

Report for: Cabinet

Date of Meeting:	16 February 2023
Subject:	Q3 Revenue and Capital Budget 2022-23
Key Decision:	No
Responsible Officer:	Dawn Calvert - Director of Finance and Assurance
Portfolio Holder:	Councillor David Ashton - Portfolio Holder for Finance and Human Resources
Exempt:	No
Decision subject to Call-in:	Yes
Wards affected:	All
Enclosures:	Appendix 1 – Summary of Grants 2022-23 Appendix 2 – Capital Programme 2022-23 Appendix 3 – Trading Company Update 2022-23

Section 1 – Summary and Recommendations

This report sets out the Council's projected revenue and capital outturn position for 2022-23, based on all information known at the end of Q3 30 December 2022.

Recommendations:

1. That Cabinet notes the revenue and capital outturn positions set out in paragraphs 1.2 to 1.4.
2. That Cabinet approve the proposed additions and amendments to the Capital Programme as set out in paragraphs 3.31 to 3.36
3. That Cabinet note the Council's Trading Update as detailed in Appendix 3.
4. That Cabinet approves the payment of £500k to the London Borough of Camden in full and final settlement of the Council's overage obligations in respect of The Hive as set out from paragraph 2.55

Reason: (For recommendations)

To report the 2022-23 financial forecast position at Q3 and to update Cabinet on trading company performance.

Section 2 – Report

1.0 INTRODUCTION

- 1.1 This is the third budget monitoring report for 2022-23.
- 1.2 The revenue budget in 2022-23 at Q3 is £183.285m which is net of government and other specific grants. A list of external grants is shown at Appendix 1. The 2022/23 budget assumed a drawdown of £14.7m from the Budget Planning MTFS Reserve. Following the implementation of a revised financial strategy to ensure the Council manages within its budget envelope, the required draw down from reserve is forecast to be £9.872m, a reduction of £4.828m enabling more reserves can be retained to support the Council with its MTFS.
- 1.3 The general fund capital programme budget in 2022-23 is £102.579m. The net forecast position on the capital budget at Q3 is £42.301m which represents 41% of the total capital programme budget. The variance of £60.278m is made up of slippage of £59.974m and an underspend of £302k.
- 1.4 The Housing Revenue Account (HRA) capital programme budget is £52.446m. The net forecast position on the HRA capital budget at Q3 is £31.440m which

represents 60% of the total HRA capital programme budget. The variance of £21.006m is made up of slippage of £7.099m and a net underspend of £13.906m.

2.0 REVENUE MONITORING

2.1 As at Q3 the forecast revenue budget outturn after cross divisional adjustments and management actions including one-off income, requires a draw down from reserves of £9.872m to achieve a balanced budget.

2.2 Any residual balance will be funded by a draw down from the MTFs Budget Planning Reserve, but the residual is expected to be lower than the planned £14.711m meaning more reserves can be retained to support the Council with its medium-term financial challenges. There will be an impact of the current years forecast overspend into 2023-24. The carried forward impact is estimated to be in the region of £8m to £8.5m and this is being managed as part of the 2023-24 budget setting process.

Table 1: Summary of Revenue Budget Monitoring – Forecast at Q3 2022-23

Service Area	Revised Budget	Outturn	Variance	Contribution/ Drawdown/ From reserves	Cross Divisional Adjustments	Use of one off funding / management actions	Revised Outturn	Variance to budget	Q2 Variance to budget	Movement from Q2
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Chief Executive	18,002	18,363	361	-1,069	0	0	17,294	-708	-575	-133
Resources	19,737	21,903	2,166	-2,065	0	0	19,838	101	278	-177
Place	29,791	38,112	8,321	-2,042	-1,813	0	34,257	4,466	4,133	333
People's Services	104,800	112,459	7,658	-2,791	0	-4,032	105,636	835	1,882	-1,047
Total Directorate Budgets	172,330	190,837	18,506	-7,967	-1,813	-4,032	177,025	4,694	5,718	-1,024
Corporate	4,351	4,351	0	0	0	0	4,351	0	0	0
Contingency for Unforeseen	1,248	1,248	0	0	0	0	1,248	0	0	0
Technical	5,720	10,392	4,671	-1,331	0	0	9,061	3,340	4,340	-1,000
Investment Properties	-2,876	-2,821	55	-55	0	0	-2,876	0	0	0
Pay Inflation	2,000	6,125	4,125	0	0	0	6,125	4,125	4,070	55
Non-Pay Inflation	2,750	462	-2,288	0	0	0	462	-2,288	-2,616	328
MTFS Growth held centrally	1,800	1,800	0	0	0	0	1,800	0	0	0
Total Corporate Budgets	14,993	21,556	6,563	-1,386	0	0	20,171	5,177	5,794	-617
Uncontrollable Budgets	-4,039	-4,039	0	0	0	0	-4,039	0	0	0
Grand Total	183,285	208,354	25,070	-9,353	-1,813	-4,032	193,156	9,872	11,513	-1,641

CHIEF EXECUTIVE

Table 2: Chief Executive Forecast Outturn Q3 2022-23

Division	Budget	Forecast	To/ (From) Reserves	Revised Forecast	Variance to budget	Q1 Variance	Movement to Q1
	£000	£000	£000	£000	£000	£000	£000
Finance & Insurance	3,337	3,556	-219	3,337	0	0	0
Revenues & Benefits	9,147	9,547	-400	9,147	0	0	0
Procurement	687	687	0	687	0	0	0
Internal Audit/CAFT	636	624	0	624	-12	-12	0
Legal & Governance	3,928	3,682	-450	3,232	-696	-563	-133
CEO	267	267		267	0	0	0
Totals	18,002	18,363	-1,069	17,294	-708	-575	-133

2.1 As at Q3 the directorate is reporting a net underspend of £708k after draw down from reserves. This is a reduction from the position reported at Q2 of £133k mainly as a result of delayed recruitment in Democratic Services and increased demand for HB Public Law legal practice services and Registration services.

2.2 The reserve movements are shown in Table 3

Table 3: Chief Executive Reserve Movements 2022-23

Description	Movement £'000
Borough Election	-450
Insurance Reserve	-219
Business Risk Reserve	-400
Chief Executive net draw down	-1,069

2.3 The net underspend of £708k is mainly made up as follows:

- **Legal & Governance** - £696k net underspend due to £257k additional income in Registration Services, £108k delayed recruitment in Democratic Services and £327k reduction in projected demand in Legal Services
- **Internal Audit/CAFT** - £12k underspend due to delayed recruitment

RESOURCES

Table 4: Resources Forecast Outturn Q3 2022-23

Division	Budget	Forecast	To/ (From) Reserves	Revised Forecast	Variance to budget	Q1 Variance	Movement to Q1
	£000	£000	£000	£000	£000	£000	£000
Business Support	4,140	4,169	0	4,169	29	51	-22
Management	542	968	-442	526	-16	-20	4
Strategy	2,217	2,480	-396	2,084	-133	-87	-46
ICT	7,455	7,429	-55	7,374	-81	13	-94
Access Harrow	3,675	3,953	-150	3,803	128	147	-19
HR	1,708	2,905	-1,022	1,883	175	175	0
Totals	19,737	21,904	-2,065	19,839	102	279	-177

2.4 As at Q3 the directorate is reporting a net overspend of £102k after draw down from reserves. The forecast includes £1.759m expected spend on the second year of the Modernisation Programme.

2.5 This is a reduction of £177k from the position reported at Q2 mainly as a result of vacancies and delayed recruitment across the directorate.

2.6 The reserve movements are shown in Table 5

Table 5: Resources Reserve Movements 2022-23

Description	Movement £'000
Business Risk Reserve	-230
Capacity Build/ Transformation Reserve	-1,759
Equalities Diversity & Inclusion Reserve	-76
Resources net draw down	-2,065

2.7 The net overspend of £102k is made up as follows:

- **Access Harrow** – £128k net overspend due to the decision to not implement a prior year MTFs saving to close the telephone lines for Revenues and Collections.
- **HR** - £175k net overspend due to loss of income from schools for Payroll services
- **Strategy** – £132k net underspend due to additional external income and vacancies
- **IT** - £85k net underspend mainly due to delayed recruitment
- **Various overspends** - £16k across the directorate mainly related to loss of income in Business Support

PLACE

Table 6: Place Forecast Outturn Q3 2022-23

Division	Budget	Forecast	To/ (From) Reserves	Cross divisional adjmt	Revised Forecast	Variance to budget	Q2 Variance	Mov to Q2
	£000	£000	£000	£000	£000	£000	£000	£000
Directorate Management	2,902	4,699	-113	0	4,586	1,684	1,370	314
Environment	16,197	17,268	-956	-240	16,072	-125	88	-213
Inclusive Economy Leisure & Culture	3,701	4,028	-117	0	3,911	210	94	116
Regeneration & Development	3,183	7,902	-652	-1,305	5,945	2,762	2,821	-59
Housing General Fund	3,808	4,215	-204	-268	3,743	-65	-240	175
Total Budget	29,791	38,112	-2,042	-1,813	34,257	4,466	4,133	333

2.8 As at Q3 the directorate is reporting a net overspend of £4.466mm after draw down from reserves and cross-divisional adjustments.

2.9 Of this, £2.231m relates to energy and fuel cost pressures due to the recent surges in the unit price of electricity, gas, and fuel. This will be funded by the non-pay inflation budget of £2.75m which is held corporately.

2.10 This an increased overspend of £333k from the position reported at Q2 as follows

- **Loss of income since Covid** - £415k increase mainly related to reduction in revenue from PCN income £125k and licencing activities £187k. In addition, a shortfall on rent income £83k from the corporate property portfolio has been identified

- **Energy & Fuel** - £233k reduction following the confirmation of energy unit prices for winter months after taking into account the Government's energy support scheme for business.
- **Staffing Costs** - £111k reduction as a result of actions taken to reduce agency staff spend and freeze recruitment
- **Housing General Fund** - £175k reduction
- **Other Expenditure and Overheads** - £87k increase primarily driven by further anticipated spend on legal and consultancy fees in Planning Services and across other various services.

2.11 The reserve movements are shown in Table 7

Table 7: Place Reserve Movements 2022-23

Description	Movement £'000
Capital Feasibilities Reserve	-35
Accommodation Strategy Reserve	-652
3G Pitch	25
1 Hour Free Parking	-291
Business Risk Reserve	-732
Capacity Build/ Transformation Reserve	-153
Revenue Grant Reserve	-204
Place net draw down	2,042

2.12 The net overspend of £4.466m is set out in the following paragraphs

2.13 **Directorate Management** – £1.684m net overspend. COVID-19 is expected to continue to result in losses in income in 2022-23. As part of the 2022-23 MTFs process, budget growth of £2.482m is included in the budget to recognise the impact on income achievement. The growth is held in Directorate Management. The total forecast loss of income is £4.121m resulting in a pressure of £1.639m. In addition, there is a pressure of £45k on recruitment costs following the implementation of the new management team structure.

2.14 **Environment** - £125k net underspend. This is made up as follows:

- **Fuel & Energy** - £1.262m net overspend
- **Strategy, Development & Performance** - £176k net underspend due to £141k overachievement of Trade Waste income and an underspend of £95k on staffing costs, partially offset by overspends on the Public Mortuary SLA £40k and service overheads £6k
- **Transport & Environmental Operations** - £1.021m net underspend mainly due to underspend of £1m in Waste Management due to favourable market conditions which has resulted in the projected disposal cost for dry recyclables to be lower than budgeted for. This is partially offset by a forecast overspend of £60k in garden waste subscription income. In addition, there is a £90k underspend on Clean &

Green staffing costs due to vacancies in the frontline delivery service carried through the year, £9k overspend due to pressures of £19k on vehicle related repairs and maintenance partially offset by £10k underspend on Transport staffing costs.

- **Traffic & Highways Asset Management** - £551k overspend due to a reduction in TfL funding and the pause on the capital programme, which has reduced the ability to charge engineers' fees to the projects. Coupled with the use of interim staff in the service, this has resulted in a net pressure of £509k against employee related budgets. There is also a forecast overspend of £42k on miscellaneous expenditure and service overheads, including flood defence works.
- **Parking Enforcement & Network Management** - £554k net underspend. This is due to forecast overachievement of £242k in Network Management driven by increased street works activities and a net underspend £85k on staffing due to vacant posts. In addition, there is an underspend of £142k on staffing costs in Parking Services due to vacant posts and the 2022-23 business rate bills for the borough's care parks portfolio is £85k lower than budgeted due to credits applied to this year's business rates account.
- **Licensing & Enforcement** - £187k underspend mainly due to £255k underspend on staffing costs due to vacant posts across the service particularly in the Enforcement team. This has been partially offset by £39k pressure relating to historical secondment payments and £29k in service overheads.

2.15 Inclusive Economy, Leisure and Culture - £210k net overspend.

- **Harrow Museum** - £61k overspend due to staffing costs £89k driven by the usage of agency staff. In addition, spend on miscellaneous expenditure and service overheads is expected to exceed budget by £42k. These cost pressures have been partially offset by the residual Cultural Recovery Fund from ACE totalling £70k
- **Harrow Arts Centre** - £84k overspend. This is due to business rates bills £38k and expenditure on water £30k. In addition, following changes to resource levels, spend on staffing is forecast to exceed budget by £28k due to additional overtime and acting up allowances. There is a further overspend of £23k on miscellaneous expenditure and service overheads which have been partially offset by the residual Cultural Recovery Fund totalling £35k.

2.16 Regeneration and Sustainable Development - £2.762m net overspend

- **Fuel & Energy** - £904k net overspend

- **Estates & Facilities Management** – £1.134m net overspend
 - Facilities Management - £900k net overspend due to additional security staff £293k across various council sites pending completion of the security review, £212k corporate cleaning due to the opening of the Harrow Council Hub, £260k building repairs and maintenance due to residual spend on Covid related works, loss of income £119k assumed for room letting bookings at the Civic Centre and under recovery rental income from units at the Depot £83k and £11k staffing costs due to interim arrangements. This is partially offset by business rates bills £78k at the Depot and Hub which are lower than budget
 - Corporate Estates – £163k net overspend due to interim staffing arrangements £80k and shortfall in rental income £83k across the portfolio
 - Head of Facilities & Estates - £47k net overspend due to interim staffing arrangements
 - Catering Services - £24k net overspend due to under achievement of income in the Adults catering service.
- **Planning & Development** - £724k net overspend due to under achievement of planning application fee income as the number of planning applications are lower than expected £574k, legal fees due to actions being taken in 2 cases £125k, cost related to historical secondment arrangements £38k and increased enforcement costs £50k. This is partially offset by staffing underspend £63k as a result of reduction in the size of agency workforce.
- **Regeneration** – the revenue budget is £1.250m and is expected to spend to budget, mainly on staff costs and additional consultancy advice. This will be funded by a drawdown of MRP.

2.17 **Housing General Fund** – the forecast at Q3 is an underspend of £65k after fully utilizing the Homelessness Prevention Grant (HPG) of £2.246m and a cross divisional adjustment of £268k. This leaves a balance on the HPG of £4.713m.

Housing Revenue Account (HRA)

2.18 The budget for the HRA was set at an in-year loss of £241k for 2022-23. As at Q3 the forecast loss has increased by £536k to a deficit of £1.942m from the position reported at Q2 of £1.406m. This represents an adverse variance for 2022-23 of £1.701m.

2.19 Major changes from the Q2 forecast are as follows:

- Utility costs increase £784k due to higher than anticipated energy prices
- Repairs and maintenance reduction £209k largely as a result of capitalisation of fencing costs
- Increase income £39k from leasehold and hall hire income

PEOPLE SERVICES

Table 8: People Services Forecast Outturn Q3 2022-23

Division	Service Area	Revised Budget	Forecast	To/ (From) Reserves	One off funding/ Mgt Actions	Revised Forecast	Revised Variance	Q2 Variance	Q2 Movement
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Adults	Strategic Management	887	747	0	0	747	-140	0	-140
	Staffing	9,493	10,618	0	-549	10,069	576	335	241
	Equipment	967	1,290	0	-85	1,205	238	201	37
	Contracts	1,409	1,409	0	0	1,409	0	0	0
	Mental Health	6,422	6,090	0	-39	6,051	-371	-200	-171
	Better Care Fund	-12,441	-13,022	0	-8	-13,030	-589	-360	-229
	Purchasing	55,190	58,973	0	-2,493	56,480	1,290	453	837
	In House Services	5,415	4,901	0	0	4,901	-514	-393	-120
Adults Total		67,342	71,006	0	-3,174	-67,832	490	35	455
Public Health Total		-163	-161	-2	0	-163	0	0	0
Children's Services	Children & Young People Services	27,027	30,605	-2,117	-858	27,630	603	1,384	-781
	Education Services	9,246	9,536	-672	0	8,864	-382	273	-655
	People Services Mgt	1,347	1472	0	0	1472	125	189	-64
Children's Services Total		37,620	41,613	-2,789	-858	37,966	346	1,847	-1,501
People Services Total		104,799	112,458	-2,791	-4,032	105,634	835	1,882	-1,047

2.20 As at Q3 the directorate is reporting a net overspend of £835k after drawdown from reserves and one-off funding & management actions.

2.21 The reserve movements are shown in Table 9

Table 9: People Services Reserve Movements 2022-23

Description	Movement £'000
Children's – PFI Schools Sinking Fund	-459
Children's – Children's Social Care Reserve	-2,240
Children's – Business Risk Reserve	-90
Public Health – Public Health Reserve	-2
People Services net draw down	-2,791

2.22 The variations are explained in more detail at the following paragraphs.

Adult Services

2.23 As at Q3 the service is reporting a net overspend of £3.682m which is partially managed £3.174m expected to be mitigated largely through additional discharge funding and winter pressure funding. This leaves a net overspend of £490k which is an increase of £455k from the position reported at Q2.

2.24 **Strategic Management** - £140k underspend. This is due to the charging reforms implementation grant £100k offsetting current expenditure and £40k uncommitted in the DASS contingency assumed not to be required.

2.25 **Staffing** - £576k overspend net of discharge funding, broadly made up as follows:

- Over establishment staffing costs £857k previously assumed to be funded by drawdown from reserves
- Staffing establishment pressures £454k arising from the increased cost of agency staff and additional staff employed to recover direct payments (funded by increased clawback)
- Delayed or postponed recruitment £268k underspend
- Application of discharge and winter pressures grant funding and reduction of NI contribution £467k underspend

2.26 This has increased by £241k since Q2 mainly due to staffing costs previously assumed to be funded from reserves

2.27 **Equipment** - £238k overspend net of discharge funding. This reflects 45% LA / 55% CCG split on all equipment issues (based on actual expenditure to date). This has increased by £37k since Q2 due to higher levels of equipment spend.

2.28 **Mental Health** - £371k underspend. CNWL forecast expenditure of £6.529m assumes CNWL capped risk share of £200k. this does not assume further reduction in the forecast arising from the recovery plan given that the August, September, and October cost reductions were offset by increased costs. The underspend has increased by £171k since Q2 due to CCG block recharges having been agreed and billed for 2021-22 and forecast for 2022-23.

2.29 **Better Care Fund** - £580k underspend

- **Better Care Fund Staff** - £253k underspend relates to budget assigned for Safeguarding restructure and Reablement projects which are no longer happening. The remainder relates to delays in recruitment and a post being hired at a grade lower than budgeted
- **Budget to offset spend in Purchasing** – £327k underspend

2.30 The underspend has increased by £228k since Q2 due to the safeguarding restructure and Reablement projects no longer happening.

2.31 **Purchasing** - £1.290m overspend net of discharge funding. This has increased by £837k from Q2 due to a combination of increases to existing packages, increased costs associated with hospital discharges (offset by discharge funding) and college and transport costs for younger adults, together with the ageing of outstanding client contributions.

2.32 **Inhouse Services** - £514k underspend. This is made up of an underspend on staffing costs £240k partially offset by an assumption around increased utility costs £123k for inhouse services. In addition, there is an estimated underspend of £277k on transport with lower adults' usage being redirected to Children's.

Public Health

2.33 As at Q3 Public Health is reporting a balanced position after a planned draw down of £2k from the Public Health reserve to fund the continuation of improvement projects and increased funding for wider determinants of health.

Children's Services

2.34 As at Q3 the service is reporting a net overspend of £346k after a draw down from reserves and use of one-off funding.

2.35 This is a reduction of £1.501m from the position reported at Q2 due to reduction in super numerate staff, vacancies and delayed recruitment, additional corporate funding for SEN Transport pressures and a reduction in placement costs due to young people stepping down into semi-independent provision from residential care.

2.36 The Children's Services budget has increased by £2.220m through permanent growth in the MTFs. In addition, £2.117m has been earmarked in the Children's Social Care (CSC) Reserve to support overall pressures.

2.37 The main variances are summarised in the following paragraphs.

2.38 **Children and Young People Services** – £603k net overspend

- **Children's Placements & Accommodation** - £2.595m net overspend. The forecast assumes that there will be additional new placements throughout the financial year of £219k. If this does not come to fruition the forecast will reduce each month
- **Frontline Staffing** – £628k net overspend due to staffing pressures to maintain safe caseloads and use of more expensive agency staff due to difficulties in permanent recruitment
- **Client Related Spend** – £234k net overspend signers and interpreters, and subsistence to families

- **Early Support Services** - £57k net overspend related to increased utilities costs. This is offset against the underspend in the non-pay inflation budget held corporately.
- **Other pressures** - £64k net overspend various pressures across the directorate
- **Draw down from reserves** - £2.117m draw down to partially mitigate pressures
- **Use of one-off income** - £858k to partially mitigate pressures

2.39 **Education Services** - £382k net underspend

- **SEN Transport** – £92k net overspend due to an increase in taxi routes
- **Other Education Services** – net underspend £474k mainly due to additional SLA income and vacancies due to difficulty recruiting key posts

2.40 **Commissioning & People Services Management** – £125k net overspend. This relates to a reduction in grant income £67k, staffing pressures in relation to the Mosaic Team £71k and shortfall in income in the Safeguarding Team £34k, partially offset by vacancies in the Commissioning Team £47k

2.41 **Dedicated Schools Grant**

2.42 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.

2.43 In Q2 there was a projected overspend on the High Needs Block of £1.091m in 2022-23. However, in Q3 it is anticipated that there will be an in-year balanced budget. This is largely due to the additional High Needs Supplementary Grant allocation as well as reduced requirement for Independent & Non-Maintained Special School sector provision due to expanding Kingsley High School from September 2022 which provided 24 additional places for pupils with Severe Learning Difficulties. This means that the cumulative deficit of £4.007m brought forward from previous years is anticipated to remain at the same level at the end of March 2023.

2.44 Any deficits an authority may have on its DSG account is expected to be carried forward and does not allow or require a local authority to cover this from its general reserves. This arrangement has been extended for three years to March 2026.

2.45 The DfE requires local authorities to explain their plans for bringing the DSG account back into balance. A recovery plan was drafted and discussed with Schools Forum in 2021. This now needs to be updated to take account of current numbers of EHCPs and revised EHCP and financial projections. Despite the significant proposals and measures planned over the next ten years, the Deficit Management Plan shows that this will not fully mitigate the deficit. This is due to the following contributory factors:

- historical underfunding
- current budgets being based on historical budgets rather than historical spend
- extension of age range to include 0-5 and post 19
- current and projected formulaic funding which does not keep pace with demand
- significant historical and projected growth in number of EHCPs
- continued growth in complexity of pupils' needs
- limitations about creating cost effective provision in borough due to capacity and site limitations

CORPORATE AND TECHNICAL

2.46 As at Q3 the forecast for Corporate & Technical budgets is a net overspend of £5.177m as detailed below.

Corporate Items

2.47 As at Q3 the forecast is a balanced budget.

Technical Budgets

2.48 As at Q3 the forecast is a net overspend of £3.340m. The technical budgets assume a planned draw down from the MTFS Budget Planning Reserve of £14.711m however this was removed from the forecast at Q2. A revised financial strategy is being implemented to ensure the council manages within its budget envelope. This has been partially offset by underspends on capital financing and treasury management income.

Pay & Non-Pay Inflation Budgets

2.49 As at Q3 the pay and non-pay inflation budgets are held corporately. There is a net underspend on the non-pay inflation budget of £2.288m which is offset by energy and fuel inflation pressures forecast in the directorates.

2.50 The pay inflation budget of £2m is projected to overspend by £4.125m. The estimated cost impact of the 2022-23 pay award is £6.4m which is partially offset by reduction in NI payments of £330k part year effect in 2022-23 (£800k full year effect).

Investment Properties

- 2.51 As at Q3 the forecast for investment properties is a net overspend of £55k. This is due to vacant space which results in loss of rental income. This will be funded by a draw down from the Investment Properties Reserve.
- 2.52 From 2015 to 2019 the Council acquired seven investment properties at a cost of £48.2m. The portfolio consists of warehouses and other commercial and residential properties across the UK, as well as an office block in Harrow. At acquisition, the net yield was estimated at 2.31% (gross yield 7.3%) for all but the office block Kings House (net yield 0.9% and gross yield 5.9%) which was also purchased as a land acquisition for potential regeneration. The return from investment properties was included in the MTFs.
- 2.53 The projected return from all but Kings House is currently on target despite COVID-19. There is vacant space in Kings House – part of the 3rd floor has been vacant since acquisition and the remainder of the 3rd floor became vacant in December 2020. This results in loss of rental receipts and the additional cost such as business rates and service charges which falls back to the council.
- 2.54 The annual estimated impact of vacant space at Kings House in 2022-23 is a loss of rental income and charges relating to vacant space in total of £369k. This is partly offset by earlier investment purchases achieving returns over and above their target hence the overall investment property pressure of £55k. This will be funded by a draw down from the Investment Property Reserve.

Final Settlement of the Council's overage obligations

- 2.55 On 21 November 2001 the Mayor and Burgesses of the London Borough of Harrow purchased the freehold property known as the Hive from the Mayor and Burgesses of the London Borough of Camden for £1.
- 2.56 It was agreed between the parties that the transfer of the Hive would contain overage provisions whereby Camden would be entitled to be paid further sums in the event certain conditions being met (the 'Overage Clauses').
- 2.57 In 2010 the Council granted the lease and simultaneously entered into a Service Level Agreement ensuring the provision of community use at the Hive.
- 2.58 The Council subsequently sold its freehold interest in the Hive on 17 March 2017 on the terms set out and made between the Council and Football First Limited. It simultaneously entered into a further Service Level Agreement to ensure the continued use of the facilities at the Hive by the local community, notwithstanding the disposal of its freehold interest.
- 2.59 Subsequently on 9 April 2018 Camden Council wrote to Harrow Council stating that it was entitled to an overage payment following the sale of the Hive whilst

noting that Harrow would be required to pay to Camden Council 50% of the uplift in value of the land.

- 2.60 The Council was advised that it would be in the Council's commercial interests to seek a full release from the overage obligations from Camden in order to extinguish potential open-ended exposure that would exist if the covenants were left in place.
- 2.61 Following negotiation with Camden Council, a full release from the overage obligations were agreed, provided Harrow Council pay the sum of £500,000 to Camden Council in full and final settlement.
- 2.62 This will be funded by a centrally held provision which was set aside from the sale proceeds.

RESERVES

Table 10: Summary of Reserves 2022-23

Description	Brought Forward 01/04/22	Directorate Reserve Movements	Corporate Reserves Movements	Other Reserves movement	Balance Carry Forward 31/03/2023
CIL Harrow	-7,108,388	0		1,533,000	-5,575,388
Revenue Grant Reserve	-6,641,420	204,000			-6,437,420
Compensatory Added Year Reserve	-242,782				-242,782
PFI Schools Sinking Fund	-2,071,676	459,000			-1,612,676
Public Health Reserve	-2,674,142	2,000			-2,672,142
PFI NRC Sinking Fund	-1,823,836				-1,823,836
Legal Services Contingency	-821,239				-821,239
HRA Transformation Reserve	-542,965			475,000	-67,965
Carryforward Reserve	-1,330,981		1,330,718	263	0
Collection Fund Reserve	-4,634,745				-4,634,745
Capital Feasibilities Reserve	-500,000	35,000			-465,000
Accommodation Strategy Reserve	-652,000	652,000			0
Adults Social Care Reserve	-3,769,475	0			-3,769,475
Children's Social Care Reserve	-3,108,120	2,240,000			-868,120
Borough Election	-574,677	450,000			-124,677
Harvist Reserve Harrow Share	-34,034				-34,034
Proceeds Of Crime Reserve	-63,000				-63,000
Proceeds Of Crime Reserve Planning	-430,172				-430,172
CIL Mayor	-150,520				-150,520
Insurance Reserve	-959,318	219,000			-740,318
Public Mortuary Expansion Reserve	-500,000				-500,000
3G Pitch	-25,000	-25,000			-50,000
Waste Strategy Reserve	0			-1,595,000	-1,595,000
1 Hour Free Parking	0	291,000		-291,000	0
Vehicle Fund	-1,250,478				-1,250,478
Investment Property Reserve	-977,385		55,000		-922,385
PAP Sinking Fund	-393,300				-393,300
HRA Hardship Fund	-25,000				-25,000
HRA Regeneration Reserve	-722,200				-722,200
HRA Repair Reserve	-277,428				-277,428
Business Risk Reserve	-1,968,198	1,452,017			-516,181
Budget Planning Reserve MTFs gap	-22,490,358		9,872,000	290,737	-12,327,621
Capacity Build/ Transformation Reserve	-3,172,652	1,912,000		300,000	-960,652
Total Ringfenced Reserves	-69,935,490	7,891,017	11,257,718	713,000	-50,073,755
Headstone Manor Reserve	-287,750			287,750	0
Libraries Reserve	-150,000			150,000	0
IT Reserve	-134,000			134,000	0
Equalities Diversity & Inclusion Reserve	-157,273	76,000		55,273	-26,000
General Fund Reserves	-10,008,000			-627,023	-10,635,023
Total Usable Reserves	-10,737,023	76,000	0	0	-10,661,023
DSG Overspend	4,006,867				4,006,867
Grand Total All Reserves	-76,665,646	7,967,017	11,257,718	713,000	-56,727,911

GRANTS

2.63 Attached at Appendix 1 is a schedule of all the revenue grants the Council expects to receive in 2022-23. The majority of these grants are received and paid out and do not impact on the bottom line for example Dedicated Schools Grant £143m which is paid out to education providers and Housing Benefit Subsidy £117m which is paid to Housing Benefit Claimants.

3.0 CAPITAL PROGRAMME

3.1 The revised capital budget for 2022-23 is £155.024m as set out at Table 11 and in more detail at Appendix 2:

Table 11: Capital Programme Budget 2022-23 Q3

Directorate	Grant Funding/CiL/ S106 (A)	Harrow Borrowing (B)	TOTAL BUDGET (A+B)	Forecast Outturn	Forecast Variance	Grant Funding/CiL/ S106	Harrow Borrowing	Slippage	Over/ Underspend after Slippage
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
RESOURCES TOTAL	0	11,661	11,662	8,546	(3,116)	(0)	(3,115)	(3,115)	(0)
PLACE:									
Environment	10,437	17,301	27,738	12,715	(15,023)	(6,086)	(8,937)	(15,023)	0
Inclusive Economy, Leisure & Culture	4,322	1,458	5,779	3,463	(2,316)	(1,505)	(811)	(2,307)	(9)
Regeneration & Development	1,097	16,958	18,056	3,650	(14,406)	(557)	(13,849)	(14,163)	(243)
Housing General Fund	2,809	7,620	10,429	8,770	(1,659)	(1,609)	(50)	(1,609)	(50)
PLACE TOTAL	18,666	43,336	62,002	28,597	(33,405)	(9,758)	(23,647)	(33,102)	(302)
PEOPLE:									
Adults	0	358	358	30	(328)	0	(328)	(328)	0
Public Health	7	0	7	7	0	0	0	0	0
Children	28,414	137	28,551	5,122	(23,429)	(23,294)	(135)	(23,429)	0
PEOPLE TOTAL	28,420	495	28,915	5,158	(23,757)	(23,294)	(463)	(23,757)	0
TOTAL GENERAL FUND	47,086	55,492	102,579	42,301	(60,278)	(33,052)	(27,225)	(59,974)	(302)
TOTAL HRA	35,317	17,128	52,446	31,440	(21,006)	(20,528)	(477)	(7,099)	(13,906)
TOTAL GENERAL FUND & HRA	82,404	72,621	155,024	73,741	(81,284)	(53,581)	(27,703)	(67,074)	(14,209)

3.2 As at Q3 the general fund capital programme budget in 2022-23 is £102.579m. The net forecast position on the capital budget at Q3 is £52.301m which represents 41% of the total capital programme budget. The variance of £60.278m is made up of slippage of £59.974mm and an underspend of £302k.

3.3 The Housing Revenue Account (HRA) capital programme budget is £52.446m. The net forecast position on the HRA capital budget at Q3 is £31.440m which represents 60% of the total HRA capital programme budget. The variance of £21.006m is made up of proposed slippage of £7.099m and a net underspend of £13.906m.

RESOURCES

3.4 As at Q3 the projected spend is £8.546m which represents 73% of the capital budget. The remaining budget of £3.115m is forecast to be slipped to 2023-24.

- **Digital Improvement Programme** - £400k slippage relates to the replacement of Careline devices delay in delivery due to a worldwide shortage of parts and scaled down production of the devices.

- **ICT Refresh** - £2.715m slippage in relation to the ongoing ICT Refresh, Devolved Applications, and other digitalisation programmes. which reflects changing priorities and revised timescales of current schemes which will complete in the next financial year.

3.5 There are no revenue implications as a result of this slippage.

PLACE

3.6 As at Q3 the projected spend is £28.599m which represents 46% of the capital budget. Of the variance to budget of £33.403m, a total of £33.101m of funding will be slipped to 2023-24. The underspend of £302k results from projects no longer going ahead.

Environment

3.7 The services forecast to spend £12.715m against a budget of £27.738m. £15.023m is forecast to be slipped to 2023-24.

- **Highway Programme** - £6.201m slippage and **Street Lighting** - £1.538m slippage. This is due to the delay in commencing the 2022-23 programme. A highway asset management strategy now developed, subject to Cabinet approval in February 2023. Future capital investment on highways and street lighting will contribute towards the delivery of the strategy.
- **Wealdstone Future High Street Fund** – £5.786m slippage. The 2022-23 budget allocation including 2021-22 carried forward budget is reported as slippage. Funding was awarded from DLUHC in 2021 following the successful bid to the Future High Street Fund for the construction of a footbridge and the implementation of Intelligent High Street in Wealdstone. In January 2023 Cabinet approved an adjustment to the project. A proposal to deliver an adjusted project in Harrow Metropolitan Town Centre is being drawn up, which will be subject to a future Cabinet report.
- **Parks Infrastructure** - £561k slippage and **Parks Playground Improvement** - £46k slippage. Following the review of the condition survey completed earlier this financial year, a programme of works is at development stage to prioritise funding to parks that are most in need for investment. These works are expected to be delivered in 2023-24.
- **Vehicle Procurement** - £136k slippage. The budget is originally profiled in 2023-24 to deliver the replacement of a few small vehicles. Following an assessment of vehicle condition, it is planned to keep these for longer and therefore the budget is slipped to 2023-24.

- **CCTV Infrastructure** - £282k slippage. The fit out of the CCTV Control room at the HCH is underway. Some additional works being commissioned will be completed in 2023-24
- **Climate Emergency (Energy Emission Reduction Measures) and Public Sector Decarbonisation Scheme** - £473k slippage. The majority of the projects are PSDS will be completed this year with the exception of solar panel works at Grange School and power upgrade at Harrow Arts Centre, which are ongoing. There is also unspent budget against Climate Emergency programme which will be slipped to 2023-24 for further solar PV instructions.

3.8 Unless stated otherwise, the slippage has no implications on the revenue budget.

Inclusive Economy, Leisure and Culture

3.9 The projected spend is £3.463m against a budget of £5.779m of this £2.307m is forecast to be slipped to 2023-24 and £9k is reported as underspend.

- **High Street Fund** - £1.872m slippage. This is a multiple year programme, with a number of committed projects underway. Of the total funding of £2.868m this year, £987k is forecast to be utilised to complete existing projects. Any spend on new projects is subject to review and agreement of a new programme of activities with Members, therefore the remaining budget of £1.872m is reported as slippage at this stage.
- **Harrow Arts Centre Phase 2 Project** - £396k slippage. The construction works are underway on site. There have been some delays due to material and subcontractor issues. The project is now due for completion in Q1 2023-24
- **Harrow Arts Centre Capital Infrastructure** - £39k underspend. Some essential maintenance works have been undertaken. The roof repair work is being priced and will be completed in 2023-24.

3.10 Unless stated otherwise, the slippage has no implications on the revenue budget.

Regeneration & Development

3.11 The service forecast to spend £3.650m against a budget of £18.056m. Of this £14.163m is forecast to be slipped to 2023-24 and the remaining £243k is reported as an underspend.

- **Investment in Harrow New Civic and 3 core sites** - £12.268m slippage. Following the Cabinet report in March 2022 on the update of the Harrow Strategic Development Partnership (HSDP), the viability review of various sites is underway, and the outcomes will be reported back to Cabinet. The funding of £12.268m in the Capital Programme will not be committed until

the financial implications to the Council are refreshed. Therefore, the full budget is forecast as slippage at this stage.

- **Neighbourhood CIL** - £314k slippage and £243k underspend. A notional budget of £500k per annum is included in the capital programme, which is normally allocated following the approval of individual NCIL applications. £264k of this remain unallocated due to the review being undertaken on NCIL. The funding allocation to NCIL projects is expected to resume following Cabinet approval of the recommended NCIL process. The underspend of £238k relates to previously approved NCIL projects that are either no longer going ahead or completed with an underspend. This sum has been returned to the NCIL pot as part of the NCIL review.
- **High Priority Planned Maintenance** - £1.324m slippage. An assets review has been commissioned and is being undertaken by an external consultant. Capital improvement works in corporate buildings will be prioritised based on the outcome of the review and will be delivered in 2023-24.
- **Bannister Café** - £257k slippage. The project was originally put on hold due to a contractual dispute. The contract has now been discontinued. The project is being reviewed before any re-procurement work is undertaken.

3.12 Unless stated otherwise, the slippage has no implications on the revenue budget.

Housing General Fund

3.17 As at Q3, the service forecast to spend £8.770m against a budget of £10.429m. Of this £1.609m is forecast to be slipped and the remaining £50k reported as an underspend.

3.18 **Empty Properties Grant** - £50k underspend. Sharp rise in inflation affecting costs of labour and material, as well as a substantial increase in buy-to-let mortgage rates has resulted in a decline in temporary accommodation supply as the buy-to-let business has become less viable for most landlords, resulting in projected £50k underspend. A further 3 EPG at an average of £12k per property are expected to be delivered by the end of the year. To date there are 2 confirmed cases amounting to approx. £23k and 2 pending approval.

3.19 Additional **Disabled Facilities Grant** (DFG) was carried forward at the end of 2021-22 resulting in a total budget allocation of £2.808m in 2022-23. There is a forecast underspend against this budget of £1.609m. Means testing has been relaxed to increase the number of adaptations to be carried out. By January 2023, 54 adaptations were completed compared to 62 in the same period in 2021-22. This can be attributed to delays in obtaining equipment in the market (in some cases delays of up to 16 weeks are forecast). The service is working closely with People Services directorate to maximise the use of funding in 2022-23.

Housing Revenue Account (HRA)

3.20 The HRA capital programme budget is £52.446m. As at Q3 the net forecast spend position is £31.440m which represents 60% of the total HRA capital programme budget. The variance of £21.006m is made up of proposed slippage of £7.099m and a net underspend of £13.907m.

3.21 The slippage of £7.099m relates the following schemes

- **Homes Safe Three** - £1.031m slippage due to delays in procurement and supply of materials that will mean that the remainder of this programme will be delivered in 2023-24 in addition to the £2m budget in 2023-24.
- **Heat Pump Technology** - £964k slippage due to issues with legionella on one site which has led to the programme not being fully delivered as planned in 2022-23 and will be delivered in full in 2023-24.
- **Two Storey Fire Doors** - £351k slippage. Delays in procurement means that most of this programme will be delivered in 2023-24.
- **Decarbonisation Programme** - £633k slippage which has been delayed due to funding proposals and partnering arrangements being established with other local authorities
- **Smoke Alarms** - £146k slippage due to delays related to resourcing issues as a result of retendering other projects
- **Chichester Court Windows** - £111k slippage due to delays with design specification and planning permission
- **Windows & Doors 2022-23** - £310k slippage due to additional asbestos tests
- **Kitchens & Bathrooms 2022-23** - £490k slippage due to large increase in prices which has meant that the scope of works needed to be revisited to reduce costs.
- **Roofs Street Dwellings 2022-23** - £209k slippage due to procurement delays
- **Lateral Mains 2022-23** - £208k slippage due to delays in developing the specification
- **Communal Door Entry 2022-23** - £493k slippage due to delays in procurement and large consultation for section 20 purposes
- **Various** - £109k minor slippages on 7 other schemes

- **Grange Farm Phase 2** - £633k slippage and £867k underspend. This was set aside for acquisition of property within Phase 2 and is now no longer required. It is proposed to use £633k of this budget in the next financial year to top up the budget set aside for the acquisition of the 20 Notting Hill Genesis properties.
- **Grange Farm Phase 3** - £312k slippage. This was set aside for Phase 3 commencing in 2022-23. This phase will not be coming on board this year and is being reviewed.
- **Building Council Homes for Londoners Programme** - £1.411m slippage and £8.445m underspend. Schemes have been reviewed and it is not possible to achieve start on site on some projects by 31 March 2023 resulting in £8.445m being underspend this year and £1.411m slipped to future years.
- **Planned Investment Programme** - £4.495m underspend as a result of procurement delays. Of this underspend £218k has been saved by using new technology of which £147k has been applied to delivering additional structural works and £154k is due to a reduction in the number of properties in three schemes.

PEOPLE SERVICES

3.22 As at Q3 the projected spend is £5.158m which is 18% of the total budget.

Adult Services

3.23 As at Q3 the forecast spend is £30k which is 8% of the total budget. The remaining £328k is reported as slippage as set out as follows.

3.24 Assistive Technology Programme - £270k slippage. The service is scoping more products and looking for a cohort of people who might benefit from this technology. Potential reablement projects are being investigated in terms of cost and practicality. Consideration will be given at year end to reporting the budget as an underspend if suitable projects are not identified

3.25 Inhouse Services - £58k slippage. The budget is to support projects under consideration at Wiseworks to aid in front facing Adults Social Care vision and for integration of Learning Disability services. The expected spend in 2022-23 is expected to be £30k with the remaining £58k forecast as slippage.

Public Health

3.26 As at Q3 the projected spend is £7k which represents 100% of the budget.

Children's Services

- 3.27 As at Q3 the projected spend is £5.122m which is 18% of the total budget. The remaining £23.429m will be slipped to future years.
- 3.28 Additional Basic Need Grant Funding of £14.973m was allocated to the LA in 2021-22 to enable the LA to meet its statutory duty of providing sufficient mainstream school places. However, the current projections indicate that there is not a requirement for any permanent expansion at this stage. Funding allocated for bulge classes and historical capital maintenance funding, also funded from grant, will also be slipped to future years as this is not currently required.
- 3.29 In addition, the majority of the SEN Expansion Programme funding will be slipped to 2023-24 as the additional provision will now be opened in September 2023.
- 3.30 There are no revenue implications as a result of this slippage.

ADDITIONS AND AMENDMENTS TO THE CAPITAL PROGRAMME

3.31 HRA Additional GLA Grant £408,640

- 3.32 An additional GLA Grant has been awarded for the Local Authority Delivery Phase 3 (LAD3) and Home Upgrade Grant Phase 1 (HUG1) totalling £408,640. The Council is required to provide a contribution to match fund this of £209,320 which is already included in the HRA Capital Programme. It is therefore proposed that an additional £408,640 is added to the HRA Capital Programme.

3.33 Refurbishment of Tennis Courts £ 446,000 TBC by LTA

- 3.34 Following the successful funding application to Lawn Tennis Association (LTA) earlier this financial year, the procurement of the refurbishment of tennis courts via the LTA National Framework has now been completed with final costs confirmed at £587,425. A funding agreement with the LTA has been prepared on this basis. It is therefore proposed that an additional budget of £587,425 is included in the 2022-23 Capital Programme.

3.35 UK Shared Prosperity Fund £141,322

- 3.36 Within the UK Shared Prosperity Fund allocated to Harrow, there is a capital allocation of £721,819 for the delivery of projects under Communities and Place theme. This funding will be spent over 3 years, with £141,322 profiled in 2022-23 for projects at Harrow Arts Centre and improvements in parks & open space. It is therefore proposed that an additional budget of £141,322 is included in the 2022-23 Capital Programme. The rest of the capital allocation has been

included in the proposed 2023-24 – 2025-26 Capital Programme, which is in a separate report on the same agenda.

4.0 **COUNCIL TRADING STRUCTURE UPDATE 2022-23**

4.1 The Council's Trading Structure update is attached at Appendix 3 and summarises the financial position and provides a general update on the activities of all the Council's trading entities.

5.0 **REPORTING FOR THE 2022-23 FINANCIAL YEAR**

5.1 This is the third revenue and capital budget monitoring report for 2022-23

5.2 Cabinet will receive further quarterly monitoring reports during the year as follows:

- Q4/Final Revenue & Capital Monitoring – July 2023

6.0 **Implications of the Recommendation**

Implications of recommendation are set out in the body of this report.

7.0 **Performance Issues**

Good financial monitoring is essential to ensuring that there are adequate and appropriately directed resources to support delivery and achievement of Council priorities and targets as set out in the Corporate Plan. In addition, adherence to the Prudential Framework ensures capital expenditure plans remain affordable in the longer term and that capital resources are maximized.

As at Q3 the forecast on the revenue budget is a net overspend of £9.872m.

The projected spend on the Capital Programme is £73.741m, 48% of the total budget.

8.0 **Environmental Implications**

There is no direct environmental impact.

9.0 **Risk Management Implications**

Risks included on corporate or directorate risk register? **Yes**

Separate risk register in place? **No**

The relevant risks contained in the register are attached/summarised below.
Yes

The following key risks should be taken onto account when noting the report:

Risk Description	Mitigations	RAG Status
Failure to deliver the revenue budget on target	<ul style="list-style-type: none"> ▪ At Q3 there is a projected net revenue overspend of £9.872m ▪ A new financial strategy is being implemented to ensure the Council remains within its budget envelope. The expectation is that the part year effect of this strategy will reduce the forecast overspend of £9.872m (which has reduced from £11.513m at Q2) with any residual overspend being drawn down from the MTFs Budget Planning Reserve 	Red
The forecast overspend will continue into the following year leading to an adverse impact on financial performance in 2023/24	<ul style="list-style-type: none"> ▪ The 2023/24 budget is subject to a separate report on this agenda. The expenditure pressure areas from 2022/23 are reflected in the budget setting process for 2023/24. 	Green
Projects within the Capital Programme exceed their budget, potentially resulting in additional capital financing costs	<ul style="list-style-type: none"> ▪ If projects exceed their costs, Directorates would be asked to find compensatory savings elsewhere in the programme to cover the overspend. In the worst-case scenario, a council wide capital budget is held and a virement would be carried out to offset the overspend. 	Green
Additions to the capital programme occur that may incur additional borrowing costs to the council	<ul style="list-style-type: none"> ▪ Funded by additional grants and contributions thus no additional capital financing costs will be incurred 	Green

10.0 Procurement Implications

Any procurement arising from this report will be supported by the Procurement Team and will be undertaken compliant with the Public Contract Regulations 2015 and the Council's Contract Procedure Rules.

10.1 The contract with Sancroft Community Care Limited under clause 3.1 permits the Council to extend the contract beyond its initial 5-year term by a further period or periods of up to 5 years.

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.

Under the Financial Regulations B48 Additions in year to the Capital Programme

Up to £5m – additional capital spending can be approved by Cabinet on specific projects where

- I. The expenditure is wholly covered by additional external sources; and
- II. The expenditure is in accordance with at least one of the priorities listed in the capital programme; and
- III. There are no full year revenue budget effects

The additional capital spending agreed by Cabinet in one financial year cannot exceed £20 million.

12.0 Financial Implications

Financial matters are integral to this report.

13.0 Equalities implications / Public Sector Equality Duty

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

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

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

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

- remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;
- take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;

- Encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.
- The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.
- Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:
 - Tackle prejudice, and
 - Promote understanding.

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

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

13.4 Equality assessments were undertaken for the budget proposals agreed by Council listed as part of the MTFS process and an overall equality assessment was undertaken on the MTFS.

13.5 There is only recommendation in this report for decision "That Cabinet approve the proposed amendments to the Capital Programme as set out in paragraphs 3.33 to 3.34" it is not considered that this will have a detrimental equalities impact.

14.0 Council Priorities

- A council that puts residents first
- A borough that is clean and safe
- A place where those in need are supported

Section 3 - Statutory Officer Clearance

Statutory Officer: Dawn Calvert

Signed by the Chief Financial Officer

Date: 06/02/23

Statutory Officer: Jessica Farmer

Signed on behalf of the Monitoring Officer

Date: 06/02/23

Chief Officer: Dawn Calvert

Signed on behalf of the Chief Executive

Date: 06/02/23

Head of Procurement: Nimesh Mehta

Signed by the Head of Procurement

Date: 02/02/23

Head of Internal Audit: Neale Burns

Signed on behalf by Head of Internal Audit via email

Date: 03/02/23

Mandatory Checks

Ward Councillors notified: NO as it impacts on all Wards

Eq/A carried out: NO

Section 4 - Contact Details and Background Papers

Contact: Sharon Daniels, Head of Strategic and Technical Finance
(Deputy S151), Telephone 020 8424 1332, Sharon

Daniels@harrow.gov.uk

Background Papers:

[Final Revenue Budget 2022/23 and Medium-Term Financial Strategy
2022/23 to 2024/25 Report](#)

**Call-in waived by the Chair of Overview and Scrutiny
Committee - NO**