

# Overview and Scrutiny Committee (Special) Agenda

**Date:** Tuesday 12 January 2021

**Time:** 6.30 pm

**Venue:** Virtual Meeting - Online

## Membership (Quorum 4)

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**Chair:** Councillor Sachin Shah

**Labour Councillors:** Dan Anderson  
Jeff Anderson  
Sarah Butterworth  
Honey Jamie

**Conservative Councillors:** Stephen Greek (VC)  
Jean Lammiman  
Chris Mote  
Kanti Rabadia

**Representatives of Voluntary Aided Sector:** Mr N Ransley / Reverend P Reece  
**Representatives of Parent Governors:** Mr M Chandran / Ms M Trivedi

(Note: Where there is a matter relating to the Council's education functions, the "church" and parent governor representatives have attendance, speaking and voting rights. They are entitled to speak but not vote on any other matter.)

## Representative of Harrow Youth Parliament

**Labour Reserve Members:**

1. Jerry Miles
2. Chloe Smith
3. Angella Murphy-Strachan
4. Sasi Suresh

**Conservative Reserve Members:**

1. Philip Benjamin
2. Stephen Wright
3. Norman Stevenson
4. Ramji Chauhan

**Contact:** Daksha Ghelani, Senior Democratic Services Officer  
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# **Useful Information**

## **Meeting details**

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

**Agenda publication date: Tuesday 22 December 2021**

# Agenda - Part I

## 1. Attendance by Reserve Members

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

Reserve Members may attend meetings:-

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

## 2. Declarations of Interest

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

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

## 3. Question and Answer Session with the Leader of the Council and the Chief Executive

3(a) Draft Revenue Budget 2021/22 and draft Medium-Term Financial Strategy 2021/22 to 2023/24 (Pages 5 - 58)

3(b) Draft Capital Programme 2020/21 to 2023/24 (Pages 59 - 80)

3(c) Revenue and Capital Monitoring 2020/21 - as at Quarter 2 (30th September 2020) (Pages 81 - 134)

3(d) Council Response to Covid-19 Update:

Verbal update from the Chief Executive and the Leader of the Council.

# Agenda - Part II

**Nil**

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**REPORT FOR: CABINET**

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<b>Date of Meeting:</b>	17 December 2020
<b>Subject:</b>	Draft Revenue Budget 2021/22 and draft Medium-Term Financial Strategy 2021/22 to 2023/24
<b>Key Decision:</b>	Yes
<b>Responsible Officer:</b>	Dawn Calvert – Director of Finance and Assurance (S151 Officer)
<b>Portfolio Holder:</b>	Councillor Adam Swersky – Portfolio Holder for Finance and Resources
<b>Exempt:</b>	No
<b>Decision subject to Call-in:</b>	Yes
<b>Wards affected:</b>	All
<b>Enclosures:</b>	<b>Appendix 1A</b> – Growth/Reversed savings and savings from 2021/22 Process <b>Appendix 1B</b> – Savings and Growth 2021/22 to 2022/23 from the 2020/21 Budget Process <b>Appendix 2</b> - Medium Term Financial Strategy 2021/22 to 2023/24 <b>Appendix 3</b> - Schools Budget 2021/22 <b>Appendix 4</b> - Draft Public Health Budget 2021/22

This report sets out the draft revenue budget for 2021/22 and draft Medium-Term Financial Strategy (MTFS) for 2021/22 to 2023/24. The budget and MTFS will be brought back to Cabinet in February 2021 for final approval and recommendation to Council.

**Recommendations:**

Cabinet is requested to:

- 1) Approve the draft budget for 2021/22 and the MTFS 2021/22 to 2023/24 for general consultation as set out in Appendices 1 and 2 so that Cabinet may later consider the budget in light of the consultation responses and the equality impact assessments before it is referred to Council in February 2021.
- 2) Note the Spending Review 2020 confirmed broad plans for public spending for 2021/22, which will impact on local government, and that the draft budget will be updated when the detail is announced in the Indicative Financial Settlement expected mid to late December followed by the Final Settlement no later than January 2021 (paragraph 1.8).
- 3) Note the balanced budget position for 2021/22, and the budget gaps of £25.754m and £5.098m for 2022/23 and 2023/24 respectively based on the scenario of a total Council Tax increase of 4.99% in 2021/22 and 1.99% in 2022/23 (table 2).
- 4) Note the proposal to increase core Council Tax by 1.99% in 2021/22 and in 2022/23 (Table 2 and paragraph 1.21).
- 5) Note the proposal to increase Council Tax by 3.0% in 2021/22 in respect of the Adult Social Care Precept (Table 2 and paragraph 1.21).
- 6) Note the requirement to develop a fully costed budget and implementation plan to support the estimated financial challenges over the MTFS for presentation to Cabinet in summer / autumn (paragraph 1.50)
- 7) Note there are no proposed structured changes to the schools funding formula for 2021/22 as set out in Appendix 3 and paragraph 1.58
- 8) Approve the draft Public Health budget for 2021/22 as set out in Appendix 4
- 9) Note the assumed funding for the protection of social care 2021/22 through the BCF as set out in paragraphs 1.65

- 10) Authorise the Director of Finance and Assurance, following consultation with the Portfolio Holder for Finance and Resources, to agree Harrow's 2021/22 contribution to the London Borough's Grant Scheme (paragraph 1.69).
- 11) Note that the London 75% Business Rate Retention Pilot will again not apply in 2021/22 but the London Borough's Leaders Committee have agreed to continue to informally post business rates across all London authorities in 2021/22 (as occurred in 2020/21), subject to no London Authority withdrawing before the cooling off period lapses in mid-January.
- 12) Delegate to the Director of Finance and Assurance, in consultation with the Leader of the Council, Portfolio Holder for Finance and Resources and the Monitoring Officer the authority to respond on behalf of the authority with regard to any recommendations from the informal business rates pool from 2021/22.

Final approval will be sought from Cabinet and Council in February 2021

**Reason: (For recommendations)**

To ensure that the Council publishes a draft budget for 2021/22 and a draft 3 Year MTFS to 2023/24.

## Section 2 – Report

### BACKGROUND

- 1.1 Prior to the Covid-19 pandemic, Local Government finances continued to have a very difficult decade. Revenue expenditure has reduced by 20 to 30% on average against a backdrop of a rising UK population and a continued increase in demand for social care across all age groups and for pupils with special educational needs. In their publication ‘Local Government Funding – Moving the conversation’ (June 2018) the Local Government Association shared a number of their key statistics including:
- Analysis indicated that local services face a funding gap of £7.8billion by 2025 of which £6.6 billion would relate to Adults social care and Children’s services.
  - By 2020, local authorities will have faced a reduction to core funding from central Government of nearly £16 billion over the preceding decade.
- 1.2 With the Local Government sector being at the forefront of the response to both the public health and economic crises caused by Covid 19, it is hardly surprising that the pandemic has had a significant impact on local government finances which were already in a difficult position following a decade where resources have been reduced by over a quarter. Early in the pandemic London Councils published their report ‘Impact of Covid-19 on Local Government Finance.’ The report published the findings of the surveys issued by the Ministry of Housing, Communities and Local Government (MHCLG) to track the financial impact of the pandemic over the first three months of the year. The estimated financial impact across London Borough’s was £1.96b against Emergency Funding allocated at the time of £500m. Whilst it is appreciated that further financial support has been provided which is gratefully received, so too have increased, and continue to emerge, the associated costs of the pandemic on the sector and the wider local government economy including the impact on local business, jobs and employment, housing and the high street.
- 1.3 Harrow remains one of the lowest funded Councils both within London and nationally. Table 1 below summarises the key financial changes over the 9-year period up to 2021/22:



**Table 1: Summary of Key Financial Changes 2013/14 to 2021/22**

	Revenue Support Grant	Demand Led Growth	Technical Growth	Savings	Additional Revenue from Council Tax	Business Rate	Council Tax as a % of Budget Requirement
	£000	£000	£000	£000	£000	£000	%
2013/14	52.1	10	10	-22	-1.8	14.7	51
2014/15	42.6	5.5	-2.1	-10	-1.9	14.5	55
2015/16	32	7.7	5.9	-20.6	-3.4	14	59
2016/17	21.9	4.7	9.5	-16.6	-6.8	13.2	64
2017/18	13	10.7	-0.6	-10.2	-7.3	14.4	68
2018/19	7.3	9.8	1.7	-7.4	-5.3	14.4	70
2019/20	1.6	7.4	-4	-5.2	-8.5	14.4	76
2020/21	1.6	5.1	5.7	-3.8	-7.2	14.9	76
2021/22	1.6	16.5	-6.7	-3.6	-6.4	14.9	78
<b>Total</b>	<b>50.5</b>	<b>77.4</b>	<b>19.4</b>	<b>-99.4</b>	<b>-48.6</b>	<b>-0.2</b>	

Over the 9-year period, the table shows:

- The Council's Revenue Support Grant (RSG), its main source of funding from central government, has reduced by 97% to just £1.6m, a reduction of £50.5m. To set this in context, the Council's net revenue budget requirement to support service delivery is £179m.
- Over and above the RSG, the Council receives no additional funding to meet demographic and inflationary pressures. Therefore, growth of £77.4m has had to be provided to fund the continued pressures on front line services, including adults and children's social care, homelessness and waste services. Technical growth of £19.4m has had to be provided to fund inflationary pressures (pay and non-pay) and the cost of capital investment for which the council receives no additional funding.
- These three factors have taken the total budget shortfall to find over the nine years to £147.3m to achieve a balanced budget.
- Savings and efficiencies of £99.4m have been achieved but the profiling of these savings, and how the quantum has reduced in recent years, demonstrates the challenges of finding sustainable savings year on year. For the first time in 2020/21 the Council had to rely upon the use of reserves to balance its budget. Thankfully, through tight financial management, these reserves are now unlikely to be drawn down and can be retained to support the even larger pressures the Council faces in future years.
- Council Tax has been increased largely in line with referendum limits and full use has been made of the Adults Social Care precept. Again for 2021/22, the Council has little choice but to propose the maximum allowable increase in Council Tax of 4.99% which increases the transfer of responsibility onto the council taxpayer to 78%.

- 1.4 Despite all reasonable actions, including council tax increases, significant savings, and efficiencies and generating income, it still remains a considerable challenge for the Council to balance its annual budget in light of continued demand pressures and funding certainties compounded by a historically low funding base. In February 2020 full Council approved the Medium-Term Financial Strategy (MTFS) 2020/21 to 2022/23. Despite achieving a balanced budget for 2020/21, there remained a budget gap of £22.592m over the final two years of the MTFS.
- 1.5 A budget gap of £22.592m is enough of a significant financial challenge from which to refresh the MTFS. Factor into this a disproportionate impact of Covid- 19 on the Borough and it leaves the Council in a grave financial position facing very difficult budget decisions. Covid-19 has had a disproportionate impact on the residents of Harrow. Between the period of 1st March to 14th June, a total of 1,045 lab-confirmed cases were recorded for the London Borough of Harrow. Harrow had the second highest reported rate in London at 414.6 per 100,000 population, compared to the overall rate in London of 304.7 cases per 100,000. Between January 1st and June 16th, there were 1,164 deaths registered to Harrow residents, of which 391 mentioned Covid-19 on the death certificate. The Age Standardised Mortality Rate per 100,000 was 36.2 deaths in England and Wales, in London the rate was 85.7 and in Harrow it was 114.7, Harrow was the 6<sup>th</sup> highest in London.
- 1.6 Covid-19 has been shown to disproportionately affect older people and people from BME communities. Both these groups are more likely to become ill from Covid-19, require admission to hospital and subsequent support, and both these groups are more highly represented in Harrow than many other London Boroughs. The high number of 57 residential and care homes in Harrow, and outbreaks within them have certainly contributed to the high number of cases of Covid-19 in Harrow.
- 1.7 The disproportionate impact felt by Harrow has not been matched by a proportionate share of funding. Analysis shows that, over the four tranches of Emergency Funding received, Harrow ranked in 108th position nationally (out of 339) and across London in 26<sup>th</sup> position (out of 33, which is 8<sup>th</sup> lowest).

## **SUMMARY**

- 1.8 The draft budget set out in this report shows an updated MTFS with several changes which Cabinet are asked to note. The changes achieve a balanced budget position for 2021/22 and budgets gaps of £25.754m and £5.098m for 2022/23 and 2023/24 respectively. The draft MTFS is based on the Spending Round 2020 (SR 20), announced Wednesday 25 November, which confirmed broad plans for public spending for 2021/22 only. SR 20 contained several policies and announcements which will impact on local government although the detail of these will only become clear in the Local Government Indicative Financial Settlement expected mid-December. The final settlement is expected to be agreed no later than the end of January 2021. Section 30 of the Local Government Finance Act

1992 requires local authorities to set their council tax no later than 11 March 2021 therefore the final budget and MTFS will proceed to Cabinet and Council in February 2021. Whilst it is intended that Members will approve the MTFS in February 2021, it could still be subject to assumptions in relation to grant settlements, council tax income, legislation and demographics. The Council does hold a contingency for unforeseen items (£1.248m) which is intended to support uncertainties and the Council will still be required to review the Council's budget on a yearly basis.

## **EXTERNAL FUNDING POSITION**

- 1.9 Harrow Council remains one of the lowest funded councils both in London and nationally. Harrow's core spending power per head in 2019/20 was estimated to be £170 lower than the London average and £75 lower than the rest of England average. The announcements within the SR 20 have done little to address the relative position of Harrow's funding baseline.
- 1.10 The SR 20 confirmed broad public spending allocations for 2021/22. Until the summer the indication from government was still an intention to set a three-year revenue settlement after representations from the sector of the challenges managing temporary funding over the medium and longer term, for budget planning and sustainability purposes. After the cancellation of the Autumn Budget, confirmation was finally received that SR 20 would be a one-year settlement only. The key areas of the review are detailed below and those that have been quantified in enough detail have been included in the draft budget and MTFS:
- The main Council Tax referendum limit will be 2% and the Adult Social Care Precept at 3%.
  - £300m of extra grant funding for Social care. Harrow's share is estimated at £1.044m and will be assumed to be recurrent for budgeting purposes.
  - £670m of additional grant funding to help local authorities support more than 4m households least able to afford Council Tax payments. Current understanding is that the funding is discretionary and Councils can use their grant to best support their residents, including council tax support schemes. Specific grant guidance and allocations are pending.
  - An estimated £762m is allocated to compensate for 75% of irrecoverable loss of CT and NNDR revenues in 20/21. Again, specific grant guidance and allocations are pending and any potential impact on the Collection Fund and budget are unquantifiable at draft budget stage.
  - An extra £1.55n of grant funding to meet additional Covid-19 expenditure pressures. This will be allocated out using the same methodology for Emergency Funding Tranche 4 in the current

financial year. The Council's share is estimated to be £4.6m which is reflected in the draft budget on a one-off basis.

- The Income Compensation Scheme for Sales, Fees and Charges will be extended for three months until June 2021. The estimated compensation for Harrow is £500k which is reflected in the draft budget on a one-off basis.
- The New Homes Bonus grant will continue for a further year into 2021/22 with reform of the scheme planned for implementation in the following year.
- Grant funding for Public Health, the Troubled Families Programme and the Improved Better Care Fund will continue on a cash flat basis.
- The Business Rates multiplier will be frozen in 2021/22 which will reduce business rate bills.
- There is a delay to the planned move to 75% Business Rates Retention and the implementation of the Fair Funding Review and Government will not proceed with the reset of the business rate baselines in 2021/22. These are all likely to be considered for SR21.

#### **DELIVERY OF THE 2020/21 BUDGET**

- 1.11 In these unprecedented times, delivery of the 2020/21 budget is critical to maintaining the Council's financial standing and to do everything possible to protect front line services and to manage the future impact on the MTFS. 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 the pandemic is fully understood on the current and future years and business as usual budget is robustly managed to ensure no unfunded pressures.
- 1.12 Harrow has a good track record of robust financial management and has not reported a revenue budget overspend for many years. The performance against the 2020/21 budget is detailed in a separate report on this agenda, 'P2 20/21 Revenue & Capital Monitoring 20/21 – as at Qtr 2 (30/09/20).' This report forecasts a net overspend of £579k made up of a forecast underspend against the business as usual budget of £29k off set against unfunded Covid-19 pressures of £608k. It should be noted that the Qtr 2 report was prepared before it was announced that the country would enter into a second lockdown on 5 November for one month. The impact of this and current tier restrictions are being assessed, alongside additional central government funding announcements, and will be reflected in the Qtr 3 Financial Performance report scheduled for Cabinet in February.
- 1.13 The Qtr 2 Covid-19 estimated overspend is supported by one off central government support of £22.465m of which £18.165m is Emergency Funding to cover additional expenditure pressures and £4.3m is income received through the Income Compensation Scheme for the loss of sales,

fees and charges. Whilst SR20 did announce continued Covid-19 financial support into 2021/22, this funding is estimated at a quarter of what has been received in the current financial year creating significant implications for the MTFS, especially around income.

- 1.14 It is well reported that the Council does not have large reserve balances when benchmarked with other local authorities and during this decade of austerity has steered away from applying one off reserves to balance the budget. However, due to the continued challenging fiscal environment and additional unfunded adult social care pressures, the 2020/21 budget included £3.805m to be drawn down from the Budget Planning and Business Risk reserves on a one-off basis.
- 1.15 The Qtr 2 forecast for the business as usual budget is an estimated underspend of £29k and, through robust management and grip on the in-year budget, this estimate does not require the drawdown of the £3.805m from reserves. This means these reserves can remain on the balance sheet to support the considerable strain on the MTFS in future years.

#### **BUDGET PROCESS 2021/22**

- 1.16 The Council has a statutory obligation to agree and publish the budget for 2021/22, and approval for this will be sought in February 2021. In preparing the 2021/22 budget and rolling forward the MTFS to cover the three-year period 2021/22 to 2023/24, the current MTFS (approved by Council in 2020) has been the starting point for the process.
- 1.17 The MTFS approved in February 2020 assumed a budget gap of £11.414m for 2021/22 and £11.178m for 2022/23. This is the starting point for the refreshed 3-year MTFS. It's important to note that this starting point assumes achieving existing directorate savings of £2.947m in 2021/22.
- 1.18 The Council's financial position has always been dynamic affected by a number of financial uncertainties and adjustments that impact upon its financial position over the short and medium term. The impact of Covid-19 upon both the Council's financial position and its internal capacity has made the sustainability of Council finances a key strategic issue. In preparing the draft budget for 2021/22 the existing MTFS has been:
- Refreshed and rolled on a year
  - Updated to reflect the estimated impact of Covid -19 (both expenditure and income) beyond the current year
  - Updated to reflect the estimated impact of SR 20 where the financial implications can be assessed for the Council with a reasonable degree of certainty, accepting that there is an element of risk until the Indicative Financial Settlement is received mid to late December.
- 1.19 The adjustments are summarised in Table 2 below. Following Table 2 there is an explanation for the figures contained within. These adjustments are also set out in Appendix 2 along with adjustments included within the previous MTFS agreed as part of the 2020/21 Budget process:



<b>Table 2: Changes to MTFS (Prior to Indicative Finance Settlement)</b>				
	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Published Budget Gap - February 2020</b>	<b>11,414</b>	<b>11,178</b>	<b>0</b>	<b>22,592</b>
Adjustments:				
<b>Council Tax</b>				
Increase in Council Tax @ 4.99% (1.99% core and 3% Adult Social Care precept	-6,213			
Increase in Council Tax @ 1.99% core		-2,780		
Removal of increase in tax base previously estimated at 88,160	750			
<b>Summary of Budget changes - Appendix 1A</b>				
Resources - reversal of growth	-176	-177		
Community savings	-250			
Reversal of Commercial Investment income	1,175	1,175		
Resources growth	134			
Adults Growth - £652k was allocated in 2019/20 in respect of 2021/22 but this is being reversed and replaced with £3.895m, therefore an addition of £3.243m in terms of impact this year. In addition to the £3.895m a figure of £2.344m was allocated last year, bringing the total growth included in the budget to £6.239m.	3,243	1,047		
Adults growth to be retained centrally - this deduction will mean that £4.772m is allocated to adults which is the value of the 3% precept and expected grant allocation of £1.044m	-1,467			
Adults growth - transfer of Capital Adaptations and careline equipment budgets to Revenue	465			
Children's Placements and SEN transport growth	2,004	1,205		
Community - growth required across the Directorate	2,920	300	300	
Community - covid Loss of income @ 25% of 20/21 income budget & phased back	5,000	-2,218	-1,799	
Corporate - reversal of SEN transformation savings	800			
<b>Technical Changes</b>				
New Homes Bonus - continuation of scheme previously assumed to reduce	-782	-728		
Freedom Passes - estimated reduction in usage	-1,108	-1,580	1,377	
Application of Capital Flexibilities in 2021/22	-2,000	2,000		
Pay and Non Pay Inflation			4,750	
Additional Capital Financing required for new 3 Year Capital Programme			470	
Realignment of 2021/22 MRP budget to account for slippage	-2,981	2,981		
<b>Spending Review - Estimated additional COVID Funding:</b>				
Additional Grant For Social Care (assumed to be permanent)- allocation to be confirmed in December settlement	-1,044			
£1.55b grant to meet additional COVID expenditure (one off)	-4,600	4,600		
Income compensation for sales, fees and charges - 3 month extension	-500	500		
Adults growth to be retained Corporately.	1,467			
<b>Revised Budget Gap</b>	<b>8,251</b>	<b>17,503</b>	<b>5,098</b>	
<b>Application of non GF reserves:</b>				
Adults Social Care Reserve	-920	920		
Budget planning reserve not applied in 20/21	-2,628	2,628		
Business Risk Reserve - not applied in 20/21 & balance	-1,771	1,771		
Children's social care reserve - no applied in 20/21	-932	932		
£2m 20/21 target underspend - to be added to reserves in 2021/22	-2,000	2,000		
<b>Budget Gap December 2020</b>	<b>0</b>	<b>25,754</b>	<b>5,098</b>	

## 1.20 Council Tax Adjustments

In 2021/22 the Council tax base will reduce to 87,387 from its 2020/21 base of 87,667. This is a reduction of 280 Band D equivalent properties which equates to a total loss of Council Tax income of £426k. Whilst the base is estimated to increase by 1,141 new properties this is offset by a loss of 1,421 properties due to growth in Council Tax Support as a result of the weakening economy largely due to the pandemic. Had it not been for the impact of the pandemic the increase in the tax base would have generated in the region of £1.78m additional council tax income. The current MTFS already assumed an increase in the Council Tax base of 313 band D equivalent properties generating £750k. This has been removed from the draft budget as this increase is not achievable in light of the pandemic. The collection rate will remain at 98% for 2021/22. Collection rates have performed better than expected throughout the pandemic and Harrow has provision for outstanding arrears up to the 31/03/20 of almost 100%.

- 1,21 A maximum Council Tax increase of 4.99% is budgeted for 2021/22 generating Council tax income of £6.213m. There has been an indication that the precept can be applied over 2 years. However, as the 2021/22 settlement is for one year only and there is no information on precepts for 2022/23 alongside significant pressures on the MTFS driven by adult social care growth, the full 3% precept is included in the 2021/22 draft budget. An increase in core Council Tax of 1.99% is included in the draft MTFS for 2022/23.

## 1.22 Technical Adjustments

- 1.23 **New Homes Bonus Grant (NHB).** In 2020/21 the NHB is £3.716m. As part of the 2020/21 budget setting process, reductions in the NHB were built into the budget on the assumption that the grant would be reduced, and no new payments would be made for 2021/22. SR 20 announced that NHB funding would continue for a further year but without legacy payments. At this stage it is still unclear what this means and what the grant allocation will be for 2021/22, but the previous reductions of £782k in 2021/22 and £728k in 2022/23 have been reversed for the draft MTFS.
- 1.24 **Freedom Passes.** The Freedom Pass Scheme (FPS) provides free travel for older and disabled London residents on all Transport for London (TFL) travel modes and on most National Rails routes (with restrictions). The methodology used for settlement of the FPS with TFL uses journey data for the previous 2 years. Covid-19 has significantly reduced the use of public transport, including among concessionary fare passengers and London Councils have provided 3-year cost estimates for each London Borough. Harrow's concessionary fares budget is £9.883m. Savings of £1.108m and £1.580m are estimated for 2021/22 and 2022/23 with journey numbers estimated to pick up in 2023/24 requiring the baseline budget to be increased by £1.377m. These adjustments are reflected in the MTFS.
- 1.25 **Allocation of Capital Flexibilities.** The current capital flexibility arrangements are in place until 2021/22 and any announcements around



their extension are anticipated in the Indicative Financial Settlement. £2m of capital flexibilities will be applied in 2021/22 to fund the qualifying revenue costs of reform projects which must be reversed out of the budget in the following year.

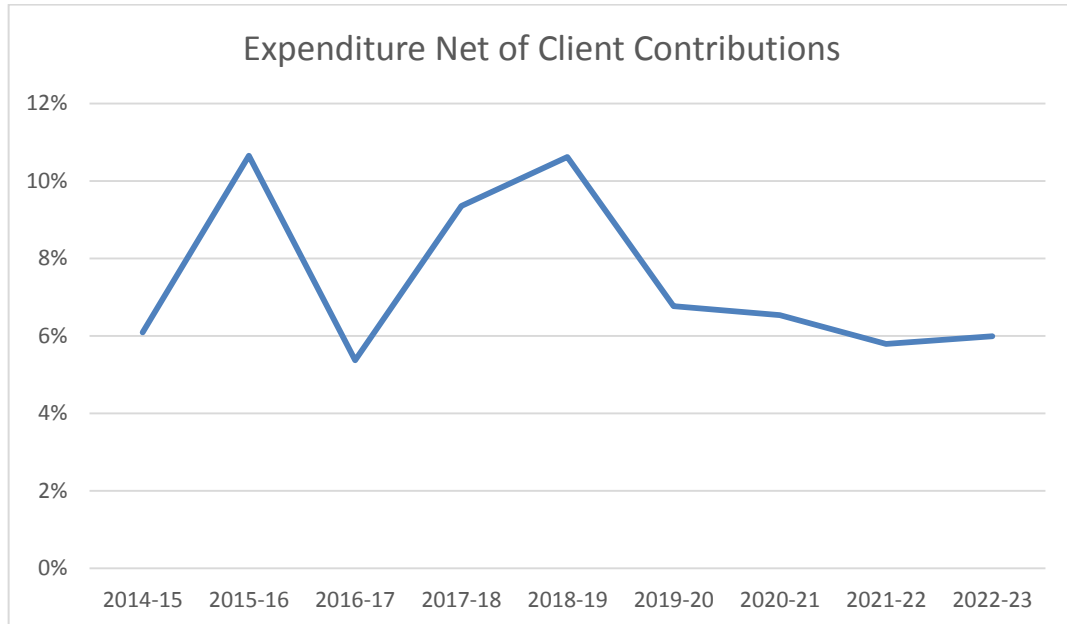
- 1.26 **Pay and Non-Pay Inflation.** The current MTFs assumes £3.1m in 2021/22 to fund pay and non-pay inflation and £4.750m in 2022/23 to fund all inflationary costs and budget pressures. A provision of £4.750m is now included in the MTFs for 2023/24. The SR 20 announced a public sector pay freeze. As local government pay is subject to separate negotiations, any savings as a result of an agreement to freeze pay for local government has not been assumed in the MTFs. If a pay freeze is subsequently negotiation, the budget saving will be transferred to reserves to support the MTFs.
- 1.27 **Additional Capital Financing required for the new 3 Year Capital Programme.** The draft 3 Year Capital Programme is subject to a separate report in the agenda. The draft document requires additional capital financing costs of £470k in 2023/24. The government has published its response to the Treasury's consultation on Public Works Loans Board (PWLb) lending terms and will end use of the PWLB for investment property bought primarily for yield. As previously explained the Council has already decided not to pursue its programme of commercial investment and the financial implications have been removed from both the budget and capital programme. The government also announced it will cut PWLB lending rates to gilts + 100 bps for Standard Rate and gilts + 80 bps for Certainty Rate. The impact of this reduction is being worked through in terms of the impact on the capital financing budget and any reductions will be built into the final budget.
- 1.28 **Realignment of the 20/21 Minimum Revenue Provision (MRP) Budget to account for slippage.** Due to the slippage of the in-year Capital Programme, the timing of required MRP's has been reviewed resulting in a realignment of provisions required. This generates a one-off budget benefit of £2.981m in 2021/22.
- 1.29 **Reversal of Commercial Investment Income.** £100m was approved by Cabinet in July 2019 as an addition to the Capital Programme for Commercial Investments. The basis of the inclusion was that this £100m would generate a minimum net return of £2.5m after repaying the capital financing costs. One property has been bought from the £100m which is generating a net return of £150k which was built into the 2020/21 budget. The net return from the balance of £94m was reflected in the MTFs equally over 2021/22 and 2022/23. The decision has been made to not continue with the strategy of commercial investment due to the challenges of securing properties which meet the investment criteria and the decision of the government to stop the use of Public Loans Works Board for investment in property bought primarily for yield. The remaining net return within the MTFs of £2.350m has now been removed.

**1.30 Adult Social Care Growth**

At the point of setting the 2020/21 budget in February 2020, the final budget report identified adults social care growth pressures of £6.439m and £7.063m for 2021/22 and 2022/23 respectively. The report also explained that because future funding to support the growth pressures was very uncertain and could not be built into the MTFS with any degree of certainty, it was reasonable that the estimated pressures were identified but also not included in the MTFS. The work within the Adults Service to further understand growth projections has continued throughout the year and now must be reflected in the MTFS alongside SR 20 funding announcements on social care grant and precept.

1.31 The Institute for Fiscal Studies has found that Councils need an estimated additional £1.6bn by 2024/25 to fully meet the cost of adult social care. Even before Covid-19, London’s adult social care sector faced a funding shortfall of £130 million this year. While SR 20 has provided a short-term boost (an additional £300m nationally which translates to an additional estimated £1.044m for Harrow in 2021/22), boroughs will continue to call for a long-term, sustainable solution to the challenge of funding adult social care services.

As part of the modelling work to understand the future demands on Adults Social care, evidence-based analysis does show that costs pressures are volatile, as detailed below. The forecast for 2021/22 and 2022/23 assumes the growth detailed in the table below:



1.32 Against a backdrop of a rising UK population, increasing social care demands for older people and young adults with learning difficulties and the NHS under pressure, the modelling continues to estimate future cost pressures.

The draft MTFS includes estimated adult social care growth pressures as detailed in table 3 below:

**Table 3: Estimated Adult Social Care Growth 2021 to 2024**

Growth	2021/22	2022/23	2023/24
	£'000	£'000	£'000
Complexity	1,305	1,644	0
Demand	2,491	912	0
Commissioning activity	(300)	0	0
Care provider inflation	1,046	1,135	0
Mitigations not achieved	1,034	0	0
ASC reserve (one-off)	663	0	0
<b>MTFS Impact</b>	<b>6,239</b>	<b>3,691</b>	<b>0</b>

The following narrative supports the numbers in the table above:

- 1.33 **Complexity** includes the increased cost of existing packages or care as clients remain within the system. A 5% year on year increase in the current average weekly cost of £334 per week has been assumed.
- 1.34 **Demand** assumes accepting liability for 30 Covid-19 nursing placements from health following care act assessment from April 2021, together with net new demand during each financial year (approx. 4,420 weeks of care 21/22 and 3,490 22/23 assuming an average community package of £261 per week).
- 1.35 **Commissioning activity** is to support the review of elements of care aiming to increase quality and keep pace with the external market.
- 1.36 **Care provider inflation** is assumed at 1.5% of the Adults budget. The National Living Wage will increase in April 2021 by 2.2% from £8.72 to £8.91. As a result, containing increases in the cost of care will need to be targeted to ensure that increases are agreed within the available financial envelope.
- 1.37 **Mitigations did not achieve** the 2020/21 Adults budget assumed mitigations of £1.584m to achieve a balanced position within the approved growth allocation. At the time of setting the budget £0.9m of mitigations had been identified. The impact of Covid-19 has reduced the achievement of the savings identified (a lower level of learning disability commissioning savings and the delayed implementation of the changes in the Adults charging policy) to £550k and it has not been possible at this stage to identify further reductions to mitigate the original unidentified savings.
- 1.38 The estimated growth projections, and the assumptions upon which they were based, are dynamic and continue to be worked upon and refined, especially in light of the service approaching one of its most challenging times of the year, winter pressures coupled with the second wave of Covid-19.
- 1.39 The underlying budget, assumes the following for 2021/22:

- 29,172 weeks of bedded care (residential and nursing), the equivalent of 561 citizens for a full year, with an average gross cost of £980 per week
- 7,072 weeks of care in supported accommodation, the equivalent of 136 citizens for a full year, with an average gross cost of £1,097 per week
- 100,152 weeks of care for community services (domiciliary care, cash personal budgets and external day care), the equivalent of 1,926 citizens for a full year, with an average gross cost of £261 per week

1.40 Without a national solution for the longer term sustainable financing of Adult Social Care, and given the challenging financial picture of the wider Council position, the directorate will need to continue to work to reduce the costs of service provision to mitigate future growth requirements, including in 2023/24 where there is no specific growth included in the MTFS and Council wide growth to fund inflationary and growth pressures is restricted to £4.750m. Adults forecast a growth requirement of £6.239m in 2021/22. After accounting for what is already in the MTFS, to meet this growth requirement an additional £3.243m is provided in the budget. In terms of funding the growth requirement, the Council has received an estimated £1.044m in additional social care grant and can raise an estimated £3.782m through the 3% precept. This leaves a funding pressure of £1.467m which is a strain on the MTFS. This strain has been provided for within the draft 2021/22 budget, but it will be held corporately, and allocation will be reviewed alongside the services ability to review areas to mitigate pressures and the key areas for review are detailed below:

- Continue the work with learning disabilities working with individuals to promote independence and reduce the costs of packages (Home is Harrow)
- Continue to roll out the strengths-based working across adults (3 conversations) (this is challenging in a Covid environment given the inability of social workers to make home / face to face contact visits)
- Market shaping to ensure the most efficient use of available resources, and potentially targeting a cohort of high cost packages
- Subject to the evaluation of the Assisted Technology (AT) pilot, implementation of the AT equipment to reduce care packages
- Focus on the hospital discharge to avoid an over reliance on admission to care homes

1.41 **Adults growth - transfer of capital Adaptations and careline equipment budgets to Revenue.** There has been a capital budget of £230k allocated annually for equipment needed to adapt homes for adults requiring help to remain at home and a separate allocation of £235k to fund careline equipment. This was previously funded as part of the allocation of grant

funding for Disabled Facility Grants (DFG). As the requirement for DFG funded adaptations has increased, it has been decided to allocate the full grant to those more substantial adaptations made in homes and move the smaller equipment budgets to revenue. There is a one-off impact of growth this year of £465k in moving these budgets to revenue, but there will be a longer-term benefit of no requirement to borrow in order to fund these smaller equipment-based adaptations.

#### 1.42 **Children's Placements & Accommodation**

There are significant pressures on Children's Placements & Accommodation in 2020/21 which are estimated to continue into future financial years. There has been a net increase in the number of Looked After Children rising from 169 in March 2020 to 206 in October 2020. There are a number of factors contributing to this including, but not limited to, Covid-19 which has led to delays in court proceedings, reductions in face to face family work to prevent or delay young people coming into care where it is safe to do so and increased statutory intervention due to family mental health leading to more children coming into care. In addition, children are presenting with more complex and challenging needs leading to higher cost residential placements. There is also a net increase in the number of children subject to Child Protection plans rising from 279 in March 2020 to 340 in October 2020. This has meant that the savings of £820k over the period 2020/2022 have not been achieved and further growth is required to fund the underlying demand over the next two years as one off funding currently being used to mitigate some of these pressures in 2020/21 is exhausted. Growth of £1.227m and £1,205m is provided in the draft budget for 2021/22 and 2022/23 respectively.

#### 1.43 **SEN Transport**

There is estimated to be significant pressures on SEN Transport in 2020/21 brought about by a net increase in the number of children requiring home to school transport and complexity of children's needs. In addition to this the re-procurement of the inhouse vehicle contract has led to increased prices and a different mix of vehicle types as well as the current managed service contract which provides drivers and escorts is also being re-procured and is anticipated to lead to higher costs. A system-wide review of special needs transport began in 2019 which started with a review of back office functions and the flow of information between families and council departments. The second phase would review the mix of provision between inhouse vehicles and commissioned taxis to demonstrate cost effectiveness. It was anticipated that these reviews would lead to savings. However due to Covid the second part of this review had to be postponed and is unlikely to begin again until 2021. Therefore, achievement of any possible savings will be delayed and until actions and savings can be quantified with sufficient robustness, growth of £777k is included in the draft budget for 2021/22 as a result of the inherent pressure carried forward from 2020/21. This growth will remain under review as the second phase of the review progresses, with a view to removing the growth as efficiencies are identified. In the meantime, it is anticipated that approximately 30 additional children per year will require home to school transport.

#### 1.44 **Community – growth required across the Directorate**

A total growth of £2.920m is required in 2021/22 to mitigate against the baseline budget pressures (£1.855m) and unachieved MTFS targets (£1.065m) across Community Directorate as set out below:

#### 1.45 **Waste Services (£1.475m)**

- There is a significant pressure on waste disposal budgets. Residual waste tonnage has increased significantly since the start of the health pandemic due to working from home arrangements thereby more waste is produced by households. Based on the forecast waste tonnage for 2021/22, the budget pressure on West London Waste Levy (WLWL) is estimated at £0.75m in 2021/22, increasing by £300k each year in 2022/23 and 2023/24 to account for household growth and price inflations. The re-procurement of dry mixed recycling (DMR) waste disposal contract has been completed. Due to the continuous unfavourable market prices for mixed dry recyclates, the level of revenue rebate achieved from the sales of these has been low and is expected to remain so. The processing cost of the DMR waste has also increased in the new contract. The combined effect of these is that the cost of DMR waste disposal is estimated to be £0.6m more than budget.
- Following a review of the capital programme, the funding source for the purchase of domestic bins is switched from capital to revenue and therefore a revenue budget of £125k is required from 2021/22 in Waste Management.

#### 1.46 **Facilities Management (£380k)**

- Building maintenance and responsive repairs for all corporate sites is forecast to overspend by £300k in 2020/21 against the base budget of £0.77m. A budget review in this area was undertaken and identified that the cost of Planned Preventative Maintenance (PPM) works across the corporate property portfolio was in excess of £420k. This does not include the cost of any remedial works following PPM or any cost of responsive repairs. Due to the age and the lack of investment of some of the buildings, the current budget is not sufficient to cover all building repairs and therefore a growth of £300k is included in 2021/22 budget.
- There is a reduction in the uptake of SLA services by schools, in particular in the area of Facilities Management. This has created an income pressure of £80k for the service.

#### 1.47 **Unachieved MTFS (£1.065m)**

- A MTFS target of £1.234m was originally set for the depot redevelopment project to reflect the financing cost of the capital borrowing. The targets profiled to 2019/20 and 2020/21 were £246k and £681k respectively. Some

of the overall target has been achieved from additional rent income across the corporate property portfolio, leaving a net target of £0.861m which remains unachievable in 2020/21 and will not be achieved from the new depot following a review of commercial opportunities earlier of the year.

- The existing MTFs has set a net target of £172k to be achieved from Vernon Lodge site through a combination of B&B saving and additional rent income in 2021/22. This is no longer achievable as the original Vernon Lodge redevelopment project did not go-ahead following planning issues and environmental health concerns.
- A procurement saving target of £200k was included in the MTFs in 2019/20. Despite some savings have been achieved from various contract re-procurements, a net target of £32k remains unachievable.

**1.48 Community – Covid-19 loss of income @25% of 20/21 income budget and phased back in.**

Community Directorate provides a wide range of discretionary chargeable services. The COVID-19 health crisis and the social distancing restrictions imposed by Government have had a significant financial impact on Community Directorate as this adversely affects its ability to generate income which the directorate relies heavily on to deliver its budgets. A slow economic recovery is anticipated after lockdown measures are eased. This is likely to result in an adverse impact on 2021/22 income. A regular review of the income trend throughout 2020/21 forms the basis of estimating the likely budget impact over the MTFs period. Key areas of pressures are identified in Parking Services and Cultural Services and Leisure, with estimated income losses of £2.4m and £1.6m respectively in 2021/22. In addition, a pressure of £1m is identified from other transactional activities across various service areas. Therefore, the total income losses are estimated at £5m in 2021/22.

At this stage it is assumed that the income will gradually get back to the pre-COVID level over the MTFs period. The £5m growth will therefore be reversed in 2022/23 and 2023/24 respectively, except for some income which is expected to be lost permanently due to the redevelopment of the Civic Centre site. This includes income from the car park, staff restaurant, filming, cookery school and training academy. In addition, the current leisure contract will expire in 2023. The impact of the health pandemic in the leisure sector is likely to result in some longer term loss of income regardless of the future service delivery model, and therefore the MTFs assumes 50% reversal of the growth in this area, subject to further review in the next round of the MTFs.

- 1.49 Spending Review - Estimated additional Covid-19 Funding.** The SR 20 announcements on additional Emergency Funding and Income Compensation for 2021/22 have been estimated at £4.6m and £500k respectively for Harrow and included in the draft budget for 2021/22 only.

### 1.50 Application of non-General Fund Reserves

After all known adjustments, the draft MTFS shows a revised budget gap of £30.852m of which £8.251m relates to 2021/22. In October 2020 a report was brought to Cabinet with an early indication of a draft MTFS for 2021/22 to 2023/24 which also showed a significant budget gap. This report explained the choices the Council was faced with in light of the indicative budget gap:

- 1) The Council could embark on a drastic programme of cuts to address the budget gap. At the time of it was considered unwise to consider any programme to reduce Council until there is clarity on the Councils funding settlement.
- 2) The Council has limited reserves that can be applied to the budget gap, mindful that the reserves are one off in nature and will only provide a temporary solution.

At the time of writing this draft budget report, it is accepted that the Council is still waiting for the Indicative Financial Settlement due to be received mid to late December. However, all efforts have been made to include all quantifiable SR 20 announcements within the MTFS and it is considered unlikely the indicative settlement will materially change the estimated budget gap. It is also accepted that the draft MTFS for future years is an estimate. The estimate includes known growth and demand pressures but includes no potential funding implications from SR 21, additional support for social care (either grant or precept), support for the impacts of Covid-19. Therefore, it's not unrealistic that the indicative future budget gaps have the potential to reduce but the budget shortfall for 2022/23 is estimated £25.754m which exceeds the balance of the Councils remaining none earmarked and General Fund reserves (£15.2m). Whilst the Council will continue its lobbying for a fairer funding settlement which meets the needs of the borough, the Council must have a strategy in place to tackle its financial challenges and for this reason the Council must develop a fully costed budget and implementation plan, ready to bring to Cabinet in the summer / autumn ready to feed into the budget setting round for 2022/23. Further detail will be presented on this in the final budget report to Council in February.

For the purposes of the 2021/22 budget, at draft budget stage the estimated budget gap of £8.251m will be funded through a mixture of reserves and a further tightening of expenditure in the current financial year to create a £2m reserve to support 2021/22. The reserves being applied are those reserves which were planned to be drawn down in 2020/21 but robust management of the in-year budget no longer requires this:

Budget Planning Reserve	£2.628m
Budget Risk Reserve	£1.771m
Adults Social Care Reserve	£0.920m
Children's Social Care Reserve	£0.932m
2020/21 Savings Target	<u>£2m</u>



**Total**

**£8.251m**

If the indicative settlement does deliver any additional financial benefit to budget, the draw down in reserves will be reduced.

**Budget Refresh, Growth & Savings**

- 1.51 There is a commitment to refresh the three-year MTFs annually to ensure it remains reflective of the changing Harrow and Local Government landscape. All savings in the current MTFs for 2021/22 and 2022/23 have been reviewed to ensure that they can either be taken forward or removed as part of this draft budget.
- 1.52 Table 4 summarises the total savings and growth put forward as part of the budget process last year in respect of financial years 2021/22 and 2022/23. Table 4 shows total savings of £8.410m between 2021/22 and 2022/23 and growth of £2.067m, so net savings of £6.343m. The detail is set out in Appendix 1B.

**Table 4: Savings and Growth from the 2020/21 Budget Process**

	2021-22	2022-23	Total
	£000	£000	£000
<b><u>Savings Summary</u></b>			
Resources	(1,934)	-	(1,934)
Children	(410)	-	(410)
Community	(1,125)	-	(1,125)
Corporate	(2,719)	(2,222)	(4,941)
<b>Total Savings</b>	<b>(6,188)</b>	<b>(2,222)</b>	<b>(8,410)</b>
<b><u>Growth Summary</u></b>			
Resources	493	678	1,171
Adults	652	-	652
Children	-	-	-
Community	-	-	-
Corporate	244	-	244
<b>Total Growth</b>	<b>1,389</b>	<b>678</b>	<b>2,067</b>
<b>Total Savings and Growth</b>	<b>(4,799)</b>	<b>(1,544)</b>	<b>(6,343)</b>

- 1.53 Table 5 sets out the total changes in terms of Growth/reversed savings and growth and savings proposed as part of the 2021/22 budget process. Table 5 shows a net growth as a result of reversed savings/growth and new growth of £15.148m over the three year period 2020/21 to 2022/23. The detail is set out at Appendix 1A.

**Table 5: Growth/Reversed savings and savings from 2021/22 Process**

	2021-22	2022-23	2023-24	Total
	£000	£000	£000	£000
<b>Reversal of prior year savings/ growth and new savings</b>				
Resources	(176)	(177)	-	(353)
Children				-
Community	(250)	(300)	(600)	(1,150)
Corporate	1,175	1,475	600	3,250
<b>Total</b>	<b>749</b>	<b>998</b>	<b>-</b>	<b>1,747</b>
<b>Growth and reversal of prior year savings</b>				
Resources	134	-	-	134
Adults	3,708	1,047	-	4,755
Children	2,004	1,205	-	3,209
Community	7,920	(1,918)	(1,499)	4,503
Corporate	800	-	-	800
<b>Total</b>	<b>14,566</b>	<b>334</b>	<b>(1,499)</b>	<b>13,401</b>
<b>Net Impact of Reversals/Growth and Savings</b>	<b>15,315</b>	<b>1,332</b>	<b>(1,499)</b>	<b>15,148</b>

### **CAPITAL RECEIPTS FLEXIBILITY**

- 1.54 In the Spending Review 2015, it was announced that to support local authorities to deliver more efficient and sustainable services, the government will allow local authorities to spend up to 100% of their fixed asset receipts on the revenue costs of reform projects. This flexibility was initially offered for the three years 2016/17 to 2018/19 but was extended as part of the 2018/19 Finance settlement for a further 3 years from 2019/20 to 2021/22.
- 1.55 The Council signified its intent to make use of this flexibility in its final budget report to Cabinet and Council in February 2016. The draft budget for 2021/22 assumes capital flexibilities of £2m.

### **SCHOOLS FUNDING FOR 2021/22**

- 1.56 In 2018/19 the government introduced a new National Funding Formula (NFF) for Schools, High Needs and the Central Schools services Block. For the Schools Block this means LAs are funded based on the total of the NFF for all schools, academies and free schools in its area. However, the final formula for distribution is determined by each Council following consultation with schools and Schools Forums.
- 1.57 The LA carried out a consultation in Autumn 2017 which sought views on whether the LA should continue to use the Harrow Schools Funding Formula or introduce the National Funding Formula from 2018/19. 76% of

schools responded to the consultation and 89% voted in favour of introducing the NFF from 2018/19. This was approved by Cabinet in February 2018 and school budgets for the last two years have been set based on the NFF.

- 1.58 The NFF will therefore continue to be used to distributed school budgets for 2021/22. There are no proposed changes to the structure of the formula for 2021/22 however there are a number of changes for schools to be aware of and the Local Authority are required to consult on the value of the Minimum Funding Guarantee (MFG). A short consultation was carried out from 5<sup>th</sup> to 23<sup>rd</sup> October 2020. There was a total of 10 (19%) responses received. The consultation question asked: Do you support the proposal to apply the highest MFG subject to affordability and ensuring that no school's budgets are unfairly distorted. 100% of respondents support the highest MFG subject to affordability. The full outcome of the consultation proposed final funding formula and final DSG allocations will be reported to Cabinet in February 2021 for approval.

#### **PUBLIC HEALTH FUNDING**

- 1.59 In 2020/21 the total public health grant to local authorities totalled £3.279bn, with £11.150m being allocated to Harrow. The grant is ringfenced for use on public health functions exclusively for all ages of the population and must be spent in accordance with grant conditions on expenditure incurred by local authorities for the purposes of their public health functions, as specified in Section 73B(2) of the National Health Service Act 2006.
- 1.60 The draft Public Health commissioning intentions detailed in Appendix 4 are based on the current (2020/21) grant allocation as Public Health England have yet to announce national funding for 2021/22. These commissioning intentions reflect alignment with the Health & Wellbeing Strategy, Borough Plan and evidence of population priorities. At this stage there is no assumption of additional duties arising from the pandemic being placed on local authorities on an ongoing basis, and as a result the Council consider that this level of funding enables the Council's overarching statutory duties (including equality duties) to be maintained, taking account of the joint strategic needs assessment.
- 1.61 In the event that additional duties are required by Councils, and if these were unfunded, the commissioning intentions would need to be reviewed in light of the allocated grant envelope.

#### **BETTER CARE FUND (BCF)**

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

- 1.63 The BCF continues to provide a mechanism for personalised, integrated approaches to health and care that support people to remain independent at home or to return to independence after an episode in hospital. The continuation of the national conditions and requirements of the BCF provides opportunities for health and care partners to build on their plans to embed joint working and integrated care further, including how to work collaboratively to bring together funding streams to maximise the impact on outcomes for communities and sustaining vital community provision.
- 1.64 The Better Care Fund Policy statement announced at the beginning of December advised that the CCG contribution will again increase by 5.3% in line with the NHS Long Term Plan settlement. Whilst the Policy Framework and Planning Requirements which provide the detailed guidance are expected to be published in early 2021 (usually March), the requirements around integration and collaborative working are expected to continue.
- 1.65 The 2021/22 Adults budget assumes that funding for the Protection of Social Care through the BCF will remain at the agreed 2020/21 level of £6.436m, although this should be expected to increase by up to 5.3% in light of the NHS increase committed within the spending review.
- 1.66 The 2021/22 BCF plan will be signed off by the Health & Wellbeing Board ahead of submission to, and assurance by, NHS England.

### **RESERVES AND CONTINGENCIES**

- 1.67 Reserves and contingencies need to be considered in the context of their role to protect the Council's good financial standing and in the context of the overall risks that the Council faces during a continuing period of economic uncertainty. The MTFS reflects the Council's need to ensure an adequate level of reserves and contingencies which will enable it to manage the risks associated with delivery of the budget including equalities impacts and unforeseen events. As at the time of writing this report general fund non earmarked balances remain at £10m. The remaining ear marked reserves total £6.483m (excluding reserves totalling £6.251m applied to 2021/22 as detailed in table 1):
- Contingency for Unforeseen items £1.248m (on going revenue reserve)
  - Business Risk Reserve – £1m
  - Adult Social Care Reserve - £1m
  - Transformation Reserve - £0.545m
  - MTFS Implementation Reserve – £1.426m.
  - The Commercialisation Reserve - £1.264m.
- 1.68 At the end of the financial year, all the reserves listed above will be transferred into the Business Risk Reserve. The Director of Finance and Assurance will report on the adequacy of the Council's reserves as required in the budget setting report in February 2021.

### **LONDON BOROUGH GRANTS SCHEME**

1.69 Harrow's contribution to the London Borough's Grant Scheme was £187k in 2020//21. At the time of writing this report the Council has not been notified of the recommended contribution for 2021/22. To ensure that the Council can respond to London Council's when contribution rates are notified, it is recommended that Cabinet authorise the Director of Finance & Assurance to agree Harrow's 2021/22 contribution to the London Borough's Grant Scheme, in consultation with the Portfolio Holder for Finance and Resources. The contribution rate will be reported to Cabinet in February 2021 as part of the final budget.

## **2.0 CONSULTATION**

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

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

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

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

2.3 Public consultation on the overall budget for 2021/22 will commence on 18 December 2020 and will last for a period of 4 weeks ending 15 January 2021 before the final budget is recommended to Full Council on the 25 February 2021. The public consultation will give residents an opportunity to comment on the 2021/22 overall budget before final decisions are formalised in the council's annual budget. Other key stakeholders, including Union Representatives, local businesses, employees and the Council Scrutiny function will also be fully consulted in the draft budget and MTFs before final approval.

2.4 In terms of service specific consultations, the council has a duty to consult with residents and service users in a number of different situations including where proposals to significantly vary, reduce or withdraw services. Consultation is also needed in other circumstances, for example to identify the impact of proposals or to assist with complying with the council's equality duties. Where appropriate, separate service specific consultations have already taken place or will be taking place for the 2021/22 savings and may be subject to a separate cabinet report.

### **3.0 PERFORMANCE ISSUES**

3.1 In terms of financial performance, Cabinet are updated quarterly of forecast spend against the agreed budget and achievement of savings built into the budget. The same information is also presented to the Performance and Finance Scrutiny Sub Committee regularly throughout the year.

### **4.0 RISK MANAGEMENT IMPLICATIONS**

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

- Inability to deliver the Council's approved MTFs - over the next 3 years leading to an inability to set a balanced budget and provide core services. At Quarter 3 2020/21 this risk is rated at B2 – high likelihood and critical impact.

4.2 A balanced budget position is not achievable in 2022/23 or 2023/24 due to the overall reduction in revenue/funding, increases in the population, disproportionately high impact of Covid-19 on the borough, economic uncertainty and the difficulty of finding sustainable savings year on year. This leaves the Council in a grave financial position, facing very difficult budget decisions and potentially at risk of being unable to meet the demand for services, particularly Adult Social Care, Children's Placements and Accommodation and SEN. This risk is mitigated by tight financial management, maintaining the level of reserves and using them with caution, increasing Council Tax in line with referendum limits, full use of Adult Social Care precept, ongoing efficiencies, the generation of income and a budget strategy for savings.

4.3 In preparing the draft budget for 2021/22 it is accepted that there is an element of risk until the Indicative Financial Settlement is received mid to late December.

### **5.0 LEGAL IMPLICATIONS**

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

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

## **6.0 FINANCIAL IMPLICATIONS**

- 6.1 Financial Implications are integral to this report.

## **7.0 PROCUREMENT IMPLICATIONS**

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

## **8.0 EQUALITIES IMPLICATIONS / PUBLIC SECTOR EQUALITY DUTY**

8.1 Decision makers should have due regard to the public sector equality duty in making their decisions. The equalities duties are continuing duties they are not duties to secure a particular outcome. The equalities impact will be revisited on each of the proposals as they are developed. Consideration of the duties should precede the decision. It is important that Cabinet has regard to the statutory grounds in the light of all available material such as consultation responses. The statutory grounds of the public sector equality duty are found at section 149 of the Equality Act 2010 and are as follows:

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

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

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

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

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

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

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

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

*The relevant protected characteristics are:*

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



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

#### **9.0 COUNCIL PRIORITIES**

9.1 The Council's draft budget for 2020//21 has been prepared in line with the Council's priorities:

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

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

**Statutory Officer: Dawn Calvert**

Signed by the Chief Financial Officer

**Date: 10 December 2020**

**Statutory Officer: Jessica Farmer**

Signed on behalf of the Monitoring Officer

**Date: 10 December 2020**

**Statutory Officer: Nimesh Mehta**

Signed by the Head of Procurement

**Date: 10 December 2020**

**Statutory Officer: Charlie Stewart**

Signed by the Corporate Director

**Date: 10 December 2020**

**Statutory Officer: Susan Dixon**

Signed by the Head of Internal Audit

**Date: 10 December 2020**

## **Mandatory Checks**

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

*EqlA carried out: To be reported on as part of the February Budget report*

*EqlA cleared by: n/a*

## **Section 4 - Contact Details and Background Papers**

**Contact:** Dawn Calvert, Director of Finance and Assurance, tel: 0208 4209269, [dawn.calvert@harrow.gov.uk](mailto:dawn.calvert@harrow.gov.uk)

**Background Papers:** None

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

**NO**

Growth/Reversed savings and savings- 2021/22 Budget Process																	
Item No	Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction	2020/21 Service Budget	agreed Savings /growth 2020/21	agreed' Savings /growth 2021/22	Net budget	Implementation Costs & Redundancy	Implementation Costs CAPITAL	2021-22	2022-23	2023-24	Total	Risk	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
				£000	£000	£000	£000	£000	£000	£000	£000	£000	£000				
<b>Reversal of prior year savings/ growth and new savings</b>																	
<b>Resources Directorate</b>																	
1		Legal & Governance	Bucks and Aylesbury Vale District Council exit of shared service with Legal Services. Scale down the growth agreed in 20/21 budget process.The growth was to fund the net impact of this lost income.	7,550	0	0	7,550	TBC	-	(176)	(177)		(353)		N	N	
			<b>Resources total</b>	<b>7,550</b>	<b>-</b>	<b>-</b>	<b>7,550</b>	<b>-</b>	<b>-</b>	<b>(176)</b>	<b>(177)</b>	<b>-</b>	<b>(353)</b>				
<b>People Directorate</b>																	
			<b>Total Adults</b>														
			<b>Total Children's Services</b>														
<b>Community Directorate</b>																	
2	COM21.22_S01	Environment & Commissioning	Commissioning and Environmental Services re-organisation - net saving on salary budget	26,075	-	-	26,075	TBC	-	(250)			(250)		Y	N	Yes - Staff, trade unions
3		Housing General Fund	Property Acquisition Programme - Savings in Temporary Accommodation costs as a result of purchasing properties to use for temporary accommodation as an alternative to using Bed and Breakfast and Private Sector Leasing to house the homeless. The Capital Programme allocation to be funded from borrowing is approximately £6m pa for 2021/22, 2022/23 and 2023/24 - totalling £18.062m over a 3 year period. Based on Capital financing costs of 5% (2% MRP and 3 % interest), the annual cost would be £900k by year 3. The saving will be reviewed and adjusted according to capital spend taking place.										(900)		N	N	
			<b>Community Total</b>				<b>966</b>	<b>-</b>	<b>-</b>	<b>(250)</b>	<b>(300)</b>	<b>(600)</b>	<b>(1,150)</b>				
<b>Corporate</b>																	
4	Corporate	Capital Financing	Capital Financing costs as a result of the Property Acquisition Programme. To be offset by savings in the Housing General Fund included in this schedule.										900		N	N	
5	Corporate	Corporate	Removal of Investment Property Capital Budget and savings associated.			(7,050)	(7,050)			3,525	3,525		7,050		N	Y	
6	Corporate	Corporate	Capital financing costs reduced as a result of removal of Investment Property Capital Budget			4,700	4,700			(2,350)	(2,350)		(4,700)		N	Y	
			<b>Corporate Total</b>							<b>1,175</b>	<b>1,475</b>	<b>600</b>	<b>3,250</b>				
			<b>Total</b>							<b>749</b>	<b>998</b>	<b>-</b>	<b>1,747</b>				

Growth/Reversed savings and savings- 2021/22 Budget Process																	
Item No	Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction	2020/21 Service Budget	agreed Savings /growth 2020/21	agreed' Savings /growth 2021/22	Net budget	Implementation Costs & Redundancy	Implementation Costs CAPITAL	2021-22	2022-23	2023-24	Total	Risk	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
<b>Growth and reversal of prior year savings</b>																	
<b>Resources</b>																	
7	RES 1	Strategy	Emergency Planning & Business Continuity Pan London Resilience improvement programme.	167			167	-	-	70			70		N	N	N
8	RES 2	Transformation - PMO	Expansion of PMO	244			244		-	64			64		N	N	Yes
			<b>Total Resources</b>	<b>411</b>	<b>-</b>	<b>-</b>	<b>411</b>	<b>-</b>	<b>-</b>	<b>134</b>	<b>-</b>	<b>-</b>	<b>134</b>	<b>-</b>			
<b>People Directorate</b>																	
<b>Adults</b>																	
9		Transition and Personal Budgets	Reversal of 'Growth in the transition budget and Personal Budgets' agreed as part of the 2019/20 Budget Setting as this is replaced by the updated growth figure of £3.895m. The £652k was based on £300k for transitions (assumes additional 10 pa) and £352k for Personal Budgets (a further 1 new PB every other week)			652	652			(652)			(652)		N	N	N
10		Placements	Demand Pressures - additional pressures identified and reported to Cabinet in February 2020.	35,686	7,317	0	43,003	N/A		3,895	1,047	-	4,942		N	N	N
11		Equipment	Careline & Community Equipment - historic annual capital expenditure to be funded by revenue and no longer put through the Capital Programme	372	-	-	372	N/A		465			465		N	Y	N
			<b>Total Adults</b>					<b>-</b>	<b>-</b>	<b>3,708</b>	<b>1,047</b>	<b>-</b>	<b>4,755</b>				
<b>Children's Services</b>																	
12	PCS21.22_G01	CYPS	Children's Placements & Accomodation	25,482				-	-	1,227	1,205		2,432		N	N	No
13	PCS21.22_G02	Education	SEN Transport	5,015				-	-	777	(0)		777		N	N	No
			<b>Total Children's Services</b>					<b>-</b>	<b>-</b>	<b>2,004</b>	<b>1,205</b>	<b>-</b>	<b>3,209</b>				
			<b>People Total</b>					<b>-</b>	<b>-</b>	<b>5,712</b>	<b>2,252</b>	<b>-</b>	<b>7,964</b>				
<b>Community</b>																	
14	COM21.22_G01	Directorate wide	Impact of Covid-19: Loss of income across Community directorate	(46,399)	-	-	(46,399)	-	-	5,000	(2,218)	(1,799)	983		N	N	No
15	COM21.22_G02	Facilities Management	Income pressure for School SLA services	(226)			(226)	-	-	80			80		N	N	No
16	COM21.22_G03	Facilities Management	Building repair and maintenance for all corporate sites	771			771	-	-	300			300		N	N	No
17	COM21.22_G04	Depot	Residual amount of unachieved MTFS target relating to Depot	(1,234)			(1,234)	-	-	861			861		N	N	No
18	COM21.22_G05	Contracts Management	Residual amount of unachieved MTFS procurement saving (£250k profiled in 19/20)	(250)			(250)	-	-	32			32		N	N	No

Growth/Reversed savings and savings- 2021/22 Budget Process																	
Item No	Unique Reference No.	Specific Service Area	Headline Description re: saving / reduction	2020/21 Service Budget	agreed Savings /growth 2020/21	agreed' Savings /growth 2021/22	Net budget	Implementation Costs & Redundancy	Implementation Costs CAPITAL	2021-22	2022-23	2023-24	Total	Risk	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
19	COM21.22_G06	Waste Services	West London Waste Authority Levy increases as a result of waste growth, household growth and contract price inflation	8,357			8,357	-	-	750	300	300	1,350		N	N	No
20	COM21.22_G07	Waste Services	Increase in Mixed Dry Recycling waste disposal cost	947			947	-	-	600			600		N	N	No
21	COM21.22_G08.1		Redevelopment of Vernon Lodge - Reversal of MTFS target that reflects capital financing cost and net income	(80)	(643)		(723)	-	-	723			723		N	N	No
22	COM21.22_G08.2	Corporate Finance	Redevelopment of Vernon Lodge - Reduction in capital financing costs	307	244		551	-	-	(551)			(551)		N	N	No
23	COM21.22_G09.1		Probation Centre - Reversal of MTFS target which reflects capital financing cost of £5m capital	-	275		275	-	-	275			275		N	N	No
24	COM21.22_G09.2	Corporate Finance	Probation Centre - Reduction in capital financing costs	-	(275)		(275)	-	-	(275)			(275)		N	N	No
25	COM21.22_G10.1		Unmanned Aerial Vehicles -Reversal of MTFS target that reflects capital financing cost of £400k capital	-	(92)		(92)	-	-	92			92		N	N	No
26	COM21.22_G10.2	Corporate Finance	Unmanned Aerial Vehicles - Reduction in capital financing cost	-	92		92	-	-	(92)			(92)		N	N	No
27	COM21.22_G11	Waste Services	Waste bins - change the funding source from capital to revenue following capital programme review	-			-			125			125		N	N	No
													-				
			<b>Community Total</b>		-	-	-	-	-	<b>7,920</b>	<b>(1,918)</b>	<b>(1,499)</b>	<b>4,503</b>				
28		Corporate Finance	Reversal of saving from 'SEN Transport efficiency from Transformation		(400)	(400)	(800)			800			800		N	N	
			<b>Corporate Total</b>			-	-	-	-	<b>800</b>	-	-	<b>800</b>				
			<b>Total</b>		-	-	-	-	-	<b>14,566</b>	<b>334</b>	<b>(1,499)</b>	<b>13,401</b>				
			<b>Net Impact of Reversals/Growth and Savings</b>							<b>15,315</b>	<b>1,332</b>	<b>(1,499)</b>	<b>15,148</b>				

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Total Savings and Growth 2021/22 to 2022/23 from 2020/21 Budget Process

Appendix 1B

Item No	Unique Reference No.	Headline Description re: saving / reduction	2019/20 Service Budget £000	agreed Savings /growth 2020/21 £000	agreed Savings /growth 2021/22 £000	Net budget £000	Implementation Costs & Redundancy £000	Implementation Costs CAPITAL £000	2021-22 £000	2022-23 £000	Total £000	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
<b>Resources Directorate</b>														
3	RES 4	Benefits - delete two posts over two years	913	0	0	913	-	-	(33)		(33)	N - Vacant Post.	N	N
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)	<a href="http://modern.gov:8080/documents/g64382/Public%20reports%20pack%20Thursday%2021-Feb-2019%2018.30%20Cabinet.pdf?T=10">http://modern.gov:8080/documents/g64382/Public%20reports%20pack%20Thursday%2021-Feb-2019%2018.30%20Cabinet.pdf?T=10</a>	Y	Affected services
9	RES	<b>Investment Income :</b> Income from investing in commercial properties							(1,726)		(1,726)	N	N	N
<b>Resources total</b>			<b>5,756</b>	<b>-</b>	<b>-</b>	<b>5,756</b>	<b>20</b>	<b>-</b>	<b>(1,934)</b>	<b>-</b>	<b>(1,934)</b>			
<b>People Directorate</b>														
10	PC_01	<b>Reduction in expenditure in relation to children's placements, accommodation and client related spend.</b> Targeted early intervention and support to prevent young people from coming into care or stepping young people down from care where it is safe to do so. Targeted actions continue to reduce the average cost of service provision through negotiation with providers and continued maximisation of capacity available within block contracts services and council properties.	9,880	0	0	9,880	-	-	(410)		(410)	N - Reduction in cost of provision rather than the provision. Assessment will be done on individual basis.	N	N
10	PC_01	<b>This saving has been reversed as part of the Children's growth included in Appendix 1A.</b>	9,880	0	0	9,880	-	-				provision rather than the provision. Assessment will be done on individual basis.	N	N
<b>Children and Young People Total</b>			<b>9,880</b>	<b>-</b>	<b>-</b>	<b>9,880</b>	<b>-</b>	<b>-</b>	<b>(410)</b>	<b>-</b>	<b>(410)</b>			
<b>Community Directorate</b>														
11	COM_20.21_S01	Substitute funding for 2 existing job brokers with external grant in 2020/21. External funding has been secured as part of Strategic Investment Pot (SIP) over 2 years. Part of this grant is earmarked for funding staffing costs. The proposed funding substitution means the delivery of the programme will have to be incorporated into the work of existing staff. If no further funding is secured beyond 2020/21, one post will be deleted and the other one retained.	202	-	-	202	TBC	-	45		45	N - external funding secured to retain the post in 2021/22	N	N

Total Savings and Growth 2021/22 to 2022/23 from 2020/21 Budget Process Appendix 1B

Item No	Unique Reference No.	Headline Description re: saving / reduction	2019/20 Service Budget	agreed Savings /growth 2020/21	agreed Savings /growth 2021/22	Net budget	Implementation Costs & Redundancy	Implementation Costs CAPITAL	2021-22	2022-23	Total	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
			£000	£000	£000	£000	£000	£000	£000	£000	£000			
14	COM_20.21_S03	Removal of base budget from October 2020 for 4 positions that are currently 67% grant funded. 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. As no further external funding has been secured, these positions are deleted in 2020/21. This saving started in 2020/21 with a £22k saving made in 2020/21, therefore a total of £44k across 2 years.	157	-	-	157	TBC	-	(22)		(22)	Y - already completed as part of 2020/21 budget process	N	N
15	COM_20.21_S04	Achieving full cost recovery from Travellers site-"The council has a duty to provide suitable accommodation for Gypsy and Travellers and use Watling farm site for this purpose.Saving proposal is to seek a cost neutral outcome for the council to be achieved by increased charges to the current licensees and/or agreement for the cost of repairs and maintenance to be passed over to the occupiers.	14	-	-	14	-	-	(14)		(14)	Y - required in 2021/22	N	N
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.	400	-	-	400	-	-	(68)		(68)	Y - required in 2021/22. Individual assessments will be done.	N	N
18	COM_20.21_S07	Building Control - Additional income from commercialisation of the service	(132)	-	-	(132)	-	-	(20)		(20)	N	N	N
24	COM_19.20_S04	Redevelopment of the Vernon Lodge Homelessness Hostel and the Atkins House Site The maximisation of the assets to increase the homelessness provision at Vernon Lodge while providing capacity to generate additional income at both Vernon Lodge and Atkins House, following Cabinet approval of the redevelopment work in July 18. Gross savings.							(643)		(643)	<a href="http://moderngov:8080/documents/g64382/Public%20reports%20pack%20Thursday%201-Feb-2019%2018.30%20Cabinet.pdf?T=10">http://moderngov:8080/documents/g64382/Public%20reports%20pack%20Thursday%201-Feb-2019%2018.30%20Cabinet.pdf?T=10</a>	N	Y for any planning application
24	COM_19.20_S04	This saving is being reversed out in Appendix 1A												



**Total Savings and Growth 2021/22 to 2022/23 from 2020/21 Budget Process** **Appendix 1B**

Item No	Unique Reference No.	Headline Description re: saving / reduction	2019/20 Service Budget	agreed Savings /growth 2020/21	agreed Savings /growth 2021/22	Net budget	Implementation Costs & Redundancy	Implementation Costs CAPITAL	2021-22	2022-23	Total	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
			£000	£000	£000	£000	£000	£000	£000	£000	£000			
26		Additional Financing Income : Banister (25k) Harrow Weald Toilet (£11k) Probation Centre (£275k) Drones (unmanned aerials) (£92k)							(403)		(403)	N	N	N
26		This saving for the Probation Centre and Drones is being reversed out in Appendix 1A										N	N	N
<b>Community Total</b>			<b>966</b>	<b>-</b>	<b>-</b>	<b>966</b>	<b>-</b>	<b>-</b>	<b>(1,125)</b>	<b>-</b>	<b>(1,125)</b>			
<b>Corporate</b>														
27	COR 02	Gayton Road - income from 53 PRS units							(144)	(47)	(191)	N	N	N
28	COR 03	SEN Transport efficiency from Transformation							(400)		(400)	N	N	N
28	COR 03	This saving is being reversed out in Appendix 1A												
29	COR 04	Income from £100m Investment Property Purchase							(3,525)	(3,525)	(7,050)	N	N	N
30	COR 05	Capital Financing Cost of the £100m Investment Property							2,350	2,350	4,700	N	N	N
	COR 04 and 05	The net impact of the Investment Property income is being reversed out in Appendix 1A												
31	COR 06	Transformation Target - additional £1m over and above SEN Transport target per annum							(1,000)	(1,000)	(2,000)	N	N	N
<b>Corporate Total</b>									<b>(2,719)</b>	<b>(2,222)</b>	<b>(4,941)</b>			
<b>Total Savings</b>									<b>(6,188)</b>	<b>(2,222)</b>	<b>(8,410)</b>			
<b>Growth Resources</b>														
2	RES G2	Bucks and Aylesbury Vale District Council exit of shared service with Legal Services. The growth is to fund the net impact of this lost income.							353	678	1,031	N	N	N
	RES G2	A proportion of this growth is being reversed out in Appendix 1A												

**Total Savings and Growth 2021/22 to 2022/23 from 2020/21 Budget Process** **Appendix 1B**

Item No	Unique Reference No.	Headline Description re: saving / reduction	2019/20 Service Budget	agreed Savings /growth 2020/21	agreed Savings /growth 2021/22	Net budget	Implementation Costs & Redundancy	Implementation Costs CAPITAL	2021-22	2022-23	Total	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
			£000	£000	£000	£000	£000	£000	£000	£000	£000			
6	RES 2019-20 G1-2	The Housing Benefit Admin Grant reduces annually due to year on year efficiency cuts to DWP (Department of Work and Pensions) funding under SR2007 & SR 2013 efficiency directives in relation to settlements to DWP funding. The DWP efficiency targets in place impact on the HB Admin Grant annually, reducing future grants by approximately 10% cumulatively (7% + 3%).							90		90	N	N	N
7	RES 2019-20 G1-3	Growth is required to replace cuts in both DWP (Department for Work and Pensions) Administration grants to the Local Authorities and for overpayments of compensation payments from DWP to Harrow. This is due to both imposed cuts to the LA admin grant by the DWP due to their own savings strategy and due to the fact that as we will administer less cases over time (due to the migration of new cases to Universal Credit), there will be less overpayments and therefore less compensation awarded to Harrow which reduces the income in the revenue budget.							50		50	N	N	N
<b>Resources Total</b>			-	-	-	-	-	-	<b>493</b>	<b>678</b>	<b>1,171</b>			
<b>People</b>														
<b>Adults</b>														
10	Adults	Growth in the transition budget and Personal Budgets over the next 3 years which will increase the transitions budget by a total of £1.4m and Personal Budgets by £1.218m. <b>'Growth 2019-20.</b> This relates to £650k for transitions funding (additional 24pa) and £345k for personal budgets (additional 1 per week). <b>Growth 2020-21.</b> This relates to £450k for transitions funding (based on further 15) and £521k personal budgets (assumes a further 1 new PB every other week in addition to the 2019/20 increase) <b>Growth 2021-22</b> - this relates to £300k for transitions (assumes additional 10 pa) and £352k for Personal Budgets (a further 1 new PB every other week)							652		652	N	N	N
10	Adults	This growth is being reversed out in Appendix 1A												
<b>Adult Total</b>									652	-	652			
<b>People Total</b>			-	-	-	-	-	-	<b>652</b>	-	<b>652</b>			

Total Savings and Growth 2021/22 to 2022/23 from 2020/21 Budget Process													Appendix 1B	
Item No	Unique Reference No.	Headline Description re: saving / reduction	2019/20 Service Budget	agreed Savings /growth 2020/21	agreed Savings /growth 2021/22	Net budget	Implementation Costs & Redundancy	Implementation Costs CAPITAL	2021-22	2022-23	Total	EQIA Required Y/N	Does this proposal impact on another directorate Y/N	Key Stakeholders to consult 'Yes/No Completed
			£000	£000	£000	£000	£000	£000	£000	£000	£000			
	<b>Corporate</b>													
25		Capital Financing costs associated with the capital investment of the redevelopment of the Vernon Lodge and Atkins House site.							244		244	N	N	N
25		This growth is being reversed out in Appendix 1A along with the savings associated with the original scheme.												
		<b>Corporate Total (financing Cost)</b>							244	-	244			
		<b>Total Growth</b>	0	0	0	0	0	0	1,389	678	2,067			
		<b>Net Savings/Growth</b>							(4,799)	(1,544)	(6,343)			

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## MEDIUM TERM FINANCIAL STRATEGY 2021/22 to 2023/24

Appendix 2

	2020/21	2021/22	2022/23	2023/24
	£000	£000	£000	£000
<b>Budget Requirement Brought Forward</b>	167,081	174,762	178,856	181,635
Corporate & Technical	6,393	-6,423	28,746	6,597
People	289	5,954	2,252	0
Community	1,286	6,545	-2,218	-2,099
Total Resources	383	-1,483	501	0
Corporate	-670	-500	-747	600
<b>Total</b>	<b>7,681</b>	<b>4,093</b>	<b>28,534</b>	<b>5,098</b>
<b>FUNDING GAP</b>	<b>0</b>	<b>0</b>	<b>-25,754</b>	<b>-5,098</b>
<b>Total Change in Budget Requirement</b>	<b>7,681</b>	<b>4,093</b>	<b>2,780</b>	<b>0</b>
<b>Revised Budget Requirement</b>	<b>174,762</b>	<b>178,856</b>	<b>181,635</b>	<b>181,635</b>
Collection Fund Deficit/-surplus	-2,120			
Revenue Support Grant	-1585	-1585	-1585	-1585
Top Up	-22,623	-22,623	-22,623	-22,623
Retained Non Domestic Rates	-14,942	-14,942	-14,942	-14,942
<b>Amount to be raised from Council Tax</b>	<b>133,492</b>	<b>139,706</b>	<b>142,485</b>	<b>142,485</b>
<b>Council Tax at Band D</b>	<b>£1,522.72</b>	<b>£1,598.70</b>	<b>£1,630.51</b>	<b>£1,630.51</b>
<b>Increase in Council Tax (%)</b>	<b>3.99%</b>	<b>4.99%</b>	<b>1.99%</b>	<b>0.00%</b>
Tax Base	87,667	87,387	87,387	87,387
Collection rate	98.00%	98.00%	98.00%	98.00%
Gross Tax Base	89,456	89,170	89,170	89,170

**MTFS 2022/22 to 2023/24 – Proposed investments / savings**

<b>Technical Adjustments</b>			
	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Capital and Investment</b>			
2018/19 implications in 2021/22	1900		
Reversal of one off Regen MRP Provision used in 2020/21	1000		
MRP on Community projects and Property investment from 2019/20	1454		
Interest on Community projects and Property investment from 2019/20	967		
Capital Financing costs from additional Capital Programme		1250	
Capital Financing included as part of 2021/22 budget setting process			
<b>Implications of Capital Programme agreed for 2020/21 to 2023/24</b>	<b>-2981</b>	<b>2981</b>	<b>470</b>
<b>Total Capital and Investment Changes</b>	<b>2,340</b>	<b>4,231</b>	<b>470</b>
<b>Grant Changes</b>			
Additional 2019 New Homes Bonus after settlement from prior years	535		
Additional New Homes Bonus for 2020/21	787		
Assumption that New Homes Bonus reduces in 2022/23		728	
<b>Reversal of previous reductions in NHB assumed on the basis it continues</b>	<b>-782</b>	<b>-728</b>	
Reversal of 'Use of 2019/20 Business Rates Pool Budget in 2020/21 budget	1800		
<b>Additional Social Care grant announced in SR estimated figure</b>	<b>-1044</b>		
<b>£1.55b grant to meet additional COVID expenditure (one off)</b>	<b>-4600</b>	<b>4600</b>	
<b>Income compensation for sales, fees and charges - 3 mth extension</b>	<b>-500</b>	<b>500</b>	
<b>Total Grant Changes</b>	<b>-3,804</b>	<b>5,100</b>	<b>0</b>
<b>Other Technical Changes</b>			
<b>Freedom Passes - estimated reduction in usage</b>	<b>-1108</b>	<b>-1580</b>	<b>1377</b>
<b>Use of Reserves</b>			
Full use of the Budget Planning Reserve in 2020-21	2629		
Use of Business Risk Reserve smoothed over 2 years	1176	0	
Use of Business Risk Reserve for one off investment of £1m pa for 3 years	-1000	-1000	
One off Investment into front line priorities	1000	1000	
Use of Business Risk Reserve smoothed over 2 years	-3350	3350	
Budget planning reserve not applied in 20/21	-2628	2628	
Business Risk Reserve - not applied in 20/21	-1771	1771	
Children's social care reserve - no applied in 20/21	-932	932	
Adult Social Care Reserve	-920	920	
£2m 20/21 target underspend - to be added to reserves in 2021/22	-2000	2000	
<b>Total Other Technical Changes</b>	<b>-8,904</b>	<b>10,021</b>	<b>1,377</b>
<b>Pay and Inflation</b>			
Pay Award @ 2% pa	2000	2000	
Pay Award @ 2.75% pa			2750
Non Pay Inflation/budget pressures	1100	2750	2000
<b>Total Pay and Price Inflation</b>	<b>3,100</b>	<b>4,750</b>	<b>4,750</b>
<b>OTHER</b>			
Gayton Road Income - Reversal of 72 units transferred to HRA	500		
Capital Receipts Flexibility - £2m applied in 2021/22	-2000	2000	
Adults Growth / Pressure	2344	2644	
<b>Total Corporate &amp; Technical</b>	<b>-6,423</b>	<b>28,746</b>	<b>6,597</b>

**MTFS 2021/22 to 2023/24 – Proposed investments / savings**

<b>People</b>			
	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Children &amp; Families</b>			
Proposed Savings - Appendix 1B	-410	0	0
Proposed Growth - see appendix 1a	2004	1,205	0
<b>Sub total Children &amp; Families</b>	<b>1,594</b>	<b>1,205</b>	<b>0</b>
<b>Adults</b>			
Proposed Growth - see appendix 1a	3708	1047	0
Proposed Growth - see appendix 1b	652	0	0
<b>Sub total Adults</b>	<b>4,360</b>	<b>1,047</b>	<b>0</b>
<b>Total People Directorate</b>	<b>5,954</b>	<b>2,252</b>	<b>0</b>

**MTFS 2021/22 to 2023/24 – Proposed investments / savings**

<b>Community</b>			
	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
Proposed Savings - see appendix 1a	-250	-300	-600
Proposed Growth - see appendix 1a	7,920	-1,918	-1,499
Proposed Savings - see appendix 1b	-1,125	0	0
Proposed Growth - see appendix 1b	0	0	0
<b>Total Community</b>	<b>6,545</b>	<b>-2,218</b>	<b>-2,099</b>



**MTFS 2021/22 to 2023/24 – Proposed investments / savings**

	2021/22	2022/23	2023/24
<b>Resources</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
Proposed Savings - see appendix 1b	-1,934	0	0
Proposed Growth - see appendix 1b	493	678	0
Proposed Savings - see appendix 1a	-176	-177	0
Proposed Growth - see appendix 1a	134		
<b>Total Resources</b>	<b>-1,483</b>	<b>501</b>	<b>0</b>

**MTFS 2021/22 to 2023/24 – Proposed investments / savings**

	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>CORPORATE</b>			
Proposed Savings - appendix 1a	1175	1475	600
Proposed Growth - appendix 1a	800	0	0
Proposed Savings - see appendix 1b	-2,719	-2,222	0
Proposed Growth - see appendix 1b	244	0	0
<b>Total Corporate</b>	<b>-500</b>	<b>-747</b>	<b>600</b>

## School Budgets 2021/22 – Dedicated Schools Grant (DSG)

### Introduction

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

### Schools Funding for 2021-22

2. In 2018-19 the government introduced a new National Funding Formula (NFF) for Schools, High Needs and the Central Schools services Block. For the Schools Block this means LAs are funded on the basis of the total of the NFF for all school, academies and free schools in its area. However, the final formula for distribution is determined by each Council following consultation with schools and Schools Forums.
3. The LA carried out a consultation in Autumn 2017 which sought views on whether the LA should continue to use the Harrow Schools Funding Formula or introduce the National Funding Formula from 2018-19. 76% of schools responded to the consultation and 89% voted in favour of introducing the NFF from 2018-19. This was approved by Cabinet in February 2018 and school budgets for the last two years have been set based on the NFF.
4. The NFF will therefore continue to be used to distributed school budgets for 2021-22.
5. From 2020 the government intended to implement the NFF in full which means that school allocations will be determined by the DfE rather than LAs. However, this has been delayed and there is currently no confirmed date for this.
6. There are no proposed changes to the **structure** of the formula for 2021-22 however there are a number of changes for schools to be aware of.

### Changes in 2021-22

#### Increase in factor values

**Table 1 – indicative funding formula factor values**

Factor	2020-21		Indicative 2021-22	
	Primary	Secondary	Primary	Secondary
Primary per pupil basic	£3,137.07		£3,429.15	
KS3 per pupil basic entitlement		£4,411.88		£4,835.72

KS4 per pupil basic entitlement		£5,008.11		£5,449.52
Free School Meals	£494.11	£494.11	£505.09	£505.09
Free School Meals Ever6	£614.90	£894.89	£631.37	£922.35
Deprivation IDACIF	£230.59	£329.41	£236.08	£340.39
Deprivation IDACIE	£274.51	£444.70	£285.49	£455.68
Deprivation IDACID	£411.76	£587.45	£450.19	£636.86
Deprivation IDACIC	£444.70	£636.86	£488.62	£691.76
Deprivation IDACIB	£477.64	£686.27	£521.56	£746.66
Deprivation IDACIA	£658.82	£922.35	£680.78	£949.80
Low Prior Attainment	£1,169.40	£1,767.83	£1,202.34	£1,822.73
English as an Additional	£587.45	£1,581.16	£603.92	£1,630.57
Mobility	£960.78	£1,372.54	£988.23	£1,416.46
Lump Sum	£125,614.63	£125,614.63	£129,347.93	£129,347.93

7. Basic per pupil funding factors have been increased by 3% since 2020-21.

### **Teacher's Pay Grant (TPG) and Teacher's Pension Employer Contribution Grants (TPECG)**

8. The most significant change in 2021-22 is that funding previously received through the TPG and TPECG, including the supplementary fund, to mainstream schools for pupils from reception to Y11 will be allocated through the NFF thus increasing schools' baselines.
9. In addition to the 3% general inflationary amount added to each formula factor a further £180 has been added to the primary basic entitlement factor and £265 to each of the KS3 and KS4 basic entitlement factors. This funding (plus the Area Cost Adjustment) is equivalent to the funding received in the TPG and TPECGs for September 2018 and September 2019 pay awards. No further funding will be allocated for pay changes in September 2020 or beyond.
10. Therefore, despite an estimated additional £10m of funding in the NFF in 2021-22 for Harrow schools, nearly £8m of this represents funding already being received by schools through the TPG and TPECG.

### **Minimum Per Pupil Funding Levels (MPPL)**

11. The MPPL will be set at £4,180 for primary schools and £5,415 for secondary schools. There are possibly 5 schools in Harrow who may be eligible for some additional top up funding where the funding as calculated through the NFF is below the national thresholds for primary and secondary schools.

### **Income Deprivation Affecting Children Index (IDACI)**

12. The IDACI dataset has been updated in 2019 so that the IDACI bands are now assigned based on rank rather than score. For example, Band A now consists of pupils in the most deprived 2.5% of lower super output areas (LSOAs), instead of consisting of pupils in LSOAs with an IDACI score greater than 0.5.

13. Nearly all schools will lose funding as a result of this change. In order to compensate slightly some of the factor values have increased above the 3% generic inflation but this still does not mitigate overall losses.
14. The impact of the banding changes is that (based on the October 2019 census) 90% of pupils in Harrow schools are now in Band G which is the least deprived band and attracts no funding. This compares with 78% under the old banding methodology.
15. Schools will be protected through the Minimum Funding Guarantee from these per pupil losses but it does mean that in the event that MFG protection no longer applies there will be a real cash reduction as a result of these changes.

### Minimum Funding Guarantee (MFG)

16. The MFG will continue and the allowable range for 2021-22 is between +0.5% and +2%.
17. This means that each school will gain at least +0.5% *per pupil* compared with the 2020-21 budget.
18. Where schools are protected by MFG this means that they are receiving funding over and above that which is calculated by the National Funding Formula because of the levels of funding they had been receiving prior to the introduction of the NFF. In future years if the MFG protection is removed then those schools who are funding above the NFF will see an immediate drop in funding from one year to the next.

### Consultation 2021-22

19. Whilst there are no proposed changes to the structure of the formula for 2021-22 the LA as required to consult on the value of the Minimum Funding Guarantee
20. A short consultation was carried out from 5<sup>th</sup> to 23<sup>rd</sup> October 2020. There were a total of 10 (19%) responses received
21. The consultation question asked: Do you support the proposal to apply the highest MFG subject to affordability and ensuring that no school's budgets are unfairly distorted. A summary of responses is shown at Table 2:

**Table 2 – consultation question summary of responses**

Phase	Number of respondents	Yes		No	
		Number	%	Number	%
All Through	0	0		0	0%
Primary	5	5	100%	0	0%
Secondary	5	5	100%	0	0%
<b>Total</b>	<b>10</b>	<b>10</b>	<b>100%</b>	<b>0</b>	<b>0%</b>

22. As shown in Table 2 100% of respondents support the highest MFG subject to affordability.

### **Central School Services Block**

23. The CSSB funds the following services:

- School Admissions
- Servicing of Schools Forum
- LA retained duties for schools and academies.

24. The indicative funding for 2021-22 has remained unchanged at £1.2m.

### **Growth Fund**

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

### **High Needs Funding**

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

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

27. The government introduced a National Funding Formula for High Needs from 2018-19. Funding has previously been based on historical allocations plus small annual amounts of growth. In order to manage increasing growth for demand and complexity, annual funding transfer from the schools block into the high needs block have been approved by Schools Forum

28. From 2018-19 the Schools Block has been ring-fenced and transfers between blocks has been restricted to 0.5% of the Schools Block (approx. £800k). The decision to agree a transfer remains with Schools Forum. It agreed a transfer of 0.5% in 2018-19 and a reduced transfer of 0.25% in 2019-20 however it did not agree to any transfer beyond 2019-20 on the basis that the government should be properly addressing the inherent underfunding of High Needs pupils and to continue to topslice mainstream school budgets masks the extent of the problem.

29. There is anticipated to be an additional £2.8m added to the HNB for 2021-22 however there are already significant pressures on the HNB.
30. In 2019-20 there was an overspend on the HNB 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.

### **DSG deficits**

31. The government consulted on the treatment of deficits in 2019. The outcome of the consultation was a change to the regulations for the treatment of DSG deficits so that LAs must carry forward any HNB deficit to be funded from the next year's budget share. It also explicitly states that LAs can not and should not fund any DSG deficit from its own reserves.

### **DSG Recovery Plans**

32. 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
33. 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.
34. 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:
35. 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

### **Early Years Funding**

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

37. A National Funding Formula for Early Years was introduced in 2017-18. Cabinet approved the structure of the Harrow formula for the distribution of funding to providers in January 2018.

38. Funding rates and allocations will be announced in December 2020.



**Draft Public Health Funding 2021-22****Appendix 4**

	£000	
<b>Mandatory Services</b>		
Sexual Health (incl Family Planning)	2,192	
0-19 Services	3,838	
Health Checks	<u>176</u>	6,206
<b>Discretionary Services</b>		
Tobacco Control	73	
Drug & Alcohol Misuse	1,858	
Physical Activity	<u>30</u>	1,961
<b>Staffing &amp; Support Costs</b>		
Staffing	804	
Non-Staffing	59	
Overheads	<u>163</u>	1,026
Health Improvement	306	
Wider Determinants of Health	<u>1,651</u>	1,957
<b>Total Expenditure</b>		<u><u>11,150</u></u>
<b>Funded by</b>		
Department of Health Grant	<u>-11,150</u>	
<b>Total Income</b>		<u><u>-11,150</u></u>

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**REPORT FOR: CABINET**

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<b>Date of Meeting:</b>	17 December 2020
<b>Subject:</b>	Draft Capital Programme 2020/21 to 2023/24
<b>Key Decision:</b>	Yes - involves expenditure in excess of £1m
<b>Responsible Officer:</b>	Dawn Calvert, Director of Finance
<b>Portfolio Holder:</b>	Councillor Adam Swersky, Portfolio Holder for Finance and Resources
<b>Exempt:</b>	No
<b>Decision subject to Call-in:</b>	Yes
<b>Wards affected:</b>	All
<b>Enclosures:</b>	Appendix 1 – Proposed Capital Programme 2020/21 to 2023/24  Appendix 2 – Net Capital additions to the Capital Programme

## Section 1 – Summary and Recommendations

This report sets out the draft General Fund capital programme which has been proposed as part of the 2021/22 budget process.

### Recommendations:

1. Cabinet is requested to note the draft capital programme, as detailed within Appendix 1, which will be brought back to Cabinet in February 2021 for approval.

The final version of the Capital Programme 2020/21 to 2023/24 will be brought back to Cabinet in February 2021 for recommendation to Council in February.

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

## Section 2 – Report

### Development of the Capital Programme

1. The purpose of this draft Capital Programme report is to set out the Council's capital proposals for investment over the years 2020/21 to 2023/24 which have been proposed as part of the Annual budget setting process. The final Capital programme report will be presented to Cabinet in February 2021.

### Capital Programme 2020/21 to 2023/24

2. Given the current financial situation coupled with the slippage on schemes in previous years, Service Directorates were asked to carry out a review of the Capital Programme using a bottom up approach to ensure the capital programme represents capital investment that is necessary up to financial year 2023/24. The criteria used remains unchanged from previous years which is for capital to be contained within the following categories:
  - a. Life and Limb/Health and Safety.
  - b. Statutory Requirement/legislation.
  - c. Schemes fully funded by external sources.
  - d. Invest to Save Schemes (the capital expenditure must generate a revenue stream to cover the capital financing costs and make a savings contribution).

Generally, the preparation of the draft 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**

3. 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 CIL 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.
4. 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.
5. 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%

6. 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.
7. 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 paragraph 12 and Table 3, and the capital financing costs in Table 1 will therefore reduce accordingly.
8. When the Final Capital Programme report is presented to cabinet in February 2021, an updated table will be included which shows the revised capital financing costs for the period 2021/22 to 2023/24.

### **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 is detailed in appendix 2. Table 2 sets out the total proposed Capital Programme.

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

Directorate	2020/21			2021/22			2022/23			2023/24			TOTAL		
	Gross Value £000	External Funding £000	Net Value £000	Gross Value £000	External Funding £000	Net Value £000	Gross Value £000	External Funding £000	Net Value £000	Gross Value £000	External Funding £000	Net Value £000	Gross Bid Value	External Funding £000	Net Bid Value £000
Resources and Commercial	12,362	100	12,262	17,350	0	17,350	2,550	0	2,550	1,850	0	1,850	34,112	100	34,012
People's	4,990	4,317	674	22,803	22,033	770	9,071	9,071	0	0	0	0	36,865	35,421	1,444
Community	51,849	14,469	37,380	46,774	10,997	35,777	34,293	11,229	23,064	28,886	8,629	20,256	161,802	45,324	116,477
<b>Total General Fund</b>	<b>69,201</b>	<b>18,885</b>	<b>50,316</b>	<b>86,927</b>	<b>33,030</b>	<b>53,897</b>	<b>45,915</b>	<b>20,301</b>	<b>25,614</b>	<b>30,736</b>	<b>8,629</b>	<b>22,106</b>	<b>232,778</b>	<b>80,845</b>	<b>151,933</b>

10. The gross value of the new proposed capital programme for 2020/21 to 2023/24 as detailed in Appendix 1 and summarised in Table 2 is **£232.778m**, with external funding of **£80.845m** and a net programme of **£151.933m**. The net 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 in paragraph 2 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 these projects have been removed.

#### **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	2021/22	2022/23	2023/24	Total
	£000	£000	£000	£000	£000
Net Capital Additions (Appendix 2)	-6,879	3,422	2,404	11,435	10,382
<u>Removal of Invest to save projects</u>					
<b>Resources</b>					
Investment properties	-94,407				-94,407
<b>Community Directorate</b>					
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
<b>Total</b>	<b>-125,532</b>	<b>-5,356</b>	<b>-6,510</b>	<b>20,116</b>	<b>-117,282</b>

**Capital Programme changes and impact on the Revenue Budget**

16. The proposed Capital Programme of £232.778m is supported by external funding of £80.845m. £10.736m of the external funding is Borough Community Infrastructure Levy (BCIL). The detail of this £10.736m is set out in Table 7 but summarised below:

- **£2.660m** for the Wealdstone Major Transport Project
- **£2.650m** for the High Street Fund
- **£2.076m** for the Harrow Arts Centre
- **£2.000m** for Flood Defence and Highways Drainage
- **£0.600m** for the Green Grid Programme
- **£0.500m** for the Headstone Manor Flood Alleviation Scheme
- **£0.250m** for Playground Infrastructure

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**

<b>Capital Financing Costs</b>	<b>Annual costs</b>
	<b>£000</b>
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 (14<sup>th</sup> 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 (this report) 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 £9.9m. Of the £9.9m, £1.822m remains outstanding as at 31.3.2020 and will therefore be a commitment on the funding available in Table 6.

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

Financial year	Capital Project	£	Outstanding commitment
2017/18	Highway projects	4,800,000	0
2018/19	Headstone Manor (Parks for People)	300,000	15,626
2018/19	Rayners Lane Triangle project	40,000	0
2018/19	Parks Infrastructure (Playground replacement)	545,000	0
2019/20	Parks Infrastructure (Playground replacement)	350,000	122,542
2019/20	GGF Round 2 - HAC modular buildings	1,150,000	1,078,263
2019/20	Sudbury Hill step-free access	50,000	50,000
2019/20	Flood Defence	300,000	0
2019/20	Highway Drainage	200,000	1
2019/20	Green Grid	75,000	35,239
2019/20	New Town Centre Library	2,090,000	520,338
2019/20	High Street Fund	0	0
<b>Total</b>		<b>9,900,000</b>	<b>1,822,009</b>

24. Table 6 sets out the CIL funding received to 15<sup>th</sup> October 2020 showing that £6.225m of BCIL and £1.784m of NCIL is available to date to fund projects from 2020/21 onwards:

**Table 6 – CIL Funding available as at 15 October 2020**

	BCIL	NCIL	Total
	£'000	£'000	£'000
Balance as at 31.3.2020	5,627	1,683	<b>7,787</b>
20/21 Receipts (up to 15/10/20 as per SAP)	598	101	<b>747</b>
<b>Total Balance (up to 15/10/20)</b>	<b>6,225</b>	<b>1,784</b>	<b>8,534</b>

25. The projects in the new Capital Programme for 2020/21 to 2023/24, to be funded from BCIL is £10.736m 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**

<b>New capital bids as part of 21/22 Budget process with CIL request:</b>	<b>2020/21</b>	<b>2021/22</b>	<b>2022/23</b>	<b>2023/24</b>	<b>Total</b>
(N.B. Amount shown is the CIL element only)	£'000	£'000	£'000	£'000	£'000
Parks Infrastructure (Playground replacement)	250				250
Flood Defence and Highway Drainage	500	500	500	500	2,000
Green Grid	150	150	150	150	600
Headstone Manor (Flood alleviation scheme)	500				500
Wealdstone Major Transport Infrastructure projects - Bus Improvement		900	1,130	630	2,660
Harrow Arts Centre Capital Infrastructure	300				300
Harrow Arts Centre - refurbishment & new build	599	1,177			1,776
High Street Fund	250	1,300	1,100		2,650
<b>Total BCIL funding requests</b>	<b>2,549</b>	<b>4,027</b>	<b>2,880</b>	<b>1,280</b>	<b>10,736</b>

26. The total funding currently available of BCIL amounts to £6.225m as set out in Table 6. The requirement for BCIL funding considering the sum still outstanding from 2019/20 of £1.822m (Table 5) and the new Programme in Table 7 of £10.736m is £12.558m. This means a further £6.333m 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 £598k to date this financial year. In order to fund the commitments in the Capital Programme an average of £2.1m is required pa for the next 3 years 2021/22 to 2023/24. Based on years prior to 2020/21 and the impact of COVID-19, this has been 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. If this is ultimately borrowing, then this will impact upon future year's budgets.

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

28. The proposed HRA Capital Programme will be detailed in a separate report to Cabinet in January 2021. Any implications from the HRA Capital Programme are funded from the Housing Revenue Account and do not impact upon the General Fund Budget. The HRA Capital Programme will be included in the Final Capital Programme report going to cabinet in February 2021.

#### **Options considered**

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

#### **Legal Implications**

30. 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**

31. 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**

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

### **Performance Issues**

33. 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.
34. Monitoring of the approved programme is ongoing and is essential for good financial management.
35. 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**

36. Risk included on Directorate risk register?  Yes/ No.  
Separate risk register in place?  Yes/ No (The individual schemes within the programme should be incorporated within departmental registers or have individual registers.)

The considerations in terms of risk management are as follows:

- 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.
- The additional cost of this revised capital programme has been factored into the Revenue Budget and is included in the Draft Revenue Budget report set out elsewhere on the agenda and is therefore affordable.
- The risk that the required level of BCIL does not materialise, will be kept under review and is considered annually as part of the annual process.
- 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.

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

37. 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.

38. 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*

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

40. **Council Priorities**

The Council's draft 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 on by the Chief Financial Officer

**Date: 7 December 2020**

**Statutory Officer: David Hodge**

Signed on behalf of the Monitoring Officer

**Date: 7 December 2020**

**Statutory Officer: Nimesh Mehta**

Signed by the Head of Procurement

**Date: 7 December 2020**

**Statutory Officer: Charlie Stewart**

Signed by the Corporate Director

**Date: 7 December 2020**

**Statutory Officer: Susan Dixon**

Signed by the Head of Internal Audit

**Date: 7 December 2020**

### **Mandatory Checks**

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

*EqIA carried out: NO*

*EqIA cleared by: N/A - any projects with potential impacts will separately be required to do an impact assessment.*

## **Section 4 - Contact Details and Background Papers**

**Contact: Sharon Daniels**, Head of Strategic and Technical Finance (Deputy S151); email: [sharon.daniels@harrow.gov.uk](mailto:sharon.daniels@harrow.gov.uk)

**Background Papers: None**

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

**NO**

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Project Title	2020/21			2021/22			2022/23			2023/24			TOTAL			Governance Board
	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	
<b>Resources and Commercial Directorate</b>																
<b>Capital cost of transition and transformation of ICT service</b>	159		159			0			0			0	159	0	159	IT Strategy Board
<b>ICT Re-Commissioning</b> To deliver transformed ICT function following end of contract with the current provider.	1,044		1,044			0			0			0	1,044	0	1,044	IT Strategy Board
<b>Legal Case Management System</b>	41	41	0			0			0			0	41	41	0	IT Strategy Board
<b>Digital Improvements Programme</b> - New programme £1.750m to cover website refresh, careline devices, online forms migration, dynamics customers records, data visualisation, AI and machine learning			0	750		750	400		400	600		600	1,750		1,750	IT Strategy Board
<b>Enterprise Resources Planning</b> - new scheme to cover workflow improvements, Phase 2 HR, Estate and Facilities management, transition projects			0	1,050		1,050	650		650			0	1,700		1,700	Dynamics Programme Board
<b>Enterprise Resource Planning System</b> - replacement of the SAP ERP system.	6,022		6,022	110		110			0			0	6,132	0	6,132	Dynamics Programme Board
<b>Ongoing ICT Refresh and Enhancements</b> Rolling programme of ICT enhancements	3,581		3,581	4,061		4,061	1,000		1,000	1,000		1,000	9,642	0	9,642	IT Strategy Board
<b>Devolved IT Applications</b> Rolling programme of IT applications delivery	918		918	2,378		2,378	500		500	250		250	4,046	0	4,046	IT Strategy Board
<b>ABAVUS and Waste Collector</b>	538		538			0			0			0	538	0	538	Integrated Streets and Grounds Project Group
<b>LAA Performance Reward Grant</b>	59	59	0			0			0			0	59	59	0	Capital Forum
<b>Other Schemes (Council wide)</b>	0		0	9,001		9,001			0			0	9,001	0	9,001	Capital Forum
<b>Total Resources and Commercial Directorate</b>	<b>12,362</b>	<b>100</b>	<b>12,262</b>	<b>17,350</b>	<b>0</b>	<b>17,350</b>	<b>2,550</b>	<b>0</b>	<b>2,550</b>	<b>1,850</b>	<b>0</b>	<b>1,850</b>	<b>34,112</b>	<b>100</b>	<b>34,012</b>	
<b>People's Directorate</b>																
<b>Adults</b>																
<b>Careline</b>	230	0	230	0		0	0		0	0		0	230	0	230	
<b>Assistive Technology</b>	25		25	245		245	0		0			0	270	0	270	Contracts & Commissioning Board
<b>Inhouse projects</b>	55		55	125		125	0		0			0	180	0	180	Contracts & Commissioning Board
<b>Total Adults</b>	<b>310</b>	<b>0</b>	<b>310</b>	<b>370</b>	<b>0</b>	<b>370</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>680</b>	<b>0</b>	<b>680</b>	
<b>Public Health - HPCF</b>	77	77	0			0			0			0	77	77	0	
<b>Total Public Health</b>	<b>77</b>	<b>77</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>77</b>	<b>77</b>	<b>0</b>	
<b>Schools</b>																
<b>Bulge Classes</b>	0	0	0	552	552	0			0			0	552	552	0	Education Services Management Team
<b>Children's IT</b>	264		264			0			0			0	264	0	264	People Services Management Team
<b>Children's Services Building Programme</b>	100		100			0			0			0	100	0	100	People Services Management Team
<b>Day Respite Provision</b>			0	400		400			0			0	400	0	400	SEND Programme Board
<b>Devolved Formula Capital</b>	53	53	0			0			0			0	53	53	0	Education Services Management Team
<b>School Amalgamation</b>	730	730	0			0			0			0	730	730	0	Education Services Management Team

Project Title	2020/21			2021/22			2022/23			2023/24			TOTAL			Governance Board
	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	
Schools Capital Maintenance	3,264	3,264	0	1,000	1,000	0			0			0	4,264	4,264	0	Education Services Management Team
Schools Expansion Programme Phase 2	118	118	0	0	0	0			0			0	118	118	0	Education Services Management Team
Secondary Expansion			0			0	9,071	9,071	0			0	9,071	9,071	0	Education Services Management Team
SEN Expansion	75	75	0	5,507	5,507	0			0			0	5,582	5,582	0	SEND Programme Board
Additional Basic Need Funding - this will be split over SEN, Primary and Secondary but not known where greatest need will be at this stage			0	14,973	14,973	0			0			0	14,973	14,973	0	SEND Programme Board/Education Services Management Team
<b>Total Schools</b>	<b>4,603</b>	<b>4,240</b>	<b>364</b>	<b>22,433</b>	<b>22,033</b>	<b>400</b>	<b>9,071</b>	<b>9,071</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>36,108</b>	<b>35,344</b>	<b>764</b>	
<b>Total People's Directorate</b>	<b>4,990</b>	<b>4,317</b>	<b>674</b>	<b>22,803</b>	<b>22,033</b>	<b>770</b>	<b>9,071</b>	<b>9,071</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>36,865</b>	<b>35,421</b>	<b>1,444</b>	



Project Title	2020/21			2021/22			2022/23			2023/24			TOTAL			Governance Board
	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	
<b>Community Directorate</b>																
<b>Commissioning and Environment</b>																
<b>High Priority Planned Works - Corporate Sites</b> To continue the programme of investment to undertake essential improvements across the Corporate Estate to ensure that properties are 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	Community Contracts Board
<b>Parks Infrastructure</b> 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	Community Contracts Board
<b>Parks Playground Improvement</b>	373	373	0			0			0			0	373	373	0	Community Contracts Board
<b>Car Park Infrastructure</b>	19		19	0		0			0			0	19	0	19	Community Contracts Board
<b>Waste Services bins (Trade)</b> 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	Community Contracts Board
<b>Waste Services bins (Domestic)</b> Replacement of aged, damaged and/or lost wheeled bins for domestic properties	238		238	0		0	0		0	0		0	238	0	238	Community Contracts Board
<b>CA Site Infrastructure</b> 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	Community Contracts Board
<b>Green Grid Programme - BCIL funded</b> 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	Community Contracts Board
<b>Highways Programme</b> To deliver the highways programme of investment and undertake essential structural maintenance to the highway asset.	5,025	25	5,000	6,000		6,000	6,000		6,000	6,000		6,000	23,025	25	23,000	Community Contracts Board
<b>Parking Management Programme</b> to implement controlled parking schemes and restrictions and support the delivery of LIP	300		300			0			0			0	300	0	300	Community Contracts Board
<b>Headstone Manor - Park for People Project</b>	897	897	0			0			0			0	897	897	0	Community Contracts Board
<b>Flood Defence &amp; Highways Drainage -BCIL funded</b> 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	Community Contracts Board

Project Title	2020/21			2021/22			2022/23			2023/24			TOTAL			Governance Board
	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	
<b>Street Lighting Programme</b> 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	Community Contracts Board
<b>Local Implementation Plan (LIP) including Parking Management Programme</b> 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	Community Contracts Board
<b>Wealdstone Major Transport Infrastructure Project:</b> 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	Community Contracts Board
<b>Wealdstone Major Transport Infrastructure Project:</b> Liveable Neighbourhood for the wider transport network and residential neighbourhoods around the town centre. The project is funded from external funding from TFL (£3.84m) and a match fund from BCIL (£1.76m).	0		0	300	300	0	3,400	3,400	0	1,900	1,900	0	5,600	5,600	0	Community Contracts Board
<b>Headstone Manor Flood Alleviation scheme</b> 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. <b>Environment Agency</b> funding of <b>£0.968m</b> has been granted, with the match fund of <b>£0.5m</b> being anticipated from <b>BCIL</b> .	1,468	1,468	0			0			0			0	1,468	1,468	0	Community Contracts Board
<b>CCTV cameras and equipment at the depot</b>	50		50			0			0			0	50	0	50	Community Contracts Board
<b>CCTV Infrastructure</b>	18	0	18	1,246		1,246			0			0	1,264	0	1,264	Community Contracts Board
<b>Parking Enforcement Review - Infrastructure</b> to support delivery of footway parking and enforcement in recreation grounds, Arts Centre and Museum car parks. <b>Placeholder, subject to the finalisation of Parking Modernisation business case and capital budget requirements.</b>	0		0	0		0			0			0	0	0	0	Community Contracts Board

Project Title	2020/21			2021/22			2022/23			2023/24			TOTAL			Governance Board
	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	
<b>Car Park Refurbishment</b> Replace all existing surface car park lighting with the same LED lighting as used on street. Replace all signage within car parks, reline all car parks, service all lifts in multi storey car parks so that they can be brought back into operation and provide shutters for Davy House car park to prevent overnight ASB. Renovate accommodation for the car parks team or provide new accommodation if existing is to be demolished for new Civic Centre. <b>Placeholder, subject to the finalisation of Parking Modernisation business case and capital budget requirements.</b>	0		0	0		0		0		0		0	0		0	Community Contracts Board
<b>CCTV - enforcement &amp; crime prevention</b> Introduce additional ANPR cameras that could be relocated from area to area for parking enforcement; Invest to enable provision of additional CCTV cameras that can be monitored from the new CCTV room to offer replacement or additional security for schools, museums, libraries and other service areas to provide savings. <b>Placeholder, subject to the finalisation of Parking Modernisation business case and capital budget requirements.</b>	0		0	0		0		0		0		0	0		0	Community Contracts Board
<b>Street Litter Bins</b>	28		28			0		0		0		0	28	0	28	Community Contracts Board
<b>Harrow Weald Toilet Block</b>	149		149			0		0		0		0	149	0	149	Community Contracts Board
<b>Redevelopment of Rayners Lane Toilet Block</b>	71		71			0		0		0		0	71	0	71	Community Contracts Board
<b>Redevelopment of Vernon Lodge</b>	5		5			0		0		0		0	5	0	5	N/A (as project being removed from programme)
<b>Vehicle Procurement</b>	425		425	60		60	136		136	2,731		2,731	3,352	0	3,352	Community Contracts Board
<b>Depot redevelopment project</b>	14,571		14,571			0			0			0	14,571	0	14,571	Depot Project Board
<b>Climate Emergency - Energy emissions reduction measures</b>			0	250		250	250		250			0	500	0	500	Climate Emergency Officers Steering Group
<b>Total Commissioning and Environment</b>	<b>29,270</b>	<b>4,978</b>	<b>24,292</b>	<b>14,347</b>	<b>3,741</b>	<b>10,606</b>	<b>14,702</b>	<b>5,441</b>	<b>9,261</b>	<b>15,547</b>	<b>3,941</b>	<b>11,606</b>	<b>73,866</b>	<b>18,101</b>	<b>55,765</b>	
<b>Cultural Services</b>																
<b>Libraries Self-Service Kiosks Refresh</b> To replace the 14 self-service kiosks across the 6 Harrow Libraries.			0	120		120			0			0	120	0	120	Community Contracts Board
<b>Leisure and Libraries Capital Infrastructure</b> 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	Community Contracts Board
<b>Bannisters Former Civil Defence Building</b>	348		348			0			0			0	348	0	348	Community Contracts Board
<b>Sec 106 Banister Sport Pitch</b>	1,159	1,159	0			0			0			0	1,159	1,159	0	Community Contracts Board
<b>Central Library Fit out</b>	1,039	1,009	30			0			0			0	1,039	1,009	30	Community Contracts Board

Project Title	2020/21			2021/22			2022/23			2023/24			TOTAL			Governance Board
	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	
<b>Harrow Arts Centre Capital Infrastructure</b> 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	Community Contracts Board
<b>Harrow Arts Centre - BCIL funded</b> Funding to complete the existing refurbishment and new build project. The total cost estimates are £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	Community Contracts Board
<b>Harrow Museum Capital Infrastructure</b>	44	0	44			0			0			0	44	0	44	Community Contracts Board
<b>Total Cultural Services</b>	<b>5,372</b>	<b>4,598</b>	<b>774</b>	<b>1,447</b>	<b>1,177</b>	<b>270</b>	<b>150</b>	<b>0</b>	<b>150</b>	<b>150</b>	<b>0</b>	<b>150</b>	<b>7,119</b>	<b>5,775</b>	<b>1,344</b>	

Project Title	2020/21			2021/22			2022/23			2023/24			TOTAL			Governance Board
	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	
<b>Housing General Fund</b>																
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 -Bringing empty properties back into use and contribute to the supply of homes in the borough for those in need.	120	0	120	120	0	120	120	0	120	120	0	120	480	0	480	Housing Contracts Board
Property Acquisition Programme - Funding to purchase and refurbish residential properties for use as temporary accommodation-Funded 30% RTB 1-4-1 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
<b>Total Housing General Fund</b>	<b>9,534</b>	<b>3,650</b>	<b>5,885</b>	<b>10,992</b>	<b>4,279</b>	<b>6,713</b>	<b>10,731</b>	<b>4,188</b>	<b>6,543</b>	<b>10,774</b>	<b>4,188</b>	<b>6,585</b>	<b>42,032</b>	<b>16,305</b>	<b>25,726</b>	
<b>Regeneration, Enterprise and Planning</b>																
Harrow High Street Fund To improve cycling and walking infrastructure and high street improvement works.	350	250	100	1,800	1,300	500	1,600	1,100	500			0	3,750	2,650	1,100	Community Contracts Board
Lyon Rd Pop Restaurant & Square	685	685	0			0			0			0	685	685	0	Community Contracts Board
Trinity Square	151	151	0			0			0			0	151	151	0	Community Contracts 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	Community Contracts Board
Waxwell Lane Development	3,716	0	3,716	1,752	0	1,752	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			0	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
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
<b>Total Regeneration, Enterprise and Planning</b>	<b>7,672</b>	<b>1,243</b>	<b>6,429</b>	<b>19,987</b>	<b>1,800</b>	<b>18,187</b>	<b>8,710</b>	<b>1,600</b>	<b>7,110</b>	<b>2,415</b>	<b>500</b>	<b>1,915</b>	<b>38,785</b>	<b>5,143</b>	<b>33,642</b>	
<b>Total Community Directorate</b>	<b>51,849</b>	<b>14,469</b>	<b>37,380</b>	<b>46,774</b>	<b>10,997</b>	<b>35,777</b>	<b>34,293</b>	<b>11,229</b>	<b>23,064</b>	<b>28,886</b>	<b>8,629</b>	<b>20,256</b>	<b>161,802</b>	<b>45,324</b>	<b>116,477</b>	
<b>Total General Fund</b>	<b>69,201</b>	<b>18,885</b>	<b>50,316</b>	<b>86,927</b>	<b>33,030</b>	<b>53,897</b>	<b>45,915</b>	<b>20,301</b>	<b>25,614</b>	<b>30,736</b>	<b>8,629</b>	<b>22,106</b>	<b>232,778</b>	<b>80,845</b>	<b>151,933</b>	

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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
<b>Resources and Commercial Directorate</b>															
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				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
<b>Total Resources and Commercial Directorate</b>	<b>41</b>	<b>41</b>	<b>0</b>	<b>1,800</b>	<b>0</b>	<b>1,800</b>	<b>506</b>	<b>0</b>	<b>506</b>	<b>1,850</b>	<b>0</b>	<b>1,850</b>	<b>4,197</b>	<b>41</b>	<b>4,156</b>
<b>People's Directorate</b>															
<b>Adults</b>															
Integrated Health Model	-85	0	-85										-85	0	-85
<b>Schools</b>															
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
<b>Total Schools</b>	<b>-20,892</b>	<b>-14,503</b>	<b>-6,389</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-20,892</b>	<b>-14,503</b>	<b>-6,389</b>
<b>Total People's Directorate</b>	<b>-20,977</b>	<b>-14,503</b>	<b>-6,474</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>-20,977</b>	<b>-14,503</b>	<b>-6,474</b>
<b>Community Directorate</b>															
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	0		0	-100	0	-100
Green Grid Programme - BCIL funded										150	<b>150</b>	0	150	150	0
Improvements to Harrow's green infrastructure															
Highways Programme							500		500	6,000		6,000	6,500	0	6,500
Flood Defence & Highways Drainage -BCIL funded										500	<b>500</b>	0	500	500	0
Street Lighting Programme				500		500	500		500	1,500		1,500	2,500	0	2,500
<b>Local Implementation Plan (LIP) including Parking Management Programme</b>															
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	<b>1,391</b>	300	1,691	1,391	300
Climate Emergency - Energy emissions reduction measures				250		250	250		250			0	500	0	500

## 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
<b>Total Commissioning and Environment</b>	0	0	0	555	0	555	790	0	790	10,841	2,041	8,800	12,186	2,041	10,145
<b>Cultural Services</b>															
Leisure and Libraries Capital Infrastructure				15		15	15		15	150		150	180	0	180
<b>Total Cultural Services</b>	0	0	0	15	0	15	15	0	15	150	0	150	180	0	180
<b>Housing General Fund</b>															
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
<b>Total Housing General Fund</b>	7	412	-405	673	121	552	714	121	593	2,273	1,638	635	3,667	2,292	1,375
<b>Regeneration, Enterprise and Planning</b>															
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			0	2,013	1,013	1,000
Neighbourhood CIL funded projects				500	500	0	500	500	0	500	500	0	1,500	1,500	0
<b>Total Regeneration, Enterprise and Planning</b>	-1,387	-1,387	0	2,300	1,800	500	2,100	1,600	500	500	500	0	3,513	2,513	1,000
<b>Total General Fund</b>	-22,316	-15,437	-6,879	5,343	1,921	3,422	4,125	1,721	2,404	15,614	4,179	11,435	2,766	-7,616	10,382



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**REPORT FOR: CABINET**

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<b>Date of Meeting:</b>	17 December 2020
<b>Subject:</b>	Revenue and Capital Monitoring 2020/21 - as at Quarter 2 (30 <sup>th</sup> September 2020).
<b>Key Decision:</b>	Yes
<b>Responsible Officer:</b>	Dawn Calvert - Director of Finance and Assurance
<b>Portfolio Holder:</b>	Councillor Adam Swersky- Portfolio Holder for Finance and Resources.
<b>Exempt:</b>	No
<b>Decision subject to Call-in:</b>	Yes
<b>Wards affected:</b>	All wards
<b>Enclosures:</b>	Appendix 1 – Summary of 2020/21 Revenue Budget Forecast by Directorate as at Quarter 2 (30 <sup>th</sup> September 2020) Appendix 2 – Draw Down From Reserves and Cross Divisional Adjustments Including One-Off Income Appendix 3 – Summary of Reserves at Q2 Appendix 4 – 2020/21 Savings Tracker Appendix 5 – Capital Programme 2020/21 – as at Quarter 2 Appendix 6 – Trading Company Update 2020/21 – as at Quarter 2

## Section 1 – Summary and Recommendations

This report sets out the Council's forecast financial position as at Quarter 2 (30<sup>th</sup> September 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 1.8.
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 2.50 to 2.53.
3. That Cabinet approve the proposed amendments to the Capital Programme as set out in paragraphs 3.39 to 3.49
4. That Cabinet note progress on the Council's Trading Update as at Quarter 2, as detailed in Appendix 6.

### **Reason: (For recommendations)**

To report the 2020/21 forecast financial position as at Quarter 2 (30<sup>th</sup> September 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 second 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 2, on the revenue budget is (£29k) 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 expenditure from the position reported at Q1 of £405k. This is largely due to increases in pressures in the Community directorate in relation to Waste Management and Facilities Management. This is set out in more detail in section 2 of this report.
- 1.4 The COVID-19 impact is forecast at £23.072m and allowing for (£18.165m) 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 £608k.

- 1.5 This is a reduction in pressure from the position reported at Q1 of £0.957m. This is largely due to the announcement of a fourth tranche of COVID-19 funding of £2.722m which has been partially offset by additional costs for mortuary services and a reduction in the expected compensation for loss of income from £4.8m to £4.3m based on the first round of successful claims.
- 1.6 Once the net impact of COVID-19 is included of £608k, the revenue position shows a £578k overspend.
- 1.7 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 second 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.
- 1.8 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. However there are grave concerns about the legacy impacts of COVID-19 over the Medium Term Financial Strategy.
- 1.9 The Capital Programme is reporting a forecast spend of £134.366m against a budget of £305.415m. This represents a total forecast spend of 44%. In terms of general fund capital, there is a net forecast variance of (£149.692m) which is mainly slippage. For the Housing Revenue Account, a variance of (£21.355m) is forecast which all relates to slippage.

## 2.0 **REVENUE MONITORING**

- 2.1 The revenue forecast overspend at Quarter 2 is £578k which includes a net COVID-19 pressure of £608k. The Q2 position before taking COVID-19 pressures into account is a net underspend of (£29k).
- 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 30 September 2020**

Directorate	Revised Budget	Forecast Outturn – Business as usual	Drawdown From reserves	Cross Divisional Adjustments Including one-off	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	Variance Including COVID-19	Q1 Variance	Movement
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Resources</b>	<b>36,735</b>	<b>39,121</b>	<b>(2,487)</b>	<b>(26)</b>	<b>36,608</b>	<b>(127)</b>	<b>3,355</b>	<b>39,963</b>	<b>3,228</b>	<b>3,315</b>	<b>(87)</b>
<b>Community</b>											
Commissioning & Commercial Services	(4,422)	(2,538)	(21)	(80)	(2,639)	1,783	7,553	4,914	9,336	9,634	(298)
Environment & Culture	23,103	24,232	(284)	0	23,948	845	3,254	27,202	4,099	3,847	252
Directorate Management	193	193	0	0	193	(0)	0	193	(0)	0	(0)
Housing General Fund	4,529	4,538	241	(250)	4,529	(0)	620	5,149	620	1,000	(380)
Regeneration, Enterprise and Planning	1,260	2,498	(1,250)	0	1,248	(12)	262	1,510	250	643	(393)
<b>Total Community</b>	<b>24,664</b>	<b>28,923</b>	<b>(1,314)</b>	<b>(330)</b>	<b>27,279</b>	<b>2,615</b>	<b>11,689</b>	<b>38,968</b>	<b>14,304</b>	<b>15,124</b>	<b>(819)</b>
<b>People</b>											
Adults Services	66,657	66,745	(88)	0	66,657	(0)	4,332	70,989	4,332	3,498	834
Public Health	(1,814)	(1,814)	0	0	(1,814)	0	0	(1,814)	0	0	0
Children's Services	33,628	34,752	(932)	0	33,820	192	1,572	35,392	1,764	1,356	408
<b>Total People</b>	<b>98,471</b>	<b>99,683</b>	<b>(1,020)</b>	<b>0</b>	<b>98,663</b>	<b>192</b>	<b>5,904</b>	<b>104,567</b>	<b>6,096</b>	<b>4,854</b>	<b>1,242</b>
<b>Total Directorate Budget</b>	<b>159,870</b>	<b>167,727</b>	<b>(4,821)</b>	<b>(356)</b>	<b>162,551</b>	<b>2,680</b>	<b>20,948</b>	<b>183,498</b>	<b>23,628</b>	<b>23,293</b>	<b>336</b>
Covid-19 Grant Allocations						0	(18,165)	(18,165)	(18,165)	(15,039)	(3,126)
Covid-19 estimated income compensation							(4,300)	(4,300)	(4,300)	(4,797)	497
Corporate Items	4,903	4,754	0	0	4,754	(149)	1,124	5,879	975	466	510
Corporate Contingency	1,248	1,248	0	0	1,248	0	0	1,248	0	0	0
Technical and Corporate Adjustment	12,781	10,220	0	0	10,220	(2,560)	1,000	11,220	(1,560)	(2,386)	825
<b>Total Corporate</b>	<b>18,932</b>	<b>16,223</b>	<b>0</b>	<b>0</b>	<b>16,223</b>	<b>(2,709)</b>	<b>(20,340)</b>	<b>(4,117)</b>	<b>(23,050)</b>	<b>(21,756)</b>	<b>(1,293)</b>
Uncontrollable Budget	(4,041)	(4,041)	0	0	(4,041)	0	0	(4,041)	0	0	0
<b>Total Budget</b>	<b>174,762</b>	<b>179,909</b>	<b>(4,821)</b>	<b>(356)</b>	<b>174,733</b>	<b>(29)</b>	<b>608</b>	<b>175,340</b>	<b>578</b>	<b>1,537</b>	<b>(957)</b>

## RESOURCES

2.3 At Quarter 2, the directorate is forecasting to underspend by (£127k) which has improved from (£93k) reported in Q1. However including the COVID-19 impact on services of £3.355m in Q2, which has decreased from £3.408m reported in Q1, the Directorate is forecasting a total overspend of £3.228m in Q2. This has decreased by (£87k) from £3.315m reported in Q1. This is after the net draw down from reserves and cross divisional adjustments.

**Table 2: Resources Directorate Revenue Monitoring Q1v Q2**

Revised Budget	Net Forecast Spend At Quarter 1 BAU	Quarter 1 Variance BAU	Quarter 1 COVID-19 impact	Total Quarter 1 variance including COVID-19 impact
£000	£'000	£'000	£'000	£'000
36,735	36,642	(93)	3,408	3,315

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

Movement from Q1	£'000	£'000	£'000	£'000
Total	(34)	(34)	(53)	(87)

2.3 The Q2 reported business as usual net underspend of (£127k) is a result of underspends in the Legal and Governance (£321k) and Procurement division (£63k), offset by overspends of £147k in Strategy, £63k in Finance and Insurance and other minor overspends across the Directorate totalling £47k and is explained in more detail below.

- Legal and Governance underspend of (£321k) relates to income generated from Land Charges, Register of Birth, Death and Marriages and Citizenship in excess of the budgeted target. This is in line with the forecast reported in Q1.
- Procurement division is reporting a net (£64k) underspend in Q2 this reflects the vacancy within team pending recruitment which will be complete in January 2021. This is a new savings reported in Q2.
- The £147k 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 £70k as previously reported offsetting underspends have now been revised down.
- The Finance and Insurance division net £63k 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 £26k from Q1 in line with improved insurance position.
- There are a few other minor variances across the other services areas totalling £47k.

**The COVID-19 impact for the Resources Directorate is forecast at £3.355m which has overall decreased by £53k from Q1 and relates to the following:**

- ICT reports additional costs totalling £773k on remote working, licences telephones and teleconferencing caused by lockdown. This has increased by £38k from Q1 due to additional licences and teleconferencing cost.
- Business Support are reporting £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 Q1.
- Customer Services/Access Harrow are reporting £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 (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 Q1.

- Finance and Insurance are reporting the COVID-19 related spend of £ 935k which reflects grants to Harrow Community Action, Harrow Community Transport and ICT – Connected Performance. This has increased by £64k from Q1 due to additional net £94k grant to voluntary organisations offset by £30k lower estimate on ICT cost.
- The Directorate Management team reports £33k forecast COVID-19 related spend on consultancy costs, this has decreased from £47k reported estimate in Q1.
- The Revenues and Benefits section are reporting a net £410k Covid related cost which reflects £300k loss of Revenues income due to Local Authorities not being able to instigate court actions to pursue debts and additional cost of £110k on Capita support and overtime of staff who are working on the business grants. The forecast cost has decreased by £224k from Q1 following review of income losses from summons and recoveries work.
- The Strategy team are reporting £311k Covid related cost relating to additional costs across the division mainly on the 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 £124k from Q1 mainly due to additional communication cost and losses initially estimated for only part of the year.
- Legal and Governance are reporting £381k loss of income from Land charges, Citizenship ceremonies and Register of Birth, Death and Marriages. The estimated loss has decreased by £40k from Q1 reflecting the performance up to Q2.

## **COMMUNITY**

- 2.4 At Quarter 2, the directorate is forecasting to overspend by £2.616m however including the COVID-19 impact on services of £11.689m, the Directorate is forecasting a total overspend of £14.305m.

**Table 3: Community Directorate Revenue Monitoring Quarter 1 v Quarter 2**

Division	Revised Budget	Net Forecast Spend At Quarter 1	Quarter 1 Variance BAU	Quarter 1 COVID-19 impact	Total Quarter 1 including COVID-19 impact
	£'000	£'000	£'000	£'000	£'000
Commissioning and Commercial Services	(4,420)	(2,797)	1,623	8,011	9,634
Environment and Culture	23,104	23,522	418	3,429	3,847
Directorate Management	193	193	-	-	
Housing General Fund	4,529	4,529	-	620	620
Enterprise, Planning and Regeneration	1,260	1,248	(12)	655	643
<b>Total</b>	<b>24,666</b>	<b>26,695</b>	<b>2,029</b>	<b>13,095</b>	<b>15,124</b>

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
<b>Total</b>	<b>24,663</b>	<b>27,279</b>	<b>2,616</b>	<b>11,689</b>	<b>14,305</b>

Movement from Q1	£'000	£'000	£'000	£'000	£'000
<b>Total</b>	<b>(3)</b>	<b>587</b>	<b>587</b>	<b>(1,406)</b>	<b>(819)</b>

2.5 The net reported business as usual overspend of £2.616m is as a result of overspends in the Commissioning and Commercial Services of £1.959m and Environment and Culture Divisions of £669k which are offset by a small underspend of £12k in the Enterprise, Planning and Regeneration Division. This is explained in more detail as follows:

2.6 The Commissioning and Commercial Services Division is reporting an overspend of £1.959m in the following areas:

- Facilities Management - £912k. Building maintenance and the cost of responsive repairs are forecast to overspend by £300k, there is also an under recovery of income of £152k in respect of schools cleaning and £80k 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 £199k due to additional staff required to cover staff absences. In addition, a further £181k of costs are to be incurred for the provision of security services at the depot.
  - Depot income - £681k. A MTF5 target in relation to the generation of commercial income from the depot which is unachievable in the current financial year.
  - Contracts Management - £171k. There is a forecast overspend as a result of staffing pressures and unachieved procurement savings.
  - Parking recovery - £150k. There is an overall shortfall in income from parking activities including income from public car parking facilities and Control Parking Zones as the forecast level of usages is less than originally budgeted.
  - Catering Services - £134k. A shortfall as a result of an underachievement of income.
  - There are net underspends of £90k 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.
- 2.7 The Environment and Culture Division is reporting a net overspend of £669k as follows:
- Mixed recyclables - £272k – 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 contract is underway and the outcome will inform the full year pressure in 2021-22.
  - Residual waste costs - £480k – there is an increase in the level of residual waste services being disposed of resulting in this forecast cost pressure.
  - Waste Management - £84k – there is an underspend in staffing costs due to less reliance on agency staff.
- 2.8 There is a small net underspend in the Enterprise and Planning division of £12k.
- 2.9 The Housing General Fund is reporting a balanced position after assuming a cross divisional adjustment of £250k arising from reduced capital financing costs budgeted for centrally to offset savings not achieved from the Property Acquisition Programme. The Housing service will also spend £1.129m of the 2020/21 allocation of Flexible Homelessness Support Grant of £1.370m to meet the business as usual costs associated with the Homelessness Reduction Act.



- 2.10 The Regeneration Programme revenue budget for 2020/21 is £1.25m and the full budget is forecast to be spent, mainly on staff costs and additional consultancy advice.
- 2.11 The net reported BAU overspend has increased from £2.029m in Q1 to £2.616m - an increase of £587k - mainly a result of the following:
- Waste Management, £250k – an increase in waste disposal costs
  - Facilities Management, £181k – a forecast overspend on annual security costs for the Depot Gatehouse
  - Contracts Management, £73k - an increase in staffing overspends by £73k due to a one-off severance payment
  - Facilities Management, £39k – a further cost increase in interim staffing arrangements
  - Facilities Management, £31k - an increase in the expected shortfall of SLA Income.
  - Transport, £8k - cost pressure relating to vehicle repairs.
- 2.12 **The COVID-19 impact for the Community Directorate is forecast at £11.689m. The bulk of this which relates to lost income and detailed as follows:**
- Parking Services - £6.1m. There has been a significant loss of recovery from Penalty Charge notices totalling £4.3m as a result of reduced enforcement activities as well as an under recovery for pay and display charges in car parks of £898k, on street parking income of £513k and parking permit income 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.
  - £166k in relation to commercial waste services and £163k 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.
  - £80k loss of income in Catering services with the closure of the Civic Centre and Depot canteen.
  - £125k loss of income from the Civic Centre car park as a result of less visitors to the Civic Centre.
  - £612k in additional cleaning and fogging (£300k) and works associated with the fire risk assessments (£312k) for Civic Centre.
  - £31k in relation to income from several transport commercial activities, including M.O.T, driver assessments and vehicle maintenance.

- £1.4m 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.
- £400k in Waste Management services which is a combination of reduced Garden Waste income (£110k), reduced income from trade waste customers (£60k), reduced income from the textile and metal recycling rebate at the Civic Amenity site (£50k) and increased staffing costs as a result of employing agency staff where existing staff were unable to work.
- £240k (net) at the Harrow Arts Centre. £529k 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 Cultural Recovery Fund successfully applied for from the Arts Council (£356k).
- £407k (net) in Public Protection of which the majority (£257k) 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 £110k 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.
- £296k in the Music service as a result of the closure of schools and no events planned for the Summer.
- £231k (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 £464k 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 (£244k).
- £190k in Libraries with £84k relating to loss of oncome and £106k additional pressure forecast as a result of cleaning cost to be incurred.
- £82k for Clean and Green as fewer participants make use of Council facilities across the Borough and income is lost (£74k) with additional costs incurred (£8k) to ensure cemeteries comply with social distancing measures.
- £250k in Building Control with fewer applications being received.
- £620k in the Housing General Fund assuming there is no second lockdown similar to that imposed in March - £542k for the additional cost of emergency accommodation for single homeless and rough sleepers in

Bed and Breakfast and other forms of accommodation as well as support packages; £135k in payments for rent top ups, rent deposits and assistance with rent and mortgage arrears and £93k in relation to accommodation leased from private landlords under Private Sector Leasing (PSL) arrangements and Council owned properties being held vacant for up to six months in preparation for a potential second wave of infections.

- The Council has been successful in its application for additional grant support for rough sleepers through the MHCLG Next Steps Accommodation Programme (NSAP) and has been awarded £150,000 to be spent in this financial year. This has helped reduce the previously reported COVID-19 pressure of £1m to £620k

2.13 The financial impact of COVID-19 on the directorate overspend pressures has reduced down from £13.095m in Q1 to £11.689m in Q2, a movement of £1.406m, due mainly to the following reasons:

- Parking Services, (£1.190m) – the forecast income shortfall has reduced due to improvements in actual PCN income over the summer period
- Planning Services, (£400k) – income from planning applications is now expected to achieve full budget
- Housing, (£380k) - A reduction in the forecast costs of accommodating single homeless and rough sleepers.
- Facilities Management, £612k - additional cleaning and fogging of £300k and works associated with the fire risk assessments of £312k for Civic Centre.

## PEOPLE SERVICES

2.14 At Quarter 2 the directorate is forecasting to overspend by £192k however including the COVID-19 impact on services of £5.904m, the directorate is forecasting a total overspend of £6.096m:

**Table 4: People's Services Revenue Monitoring Quarter 2**

Division	Revised Budget	Net Forecast Spend At Quarter 2	Quarter 2 Variance	Quarter 2 COVID-19 impact	Total Quarter 2 including COVID-19 impact
	£'000	£'000	£'000	£'000	£'000
Adults	66,657	66,657	-	4,332	4,332
Public Health	(1,814)	(1,814)	-	-	-
Children's Services	33,628	33,820	192	1,572	1,764
<b>Total</b>	<b>98,471</b>	<b>98,663</b>	<b>192</b>	<b>5,904</b>	<b>6,096</b>

Movement from Q1	£'000	£'000	£'000	£'000	£'000
<b>Total</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,242</b>	<b>1,242</b>

2.15 The net reported business as usual overspend of £192k relates to Children's Services. The variations are explained in more detail as follows:

### **Adult Services**

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

2.17 **The COVID-19 related impact on Adult Social care is forecast as £4.332m.** This has increased by £0.834m since Q1. The total overspend and movement since Q1 is explained below

- 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 - £2.495m– 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). This pressure has increased by £0.853m since Q1.
  - The increases reflects in the main the assumptions around the ASC reserve. In Q1 it was assumed that £0.663m of the ASC reserve would be drawn down to mitigate part of the overall pressures. However this is now reflected in the overall overspend any benefits to the reserve can be carried forward to future years. The forecast assumes 13 new packages per week (11 community 1 residential, 1 nursing) rising in November by a further additional nursing placement to reflect anticipated winter pressures.
  - The forecast also assumes that 74 nursing packages commissioned by health following hospital discharge, will be assessed as requiring ongoing social care support from mid December. This results in a net cost of £608k - assuming 15wks care is funded with a maximum weekly cost of £903 reduced by assessed client contribution and CCG Funded Nursing Care contribution
  - The forecast excludes any covid discharge funding from Harrow CCG in relation to the period April to September. Following the September return this is currently estimated at £0.885m (based

on estimated discharge costs of £1.583m for the period less assumed Council funding of £0.698m).

- Additional staff to support social work practice £0.474m – temporary staff have been employed during the pandemic. An increase of £393k from Q1, £338k of which was previously reported to be funded by a contribution from the Public Health reserve, the balance being an increased staffing requirement.
- In house Services - £0.399m underspend – this represents staffing variations arising offset by the loss of trading income at Wiseworks (£90k) following the closure of the services. The underspend has increased by £0.411m since Q1. Of this amount £0.252m arises from a change in the assumptions around the reopening of the NRCs (only one NRC will now open in January, with the remainder being closed for the rest of the year). The remainder arises from the transport routes associated with the closed NRCs
- An underspend on Mental Health services of £18k reflecting increased Community Voices & Reform Grant

## **Public Health**

- 2.18 The Public Health grant is forecast to underspend in 2020/21, increasing the Public Health reserve by £140k to £1.9m.
- 2.19 The underspend reflects the pandemic impact on sexual health services (£223k) following the agreement of a block payment based on historic activity, together with a reduced level of health checks (£72k). These underspends are offset by a range of wider health improvement project..

## **Children's Services**

- 2.20 The Children's Services business as usual forecast overspend is £192k which relates to SEN Transport. SEN transport provides home to school and home to further education settings for children and young people in education with Education Health and Care Plans (EHCPs). There are significant pressures due to increase in demand for transport as well as increased complexity of children's needs and pressures in the market in relation to the recruitment of qualified drivers.
- 2.21 Although there has been reduced spend in the first part of the financial year, as schools have begun to open more pupils will require transport and with the social distancing rules, it is anticipated that the capacity of a standard mini bus will be reduced and will require additional external taxi hire.
- 2.22 Although the Business as Usual forecast is a £192k overspend. There are headline pressures across the directorate of £3.561m with mitigating management actions of £1.365m and £0.932m drawdown from reserves. It should be noted that £1.365m of these management actions are one off and will not be available in future years.

## **2.23 The COVID-19 related cost pressure for Children's services is forecast at £1.572m.**

- Children's Placements and Accommodation £790k. This has increased by £330k since the position reported at Q1. The rate of children looked after per 10,000 of the child population in Harrow had previously been one of the lowest in London. However since March 2020 there has been a 20% net increase in the number of Children Looked After rising from 169 to 203 in September 2020. Two sibling groups, total of 9 children, were taken into care over one weekend. Factors contributing to this are delays in the court system meaning the outcome of care proceedings is taking longer and also an increased requirement for a statutory service due to parental mental health.
- Under 18s Home to School Transport £500k – as part of the deal between TfL and Government, TfL has suspended free travel for under 18s. This concession has been in place since 2006 and its withdrawal will mean that the statutory financial support for school travel for some age groups will fall to local authorities, as it does in the rest of the country. Whilst the duty has also been with local authorities, in London, the financial cost has been met by TfL. The proposal is that any changes would come into effect in January 2021.
- Frontline Teams Staffing £130k - 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.
- Various other pressures £152k – the majority of these relate to educational support to looked after children through the virtual school and loss of rental and play scheme income in the children's centres. The increase of £75k from Q1 is due to the council's commitment to fund schools to provide free school meals to children during half term.

### **Dedicated Schools Grant (DSG)**

2.24 The 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.

2.25 There is a projected overspend on the High Needs Block of £3.157m 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 £6.101m. 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.

2.26 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. 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. The final deficit in 2019-20 of £2.944m represents 1.35% of the overall DSG allocation. The recovery plan has been drafted however and discussed with Schools Forum.

## **CORPORATE AND TECHNICAL**

2.27 At Quarter 2, the corporate and technical budget is reporting an overall underspend on business as usual of (£2.56m) as detailed below.

### **Corporate Items**

2.28 A net underspend of (£149k) is forecast on the following items:

- Pension augmentation costs
- Treasury Management expenses.

### **Central Contingency**

2.29 The central contingency of £1.248m is forecast as being spent at this point in the year and so there is no variance.

### **Technical and Corporate Adjustments**

2.30 An underspend of (£2.709m) is forecast on the Technical and Corporate Adjustment budgets as follows:

- (£5.189m) underspend in capital financing costs forecast as a result of slippage in the Capital Programme.
- £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**

2.31 There are also COVID-19 pressures totalling £2.124m made up of:

- £1m additional capacity to frontline services during second lockdown
- £1.124m additional mortuary costs

## **RESERVES**

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

### Vaughan Road Capital Receipt

2.33 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 Q3 monitoring.

### MTFS IMPLEMENTATION TRACKER

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

2.35 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**

<b>Green</b> – Low or no risk to delivery of savings	Clear delivery plans in place Project running to timescale
<b>Amber</b> – 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
<b>Red</b> – High risk to delivering forecast savings	Project may have started but will deliver <b>no</b> savings in the current financial year Project cannot be delivered but underspends found elsewhere to mitigate savings.
<b>Purple</b>	Future years' savings

2.36 Table 6 below shows the summarised position for each directorate at Quarter 2:

**Table 6: Savings Tracker 2020/21 – Directorate Summary**

	Resources	People Services	Community	Corporate	Total	%
	£'000	£'000	£'000	£'000	£'000	
<b>Red</b>	0	0	(783)	(400)	(1,183)	37%
<b>Amber</b>	(175)	(410)	0	0	(585)	18%
<b>Green</b>	(693)	0	(292)	(450)	(1,435)	45%
<b>Totals</b>	<b>(868)</b>	<b>(410)</b>	<b>(1,075)</b>	<b>(850)</b>	<b>(3,203)</b>	<b>100%</b>

2.37 As at Quarter 2, 45% of the 2020-21 savings are rated green, 18% are rated as amber, whilst 37% are rated as red.

2.38 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

2.39 As at Quarter 2 HRA forecasts a pressure of £257k due entirely to extraordinary costs and income losses associated with COVID-19.

2.40 COVID-19 pressures are made up of income losses of £127k and additional costs of £130k. Income losses are due mainly to commercial income and income not chargeable to leaseholders due to suspension of services. Additional costs mainly include repairs costs, £67k and increased bad debt provision, £50k.

2.41 Service Level Agreements for Grounds Maintenance and Building cleaning are under review which may result in additional costs during the financial year although the service aims to contain these within the overall approved budget

2.42 Table 7 below summarises the forecast position on HRA revenue account at Q2:

HRA revenue balances £'000	Revised Budget	Forecast Outturn Business as usual	COVID-19 Financial impact	Revised Forecast incl. COVID-19 impact	Variance incl. COVID-19 impact
	£'000	£'000	£'000	£'000	£'000
Balance b/fwd	(£7,195)	(£7,526)		(£7,526)	(£331)
Net (surplus) deficit	£808	£808	£257	£1,065	£257
Transfer to reserves	£114	£114		£114	0
Balance c/fwd	(£6,273)	(£6,604)		(£6,347)	(£74)

**Table 7: Housing Revenue Account at Quarter 2 2020/21**

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

2.43 To date the Council has received £18.515m 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 £3.476m reported at Q1 due to an additional national tranche allocation of £2.722m and a further £0.753m to support LAs in Tier 2.

2.44 MHCLG has also announced a co-payment mechanism for irrecoverable sales, fees and charges income with central government covering 75% of losses

beyond 5% of planned income, i.e. The Council will be compensated for 75% of 95% of qualifying income which is defined as income received for a service provided. The guidance for this co-payment mechanism was only released at the time of writing this report and for the purposes of the Q2 monitoring, the level of compensation has been estimated at £4.3m based on the first successful interim claim.

- 2.45 To date the Council has made seven 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. Table 8 below sets out submissions 4 to 7:

**Table 8: Financial Reporting to MHCLG**

Submission No.	4	5	6	7
Submission Date	31st July	4th Sept	2nd Oct	6th Nov
	£000	£000	£000	£000
Estimated Expenditure	14,345	12,927	14,769	17,264
Estimated loss of income	24,053	23,536	22,039	15,218
<b>Total</b>	<b>38,398</b>	<b>36,463</b>	<b>36,808</b>	<b>32,482</b>
Emergency Funding	-15,039	-15,039	-15,039	-17,761
<b>Estimated Funding Shortfall</b>	<b>23,359</b>	<b>23,359</b>	<b>21,769</b>	<b>14,721</b>

- 2.46 MHCLG has advised that the next requirement for a submission will be in December and thereafter monthly submissions from mid January onwards.
- 2.47 There has been a significant amount of work undertaken to ensure the Q2 forecast is as accurate as possible. There is a difference between the Q2 forecast and the latest return to MHCLG submitted on 6 November. The main differences are 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. For example, the round 7 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 are less than those in the MHCLG submission. The main differences are set out in Table 9 below:

**Table 9 – MHCLG return differences to Q2 forecast**

Description	£'000
MHCLG Return 7 – total impact	32,482
Less Collection Fund loss *	(4,250)
<b>Impact net of Collection Fund loss</b>	<b>28,232</b>
Q2 Forecast – COVID- 19 impact Directorates	20,948
Q2 Forecast – COVID- 19 impact Corporate	2,124
<b>Total Q2 Forecast – COVID-19 impact</b>	<b>23,072</b>
<b>Difference</b>	<b>5,160</b>
<b>Made up of:</b>	
Unachieved savings – funded from reserve	410
Infection Control Grant	3,429
Culture Recovery Fund Grant	601
Enforcement Grant	110

Grants for Housing and Housing Benefit income	450
Cost impact on DSG not included in GF monitoring	100
Other minor timing differences	60
<b>Difference</b>	<b>£5,160</b>
*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

2.48 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:

**Table 10 – COVID-19 related grants and income**

<b>GRANT /FUNDING</b>	<b>Value</b>
Emergency Funding (tranches 1 to 4)	£17,761,714
Tier 2 Funding (£3 per head)	£753,480
Lockdown Funding (£8 per head, hence additional £5 per head)	£1,255,800
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
Clinically Extremely Vulnerable	£161,000
Infection Control (tranches 1 to 2)	£3,437,967
LA Enforcement & Compliance Grant	£112,853
Reopening High Street Safety 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
<b>SUBTOTAL GRANT/FUNDING</b>	<b>£27,215,721</b>

<b>GRANTS TO BUSINESSES AND RESIDENTS</b>	<b>Value</b>
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	
<b>Total</b>	<b>£49,297,500</b>
Self Isolation £500 awards Grant:	
Programme Funding - standard applications	£94,000
Programme Funding - discretionary applications	£56,463
Admin Funding	£33,987
<b>Total</b>	<b>£184,450</b>

NNDR Rate relief for 20/21 (balance of losses will be resolved through collection fund at outturn when actual losses known)	£8,757,127
Local Restrictions Grant (Open)	£289,000
Local Restrictions Support Grant (closed) AKA national lockdown	£3,648,000
Additional Restrictions Grants 100% discrepancy	£5,023,000
<b>TOTAL</b>	<b>£94,414,798</b>

- 2.49 Q2 reporting does indicate that in the current financial year, as a result of receiving emergency funding, the co-payment mechanism and robust control of the in-year budget, that the Council can broadly manage a balanced budget position, reporting an overspend of £578k. However there are continued grave concerns about the legacy impact of COVID-19 over the MTFS.
- 2.50 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 second lockdown phase. 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.
- 2.51 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.
- 2.52 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 Draft Budget report also on this agenda.

### 3.0 **CAPITAL PROGRAMME**

- 3.1 The 2020/21 Capital Programme agreed by the Council in February 2020 totalled £79.071m. After allowing for agreed slippage of £215.730m from 2019/20 outturn and other approved amendments of £9.694m, the programme now totals £305.415m at Quarter 2 as set out at Table 11:

**Table 11: Capital Programme Forecast Q2**

Directorate	Original Budget	CFWDs	Other Adjustment (Additional)	TOTAL BUDGET	Forecast Spend	Forecast Variance	Slippage	Underspend after slippage
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>RESOURCES TOTAL</b>	<b>6,200</b>	<b>106,268</b>	<b>8,488</b>	<b>120,956</b>	<b>26,549</b>	<b>(94,407)</b>	<b>(94,407)</b>	<b>0</b>
<b>COMMUNITY</b>								
Commissioning and Environment & Culture	25,953	34,291	275	60,519	32,630	(27,889)	(26,508)	(1,381)
Housing	2,480	7,425	0	9,830	9,198	(632)	(632)	0
Enterprise and Planning	1,201	2,402	62	3,605	2,219	(1,387)	(1,387)	0
Regeneration	5,193	25,964	0	31,157	29,003	(2,153)	(2,153)	0
<b>COMMUNITY TOTAL</b>	<b>34,827</b>	<b>70,082</b>	<b>337</b>	<b>105,111</b>	<b>73,050</b>	<b>(32,061)</b>	<b>(30,680)</b>	<b>(1,381)</b>
<b>PEOPLE</b>								
Adults	625	140	0	765	386	(379)	(370)	(9)
Public Health	0	78	0	78	78	0	0	0
Children	1,121	23,817	2,501	27,449	4,603	(22,845)	(22,845)	0
<b>PEOPLE TOTAL</b>	<b>1,746</b>	<b>24,035</b>	<b>2,501</b>	<b>28,292</b>	<b>5,067</b>	<b>(23,224)</b>	<b>(23,215)</b>	<b>(9)</b>
<b>TOTAL GENERAL FUND</b>	<b>42,773</b>	<b>200,384</b>	<b>11,326</b>	<b>254,358</b>	<b>104,666</b>	<b>(149,692)</b>	<b>(148,302)</b>	<b>(1,390)</b>
<b>TOTAL HRA</b>	<b>36,298</b>	<b>15,345</b>	<b>0</b>	<b>51,057</b>	<b>29,701</b>	<b>(21,355)</b>	<b>(21,355)</b>	<b>0</b>
<b>TOTAL GENERAL FUND &amp; HRA</b>	<b>79,071</b>	<b>215,729</b>	<b>11,326</b>	<b>305,415</b>	<b>134,366</b>	<b>(171,047)</b>	<b>(169,657)</b>	<b>(1,390)</b>

3.2 The forecast spend at Quarter 2 is £134.366m, 44% of the total Capital Programme budget. The forecast spend on the General Fund at Q1 is £104.666m, (41% of budget) with the remainder of the budget of £149.692m being paused and /or proposed for slippage into 2021/22 apart from a small underspend of £1.39m.

- 3.3 A significant part of the £149m is the £94m ear marked for commercial property investment which is paused and will be removed from the Capital Programme. This underspend on the Capital Programme is generating a £4.9m underspend against capital financing costs in the revenue account. The forecast spend on the Housing Revenue Account budget is £29.701m (58% of budget) with the remainder of the budget of £21.355m being forecast as slippage.
- 3.4 Table 12 summarises the capital variances by funding and Appendix 5 shows the Capital Programme as a more detailed level:

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

Project Definition	Forecast Variance	Outturn variance split by funding		Slippage	Slippages by funding		Over/ Underspend	Underspend by funding	
		Grant/ sec106	LBH		Grant / Sec 106	LBH		Grant /Sec 106	LBH
	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>RESOURCES</b>	<b>(94,407)</b>	<b>-</b>	<b>(94,407)</b>	<b>(94,407)</b>	<b>-</b>	<b>(94,407)</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>COMMUNITY</b>									
Commissioning and Environment & Culture	(27,889)	(4,691)	(23,198)	(26,508)	(3,400)	(23,108)	(1,381)	(1,291)	(90)
Housing	(632)	-	(632)	(632)	-	(632)	(0)	-	(0)
Enterprise and Planning	(1,387)	(1,287)	(100)	(1,387)	(1,287)	(100)	-	-	-
Regeneration	(2,153)	-	(2,153)	(2,153)	-	(2,153)	-	-	-
<b>Total Community</b>	<b>(32,062)</b>	<b>(5,979)</b>	<b>(26,084)</b>	<b>(30,681)</b>	<b>(4,688)</b>	<b>(25,994)</b>	<b>(1,382)</b>	<b>(1,291)</b>	<b>(91)</b>
<b>PEOPLE</b>									
Adults	(379)	-	(379)	(370)	-	(370)	(9)	-	(9)
Public Health							-	-	(0)
Schools and Children	(22,845)	(15,056)	(7,789)	(22,845)	(16,056)	(6,789)	-	-	-
<b>TOTAL PEOPLE</b>	<b>(23,224)</b>	<b>(15,056)</b>	<b>(8,168)</b>	<b>(23,215)</b>	<b>(16,056)</b>	<b>(7,159)</b>	<b>(9)</b>	<b>-</b>	<b>(9)</b>
<b>TOTAL GENERAL FUND</b>	<b>(149,694)</b>	<b>(21,036)</b>	<b>(128,660)</b>	<b>(148,304)</b>	<b>(20,745)</b>	<b>(127,561)</b>	<b>(1,391)</b>	<b>(1,291)</b>	<b>(100)</b>
<b>TOTAL HRA</b>	<b>(21,355)</b>	<b>-</b>	<b>(21,355)</b>	<b>(21,355)</b>	<b>-</b>	<b>(21,355)</b>	<b>(0)</b>	<b>-</b>	<b>(0)</b>
<b>Total General Fund and HRA</b>	<b>(171,048)</b>	<b>(21,035)</b>	<b>(150,014)</b>	<b>(169,658)</b>	<b>(20,744)</b>	<b>(148,915)</b>	<b>(1,390)</b>	<b>(1,291)</b>	<b>(99)</b>

## RESOURCES AND COMMERCIAL

3.5As at Quarter 2 the Resources Directorate is forecasting an overall spend of £26.549m, which is 22% of the approved capital budget. The variance of £94.407m relates entirely to the delay in the Property Investment Programme. This is the same as reported in Q1.

3.6Recent CIPFA guidance on Investment Property acquisitions has been to inform Local Authorities that borrowing solely for the purpose of purchasing investment properties will no longer be regarded as prudent borrowing. There is an income target attached to this capital budget and whilst the 2020/21 income target has been achieved, the income target for 2021/22 will need to be addressed as part of the 2021/22 budget setting process.

## COMMUNITY

- 3.7 As at Quarter 2 the Community Directorate forecast an overall spend of £73.050m (69%). The forecast variance of £30.608m is planned to be slipped into 2021/22 and £1.381m underspend can be removed from the Capital Programme. £1.291m of this underspend relates to TFL funded schemes (para 3.7), £60k relates to the Harrow Museum (para 3.16) and £30k relates to the Libraries project (para 3.13) .
- 3.8 The variance is all within Commissioning and Environment and Culture. The main items of slippage are as follows:
- 3.9 The Bus Improvements scheme and Liveable Neighbourhood scheme, (both in Wealdstone) have been put on hold as the bulk of the funding is from TFL (with match funding from BCIL) and following the outbreak of COVID-19 pandemic, TfL has put a pause on this funding in 2020/21. Alternative funding bids have been submitted, the outcome of which is awaited. These are multiple year projects and there is a budget of **£2.7m** profiled in 2020/21, originally assumed to be met from TfL (£1.8m) and BCIL (£0.9m). This is forecast to be slipped to 2021/22 for now until any alternative funding is secured.
- 3.10 The annual Local Implementation Plan, funded from TfL, will not be delivered due to the pause of funding by TfL as a result of the COVID-19 pandemic. Therefore the budget of **£1.291m** in the Capital Programme is reported as an underspend.
- 3.11 Redevelopment of Vernon Lodge and Probation Centre. 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. Due to long lead in time for obtaining planning consent and procurement of the redevelopment works, it is forecast that the full budget of **£14.177m** is slipped to 2021/22.
- 3.12 There are MTFS saving targets of £80k and £643k in 2020/21 and 2021/22 respectively associated with Vernon Lodge and £275k in 2021/22 associated with Probation Centre. The delay may have an impact on the achievement of the MTFS savings and this will be assessed once the scheme redesign is complete. The £80k target in 2020/21 is being offset against the saving in capital financing.
- 3.13 The CCTV Infrastructure project originally covered the replacement of aged CCTV equipment and the building of a new Alarm Receiving Centre. Following a review of the original business case, subsequent changes have been made to deliver a CCTV Control Room instead. The CCTV Control Room will be located in the new depot and is scheduled to be completed in line with the depot redevelopment project. The procurement of the work is underway and it is expected the work will be fully completed in 2021/22 in line with the depot completion time. Therefore the budget of **£1.247m** is to be slipped into 2021/22.
- 3.14 A budget of **£400k** for Unmanned Aerial Vehicles is included in the capital programme. There is a MTFS target of £92k in 2021/22 to reflect the capital financing costs associated with the project. The financial viability of the project is being assessed by the directorate before a decision is made to progress the project, therefore the budget is forecast to be slipped to 2021/22.

- 3.15 Vehicle procurement. The original vehicle replacement programme was complete in 2019/20. The remaining budget will be used to fund vehicle replacement in future as part of the rolling programme. The replacement of a number of street cleansing vehicles is planned in 2021/22, and the rest in future years. £425k is forecast to be spent in 2020/21 and **£7.234m** will be slipped to 2021/22.
- 3.16 Leisure and Libraries Capital Infrastructure. A number of projects to upgrade library facilities such as computers are underway. The service has identified works in the overflow car park at Bannister Sports Centre however this will not be installed until 2021/22 due to grass pitch works. Therefore £120k is forecast to be spent in 2020/21 and **£50k** will be slipped to 2021/22.
- 3.17 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 £30k lower than originally anticipated. Therefore the budget of **£30k** in the Capital Programme is reported as an underspend.
- 3.18 Refurbishment of Libraries. This project is assumed to be NCIL funded. The only library that is in a Ward where there is currently sufficient NCIL funding is Wealdstone Library. A CIL application following public consultation has been made but is currently on hold due to a potential development plans for the site. Subject to the outcome of this, the budget of **£300k** is forecast to be slipped to 2021/22 at this stage.
- 3.19 Harrow Arts Centre refurbishment. This project is for multiple years and is funded by the GLA and BCIL. Works are underway and the procurement for Phase 2 is scheduled to be completed by the end of Q2. Based on the latest project timeline, it is forecast to spend £1.731m in 2020/21 and the rest of the budget profiled in this year **£400k** will be slipped to 2021/22.
- 3.20 Harrow Museum Capital Infrastructure. This project is assumed to be partially externally funded (£60k) with a council match fund of £40k. Works have been identified in collections and archive storage to address the concern of the National Archives. However, no external funding has been secured to date, so the budget of **£60k** is reported as an underspend.
- 3.21 Harrow High Street Fund. There is a budget of £1.737m in 2020/21, largely funded from BCIL. The festive lighting project has been completed and mural projects are expected to be completed in Q3. Other proposals include the introduction of interventions to support increased walking and cycling to achieve an increase in footfall and economic activity in district centres. Once approved, it is forecast to spend £0.277m in 2020/21 and the rest of the budget profiled in this year **£1.314m** will be slipped to 2021/22.
- 3.22 Unless explicitly stated above there are no revenue implications as a result of this slippage.

### **Housing General Fund**

- 3.23 Progress on all Housing schemes, including HRA, is reliant on access to properties and sometimes interaction with “at risk” individuals. Forecasts therefore assume Government restrictions will be progressively relaxed with no second lockdown imposed by Government similar to March and adequate access to properties occupied by individuals in “at risk” categories.



**3.24** Forecast expenditure is £9.198m against a budget of £9.830m with the whole underspend of **£632k** classified as slippage. This comprises £302k for the 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. Remaining slippage of £330k relates to Empty Property Grants not expected to be awarded this year which bring vacant private properties into use to house homeless families.

**3.25** Disabled Facilities Grants are expected to fully spend the budget based on case load data reviewed by Housing and Adult services assuming there will be no second lockdown similar to that imposed by the Government in March.

### **Regeneration**

**3.26** As at Quarter 2, the service is forecasting to spend a budget of £29.003m and to slip a budget of £2.154m into 2021/22. Projects with a budget variance are summarised below:

- Waxwell Lane: Forecast expenditure is £3.716m against a budget of £5.763m in 2020/21 with the variance of £2.047m classified as slippage, following the closure of the site for one month. Works are now underway, but with reduced productivity, this has resulted in an extension to the programme from April 2021 to October 2021.
- Based on the latest project forecasts, Waxwell lane is forecasting to underspend against its lifetime project budget of £8.698m by £1.313m as a result of efficiencies made during the procurement process. There is a risk to this position due to issues with the trees, drainage 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.
- Haslam House is forecast expenditure of £1.732m against a budget in 2020/21 of £1.839m, with the variance of £107k classified as 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.
- These two schemes come together as the Councils directly delivered Regeneration programme and the budget gap on Haslam House can be contained by the underspend on Waxwell Lane scheme, resulting in no additional drawdown of funding across the overall programme.

### **PEOPLE SERVICES**

3.27 As at Quarter 2 People Services is forecasting overall spend of £5.067m, which is 18% of the approved £28.292m capital budget.

3.28 The forecast variance is (£23.224m) which is all slippage with the exception of a small underspend of £9k. The main items of slippage are detailed below:

### **Adult Services**

3.29 The total capital programme is £0.765m. At Quarter 2, the outturn capital forecast for Adult Services is £0.386m, with Slippages of £0.370m forecast. The majority of the slippage (£0.245m) 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 £0.125m is due to Millman's Day Centre being closed and work not being able to be carried out until it reopens.

### **Public Health**

3.30 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**

3.31 The total capital programme is £27.449mm and at Q2 the forecast spend is £4.603m which represents 17% of the programme. There is slippage of £22.845m.

3.32 The majority of the slippage £14.933m relates to the school expansion programme, in particular, secondary school expansion. Whilst there is additional demand for secondary school places it has been agreed between the schools that they will manage this through bulge classes for September 2020 rather than enter into a permanent expansion programme at this stage. However secondary school projections continue to grow over the next ten years and this situation will have to be monitored so that there are sufficient school places in the future which may require permanent expansion.

3.33 There is also slippage of £6.511m in relation to special educational needs expansion. One of the priorities of the SEND is to increase SEND school provision in borough. This includes opening new Additionally Resources Mainstream (ARMS) provision in Harrow schools to enable more pupils with SEND to be educated in Harrow. The programme is set out over the next few years meaning that not all funding will be required in 2020-21 but is committed in future years. Due to Covid-19 there has been a further delay in the ability to implement additional in-borough SEND provision and it is unlikely that any of this budget will be spent this financial year.

3.34 There are no revenue implications to this slippage

### **HOUSING REVENUE ACCOUNT**

- 3.35 As at Quarter 2, the outturn forecast for the Housing Revenue Account is £29.701m against a budget of £51.057m, generating an underspend of **£21.356m**, all of which will be slipped into 2021/22. Details of the slippage on HRA Capital Programme are given below.
- 3.36 Planned Investment programme - £7.600m spend expected, yielding variation of £2.717m relating to fire compliance works, roof replacement and compulsory replacement of the Housing IT system.
- 3.37 Building Council Homes for Londoners (BCHfL) – £22.101m spend expected with slippage of **£18.639m**. The BCHfL programme is expected to span some five years and will provide some 659 new homes in the HRA.
- 3.38 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 will be incorporated into the draft HRA Budget which will be submitted to Cabinet 17<sup>th</sup> December 2020.

## **AMENDMENTS TO THE CAPITAL PROGRAMME**

- 3.39 The following amendments include additions required to the Capital Programme all funded by additional grants and a virement proposed to be funded from existing corporate capital and therefore no additional capital financing costs will be incurred.

## **COMMUNITY**

### **Learn Harrow Addition – £78,220**

- 3.40 Learn Harrow has successfully applied for the Mayor of London's COVID-19 Emergency Recovery Support Fund (ERSF). The grant award of £78,220 will be used to deliver refurbishment works to improve COVID safety measures at Kenton Learning Centre (KLC) and connectivity at Harrow Arts Centre (HAC). The improvements include reception area, toilet facilities and ventilation on the upper floor, and will help to facilitate safe face to face learning at KLC and improve internet connectivity at HAC to enable online streaming of performing arts courses.
- 3.41 It is therefore proposed that £78,220 is added to the current capital programme.

### **Headstone Manor Flood Alleviation Project - £150,000**

- 3.42 As part of the Smarter Water Catchments initiative, Thames Water has recently confirmed a financial contribution of £150k towards the Headstone Manor Flood Alleviation project. The funding will be used for the construction of sedimentation interception pond, constructed wetlands, footbridges and footpath access improvements and installation of interpretation information boards. This project is in the existing capital programme with a budget of £1.468m (being met from external funding from HLF and BCIL) and the works are underway. The additional funding from Thames Water will help to implement further measures to reduce the risk of flooding and improve water quality for Headstone Manor.

3.43 It is therefore proposed that £150k is added to the current capital programme

### **Housing Revenue Account - £1.1m**

3.44 The Council has been awarded Next Steps Accommodation Programme (NSAP) capital grant of £600,000 to support the acquisition of five properties into the HRA at a total cost of £1.1m with the remaining £500,000 funded from HRA borrowing.

3.45 The financial impact of the proposal, including the additional borrowing in the HRA, has been satisfactorily tested against the HRA Business Plan approved by Cabinet 8<sup>th</sup> October 2020, indicating the scheme is affordable with no additional cost to the General Fund.

3.46 These properties will be used as temporary accommodation for rough sleepers to mitigate the costs of homelessness on the General Fund. There is potential to extend the scheme to acquire a further fifteen properties in 2021/22 with the same level of grant support and this will be submitted to Cabinet when appropriate.

### **Depot Redevelopment Virement - £5.762m**

3.47 The Council's depot facility at Forward Drive is being re-developed, the original scheme including a 3 storey new office building and car parking and extended to include 2 additional floors and further car parking, A total investment of £29.850m has been provided for through the Capital Programme. The facility is due for completion in Septmeber 2021 and an overspend of £5.762m is reported against the scheme. The key costs making up the £5.762m are detailed in Table 13 below:

**Table 13: Additional Depot Costs**

<b>Description</b>	<b>£m</b>
Construction cost relating to the 2 additional floors and car parking	1.024
Increase in CIL liability	0.588
Provision for extension of time claims	0.826
Extension of temporary building contract	0.287
Additional allowance for ground conditions works	0.300
Car park re-design and barriers	0.589
Additional preliminary works	0.350
Enabling works	0.543
Fit out for additional floors	0.886
Various	0.369
<b>Total</b>	<b>5.762</b>

3.48 This overspend can be funding from within the current Capital Programme. In the 'Revenue and Capital Outturn Report 2019/20' reported to Cabinet in July 2020, paragraph 3.24 explained that a capital grant of £6.797m had been allocated from the Department For Education for the secondary expansions programme enabling this grant to be used as a substitute for planned borrowing.

The budget of £6.797m remained in the programme as a new budget to be held as a 'Corporate Capital' intended for any capital requirement in 2020/21 with no impact on the revenue account. Cabinet are recommended to approve a capital virement from the Corporate Capital Programme to the Depot Redevelopment scheme for £5.762m.

3.49 Governance issues identified along with the overspend have been dealt with in a separate Internal Audit report presented to the GARMS Committee earlier this year in October and reported in the Annual Governance Statement.

#### **4.0 COUNCIL TRADING STRUCTURE UPDATE 2021/21 – QUARTER 2**

4.1 The Council's Trading Structure update for Quarter 2 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 receive Quarterly monitoring reports during the year as follows:

- Quarter 3 February 2021
- 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 2 is showing an over spend position of £81k.

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 44% as at Quarter 2.

#### **8.0 Environmental Implications**

There is no direct environmental impact.

#### **9.0 Risk Management Implications**

The risks to the council and how they are being managed are set out in the report.

### **Revenue Risks**

As set out in paragraphs 2.49 to 2.52, Q2 reporting does indicate that in the current financial year, as a result of receiving emergency funding, the co-payment mechanism and robust control of the in-year budget, that the Council can broadly manage a balanced budget position, reporting an overspend of £578k. However there are continued grave concerns about the legacy impact of COVID-19 over the MTFS.

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 second 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.

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.

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 Draft Budget report also on this agenda.

The risk of failing to deliver the budget on target is included in the directorate risk register and this is mitigated through the budget monitoring process.

### **Capital Risks**

As set out at paragraphs 3.39 to 3.49 there are amendments required to the capital programme which includes additions required to the Capital Programme all funded by additional grants and a virement proposed to be funded from existing corporate capital and therefore no additional capital financing costs will be incurred.

### **Trading Company Risks**

Appendix 6 sets out the Q2 update on the Trading Company. To mitigate risks there is a quarterly stakeholder group with all companies which reviews financial and non financial performance information. This enables rapid escalation of identified issues. The Trading Company contribution to the MTFS is on target and there are no outstanding council loans to any of the companies.

## **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 equalities 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: 4 December 2020**



**Statutory Officer: Jessica Farmer**

Signed on behalf of the Monitoring Officer

**Date: 8 December 2020**

**Statutory Officer: Nimesh Mehta**

Signed by the Head of Procurement

**Date: 1 December 2020**

**Statutory Officer: Charlie Stewart**

Signed by the Corporate Director

**Date: 7 December 2020**

**Statutory Officer: Susan Dixon**

Signed by the Head of Internal Audit

**Date: 7 December 2020**

## **Mandatory Checks**

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

*EqIA carried out: NO*

*EqIA cleared by: N/A*

## **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](mailto:Sharon.Daniels@harrow.gov.uk)

### **Background Papers:**

- MTFS 2020/21 to 2022/23  
<https://www2.harrow.gov.uk/documents/s164395/Appendix%20%20-%20MTFS%202020-21%20to%202022-23.pdf>
- 2020/21 Budget Report  
<https://www2.harrow.gov.uk/documents/s164391/Revenue%20Budget%20Report%202021.pdf>

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

**NO**

## Summary of 2020/21 Revenue Budget Forecast as at Quarter 2

## Appendix 1

	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	Q2 Variance Including COVID-19	Q1 Variance	Movement Q1 to Q2	BAU Movement	COVID-19 Movement
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
<b>Resources</b>													
Business Support	3,347	3,367	0	0	3,367	20	12	3,379	32	31	1	2	(1)
Customer Services/Access Harrow	3,643	3,644	0	0	3,644	1	500	4,144	501	500	1	1	0
ICT	7,260	7,379	(116)	0	7,263	3	773	8,036	776	760	16	(22)	38
Director of Resources	722	1,882	(1,148)	0	734	12	33	767	45	60	(15)	(1)	(14)
Internal Audit & CAFT	621	620	0	0	620	(1)	0	620	(1)	(1)	0	0	0
Finance & Insurance	3,118	3,526	(345)	0	3,181	63	810	3,991	873	960	(87)	(26)	64
Revenues, Parking & Benefits	13,062	13,071	0	0	13,071	9	410	13,481	419	640	(220)	3	(223)
Procurement	400	336	0	0	336	(63)	0	336	(63)	(0)	(63)	(63)	0
HRD	1,516	1,899	(383)	0	1,516	0	0	1,516	0	(0)	0	0	0
Legal & Governance	3,014	3,083	(390)	0	2,693	(321)	381	3,074	60	102	(42)	(2)	(40)
Strategy	2,783	3,060	(105)	(26)	2,929	147	436	3,365	583	264	319	70	124
Investment Income	(2,750)	(2,747)	0	0	(2,747)	3	0	(2,747)	3	(0)	3	3	0
<b>Total Controllable Budget</b>	<b>36,735</b>	<b>39,121</b>	<b>(2,487)</b>	<b>(26)</b>	<b>36,608</b>	<b>(127)</b>	<b>3,355</b>	<b>39,963</b>	<b>3,228</b>	<b>3,315</b>	<b>(87)</b>	<b>(35)</b>	<b>(52)</b>
Uncontrollable Budget	(18,697)	(18,697)		0	(18,697)	0	0	(18,697)	0		0	0	0
<b>Community</b>													
<b>Controllable Budget</b>													
Commissioning & Commercial Services	(4,422)	(2,538)	(21)	(80)	(2,639)	1,783	7,553	4,914	9,336	9,634	(298)	159	(457)
Environment & Culture	23,103	24,232	(284)	0	23,948	845	3,254	27,202	4,099	3,847	252	427	(175)
Directorate Management	193	193	0	0	193	(0)	0	193	(0)	0	(0)	0	0
Housing General Fund	4,529	4,538	241	(250)	4,529	(0)	620	5,149	620	1,000	(380)	0	(380)
Regeneration, Enterprise and Planning	1,260	2,498	(1,250)	0	1,248	(12)	262	1,510	250	643	(393)	0	(393)
<b>Total Controllable Budget</b>	<b>24,664</b>	<b>28,923</b>	<b>(1,314)</b>	<b>(330)</b>	<b>27,279</b>	<b>2,615</b>	<b>11,689</b>	<b>38,968</b>	<b>14,304</b>	<b>15,124</b>	<b>(819)</b>	<b>586</b>	<b>(1,405)</b>
Uncontrollable Budget	24,849	24,849			24,849	0	0	24,849	0		0	0	0
<b>People</b>													
<b>Controllable Budget</b>													
Adults Services	66,657	66,745	(88)	0	66,657	(0)	4,332	70,989	4,332	3,498	834	0	834
Public Health	(1,814)	(1,814)	0	0	(1,814)	0	0	(1,814)	0	0	0	0	0
Children's Services	33,628	34,752	(932)	0	33,820	192	1,572	35,392	1,764	1,356	408	0	408
<b>Total Controllable Budget</b>	<b>98,471</b>	<b>99,683</b>	<b>(1,020)</b>	<b>0</b>	<b>98,663</b>	<b>192</b>	<b>5,904</b>	<b>104,567</b>	<b>6,096</b>	<b>4,854</b>	<b>1,242</b>	<b>0</b>	<b>1,242</b>
Uncontrollable Budget	16,205	16,205	0	0	16,205	0	0	16,205	0	0	0	0	0
<b>Total Directorate Budgets</b>	<b>182,227</b>	<b>190,084</b>	<b>(4,821)</b>	<b>(356)</b>	<b>184,908</b>	<b>2,680</b>	<b>20,948</b>	<b>205,855</b>	<b>23,628</b>	<b>23,293</b>	<b>336</b>	<b>551</b>	<b>(215)</b>
Corporate Items	4,903	4,754	0	0	4,754	(149)	1,124	5,879	975	466	510	27	482
Covid Grants						0	(18,165)	(18,165)	(18,165)	(15,039)	(3,126)	0	(3,126)
Anticipated Compensation loss of income						0	(4,300)	(4,300)	(4,300)	(4,797)	497	0	497
Corporate Contingency	1,248	1,248	0	0	1,248	0	1,248	1,248	0	0	0	0	0
Technical and Corporate Adjustment	12,781	10,220	0	0	10,220	(2,560)	1,000	11,220	(1,560)	(2,386)	825	(173)	1,000
<b>Total Controllable Budget</b>	<b>18,932</b>	<b>16,223</b>	<b>0</b>	<b>0</b>	<b>16,223</b>	<b>(2,709)</b>	<b>(20,340)</b>	<b>(4,117)</b>	<b>(23,050)</b>	<b>(21,756)</b>	<b>(1,293)</b>	<b>(146)</b>	<b>(1,146)</b>
Uncontrollable Budget	(26,398)	(26,398)	0	0	(26,398)	0	0	(26,398)	0	0	0	0	0
<b>Total Corporate Budget</b>	<b>(7,465)</b>	<b>(10,175)</b>	<b>0</b>	<b>0</b>	<b>(10,175)</b>	<b>(2,709)</b>	<b>(20,340)</b>	<b>(30,515)</b>	<b>(23,050)</b>	<b>(21,756)</b>	<b>(1,293)</b>	<b>(146)</b>	<b>(1,146)</b>
<b>Total Budget Requirement</b>	<b>174,762</b>	<b>179,909</b>	<b>(4,821)</b>	<b>(356)</b>	<b>174,733</b>	<b>(29)</b>	<b>608</b>	<b>175,340</b>	<b>578</b>	<b>1,537</b>	<b>(957)</b>	<b>405</b>	<b>(1,361)</b>

## income

Appendix 2

Description	Draw down from reserves		Cross Divisional Adjustments including one-off				Total
	Other Reserves	Capacity Building and Transformation reserve	Funded from MRP/ Capital Financing costs	Corporate Funding	Members Investment Fund	Manifesto Commitment Fund	
All in £'s	£	£	£	£	£	£	£
<b>Resources</b>							
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
<b>Resources Total</b>	<b>506,000</b>	<b>1,876,000</b>	<b>0</b>	<b>26,000</b>	<b>0</b>	<b>105,000</b>	<b>2,513,000</b>
<b>Community</b>							
Commissioning and Commercial - ward priorities funding	0				21,000		21,000
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)	-241,000		250,000				9,000
Regeneration - Revenue expenditure to be funded from MRP provision			1,250,000				1,250,000
<b>Community Total</b>	<b>-241,000</b>	<b>0</b>	<b>1,580,000</b>		<b>305,000</b>	<b>0</b>	<b>1,644,000</b>
<b>People Services</b>							
<b>Adults</b>							
Strategic Management - project support costs from Transformation Fund		88,000					88,000
							0
							0
<b>Children's Services</b>							
Children and Young People - Draw down from the Children's Social Care reserve	932,000						932,000
							0
<b>People Services Total</b>	<b>932,000</b>	<b>88,000</b>	<b>0</b>		<b>0</b>	<b>0</b>	<b>1,020,000</b>
<b>Total Included in Directorates Forecast at Month 6</b>	<b>1,197,000</b>	<b>1,964,000</b>	<b>1,580,000</b>	<b>26,000</b>	<b>305,000</b>	<b>105,000</b>	
<b>Total included in Directorates</b>		<b>3,161,000</b>				<b>2,016,000</b>	<b>5,177,000</b>

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## Earmarked Reserves 2020/21 -Q2

## Appendix 3

Description	Balance Brough 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
Business Risk Reserve	-7,526,000		405,000		-7,121,000	3,350,000	-3,771,000
Budget Planning Reserve	-2,628,689				-2,628,689		-2,628,689
Children's Social Care Reserve	-2,286,000		932,000		-1,354,000		-1,354,000
Revenue Grant Reserve	-4,795,864	-241,000			-5,036,864		-5,036,864
Compensatory Added Year Reserve	-322,782			80,000	-242,782		-242,782
Business Pool Reserve	-1,800,000			1,800,000	0		0
Capacity Build/ Transformation Reserve	-3,221,091		1,964,000		-1,257,091		-1,257,091
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
MTFS Implementation Reserve	-1,775,209				-1,775,209	349,683	-1,425,526
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
Commercialisation Reserve	-1,264,773				-1,264,773		-1,264,773
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
<b>Total Earmarked Reserves</b>	<b>-44,388,885</b>	<b>-259,000</b>	<b>3,825,000</b>	<b>1,880,000</b>	<b>-38,942,885</b>	<b>3,699,683</b>	<b>-35,243,202</b>
<b>General Fund Reserves</b>	<b>-10,000,000</b>				<b>-10,000,000</b>		<b>-10,000,000</b>
<b>Total Reserves</b>	<b>-54,388,885</b>	<b>-259,000</b>	<b>3,825,000</b>	<b>1,880,000</b>	<b>-48,942,885</b>	<b>3,699,683</b>	<b>-45,243,202</b>



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		
<b>Resources Directorate</b>								
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	<b>Investment Income :</b> 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.
<b>Resources total</b>			<b>(868)</b>	<b>(3,109)</b>	<b>(1,175)</b>	<b>(5,152)</b>		
<b>People Directorate</b>								
10	PC_01	<b>Reduction in expenditure in relation to children's placements, accommodation and client related spend.</b> Targeted early intervention and support to prevent young people from coming into care or stepping young people down from care where it is safe to do so. Targeted actions continue to reduce the average cost of service provision through negotiation with providers and continued maximisation of capacity available within block contracts services and council properties.	(410)	(410)		(820)	Amber	Monitoring of achievement is required during the year as savings are at risk due to fluctuations in demand



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		
		<b>Children and Young People Total</b>	<b>(410)</b>	<b>(410)</b>		<b>(820)</b>		
Community Directorate								
11	COM_20.21_S01	Substitute funding for 2 existing job brokers with external grant in 2020/21. External funding has been secured as part of Strategic Investment Pot (SIP) over 2 years. Part of this grant is earmarked for funding staffing costs. The proposed funding substitution means the delivery of the programme will have to be incorporated into the work of existing staff. If no further funding is secured beyond 2020/21, one post will be deleted and the other one retained.	(90)	45		(45)	Green	Saving achieved.
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.

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		
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
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.

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		
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.
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.
<b>Community Total</b>			<b>(1,075)</b>	<b>(1,125)</b>	<b>-</b>	<b>(2,200)</b>		
<b>Corporate</b>								
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
<b>Corporate Total</b>			<b>(850)</b>	<b>(1,544)</b>	<b>(1,047)</b>	<b>(3,441)</b>		
<b>Total Savings</b>			<b>(3,203)</b>	<b>(6,188)</b>	<b>(2,222)</b>	<b>(11,613)</b>		

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

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 <b>no</b> savings in the current financial year
Project cannot be delivered but underspends found elsewhere to mitigate savings.
Future year's savings

## Capital Programme 2019/20 Outturn

## Appendix 5

Project Definition	Original Programme	Realignment 20/21 budget in 19/20	Brought Forward	Virement	Other Adjustment (Additional/Reduction)	Externally Funded (E)	Harrow Funded (B)	TOTAL BUDGET	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	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
IT Corporate System Refresh	0		0	0	0	0	0	0	0	0	0	0	0	0	0
ICT Re-Commissioning	0		1,043,512	0	0	0	1,043,512	1,043,512	490,437	97,274	136,690	1,043,512	0	0	0
Ongoing refresh & enhancement of ICT	3,000,000		4,447,666	0	0	0	7,447,666	7,447,666	4,244,910	1,472,522	1,048,010	7,447,666	0	0	0
Devolved Applications refresh	1,700,000		927,297	-500,000	0	0	2,127,297	2,127,297	1,077,297	500,622	69,056	2,127,297	0	0	0
SAP: Financial Ledger/Systems Control Imp	0		55,514	0	0	0	55,514	55,514	1,492	0	0	55,514	0	0	0
Waste Collector	0		25,273	0	0	0	25,273	25,273	25,273	0	0	25,273	0	0	0
ABAVUS	0		513,036	0	0	0	513,036	513,036	513,036	75,409	22,194	513,036	0	0	0
LAA Performance Reward Grant	0		59,407	0	0	59,407	0	59,407	0	0	0	59,407	0	0	0
Other Schemes (Council wide)	0		2,203,500	0	6,797,000	0	9,000,500	9,000,500	91,451	0	0	9,000,500	0	0	0
IER Grant	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
Property Investment	0		94,406,672	0	0	0	94,406,672	94,406,672	0	0	0	0	(94,406,672)	(94,406,672)	0
HR Shared Service	0		65,219	0	0	0	65,219	65,219	15,000	0	0	65,219	0	0	0
Enterprise Resource Planning System	1,500,000		2,361,876	500,000	1,650,000	0	6,011,876	6,011,876	6,011,876	1,565,008	3,389,371	6,011,876	0	0	0
Legal Case Management System	0		0	0	41,000	41,000	0	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
<b>TOTAL RESOURCES</b>	<b>6,200,000</b>	<b>0</b>	<b>106,267,846</b>	<b>0</b>	<b>8,488,000</b>	<b>100,407</b>	<b>120,855,439</b>	<b>120,955,846</b>	<b>12,629,646</b>	<b>3,710,835</b>	<b>4,665,321</b>	<b>26,549,174</b>	<b>(94,406,672)</b>	<b>(94,406,672)</b>	<b>0</b>
<b>Commissioning and Environment &amp; Culture</b>															
Car Parks Infrastructure	15,000		3,550	0	0	0	18,550	18,550	17,330	3,295	906	18,550	0	0	0
City Farm/Pinner Park Farm	0		0	0	0	0	0	0	0	0	0	0	0	0	0
Corporate Accommodation Maintenance	0		174,351	-116,860	0	0	57,491	57,491	57,491	25,142	5,657	57,491	0	0	0
High Priority Plan Maintenance Corporate Property	855,000		248,453	116,860	0	0	1,220,313	1,220,313	655,317	57,992	160,833	1,220,313	0	0	0
Highway Drainage Improvements & Flood Defence Infrastructure	500,000		0	0	0	500,000	0	500,000	500,000	101,687	19,271	500,000	0	0	0
Highway Improvement Programme	5,000,000		0	0	25,000	25,000	5,000,000	5,025,000	5,000,000	675,249	3,832,722	5,025,000	0	0	0
Parking Management Programme	300,000		0	0	0	0	300,000	300,000	300,000	74,475	24,111	300,000	0	0	0
Neighbourhood Investment Scheme	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	44,301	76,051	157,209	0	0	0
Section 106 Schemes for Highways	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	(2,442)	804,777	1,000,000	0	0	0
TfL Principal Road Maintenance	0		0	0	0	0	0	0	0	(6,269)	6,269	0	0	0	0
TfL Transport Capital	1,291,000		0	0	0	1,291,000	0	1,291,000	0	(2,466)	55	0	(1,291,000)	0	(1,291,000)
Trade Waste	100,000		138,456	0	0	0	238,456	238,456	238,456	69,499	85,453	238,456	0	0	0
Town Centre Regeneration	0		0	0	0	0	0	0	0	0	1,281	0	0	0	0
Harrow Green Grid	150,000		66,847	0	0	185,239	31,608	216,847	216,847	25,000	67,197	216,847	0	0	0
CCTV cameras and equipment at the depot	50,000		0	0	0	0	50,000	50,000	0	5,220	0	50,000	0	0	0
CCTV Infrastructure	0		1,264,598	0	0	0	1,264,598	1,264,598	464,598	17,874	5,312	17,874	(1,246,724)	(1,246,724)	0
Parks Infrastructure	675,000		275,969	0	0	0	950,969	950,969	628,369	40,179	244,012	950,969	0	0	0
Parks Litter Bins	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
Parks Playground Improvement	250,000		122,543	0	0	372,543	0	372,543	372,543	4,885	112,498	372,543	0	0	0
Street Litter Bins	0		28,656	0	0	0	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	5,387	142,998	148,546	0	0	0
Redevelopment of Rayners Lane Toilet Block	0		70,839	0	0	0	70,839	70,839	70,839	0	0	70,839	0	0	0
Redevelopment of Vernon Lodge & Atkins House	1,324,000		7,857,507	0	0	0	9,181,507	9,181,507	210,257	4,280	45,564	4,280	(9,177,227)	(9,177,227)	0
Vehicle Procurement	0		7,658,811	0	0	0	7,658,811	7,658,811	7,658,811	0	19,127	425,000	(7,233,811)	(7,233,811)	0
Depot Redevelopment	5,650,000		8,921,464	0	0	0	14,571,464	14,571,464	14,571,464	5,306,375	1,513,473	14,571,464	0	0	0
Headstone Manor - Park for People Project	0		896,716	0	0	896,716	0	896,716	896,716	456,640	401,905	896,716	0	0	0
Probation Centre	3,000,000		2,000,000	0	0	0	5,000,000	5,000,000	0	0	0	0	(5,000,000)	(5,000,000)	0
Wealdstone Major Transport Infrastructure	2,700,000		0	0	0	2,700,000	0	2,700,000	0	0	0	0	(2,700,000)	(2,700,000)	0
Headstone Manor Flood Alleviation Scheme	1,218,000		0	0	250,000	1,468,000	0	1,468,000	1,468,000	330,827	913,500	1,468,000	0	0	0
NIS - Kenton West	0		0	0	0	0	0	0	0	(45)	0	0	0	0	0
Bannisters Former Civil Defence Building	0		347,500	0	0	0	347,500	347,500	347,500	97	0	347,500	0	0	0
Unmanned Aerial Vehicles	0		400,000	0	0	0	400,000	400,000	0	0	0	0	(400,000)	(400,000)	0
Sec 106 Banister Sport Pitch	0		1,158,946	0	0	1,158,946	0	1,158,946	1,158,946	665,762	278,350	1,158,946	0	0	0
Harrow Arts Centre	1,021,000		1,109,625	0	0	2,130,625	0	2,130,625	2,130,625	864,257	427,402	1,730,625	(400,000)	(400,000)	0
Headstone Manor	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
Central Library Refit/Refurb	0		1,009,093	30,000	0	1,009,093	30,000	1,039,093	1,039,093	953,232	21,322	1,039,093	0	0	0
Refurbishment of 3 Libraries	150,000		150,000	0	0	300,000	0	300,000	0	0	0	0	(300,000)	(300,000)	0
Libraries and Leisure Capital Infrastructure	150,000		231,727	-30,000	0	0	351,727	351,727	221,723	17,470	137,403	271,344	(80,383)	(50,000)	(30,383)
Harrow Arts Centre Capital Infrastructure	300,000		0	0	0	300,000	0	300,000	300,000	62,529	0	300,000	0	0	0
Harrow Museum Capital Infrastructure	104,000		0	0	0	60,000	44,000	104,000	0	0	0	44,000	(60,000)	0	(60,000)
<b>Total Commissioning and Environment &amp; Culture</b>	<b>25,953,000</b>	<b>0</b>	<b>34,291,406</b>	<b>0</b>	<b>275,000</b>	<b>12,397,162</b>	<b>48,122,244</b>	<b>60,519,406</b>	<b>39,859,336</b>	<b>9,800,240</b>	<b>9,376,296</b>	<b>32,630,261</b>	<b>(27,889,145)</b>	<b>(26,507,762)</b>	<b>(1,381,383)</b>







## **Appendix 6 – Council Trading Company Update 2020/21, Quarter 2**

### **Introduction**

1. As at Quarter 2 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**

<b>Name</b>	<b>Legal Structure</b>	<b>Date Started Trading</b>
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. Concillium Business Services Ltd (previously trading as Smart Lettings) is a wholly owned subsidiary of Concillium Group Ltd with the principal aim of providing private lettings, property management, property administration and tenant referencing services. 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 another 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 31<sup>st</sup> 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 31<sup>st</sup> March 2020 for Concilium Business Services Limited, Sancroft Community Care Limited and Concilium Assets LLP. For reporting purposes, Concilium Group Limited is classified as a dormant entity. Group accounts are currently being prepared for Concilium Group Limited. Audits are underway of the accounts of Sancroft Community Care Limited and Concilium Assets LLP. The audit of Concilium Group Limited will commence once accounts have been prepared. Concilium Business Services Limited is subject to exemption from the need to carry out an audit. The published financial position for the audited entities has been summarised in Table 4.
9. The detailed annual forecast position to 31<sup>st</sup> March 2021 for all of the council trading has been summarised in Table 5. These figures have not yet been subject to audit.
10. The annual forecast position for all of the council's trading entities 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 latest financial information for Sancroft Community Care Ltd for the year ending 31<sup>st</sup> March 2020 is summarised in Table 4 at the end of this report. The audit of these figures is ongoing. Audited results will be presented in quarter 2. 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 30<sup>th</sup> September 2020**

<i>Negative/(Positive)</i>	Full year Forecast	Annual Budget	Forecast Budget Variance
Total Income	(2,330,297)	(2,419,349)	89,052
Total Expenditure	2,326,985	2,363,116	(36,131)
<b>(Net Profit)/Loss</b>	<b>(3,312)</b>	<b>(56,233)</b>	52,921

15. The full business plan (refreshed) for Sancroft Community Care Ltd was presented as Appendix 8 (exempt) to the 12<sup>th</sup> 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 31<sup>st</sup> December 2018 and for accounting purposes the LLP has been trading since 1<sup>st</sup> January 2019 and has prepared accounts to the 15 months ended 31<sup>st</sup> March 2020. The audit of these accounts is underway but not yet complete.

18. The final business plan including financial model for Concilium Assets LLP was included as Appendix 9 (exempt) to the 12<sup>th</sup> 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 30<sup>th</sup> September 2020**

<i>Negative/(Positive)</i>	Full year Forecast	Annual Budget (B-Plan)	Forecast Budget Variance
Total Income	(1,037,702)	(1,072,113)	34,411
Total Expenditure*	884,963	605,303	279,660
<b>(Net Profit)/Loss</b>	<b>(152,739 )</b>	<b>(466,810)</b>	314,071

\* 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.

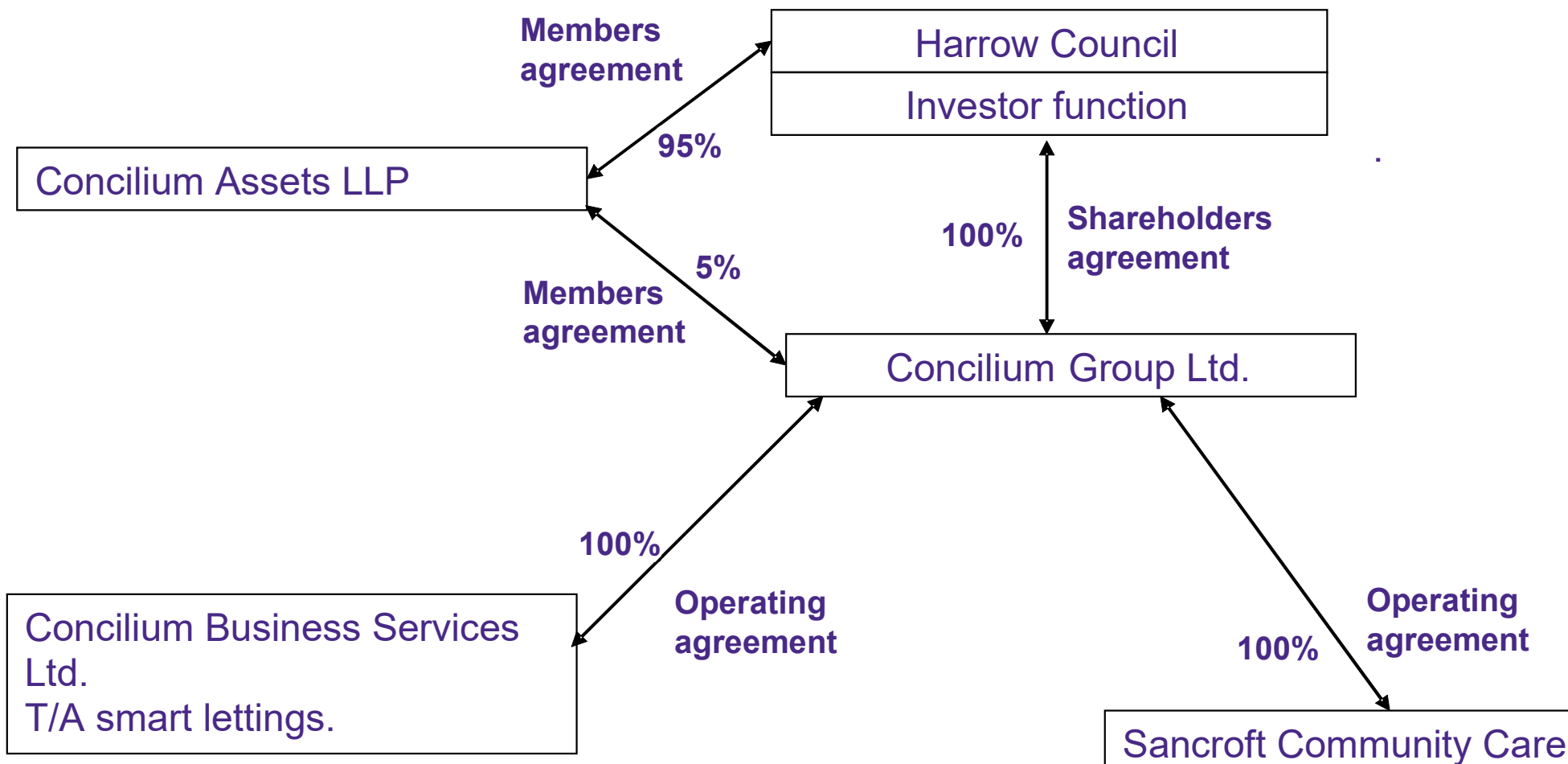
21. The LLP accounts for 2019/20 include a technical adjustment spreading the payments to the Council over the full term of the lease rather than accounting for them on a cash basis. The value of this adjustment for 2019/20 is £199,687 resulting in a loss in the draft company accounts for 2019/20 of £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 31<sup>st</sup> March 2020 (Unaudited)**

£ 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	(50,714)	74,755	63,870

\* Refer to paragraph 21.

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

**Table 5: Trading Structure Full Year Forecast to 31<sup>st</sup> March 2021**

£ Negative/( £ Positive)	Concilium Business Services Ltd	Concilium Group Ltd	Sancroft Community Care Ltd	Concilium Assets LLP	Aggregate Position
Income	(55,000)	0	(2,330,297)	(1,037,702)	(3,384,090)
Direct and Administrative Expenditure	50,000	7,450	2,326,985	884,963*	3,277,197
(Net Profit)/Loss	(5,000)	7,450	(3,312)	(152,739)	(106,893)
Retained Earnings c/f	21,997	20,282	(1,378)	(77,984)	22,415

\* 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	4,041	74,755	118,625
(Net Profit)/Loss - 2020/21	(5,000)	7,450	(1,378)	(152,739)	(151,667)
(Net Profit)/Loss - 2021/22	(5,000)	7,450	(28,539)	(186,890)	(212,979)
(Net Profit)/Loss - 2022/23	(5,000)	7,450	(4,471)	(194,160)	(196,181)
Retained Earnings c/f	11,997	35,182	(30,347)	(459,034)	(442,202)

\* 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.