

MEDIUM TERM FINANCIAL STRATEGY 2015/16 to 2018/19

	2014/15	2015/16	2016/17	2017/18	2018/19
	£000	£000	£000	£000	£000
Budget Requirement Brought Forward		174,426	167,381	154,373	146,247
Corporate & Technical		5,887	10,867	10,037	12,979
Community Health and Wellbeing		-2,021	1,866	-100	0
Children and Families		-1,469	413	0	0
Environment and Enterprise		-4,500	-1,676	-775	-264
Resources		-2,713	-1,060	-1,652	-1,345
Pan Organisation & Business Support Service		-2,230	-220	-350	-2,000
Total		-7,046	10,190	7,160	9,370
FUNDING GAP		0	-23,198	-15,286	-13,899
Total Change in Budget Requirement		-7,046	-13,008	-8,126	-4,529
Revised Budget Requirement	174,426	167,381	154,373	146,247	141,718
Collection Fund Deficit/-surplus	-1,676	-1,900	0	0	0
Revenue Support Grant	-42,628	-32,034	-20,388	-11,548	-6,174
Top Up	-20,546	-20,939	-21,375	-21,986	-22,727
Retained Non Domestic Rates	-14,509	-14,012	-14,012	-14,012	-14,012
Amount to be raised from Council Tax	95,067	98,496	98,598	98,702	98,804
Council Tax at Band D	£ 1,210.28	£ 1,234.36	£1,234.36	£1,234.36	£1,234.36
Increase in Council Tax (%)	0.00%	1.99%	0.00%	0.00%	0.00%
Tax Base	78,550	79,795	79,878	79,962	80,045
Collection rate	97.50%	97.50%	97.50%	97.50%	97.50%
Gross Tax Base	80,565	81,841	81,927	82,012	82,098

MTFS 2015/16 to 2018/19 – Proposed investments / savings

TECHNICAL BUDGET CHANGES		Proposed			
		2015/16	2016/17	2017/18	2018/19
Item No		£000	£000	£000	£000
MTFS Proposals Agreed in February 2014					
Capital and Investment					
Tech 001	Capital financing costs and investment income. Increased Minimum Revenue Provision costs of the capital programme and interest on balances changes	310	841	0	0
Total Capital and Investment Changes		310	841	0	0
Grant Changes					
Tech 002	New homes bonus - Top slice of New Homes Bonus to fund the London Local Enterprise Partnership (LEP) announced in Comprehensive Spending Review (CSR) 2013	1,200	-345	0	0
Tech 004	Education Support Grant. New grant in relation to Local Education Authority (LEA) functions, previously included in formula Grant	1,500	200	0	0
Tech 005	Council Tax Freeze Grant. Payable for setting 0% Council Tax increase 2015-16	-1,068	0	0	0
	S 31 Grant to replace Business Rates lost as a result of temporary reliefs to ratepayers Assumed end to scheme	375	0	0	0
Total Grant Changes		2,007	-145	0	0
Other Technical Changes					
Tech 012	Freedom Pass Levy increase. Cost of Freedom passes charged to Harrow by Transport for London	360	370	0	0
Tech 018	Budget planning contingency.	3,000	3,000	0	0
Tech 020	Saving from formula change on freedom passes - agreed at London Councils Transport and Environment Committee in December 2012 Reallocation of costs between London boroughs giving Harrow a reduction in costs	-81	-81	0	0
Total Other Technical Changes		3,279	3,289	0	0
Pay and Inflation					
Tech 023	Pay Award @ 1% 2014-15, then 2% pa	1,850	1,850	0	0
Tech 024	Employer's Pension Contributions. Increase in employer contribution rate to meet pension fund deficit	400	400	0	0
Tech 025	Inflation on goods and services @ 1.3% p.a.	1,210	1,210	0	0
Total Pay and Price Inflation		3,460	3,460	0	0
CROSS CUTTING TRANSFORMATION PROGRAMME					
Tech 029	Staff Terms and Conditions. Phasing out of protection on terms and conditions changes agreed with Staff from January 2013.	-187	-31	0	0
Total Transformation		-187	-31	0	0
Net Proposals Agreed in February 2014		8,869	7,414	0	0
Additional Changes now Proposed					
Capital and Investment					
	Capital financing costs and investment income Increased Minimum Revenue Provision costs of the capital programme and interest on balances changes	164	1,621	2,095	4,731
	Neighbourhood Investment Scheme	210	0	0	0
Total Capital and Investment Changes		374	1,621	2,095	4,731
Grant Changes					
	New Homes Bonus - Reduction in the top slice of New Homes Bonus to fund the London LEP per latest estimates and increase in number of new homes	-944	195	325	579
	Education Support Grant. Delay in the reduction in grant utilising latest projected pupil numbers and projected conversions to academies.	-1,120	345	545	545
	Council Tax Freeze Grant 2014-15 Grant ended as now consolidated into RSG	1,068			

MTFS 2015/16 to 2018/19 – Proposed investments / savings

TECHNICAL BUDGET CHANGES		Proposed			
		2015/16	2016/17	2017/18	2018/19
Item No		£000	£000	£000	£000
	Council Tax Freeze Grant 2015-16 Grant will not be received as Council Tax is increasing	1,068	0	0	0
	S 31 Grant Anticipated Grant to replace Business Rates lost as a result of temporary reliefs to ratepayers	-600	0	0	0
	Total Grant Changes	-528	540	870	1,124
	Other Technical Changes				
	Freedom Pass Levy increase. Cost of Freedom passes charged to Harrow by TfL - revised 2015-16 figure and extension to additional years of MTFS	-89	0	380	390
	Chief Executive post Cost of reinstating post	182	0	0	0
	Budget planning contingency Removal of budget in 2015-16 as budget proposals are now known. Extension to last 2 years of the MTFS	-3,000	0	3,000	3,000
	Contingency increase Increase of general contingency from £921k to £1.248m to reflect the additional risks around welfare reform	327	0	0	0
	Welfare Reform contingency from savings on Council Tax Support scheme	0			
	Total Other Technical Changes	-2,580	0	3,380	3,390
	Pay and Inflation				
	Pay Award @ 1% 2014-15, then 2% pa Recalculation of base and extension to 2 additional years MTFS	-50	-50	1,800	1,800
	Saving on pay award Jan 15 2.23% Estimated saving on the cost of the 2014-15 and 2015-16 pay awards compared to the previously budgeted amounts	-700	0	0	0
	Employer's Pension Contributions lump sum increases agreed with actuary Required to reduce the pension deficit	442	182	622	664
	Inflation on goods and services @ 1.3% p.a. Rebasing inflation and extension to 2 additional years of MTFS	60	60	1,270	1,270
	Increase in cost of NI for contracted out employees Ending of contracted out rebate - 3.4% on applicable salary range	0	1,100	0	0
	Total Pay and Price Inflation	-248	1,292	3,692	3,734
	Total Changes now Proposed	-2,982	3,453	10,037	12,979
	Total Corporate & Technical	5,887	10,867	10,037	12,979

MTFS 2015/16 to 2018/19 – Proposed investments / savings

CHILDREN'S SERVICES		Proposed			
Item No		2015/16	2016/17	2017/18	2018/19
		£000	£000	£000	£000
	MTFS Proposals Agreed in February 2014				
	Investment in Services				
CF 001	Increase in Children Looked After (CLA) placement budgets reflecting growth in child population and changing demographic	178	178	0	0
CF 002	Increase in Children with Disabilities (CWD) client costs reflecting growth in child population	82	82	0	0
CF 003	Increase in staffing costs reflecting growth in child population and changing demographic	153	153	0	0
	Total Investment in Services	413	413	0	0
	Net Proposals Agreed in February 2014	413	413	0	0
	Additional Savings and Growth now Proposed				
	See Detail in Appendix 2	-1,882	0	0	0
	Net Children & Families	-1,469	413	0	0

MTFS 2015/16 to 2018/19 – Proposed investments / savings

ENVIRONMENT & ENTERPRISE		Proposed			
Item No		2015/16	2016/17	2017/18	2018/19
		£000	£000	£000	£000
MTFS Proposals Agreed in February 2014					
Investment in Services					
E&E011 14/15	Parking review - New proposal for 20 minute free parking	100	0	0	0
E&E005	CCTV camera income decline	70	56	0	0
E&E008	West London Waste Authority (WLWA) Levy / Dry Recyclables Income	677	708	0	0
Total Investment in Services		847	764	0	0
Savings					
E&E011	Public Realm Integrated Service Model (PRISM) efficiencies. Towards Excellence Programme efficiencies	-375	0	0	0
E&E023	Consolidation of Civic Centre accommodation to secure utility cost savings. Transformation Project	-58	0	0	0
E&E043	Grounds maintenance: Annualised hours	-81	0	0	0
Total Environment & Enterprise Savings		-514	0	0	0
Net Proposals Agreed in February 2014		333	764	0	0
Additional Savings and Growth now Proposed					
See Detail in Appendix 2		-4,833	-2,440	-775	-264
Net Environment & Enterprise		-4,500	-1,676	-775	-264

MTFS 2015/16 to 2018/19 – Proposed investments / savings

COMMUNITY, HEALTH AND WELLBEING		Proposed			
Item No		2015/16	2016/17	2017/18	2018/19
		£000	£000	£000	£000
	MTFS Proposals Agreed in February 2014				
	Investment in Services				
	Adults				
CHW001	Demographic Growth. Costs associated with increased demand for eligible users	2,800	2,500	0	0
	Community & Culture				
CHW010 14/15	Under One Sky, celebrating with the 60th anniversary theme – one-off extra £10k	-10	0	0	0
	Total Investment in Services	2,790	2,500	0	0
	Savings				
	Community and Culture				
CHW050	Libraries Transformation 2 Impact of final contract negotiations around profit share and short term use of Civic Centre by contractor	-18	0	0	0
	Total CHW Savings	-18	0	0	0
	Net Proposals Agreed in February 2014	2,772	2,500	0	0
	Additional Savings and Growth now Proposed				
	See Detail in Appendix 2	-4,793	-634	-100	
	Net Community, Health & Wellbeing	-2,021	1,866	-100	0

MTFS 2015/16 to 2018/19 – Proposed investments / savings

RESOURCES		Proposed			
		2015/16	2016/17	2017/18	2018/19
Item No		£000	£000	£000	£000
MTFS Proposals Agreed in February 2014					
Investment in Services					
Strategic Commissioning					
RES009	Experian & LIS. Addition of new census data into LIS system and update of Experian profiles. Reversal of 1 off growth	-25	0	0	0
Collections and Benefits					
RES019	Department for Work and Pensions (DWP) Housing Benefit Reduction in Administration Grant. Following the introduction of Universal Credit administered by central government.	250	500	0	0
RES020	Loss of Housing Benefits Overpayments Income Stream. To reflect lower surplus currently being achieved and loss of the income stream following the introduction of Universal Credit administered by central government.	200	320	0	0
Total Investment in Services		425	820	0	0
Savings					
Customer Services					
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	0	0	0
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.	-70	-50	0	0
RES031	Reconfigure One Stop Shop to self-serve area and close F2F (face to face) advice	-190	-100	0	0
HRD					
RES042	Reduction in HRD posts. Deletion of 2 posts.	-75	0	0	0
Collections and Benefits					
RES078	Deletion of 4 FTE posts in Housing Benefits	-140	0	0	0
RES082	Revenues Staffing Reductions	0	-40	0	0
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	-125	0	0
Total Resources Savings		-535	-315	0	0
Net Proposals Agreed in February 2014		-110	505	0	0
Additional Savings and Growth now Proposed					
See Detail in Appendix 2		-2,603	-1,565	-1,652	-1,345
Net Resources		-2,713	-1,060	-1,652	-1,345

MTFS 2015/16 to 2018/19 – Proposed investments / savings

Pan Organisation & Business Support Service		Proposed			
		2015/16	2016/17	2017/18	2018/19
Item No		£000	£000	£000	£000
	Additional Savings and Growth now Proposed				
	Pan Organisation -See Detail in Appendix 2	-1,500	-220	-350	-2,000
	Business Support Service - See Detail in Appendix 2	-730			
	Net Pan Organisation & BSS	-2,230	-220	-350	-2,000