	6,000
Flood Defence & Highways Drainage -BCIL funded										500	500	0	500	500	0
Street Lighting Programme				500		500	500		500	1,500		1,500	2,500	0	2,500
Local Implementation Plan (LIP) including Parking Management Programme To deliver the transport projects and initiatives set out in the Transport Local Implementation Plan (LIP) programme of investment for 2020/21 - 2022/23. A Parking Management Programme to implement controlled parking schemes and restrictions is funded by Harrow Capital and supports the delivery of the LIP.										1,691	1,391	300	1,691	1,391	300

Capital Programme net additions 2020/21 to 2023/24

Appendix 2

Project Title	2020/21	2020/21	2020/21	2021/22	2021/22	2021/22	2022/23	2022/23	2022/23	2023/24	2023/24	2023/24	TOTAL for all years		
	Total Project cost	Funding excluding Borrowing	Net project cost funded from Borrowing	Total Project cost	Funding excluding Borrowing	Net project cost funded from Borrowing	Total Project cost	Funding excluding Borrowing	Net project cost funded from Borrowing	Total Project cost	Funding excluding Borrowing	Net project cost funded from Borrowing	Total Project cost	Funding excluding Borrowing	Net project cost funded from Borrowing
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Climate Emergency - Energy emissions reduction measures				250		250	250		250			0	500	0	500
Total Commissioning and Environment	12	12	0	480	0	480	790	0	790	10,416	2,041	8,375	11,698	2,053	9,645
Cultural Services															
Leisure and Libraries Capital Infrastructure				15		15	15		15	150		150	180	0	180
Total Cultural Services	0	0	0	15	0	15	15	0	15	150	0	150	180	0	180
Housing General Fund															
Disabled Facilities Grant	337	412	-75	553	121	432	594	121	473	2,153	1,638	515	3,637	2,292	1,345
Empty Property Grant -	-330	0	-330	120	0	120	120	0	120	120	0	120	30	0	30
Total Housing General Fund	7	412	-405	673	121	552	714	121	593	2,273	1,638	635	3,667	2,292	1,375
Regeneration, Enterprise and Planning															
Harrow High Street Fund To improve cycling and walking infrastructure and high street improvement works.	-1,387	-1,387	0	1,800	1,300	500	1,600	1,100	500	1,500	1,000	500	3,513	2,013	1,500
Wealdstone Future High Street Fund (FHSF): An in principle offer of £7.449m has been secured from the MHCLG for a number of capital projects in the town centre. Confirmation of funding will be received by the council in March 2021. The funding will be used to deliver various infrastructure investments. BCIL match funding of £1.76m .				1,500	1,500	0	4,500	4,500	0	3,209	3,209	0	9,209	9,209	0
Neighbourhood CIL funded projects				500	500	0	500	500	0	500	500	0	1,500	1,500	0
Total Regeneration, Enterprise and Planning	-1,387	-1,387	0	3,800	3,300	500	6,600	6,100	500	5,209	4,709	500	14,222	12,722	1,500
Total General Fund	-22,284	-15,405	-6,879	6,768	3,421	3,347	8,625	6,221	2,404	19,898	8,388	11,510	13,007	2,625	10,382



Report for: Cabinet

Date of Meeting:	11 th February 2021
Subject:	Revenue and Capital Monitoring 2020/21 - as at Quarter 3 (31 December 2020).
Key Decision:	Yes
Responsible Officer:	Dawn Calvert - Director of Finance and Assurance
Portfolio Holder:	Councillor Adam Swersky - Portfolio Holder for Finance and Resources.
Exempt:	No
Decision subject to Call-in:	Yes
Wards affected:	All wards
Enclosures:	Appendix 1 – Summary of 2020/21 Revenue Budget Forecast by Directorate as at Quarter 3 Appendix 2 – Draw Down From Reserves and Cross Divisional Adjustments Including One-Off Income Appendix 3 – Summary of Reserves at Q3 Appendix 4 – 2020/21 Savings Tracker Appendix 5 – Capital Programme 2020/21 – as at Quarter 3 Appendix 6 – Trading Company Update 2020/21 – as at Quarter 3

Section 1 – Summary and Recommendations

This report sets out the Council's forecast financial position as at Quarter 3 (31 December 2020), and seeks approval for Capital Programme adjustments.

Recommendations:

1. That Cabinet notes the revenue and capital forecast positions set out in paragraphs 1.2 and 1.10.
2. That Cabinet notes the grave concerns being expressed at the legacy impact of COVID-19 over the MTFS and the work being undertaken on finance sustainability in paragraphs 2.46 to 2.53.
3. That Cabinet approve the proposed amendments to the Capital Programme as set out in paragraphs 3.33 to 3.35
4. That Cabinet note progress on the Council's Trading Update as at Quarter 3, as detailed in Appendix 6.

Reason: (For recommendations)

To report the 2020/21 forecast financial position as at Quarter 3 (31 December 2020), to update Cabinet on trading company performance and to seek approval for Capital Programme adjustments which require Cabinet approval in accordance with the Financial Regulations.

Section 2 – Report

1.0 INTRODUCTION

- 1.1 This is the third monitoring report for 2020/21. As well as reporting on the Council's business as usual forecast position, it also includes the financial impact of COVID-19 on the 2020/21 position.
- 1.2 The net forecast underspend as at Quarter 3, on the revenue budget is (£1.985m) after the planned use of reserves which are largely applied to fund one-off projects and cross divisional adjustments including one-off income.
- 1.3 This is an increase in the underspend position reported at Q2 of £1.956m. This is largely due to a reduction in pressures in the Community directorate which are set out in more detail in section 2 of this report.
- 1.4 The COVID-19 impact is forecast at £22.382m and allowing for (£22.261m) of Emergency grant funding announced to date and also an assumed compensation payment for loss of sales, fees and charges, currently estimated at (£4.3m), the net impact is £121k.

- 1.5 This is a reduction in pressure from the position reported at Q2 of £0.487m. This is largely due to the announcement of a fourth tranche of COVID-19 funding of £2.226m which has been partially offset by additional costs within the directorate costs which are set out in more detail in section 2 of this report.
- 1.6 Once the net impact of COVID-19 is included of £121k, the revenue position shows a (£1.864m) underspend.
- 1.7 As part of the MTFS set out in more detail in the Final Budget Report also considered on this agenda it is anticipated that there will be a £2m underspend in 2020-21 to support the 2021-22 budget.
- 1.8 It should also be noted that the financial projections in this report were calculated before it was announced that the country would enter into another national lockdown phase. It is anticipated that once the financial projections are revised to reflect additional expenditure and further losses of income as a result of this, a balanced budget could only be achieved by another injection of additional government funding.
- 1.9 As a result of this one off COVID-19 funding, this report does indicate that the Council can manage a balanced budget position for 2020/21 for COVID-19 related activities. However there are grave concerns about the legacy impacts of COVID-19 over the Medium Term Financial Strategy.
- 1.10 The Capital Programme is reporting a forecast spend of £90.627m against a budget of £124.420m. This represents a total forecast spend of 73%. In terms of general fund capital, there is a net forecast variance of £3.114m which is mainly slippage. For the Housing Revenue Account, a variance of £30.679m is forecast which all mainly relates to slippage.

2.0 **Revenue Monitoring**

- 2.1 The revenue forecast underspend at Quarter 3 is (£1.864m) which includes a net COVID-19 pressure of £121k. The Q2 position before taking COVID-19 pressures into account is a net underspend of (£1.985m).
- 2.2 Due to the COVID-19 pandemic the monitoring of financial performance is being separated between business as usual and COVID-19. This is to ensure the impact of COVID-19 is fully understood in the current financial year and moving forwards. The summary of the forecast by the division is set out in Table 1 with a more detailed breakdown at Appendix 1:

Table 1: Summary of Revenue Budget Monitoring – as at 31 December 2020

Directorate	Revised Budget £'000	Forecast Outturn – Business as usual £'000	Drawdown From reserves £'000	Cross Divisional Adjustments Including one-off £'000	Revised Forecast due to Business as usual £'000	Variance due to Business as usual £'000	Forecast Outturn – due to COVID-19 £'000	Revised Forecast after COVID-19 Pressure £'000	Variance Including COVID-19 £'000	Q2 Variance £'000	Movement £'000
Resources	36,939	39,646	(2,511)	(285)	36,851	(88)	3,788	40,639	3,700	3,228	472
Community											
Commissioning & Commercial Services	(4,431)	(3,390)	(18)	(80)	(3,488)	943	8,601	5,113	9,544	9,336	208
Environment & Culture	23,226	23,638	(284)	0	23,354	128	4,028	27,382	4,156	4,099	57
Directorate Management	195	195	0	0	195	0	0	195	0	(0)	0
Housing General Fund	4,557	4,695	112	(250)	4,557	0	320	4,877	320	620	(300)
Regeneration, Enterprise and Planning	1,291	2,273	(994)	0	1,279	(12)	612	1,891	600	250	350
Total Community	24,838	27,411	(1,184)	(330)	25,897	1,059	13,561	39,458	14,620	14,304	316
People											
Adults Services	66,783	66,871	(88)	0	66,783	0	2,897	69,680	2,897	4,332	(1,435)
Public Health	(1,814)	(1,814)	0	0	(1,814)	0	400	(1,414)	400	0	400
Children's Services	33,845	34,239	(61)	(333)	33,845	0	1,736	35,581	1,736	1,764	(28)
Total People	98,814	99,296	(149)	(333)	98,814	0	5,033	103,847	5,033	6,096	(1,063)
Total Directorate Budget	160,590	166,353	(3,844)	(948)	161,562	971	22,382	183,944	23,353	23,628	(275)
Covid-19 Grant Allocations						0	(20,391)	(20,391)	(20,391)	(18,165)	(2,226)
Covid-19 estimated income compensation							(4,300)	(4,300)	(4,300)	(4,300)	0
Corporate Items	4,904	4,774	0	0	4,774	(130)	1,429	6,204	1,300	975	324
Corporate Contingency	1,248	1,000	0	0	1,000	(248)	0	1,000	(248)	0	(248)
Technical and Corporate Adjustment	12,060	9,481	0	0	9,481	(2,579)	1,000	10,481	(1,579)	(1,560)	(18)
Total Corporate	18,212	15,255	0	0	15,255	(2,957)	(22,261)	(7,006)	(25,218)	(23,050)	(2,168)
Uncontrollable Budget	(4,041)	(4,041)	0	0	(4,041)	0	0	(4,041)	0	0	0
Total Budget	174,762	177,568	(3,844)	(948)	172,777	(1,985)	121	172,898	(1,864)	578	(2,443)

RESOURCES

2.3 At Q3, the directorate is forecasting to underspend by (£88k) which has decreased from (£127k) reported in Q2. However including the COVID-19 impact on services of £3.788m, which has increased from £3.355m reported in Q2, the directorate is forecasting a total overspend of £3.700m in Q3. This has increased from £3.228m reported in Q2. This is after the net draw down from reserves and cross divisional adjustments.

Table 2: Resources Directorate Revenue Monitoring Q2 v Q3

Revised Budget	Net Forecast Spend At Quarter 2 BAU	Quarter 2 Variance BAU	Quarter 2 COVID-19 impact	Total Quarter 2 variance including COVID-19 impact
£'000	£'000	£'000	£'000	£'000
36,735	36,608	(127)	3,355	3,228

Revised Budget	Net Forecast Spend At Quarter 3 BAU	Quarter 3 Variance BAU	Quarter 3 COVID-19 impact	Total Quarter 3 variance including COVID-19 impact
----------------	-------------------------------------	------------------------	---------------------------	--

£'000	£'000	£'000	£'000	£'000
36,939	36,851	(88)	3,788	3,700

Movement from Q2	£'000	£'000	£'000	£'000
204	243	39	433	472

2.4 At Q3 there is a business as usual net underspend of (£88k) as a result of underspends in Legal and Governance (£302k) and Procurement (£63k), offset by overspends of £152k in Strategy, £53k in Finance and Assurance and other minor variances across the directorate totalling net £72k and is explained in more detail below.

- Legal and Governance underspend of (£302k) relates to income generated from Land Charges, Register of Birth, Death and Marriages and Citizenship in excess of the budgeted target. This has decreased by net £19k from Q2 which reflects minor changes across the division.
- Procurement is reporting a net (£63k) underspend in Q3 which reflects a vacancy within team pending recruitment which will be complete in January 2021. This has not changed since Q2.
- The £152k overspend within the Strategy division relates to decreasing SIMS income from schools due to school merges and loss of a school subscribing to the SIMS service, overspend in Community Resilience, which too reflects loss of income from schools and is agreed by CSB up to a value of £60k in lieu of adjustment to the budget. The overall division's overspend has increased by £5k which reflects minor variances across the division.
- The Finance and Assurance division net £53k overspend reflects an estimated loss of insurance income due to the Government extending its Risk Pooling Arrangement (RPA) to Local Authority Maintained Schools with effect from 1 April 2020 which five schools have taken up. This overspend is partly offset by minor underspends across the rest of finance division. The overspend has decreased by £10k from Q2 in line with improved insurance position.
- There are a few other minor variances across the other services areas totalling net £72k overspend. Of which £25k relates commercial space which became vacant in December 2020.

The COVID-19 impact for the Resources Directorate is forecast at £3.788m which has increased by £433k from Q2 and relates to the following:

- ICT additional costs totalling £973k on remote working, licences telephones and teleconferencing caused by lockdown. This has increased by £200k from Q2 mainly due to additional cost of extended Windows 10 deployment and support.
- Business Support £12k on additional staff cost due to COVID-19, including cover for shielding and self-isolating staff, this is at the same level as reported in Q2.
- Customer Services/Access Harrow £500k COVID-19 related costs of which £100k is in the Community Hub where additional staff costs have been incurred due to increased demand and staff self-isolating/shielding. There is also £175k unachieved savings in the change of communication channels in Revenues and Benefits, Careline is reporting overall £150k additional costs due to approximately 70% of staff shielding and self-isolating and a further £75k Customer Relationship Management to enable service provision in the lockdown/remote working situation. This is at the same level as reported in Q2.
- Finance and Assurance £935k which reflects grants to Harrow Community Action, Harrow Community Transport and ICT – Connected Performance. This is at the same level as reported in Q2.
- Directorate Management team £33k forecast COVID-19 related spend on consultancy costs, this is at the same level as reported in Q2.
- Revenues and Benefits £520k which reflects £350k loss of Revenues income due to Local Authorities not being able to instigate court actions to pursue debts and additional cost of £170k on Capita support and overtime of staff who are working on the business grants. The forecast cost has increased by £110k from Q2 due to further loss of income, shielding and additional work on the grants processing.
- Strategy £384k COVID -19 related reflects additional costs across the division mainly on community resilience, establishing the community hub, additional cost of communication services, loss of advertising income within the communication team and loss of income from schools within the SIMS team due to the cancellation of the Key Stage tests this year. This estimated cost has increased by £73k from Q2 mainly due to additional communication cost.
- Legal and Governance £331k loss of income from Land Charges, Citizenship ceremonies and Register of Birth, Death and Marriages. The estimated loss has decreased by £50k from Q2 reflecting the performance up to Q3.

- Investment Properties £100k covid related loss of rental income due to vacant office space and additional cost, mainly business rates and service charges.

COMMUNITY

- 2.5 At Q3 the Community directorate reports an adverse variance of **£14.620m** against a budget of **£24.839m**. The financial impact of COVID-19 is estimated to be **£13.561m**.

Table 3: Community Directorate Revenue Monitoring Quarter 2 v Quarter

3

Division	Revised Budget	Net Forecast Spend At Quarter 2	Quarter 2 Variance BAU	Quarter 2 COVID-19 impact	Total Quarter 2 including COVID-19 impact
	£'000	£'000	£'000	£'000	£'000
Commissioning and Commercial Services	(4,422)	(2,463)	1,959	7,553	9,512
Environment and Culture	23,103	23,772	669	3,254	3,923
Directorate Management	193	193	-	-	-
Housing General Fund	4,529	4,529	-	620	620
Enterprise, Planning and Regeneration	1,260	1,248	(12)	262	250
Total	24,663	27,279	2,616	11,689	14,305

Division	Revised Budget	Net Forecast Spend At Quarter 3	Quarter 3 Variance BAU	Quarter 3 COVID-19 impact	Total Quarter 3 including COVID-19 impact
	£'000	£'000	£'000	£'000	£'000
Commissioning and Commercial Services	(4,431)	(3,488)	943	8,601	9,544
Environment and Culture	23,226	23,354	128	4,028	4,156
Directorate Management	195	195	0	0	0
Housing General Fund	4,557	4,557	0	320	320
Enterprise, Planning and Regeneration	1,291	1,279	(12)	612	600
Total	24,839	25,897	1,059	13,561	14,620

Movement from Q2	£'000	£'000	£'000	£'000	£'000
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Total	176	(1,382)	(1,557)	1,872	315
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2.3 The net reported business as usual overspend of £1.059m is a result of overspends in Commissioning and Commercial Services of £943k and Environment and Culture of £128k; this has been offset by a small underspend of £12k within the Enterprise and Planning division. This is explained in more detail below

2.4 The Commissioning and Commercial Services Division is reporting an overspend of £943k in the following areas:

- Facilities Management - £869k. Building maintenance and the cost of responsive repairs are forecast to overspend by £300k, there is also an under recovery of income of £177k in respect of schools cleaning and £119k in respect of under achievement of income for other services provided by Facilities Management to schools and academies. Staffing costs are forecast to overspend by £119k due to additional staff required to cover staff absences. In addition, a further £154k of costs are to be incurred for the provision of security services at the depot.
- Contracts Management - £171k. There is a forecast overspend as a result of staffing pressures and unachieved procurement savings.
- There are net underspends of £97k elsewhere across the division, mainly due to underspends in staffing within the Business and Commercial Services area and an over-recovery of rental income from the commercial property portfolio.

2.5 The Environment and Culture Division is reporting a net overspend of £128k as follows:

- Mixed recyclables - £266k – Due to unfavourable market prices the level of revenue rebate achieved from sales has been low and is expected to remain so, which has resulted in this overspend. The re-procurement of the mixed dry recycling disposal contract has now been concluded and the full year pressure in 2021/22 is estimated at £600k.
- Waste Management - £139k – there is an underspend in staffing costs due to less reliance on agency staff.

2.6 There is a small net underspend in the Enterprise and Planning division of £12k.

2.7 The Housing General Fund is forecasting a balanced position after assuming a drawdown from the Flexible Homelessness Support Grant (FHSG) of £1.258m to meet the business as usual costs associated with the Homelessness

Reduction Act and cross divisional adjustments of £250k associated with financing costs for the Property Acquisition Programme.

2.8 The Regeneration Programme revenue budget for 2020/21 is £1.25m and £0.950m is forecast to be spent, mainly on staff costs and additional consultancy.

2.9 **The COVID-19 impact for the Community Directorate is forecast at £13.261m. The bulk of this which relates to lost income and is detailed as follows:**

- Parking Services - £5.766m. A significant loss of income from Penalty Charge Notices totalling £3.712m is forecast because of reduced enforcement activities and delays to the debt recovery process. Furthermore, an under-recovery of income is forecast for pay and display charges in car parks of £976k, on street parking of £557k, and parking permits of £335k. In addition, school SLA income derived from the cash collection service is expected to reduce by £36k, given the significant reduction in the numbers requesting the service.
- Depot income - £681k. A MTFs target in relation to the generation of commercial income from the depot which is unachievable in the current financial year.
- £377k in relation to commercial waste services and £208k in other commercial activities.
- £318k in loss of rental income as a result of providing rental payment holidays to eligible local businesses within the borough.
- £198k loss of income in Catering services with the closure of the Civic Centre and Depot canteen.
- £133k loss of income from the Civic Centre car park as a result of less visitors to the Civic Centre.
- £889k in additional cleaning and fogging (£464k) and works associated with the fire risk assessments (£312k) for Civic Centre. In addition, there is forecast to be a shortfall of £113k in rental income from the Depot and Civic Centre
- £31k in relation to income from several transport commercial activities, including M.O.T, driver assessments and vehicle maintenance.
- £1.408m relating to Sports and Leisure which is the provision of support to Everyone Active by way of granting a management fee

holiday, help to underwrite losses and also assistance with maintenance and management costs.

- £1.054m in Waste Management services which is a combination of reduced Garden Waste income (£110k), reduced income from trade waste customers (£149k), reduced income from the textile and metal recycling rebate at the Civic Amenity site (£68k) and increased staffing costs as a result of employing agency staff where existing staff were unable to work. In addition, there is a further cost pressure of £600k following increased levels of household waste.
- £334k (net) at the Harrow Arts Centre. £727k of this relates to lost income forecast in connection with the cancellation of shows and events as well as room lettings. The remaining £67k relates to additional cleaning costs which are forecast to be spent to ensure the centre meets necessary health and safety requirements. This is partially offset by a one-off payment via the Culture Recovery Fund successfully applied for from the Arts Council (£356k), and reduced spend on staffing (£104k).
- £551k (net) in Public Protection of which the majority (£460k) relates to a loss in licencing incomes and applications across several areas including street trading and Highway licences. Payments to our third party enforcement contractor are forecast at £150k as their employees have been diverted from their normal roles to assist in patrolling parks and open spaces, but this is to be fully covered by one-off government grants. As a result, there is a forecast loss of income of £130k as limited number of fixed penalty notices are issued. In addition, SLA income from health and safety works is expected to fall by £20k. These pressures have been partially offset by external grant funding.
- £150k (net) in the Music service as a result of the closure of schools and no events planned for the Summer. This has been partially offset by a one-off payment from the Culture Recovery Fund (£245k).
- £246k (net) at the Harrow Museum – with the exception of £12k which is the additional cost of cleaning and sanitising works required at the museum, the remainder of £479k relates to loss of income from wedding bookings and other events being cancelled. This is partially offset by a one off Cultural Recovery Fund successfully applied for from the Arts Council (£245k).
- £190k across the Libraries service area, with £84k relating to a loss of income streams and £106k in additional pressures forecast as a result of cleaning cost to be incurred.
- £95k for Clean and Green as fewer participants make use of Council facilities across the Borough and income is lost (£87k) with additional

costs incurred (£8k) to ensure cemeteries comply with social distancing measures.

- £300k in Building Control with fewer applications being received.
- £12k. Additional costs incurred following the commission of two separate studies to help support the economic recovery plan(s) for the borough.
- £320k in the Housing General Fund due entirely to extraordinary costs and income losses associated with COVID-19 after assuming a drawdown from the Flexible Homelessness Support Grant (FHSG) of £1.258m to meet the business as usual costs associated with the Homelessness Reduction Act
- £300k in Regeneration due to staff deployed to work on covid related emergency measures.

2.10 The forecast overspend – including the impact of COVID-19 - across the directorate has increased by £15k, up from £14.305m in Q2 to £14.320m in Q3. This is due mainly to the following reasons:

- Facilities Management, £285k - An increase in the expected cost of providing building cleaning and fogging services and the implementation of FRA; in addition, there is an increase in security costs at the depot, which is partially offset by utilities saving.
- Business & Commercial, £248k – A significant increase in the forecast loss of income from commercial activities and trade waste services.
- Public Protection, £144k - An increase in the expected loss of licensing and enforcement income.
- Waste Management, £114k - Increase in the loss of income from textile and metal recycling and disposal charges at the C.A site. In addition, there are further cost pressures expected against the WLWA levy due to higher residual waste tonnage.
- Harrow Arts Centre, £94k - Further lockdown restrictions have led to an increase in the forecast loss of income as performances have been cancelled and the use of the centre's facilities has been reduced. This has been partially offset by Culture Recovery Fund.
- Planning, £50k - Application income, although performing relatively well within Development Control, is forecast to underachieve in the Building Control service area; thus, increasing the forecast loss by £50k.
- Parking, (£442k) - The forecast income shortfall has reduced due to improvements in actual PCN income during Q3.

- Housing General Fund, (£300k) – estimated impact of COVID-19 now lower than previously expected as all single homeless and rough sleepers will be moved on from emergency into settled private rented accommodation by March 2021.
- Music Services, (£146k) - Further loss of income from school-related activities have been offset by Cultural Recovery Fund.
- Catering, (£16k) – the closure/reduced service of the Council’s canteen facilities have resulted in significant cost savings, though these are partially offset by the loss of earned income.

PEOPLE SERVICES

2.11 At Quarter 3 the directorate is forecasting a balanced budget however including the COVID-19 impact on services there is an overall overspend of £4.333m

Table 4: People’s Services Revenue Monitoring Quarter 3

Division	Revised Budget	Net Forecast Spend At Quarter 3	Quarter 3 Variance	Quarter 3 COVID-19 impact	Total Quarter 3 including COVID-19 impact
	£'000	£'000	£'000	£'000	£'000
Adults	66,783	66,783	0	2,897	2,897
Public Health	(1,814)	(1,814)	0	400	400
Children’s Services	33,845	33,845	0	1,736	1,736
Total	98,814	98,814	0	5,033	5,033
Movement from Q2	£'000	£'000	£'000	£'000	£'000
Total	0	-192	-192	-871	-1,063

2.12 The variations are explained in more detail as follows:

Adult Services

2.13 The pre COVID-19 position in Adult Services assumes a balanced position, given that the impact of COVID-19 largely affects all directorate services.

2.14 The COVID-19 related impact on Adult Social care is forecast as £2.897m.

This is explained in more detail as follows

- PPE equipment - £750k – the PPE equipment was largely allocated to providers although some supplies will have been used within the Council. The total spend is forecast at £837k but with an £87k Infection Control grant this is reduced to £750k.
- Temporary support to providers - £1.030m – phase 1 costs have already been incurred at £600k and with additional potential phase 2 costs of £430k.
- Purchasing placements - £1.069m– this is as a result of an increased volume in packages following hospital discharge, together with reduced income as a result of cancelled care. This includes additional income to be received as part of the Better Care Fund (£0.145m).
- £708k – Largely represents the additional temporary staff engaged to support social work practice during the pandemic, a reduction in agreed recharges to the CCG for hospital staff and increased Care package costs in relation to Extra Care placements.
- An underspend on Mental Health Services of £213k caused by a lower level of new placements being required in the current financial year, as well as a reduction in the staffing forecast.
- An underspend of £446k in relation to inhouse services, mainly as a result of to the day centres being closed, and therefore savings being made on Agency staff costs and Utilities.

The position has improved by £1.436m since Q2 as a result of:

- Reduced costs as a result of Increased income arising from the implementation of the changes to the Adult Social Care policy , together with additional income in relation to previous financial years in the management of client finances (£0.872m).
- Reduced costs as a result of Unused accruals and a lower level of adjustments in placement costs (£0.245m), and a reduction in expected CCG income contributing to CYAD placements (£44k)
- Reduced costs as a result of a lower level of expenditure forecast in relation to respite, carers & transitions offset by increased costs of additional placements greater than previous assumptions (£0.265m).

- Reduced forecast costs in the Mental Health services of £195k due to a reduction in the staffing forecast of £35k, with the remaining £160k reduction reflecting a lower level of new placements being required in the current financial year
- Increased staffing costs (£145k) as a result of a combination of increased cost for staff outside the budgeted establishment who have been employed to assist with work relating to the Covid pandemic, as well as new established Service Manager posts having been created and recruited to.
- Increased costs of £40k as a result of Extra Care placement costs.

Public Health

Business as usual

2.15 The Public Health grant is forecast to underspend in 2020/21, increasing the Public Health reserve by £379k. However with reserves earmarked for additional staff employed as a result of COVID-19 (£250k), slippage on reserve projects (£311k) and COVID-19 testing (£500k), the Public health reserve balance has reduced from £1.9m in Q2 to £1.2m in Q3.

Financial Impact of COVID-19

2.16 The Community Testing Programme (CTP) was launched in December 2020 to enable local authorities with high prevalence of Covid-19 to work in partnership with the UK Government to accelerate a reduction in prevalence by identifying asymptomatic cases through local testing and supporting them to isolate. The forecast assumes 75% capacity will be reached in the 6 sites, resulting in approx 178,000 lateral flow tests and a cost of £400k over the capped cost of £14 per test funded by the Government.

Children's Services

2.17 The forecast for the directorate at Q3 is a net overspend of £1.736m which relates to COVID-19 pressures mainly due to placement sufficiency and additional frontline staffing capacity.

2.18 The headline pressure across the directorate is £3.201m with mitigating management actions of £1.071m, £0.061m drawdown from reserves and £0.333m cross divisional adjustments. It should be noted that £1.071m of these management actions are one off and will not be available in future years.

Business as usual

- **Frontline Teams Staffing & Other Costs overspend £661k**

In order to manage caseloads agency staff are required to cover vacant Social Work posts, including sickness and maternity cover. There are around 18%-20% of frontline posts which are covered by agency. 'As and when' workers to provide statutory supervised contact sessions. Also additional Business Support staff required for some service areas. There are also pressures in relation to Mosaic which is the Council's Social Care system. £140k of the budget pressure is due to annual software support, maintenance, licencing and hosting costs.

- **Client Spend Section 17 underspend £14k**
Expenditure to support families with children subject to a Child Protection or Children in Need plan, to help children remain at home where it is safe to do so. Also support for families with No Recourse to Public Funds until they can access benefits. This budget remains at risk due to increasing numbers of Children in Need.
- **Legal costs and signers & interpreters overspend £186k**
These are legal disbursement costs in relation to care proceedings, including expenditure on barristers, court fees, expert fees and solicitor fees. The use of external barristers is due to court hearings being delayed. Also pressure in relation to translation services.
- **Children's Placements & Accommodation overspend £473k**
There are a number of young people in high cost placements who are vulnerable and for whom the current placement meets their complex needs and safety. These are continually reviewed. Keeping Families Together service continues to aim to prevent young people from coming into care or step young people down from care where it is safe to do so. There are regular resource tracking and monitoring panels to ensure the level of accommodation and cost continues to be appropriate for the young person's needs. This includes targeted actions to reduce the average cost of service provision through negotiation with providers including block contract services for Asylum and also Leaving Care.
- **Other Children's Services overspend £159k**
Pressures on other non-staffing budgets. This includes the provision of Free School Meals for the Christmas holidays and February half term which are funded from the Winter Food Grant which is shown in Cross Divisional Adjustments below.
- **Management Actions underspend £751k**
One-off grant income and centrally held budgets used to mitigate in-year pressures.
- **One-off income underspend £320k**

Other one-off income used to mitigate in-year pressures.

- **Drawdown from Reserves £61k**
At Q3 £61k is required from the High Needs Strategic Planning reserve to fund the SEND Programme Manager.
- **Cross Divisional Adjustments £333k**
£45k Covid-19 Tier 2 capacity funding. £288k Winter Food grant funding for Free School Meals during the Christmas holidays and February half term.

Financial Impact of COVID-19

- **Frontline Teams Staffing £212k**
In response to Covid-19 additional management capacity and frontline social workers have been required in order to manage demand for statutory services and operate a 7 day service. Also additional agency Social Workers in the Children in Need Service from December 2020 and January 2021 to manage increasing caseloads.
- **Children's Placements & Accommodation £1.497m**
The rate of children looked after per 10,000 of the child population in Harrow is currently one of the lowest in London. However, since March 2020 there has been a 22% net increase in the number of Looked After Children rising from 169 to 207 in December 2020. Two sibling groups, a total of nine children, were taken into care over one weekend.

There are a number of factors contributing to this which are mainly due to Covid-19

- Delays in the court system meaning the outcome of care proceedings is taking longer
- Increased requirement for a statutory service due to parental mental health
- Increase in county lines activities as lockdown is eased

This means that some young people are unable to move in a timely manner where it is safe to do so. In addition to this there is a sufficiency issue in the availability of placements particularly in relation to foster carers. This means young people may have to be accommodated in more expensive residential placements in order to meet safeguarding needs but where these could ordinarily be met in an alternative form of accommodation.

- **Various other pressures £128k**
Other pressures including educational support to Looked After Children and £79k to provide free school meals during October half term.

- **Early Support Service underspend £101k**
Lower than normal operating costs for Children's Centres due to COVID-19 and sites closing in March for lockdown with services provided virtually. Sites are currently only open for partner agencies, nurseries, essential health services, and internal services requiring meeting rooms. £20k loss of income from private nurseries due to lockdown is managed within the overall service underspend.

Dedicated Schools Grant (DSG)

- 2.19 The Dedicated Schools Grant (DSG) is a ring-fenced grant of which the majority is used to fund individual school budgets in maintained schools, academies and free schools in Harrow. It also funds Early Years nursery free entitlement places for 2, 3 and 4 year olds in maintained council nursery classes and private, voluntary and independent (PVI) nurseries as well as provision for pupils with High Needs including those with Education Health & Care Plans (EHCPs) in special schools and special provision and mainstream schools in Harrow and out of borough. The DSG is split into blocks: schools block, early years block and high needs block.
- 2.20 There is a projected overspend on the High Needs Block of £2.994m in 2020-21 which added to the deficit of £2.944m brought forward from 2019-20 will take the total deficit at the end of March 2021 to £5.938m.
- 2.21 Despite a projected underspend on the Schools Growth Fund, this will not be netted off the HNB pressure and Schools Forum does not support this approach.
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
- 2.22 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.
- 2.23 The DfE will require a report from any LA 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 2019-20 compared with the deficit shown in the authority's published draft accounts.
- 2.24 The final deficit in 2019-20 of £2.944m represents 1.35% of the overall DSG allocation (including academy funding). The recovery plan has been drafted however and discussed with Schools Forum. However the following points should be noted:
- Despite the significant proposals and measures planned over the next ten years, this will not mitigate the deficit. This is due to the following contributory factors

- historical underfunding
- current budgets being based on historical budgets rather than historical spend
- extension of age range to include 0-5 and post 19
- current and projected formulaic funding which does not keep pace with demand
- significant historical and projected growth in number of EHCPs
- continued growth in complexity of pupils' needs
- limitations about creating cost effective provision in borough due to capacity and site limitations.

CORPORATE AND TECHNICAL

2.25 At Q3 the corporate and technical budget is reporting an overall underspend on business as usual of (£2.709m) as detailed below.

Corporate Items

2.26 A net underspend of (£130k) is forecast on the following items:

- Pension augmentation costs
- Treasury Management expenses.

Central Contingency

2.27 At Q3 the central contingency of £1.248m is forecast to underspend by £248k

Technical and Corporate Adjustments

2.28 An underspend of (£2.579m) is forecast on the Technical and Corporate Adjustment budgets as follows:

- (£5.208m) underspend in capital financing costs forecast as a result of slippage in the Capital Programme. This has increased by £1.303m since the position reported at Q2 since it is not anticipated that the council will need to borrow any additional funds before the end of the financial year.
- £2.629m overspend as a result of not drawing down the Budget Planning Reserve originally budgeted and planned for draw down in 2020/21. This will leave the reserve intact so that it can be used to support the 2021/22 budget.

Corporate COVID-19 pressures

2.29 There are also COVID-19 pressures totalling £2.429m made up of:

- £1m additional capacity to frontline services during second lockdown

- £1.124m additional mortuary costs
- £303k 3 year Collection Fund deficit reserve provision. This is new in Q3.

RESERVES

2.30 Attached at Appendix 2 is an explanation of the draw down from Reserves and other funds including as part of Quarter 3 Revenue Budget monitoring. Appendix 3 showing all Reserves held by the Council.

Vaughan Road Capital Receipt

2.31 The ability to apply capital receipts under capital flexibility is currently in place until March 2020. There is a capital receipt of £2.173m received for the sale of Vaughan Road car park. This will be applied under the flexibility guidance and the impact of this will be reflected in the final outturn report.

MTFS IMPLEMENTATION TRACKER

2.32 The 2020-21 budget includes approved MTFS savings of £3.203m.

2.33 Appendix 4 shows a list of the individual red, amber, green and purple rated savings in the MTFS. The definition used to classify savings ratings in this report are detailed in table 5 below:

Table 5: Savings Definition

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

2.34 Table 6 below shows the summarised position for each directorate at Quarter 3:

Table 6: Savings Tracker 2020/21 – Directorate Summary

	Resources	People Services	Community	Corporate	Total	%
	£'000	£'000	£'000	£'000	£'000	
Red	0	0	(783)	(400)	(1,183)	37%

Amber	(175)	(410)	0	0	(585)	18%
Green	(693)	0	(292)	(450)	(1,435)	45%
Totals	(868)	(410)	(1,075)	(850)	(3,203)	100%

2.35 As at Quarter 3, 45% of the 2020-21 savings are rated green, 18% are rated as amber, whilst 37% are rated as red.

2.36 The red savings of £1.183m relate to three savings in the Community Directorate and one saving held Corporately as follows:

- £681k relates to the non achievement of income from the expansion of the Central Depot caused by a delay in the completion of the Depot.
- £80k relates to the non achievement of income from the redevelopment of Vernon Lodge. However this saving is offset by savings in capital financing costs as a result of the capital not being spent.
- £22k relates to removal of base budget for 4 positions for which resolution is now likely delayed until after March 2021 due to COVID-19
- £400k relates to the non achievement of SEN transport savings which have not been achieved. The saving is being offset against savings in the Capital Financing budget.

HOUSING REVENUE ACCOUNT

2.37 As at Q3, HRA forecasts a pressure of £250k made up of a neutral position on business as usual activities and extraordinary costs and income losses associated with COVID-19 of £250k.

2.38 COVID-19 pressures are made up of income losses of £146k and additional costs of £104k. Income losses are due mainly to commercial income and income not chargeable to leaseholders due to suspension of services. Additional costs comprise repairs costs £73K, increased bad debt provision for £20k and PPE cost of £11k

2.39 The position considers the impact of additional recharges from the depot together with additional calls on operating expenditure anticipated in the final quarter of the financial year.

2.40 The table below summarises the forecast position on HRA revenue account at Q3:

HRA revenue balances £'000	Outturn 2019-20 pre audit	Revised Budget	YTD actual	Forecast Outturn - Business as usual	COVID-19 - Financial impact	Revised Forecast - incl. COVID-19 impact	Variance incl. COVID-19 impact
Balance b/fwd	-7,474	-7,195		-7,526		-7,526	-331

Net (surplus) deficit	-144	308	-9,898	308	250	558	250
Transfer to reserves	92	114		114		114	0
Balance c/fwd	-7,526	-6,773		-7,104		-6,854	-81

MINISTRY FOR HOUSING, COMMUNITIES AND LOCAL GOVERNMENT (MHCLG) – FUNDING AND FINANCIAL REPORTING

2.41 To date the Council has received £22.908m in emergency funding to support additional expenditure incurred and loss of income as a result of the COVID-19 pandemic. This is an increase of £4.393m reported at Q2 due to additional funding to support LAs in Tier 3 and Tier 4 as well as receipt of the first round of income compensation for loss of sales, fees & charges.

2.42 To date the Council has made eight submissions to MHCLG to report the estimated financial position of COVID-19 on the Council. In the Quarter 1 monitoring report to Cabinet in September, a summary of submissions 1 to 4 was included. In the Quarter 2 monitoring report to December, a summary of submissions 4 to 7 was included. Table 8 below sets out submissions 7 to 8:

Table 8: Latest Financial Reporting to MHCLG

Submission No.	7	8
Submission Date	6th Nov	11th Dec
	£000	£000
Estimated Expenditure	17,264	17,408
Estimated loss of income	15,218	15,825
Total	32,482	33,233
Emergency Funding	-17,761	-17,761
Estimated Funding Shortfall	14,721	15,472

2.43 There has been a significant amount of work undertaken to ensure the Q3 forecast of COVID-19 impact is as accurate as possible. Table 9 shows there is a difference between the Q3 forecast and the latest return to MHCLG submitted on 11th December of £3.5m. There are 2 main reasons for this. Firstly there is the timing difference as Q3 covers the period to 31st December but Round 8 covers the period to November. Secondly, there is a fundamental difference between the figures on the submissions and the monitoring, which occurs due to the MHCLG requirement to include gross costs in the return even though separate grants have been provided to fund some of the costs.

2.44 As an example, the round 8 submission includes infection control costs of £3.4m but a grant has been received and so in the monitoring return the grant has been reflected and therefore the monitoring costs do not pick up the cost of £3.4m which correctly reflects the impact on the Council. Table 9 shows the difference:

Table 9 – MHCLG return differences to Q2 forecast

Description	£'000
MHCLG Return 8 – total impact	33,233
Less Collection Fund loss *	(4,900)
Impact net of Collection Fund loss	28,333
Q3 Forecast – COVID- 19 impact Directorates	<u>22,382</u>
Q3 Forecast – COVID- 19 impact Corporate	2,429
Total Q3 Forecast – COVID-19 impact	24,811
Difference – more on Round 8 than on Q3	3,522
*Collection Fund Losses – the estimated losses in year are managed as part of the Collection Fund and will manifest themselves as a Collection Fund loss in 2021/22 which is being managed as part of the budget setting process	

COVID-19 related income and grants

2.45 In addition to the tranches of MHCLG funding and compensation for loss of income set out above there are a number of other grants/income sources which are directly related to COVID-19. These are all assumed to be spent on the activities for which they have been provided/applied for. These are set out at Table 10 which includes the MHCLG tranche funding for completeness

2.46 Items with an asterisk * are those included in the overall forecast in Table 1 at the start of this report and are being used to fund expenditure and loss of income as a result of COVID-19.

Table 10 – COVID-19 related grants and income

GRANT /FUNDING STREAM	Value
Emergency Funding (tranches 1 to 4)	£17,627,755*
Tier 2 Funding (£3 per head) Oct 2020	£753,480*
Tier 3 Funding (£5 per head) Nov 2020	£1,255,800*
Tier 4 Funding (£3 per head) Dec 2020	£753,480*
Compensation for loss of sales, fees & charges	£4,300,000*
Track and Trace	£1,020,000
DEFRA - Food & Welfare - tranche 1	£218,260
DWP Covid Winter Grant Scheme	£588,956
Section 31 Grant - admin burdens	£145,311
Community Champions Fund	£495,000
Clinically Extremeley Vulnerable (tranches 1 and 2)	£320,762
Infection Control (tranches 1 to 2)	£3,437,967
ASC Rapid Testing	£431,905
Social Care Workforce Capacity Grant	£484,914
LA Enforcement & Compliance Grant	£112,853
Reopening High Street Safely Fund	£221,203
Cultural Recovery Fund (Arts Council)	£735,772
Emergency Active Travel Funding (DfT)	£100,000

London Streetspace Programme (TfL)	£683,000
Emergency Response Fund (Arts Council)	£20,405
TOTAL	£33,706,823

GRANTS TO BUSINESSES AND RESIDENTS	
Council Tax Hardship Grant re Council Tax Support	£1,391,506
Grants to Small Businesses	£42,216,000
2nd Funding amount Statutory Business	£7,081,500
Discretionary Business Grants	
LRSO Open discretionary Oct to 2 December	£289,318
Additional restrictions grant - 1st tranche	£5,023,200
LRSO Closed grants Nov 2020 to Dec 2020 1st tranche	£3,648,708
LRSO Closed & one off lockdown grants to 15-02-21 2nd tranche	£16,417,062
Additional restrictions grant - ARG top up Feb 2021 2nd tranche	£2,231,067
Sub Total Business & Residents Grants	£78,298,361
Self Isolation £500 awards Grant:	
Programme Funding - standard applications	£94,000
Programme Funding - discretionary applications	£56,463
Admin Funding	£33,987
Programme Funding - Discretionary applications top up Feb 21	£41,537
Sub Total Self Isolation Grants	£225,987
NNDR Rate relief for 20/21	£8,757,127
GRAND TOTAL	£120,988,298

- 2.47 Q3 reporting does indicate that in the current financial year, as a result of receiving emergency funding that the Council can broadly manage a balanced budget position for COVID-19 related activities, reporting an overspend of £121k. However there are continued grave concerns about the legacy impact of COVID-19 over the MTFS.
- 2.48 It should also be noted that the financial projections in this report were calculated before it was announced that the country would enter into a national lockdown phase in January. It is anticipated that once the financial projections are revised to reflect additional expenditure and further losses of income as a result, a balanced budget could only be achieved by another injection of additional government funding.
- 2.49 Council Officers and Members are linked into numerous lobbying forums to ensure the Government fully understands the financial impact of the emergency on Harrow Council, not only in the current year but over the three years of the MTFS as current events will carry legacy issues into future years. These concerns are heightened by the lack of clarity on Council funding and the continuation of schemes, such as emergency funding and co-payment mechanism, to support the legacy issues.
- 2.50 Full Council approved the Medium Term Financial Strategy (2020/21 to 2022/23) in February 2020. The financial impact of the COVID-19 emergency is

being worked through in detail alongside the published MTFS and implications for future years are reflected in the Final Budget report also on this agenda.

UPDATE ON COMMERCIAL PROPERTY INVESTMENTS

- 2.51 From 2015 to 2019 the Council acquired seven investment properties at a cost of £48.2m. The portfolio consists of warehouses and other commercial and residential properties across the UK, as well as an office block in Harrow.
- 2.52 At acquisition, the net yield was estimated at 2.31% (gross yield 7.3%) for all but the office block Kings House (net yield 0.9% and gross yield 5.9%) which was also purchased as a land acquisition for potential regeneration. The return from investment properties was included in the MTFS.
- 2.53 The projected return from all but Kings House is currently on target despite COVID-19. There is vacant space in Kings House – part of the 3rd floor has been vacant since acquisition and the remainder of the 3rd floor became vacant in December 2020. This results in loss of rental receipts and the additional cost such as business rates and service charges which falls back to the council.
- 2.54 The annual estimated impact of vacant space at Kings House in 2021-22 is a loss of rental income of £290k and costs of business rates and service charges of £105k.
- 2.55 If this pressure materialises the council can call on the investment property reserve to mitigate this.

3.0 CAPITAL PROGRAMME

- 3.1 The 2020/21 Capital Programme agreed by the Council in February 2020 totalled £79.071m. Generally, once the Capital programme is set in February, it will only be amended for carry forwards from the previous year (£215.729m in Table 11) and any in year additions such as externally grant funded schemes.
- 3.2 However, due to the impact of Covid-19 which put a halt on many projects during the first lockdown (March to July), plus the removal of a large number of schemes which are no longer proceeding (as reported in the Final Capital Programme report elsewhere on the agenda), the 2020/21 General Fund budget has been reduced by £185.187m as shown in Table 11. The revised capital budget for 2020/21 is £124.418m at Quarter 3 as set out at Table 11:

Table 11: Capital Programme Forecast Q3

Directorate	Original Budget	CFWDs	Budget Realignment Dec 20 Cabinet	Other Adjustment	TOTAL BUDGET	Forecast Spend	Forecast Variance	Slippage	Underspend after slippage
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
RESOURCES TOTAL	6,200	106,268	-108,594	11,107	14,981	14,881	-100	-100	0
COMMUNITY									
Commissioning and Environment & Culture	25,953	34,291	-25,878	437	34,803	33,820	-983	-960	-23
Housing	2,480	7,425	-295	-75	9,535	9,355	-180	0	-180
Enterprise and Planning	1,201	2,402	-1,387	80	2,296	1,926	-371	-371	0
Regeneration	5,193	25,964	-25,703	182	5,636	5,636	0	0	0
COMMUNITY TOTAL	34,827	70,082	-53,263	624	52,270	50,737	-1,534	-1,331	-203
PEOPLE									
Adults	625	140	-455	20	330	321	-9	0	-9
Public Health	0	78	0	0	78	78	0	0	0
Children	1,121	23,817	-22,845	2,511	4,604	3,132	-1,471	-1,471	0
PEOPLE TOTAL	1,746	24,035	-23,300	2,531	5,012	3,531	-1,480	-1,471	-9
TOTAL GENERAL FUND & HRA	42,773	200,384	-185,157	14,261	72,261	69,149	-3,114	-2,902	-212
TOTAL HRA	36,298	15,345	0	514	52,157	21,478	-30,679	-29,529	-1,150
TOTAL GENERAL FUND & HRA	79,071	215,729	-185,157	14,775	124,418	90,627	-33,792	-32,430	-1,362

3.3 The forecast spend at Quarter 3 is £90.627m, 73% of the total Capital Programme budget. The forecast spend on the General Fund at Q3 is £69.148m, (96% of budget) with the remainder of the budget of £2.902m being proposed for slippage into 2021/22 and a small underspend of £212k.

3.4 At Cabinet in December 2020 slippage of £185.187m was reported and this has now been taken out of the figures in Table 11.

3.5 The forecast spend on the Housing Revenue Account budget is £21.478m (41% of budget) with the remainder of the budget of £29.529m being forecast as slippage and £1.150m as an underspend.

RESOURCES

3.6 As at Quarter 3 the Resources Directorate is forecasting an overall spend of £14.881m, which represents 99% of approved budget. The variance of £0.1m relates to slippage which reflects the revised profile of Abavus and Waste collector programmes delivery.

COMMUNITY

3.7 As at Quarter 3 the Community Directorate forecast an overall spend of £50.668m (98%) against the latest budget of £51.838m. The 2020/21 budget has been reviewed as part of the preparation of the 2021/22 Capital Programme, which results in a budget re-alignment of £53.263m in this year's

programme in Community Directorate. The forecast variance of £1.331m is planned to be slipped into 2021/22 and the forecast underspend of £22k can be removed from the Capital Programme. The underspend relates to the Libraries project (para 3.8).

- 3.8 The details of the forecast variances are as follows:
- 3.9 Harrow Arts Centre refurbishment. This project is for multiple years and is funded by the GLA and BCIL. Phase 1 works will be completed in this financial year while Phase 2 is in planning and is scheduled to be completed in 2021/22. Based on the latest project timeline, it is forecast to spend £1.631m in 2020/21 and the rest of the budget profiled in this year **£500k** will be slipped to 2021/22 due to a delay in the commencement of the Phase 2 works (New Build element).
- 3.10 Planning New IT system. This project was originally scheduled to be completed in 2020/21, however the procurement exercise took longer to complete than anticipated. The revised project timeline suggests that the full implementation will now be expected in the summer of 2021, therefore it is forecast to spend £505k in 2020/21 and the rest of the budget **£370k** will be slipped to 2021/22.
- 3.11 Priorities works for Libraries. The Kenton Library window refurbishment project is underway. The tender exercise has been completed with the overall costs forecast to be £22k lower than originally anticipated. Therefore the budget of **£22k** in the Capital Programme is reported as an underspend.
- 3.12 High Priority Planned Maintenance. Various building maintenance projects are underway. Within the programme, there is an allocation of £220k for pipework replacement at Sancroft. This work commences in 2020/21 but the full completion will be in 2021/22 and therefore **£195k** of the budget will be slipped to 2021/22. In addition, the remaining budget of **£265k** in the programme is pending allocation when the outcome of the condition survey is available and this will be slipped to 2021/22.
- 3.13 Unless explicitly stated above there are no revenue implications as a result of the slippage.

Housing General Fund

- 3.14 Progress on all Housing schemes, including HRA, is reliant on access to properties and sometimes interaction with “at risk” individuals. Forecasts take into account the impact of latest Government announcements.
- 3.15 Budgets have been reduced by a total of £295k comprising :
- £337k addition to Disabled Facilities Grants as a result of increased grant
 - £330k reduction to Empty Property Grants reflecting lower spend estimate
 - £302k slippage for Property Acquisition Programme for the remaining

refurbishment costs of forty four properties expected to be purchased by the end of the financial year to mitigate the costs of homelessness

- 3.16 Spend forecast £9.355m against a revised budget of £9.535m generating underspend £180k relating to Adults small equipment expenditure.

Regeneration

- 3.17 As at Quarter 3, Regeneration is forecasting to budget at £5.636m. The 2020/21 budget has been reviewed as part of the preparation of the 2021/22 Capital Programme, which results in a budget re-alignment of £25.521m, against an original budget of £31.157m, £16.996m into 2021/22 and £6.610m and £1.915m in 2022/23 and 2023/24 respectively. This is a variance of £23.368m against the reported quarter 2 forecast position of £29.003m. Projects with a budget variance are summarised below:

- 3.18 **Waxwell Lane:** Following a review of the budgets, £1.865m will slip into 2021/22 and £759k of this will be reallocated to fund the budget gap on the Haslam House scheme, resulting in a revised lifetime scheme budget on Waxwell Lane of £7.938m.

- 3.19 There are risks to this position due to issues with the trees, and recently reported Japanese knotweed found on the boundary of the site. Works are being undertaken to mitigate these additional costs and so they are not reflected in the forecast at this time. There are additional consultancy fees as a result of the extended programme, due to Covid, from April 2021 to October 2021, and these are reflected in the forecast

- 3.20 **Haslam House:** The revised project timeline suggests the scheme will conclude in summer of 2021 with forecast expenditure of £1.732m in 2021 and £107k slippage into 2021/22. Covid-19, has resulted in an extension to the programme which would have otherwise concluded this year. This delay has attracted additional running costs for consultancy services and current forecasts indicate that Haslam House will overspend over its lifetime by £759k with the capital receipt from sale of units being delayed to October 2021.

- 3.21 The budget gap on Haslam House can be contained by the underspend on Waxwell Lane scheme and the 2021/22 budgets have been reprofiled to reflect this, resulting in no additional drawdown of funding across the overall programme.

- 3.22 **Gayton Road:** Two of the three elements of this scheme have completed. There is a slippage of £2.293m, into 2021/22. A detailed options appraisal has been undertaken of the commercial unit at Gayton Road and this is going through the approvals process.

- 3.20 **Client Contingency:** An amount of £1.741m is being slipped into 2021/22 to support any unforeseen costs arising from the realigned capital

programme. This is 9.8% of next years programme and is considered reasonable.

3.21 **Harrow Strategic Development Partnership set aside (£19.515m):** this is funding that is set aside to seek a Strategic Development Partner for three core sites within the borough; Poets Corner, Byron Quarter (Phase 1), and Peel Road Car Park. Now that the procurement process has concluded and Wates is on board the budgets have been reprofiled resulting in slippages into future years to reflect:

- Wates spend profile : three cores sites across the MTFS of £8.525m
- Client side cost: HNC related costs of Temple Acquisition £2.070m
- Plots S commercial unit and £0.500m
- Demolition of Social club £0.300m

£11.395m

3.22 The difference of this placeholder funding of £8.120m has been slipped forward to 2021/22.

PEOPLE SERVICES

3.23 As at Quarter 3 People Services is forecasting overall spend of £3.531m, which is 70% of the approved capital budget.

Adult Services

3.24 The forecast variance is £1.480m is all slippage with the exception of a small underspend of £9k. These are detailed below

3.25 The total capital programme is £765k. At Quarter 3, the outturn capital forecast for Adult Services is £301k, with Slippages of £370k forecast and an underspend of £94k forecast. The majority of the slippage (£245k) is due to the Assistive Technology pilot having been delayed by six months with further spend only being able to take place after the pilot has been completed. The Remaining £125k is due to Millman's Day Centre being closed and work not being able to be carried out until it reopens. The £94k underspend relates to the Integrated Health Model project which is no longer required.

Public Health

3.26 Public Health's outturn forecast for capital projects is £77k. This represents the remaining portion of the Healthy Pupil Capital fund that was allocated to

the service in 2018/19, with the majority of this funding having now been assigned for particular projects.

Children's Services

- 3.27 The revised capital programme at Q3 is £4.603m of which £1.472m of schools capital maintenance will be slipped to 2021-22 as COVID-19 has limited the amount of works that can be carried out in schools. There are no revenue implications as a result of this slippage.

HOUSING REVENUE ACCOUNT

- 3.28 At Quarter 3, the outturn forecast for the Housing Revenue Account is £21.478m against budget of £52.157m generating an underspend of £30.679m, of which **£29.529m** is slippage and the remaining £1.150m is underspend. The main items of slippage are
- 3.29 Planned Investment programme - £5.604m spend expected with slippage of **£4.663m** relating to fire compliance and health & safety works, roof replacement, windows, doors, kitchen replacement, structural works and compulsory replacement of the Housing IT system which is expected to underspend by £50k.
- 3.30 Building Council Homes for Londoners (BCHfL) – £15.874m spend expected with slippage of **£24.865m**. The BCHfL programme is expected to span some five years and is expected to provide some 659 new homes in the HRA.
- 3.31 Slippage, resulting mainly from delays in securing planning consents and impact of COVID-19, will result in delays in associated rental streams and new build units for use as social and affordable housing as well as in mitigating the impact of homelessness on the Council's General Fund. These revised trajectories have been incorporated into the HRA Budget 2021/22 and MTFS 2022/23 to 2023/24 appearing elsewhere on this agenda.
- 3.32 Additional £1.1m budget approved by Cabinet 17th December as part of the Rough Sleepers Accommodation Programme to assist rough sleepers back into mainstream society not expected to be spent this financial year as envisaged. Budget unlikely to be eligible for carry forward to 2021/22 therefore no slippage expected although discussions are ongoing with GLA.

AMENDMENTS TO THE CAPITAL PROGRAMME

- 3.33 The following amendments include additions required to the Capital Programme all funded by additional grant and reserve draw downs therefore no additional capital financing costs will be incurred.

COMMUNITY

Urban Tree Challenge Fund – £12,454

- 3.34 The GLA has awarded a grant of £12,454 for the planting of street trees under Urban Tree Challenge Fund (Year 2). It is therefore requested that the Highway Programme is increased by this sum to reflect the grant award.

ADULTS

Wiseworks Ridgeway Project - £20,000

- 3.35 An additional £20k is required in addition to the capital budget agreed form 2020/21. This is to complete work in relation to the Wiseworks Ridgeway Project, for which costs have increased. The additional £20k is funded by the Public Health Reserve.

4.0 COUNCIL TRADING STRUCTURE UPDATE 2021/21 – QUARTER 3

- 4.1 The Council's Trading Structure update for Quarter 3 is attached at Appendix 6 and summarises the financial position and provides a general update on the activities of all the Council's trading entities.

5.0 REPORTING FOR THE 2020/21 FINANCIAL YEAR

- 5.1 Cabinet will one further monitoring report during the year as follows:

- Outturn report June 2021.

6.0 Implications of the Recommendation

Implications of recommendation are set out in the body of this report.

7.0 Performance Issues

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

The forecast position at Quarter 3 is showing a net underspend position of (£1.864m).

For the 2020/21 savings built into the MTFs total £3.203m. The overall position is that 45% of the savings are RAG rated as Green (Clear delivery plans in place and project running to timescale), 19% amber (Potential for slippage, project will be delivered as originally intended but not within timescale, so saving will not be fully realise) and 36% red (Project may have started but will deliver no savings in the current financial year).

The Capital Programme is projecting spend of 73% as at Quarter 3

8.0 Environmental Implications

There is no direct environmental impact.

9.0 Risk Management Implications

Risks included on corporate or directorate risk register? **Yes**

Separate risk register in place? **No**

The relevant risks contained in the register are attached/summarised below.
Yes

The following key risks should be taken onto account when agreeing the recommendations in this report:

Risk Description	Mitigations	RAG Status
Failing to deliver the budget on target	<ul style="list-style-type: none">▪ Budget monitoring process▪ Anticipated underspend on business as usual activities	Green
Overspend in relation to COVID-19 activities of £121k	<ul style="list-style-type: none">▪ Continued robust budget monitoring process▪ Review of expenditure and anticipated receipt of additional external income to support COVID-19 activities▪ Overall business as usual underspend	Green
Additions to the capital programme that may incur additional borrowing costs to the council	<ul style="list-style-type: none">▪ Funded by additional grants and reserves thus no additional capital financing costs will be incurred	Green
Trading companies failure to deliver required contribution to the MTFS	<ul style="list-style-type: none">▪ Quarterly stakeholder groups▪ Review of financial and non-financial performance information	Green

10.0 Procurement Implications

There are no procurement implication arising from this report

11.0 Legal Implications

Section 151 of the Local Government Act 1972 states that without prejudice to section 111, every local authority shall make arrangements for the proper

administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs". Section 28 of the Local government Act 2003 imposes a statutory duty on a billing or major precepting authority to monitor, during the financial year, its income and expenditure against budget calculations.

Additions to the Capital Programme are dealt with in B48 of the Financial Regulations, the additions above are within the thresholds allowed for Cabinet.

12.0 Financial Implications

Financial matters are integral to this report.

13.0 Equalities implications / Public Sector Equality Duty

13.1 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:

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

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

13.2 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:

- remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
- 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;
- 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:

- Tackle prejudice, and
- Promote understanding.

13.3 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

13.4 Equality assessments were undertaken for the budget proposals agreed by Council listed as part of the MTFs process and an overall equality assessment was undertaken on the MTFs. There is only recommendation in this report for decision "That Cabinet approve the proposed amendments to the Capital Programme as set out in paragraphs 3.39 to 3.49" it is not considered that this will have a detrimental equality impact.

It is not considered that this report will have any further equality implications.

14.0 Council Priorities

The Council's vision:

Working Together to Make a Difference for Harrow

This report deals with the Revenue monitoring which is key to delivering the Council's new priorities:

- Making a difference for the vulnerable
- Making a difference for communities
- Making a difference for local business's
- Making a difference for families

Section 3 - Statutory Officer Clearance

Statutory Officer: Dawn Calvert

Signed by the Chief Financial Officer

Date: 03/02/2021

Statutory Officer: Jessica Farmer

Signed on behalf of the Monitoring Officer

Date: 01/02/2021

Chief Officer: Charlie Stewart

Signed by the Corporate Director

Date: 01/02/2021

Head of Procurement: Nimesh Mehta

Signed by the Head of Procurement

Date: 02/02/2021

Head of Internal Audit: Susan Dixon

Signed by the Head of Internal Audit

Date: 01/02/2021

Mandatory Checks

Ward Councillors notified: NO as it impacts on all Wards

EqIA carried out: NO

Section 4 - Contact Details and Background Papers

Contact: Sharon Daniels, Head of Strategic and Technical Finance
(Deputy S151), Telephone 020 8424 1332,

Sharon.Daniels@harrow.gov.uk

Background Papers:

- [MTFS 2020/21 to 2022/23](#)

- [2020/21 Budget Report](#)

Call-in waived by the Chair of Overview and Scrutiny Committee

NO

Appendix 1 - Summary of 2020/21 Revenue Budget Forecast as at Quarter 3

	Revised Budget	Forecast Outturn – Business as usual	Contribution/Drawdown From reserves	Cross Divisional Adjustments Including one-off Income	Revised Forecast due to Business as usual	Variance due to Business as usual	Forecast Outturn – due to COVID-19	Revised Forecast after COVID-19 Pressure	Q3 Variance Including COVID-19	Q2 Variance	Movement Q2 to Q3	BAU Movement	COVID-19 Movement
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Resources													
Business Support	3,367	3,383	0	0	3,383	16	12	3,395	28	32	(4)	(4)	0
Customer Services/Access Harrow	3,671	3,671	0	0	3,671	(0)	500	4,171	500	501	(1)	(1)	0
ICT	7,265	7,388	(116)	0	7,272	7	973	8,245	980	776	204	4	200
Director of Resources	727	1,865	(1,125)	0	740	13	33	773	46	45	1	1	0
Internal Audit & CAFT	625	624	0	0	624	(1)	0	624	(1)	(1)	0	0	0
Finance & Insurance	3,140	3,538	(345)	0	3,193	53	935	4,128	988	873	115	(10)	125
Revenues, Parking & Benefits	13,090	13,098	0	0	13,098	8	520	13,618	528	419	109	(1)	110
Procurement	404	341	0	0	341	(63)	0	341	(63)	(63)	1	1	0
HRD	1,527	2,031	(383)	(120)	1,528	1	0	1,528	1	0	1	1	0
Legal & Governance	3,071	3,180	(411)	0	2,769	(302)	331	3,100	29	60	(31)	19	(50)
Strategy	2,802	3,250	(131)	(165)	2,954	152	384	3,338	536	583	(47)	5	(52)
Investment Income	(2,750)	(2,723)	0	0	(2,723)	27	100	(2,623)	127	3	124	24	100
Total Controllable Budget	36,939	39,646	(2,511)	(285)	36,851	(88)	3,788	40,639	3,700	3,228	472	39	433
Uncontrollable Budget	(18,697)	(18,697)		0	(18,697)	0	0	(18,697)	0		0	0	0
Community													
Controllable Budget													
Commissioning & Commercial Services	(4,431)	(3,390)	(18)	(80)	(3,488)	943	8,601	5,113	9,544	9,336	208	(840)	1,048
Environment & Culture	23,226	23,638	(284)	0	23,354	128	4,028	27,382	4,156	4,099	57	(717)	774
Directorate Management	195	195	0	0	195	0	0	195	0	(0)	0	0	0
Housing General Fund	4,557	4,695	112	(250)	4,557	0	320	4,877	320	620	(300)	0	(300)
Regeneration, Enterprise and Planning	1,291	2,273	(994)	0	1,279	(12)	612	1,891	600	250	350	(0)	350
Total Controllable Budget	24,838	27,411	(1,184)	(330)	25,897	1,059	13,561	39,458	14,620	14,304	316	(1,556)	1,872
Uncontrollable Budget	24,849	24,849		0	24,849	0	0	24,849	0		0	0	0
People													
Controllable Budget													
Adults Services	66,783	66,871	(88)	0	66,783	0	2,897	69,680	2,897	4,332	(1,435)	0	(1,435)
Public Health	(1,814)	(1,814)	0	0	(1,814)	0	400	(1,414)	400	0	400	0	400
Children's Services	33,845	34,239	(61)	(333)	33,845	0	1,736	35,581	1,736	1,764	(28)	(192)	164
Total Controllable Budget	98,814	99,296	(149)	(333)	98,814	0	5,033	103,847	5,033	6,096	(1,063)	(192)	(871)
Uncontrollable Budget	16,205	16,205	0	0	16,205	0	0	16,205	0		0	0	0
Total Directorate Budgets	182,947	188,710	(3,844)	(948)	183,919	971	22,382	206,301	23,353	23,628	(275)	(1,709)	1,434
Corporate Items													
Corporate Items	4,904	4,774	0	0	4,774	(130)	1,429	6,204	1,300	975	324	19	305
Covid Grants						0	(20,391)	(20,391)	(20,391)	(18,165)	(2,226)	0	(2,226)
Anticipated Compensation loss of income						0	(4,300)	(4,300)	(4,300)	(4,300)	0	0	0
Corporate Contingency	1,248	1,000	0	0	1,000	(248)		1,000	(248)	0	(248)	(248)	0
Technical and Corporate Adjustment	12,060	9,481	0	0	9,481	(2,579)	1,000	10,481	(1,579)	(1,560)	(18)	(18)	0
Total Controllable Budget	18,212	15,255	0	0	15,255	(2,957)	(22,261)	(7,006)	(25,218)	(23,050)	(2,168)	(247)	(1,921)
Uncontrollable Budget	(26,398)	(26,398)	0	0	(26,398)	0	0	(26,398)	0	0	0	0	0
Total Corporate Budget	(8,186)	(11,142)	0	0	(11,142)	(2,957)	(22,261)	(33,403)	(25,218)	(23,050)	(2,168)	(247)	(1,921)
Total Budget Requirement	174,762	177,568	(3,844)	(948)	172,777	(1,985)	121	172,898	(1,864)	578	(2,443)	(1,956)	(487)

income

Appendix 2

All in £'s	Draw Down from Reserves		Cross Divisional Adjustments including one-off				Total
Description	Other Reserves	Capacity Building and Transformation reserve	Funded from MRP/ Capital Financing costs	Corporate Funding	Members Investment Fund	Manifesto Commitment Fund	Total
	£	£	£	£	£	£	£
Resources							
Community Lottery - Manifesto Commitment Fund						45,000	45,000
Community Resources and Cohesion - Brexit Funding	0			26,000		0	26,000
Community Resources and Cohesion - Manifesto Commitment Fund						60,000	60,000
HR - Transformation Reserve		55,000					55,000
Recommissioning of IT contract - Transformation Reserve		748,000					748,000
IT Contract Reserve	116,000						116,000
Legal Service Reserve- draw down to support 2020/21 budget	390,000						390,000
Flexible Futures and Change Management		728,000					728,000
New ERP and PWC		345,000					345,000
Capacity to support COVID-19 activities				285,000			285,000
Resources Total	506,000	1,876,000	0	311,000	0	105,000	2,798,000
Community							
Commissioning and Commercial - ward priorities funding	0				18,000		18,000
Commissioning and Commercial - Unachieved Vernon Lodge savings to be offset against reduced capital financing costs			80,000				80,000
Environment and Culture - fortnightly street sweeping costs					184,000		184,000
Environment and Culture - enforcement, fly-tipping, HMO and planning work					100,000		100,000
Housing GF - Draw down of FHSG grant beyond the £1.370m grant already included in the base budget for 2020/21.							0
Housing GF - interest underspend held centrally for Property Acquisition Programme (interest budgetted for centrally)	-112,000		250,000				138,000
Regeneration - Revenue expenditure to be funded from MRP provision			950,000				950,000
Capacity to support COVID-19 activities				44,000			44,000
Community Total	-112,000	0	1,280,000	44,000	302,000	0	1,514,000
People Services							
Adults							
Strategic Management - project support costs from Transformation Fund		88,000					88,000
							0
Children's Services							
High Needs Strategic Planning Grant	61,089						61,089
COVID-19 Winter Food Grant				258,710			258,710
Capacity to support COVID-19 activities				74,590			74,590
							0
People Services Total	61,089	88,000	0	333,300	0	0	482,389
Total Included in Directorates Forecast at Month 9	455,089	1,964,000	1,280,000	688,300	302,000	105,000	
Total included in Directorates		2,419,089				2,375,300	4,794,389

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Description	Balance Brought Forward 1/4/2020	Addition to Reserves 2020-21	Directorates Draw Down From Reserves	Corporate Draw Down From Reserves	Balance Carry Forward 31/03/2021	Reserves Committed to future MTFS	Total Uncommitted Reserves
CIL Harrow	-7,787,893				-7,787,893		-7,787,893
Revenue Grant Reserve	-4,795,864	-112,000	61,000		-4,846,864		-4,846,864
Compensatory Added Year Reserve	-322,782			80,000	-242,782		-242,782
Business Pool Reserve	-1,800,000			1,800,000	0		0
PFI Schools Sinking Fund	-2,371,579				-2,371,579		-2,371,579
Public Health Reserve	-1,847,250				-1,847,250		-1,847,250
PFI NRC Sinking Fund	-1,665,557				-1,665,557		-1,665,557
Legal Services Contingency	-1,054,339		390,000		-664,339		-664,339
Legal Expansion Reserve	-418,639				-418,639		-418,639
HRA Transformation Reserve	-421,551				-421,551		-421,551
Carryforward Reserve	-3,223,305				-3,223,305		-3,223,305
IT Reserve	-250,000	-18,000	134,000		-134,000		-134,000
Borough Election	-242,747				-242,747		-242,747
Harvist Reserve Harrow Share	-36,135				-36,135		-36,135
Proceeds Of Crime Reserve	-63,000				-63,000		-63,000
Proceeds Of Crime Reserve Planning	-326,550				-326,550		-326,550
Headstone Manor Reserve	-287,750				-287,750		-287,750
CIL Mayor	-223,560				-223,560		-223,560
Libraries Reserve	-150,000				-150,000		-150,000
Vehicle Fund	-774,478				-774,478		-774,478
Investment Property Reserve	-206,875				-206,875		-206,875
DSG Overspend	2,944,000				2,944,000		2,944,000
HRA Hardship Fund	-172,513				-172,513		-172,513
HRA Regeneration Reserve	-25,000				-25,000		-25,000
HRA Repair Reserve	-163,756				-163,756		-163,756
Total Earmarked Reserves	-25,687,123	-130,000	585,000	1,880,000	-23,352,123	0	-23,352,123
Business Risk Reserve	-7,526,000		402,000		-7,124,000	4,350,000	-2,774,000
Budget Planning Reserve	-2,628,689				-2,628,689		-2,628,689
Children's Social Care Reserve	-2,286,000				-2,286,000	2,186,000	-100,000
Capacity Build/ Transformation Reserve	-3,221,091		1,964,000		-1,257,091		-1,257,091
MTFS Implementation Reserve	-1,775,209				-1,775,209	349,683	-1,425,526
Commercialisation Reserve	-1,264,773				-1,264,773		-1,264,773
Total Non-Earmarked Reserves	-18,701,762	0	2,366,000	0	-16,335,762	6,885,683	-9,450,079
Total non General Fund Reserves	-44,388,885	-130,000	2,951,000	1,880,000	-39,687,885	6,885,683	-32,802,202
General Fund Reserves	-10,000,000				-10,000,000		-10,000,000

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2020-21 Savings Update								
Item No	Unique Reference No.	Headline Description re: saving / reduction	2020-21	2021-22	2022-23	Total	Rag Rating	Comment - (Comment relates to 2020/21 savings only)
	(1)	(3)	(10)	(11)		(12)		
			£000	£000	£000	£000		
Resources Directorate								
1	RES 2	Access Harrow /Contact Cente - delete one post in the Adults team	(35)			(35)	Green	Savings achieved, post deleted prior to 2020/21.
2	RES 3	Revenues - delete 0.5 FTE which covers the Capita contract resilience	(25)			(25)	Green	Savings already removed from Revenues budget - achieved
3	RES 4	Benefits - delete two posts over two years	(33)	(33)		(66)	Green	£33k already removed from budget and on target to deliver the other £33k in 21/22
4	RES 5	Delete one FTE across finance function	(30)			(30)	Green	Savings already achieved , deletion of a vacant post.
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)	Green	Savings already achieved , deletion of a vacant post.
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)	Amber	Savings at risk, first year implementation in Revenues and Benefits sections should have started from 1st October 2020, however the preparatory work (digital services and consultation) are not complete as staff are not allowed in the office due to COVID situation. Progress
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)	Green	Savings achieved, post deleted prior to 2020/21.

2020-21 Savings Update								
Item No	Unique Reference No.	Headline Description re: saving / reduction	2020-21	2021-22	2022-23	Total	Rag Rating	Comment - (Comment relates to 2020/21 savings only)
	(1)	(3)	(10)	(11)		(12)		
			£000	£000	£000	£000		
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)	Green	Savings achieved
9	RES	Investment Income : Income from investing in commercial properties		(1,726)		(1,726)	Purple	
29	COR 04	Income from £100m Investment Property Purchase	(150)	(1,175)	(1,175)	(2,500)	Green	Savings achieved for 2020/21. The savings on the shedule are net figures. For 2020/21 gross saving is £450k while the capital financing cost is £300k. For 2021/22 and 22/23 the gross savings are £3.525m in each year while the capital financing cost is £2.350m in each year.
		Resources total	(868)	(3,109)	(1,175)	(5,152)		
People Directorate								

2020-21 Savings Update								
Item No	Unique Reference No.	Headline Description re: saving / reduction	2020-21	2021-22	2022-23	Total	Rag Rating	Comment - (Comment relates to 2020/21 savings only)
	(1)	(3)	(10)	(11)		(12)		
			£000	£000	£000	£000		
10	PC_01	<p>Reduction in expenditure in relation to children's placements, accommodation and client related spend.</p> <p>Targeted early intervention and support to prevent young people from coming into care or stepping young people down from care where it is safe to do so. Targeted actions continue to reduce the average cost of service provision through negotiation with providers and continued maximisation of capacity available within block contracts services and council properties.</p>	(410)	(410)		(820)	Amber	Monitoring of achievement is required during the year as savings are at risk due to fluctuations in demand
Children and Young People Total			(410)	(410)		(820)		
Community Directorate								
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)	Green	Saving achieved.

2020-21 Savings Update								
Item No	Unique Reference No.	Headline Description re: saving / reduction	2020-21	2021-22	2022-23	Total	Rag Rating	Comment - (Comment relates to 2020/21 savings only)
	(1)	(3)	(10)	(11)		(12)		
			£000	£000	£000	£000		
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)	Green	Saving achieved. The lease of the APC has been terminated.
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)	Red	The removal of base budget from October 2020 for 4 positions that are currently 67% grant funded is expected to be delayed until 31 March 2021. This is a direct result of the onset of the pandemic; it is expected, however, that this saving will be achieved in full in 2021/22.
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)	Purple	Awaiting plan from Head of Resident Services

2020-21 Savings Update								
Item No	Unique Reference No.	Headline Description re: saving / reduction	2020-21	2021-22	2022-23	Total	Rag Rating	Comment - (Comment relates to 2020/21 savings only)
	(1)	(3)	(10)	(11)		(12)		
			£000	£000	£000	£000		
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)	Purple	[1] EACH contract £30k transfer to Floating Support - expected to be achieved through FHSG [2] Sheltered Hsg Support - expected to achieve through reduction in scope service and enhanced management charge which is eligible for Housing Benefit - Domestic Abuse services contract with Hestia (to which Housing contributes GF budget for refuge and floating support) extended. Project team in place for procurement exercise - currently seeking feedback from internal colleagues on current services.
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)	Green	Savings achieved.
18	COM_20.21_S07	Building Control - Additional income from commercialisation of the service		(20)		(20)	Purple	Future year saving, however the health pandemic is likely to adversely impact on the number of building control applications as a slow economic recovery is anticipated.
19	COM	Income from expansion of Central Depot	(681)			(681)	Red	The target was originally added to the MTFs to reflect the funding for the capital financing costs of the depot redevelopment project. The timeline for completing the project has been delayed. This target is now included in the wider financial and commercial review, which is being worked through to identify mitigations.

2020-21 Savings Update								
Item No	Unique Reference No.	Headline Description re: saving / reduction	2020-21	2021-22	2022-23	Total	Rag Rating	Comment - (Comment relates to 2020/21 savings only)
	(1)	(3)	(10)	(11)		(12)		
			£000	£000	£000	£000		
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)	Green	Gayton Library will be replaced by the new town centre library. The fit out of the new library was originally scheduled to be completed by the end of April 2020 with the new library due to open in mid-May 2020. This is now further delayed due to the health pandemic. However, an agreement has been reached with the landlord of Gayton Library for an extension to the lease until the 31st August 2020 on a rent free basis, therefore the MTFs saving can be achieved in full.

2020-21 Savings Update								
Item No	Unique Reference No.	Headline Description re: saving / reduction	2020-21	2021-22	2022-23	Total	Rag Rating	Comment - (Comment relates to 2020/21 savings only)
	(1)	(3)	(10)	(11)		(12)		
			£000	£000	£000	£000		
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. 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)	Green	Changes to opening hours and staffing reorganisation already completed during 2019/20. This saving in 2020/21 represents the full year effect of the reduction in staffing costs.

2020-21 Savings Update								
Item No	Unique Reference No.	Headline Description re: saving / reduction	2020-21	2021-22	2022-23	Total	Rag Rating	Comment - (Comment relates to 2020/21 savings only)
	(1)	(3)	(10)	(11)		(12)		
			£000	£000	£000	£000		
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.	50			50	Green	This figure shown in 2020/21 reflects a reduction of MTFS target from £100k in 2019/20 to £50k in 2020/21. Albeit not a saving target, it should be noted that the health pandemic resulted in an adverse impact on the number of planning applications in the early part of the financial year. This may be compensated by the income from Planning Performance Agreements and will be closely monitored.
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)	Red	Rent income from Atkins House following the completion of refurbishment work will ensure that the 2019/20 MTFS target of £130k is achieved in full in 2020/21. The MTFS targets of £80k and £643k in 2020/21 and 2021/22 respectively relate to the assumed rental income from the redevelopment of Vernon Lodge. The originally planned scheme at Vernon Lodge is no longer progressed. A revised business case for the project is currently being reviewed, along with the inclusion of the Probation Centre as part of a wider proposal to provide homeless accommodation, to assess the financial viability of the scheme. Therefore the 2020/21 saving is not achievable, however there is a corresponding saving on capital financing cost as the capital budget is not spent. The Capital financing cost assumed in 2020/21 is £190k

2020-21 Savings Update								
Item No	Unique Reference No.	Headline Description re: saving / reduction	2020-21	2021-22	2022-23	Total	Rag Rating	Comment - (Comment relates to 2020/21 savings only)
	(1)	(3)	(10)	(11)		(12)		
			£000	£000	£000	£000		
26		Additional Financing Income : Banister (25k) Harrow Weald Toilet (£11k) Probation Centre (£275k) Drones (unmanned aerials) (£92k)		(403)		(403)	Purple	Future year saving, which reflects the capital financing cost of various capital projects. Some capital projects have been delayed or are being reassessed, therefore the MTFS target will have to be reviewed as part of 2021/22 refresh.
Community Total			(1,075)	(1,125)	-	(2,200)		
Corporate								
28	COR 03	SEN Transport efficiency from Transformation	(400)	(400)		(800)	Red	The saving in 2020/21 is not forecast to be achieved. This saving is being offset against underspends in the Capital financing budget.
31	COR 06	Transformation Target - additional £1m over and above SEN Transport target per annum		(1,000)	(1,000)	(2,000)	Purple	Future year savings
27	COR 02	Gayton Road - income from 53 PRS units	(450)	(144)	(47)	(641)	Green	Savings achieved
Corporate Total			(850)	(1,544)	(1,047)	(3,441)		
Total Savings			(3,203)	(6,188)	(2,222)	(11,613)		

Green - Low or no risk to delivery of savings	
Amber - Medium/some risk to delivery	
Red - High risk to delivering forecast savings	
Purple	

Clear delivery plans in place
Project running to timescale
Potential for slippage but project will be delivered as originally intended but not within timescale, so saving will not be fully realised.
Project may have started but will deliver no savings in the current financial year
Project cannot be delivered but underspends found elsewhere to mitigate savings.
Future year's savings

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Project Definition	Original Programme	Realignment 20/21 budget in 19/20	Brought Forward	Virement	Budget Realignment as per Dec 20 Cabinet Report	Other Adjustment (Additional/Reduction)	Externally Funded (E)	Harrow Funded (B)	TOTAL CAPITAL PROGRAMME 20/21	Further Budget Adjustment	Total Budget February Cabinet	Budget Released on SAP	Actuals	Commitments	Forecast Outturn	Forecast Variance	Slippage	Over/ Underspend after Slippage
	£		£	£	£	£	£	£	£			£	£	£	£	£	£	£
Capital cost of transition and transformation of ICT service	0		158,874	0	0	0	0	158,874	158,874		158,874	158,874	0	0	158,874	0	0	0
ICT Infrastructure & Corporate Applications	0		0	0	0	0	0	0	0		0	0	0	0	0	0	0	0
IT Corporate System Refresh	0		0	0	0	0	0	0	0		0	0	0	0	0	0	0	0
ICT Re-Commissioning	0		1,043,512	0	0	0	0	1,043,512	1,043,512		1,043,512	490,437	157,179	151,942	1,043,512	0	0	0
Ongoing refresh & enhancement of ICT	3,000,000		4,447,666	0	-3,867,000	0	0	3,580,666	3,580,666	2,101,772	5,682,438	5,130,910	2,496,501	455,908	5,682,438	0	0	0
Devolved Applications refresh	1,700,000		927,297	-500,000	-1,209,001	0	0	918,296	918,296	517,473	1,435,769	1,077,297	522,404	66,496	1,435,769	0	0	0
SAP: Financial Ledger/Systems Control Imp	0		55,514	0	-55,514	0	0	0	0		0	1,492	0	0	0	0	0	0
Waste Collector	0		25,273	0	0	0	0	25,273	25,273		25,273	25,273	0	0	0	(25,273)	(25,273)	0
ABAVUS	0		513,036	0	0	0	0	513,036	513,036		513,036	513,036	76,679	31,194	438,036	(75,000)	(75,000)	0
LAA Performance Reward Grant	0		59,407	0	0	0	59,407	59,407	59,407		59,407	0	0	0	59,407	0	0	0
Other Schemes (Council wide)	0		2,203,500	0	-9,000,500	6,797,000	0	0	0		0	91,451	0	0	0	0	0	0
ER Grant	0		0	0	0	0	0	0	0		0	0	0	0	0	0	0	0
FM Minor Work	0		0	0	0	0	0	0	0		0	0	0	0	0	0	0	0
Property Investment	0		94,406,672	0	-94,406,672	0	0	0	0		0	0	0	0	0	0	0	0
HR Shared Service	0		65,219	0	-65,219	0	0	0	0		0	15,000	0	0	0	0	0	0
Enterprise Resource Planning System	1,500,000		2,361,876	500,000	10,000	1,650,000	0	6,021,876	6,021,876		6,021,876	6,011,876	2,678,413	2,420,619	6,021,876	0	0	0
Legal Case Management System	0		0	0	0	41,000	0	41,000	41,000		41,000	0	0	0	41,000	0	0	0
BTP Minor Projects	0		0	0	0	0	0	0	0		0	0	0	0	0	0	0	0
TOTAL RESOURCES	6,200,000	0	106,267,846	0	-108,593,906	8,488,000	100,407	12,261,533	12,361,940	2,619,245	14,981,185	13,515,646	5,931,176	3,126,159	14,880,912	(100,273)	(100,273)	0
Commissioning and Environment & Culture																		
Car Parks Infrastructure	15,000		3,550	0	0	0	0	18,550	18,550		18,550	17,330	8,621	8,453	18,550	0	0	0
City Farm/Pinner Park Farm	0		0	0	0	0	0	0	0		0	0	0	0	0	0	0	0
Corporate Accommodation Maintenance	0		174,351	-116,860	0	0	0	57,491	57,491		57,491	57,491	47,260	5,657	57,491	0	0	0
High Priority Plan Maintenance Corporate Property	855,000		248,453	116,860	0	0	0	1,220,313	1,220,313		1,220,313	875,317	200,594	393,709	760,468	(459,845)	(459,845)	0
Highway Drainage Improvements & Flood Defence Infrastructure	500,000		0	0	0	0	500,000	0	500,000		500,000	500,000	345,749	37,931	500,000	0	0	0
Highway Improvement Programme	5,000,000		0	0	0	25,000	25,000	5,025,000	5,025,000	12,454	5,037,454	5,025,000	4,196,165	720,845	5,037,454	0	0	0
Parking Management Programme	300,000		0	0	0	0	300,000	300,000	300,000		300,000	300,000	120,004	62,325	300,000	0	0	0
Neighbourhood Investment Scheme	0		0	0	0	0	0	0	0		0	0	0	0	0	0	0	0
Waste and Recycling	150,000		7,209	0	0	0	157,209	157,209	157,209		157,209	157,209	85,723	65,046	157,209	0	0	0
Section 106 Schemes for Highways	0		0	0	0	0	0	0	0		0	0	(1,554)	1,554	0	0	0	0
Street Lighting Improvement Programme	1,000,000		0	0	0	0	1,000,000	1,000,000	1,000,000		1,000,000	1,000,000	327,845	619,208	1,000,000	0	0	0
TFL Principal Road Maintenance	0		0	0	0	0	0	0	0		0	0	0	0	0	0	0	0
TFL Transport Capital	1,291,000		0	0	-761,000	0	530,000	0	530,000		530,000	530,000	0	67,278	530,000	0	0	0
Trade Waste	100,000		138,456	0	0	0	238,456	238,456	238,456		238,456	238,456	113,089	103,313	238,456	0	0	0
Town Centre Regeneration	0		0	0	0	0	0	0	0		0	0	0	0	0	0	0	0
Harrow Green Grid	150,000		66,847	0	0	0	185,239	31,608	216,847		216,847	216,847	37,340	106,847	216,847	0	0	0
CCTV cameras and equipment at the depot	50,000		0	0	0	0	50,000	50,000	50,000		50,000	0	5,220	0	50,000	0	0	0
CCTV Infrastructure	0		1,264,598	0	-1,246,598	0	0	18,000	18,000		18,000	464,598	21,563	11,391	18,000	0	0	0
Parks Infrastructure	675,000		275,969	0	0	0	950,969	950,969	950,969		950,969	944,894	206,307	475,809	950,969	0	0	0
Parks Litter Bins	0		0	0	0	0	0	0	0		0	0	0	0	0	0	0	0
Green Gym	0		0	0	0	0	0	0	0		0	0	0	0	0	0	0	0
Parks Playground Improvement	250,000		122,543	0	0	0	372,543	372,543	372,543		372,543	372,543	31,122	235,379	372,543	0	0	0
Street Litter Bins	0		28,656	0	0	0	28,656	28,656	28,656		28,656	28,656	1,362	27,293	28,656	0	0	0
Harrow Weald Toilet Block	0		148,546	0	0	0	148,546	148,546	148,546		148,546	148,546	23,859	124,468	148,546	0	0	0
Redevelopment of Rayners Lane Toilet Block	0		70,839	0	0	0	70,839	70,839	70,839		70,839	70,839	0	70,770	70,839	0	0	0
Redevelopment of Vernon Lodge & Atkins House	1,324,000		7,857,507	0	-9,176,507	0	5,000	5,000	5,000		5,000	210,257	4,280	45,564	5,000	0	0	0
Vehicle Procurement	0		7,658,811	0	-7,233,811	0	425,000	425,000	425,000		425,000	7,658,811	13,512	13,677	425,000	0	0	0
Depot Redevelopment	5,650,000		8,921,464	0	0	0	14,571,464	14,571,464	14,571,464		14,571,464	14,571,464	8,671,056	1,708,372	14,571,464	0	0	0
Headstone Manor - Park for People Project	0		896,716	0	0	0	896,716	896,716	896,716		896,716	896,716	640,120	218,426	896,716	0	0	0
Probation Centre	3,000,000		2,000,000	0	-5,000,000	0	0	0	0		0	0	0	0	0	0	0	0
Headstone Manor Flood Alleviation Scheme	2,700,000		0	0	-1,700,000	0	1,000,000	1,000,000	1,000,000	150,000	1,000,000	1,000,000	0	169,656	1,000,000	0	0	0
NIS - Kenton West	1,218,000		0	0	0	250,000	1,468,000	1,468,000	1,468,000		1,468,000	1,468,000	886,701	550,894	1,468,000	0	0	0
Bannisters Former Civil Defence Building	0		347,500	0	0	0	347,500	347,500	347,500		347,500	347,500	18,952	327,955	347,500	0	0	0
Unmanned Aerial Vehicles	0		400,000	0	-400,000	0	0	0	0		0	0	0	0	0	0	0	0
Sec 106 Banister Sport Pitch	0		1,158,946	0	0	0	1,158,946	1,158,946	1,158,946		1,158,946	1,158,946	842,081	109,926	1,158,946	0	0	0
Harrow Arts Centre	1,021,000		1,109,625	0	0	0	2,130,625	2,130,625	2,130,625		2,130,625	2,130,625	1,229,232	79,156	1,630,625	(500,000)	(500,000)	0
Headstone Manor	0		0	0	0	0	0	0	0		0	0	0	0	0	0	0	0
HAC/Museum - ICT	0		0	0	0	0	0	0	0		0	0	0	0	0	0	0	0
Central Library Refit/Refurb	0		1,009,093	30,000	0	0	1,009,093	30,000	1,039,093		1,039,093	1,039,093	980,503	18,107	1,039,093	0	0	0
Refurbishment of 3 Libraries	150,000		150,000	0	-300,000	0	0	0	0		0	0	0	0	0	0	0	0
Libraries and Leisure Capital Infrastructure	150,000		231,727	-30,000	0	0	351,727	351,727	351,727		351,727	329,063	57,400	168,423	329,063	(22,664)	(22,664)	0
Harrow Arts Centre Capital Infrastructure	300,000		0	0	0	0	300,000	300,000	300,000		300,000	300,000	122,286	155,918	300,000	0	0	0
Harrow Museum Capital Infrastructure	104,000		0	0	-60,000	0	44,000	44,000	44,000		44,000	44,000	492	44,000	44,000	0	0	0
Total Commissioning and Environment & Culture	25,953,000	0	34,291,406	0	-25,877,916	275,000	9,576,162	25,065,328	34,641,490	162,454	34,803,944	42,252,201	19,236,839	6,703,350	33,821,435	(982,509)	(959,845)	(22,664)
Housing																		
Disabled Facilities Grants	2,030,000	-75,000	13,977	0	337,250	0	1,517,250	788,97										

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Appendix 6 – Council Trading Company Update 2020/21, Quarter 3

Introduction

1. As at Quarter 3 2020/21, the Council’s trading structure consists of four separate legal entities set out in table 1 below and presented as a flow chart at the end of this report along with detailed financial results.

Table 1: Harrow Council Trading Structure

Name	Legal Structure	Date Started Trading
Concilium Group Limited (Holding Company)	UK Limited Company	November 2015
Concilium Business Services Limited	UK Limited Company	November 2015
Sancroft Community Care Limited	UK Limited Company	January 2018
Concilium Assets LLP	Limited Liability Partnership	January 2019

2. These entities have been set up to provide a financial or other benefit to the Council whilst enabling it to undertake specific commercial activities. Harrow Council either directly or indirectly holds a 100% controlling interest in each of them.

Background

3. Concilium Group Ltd. is a wholly owned commercial subsidiary of the Council, set up with the dual purpose of consolidating the financials of its subsidiaries and to act as the minority partner in a Council controlled Limited Liability Partnership (Concilium Assets LLP).
4. Concilium Business Services Ltd is a wholly owned subsidiary of Concilium Group Ltd. Until February 2019 its principal source of revenue came from the property management of 100 homes, managed on behalf of Harrow Council. Its activities are now kept to a minimum.
5. Sancroft Community Care Ltd is a wholly owned subsidiary of Concilium Group Ltd. It was set up to take over the operation of the now 62 bed residential care home for the elderly. 45 of these beds are block contracted with the London Borough of Harrow for five years.
6. Concilium Assets LLP (The LLP) is a Limited Liability Partnership owned 95% by Harrow and 5% by Concilium Group Ltd, set up to enable direct private rental sector (PRS) property investment activities. 53 PRS units on Gayton Road were transferred to the LLP in July 2019 on a 10 year lease for rent to the private market.

Financial Implications

7. The accounting year end for all of these entities is the 31st March in line with the council’s year end. This report references detail for financial years ended 2020 and 2021 along with a summary for financial years ended 2022 and 2023.

8. Financial accounts have been prepared for the year ended 31st March 2020 for Concilium Business Services Limited, Sancroft Community Care Limited and Concilium Assets LLP. Audits of the accounts of Sancroft Community Care Limited and Concilium Assets LLP have been completed. Group accounts are currently being prepared for Concilium Group Limited. For reporting purposes, Concilium Group Limited is classified as a dormant entity. The Council is currently investigating whether an audit of the accounts of Concilium Group Limited is required. Concilium Business Services Limited is subject to exemption from the need to carry out an audit. The published financial position for the companies for the year ending 31st March 2020 is summarised in Table 4.
9. The detailed annual forecast position to 31st March 2021 for the council's trading structure has been summarised in Table 5. These figures have not yet been subject to audit.
10. The annual forecast position for the council's trading structure has been summarised in Table 6. The table covers financial years 2020/21, 2021/22 and 2022/23 in line with the respective business plans.

Concilium Business Services Ltd

11. Concilium Business Services Ltd has undergone a strategic change of direction and the details were presented as part of the part two savings tracker to Cabinet in July 2019. As a result, the company is now only responsible for the legal ownership of 2 homes. The company retains 5% of the income collected from these tenants, distributing the remaining 95% back to the Council.
12. The entity is now trading as a principal as opposed to an agent, thus retaining legal ownership of these properties and neither charging a management fee nor undertaking any property management/agency activities.
13. The future financial position in Table 6 assumes that Concilium Business Services Limited shall remain active with minimal activities which may be subject to change in the coming years as there is a view to winding down the company.

Sancroft Community Care Ltd

14. The audited financial information for Sancroft Community Care Ltd for the year ending 31st March 2020 is summarised in Table 4 at the end of this report. A financial summary of Sancroft's performance against its business plan (budget) for 2020/21 is presented in Table 2 below.

Table 2: Sancroft Forecast Annual Position as at 31st December 2020

<i>Negative/(Positive)</i>	Full year Forecast	Annual Budget	Forecast Budget Variance
Total Income	(2,339,790)	(2,419,349)	79,559
Total Expenditure	2,298,694	2,363,116	(64,422)
(Net Profit)/Loss	(41,096)	(56,233)	15,137

15. The full business plan (refreshed) for Sancroft Community Care Ltd was presented as Appendix 8 (exempt) to the 12th September 2019 Cabinet report and approved along with the detailed quarterly performance against budget for Q1 2019/20 as Appendix 7 (exempt).

16. The forecast remains volatile due to the impact of Covid 19 and the continued uncertainty for the remainder of the year.

Concilium Assets LLP

17. Concilium Assets LLP has had its first year of trading extended for commercial reasons and its prior year shortened. Dormant accounts were therefore filed for the 9 months ended 31st December 2018 and for accounting purposes the LLP has been trading since 1st January 2019 and has prepared audited accounts to the 15 months ended 31st March 2020.

18. The final business plan including financial model for Concilium Assets LLP was included as Appendix 9 (exempt) to the 12th September Cabinet report and approved by Cabinet. The figures reported in Table 6 are a reflection of the final approved business plan.

19. Performance against the LLP's business plan this year is reported below in Table 3. Results for the quarter are in line with the annual budget.

Table 3: LLP Forecast Annual Position as at 30th December 2020

<i>Negative/(Positive)</i>	Full year Forecast	Annual Budget (B-Plan)	Forecast Budget Variance
Total Income	(1,056,640)	(1,072,113)	15,473
Total Expenditure*	854,149	605,303	248,846
(Net Profit)/Loss	(202,491)	(466,810)	264,319

* See paragraph 20 below

20. The Council charges the LLP 33% of its turnover (the lease rent) which is accounted for as an expense in the accounts of the LLP. This expense was not included in the business plan which accounts for the forecast budget variance. The lease rent is a direct benefit to the Council and is included in the MTFS.

21. The LLP accounts for 2019/20 include a technical adjustment spreading the payments to the Council over the full term of the lease rather than accounting for them on a cash basis. The value of this adjustment for 2019/20 is £199,687 resulting in a loss in the audited company accounts for 2019/20 of £74,755. The £199,687 adjustment will be offset by rental income received in future years.

22. Any remaining profit is distributed back to the council as a dividend. The position for the LLP including these distributions is published in the business plan and included in the council's MTFS.

Funding Arrangements

23. Concilium Assets LLP was granted a start-up loan of £175,000 which was fully drawn down in 2019. An additional short term loan facility to the LLP of up to £250k was approved by Cabinet in July 2019 of which only £100k was drawn down. These loans were repaid in full before March 2020, ahead of business plan projections.

Harrow Council Commercial Structure

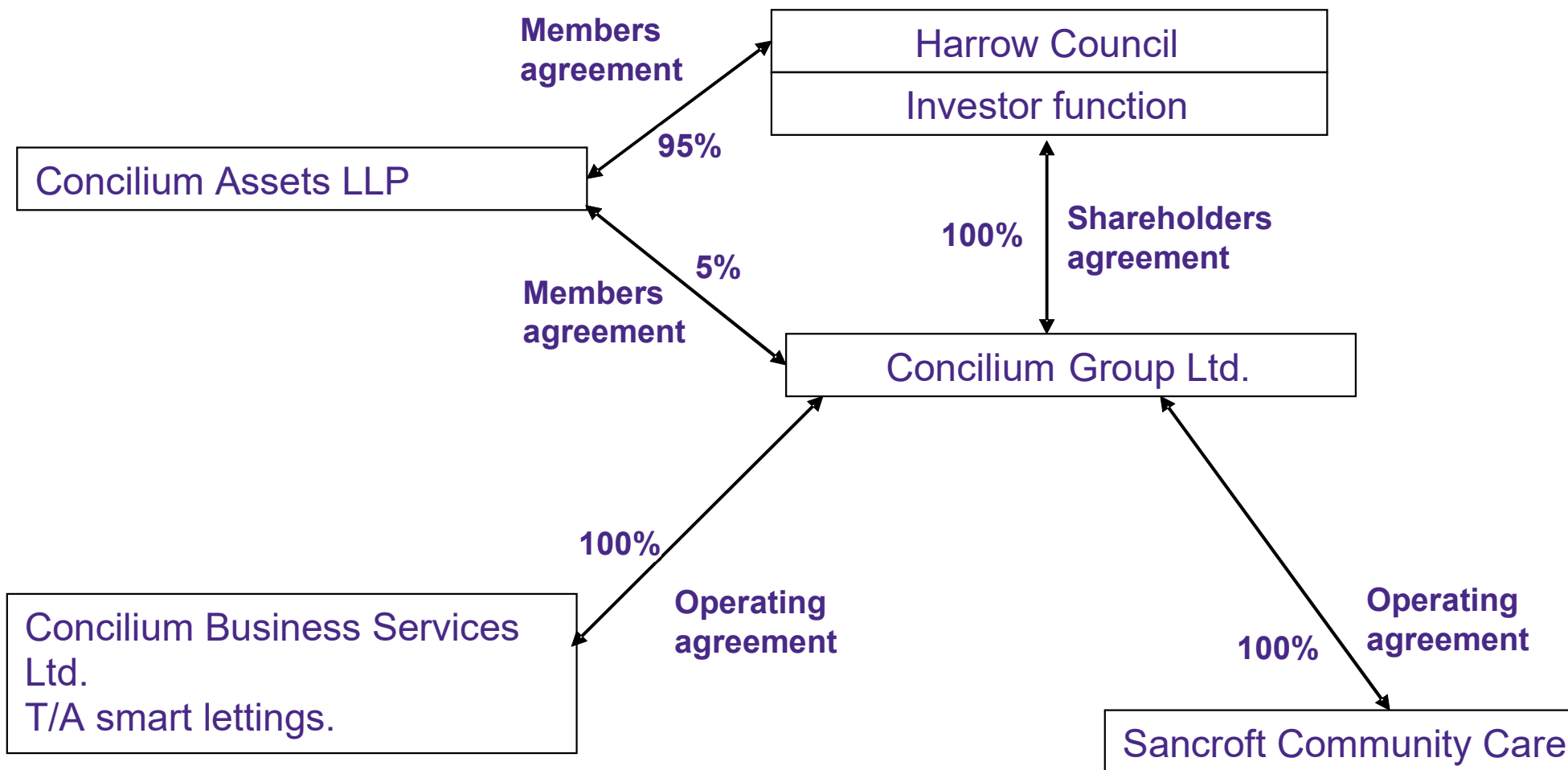


Table 4: Trading Structure Full Year Position to 31st March 2020

£ Negative/(£ Positive)	Concilium Business Services Ltd	Concilium Group Ltd	Sancroft Community Care Ltd	Concilium Assets LLP	Aggregate Position
Income	(141,063)	0	(2,373,783)	(679,440)	(3,194,286)
Direct and Administrative Expenditure	145,262	7,450**	2,309,648	754,195	3,216,555
(Net Profit)/Loss	4,199	7,450	(64,135)	74,755*	22,269
Retained Earnings c/f	26,997	12,832	2,356	74,755	116,940

* Refer to paragraph 21.

** Includes estimated accounts preparation and audit costs of £6,450.

Table 5: Trading Structure Full Year Forecast to 31st March 2021

£ Negative/(£ Positive)	Concilium Business Services Ltd	Concilium Group Ltd	Sancroft Community Care Ltd	Concilium Assets LLP	Aggregate Position
Income	(55,000)	0	(2,339,790)	(1,056,640)	(3,451,430)
Direct and Administrative Expenditure	50,000	7,450	2,298,694	854,149*	3,210,293
(Net Profit)/Loss	(5,000)	7,450	(41,096)	(202,491)	(241,137)
Retained Earnings c/f	21,997	20,282	(38,739)	(127,736)	(124,196)

* This figure includes the Council's 33% share of rental income which is treated as an expense in the accounts of the LLP. Refer to paragraph 20.

Table 6: Trading Structure Full Year Forecast for MTFS

£ Negative/(£ Positive)	Concilium Business Services Ltd	Concilium Group Ltd	Sancroft Community Care Ltd	Concilium Assets LLP *	Aggregate Position
Retained Earnings b/f	26,997	12,832	2,356	74,755	116,940
(Net Profit)/Loss - 2020/21	(5,000)	7,450	(41,096)	(202,491)	(241,137)
(Net Profit)/Loss - 2021/22	(5,000)	7,450	(37,621)	(186,890)	(222,061)
(Net Profit)/Loss - 2022/23	(5,000)	7,450	(6,938)	(194,160)	(198,648)
Retained Earnings c/f	11,997	35,182	(83,299)	(508,786)	(544,906)

* These figures include the Council's 33% share of rental income which is treated as an expense in the accounts of the LLP. Refer to paragraph 20.