

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 | | | |
|---|--|---------------|---------------|---------------|---------------|
| Item No | | 2015/16 | 2016/17 | 2017/18 | 2018/19 |
| | | £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 | | | |
|--|--|-----------------|----------------|----------------|----------------|
| Item No | | 2015/16 | 2016/17 | 2017/18 | 2018/19 |
| | | £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 |