
REPORT FOR: CABINET

Date of Meeting:	13 February 2020
Subject:	Revenue and Capital Monitoring 2019/20 - as at Quarter 3 (31 st December 2019)
Key Decision:	Yes
Responsible Officer:	Dawn Calvert, Director of Finance
Portfolio Holder:	Councillor Adam Swersky, Portfolio Holder for Finance and Resources.
Exempt:	No
Decision subject to Call-in:	Yes
Wards affected:	All wards
Enclosures:	Appendix1 - Summary 2019/20 Revenue Budget Forecast by Directorate. Appendix 2 - Analysis of Revenue Budget Movement From the Approved Budget February 2019. Appendix 3 - Draw Down From Reserves and Cross Divisional Adjustments Including One-Off Income. Appendix 4 - 2019/20 Savings Tracker. Appendix 5 - Capital Programme 2019/20. Appendix 6 - Council Trading Company Update 2019/20.

Section 1 – Summary and Recommendations

This report sets out the Council's forecast financial position as at Quarter 3 (31st December 2019) and seeks approval for Capital Programme adjustments.

Recommendations:

1. That Cabinet notes the revenue and capital forecast positions as set out in paragraphs 1.1 and 1.2.
2. That Cabinet approve the proposed addition to the Capital Programme as set out in paragraph 3.51.
3. That Cabinet note progress on the Council's Trading Company as detailed in Appendix 6.

Reason: (For recommendations)

To report the 2019/20 forecast financial position as at Quarter 2 (30th September 2019), to update Cabinet on the progress of the 2019/20 Revenue budget and Capital Programme and to seek approval for an adjustment to the Capital Programme which requires Cabinet approval in accordance with the Authority's Financial Regulations.

Section 2 – Report

1.0 INTRODUCTION

- 1.1 At Quarter 3, the net forecast overspend on the revenue budget is £940k. This is an increase of £686k on the Quarter 2 position.
- 1.2 The Capital Programme is reporting a forecast spend of £124.551m against a budget of £318.898m.

2.0 REVENUE MONITORING

- 2.1 The revenue forecast overspend at Quarter 3 is £940k.
- 2.2 Table 1 below sets out the summary of the Quarter 3 position and the forecast by division is set out in Appendix 1:

Table 1: Summary of Revenue Budget Monitoring – Quarter 3

Approved Budget as at Feb 2019	Directorate	Revised Budget	Forecast Spend	Draw Down From Reserves	Cross Divisional Adjustments Including one-off Income	Net Forecast Spend at Quarter 3	Quarter 3 Variance	Quarter 2 Variance	Movement between Q2 and Q3
£000		£000	£000	£000	£000	£000	£000	£000	£000
37,231	Resources	38,376	40,663	(1,135)	(559)	38,969	593	514	79
	Community								
15,590	Commissioning, Environment and Culture	15,967	21,323	(727)	(863)	19,733	3,766	3,060	706
3,849	Housing General Fund	4,530	5,403	(153)	(720)	4,530	-	-	-
928	Regeneration, Enterprise and Planning	1,048	2,413	-	(1,365)	1,048	-	-	-
20,367	Total Community	21,545	29,139	(880)	(2,948)	25,311	3,766	3,060	706
	People								
62,226	Adults	61,904	67,445	(1,177)	(4,364)	61,904	0	97	(97)
(1,814)	Public Health	(1,814)	(903)	(911)	-	(1,814)	-	-	-
32,591	Children's Services	33,097	34,007	-	-	34,007	910	774	136
93,003	Total People Directorate	93,187	100,549	(2,088)	(4,364)	94,097	910	871	39
150,601	Controllable Budget	153,108	170,351	(4,103)	(7,871)	158,377	5,269	4,445	824
	Corporate and Technical								
4,976	Corporate Items	4,976	4,618	-	-	4,618	(358)	(347)	(11)
1,248	Corporate Contingency	1,248	-	-	-	-	(1,248)	(1,248)	-
17,396	Technical and Corporate Adjustment	14,889	12,455	-	-	12,455	(2,434)	(2,307)	(126)
(3,100)	Use of Capital Receipts	(3,100)	(3,100)	-	-	(3,100)	-	-	-
	One-off Income After Budget Setting		(289)	-	-	(289)	(289)	(289)	-
20,520	Total Corporate and Technical	18,013	13,685	-	-	13,685	(4,329)	(4,191)	(137)
	Uncontrollable Budget	(4,040)	(4,040)	-	-	(4,040)	-	-	-
167,081	Total Budget	167,081	179,996	(4,103)	(7,871)	168,022	940	254	686

RESOURCES

2.4 At Quarter 3, the directorate is forecasting an overspend of £593k. An increase in forecast overspend of £79k from Quarter 2:

Table 2: Resources Directorate Variance

Revised Budget	Net Forecast Spend At Quarter 3	Quarter 3 Variance	Quarter 2 Variance	Movement Between Q3 and Q2 Variance
£'000	£'000	£'000	£'000	£'000
38,376	38,969	593	514	79

2.5 Human Resources (HR) are reporting a £204k overspend. The overspend relates to the cost of interim staff engaged to manage the transfer of the HR service back in house following the cessation of the contract with Buckinghamshire County Council on the 30th September 2019.

- 2.6 The Strategy Division is reporting an overall £481k overspend, which is £20k lower than the result reported in Quarter 2. The variance reflects a £300k overspend on communications. The remaining overspend of £180k relates to the loss of income from schools and additional staff cost required to meet the organisational demand.
- 2.7 Procurement are forecasting an overspend of £103k, which reflects additional agency staff required in order to meet the council's demand for procurement support. There is no change from Quarter 2.
- 2.8 Finance are reporting £43K overspend in Q3. The variance relates to an increase in Parking TPO (Ticket Processing Office) cost. The variance movement of £98k from the underspend position reported in Q2 is mainly due to Revenues and Collections being reported now within the Finance structure and other small variances across the division
- 2.9 The Customer Services and Business Support service are projecting a net overspend of £31k as at Q3. The overspend relates mainly to delayed Access Harrow MTFs savings, which will now be delivered in 2020/21. The position at Q3 is a £25k decrease in overspend which is due to Revenues and Collections section now being reported within the Finance division.
- 2.10 The Management section is reporting £13k overspend in Q3 which relates to New Local Government Network subscription cost, this is a change from the balanced position reported in Q2
- 2.11 The above overspends are partly mitigated by a net underspend of (£228K) in Legal and Governance which reflects additional projected income from Land Charges and Registration Services due to high demand and small underspends across the legal practice. The forecast is £63k lower than reported in Q2, which relates to revised income from Registration services and additional election costs.
- 2.12 Assurance are also reporting an overall (£53k) underspend which relates to delayed recruitment across the team, this has increased by £46k from Q2

COMMUNITY

At Quarter 3, the Community directorate is forecasting an overspend of £3.766m. This is an increase of £706k when compared to Quarter 2.

Table 3: Community Directorate Variance

Service	Revised Budget	Net Forecast Spend at Quarter 3	Quarter 3 Variance	Quarter 2 Variance	Movement between Q3 and Q2
	£'000	£'000	£'000	£'000	£'000
Environment & Culture	21,267	22,201	934	917	17
Commissioning & Corporate Estate	(5,489)	(2,657)	2,832	2,143	689
Directorate Management	189	189	0	0	0
Housing General Fund	4,530	4,530	0	0	0
Regeneration, Enterprise and Planning	1,048	1,048	0	0	0
Total	21,545	25,311	3,766	3,060	706

Environment and Culture

2.13 Environment and Culture is forecasting an overspend of £934k and the variances are detailed as follows:

- Due to staff absences within the directorate, interim management arrangements have been put in place which results in forecast additional staffing costs of £185k and increase of £17k from Quarter 2.
- Due to unfavourable market prices for dry recyclables, the level of revenue rebate achieved from the sales of recyclates has been low. This results in a forecast pressure of £447k in the waste disposal budget.
- Within the MTFs, there is a saving target of £150k in relation to route optimisation for food waste collection. Food waste in flats was introduced as part of the Waste Review. The collection of food waste from flats is contained within existing crews rather than introducing an additional collection round, through optimising routes. As a result, it is not possible to reduce the number of food waste rounds as originally intended from the MTFs proposal.
- In Waste Management, there is an income budget of circa £2m, the achievement of which is reliant on the uptake of various discretionary services. In Quarter 3, the forecast identifies a net income shortfall of £30k primarily relating to the sale of bio bags.
- Health & Safety SLA income is subject to take up by schools. There has been a drop in the number of schools taking up this service, resulting in income under achievement estimated at £52k
- There is a MTFs target of £150k for Harrow Art Centre in 2019/20. The saving was originally expected to be achieved through additional hire income from the increase in room lettings facilities. There has been a delay in progressing the capital works on which the income generation depends. Mitigations have been identified to achieve around £80k of this saving through the projected increase in income from performances and existing

room hire. Therefore, a forecast under-achievement of £70k is reported. This is forecast to be achieved in full in 2020/21

Commissioning and Commercial Services

2.14 Commissioning and Commercial services forecast an over spend of £2.832m, an increase of £689k. The main variances are detailed as follows:

- Facilities Management reports an adverse variance of £1.902m (a movement of £550k from Quarter 2). There is a forecast adverse variance on school cleaning SLAs account of £805k. There is also an under achievement of income totalling £55k on other FM services provided to schools under SLAs as a result of the reduced uptake by schools and academies. The costs of corporate building cleaning have increased since the change of contractual arrangements last year. This is coupled with the cost pressure on responsive repairs, which is forecast to overspend by £1.060m overall. Works are on-going to review FM costs to provide a better understanding of the baseline and the development of an action plan to reduce pressure.
- Parking Services and Network Management forecast an overall adverse variance of £529k (a movement of £134k from Quarter 2). Based on the actual performance to date for parking enforcement, an adverse variance of £750k is forecast. The MTFs target relating to CCTV commercialisation £200k will not be achieved in 19/20 as the construction of the Alarm Receiving Centre is delayed to align with the depot construction programme. Car Parks experience a cost pressure of £66k. These pressures will be partially offset by an over-recovery of street works (£194k) and parking permit income (£293k).
- The Catering Service reports an adverse variance of £113k, primarily due to an under achievement of income.
- Under achievement of Phoenix commercial rent income of £575k, primarily due to the unachieved MTFs target for depot redevelopment as a result of the revised construction programme timeline. Atkins House units are now let, however due to the necessity to re-route gas mains which led to a delay in letting the properties, the MTFs target is partially achieved in 19/20. These pressures are partially mitigated by over achievement of income in Parks leases and the existing property portfolio (£386k), resulting in a net adverse variance of £188k.
- There is a net pressure of £100k elsewhere within the division, due primarily to cost over-run in public mortuary and procurement MTFs not fully achieved.

2.15 The movement of the adverse variance from Quarter 2 to Quarter 3 is £689k. This relates primarily to the reduction in parking enforcement income forecast and an increased pressure on facilities management costs. A thorough budget review was undertaken over the summer period to assess the financial impact of the pressures experienced by various service areas, and this exercise helped to inform a more accurate forecast for Quarter 3. Cost pressures identified in Facilities Management, the Catering Service and Contracts

Management are continually reviewed to ascertain the on-going impact on the budgets. Income generation represents a key part of the division's budget. As the majority are discretionary services, they are subject to demand and therefore the income can fluctuate throughout the year. Income will continue to be closely monitored and the quantum of the variances is being addressed through the annual budget refresh process which is subject to a report elsewhere on the agenda.

2.16 The 2020/21 Final budget, subject to a separate report on the agenda, goes into the detailed analysis of the emerging forecast pressures within the Community directorate, their estimated impact into 2020/21 and the corrective actions required. The actions in the 2020/21 budget are summarised below:

- £2.273m of pressures are driven by external factors or where planned actions are no longer operationally viable and growth has been provided for in 2020/21.
- The current MTFS includes additional rental income due from the two additional floors being built at the depot, £473k in 2020/21. Until the conclusion of the process to procure the Strategic Development Partner to take forward the Councils Regeneration Plans, it cannot be determined if the two additional floors at the depot will be required for staff accommodation or commercial rental purposes. It is therefore considered prudent to remove the income target from the MTFS, and when plans are finalised, a decision can be made whether the target can be re-instated. Therefore growth of £473k has been provided for in 2020/21.
- £200k growth is provided for investment in 2020/21 into Corporate Health & Safety.
- A further estimated budget pressure of £3m in 2020/21 categorised into 2 areas. Firstly £1m of services which must be provided within current budget, the 3 key services being cleaning SLA (£305k), cleaning and repairs for corporate buildings (£300k), trading standards (£222k) and catering (£80k). Secondly, £2m of additional income which the directorate needs to achieve to meet targets already built into the MTFS. There are three key strands as follows: In respect of the new depot (excluding the additional two floors), the current MTFS assumes net income of £1.234m of which £681k is being progressed. The second strand relates to income arising from parking enforcement activities (£700k). Schools SLA income is proving challenging against a back drop of a reduced take up of the services.
- To progress the £3m, the directorate has commenced a programme of budget reviews to baseline budgets, review future operating models to maximize growth and operational efficiency and analyse performance against income budgets. The directorate needs to ensure that any future service provisions are financially sustainable. Growth has not been provided for in respect of the £3m. The directorate has a timeline of 2 years (2020/21 and 2021/22) to meet the £3m on going pressures and the Commercialisation reserve will be used to support during this timeline.

Regeneration, Enterprise & Planning

- 2.17 Regeneration, Enterprise and Planning services forecast a break-even position. The revenue costs of the Regeneration programme (£1.365m) are funded from the £1.7m capacity already set aside for 2019/20.

Housing General Fund

- 2.18 At Quarter 3, Housing services is forecasting a balanced position, in line with Quarter 2, after realignment of budgets to better reflect expenditure profile requirements following the introduction of the Homelessness Reduction Act. This results in no overall impact to the Council's General Fund budget.

PEOPLE SERVICES

- 2.16 At Quarter 3, People Services is forecasting to overspend by £910k. An increase in forecast overspend of £39k from Quarter 2:

Table 4: People Services Variance

Service	Revised Budget	Additional Expenditure	Total Revised Budget and Additional Expenditure	Net Forecast Spend at Quarter 3 Including Additional Expenditure	Quarter 3 Variance	Quarter 2 Variance	Movement Between Q3 and Q2
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adults	61,904	5,541	67,445	67,445	0	97	(97)
Public Health	(1,814)		(1,814)	(1,814)	0	0	0
Children's	33,097		33,097	34,007	910	774	136
Total	93,187	5,541	98,728	99,638	910	871	39

Adults Services

- 2.17 At Quarter 3, Adult services are reporting a balanced position resulting in a reduction of (£97k) from the previous quarter. This is due to a whole systems review being undertaken on Adults Transport, leading to the conclusion that this will be managed within the existing budget rather than being overspent by £97k. This will continue to be monitored closely. In 2019/20 £2.6m of additional funding was received for social care. As this funding was announced for 1 year only, it was not built into the budget and ear marked in an Adults Social Care reserve. The balanced budget position assumes a £1.737m draw down from the reserve. The balance of the reserve will be applied to the ongoing impact of these pressures into 2020/21.
- 2.18 The 2020/21 final budget, subject to a separate report on the agenda, explains the quantum and nature of the adult social care pressures moving forward and how they have been provided for in the final budget.

Public Health

- 2.19 At Quarter 3, the forecast in relation to expenditure on Public Health is expected to be balanced in 2019/20, consistent with Quarter 2. The Public Health Reserve is expected to be £925k at year end.

Children's Services

- 2.20 Children's Services is forecasting an overspend of £910k.

2.21 This is an increase from Quarter 2 of £136k. The increase between months relates to SEN Transport. Over the last few months a number of assumptions built into the forecast for cost reductions by increasing in-house provision have not come to fruition.

2.22 The main pressures are in relation to:

- SEN Transport overspend of £847k: 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). Overspend of £847k is an increase of £136k since Quarter 2. This is due to a number of assumptions built into the forecast in relation to reducing reliance on commissioned taxi provision by maximising the use of the in-house fleet, which did not come to fruition. In part this is due to difficulties in recruiting drivers with the appropriate driving licence classification. SEN Transport is subject to a whole systems review commissioned by the Corporate Director Resources.
- Staff move from Alexandra Avenue to the Civic Centre £85k: These are costs for relocation and refurbishment of Civic 5/6 to allow staff from Alexandra Avenue (SEN Service, Educational Psychology, Children & Young Adults with Disabilities) and staff from CNWL to relocate to Alexandra Avenue. In the longer term there should be a saving from not paying rent (offset by increased running costs of Civic 5/6) but in the short term there will be costs associated with relocating staff and refurbishing the building.
- Frontline Teams Staffing & Other Costs overspend of £533k: In order to manage caseloads in frontline social care teams there is little scope for carrying vacancies. The overspend is mainly due to agency staff covering vacant posts and absence due to sickness and maternity leave. On average agency cover costs an extra £10k per annum per post and maternity cover an extra £30k per annum per post. There are around 18%-20% of frontline posts which are covered by agency. In addition there has been an increase in the requirement for supervised contact.
- Client Spend Section 17 overspend of £151k: As the strategy to reduce the demand for and cost of placements and accommodation continues part of the strategy is to support children and families to remain together at home where it is safe to do so. Section 17 funding is provided mainly to children who are subject to either a Child Protection or Children in Need plan. There is an increasing pressure on this budget as more children are able to remain at home.
- Children's Placements & Accommodation £542k: The forecast is projecting an overspend of £542k. The forecast in 2019/20 allows for some further limited capacity for growth in the number of young people or complexity of placement requirements. However whilst Children Looked After numbers have reduced, the complexities have risen, increasing the requirement for high cost specialist provision. Despite a successful in-house fostering

recruitment campaign young people are still been placed out of borough for reasons of contextual safeguarding and not just placement sufficiency. The number of young people on remand has also increased.

- Other overspend across the service of £22k.
- The above pressure are slightly mitigated the following:
 - Maximisation of Grant Income underspend of (£957k): Additional grant income has been received in 2019/20 which relates to the previous financial year which was not accrued for as final notification had not been received by year end as well as additional notification of grant for services for which the expenditure had already been included in the forecast.
 - Other Management Actions underspend of (£313k): Centrally held budgets which are purposely used to mitigate in-year pressures.

Dedicated Schools Grant (DSG)

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

2.24 The total notified DSG budget for 2019/20 is £128.924m. In 2019/20 the LA has set a deficit budget on the High Needs Block of £3.3m. There is a net projected overspend of £3.970m which is made up of an overspend on the High Needs Block of £4.097m partially offset by an underspend in the growth fund of £127k.

CORPORATE AND TECHNICAL

2.25 At Quarter 3, the corporate and technical budget is reporting an overall underspend of (£4.329m), this is an increase of (£137k) when compared to Quarter 2.

Corporate Items

2.26 A net underspend of (£358k) is currently being forecast on the following items:

- Pension augmentation costs
- External audit fees
- Levies and subscriptions

Central Contingency

2.27 The Central Contingency for unforeseen items in 2019/20 is (£1.248m) and is being applied to meet in-year forecast pressures.

Technical and Corporate Adjustments

- 2.28 A net underspend of (£2.434m) is forecast which is largely savings against capital financing charges due to a forecast reduced spend against the Capital Programme and securing in-year borrowing at a rate lower than budgeted. This underspend represents a net favourable movement of (£126k) when compared to Quarter 2, which mainly represents higher rate of returns on investment income compared to what was previously forecast and other miscellaneous income.

Capital Flexibility

- 2.29 The 2019/20 budget assumes £3.1m of capital flexibilities using capital receipts. At Quarter 3, it is forecast that the £3.1m will be fully applied this year.

One-Off Income After Budget Setting

- 2.30 The council has also received £289k one-off income from the West London Waste Authority after the budget was set in February 2019. This payment relates to a rebate on the 2018/19 waste levy.

EARMARKED RESERVES

- 2.31 The Council holds reserves of £63m, ear marked for specific reasons including General Fund Reserves of £10m. Table 5 provides a more detailed analysis of reserves held:

Table 5: Earmarked Reserves

Description	Opening balance as at 1/04/2019 £'000	Estimated Future Use at Quarter 3 £'000	Projected Balance at Quarter 3 £'000	Comment
Business Risk Reserve	(7,526)	7,526	0	3m from the reserve is being invested in front line priorities at £1m per annum over the 3 year MTFS. The remaining balance of £4.526m is being used to support the MTFS in 2020/21 and 2021/22
Budget Planning Reserve	(6,829)	6,829	0	£4.2m is built into the 2019/20 budget. The remaining balance of £2.629m is being used to support the 2020/21 budget.
Capacity Building/ Transformation Reserve	(4,261)	3,844	(417)	£4m is earmarked for organisational transformation costs and the £261k balance from last year is earmarked for the Community directorate. The drawn down at month 6 relates the following transformation projects: PMO, Health & Safety work, HR, IT infrastructure and transformation work in Adult services.
MTFS Implementation Reserve	(2,067)	238	(1,829)	Earmarked for the implementation cost of MTFS savings / efficiencies /initiatives.
Commercialisation Reserve	(1,265)	1,265	0	Earmarked to support Community directorate £3m on going pressures.
Total	(21,948)	19,702	(2,246)	
Other Earmarked Reserves	(31,061)	9,362	(21,699)	Earmarked for specific purposes.
Total Earmarked Reserves	(53,009)	29,064	(23,945)	
General Fund Reserve	(10,008)		(10,008)	
Total Reserves	(63,017)	29,064	(33,953)	

MTFS IMPLEMENTATION TRACKER

2.32 The 2019/20 budget includes approved savings of £5.946m.

2.33 Appendix 4 shows a list of the individual red, green, and blue rated savings. The definition used to classify the RAG status is detailed in table 6 below:

Table 6: Savings Definition

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

2.34 Table 7 below shows the summarised position for each directorate as at Quarter 3.

Table 7: Savings Tracker 2019/20 – Directorate Summary

	Resources	People	Community	Total at Quarter 3	Total at Quarter 2	Movement Between Q3 and Q2	% Split
	£000	£000	£000	£000	£000	£000	
Red	0	0	(776)	(776)	(776)	0	13%
Amber	(75)	(2,082)	(1,030)	(3,187)	(3,187)	0	54%
Green	(748)	(150)	(1,085)	(1,983)	(1,983)	0	33%
Total	(823)	(2,232)	(2,891)	(5,946)	(5,946)	0	100%

2.35 As at Quarter 3, 33% of the 2019/20 savings are rated green, 54% are rated as amber, whilst 13% are rated as red.

2.36 There is no movement in the RAG rating between Quarter 3 and 2.

Housing Revenue Account

2.37 As at Quarter 3, HRA forecasts a balanced position which is in line with what was reported in Quarter 2. Pressures on repairs are offset by underspends on the Council house building programme as a result of more costs becoming eligible for capitalisation, utilities and other costs. The management restructure was implemented 2nd December 2019 and service reviews aimed at achieving permanent revenue cost reductions of £1.9m by March 2021 are currently on track.

2.38 The impact of the four years statutory rent reductions, of which 2019/20 is the final year, combined with the new Housing IT system and Council's house building programme to accord with the Mayor of London's Building Council Houses for Londoners' (BCHfL) programme, necessitates continual review of revenue and capital expenditure.

2.39 This will ensure adequate reserves are in place to support the BCHfL without which the Council's HRA would become unviable. The table below summaries the forecast position on HRA revenue account at Quarter 3:

Table 8: Housing Revenue Account Variance

HRA revenue balances £'000	Outturn 2018-19	Budget	Forecast	Variance
Balance b/fwd	(7,474)	(5,173)	(7,474)	(2,301)
Net (surplus) deficit	(198)	279	172	107
Transfer to/(from) reserves	198		107	(107)
Balance c/fwd	(7,474)	(4,894)	(7,195)	(2,301)

3.0 **CAPITAL PROGRAMME**

3.1 The 2019/20 Capital Programme is £124.280m. After allowing for agreed carry forward of £94.616m from 2018/19 and other approved amendments of £100.002m, the programme now totals £318.898m at Quarter 3:

Table 9: Capital Forecast Summary

Directorate	Original Programme £'000	CFWD's £'000	Other Adjustment (Additional) £'000	TOTAL BUDGET £'000	Forecast Spend £'000	Forecast Variance £'000	Slippage £'000	Underspend after slippage £'000
RESOURCES TOTAL	30,700	11,321	101,500	143,494	40,844	(102,650)	101,761	889
TOTAL GENERAL FUND	97,674	84,432	104,323	286,429	104,540	(181,890)	180,041	1,849
TOTAL HRA	26,606	10,184	(4,321)	32,469	20,011	(12,457)	12,655	(198)
TOTAL GENERAL FUND & HRA	124,280	94,616	100,002	318,898	124,551	(194,347)	192,696	1,651

3.2 The forecast spend at Quarter 3 is £124.551m, 39% of the total capital programme. The forecast variance on the General Fund is (£181.890m), £180.041m will be slipped into 2020/21 and £1.849m can be removed from the programme. The forecast variance on the Housing Revenue Account budget is a variance of (£12.457m); £12.655m will be requested for slippage into 2020/21, resulting in an overall pressure of £198k which will be funded by existing resources within the HRA.

3.3 Tables 10 and 11 below summarise the capital forecast position and Appendix 5 shows the Capital Programme in more detail.

Table 10: Summary of Capital forecast by Directorate

Directorate	Original Programme	CFWD's	Other Adjustment (Additional)	TOTAL BUDGET	Forecast Spend	Forecast Variance	Slippage	Underspend after slippage
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
RESOURCES TOTAL	30,700	11,321	101,500	143,494	40,844	(102,650)	101,761	889
COMMUNITY								
Commissioning and Environment & Culture	33,032	27,508	1,897	62,864	37,308	(25,556)	25,556	0
Housing	3,149	15,258	0	18,407	12,204	(6,203)	5,243	960
Enterprise and Planning	2,476	1,023	60	3,559	2,179	(1,380)	1,380	0
Regeneration	19,693	9,753	0	29,046	3,256	(25,790)	25,790	0
COMMUNITY TOTAL	58,350	53,542	1,957	113,876	54,947	(58,929)	57,969	960
PEOPLE								
Adults	200	191	0	391	206	(185)	185	0
Public Health	0	135	0	135	110	(25)	25	0
Children	8,424	19,244	866	28,534	8,433	(20,101)	20,101	0
PEOPLE TOTAL	8,624	19,570	866	29,060	8,749	(20,311)	20,311	0
TOTAL GENERAL FUND	97,674	84,432	104,323	286,429	104,540	(181,890)	180,041	1,849
TOTAL HRA	26,606	10,184	(4,321)	32,469	20,011	(12,457)	12,655	(198)
TOTAL GENERAL FUND & HRA	124,280	94,616	100,002	318,898	124,551	(194,347)	192,696	1,651

Table 11: Analysis of Forecast Outturn 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
RESOURCES	(102,650)	(59)	(102,591)	101,761	59	101,702	889	-	889
COMMUNITY									
Commissioning and Environment & Culture	(25,556)	(1,575)	(23,981)	25,556	1,575	23,981	-	-	-
Housing	(6,203)	-	(6,203)	5,243	-	5,243	960	-	960
Enterprise and Planning	(1,380)	(563)	(817)	1,380	563	817	-	-	-
Regeneration	(25,790)	-	(25,790)	25,790	-	25,790	-	-	-
Total Community	(58,929)	(2,138)	(56,791)	57,969	2,138	55,831	960	-	960
PEOPLE									
Adults	(185)	-	(185)	185	-	185	-	-	-
Public Health	(25)	(25)	-	25	25	-	-	-	-
Schools and Children	(20,101)	(5,225)	(14,876)	20,101	10,198	9,903	-	-	-
TOTAL PEOPLE	(20,311)	(5,250)	(15,061)	20,311	10,223	10,088	-	-	-
TOTAL GENERAL FUND	(181,890)	(7,447)	(174,443)	180,041	12,420	167,621	1,849	-	1,849
TOTAL HRA	(12,457)	-	(12,457)	12,655	-	12,655	(198)	-	(198)
Total General Fund and HRA	(194,347)	(7,447)	(186,900)	192,696	12,420	180,276	1,651	-	1,651

RESOURCES

- 3.4 As at Quarter 3 the Resources Directorate is forecasting an overall spend of £40.844m (29%).
- 3.5 The forecast variance of (£101.761m) is planned to be slipped into 2020/21 and £889k underspend can be removed from the Capital Programme. The main items of slippage are detailed below:
- Investment properties £95.355m slippage reflects an ongoing Commercial Investment programme; funds will be released as and when investment opportunities emerge.
 - Delayed spend on replacement of the Enterprise Resource Planning System of £2.300m which is due to re-scoping of the system's requirements.
 - ICT Re-Commissioning scheme is progressing, now at Q3 the cash flow was adjusted to show a more realistic spend and £1.028m budget will be slipped into 2020/21.
 - The delay in the selection of a third-party to implement the Windows 10 project has resulted in a different payment profile which has led to a slippage of £1.730m.
 - £2.989m budget was set aside for council wide projects at the closing of 2018/19 financial year and £2.059m will be requested to slip into 2020/21.
 - Other IT projects within the directorate of £178k will be slip into 2020/21.
- 3.6 There are no revenue budget implications associated with these slippages.
- 3.7 There is an underspend of £889k in Resources in relation to the budget to fund the recommissioning of the IT service. On review of the costs it was determined that £889k related to revenue activities rather than capital and this revenue element has been funded from the transformation budget. The £889k is therefore not required and will be removed from the capital programme.

COMMUNITY

- 3.8 As at Quarter 3 the Community Directorate is forecasting overall spend of £54.947m (48%).
- 3.9 The forecast variance of (£57.969m) is planned to be slipped into 2020/21 and £960k underspend can be removed from the Capital Programme. The main items of slippage are detailed below:

Commissioning and Environment & Culture

- 3.10 The services are forecast to spend £37.308m in 2019/20 and to slip a budget of £25.556m to 2020/21.
- 3.11 There is a budget allocation of £150k for the refurbishment of libraries, the cost of which is assumed to be funded from NCIL. Project planning and

engagement with relevant ward councillors are planned to be undertaken in the latter part of the financial year, with refurbishment work anticipated in 2020/21. Therefore, the budget is slipped to 2020/21. The slippage has no implications on the revenue budget.

- 3.12 Health & Safety priority works for library buildings are being progressed using £200k budget allocated in 2019/20. Works have been identified at various library sites, one of which relates to window replacements at Kenton Library. As Kenton Library is a Grade II listed building, a listed building consent will need to be obtained before commencing the work. It is anticipated that work orders can be placed in the latter part of this financial year and full completion in the following year. Therefore £166k is forecast to be slipped in 2020/21. The slippage has no implications on the revenue budget.
- 3.13 S106 and Football Foundation funding has been allocated for the installation of a 3G artificial grass pitch at Bannister Sports Centre, which is now confirmed to be undertaken in April 2020 following planning approval. Therefore the budget of £958k will be slipped to 2020/21. The new facility is expected to generate hire income and the financial model assumes that this will start from the new football season in August 2020, therefore is in line with the installation timeline.
- 3.14 The building improvement works at Harrow Arts Centre (HAC) has a budget allocation of £1.488m in 2019/20 which is funded from GLA Good Growth Fund and BCIL. The Masterplan now sets out the delivery of purpose built buildings rather than modular units as originally planned, which has contributed to the delay in the construction works. Due to the extent of works required to existing redundant buildings, this element of the project is also delayed. The budget therefore needs to be re-profiled based on the updated milestones of the project, and £644k is forecast to be slipped to 2020/21. A partial achievement of this year's MTFs target for HAC is due to the delay in the construction work and this is included in the revenue forecast within Community.
- 3.15 Vernon Lodge Redevelopment is a multiple year project with a total budget of £11.031m over 3 years. The scheme is currently in planning stage. The scheme is currently being reviewed in light of objections received to the original proposal. This has resulted in a delay in the implementation and therefore it is forecast to spend £300k this year, with a budget slippage of £7.786m into 2020/21. There are MTFs savings targets of £80k and £643k in 2020/21 and 2021/22 respectively associated with this project. The delay may have an impact on the achievement of the 2020/21 MTFs savings and this will be assessed once the scheme redesign is complete.
- 3.16 Depot Redevelopment is a multiple year project with the original timeline for completion in January 2020. Changes to the scheme to include additional floors and car park deck have resulted in extended design and a delay in the construction programme. The latest programme indicates that the completion will be in December 2020. There is a budget allocation of £17.307m in 2019/20. It is forecast to spend £13m this year, and £4.307m will be slipped into 2020/21. There are MTFs targets of £246k and £1.154m in 2019/20 and 2020/21 respectively associated with this project. The MTFs target for 2019/20 will not be achieved and this is included in the revenue forecast within

Community. The achievement of future year savings is being assessed by the directorate.

- 3.17 CCTV Infrastructure upgrade including the construction of an Alarm Receiving Centre is delayed as a result of the revised depot construction timetable as described above. Similarly the unmanned aerial vehicles project is also delayed as it is intrinsically linked to the CCTV project. Therefore a slippage of £1.648m in total is forecast for both projects. There is a MTFS target of £200k in 2019/20 in relation to CCTV commercialisation, which is not achieved and has been reflected in the MTFS tracker. Mitigations are being identified within Parking & Network Management Services to offset this pressure.
- 3.18 There is a budget allocation of £5m for the redevelopment of the Probation Centre over 2 years. £2m is profiled in 2019/20. Options are being worked through and a business case to be finalised to assess the financial viability of each option before a decision is made to re-let or redevelop the building. Therefore the full budget of £2m will be slipped to 2020/21. A rent income of £45k per annum was achieved from the site in the past. The financial impact of this empty property is that there is a loss of rent income as well as the Council being liable for business rates which is accommodated within the revenue forecast.
- 3.19 In the capital programme, there are budget allocations for the redevelopment of Rayners Lane toilet block and the former civil defence building at Bannister Sports Centre respectively. Due to the delay in obtaining planning permission, these projects are now expected to be completed in early 2020/21. Therefore £310k is forecast to be slipped to 2020/21. The redeveloped buildings are expected to generate a rent income which has been assumed in the existing MTFS with savings profiled in 2020/21. As the works are due to be completed in early 2020/21, there should not be any significant impact on the achievement of MTFS targets.
- 3.20 Within Green Grid programme, a budget of £10k has been set aside as match funding for a bid relating to Harrow Weald Common. Due to the delay in the funding approval, this project is expected to be implemented in 2020/21. The works at Headstone Manor Park is underway however some of these may be completed in early 2020/21. Therefore a total slippage of £60k is forecast for Green Grid. The slippage has no implications on the revenue budget.
- 3.21 Vehicle procurement project is complete. All vehicles identified as requiring a replacement have been renewed. It is forecast to spend £6m out of the £13.516m budget allocated in the capital programme this year. Some vehicles novated from the former vehicle contractor during 2018/19 will come to the end of their useful life and will be programmed in for replacement over the medium term. It is therefore proposed that the remaining budget of £7.516m is slipped and re-profiled to reflect the replacement programme in the future. A contribution of £100k saving to the MTFS target relating to contract re-procurement is assumed for 2019/20 and this is currently on track.

Enterprise & Planning

- 3.22 In Enterprise and Planning, the services forecast to spend £2.179m in 2019/20 and will be requesting to slip a budget of £1.380m to 2020/21.

- 3.23 Two projects are forecast to be slipped to 2020/21. There is no revenue budget implication of the slippage.
- 3.24 There is a budget allocation of £750k for Harrow High Street Fund project in 2019/20, the cost of which is to be funded from CIL. A number of projects have been drawn up and NCIL applications will be made seeking approval of the funding before they can be implemented. At this stage, it is forecast that £186k will be spent in 2019/20 and the rest will be requested to be carried forward to 2020/21.
- 3.25 There is a budget allocation of £1m for the replacement of the Planning IT system. Cabinet in October 2019 approved the commencement of the procurement for a new Planning IT solution. Procurement is underway and is expected to be completed during Quarter 4. Some resource and IT costs are planned for this financial year and are estimated at £183k. It is anticipated that the implementation will be completed in 2020/21, and therefore £817k is forecast to be slipped to 2020/21.

Housing General Fund

- 3.26 As at Quarter 3 the outturn forecast for Housing General Fund is £12.204m which is 66% of the approved £18.407m capital budget in 2019/20.
- 3.27 The resulting forecast variance of (£6.203m) is attributable to the Property Acquisition Programme £5.236m, Disabled Facilities Grant £847k and Empty Property Grants £119k. Slippage of £5.243m is attributable to Property Acquisition Programme £5.231m and Empty Property Grants £12k, resulting in an underspend of (£960k).
- 3.28 Cabinet approved drawdown of up to £10.8m of the original £15m allocated to the Property Acquisition Programme to alleviate the costs of homelessness pressures. The remainder will be unlocked on proviso that financial viability can be demonstrated. Market conditions remain uncertain and financial modelling is in progress therefore the unspent budget of £5.231m will be requested to slip into 2020/21.
- 3.29 The underspend on Disabled Facilities Grant of £847k is due to a review of caseloads indicating not the entire budget will be required in 2019/20. Underspend on Empty Property Grant project of £107k is due to lower than expected take up of grants from private landlords.

- 3.30 There are no implications on the revenue budget as a result of these slippages in 2019/20.

Regeneration

- 3.31 In 2019/20, the main Regeneration programme is forecast to spend £3.256m against a budget of £29.046m. The unspent budget of £25.790m will be slipped into 2020/21. There are no revenue budget implications as a result of the slippage.
- 3.32 Haslam House is forecasting a variance of £1.357m. Following approval to Direct Award this scheme to a contractor a procurement process was undertaken and a contractor has been appointed to bring forward this scheme of 9 new homes for private sale. The planning conditions have been

discharged and site enabling works are progressing. This budget is unlikely to be spent in 2019/20 and will be slipped into 2020/21. At the time of setting the budget, it was assumed that a capital receipt of £4.290m as a result of the sale would arise in 2019/20; this has now slipped to 2020/21.

- 3.33 There is a budget allocation of £8.571m for build and sale of 20 residential units at Waxwell Lane of which £2.495m is profiled in 2019/20 which includes 2018/19 unspent budgets carried forward. The contractor have begun site clearance and are in the process of discharging the planning conditions to enable piling works to commence toward the end of January 2020. The project's anticipated completion date is September 2021. A variance of £247k has arisen and will be slipped into 2020/21.
- 3.34 Gayton Road commercial unit for which a decision is still required and the balance of funding £2.302m will be requested to be slipped into 2020/21.
- 3.35 The funding of £20m included for Harrow New Civic Centre and Poets Corner is included as a place holder in 2019/20 with the Harrow Strategic Development Partnership (HSDP) tender informing the budget going forward and £19.011m has been slipped into 2020/21.
- 3.36 A variance of £2.872m in the regeneration programme's overall client contingency is being slipped into 2020/21.

PEOPLE SERVICES

- 3.37 As at Quarter 3 People Services is forecasting overall spend of £8.749m, which is 30% of the approved £29.060m capital budget.
- 3.38 The forecast variance of (£20.311m) will all be requested for slippage into 2020/21. The main items of slippage are detailed below:

Adults Services

- 3.39 At Quarter 3, the outturn forecast for Adult Services remains at £206k resulting in a planned slippage of £185k for In House Residential Services. There are no revenue budget implications as a result of this slippage.

Public Health

- 3.40 Public Health is forecasting spend of £110k being 81% of the overall 2019/20 capital budget for Healthy Pupil Capital Fund project. The forecast assumes pass porting funds to schools on receipt of evidence of spend incurred. The forecast variance of £25k will be slipped into 2020/21. There are no revenue budget implications as a result of this slippage.

Children's Services

- 3.41 The total budget for the capital programme in 2019/20 is £28.534m. It is anticipated that approximately £20.101m of this will be requested for slippage into future years.
- 3.42 School Expansion Programme (SEP) 2: Engie (formerly Keepmoat) was commissioned to deliver the majority of the Phase 1 (SEP1) and Phase 2 (SEP2) construction projects. The projects have reached project completion and in December the final accounts were closed and the outstanding amounts

paid to the contractor after ongoing contractual issues were resolved with the support of legal and commercial advisors. The final account figure exceeded the budget available for the SEP2 Programme. A virement was agreed from the Schools capital maintenance programme by the Director of Finance and Portfolio Holder for Finance & Resources within their delegations from the Council's Financial Regulations.

Slippage

- 3.43 The total slippage is £20.1m of this, £12.378m relates to funding set aside for secondary expansions. As reported to Cabinet in July 2019 the projections for Year 7 places indicate that there will be a shortfall of up to 5 forms of entry in 2022/23. This reduces to 1 form of entry in 2025/26. However, at this time there are a higher number of Year 7 places than required which is resulting in vacancies being concentrated in a small number of schools. It is proposed to slip the funding to future years and ensure that the situation is monitored and that once there is greater clarity about changes on the borough boundaries that a local solution to meet the growing need is developed with the High Schools.
- 3.44 Bulge class funding is for schools opening temporary additional classes in year and is not required for this academic year.
- 3.45 Special Educational Needs provision slippage totals £5.189m. Funding has been included in the capital programme to support additional in-borough SEN provision which is driven by the SEND Strategy. As part of the implantation of the strategy, a whole system review of in-borough provision will be undertaken in conjunction with the changing and growing needs of the population to inform additional in-borough solutions. It is estimated that £1.495m will be spent in 2019/20 and the remainder of this funding will be programmed over future years in line with the SEND Strategy.
- 3.46 The remainder of the slippage relates to historical capital maintenance budgets which were previously earmarked to support the SEP2 programme resolution. However this is no longer required for this purpose and a planned programme for this grant funded budget will be produced for 2020/21.
- 3.47 There are no revenue budget implications associated with these slippages.

Housing Revenue Account

- 3.48 At Quarter 3, the outturn forecast for the Housing Revenue Account is £20.011m which is 62% of the approved £32.240m capital budget in 2019/20.

Table 12: Summary of HRA Capital Budget Forecast

Description	Budget	Forecast	Variation	Slippage	Under/ Over spend
	£'000	£'000	£'000	£'000	£'000
Planned Investment	10,024	5,798	(4,226)	3,912	(314)
Grange Farm	6,220	3,491	(2,729)	2,729	0
Gayton Road	7,696	8,208	512	0	512
BCHfL	8,529	2,514	(6,015)	6,015	0
HRA total	32,469	20,011	(12,457)	12,655	198

3.49 The forecast net variance is (£12.457m) of which £12,655m will be slipped into 2020/21 resulting in an overall pressure of £198k; this is attributable to additional expenditure for the transfer of the 72 affordable units in Gayton Road from General Fund which will be funded from additional HRA borrowing capacity. Details of the HRA Capital Programme which now includes substantial budgets for new Council housing is as follows:

- Planned Investment programme - £5.798m spend expected, yielding variation of £4.226m all of which is treated as slippage to 2020/21. Focus of programme is compliance and health & safety works with expenditure also assumed for new housing IT system. Slippage includes heating works (£800k); roofing works at Pinner Grove (£728k) and with remainder for block security, windows & doors works and other works which are expected to emerge following results of the stock condition survey.
- Grange Farm Regeneration phase 1 - The forecast spend of £3.491m against revised budget of £6.220m will result in slippage of £2.729m; planning consent has been successfully obtained and the tenderer is expected to start on site. Ministry of Housing, Communities and Local Government and GLA have now approved the £10m Housing Infrastructure Fund (HIF) funding and the grant agreements have been finalised.
- There is a forecast spend of £8.207m against the budget of £7.696m on the Gayton Road project, this will result in a budget pressure of £512k; expenditure is based on the revised valuation with any shortfall covered by existing resources within the HRA and will result in a neutral overall impact to the council.
- Other new build schemes - broader spectrum of schemes are in line with Mayor of London's Building Council Houses for Londoners (BCHfL) programme, it is estimated that £2.514m will be spent against the budget of £8.529m resulting in slippage of £6.015m. Programme benefits from substantial external grants which reduces borrowing exposure translating to a positive net revenue impact

3.50 Slippage on new build and regeneration schemes, resulting mainly from delays in securing necessary external funding and planning consents, 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. The HRA Budget and MTFS reported to Cabinet on 13th February 2020, takes account of these updated profiles and sets out the longer term financial position based on a range of assumptions.

Amendment to the Capital Programme

3.51 Lyon Road is a multiple year project with capital funding of £726k and £201k profiled in 2019/20 and 2020/21 respectively. The project is externally funded by the GLA, S106 agreement and NCIL. The capital budget assumes the S106 contribution is £450k. This is the amount due under the S106 agreement. The sum actually received after applying indexation uplift is £512k. Therefore it is requested that the overall budget for the project is increased by £62k, to be profiled in 2019/20.

4.0 COUNCIL TRADING COMPANY UPDATE 2019/20 – QUARTER 3

4.1 The Council's Trading Company update for Quarter 3 is attached at Appendix 6.

4.3 The Trading Company update summarises the summary level financial position and provides a general update on the activities of all of the councils trading entities.

5.0 Reporting for the 2019/20 Financial Year

Cabinet will receive Quarterly monitoring reports during the year. The next report is:

- Outturn report June 2020

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 maximised.

The forecast position at Quarter 3 is showing an overspend position of £940k.

For the 2019/20 savings built into the MTFS, the overall position is that 33% of the savings are RAG rated as Green (Clear delivery plans in place and project running to timescale), 54% amber (Potential for slippage, project will be delivered as originally intended but not within timescale, so saving will not be fully realised) and 13% red (Project may have started but will deliver no savings in the current financial year).

The Capital Programme is projecting spend of 39% as at Quarter 3.

8.0 **Environmental Implications**

There is no direct environmental impact.

9.0 **Risk Management Implications**

The key financial risks are managed through the risk management strategy. There is one significant financial risks currently included on the Corporate Risk Register:

- The Inability to deliver the Council's approved MTFs leading to a dereliction of duties resulting in government intervention / an inability to pay the Council's debts which is currently rated C2 – medium likelihood, critical impact.

10.0 **Procurement Implications**

There are no procurement implications 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.

12.0 **Financial Implications**

Financial matters are integral to this report.

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

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:

- 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.

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.

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

Equality assessments were undertaken for proposals where relevant, in relation to both the proposals listed as part of the MTFS process and an overall equality assessment was undertaken on the MTFS. It is not considered that this report will have any further equality implications.

14.0 **Council Priorities are:**

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

Section 3 - Statutory Officer Clearance

Name: Dawn Calvert Date: 03.02.2020	<input checked="" type="checkbox"/>	Director of Finance
Name: Jessica Farmer Date: 03.02.2020	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Name: Nimesh Mehta Date: 20.01.2020	<input checked="" type="checkbox"/>	Head of Procurement
Name: Charlie Stewart Date: 05.02.2020	<input checked="" type="checkbox"/>	Corporate Director

Ward Councillors notified:	NO
EqIA carried out:	NO
EqIA cleared by:	

Section 4 - Contact Details and Background Papers

Contact: Sharon Daniels, Head of Strategic and Technical Finance (Deputy S151), Telephone 020 8424 1332, E-mail sharon.daniels@harrow.gov.uk

Background Papers:

- MTFS 2019/20 to 2021/22
- 2019/20 Budget Report
[http://moderngov:8080/documents/g64382/Public%20reports%20pack%20Thursday%2021-Feb-2019%2018.30%20Cabinet.pdf?T=10.](http://moderngov:8080/documents/g64382/Public%20reports%20pack%20Thursday%2021-Feb-2019%2018.30%20Cabinet.pdf?T=10)

Call-In Waived by the Chair of Overview and Scrutiny Committee	NO
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Summary of 2019/20 Revenue Budget Forecast as at Quarter 3 Appendix 1

	Revised Budget	Outturn	Drawdown From Reserves	Cross Divisional Adjustment including one-off Income	Net Forecast Spend at Quarter 2	Quarter 3 Variance	Quarter 2 Variance	Movement between Q2 and Q3
	£000	£000	£000	£000	£000	£000	£000	£000
Resources								
Controllable Budget								
Customer Services	12,005	12,283	● (251)	● 0	● 12,032	27	49	(22)
Business Support	3,323	3,327	● 0	● 0	● 3,327	4	8	(4)
Director of Resources	658	1,393	● (722)	● 0	● 671	13	(1)	14
Assurance	610	557	● 0	● 0	● 557	(53)	(7)	(46)
HRD & Shared Services	997	1,201	● 0	● 0	● 1,201	204	209	(5)
Procurement & Commercial	273	479	● 0	● (103)	● 376	103	103	0
Legal & Governance	3,073	3,007	● (162)	● 0	● 2,845	(228)	(292)	64
Strategic Commissioning	2,206	2,905	● 0	● (218)	● 2,687	481	501	(20)
Finance	15,230	15,511	● 0	● (238)	● 15,273	43	(55)	98
Total Controllable Budget	38,376	40,663	(1,135)	(559)	38,969	593	514	79
Uncontrollable Budget	(18,285)	(18,285)	● 0	● 0	● (18,285)	0	0	0
Total Directorate Budget	20,091	22,378	(1,135)	(559)	20,684	593	514	79
Community								
Controllable Budget								
Commissioning & Corporate Estate	(5,489)	(2,146)	(460)	(51)	● (2,657)	2,832	2,143	689
Environment & Culture	21,267	23,004	(267)	(536)	● 22,201	934	917	17
Directorate Management	189	465		(276)	● 189	(0)	(0)	0
Housing General Fund	4,530	5,403	(153)	(720)	● 4,530	(0)	(0)	0
Regeneration, Enterprise and Planning	1,048	2,413	0	(1,365)	● 1,048	0	0	0
Total Controllable Budget	21,545	29,139	(880)	(2,948)	25,311	3,766	3,060	706
Uncontrollable Budget	22,347	22,347			● 0	0	0	0
Total Directorate Budget	43,891	51,486	(880)	(2,948)	47,658	3,766	3,060	706
People								
Controllable Budget								
Adult Services	61,904	67,445	(1,177)	(4,364)	● 61,904	0	97	(97)
Public Health	(1,814)	(903)	(911)		● (1,814)	0	0	0
Children's Services	33,097	34,007	0	0	● 34,007	910	774	136
Total Controllable Budget	93,187	100,549	(2,088)	(4,364)	94,097	910	871	39
Uncontrollable Budget	14,760	14,760			● 14,760	0	0	0
Total Directorate Budget	107,947	115,309	(2,088)	(4,364)	108,857	910	871	39
Total Directorate Budgets	171,930	189,173	(4,103)	(7,871)	177,199	5,269	4,445	824
Corporate Items	4,976	4,618			● 4,618	(358)	(347)	(11)
Corporate Contingency	1,248	0			● 0	(1,248)	(1,248)	0
Technical and Corporate Adjustment	14,889	12,455			● 12,455	(2,433)	(2,307)	(126)
Use of Capital Receipts	(3,100)	(3,100)			● (3,100)	0	0	0
One-Off Income After Budget Setting		(289)			● (289)	(289)	(289)	0
Total Controllable Budget	18,013	13,685	0	0	13,685	(4,328)	(4,191)	(138)
Uncontrollable Budget	(22,862)	(22,862)	0	0	● (22,862)	0	0	0
Total Corporate Budget	(4,849)	(9,177)	0	0	(9,177)	(4,328)	(4,191)	(138)
Total Budget Requirement	167,081	179,996	(4,103)	(7,871)	168,022	940	254	686