

REPORT FOR: **CABINET**

Date of Meeting:	11December 2014
Subject:	Revenue and Capital Monitoring for Quarter 2 as at 30 September 2014
Key Decision:	No
Responsible Officer:	Simon George, Director of Finance and Assurance
Portfolio Holder:	Councillor Sachin Shah, Portfolio Holder for Finance and Major Contracts
Exempt:	No
Decision subject to Call-in:	No, as the recommendations are for noting only
Wards affected:	All
Enclosures:	Appendix 1 - Revenue Summary (Directorates) Appendix 2 – MTFS 2014/15 to 2016/17 Savings Tracker Appendix 3 - Debt Management 2014/15 Appendix 4 – Capital Programme as at 30 September 2014

Section 1 – Summary and Recommendations

This report sets out the Council's revenue and capital monitoring position as at Quarter22014/15(30 September 2014).

Recommendations:

1. That Cabinet note the revenue and capital forecast positions detailed in this report as at Quarter 2 2014/15.
2. That Cabinet note the changes in Quarter2 to the Capital Programme outlined in paragraph 71.

Reason: (For recommendation)

To report the 2014/15 forecast financial position as at 30 September 2014.

Section 2 – Report

REVENUE MONITORING

1. The Quarter 2 forecast indicate a potential net budget overspend of £262k on Directorate budgets. This is offset by an increase in investment income of £350k giving an overall revenue budget forecast underspend of £88k for 2014/15.
2. July Cabinet agreed in year savings of £1.601m for implementation with immediate effect, to contribute to future Medium Term Financial Strategy targets. November Cabinet approved a second tranche of in-year savings for immediate implementation totalling £131k. The variances now reported allow for these savings being achieved in full. Table 1 below summarises the Quarter 2 position and Appendix 1 provides more detail:

Table 1: Revenue Monitoring – Quarter 2 2014/15

	Revised Budget	Forecast Outturn	Quarter 2 Variance	Variance	Quarter 1 Variance
	£000	£000	£000	%	£000
Resources	26,629	26,099	(530)	-2.0%	(377)
Environment and Enterprise	41,096	40,615	(481)	-1.2%	0
Community, Health and Wellbeing	75,811	76,273	462	0.6%	722
Children and Families	47,166	47,977	811	1.7%	641
Total Directorate Budgets	190,702	190,964	262	0.1%	986
Corporate Items	(16,276)	(16,626)	(350)	2.2%	(921)
Total Budget Requirement	174,426	174,338	(88)	-0.1%	65
HRA	-905	-637	268		396

RESOURCES

3. At Quarter 2 an under spend of £530k is forecast, an increase of £153k from Quarter 1. The increase is largely due to a reduction in the expected payment to Capita (172k). The key reasons for the variance of £530k at Quarter 2 are:

Customer Services – A forecast underspend of £361k which is due to:

- Additional grant compared to budget from DCLG for S31 to compensate for Business Rate Reliefs granted (£390k)
- Reduction in the take up of Harrow Help Scheme (£89k)
- Savings from restructure of the Project Management Office and Business Transformation Programme client team (£44k).
- Additional income from extra business and reduction in expected spend on Harrow helpline kit (£77k)
- Review of Harrow Helpline and the WEB team income (£187k)
- Savings from the new printing contract (£87k)
- Review of expected service credit and Data Centre Migration credit from Capita (£178k)
- Additional IT service recharge other service area (58k)

The underspends are partially offset by the following overspends:

- Telephony costs (£148),
- IT improvements (£300k)
- Loss of Harrow Helpline income from Brent (£120k)
- Additional cost for CTS consultation (£100k)
- Reduction in expected claim from sec 31 grant (£88k)

HRD & Shared Services is forecasting an underspend of £133k due to :

- Vacancy management and reduction in operational costs (£222k)

The under spends are partially offset by the following pressures:

- Accreditation of stepping up to leadership programme by Institute of leadership and management (£13k)
- Contract commitment to cover cost if volumes on recruitment contract are less than predicted (£59k)
- Training and development cost (£17k).

Also in Resources, **Finance and Assurance** are reporting an underspend of £34k due to a reduction in audit commission fees.

ENVIRONMENT AND ENTERPRISE

4. At Quarter 2, Environment & Enterprise are reporting an under spend of £481k over the total net controllable budget of £23.9m, an improvement of £481k on the balanced position reported at Quarter 1. This includes an under spend of £45k on Emergency Relief Scheme (ERS), for which a carry forward will be requested at year end. An element of the ERS was transferred to E & E to fund a project which will support residents to gain vocational skills and qualifications, this in turn will enable clients to progress in employment and increase their earning power.
5. The under spend relates in the main to increased income from the Civic Amenity site £194k, cemeteries £108k and commercial lettings £78k. This is coupled with the budget originally set aside for early termination of waste vehicles which is now no longer required £124k.
6. On-going vacancy management has generated further within Commissioning Services of £150k and Economic Development £49k.
7. The above favourable variations are partially offset by a forecast overspend on the waste disposal costs of £283k due to increased waste tonnage delivered to the West London Waste Authority (WLWA). The forecast payment to the WLWA in 14/15 is £7.8m, which could fluctuate depending on residents' recycling habits as well as seasonal trends on garden waste.
8. Parking income is volatile and the achievement of the income budget is subject to a number of factors such as footfall, economic recovery, drivers' behaviour and compliance to traffic rules, and weather condition. At Quarter 2, an overall parking income of £10.4m is forecast, which will be closely monitored. Work is also ongoing to determine the financial implications arising from legislative changes in relation to the use of CCTV cameras for parking enforcement activities.
9. Of the £1.926m 14/15 MTFs targets, there are two red rated savings:

- £300k saving relating to parking income at Harrow Leisure Centre car park as a result of delayed implementation to permit further public and stakeholder consultation. Quarter 2 forecast assumes that implementation will not be complete until Quarter 1 2015/16. The shortfall will be mitigated by over recovery of other parking income.
- £25k relating to revenue generation from fleet sponsorship / advertisement which remains under review. The position reported assumes this is not achieved in 14/15.

COMMUNITY, HEALTH AND WELLBEING

10. The Community, Health and Wellbeing Directorate is forecasting an over spend of £462k at Quarter 2, as detailed below. This is an improvement of £260k on the Quarter 1 position.

Adult Services

11. Adults are reporting a projected overspend of £529k against a total net controllable budget of £54m, an increase against the Quarter 1 position of £424k.
12. The majority of Adults budgets are demand led and the Council has a statutory duty to meet vulnerable adults' needs. It is therefore challenging to strike a balance between safeguarding adults against harm and abuse and simultaneously balancing the budgets.
13. There are a number of pressures across the directorate and the key variations are detailed below:
 - There continues to be an increase in number of referrals and complexity of care required to support service users, some of which may impact the ability to fully deliver those MTFs savings which were predicated on the costs of care being provided in the community at lower weekly cost. As a result of these pressures, an overspend of £656k on the purchasing budget is forecast. This assumes that the balance of savings of £1.3m will be delivered and a drawdown of £150k from the business risk reserve to offset the Continuing Health Care and Ordinary Resident cases.
 - These pressures are likely to continue in the longer term and may be resolved by wider integration with health once the Better Care Fund (BCF) has been agreed. In the short term the priority is to protect service users whilst managing the financial position.
 - £167k relates to the Deprivation of Liberty Safeguards (DoLS), a new legislative requirement in the current financial year.
 - £127k of the overspend relates to Mental Health S75- Central North West London Hospitals Trust (CNWL) in part as a result of Harrow Clinical Commissioning Groups decision to close Roxbourne (which, in the Council's view, has resulted in increased costs for social care), together with increases in the number of care packages. The Council is actively supporting CNWL on various projects to mitigate, where possible, these pressures.

14. The mitigations assumed in reporting this position are:
- Reduction of key positions not working directly with service users of £267k
 - Wider determinants of public health delivered by adult social care to be funded by public health grant flexibility of £140k
 - Use of £150k of the £750k business risk reserve in relation to the Continuing Health Care and Ordinary Resident cases. It is very likely that the remainder of the business risk reserve will need to be appropriately drawn down by the end of the financial year.
 - Other initiatives across the directorate
15. In addition, it should be noted that the NHS funding transfer for 2014/15 of £4.445m, whilst agreed between the Council and the Clinical Commissioning Group (CCG), has yet to be paid by NHS England.
16. The overall movement between Quarter 1 and Quarter 2 is an additional reported overspend of £424k and is largely reflected in the detail above. However in the first quarter the position on the purchasing budget was assumed to be balanced. It was not clear at this early stage whether the increase in referrals was likely to be ongoing and as a result the current forecast position at Quarter 2 more accurately reflects the anticipated position for the current financial year.

Community and Culture

17. Community and Culture are reporting a projected underspend of £73k against a total net controllable budget of £4.031m. There is a positive movement of £62k between Quarters 1 and 2 and relates to underspends on repairs and maintenance budgets within the Leisure and Libraries service and settlements against historic liabilities for contracted income being less than anticipated (leisure service) .

Housing General Fund

18. The position shows an improvement of £244k against Quarter 1 and reflects the impact of a number of initiatives designed to relieve pressure on the General Fund. These include an increase in Private Sector Leasing (“PSL”) rents effective from 8th October, which now has Portfolio Holder approval, and an anticipated increase for Bed & breakfast (“B&B”) from January 2015.
19. Approval by Cabinet, on 17th July, of the Homes for Harrow report, which set out plans for the regeneration of the Council’s Grange Farm Estate, together with an increased drive for out of London moves using the Council’s Grants to Move initiatives, will free up more Council properties for use as temporary accommodation.
20. Savings required in the previous MTFs process have been achieved in the Bed & Breakfast (“B&B”) budget, as well as savings generated by empty homes and grants to move initiatives. This has, however, been obscured by extraordinary growth in the numbers of families seeking temporary accommodation over the last year, leading to an overall pressure of £244k at this stage in the year, after offsetting the £400k carry forward and charging an additional £40k to HRA reflecting the allocation staff within the Housing Needs Service.
21. The Housing Service continues to explore new initiatives with the aim of bringing the outturn in on budget. These include the extension of a range of incentives to

private landlords for the acquisition of properties to mitigate the costs of homelessness with the aim of bringing the outturn in on budget and alleviate pressures on the Council's General Fund.

22. The Government's Welfare Reforms continue to take effect and their impact on the bad debt provision is under review. The Council has access to Discretionary Housing Payments, only slightly reduced from 2013/14, and is on track for full utilisation which helps with homelessness prevention.

Housing Revenue Account

23. The forecast outturn shows an adverse variation of £268k due mainly to additional depreciation charges of £216k for non-dwellings and £187k for dwellings. Both result in only a transfer of resources to the Major Repairs Reserve therefore have no overall impact on the resources available to the Council's HRA. These arise from changes in methodology applied for 2013/14 final accounts. The position has improved from Quarter 1 by £128k due mainly to the completion of the leasehold billing exercise and reduced contribution to bad debt provision.
24. Impairment charges for non-dwellings estimated at £1.5m have not been included in the forecast outturn although, under current regulations, a charge against HRA balances is required. This issue has been raised by a number of Councils as the regulations are not consistent with the Government's stated objective of encouraging new build. DCLG are in the process of discussing this issue with CIPFA and an update will be provided at Quarter 3.

Table 2: Housing Revenue Account – 2014/15 Summary

Period 6	Original budget	Revised Budget	YTD Actual	Forecast outturn	Variation
	£000	£000	£000	£000	£000
Balance b/fwd (pre audit)	-3,533	-3,533	0	-3,574	-41
Net (surplus) deficit	-978	-905	-5,710	-637	268
Balance c/fwd	-4,511	-4,438		-4,211	227

Public Health

25. The budgets for 2014/15 reflect the commissioning intentions agreed by Cabinet in December.
26. A £372k underspend is being reported at Quarter 2 against Public Health Grant, however of this £140k is reflected within Adult Social Care representing the wider public health responsibilities being delivered. The remaining balance of £232k, will not be allocated to the Public Health Reserve at year end but is expected to fund the wider determinants of Public Health delivered in other directorates across the Council. As the appropriate schemes are agreed, these amounts will be reflected in the relevant directorate position.
27. A balanced position was reported at Quarter 1. The movement of £372k relates largely to underspends on Sexual Health Service and Health checks, as a result of lower than anticipated activity levels.
28. £178k of the underspend relates to Sexual Health Services (approximately 30% of overall Public Health budget), specifically to Genito Urinary Medicine (GUM)

service. This is based on the first quarter activity levels and assumes this will be representative of activity throughout the year, if this level of activity does not continue, the forecast underspend will reduce accordingly.

29. At the end of 2013/14, unspent grant of £666k was carried forward specifically for Public Health within the Council's ring-fenced reserve. This unspent grant is being regularly reviewed and to date £164k is committed against the reserve.

Transformation

30. Transformation is reporting a projected underspend of £6k against a total net controllable budget of £398k. This is due to the start date for Harrow Mutual Support Network been pushed back one month to 1st of May 2014 reducing the spend by £12.5k which is partly offset by staffing cost pressures.

CHILDREN AND FAMILIES

31. As at Quarter 2 the total forecast overspend for the Directorate is £811k. There are several areas of pressure. Special Needs Transport (£557k), (£267k) is owing to the delay in implementing the service transformation programme after it was necessary to carry out additional consultation that delayed the start date of the programme and (£290k) due to growth in demand, Children with Disability staffing (£91k) and Children with Disability client costs (£169k) due to demand. There is a pressure in Targeted Services staffing (£448k) as a result of agency and interims covering vacancies and sickness and additional staff to manage caseloads and client spend (£732k) due to demand. This is offset by one off un-ring fenced grants, staff vacancies and other management actions.
32. The overall movement between Quarter 1 and Quarter 2 is an additional reported overspend of £170k. The forecast spends on Placements and Special Needs Transport have increased by £445k and £402k respectively between Quarter 1 and Quarter 2. These increases have been largely offset by early savings of £365k which have been identified and held centrally and other management actions.

CORPORATE BUDGETS

Interest and Finance Charges

33. There is an increase in investment income due to higher than anticipated cash balances of £350k.

Central Contingency

34. The Central Contingency for unforeseen items in 2014/15 is £921k. There have been no drawdown against the contingency, however an underspend has not

been forecast at Quarter 2 pending clarification on the extent to which directorates manage to contain the cost pressures faced. This continues to be monitored.

Pay Inflation

35. £950k has been provided in respect of a 1% pay award with effect from 1 April 2014. The award has recently been agreed and represents different increases at different grades. The effect of the proposal is currently being costed but is anticipated to match the provision for the pay award.

Gas and Electricity Inflation

36. £450k has been provided against increases in price. The call against this provision will not be established until later in the year.

Contingencies and Reserves

37. The contingencies are there to cover unavoidable inflation pressures for the pay award and energy inflation above 1.3% together with other unforeseen items and spending pressures and to cover areas of risk and uncertainty. There are also specific reserves for the Medium Term Financial Strategy (MTFS) implementation costs, carry forwards, Business risks and the Transformation and Priority Initiatives Fund (TPIF). The current position is detailed in table 2 below.
38. In June Cabinet approved carry-forwards of £4.008m which are now included within individual directorate budgets. There is also £195k in respect of grants brought forward from earlier years that will be drawn down as utilised. The main grant is Planning Development Grant.
39. The balance on the Transformation and Priority Initiatives Fund (TPIF) brought forward from 2013/14 is £3.370m. There have been drawdowns of £100k in relation to urgent arboriculture works, £150k potholes and £30k to fund the Helping You. £801k was added back to the fund from the in-year savings agreed at July Cabinet. This leaves a balance of £3.891m on the fund at Quarter 2.
40. The balance on the Business Risk reserve brought forward from 2013/14 is £2.859m. This is intended to cover a number of commercial risks that were identified and there have been no drawdown to date.
41. The balance on the MTFS Implementation reserve brought forward from 2013/14 is £6.074m. A further £800k was added to the from the in-year savings agreed at July Cabinet and an additional £131k from the in-year savings agreed at November Cabinet to make £7.005m. £311k has been drawdown to Quarter 2 on demolition costs for Civic 2 (£174k), severance costs (£115k) and consultation costs (£22k) leaving a balance of £6.694m.

42. Table 3 Contingencies and Earmarked Reserves

	Unforeseen Contingency	Pay and Energy Inflation	TPIF	Carry Fwd	Business Risk Reserve	MTFS Implementation
	£000	£000	£000	£000	£000	£000
Balance at start of Year	921	1,400	370	4,203	859	3,278
Addition June Cabinet			3,000		2,000	2,796
Addition July Cabinet			801			931

Drawdown	0	*	(280)	(4,008)		(311)
Balance	921	1,400	3,891	195	2,859	6,694

*Note that there is an anticipated drawdown of £950k required in relation to the pay award currently being consulted on.

Reserves and Provisions

43. The Council must hold adequate provisions and reserve balances to cover known and anticipated events and in respect of its statutory duties as appropriate. General non earmarked balances stand at £10m. All the provisions are reviewed on a quarterly basis. As at Quarter 2 the Council has adequate provisions in respect of Insurance, Litigation and Employment cases.

Debt Management

44. The latest position on Council Tax, Business Rates and Housing Benefits bad debts provision is included within Appendix 3.

MTFS IMPLEMENTATION TRACKER

45. The 2014/15 budget includes approved MTFS savings of £12.939m. The progress on implementation is summarised below in table 4 below and shown in more detail in Appendix 2:

Table 4 RAG Rating of 2014/15 Savings

	Resources	Environment & Enterprise	Community, Health & Wellbeing	Children & Families	Corporate	Total
	£m	£m	£m	£m	£m	£m
Red	0.000	-0.325	-0.140	0.000	0.000	-0.465
Amber	0.000	0.000	-2.825	-0.650	0.000	-3.475
Green	-1.730	-1.601	-3.802	-1.348	-0.518	-8.999
Total	-1.730	-1.926	-6.767	-1.998	-0.518	-12.939

CAPITAL PROGRAMME

46. In Quarter 1 the 2014/15 capital programme was forecasting to spend £114.8m, 97% of the total programme.
47. A significant review of the capital forecast has been undertaken in Quarter 2 to ensure it is robust and that it reflects, to the best of officer's knowledge, the expected outturn at year end.

Capital Programme Forecast at Quarter 2

48. The forecast at Quarter 2 is £85.243m, 73% of the total capital programme and a significant reduction of 24% when compared with Quarter 1. This will continue to be monitored closely.

49. Overall an underspend of £31.726m is being forecast. This covers both general fund and HRA. The general fund is projecting an underspend of £28.115m of which £27.104m will be slipped into 2015/16 year and £1.011m is no longer required. The HRA is forecasting an underspend of £3.611m.
50. Tables 5 and 6 below summarise the capital forecast position and Appendix 4 shows the capital programme in more detail:

Table 5. Analysis of Outturn variance

Directorate	Outturn variance	Split of outturn variance by year		Split of outturn variance by funding		Slippage	Slippage by funding		Underspend after slippage
		13/14 Carry forward	14/15 budget	Grant/s106	LBH		Grant /Sec 106/ HRA	LBH	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
CH&W	-3,932	-1,318	-2,614	-1,752	-2,180	-3,835	-1,705	-2,130	-97
Children	-19,669	-3,553	-16,116	-18,849	-820	-19,669	-18,849	-820	0
E&E	-2,815	-2,040	-775	-255	-2,560	-2,715	-276	-2,439	-100
Resources	-1,699	-816	-883	0	-1,699	-885	0	-885	-814
HRA	-3,611	0	-3,611	-3,611	0	-2,800	-2,800	0	-811
Total	-31,726	-7,727	-23,999	-24,467	-7,259	-29,904	-23,630	-6,274	-1,822

Table 6 Summary of forecast by directorate

Directorate	Original Programme	CFWD's	Adjustments	External	LBH	TOTAL BUDGET	Forecast	Forecast Variance	Slippage	Under-spend
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
CH&W	5,428	3,588	0	2,822	6,194	9,016	5,084	-3,932	-3,835	-97
CHILDREN	42,296	11,767	-317	52,836	910	53,746	34,077	-19,669	-19,669	0
E&E	14,790	10,674	-408	4,329	20,727	25,056	22,241	-2,815	-2,715	-100
RESOURCES	9,413	9,322	-60	0	18,675	18,675	16,976	-1,699	-885	-814
TOTAL GENERAL FUND	71,927	35,351	-785	59,987	46,506	106,493	78,378	-28,115	-27,104	-1,011
TOTAL HRA	9,527	949	0	0	10,476	10,476	6,865	-3,611	-2,800	-811
TOTAL GENERAL FUND & HRA	81,454	36,300	-785	59,987	56,982	116,969	85,243	-31,726	-29,904	-1,822

Children and Families

51. As at Quarter 1 the forecast was £53.746m, 100% of the Children's 2014/15 capital budget. At Quarter 2 the revised forecast is £34.077m, 63% of the total budget and a significant reduction when compared to Quarter 1. The forecast under spend is £19.669m all of which will be slipped into 2015/16 for the following reasons.
52. There is projected slippage on the primary expansion phases 1 and 2, secondary expansion and SEN expansion totalling £16m. This is due to delays with the Contracting Partner delivering the programme by approximately 3 months due in part to market conditions. A late programme has been received from the framework contractor of the outstanding projects to be completed by September 2015 but it is lacking in detail and the issue is being referred back to so that the council can be assured about delivery in time for the new pupil intake in September 2015. The current increase in construction work activity in the country as a whole has caused some problems in obtaining competitive quotes and

employing sufficient resources to deliver a large scale building programme and this has caused some delay in agreeing prices and starting works on site. Based on current estimates and market conditions it is still expected that it is possible to deliver this programme within EFA capital grants, without the need for council capital funding. However this is a risk which is being monitored closely.

53. The phase 3 primary expansion programme is still undergoing statutory consultation to determine which schools will be covered and this will result in £1.6m of slippage to 2015/16.
54. £820k of Harrow funded IT development has been re-phased to 2015/16 to reduce MRP costs in 2015/16.
55. School amalgamations are expected to slip by £700k as a result of less schools amalgamating in 2014/15 than budgeted.
56. Schools capital maintenance is forecast to slip by £850k as a result of the expansion work taking place on a large number of schools.

Community, Health and Wellbeing

57. As at Quarter 1 the forecast was £8.696m, 96% of the Community Health and Culture's 2014/15 capital budget. At Quarter 2 the revised forecast is £5.084m, 56% of the total budget and a significant reduction when compared to Quarter 1.
58. The forecast under spend is £3.932m, of which £3.835m will be slipped to 2015/16 and £97k is no longer needed.
59. There are two key reasons why budget is being slipped:
 - The following projects are due to start/have started but it is envisaged that projects will not be completed in this financial year and therefore a proportion of the budget will need to be slipped into the next financial year. The current forecast slippage is shown in brackets, as below;
 - Adults Social Care-Framework-I & IT Integration (£70k)
 - MOSAIC Implementation - Adults & Children's Services (£250k)
 - Leisure centre capital infrastructure (£137k)
 - Carers Services Charges (£50k)
 - Mental Health Supported Housing Repairs (£41k)

 - Empty Property and private sector initiative (£248k)

 - Headstone manor (£407k)
 - The following projects will be slipped into 15/16 on the basis that the strategy is not likely to be finalised until the last quarter of this year/ next financial year:
 - Capital Strategic Review (£575k)
 - Quality outcome for People with Dementia (£150k)
 - Sec 106 Banister Sport Pitch (£1m)
 - Market Shaping And Development (£250k)
 - Safeguarding Quality Assurance Quadrants (QAQ) (£175k)
 - Integrated Health Model (£250k)
 - Community Capacity Grant (£232k)

- The Disabled Facilities grant, Empty Properties grant and Private initiatives will underspend by £97k.

Resources

60. As at Quarter 1 the forecast was £18.786m, 100% of the Resource's 2014/15 capital budget. At Quarter 2 the revised forecast is £16.976m, 91% of the budget and a reduction when compared to Quarter 1.
61. The forecast under spend is £1.699m of which £885k will be slipped into 2015/16 and £814k of the budget is no longer required. The main items for slippage are detailed below:
- Delay in agreeing schemes with Capita have meant that the SAP/Financial ledger and System Improvement project will result in £177k underspend in 14/15.
 - The expected payment to WLWA in respect of a loan for infrastructure is currently projected to slip by £448k, based on the latest payment profile supplied by the WLWA.
 - Mobile and Flex project payments are re-profiled resulting in £100k slippage.
 - Small schemes will slip £70k.
 - The ICT Infrastructure and Corporate Application Project will slip £90k due to the delivery date being moved back.
62. £814k of budget is being forecast as no longer required as detailed below:
- 13/14 Business Transformation Programme Refresh project budget of £213k that was carried forward from last financial year will no longer be needed. The allocated 14/15 budget for this same programme will be sufficient to carry out all the works that are needed this year.
 - £50k was originally classified as capital cost and has now been reviewed and re-classified as revenue.
 - Of the £500k contingency budget for the 14/15 IT corporate system refresh project, nothing has been spent to date and £200k is being forecast as underspent based on the profile of spend last year.
 - A cheaper option identified for the CRM replacement has released £250k of budget.
 - The 13/14 BTP Hardware Refresh has spent £75k less than anticipated on laptops and Wyse boxes.
 - The budget of £80k earmarked for WI-FI will no longer be required as this has been subsumed within another project already in commission.

Environment & Enterprise

63. As at Quarter 1 the forecast was £24.857m, 97% of the E&E's 2014/15 capital budget. At Quarter 2 the revised forecast is £22.241m, 87% of the budget and a 10% reduction when compared to Quarter 1.
64. The forecast under spend is £2.815m of which £2.715m will be slipped into 2015/16 while £100kbudget will no longer be required.
65. The main items of slippage and reasons are detailed below:
- Pinner Park Farm £350k. 2014/15 focused on consultation and planning and the work is anticipated for delivery in 2015/16.
 - Green Grid £276k – A number of sec 106 projects are in the planning stage and it is anticipated that these schemes will be delivered in 15/16.
 - Neighbourhood Investment Scheme £200k – Members have already approved various schemes and a considerable sum will contribute to Green Gym installation this year. It is anticipated that the £200k budget will be carried forward to be spend in early 15/16.
 - CCTV Crime reduction cameras £468k - Camera allocation has been identified and the service is in the process of agreeing the details and delivery timetable with the framework contractor. There is a long lead in time before the cameras become operational.
 - Public Realm - £1.364m because we are still awaiting Capita to provide a detailed delivery plan.
66. The Public Realm scheme for £100k re: litter bins is on hold and an under spend is forecast.

Housing Revenue Account

67. As at Quarter 1 the forecast was £8.719m, 83% of the HRA’s 2014/15 capital budget. At Quarter 2 the revised forecast is £6.865m, 66% of the budget and a significant reduction when compared to Quarter 1.
68. The forecast under spend is £3.611m. This is as a consequence of better sequencing of work, tender savings and preparation works for the development of a four year capital programme and a new Better Homes standard. The HRA capital programme is currently forecasting spend in the region of 70% of the total programme. Any underspend will be retained in the HRA to be used in future programmes.

Virements

69. There are no virements at Quarter 2.

Amendments to Capital Programme

70. The following schemes in the capital programme have been amended to reflect changes in the amount of grant funding available, resulting in an overall reduction in the programme of £761k.

Table 7: 2014/15 Capital Programme Amendments

Scheme	Comment	£000
14/15 Carbon Reduction Project	The original programme estimated a loan of £1m to engage at least 10 schools in the refit project with an average spend of £100k including boilers. The school expansion programme means that, as some of the works (including boilers) are accommodated in the School expansion capital programme, a reduced loan from Salix is now required for this year. In 2014/15 £350k will be borrowed and the programme is being changed to reflect this. For future years capital programme, if any further borrowing is done, it will be added to the programme.	650
TFL Principle Roads	13/14 Project finalised	111
Total Changes		761

Legal Implications

71. 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.
72. 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:

73. 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.
74. 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.
75. 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.
76. 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.
77. 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

Financial Implications

78. Financial matters are integral to the report.

Performance Issues

79. Good financial performance is essential to achieving a balanced budget. The financial performance is integrated with the strategic performance of the Council through quarterly Directorate Improvement Boards which consider the financial position alongside performance including key projects, service KPIs (including customer data and complaints) and workforce. Monitoring of finance and performance is reported regularly to the Corporate Strategic Board and Cabinet and is also considered by the Council's Performance and Finance Scrutiny Sub-Committee.
80. The overall projected percentage variance from the revenue budget is forecast to be -0.1%.
81. For the 2014/15 savings built into the MTFs, the overall position is that 70% of the savings are RAG rated as green, 27% RAG rated amber and 3% RAG rated red.
82. There is a performance target of 90% of the approved capital programme for 2014/15 being spent in year. The current projection is for spend to be 72% of budget.
83. Council Tax Collection: The collection rate is slightly below the target profile at the end of the second quarter at 57.62% against a profile of 57%.
84. Business Rates Collection: The collection rate is 0.5% below profile at 59.5% compared to a target of 60.0%. This reflects a move by a number of payers from 10 to 12 payments per year. The position is expected to improve as we move through the year and is nearly 1% better than at Quarter 1.

Environmental Impact

85. There are none directly related to this report

Risk Management Implications

86. The risks to the Council and how they are being managed are set out in the report.
87. Risks are included on the Directorate risk registers.

Equalities implications / Public Sector Equality Duty

88. A full equalities impact assessment was completed on the budget when the budget was set by Full Council. Equalities implications are taken into account by individual directorates whilst running services and making decisions to vire

money. A full equality impact assessment will be completed on the budget for 2015/16.

Council Priorities

89. The Council's vision is:

Working Together to Make a Difference for Harrow

90. The Council's priorities are:

Making a difference for the vulnerable
Making a difference for communities
Making a difference for local businesses
Making a difference for families

91. This report deals with Revenue and Capital monitoring which is key to delivering the infrastructure to deliver the Council's priorities.

Section 3 - Statutory Officer Clearance

Name: Dawn Calvert	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 28 November 2014		
Name: Jessica Farmer	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 28 November 2014		
Ward Councillors notified:		NO, as it impacts on all Wards .
EqIA carried out:		NO .
EqIA cleared by:		Information for noting only

Section 6 - Contact Details and Background Papers

Contact:

Dawn Calvert (dawn.calvert@harrow.gov.uk), Head of Strategic Finance & Business
Tel: 020 8424 1393

Background Papers:

[Cabinet Report February 2014: Final Revenue Budget 2014/15 and Medium Term Financial Strategy 2014-15 to 2016-17 and EIA.](#)

[Cabinet Report June 2014: Revenue and Capital Outturn 2013-14](#)

**Call-In Waived by the
Chairman of Overview and
Scrutiny Committee**

NOT APPLICABLE

*[Call-in does not apply as the
recommendations are for noting only]*

Revenue Summary					Appendix 1
	Revised Budget	Forecast Outturn	Quarter 2 Variance	Variance	Quarter 1 Variance
	£000	£000	£000	%	£000
Resources					
Controllable Budget					
Customer Services	24,037	23,676	(361)	(1.5%)	(162)
Director of Resources	1,660	1,658	(2)	(0.1%)	2
Finance & Assurance	9,912	9,873	(39)	(0.4%)	(35)
HRD & Shared Services	2,619	2,486	(133)	(5.1%)	(161)
Legal & Governance	3,353	3,383	30	0.9%	(7)
Procurement	973	975	2	0.2%	0
Strategic Commissioning	1,732	1,705	(27)	(1.6%)	(14)
Total Controllable Budget	44,286	43,756	(530)	(1.2%)	(377)
Uncontrollable Budget	(17,657)	(17,657)	0	0.0%	0
Total Directorate Budget	26,629	26,099	(530)	(2.0%)	(377)
Environment and Enterprise					
Controllable Budget					
Commissioning Services	9,337	9,187	(150)	(1.6%)	0
Directorate Management	958	822	(136)	(14.2%)	0
Corporate Estate	(458)	(545)	(87)	19.0%	0
Economic Development & Research	718	623	(95)	(13.2%)	0
Planning	318	305	(13)	(4.1%)	0
Environmental Service Delivery	12,979	12,979	0	0.0%	0
Total Controllable Budget	23,852	23,371	481	(2.0%)	0
Uncontrollable Budget	17,244	17,244	0	0.0%	0
Total Directorate Budget	41,096	40,615	481	(1.2%)	0
Community, Health and Wellbeing					
Controllable Budget					
Adult Services	54,038	54,567	529	1.0%	105
Community and Culture	4,031	3,958	(73)	(1.8%)	(11)
Housing General Fund	3,661	3,905	244	6.7%	633
Public Health	(373)	(605)	(232)	62.2%	0
Transformation	398	392	(6)	(1.5%)	(5)
Total Controllable Budget	61,755	62,217	462	0.7%	722
Uncontrollable Budget	14,056	14,056	0	0.0%	0
Total Directorate Budget	75,811	76,273	462	0.6%	722
Children and Families					
Controllable Budget					
Management & Business Support	4,354	3,492	(862)	(19.8%)	(535)
Early Intervention Services	4,921	4,776	(145)	(2.9%)	(91)
Targeted Services	16,718	17,898	1,180	7.1%	927
Commissioning & Schools	2,608	2,429	(179)	(6.9%)	(64)
Special Needs	7,506	8,323	817	10.9%	404
Schools	(7)	(7)	0	0.0%	0
Total Controllable Budget	36,100	36,911	811	2.2%	641
Uncontrollable Budget	11,066	11,066	0	0.0%	0
Total Directorate Budget	47,166	47,977	811	1.7%	641
Total Directorate Budgets	190,702	190,964	262	0.1%	986
Corporate Items	(16,276)	(16,626)	(350)	2.2%	(921)
Total Budget Requirement	174,426	174,338	(88)	(0.1%)	65

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MTFS 2014/15 to 2016/17 – Savings
Appendix 2

Item No		2014-15	2015-16	2016-17	2014-15	
		£000	£000	£000	RAG Status	Comments
	CHILDREN & FAMILIES					
CF 017	Consolidation of staffing structure including proposed deletion of 1 Divisional Director post 2015/16	-148	0	0	Green	£23k relates to full year effect of a Commissioner post which was deleted in 2013/14. £125k relates to deletion of a Divisional Director post, of which £25k achieved by removal of 0.2 FTE overlap from former job share arrangement, £100k achieved by maximising use of grant
CF 018	Deletion of Head of Education Strategy & School Organisation	-50	0	0	Green	Post deleted
CF 019	Reconfiguration of Early Intervention Service to support the Families First Programme	-150	0	0	Amber	The cumulative MTFS saving is £300k. This is currently being achieved by using Troubled Families funding to support this saving for which a carry forward of £672k has been agreed by Cabinet. The continuation of Troubled Families Grant is uncertain beyond 2014/15.
CF 020	Children's Centres remodelling to reconfigure the local offer	-200	0	0	Green	Budgets and staffing reconfigured, saving is expected to be delivered.
CF 021	Special Needs Transport II - demand management including Independent Travel Training	-45	0	0	Green	Saving delivered
CF 022	Special Needs Transport III - full market engagement including outsourcing of some routes	-500	0	0	Amber	Due to delay in Cabinet approval of the final business case, implementation has been delayed and there is a likely pressure of £267k in 2014/15 not being achieved. Full year saving expected to be delivered from 2015/16.
CF 023	Introduction of Charging for non Statutory Educational Psychology to schools	-90	0	0	Green	Saving delivered - Schools and academies are buying back service.
CF 024	Review of semi supported provision including potential closure of Honeypot Lane	-410	0	0	Green	Facility closed and staff made redundant.
CF 026	Savings from commissioning budgets including connexions, parenting support, drugs & alcohol and clinic in a box	-255	0	0	Green	Career Advice and Guidance contract amended and Council contribution to Harrow School Improvement Partnership reduced.

MTFS 2014/15 to 2016/17 – Savings
Appendix 2

Item No		2014-15	2015-16	2016-17	2014-15	
		£000	£000	£000	RAG Status	Comments
CF 027	Recommissioning of Respite Care for CWD	-100	0	0	Green	Short Breaks Contracts have been re tendered and saving expected to be delivered
CF 028	Consolidation of Early Years training functions - including reductions in contracts & staffing	-50	0	0	Green	Pre School support, Home visiting and relationship counselling contracts ceased.
	Total Children & Families Savings	-1,998	0	0		
	ENVIRONMENT & ENTERPRISE					
E&E011	Public Realm Integrated Service Model (PRISM) efficiencies. Towards Excellence Programme efficiencies	25	-375	0	Green	Towards Excellence restructure completed and staff salaries realigned to reflect the new costed structure. A shortfall in salaries is being managed through vacancies. Savings profiled to 15/16 (£375K) relate to route optimisation work.
E&E013	Public Realm Post reductions. Efficiency in management and support to Borough's allotments	-24	0	0	Green	
E&E012	Further management reductions in Environment	-145	0	0	Green	The Towards Excellence restructure resulted in less actual savings than originally assumed in the MTFS due to changes to the posts/grades following staff consultation. This budget saving is being contained by holding the Divisional Director Property Services vacant.
E&E016	Climate Change - Flexible retirement and consumables budget	-58	0	0	Green	Climate Change team has been deleted; work is now integrated with Commissioning Services division.
E&E023	Consolidation of Civic Centre accommodation to secure utility cost savings. Transformation Project	-122	-58	0	Green	Civic 2 has been converted to a car park and schools have taken possession of Civic 3, 4, 5 & 6 from 19 May 2014. The saving will be a combination of the reduction in business rates and utilities costs. Revised valuations have been received in respect of Business rates for some of the changes and the forecast charges for business rates are based on this. Utilities savings are as yet unclear.

MTFS 2014/15 to 2016/17 – Savings
Appendix 2

Item No		2014-15	2015-16	2016-17	2014-15	
		£000	£000	£000	RAG Status	Comments
E&E033	Trading Standards and Proceeds of Crime Act savings (linked to review of SLA with Brent trading Standards)	-100	0	0	Green	The SLA has been agreed on 24 June 2014. This saving will be met by generating additional POCA income.
E&E039	Revenue maximisation - Fleet sponsorship: Explore advertisement opportunities for PRS fleet	-25	0	0	Red	This is being taken forward by Procurement team as part of the corporate initiative 'Using the Market'. Potential income for advertising on fleet is £25K, but profiled to 2015/16.
E&E041	Grass Verge Maintenance reduction	-165	0	0	Green	The reduction in grass verge maintenance will be implemented in 14-15 resulting in savings on contract hire and staffing costs. It is anticipated that the saving will be made in full in 14-15.
E&E043	Grounds maintenance: Annualised hours	0	-81	0	Green	A consultation pack on changes to working patterns, including the introduction of annualised hours, is being prepared. The consultation with staff will commence in Quarter 2 14-15, with a view to implementing annualised hours by the end of 14-15.
E&E046	Review fine turf service standards	-29	0	0	Green	An in house team provides maintenance to keep turfed areas, primarily sports / football pitches in good condition to enable them to be hired out. In February, Cabinet agreed a 2% increase in pitch fees and the service aims to increase the marketing and promotion of such facilities to generate further income.
E&E058	Procurement Savings - others	-273	0	0	Green	Every effort is being made to achieve this target despite the challenge. Sources of savings are currently being identified and it is anticipated that the saving will be made in full in 14/15.

MTFS 2014/15 to 2016/17 – Savings
Appendix 2

Item No		2014-15	2015-16	2016-17	2014-15	
		£000	£000	£000	RAG Status	Comments
E&E 008 14/15	Budget Realignments for Parking Services (Income re-alignment, no staff impact) Based on the review of historical performance, enforcement of parking and traffic offences for traffic management reasons in 2012/13 recovered more than the budgeted figure.	-700	0	0	Green	The achievement of this saving is dependent on the outcome of the government consultation in relation to local authority parking.
E&E 009 14/15	Textiles Recycling Additional income generated from textiles recycling contract.	-10	0	0	Green	New 4 year contract has been signed in August 2013 with a better price per tonne as a result of favourable market prices for textiles. Based on the income for Periods 1-6, the additional income will be achieved in full.
E&E 010 14/15	Increase in income relating to leisure centre car parks Increase in leisure centre parking income	-300	0	0	Red	Implementation is not expected until later in the year. A forecast increase in enforcement, CPZ and parking income will mitigate the shortfall in 14-15.
	Total Environment & Enterprise Savings	-1,926	-514	0		
	COMMUNITY, HEALTH AND WELLBEING					
	Adults Services					
CHW013	Contract Management - efficiencies	-100	0	0	Green	Expected to be realised and will be evidenced by balanced Purchasing budget at year end. However given the increases in referrals and costs associated with complexity of care, and forecast outturn variance this may be difficult to evidence. Potentially this will be delivered through: 1) Managing inflation £500k 2) Renegotiation of the supported accommodation contracts at Canning Rd / Parkside Way - £50k 14/15 (£100k full year effect)

MTFS 2014/15 to 2016/17 – Savings
Appendix 2

Item No		2014-15	2015-16	2016-17	2014-15	
		£000	£000	£000	RAG Status	Comments
CHW015	West London Alliance (WLA) Joint Procurement: Approved Provider Credition (APC) Residential Care	-100	0	0	Green	Savings on target to be delivered. Tracking of placements made through the West London Alliance (WLA) will evidence savings delivered throughout the year
CHW017	Voluntary Sector Funding. Reversal of 2012/13 growth	-100	0	0	Green	Achieved
CHW018	Voluntary Sector Funding	-200	0	0	Green	Achieved
CHW019/20	Reduction in use of residential placements for the most complex, by investing in community placements.	-1,500	0	0	Amber	Plan developed and being monitored weekly. Impact of increased volume of referrals and complexity of care required to support service users may impact the ability to fully deliver savings which were predicated on the basis of costs of care being provided at lower cost in the community. Anticipate savings being delivered through a mix of the following: 1) Moves to sheltered accommodation 2) Towards Independence (Shared lives) 3) Increased community placements 4) Management of Ordinary Residence and appropriate reviews of health cases 5) Managing inflation (via WLA) to assist delivery of MTFS £500k
CHW021	Day Care Strategic Review	-300	0	0	Green	savings on target to be delivered

MTFS 2014/15 to 2016/17 – Savings
Appendix 2

Item No		2014-15	2015-16	2016-17	2014-15	
		£000	£000	£000	RAG Status	Comments
CHW022	Purchasing Budget [community based efficiencies]. Market development providing greater choice in services leading to reductions in cost.	-1,000	0	0	Amber	Plan developed and being monitored weekly. Latest evidence indicates that the some of the costs of complex care provided in the community are more costly than originally estimated. Anticipate savings being delivered through a mix of the following: 1) PB clawback 2) External day care converted to PB's 3) Home Care 2 project 4) Market development (10%) resulting in increased choice and therefore lower costs 5) Top 50 community packages 6) Innovative care solutions i.e. CSV
CHW023	Commissioning Staff. Review of staffing structures.	-300	0	0	Amber	Restructure in progress and expected to be fully implemented by 1/12/14. Impact of delay in implementing will be compensated by variations on other budgets
CHW024	Share Complaints team with another local authority and/ or aggregate within Council. Originally intended these savings would be delivered through a shared service approach which will continue to be explored but may be accommodated within wider staff changes as appropriate to deliver the savings.	-104	0	0	Green	Achieved and delivered
CHW025	Sharing of Joint Assessment Team with another local authority. Originally intended these savings would be delivered through a shared service approach which will continue to be explored but may be accommodated within wider staff changes as appropriate to deliver the savings.	-93	0	0	Green	Assumed £50k delivered via charges for managing client finances, although latest indications suggest that compensatory savings may necessary to fully deliver saving. Restructure in progress and expected to be fully implemented by 1/12/14

MTFS 2014/15 to 2016/17 – Savings
Appendix 2

Item No		2014-15	2015-16	2016-17	2014-15	
		£000	£000	£000	RAG Status	Comments
CHW028	Supporting People - targeted efficiency savings through specific contracts	-1,324	0	0	Green	Savings fully delivered through efficiencies and renegotiated contracts
CHW032	Meals on Wheels. Review options for service provision.	-190	0	0	Green	Plans in place. Ongoing monitoring will evidence achievement of savings as per plan.
	Total Adults Savings	-5,311	0	0		
	Housing					
CHW004	Homelessness [100 families & anticipated B&B HB changes). Savings from 2012-13 MTFS assumed to arise from increased subsidy for B&B placements which did not actually materialise.	-100	0	0	Red	A review of activity levels during 2013-14 showed some 30 families were provided with accommodation, thereby avoiding the requirement to use B&B. This resulted in the achievement of B&B savings for 2013-14. The same review however identified extraordinary growth for temporary accommodation over and above that anticipated at the time of budget construction due primarily to uncertainties around the timing and content of the Government's Welfare Reforms. Although a number of initiatives to mitigate the cost of B&B are being considered, political ascent is required before they are reported and implemented. The same applies to CHW047 below.
CHW037	Housing Needs - Private Sector Leasing Scheme. Income generation	-25	0	0	Amber	Considered achievable at this stage
CHW038	Housing Service Efficiency Review. Saving in staffing costs	-70	0	0	Green	On target
CHW041	Invest to Save - cash incentives. Used to free up HRA properties to house families from the waiting list. Savings result from reduced B&B expenditure.	-48	0	0	Green	On target
CHW047	Empty Homes Initiative. Reduced cost of temporary accommodation as a result of bringing empty properties back into use.	-300	0	0	Green	Expenditure on B&B has been reduced as a result of the empty home initiative. The extraordinary growth in families seeking temporary accommodation has however obscured the achievement of this saving.

MTFS 2014/15 to 2016/17 – Savings
Appendix 2

Item No		2014-15	2015-16	2016-17	2014-15	
		£000	£000	£000	RAG Status	Comments
	Total Housing Savings	-543	0	0		
	Community and Culture					
CHW048	Cultural Services review of structure	-15	0	0	Green	Achievable - 3rd year of payment protection
CHW051	Library Volunteers. Support provided by volunteers.	-40	0	0	Red	Historic MTFS item related to library volunteers that is no longer relevant under new contract with Carillion. New saving identified under self service at Hatch End library, however this could only be implemented by late October at the very earliest and would require agreement with the new contractor.
CHW053	Cultural Strategy Review efficiencies - savings subject to tender with Ealing & Brent	-400	0	0	Green	This saving is split between, £135k split over libraries and leisure contracts and £265k managed through a grant saving.
CHW055	Reduce Adult Learning Subsidy. Services to be funded by grant.	-50	0	0	Green	To be achieved
CHW056	Reduce subsidy to harrow young musicians	-10	0	0	Green	To be achieved
CHW062	Deletion of post supporting community festivals	-48	0	0	Green	Achieved - postholder left 2013. Restructure not yet carried out.
	Total Community & Culture savings	-563	0	0		
	Public Health					
CHW068	Further Public Health Efficiencies. Funding existing Council revenue funded services.	-100	0	0	Green	On target
CHW009 14/15	Reduction in Council's Contribution to Public Health Budget	-250			Green	On target
	Total Public Health	-350	0	0		
	Total Community, Health & Wellbeing	-6,767	0	0		

MTFS 2014/15 to 2016/17 – Savings
Appendix 2

Item No		2014-15	2015-16	2016-17	2014-15	
		£000	£000	£000	RAG Status	Comments
	RESOURCES					
	Customer Services					
RES027	Use of Artificial Intelligence to divert switchboard calls. Reducing use of staff, introduced in 2013-14 with full year impact of saving in 2014-15	-60	0	0	Green	Delivered -Artificial switchboard is in place, staffing has been reduced accordingly
RES029	Further channel shift through roll out of My Harrow account. Reduction in Access Harrow staffing resulting from self serve via MHA, website and IVR	-60	-60	0	Green	Delivered-60,000+ MHA accounts handle 14,000+ enquiries per month. Staffing levels have been reduced.
RES030	Close Face to Face (F2F) and Telephony Channels for Public Realm Enquiries. Over a 3 year period close face to face contact in Access Harrow for Public Realm queries and migrate to Internet contact.	-30	-70	-50	Green	Delivered-TE project delays mean that full functionality is not available, however staffing levels have been reduced.
RES031	Reconfigure One Stop Shop to self-serve area and close F2F (face to face) advice	-100	-190	-100	Green	Delivered -Face to face appointments reduced by 61% in 2013/14 with further 20% reduction due in 2014/15. Staff reduced in line with expectations.
RES045	Print Contract Savings. Letting of contract for printers and photocopiers at lower cost.	-100	0	0	Green	Delivered - Based on the new contract. However, there is still an uncertainty around the cost of annodata decommissioning and outstanding invoices, however the expectation is that this will be covered by an accrual & carry forward from 13/14.
	Strategic Commissioning					
RES036	Merger of Corporate Performance Team and Service Performance Team, reducing staffing. Merging of two management posts undertaking similar specialisms across the council to one single Business Intelligence team and the delivery of the new operating model (next saving).	-93	0	0	Green	Delivered

MTFS 2014/15 to 2016/17 – Savings
Appendix 2

Item No		2014-15	2015-16	2016-17	2014-15	
		£000	£000	£000	RAG Status	Comments
RES038	Performance, Research & Analysis Business Case and New Operating Model Strategic Commissioning. Aggregation of posts undertaking similar specialisms across the council to one team which is then reduced to deliver the saving through a more efficient delivery of the service.	-97	0	0	Green	Delivered
RES040	Communications - reduction in number of campaigns. This is a reduction in the contract price for the next two years agreed with Westco.	-46	0	0	Green	Delivered
	HRD					
RES042	Reduction in HRD posts. Deletion of 2 posts.	0	-75	0	Green	On target
RES046	Cessation of External recruitment Advertising. Reduce the volume of recruitment advertising in journals and papers and increase use of internet advertising including the council's own site	-75	0	0	Green	On target to Deliver
	Internal Audit					
RES048	Reduce co-sourcing budget. Reduce the use of external partners to provide specialist support to audit.	-16	0	0	Green	Delivered
	Insurance Service					
RES053	Reduced broker fees through more in-house handling and increased income on third party insurance schemes	-3	0	0	Green	On target through increased handling of injury claims in-house. Current savings in 2014/15 £4,268.
RES058	Deletion of Corporate Risk Management Support Service. Deletion of post in 2013.	-30	0	0	Green	Delivered

MTFS 2014/15 to 2016/17 – Savings
Appendix 2

Item No		2014-15	2015-16	2016-17	2014-15	
		£000	£000	£000	RAG Status	Comments
RES059	Cross Council Insurance Claims. Reduce cost of insurance claims against the Council by better risk management.	-70	0	0	Green	On target through several initiatives: 1) A pro-active approach to injury claims handled in-house is resulting in fewer claimants resorting to instructing solicitors. In 2013/14 there were seven such claims delivering typical savings of £10k per claim. 2) Joint working with Health & Safety and Waste Management has resulted in funding being made available for four way cameras on the refuse fleet, which is expected to lead to claim savings.3) A project is underway to mitigate the cost of tree root claims against the Council.
RES060	Reduced Contribution to Insurance Provision. Reduce cost of insurance claims against the Council by better risk management.	-100	0	0	Green	On target
	Legal & Governance					
RES068	E-canvass Project. Reduced staffing following electronic canvas.	-20	0	0	Green	waiting for commentary from department
RES072	Increase to Registrars Fee Income Target. Income budget reduced in 2012-13 to reflect actual received, additional income to be received from 2013-14.	-100	0	0	Green	waiting for commentary from department
	Corporate Finance					
RES073	Finance restructure. Reduced staff costs.	-300	0	0	Green	Saving has been built into the budget and saving is on track to be delivered in full.
	Collections and Benefits					
RES078	Deletion of 4 FTE posts in Housing Benefits	0	-140	0	Red	Delays in the implementation of Universal Credit put this saving at risk.
RES080	Staff reductions to match DWP Admin grant reduction	-48	0	0	Green	Delivered

MTFS 2014/15 to 2016/17 – Savings
Appendix 2

Item No		2014-15	2015-16	2016-17	2014-15	
		£000	£000	£000	RAG Status	Comments
RES081	Concessionary Travel - Changes to Transport for London (TFL) grant distribution. Reallocation of levy costs between London Boroughs.	-102	0	0	Green	Delivered
RES082	Revenues Staffing Reductions	0	0	-40	Green	On target
RES083	Housing Benefits Staffing Reductions as Benefits moves to DWP. Reduced staffing required as Housing Benefits transfers to Universal Credit and is no longer administered by Harrow.	0	0	-125	Red	Delays in the implementation of Universal Credit put this saving at risk.
RES 003 14/15	To delete the post of Chief Executive and associated business support	-280	0	0	Green	Delivered
	Total Resources Savings	-1,730	-535	-315		
	CORPORATE					
Tech 029	Terms and conditions. Savings arising from renegotiated terms and conditions with staff.	-268	-187	-31	Green	Delivered
Tech 002 14/15	Saving in use of Consultants across the Council	-250	0	0	Green	Built into 2014-15 budget
	Total Corporate	-518	-187	-31		
	Total	-12,939	-1,236	-346		

Debt Management 2014/15

Council Tax

Currently, bad debt provisions (BDP) of £4.590m exist [~~£4.898m~~- £0.308k; w/off done 01/04/14-30/09/14] for Council Tax against a potential BDP of £4.109m for debts accrued to 31 March 2014.

COUNCIL TAX	Arrears as at 1 st of April	Arrears as at Qtr2	BDP	BDP as at Qtr2
	£000	£000	%	£000
Pre 2008-2019	654	590	100	590
2010-2011	566	513	100	513
2011-2012	707	649	100	649
2012-2013	1,015	879	100	879
2013-2014	3,131	1,970	75	1,478
2014-2015	n/a	n/a	65	0
Total	6,073	4,601		4,109

National Non Domestic Rates (NNDR)

Currently, bad debt provisions of £2.235m [~~£2.496m~~- £0.261k; w/off done 01/04/14 to 30/09/14] exist for business rates (NNDR) against a potential BDP of £2.488m. Under Business Rates retention, the effect on the local authority is 30% of any surplus or deficit.

NATIONAL NON DOMESTIC RATES (NNDR)	Arrears as at 1 st of April	Arrears as at Qtr2	BDP	BDP as at Qtr2
	£000	£000	%	£000
Pre 2013-2014	1,262	936	100	936
2013-2014	2,101	1,552	100	1,552
2014-2015	n/a	n/a	50	
Total	3,363	2,488		2,488

Council Tax and Business Rates Court Cost

Currently, bad debt provisions (BDP) of £950k (**CT £850k+ NDR £100k**) exists for Court Costs against a potential BDP of £1018k. From previous years trends, this amount of provision appears to be adequate and in line with our overall provisions policy.

Court Cost	Arrears as at 1 st of April	Arrears as at Qtr2	BDP	BDP as at Qtr2
	£000	£000	%	£000
Pre 2011-2012	235	207	100	207
2011-2012	129	116	100	116
2012-2013	190	158	75	118
2013-2014	616	478	60	286
2014-2015	0	582	50	291
Total	1,170	1,541		1018

Housing Benefits

Currently, bad debt provisions of £2.930m [**£3.936m**- £1,006m w/off's 1/4/14 to 30/09/14] exist for Housing Benefit overpayment debt against a potential BDP of £3.595m (£2,289m + £1,306m = £3,595m). It is anticipated, at this stage, that the shortfall in provision will be funded from the subsidy on overpayments.

Housing Benefit DEBTORS	Outstand as at 1 st of April	Outstand as at Qtr2	BDP	BDP as at Qtr2
	£000	£000	%	£000
Pre 2012-2013	1,204	864	100	864
2012-2013	764	479	100	479
2013-2014	1,882	986	50	493
2014-2015	0	1,510	30	453
Totals	3,850	3,839		2,289

Housing Benefit LIVE CASES	Outstand as at 1 st of April	Outstand as at Qtr2	BDP	BDP as at Qtr2
	£000	£000	%	£000
Pre 2012-2013	413	290	100	290
2012-2013	596	397	75	298
2013-2014	1,395	796	50	398
2014-2015	0	1,064	30	320
Totals	2,404	2,547		1,306