

REPORT FOR: CABINET

Date: 9 February 2012

Subject: Integrated Planning: Final Revenue Budget and MTFS 2012-13 to 2014-15

Key Decision: Yes

Responsible Officer: Julie Alderson
Interim Corporate Director of Resources

Portfolio Holder: Bill Stephenson
Leader and Portfolio Holder for Finance and Business Transformation

Exempt: No

Decision subject to Call-in: Yes

Enclosures: Appendices listed overleaf

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Section 1 – Summary and Recommendations

This report sets out the final proposed revenue budget for 2012-13 and medium term financial strategy (MTFS) to 2014-15.

RECOMMENDATIONS:

- 1) That Cabinet recommends the budget to Council for approval to enable the Council Tax for 2012-13 to be set
- 2) That Cabinet approves the Medium Term Financial Strategy at Appendix 1
- 3) That Cabinet notes the planned investment in services and efficiency programme
- 4) That Cabinet recommends to Council the policy on the use of the contingency (Appendix 7)
- 5) That, in relation to schools, Cabinet approves the proposed changes to the formula and recommends to Council the schools budget (Appendix 8)
- 6) That Cabinet agrees the risk assessment (Appendix 9) and refers it to the Governance, Audit and Risk Management Committee for consideration and monitoring
- 7) That Cabinet recommends to Council the reserves policy (Appendix 10)
- 8) That Cabinet recommends to Council the virement rules set out in Appendix 11
- 9) That Cabinet recommends to Council that Members' allowances are frozen and therefore the current approved Members' Allowances Scheme is adopted for 2012-13
- 10) That Cabinet recommends to Council that in the event that responsibility for Public Health is transferred to the Council during 2012-13, that authority is delegated to the Interim Corporate Director of Resources to incorporate the transferred amount into the budget
- 11) That Cabinet recommends to Council the model Council Tax resolution set out in Appendix 13

REASON: To ensure that the Council sets a balanced budget for 2012-

Section 2 – Report

Introductory paragraph

1. This is the final report in the series of Budget reports for the period 2012-13 to 2014-15. The Draft Revenue Budget report to the 15 December Cabinet set out fully the context and background for setting the Budget.
2. The Council has successfully implemented the Better Deal for Residents: Shaping Harrow for the Future programme. This was a three-year savings programme to position the Council as a more efficient and effective organisation that can live within its means. The programme identified £31.4m of savings.
3. The Council is now embarking on a thorough review of all of its services with each directorate setting out their vision for their services over the next three years within the context of reduced resources. A number of different options for service delivery are being pursued, and are set out in the budget, and in the Corporate Plan which is included as the preceding report on this agenda. The proposals below will form a programme of activity for a second phase of transformation. A number of other options have been identified which are not included in the Budget but are being actively explored. The 2012-13 Budget is balanced but there are still gaps in the following years.
4. The Council has made significant savings in recent years. In the period 2007-08 to 2009-10 these totalled £38m. As part of the MTFs approved last year, £19m of savings were identified for 2011-12 with a further £12.3m for future years. Over the three years of the MTFs now proposed, an additional £18.6m of savings has been identified. Making savings on this scale is extremely challenging, but Directors have focussed on ensuring that further changes to service delivery models are innovative, robust and deliverable and minimise the risk to vulnerable people or service failure.
5. Council agreed the vision and priorities for 2011/12 in February 2011. These are restated below:

Vision

Working together: our Harrow, our community

Priorities:

- Keeping neighbourhoods clean, green and safe
 - Supporting and protecting people who are most in need
 - United and involved communities: a Council that listens and leads
 - Supporting our town centre, our local shopping centres and businesses
6. The Council has also undertaken a series of major consultation exercises during 2011 as part of the 'Year of Community debate' as set out in the December report.

Options considered

7. This report deals with the recommended budget for 2012-13 and the proposed MTFS that is required to deliver the Council's vision, priorities as set out in the Corporate Plan.

Financial Context

8. The development of the medium term financial strategy is extremely challenging because:
 - Harrow is already a relatively low spending, high performing, low grant Council
 - Large parts of the budget are outside the Council's control
 - Considerable savings have been made in previous years and this makes it increasingly difficult to identify new areas for efficiencies and reductions
 - The demand for services and expectations from central government are growing all the time and government reforms on other services will impact severely on the Council
 - The Local Government Settlement entails significant reductions in funding.
9. Harrow is experiencing the effects of the recession. For instance the number of benefit claimants has increased from 16,600 to 20,400 from April 2008 to date, an increase of 23%.
10. There are in-year pressures on Adults services due to demographic growth, and this has been built into the budget. Older people and people with long term care needs are living longer, and the weak financial position of the local PCT exacerbates these issues. The Council has to be able to find the means to meet these increased costs from within its very constrained resources by putting into place programmes such as Reablement and personalised budgets to reduce longer term demand on services and help people to live independently for longer. The service does however benefit from the PCT monies included in the budget.
11. There is considerable risk in relation to the impact of welfare benefit changes, initially housing benefit, on the community. There is a concern that landlords will not accept reduced rents due to the amount of surplus demand and that the cap on housing benefit will therefore push families from Inner to Outer London, and perhaps from Outer London into the rest of the UK. There has been a steady increase in the number of homeless people requiring bed and breakfast accommodation in-year which has caused a pressure above the earmarked reserve of £0.300m, which was set aside following receipt of funding awarded by the Government for this purpose. There is no equivalent reserve in the 2012-13 budget, and so there is a growth item for Homelessness.
12. Inflation (RPI) is running at 4.8% and CPI at 4.2%, as at December 2011. There is uncertainty about the outlook for inflation in the medium term. Inflation for non pay items is included at 2%. Considerable savings on contracts are included in the directorate proposals. These are considered to be deliverable. Pay is included at 2% from 2013/14, although we know that the government plans to cap public sector pay increases at 1% with an equivalent reduction in grant.

Council Tax Strategy

13. The report recommends a **zero Council tax increase** in 2012-13. The government is providing grant support for one year only which equates to a 2.5% increase to keep Council tax levels down.
14. The government support for next year's Council tax freeze is a one off in 2012-13 as has been confirmed in the Local Government Settlement.
15. The assumed Council tax increase from 2013-14 is 2.5% per year, however it should be noted that if the Government were to offer a one year only Council tax freeze again next year, it is unlikely that the Council would be able to accept this due to the adverse effects on the Council tax base for future years.

Budget for 2012-13 and MTFS

16. The MTFS in summary form is attached at Appendix 1, with a detailed analysis of the proposed changes attached at Appendix 2.
17. The budget for 2012-13 is balanced. The current funding gaps in future years are:

2013-14 £6.7m
2014-15 £4.3m

In its Autumn Statement the Government announced the likelihood of a further two years of funding reductions. It is estimated that there will be additional funding gaps of something in the order of £10m for each of the subsequent two years 2015-16 and 2016-17.

18. The changes needed to close the funding gap of £2.4m for 2012-13 remaining in the December Draft Budget Report are included in Appendix 2. The major items were; £1.591m in formula grant as the new homes bonus had not been netted off against formula grant as anticipated; the property services restructure in Community and Environment has been brought forward to 2012-13 achieving a part year saving of £0.437m; specific grants have increased by £0.422m, mainly Early Intervention Grant; £0.500m saving on capital financing costs. This is offset by a £0.794m pressure needed to further decapitalise inappropriate spend. There are also a number of other offsetting pressures and savings from the various directorate budgets.
19. The projected funding gaps in the medium term include and take into account:
 - Prudent amounts for capital financing and technical issues such as grant reductions, concessionary travel and contributions to reserves
 - Inflation at 2% on pay and prices
 - Additional investment in services to reflect priorities, demographic change and other pressures, and the additional cost of residual waste disposal from landfill tax
 - The efficiency savings identified so far via the transformation programme
 - Council tax increases of 2.5% a year

20. Future funding gaps will be addressed through:

- Ensuring that capital investment is contained within affordable limits and capital financing costs will be capped with a view to reducing them in future years
- Ensuring that Transformation Projects deliver a strong return and normally repay within 3 years
- Making the best use of land and property assets and opportunities
- Redesigning services to contain the growth in demand for services, for example early intervention to reduce future care needs
- A major procurement exercise for the diversion of residual waste from landfill by the WLWA to avoid future landfill escalator taxes from 2014-15
- Further transformation projects to drive out efficiencies within the Council
- Joint work with partners and other boroughs to drive out efficiencies
- Income generation and a more commercial approach to Council business, contracts and trading services.
- Continuing work on procurement both within the Council and by working with other councils and partners.

Whilst the Council is taking every step possible to minimise the impact on services, it needs to be understood that the scale of the reductions is such that some significant service cuts in future years may be unavoidable. Although this appears to give a bleak future outlook, it needs to be remembered how much the Council has achieved in recent years with the scale of its transformation and the scale of the savings already taken from budgets.

Capital Programme

21. The Capital programme has been reviewed in the light of the financial resource constraints facing the Council and in order to address escalating capital financing costs in future years. The proposed programme for 2012-13 is £43.0m 2013-14 £36.4m and 2014-15 £29.8m. The effect on capital financing costs is a saving of £0.188m in 2012-13, an increase of £1.571m in 2013-14, and an increase of £0.100m in 2014-15.

22. As part of its longer term financial strategy, the Council is seeking to develop a Capital Strategy to cover a 5-15 year period – the plan to rationalise provision of services, co-locate with other services, and share services across other boroughs will be a key driver of future efficiencies and closing the funding gap in future years. There are already a number of initiatives being pursued; for example a joint working business model across boroughs is included within the Community and Culture budget proposals.

Analysis of budget changes

23. The change in the budget requirement for 2012-13 can be summarised as follows:

	£m
Budget Requirement 2011-12	175.5
Capital financing costs and investment income	-0.2
Increase in specific grants	-2.1
PCT funding (used to fund Adult Social Care	-2.5

pressures)	
Technical changes (including concessionary fares)	3.0
Inflation	2.6
Investment in services	7.5
Transformation programme and other efficiencies	-10.7
Budget Requirement 2011-12	173.1

24. The investment and efficiency programme totals for each Directorate for 2012-13 are summarised below:

Directorate	Investment in services £m	Efficiency Programme £m
Cross-Cutting Transformation		-1.0
Adults and Housing	3.9	-3.0
Children's Services	0.6	-2.3
Community and Environment	2.4	-1.9
Place Shaping	-0.2	-0.2
Legal and Governance	0	-0.3
Finance	0.5	-0.8
Chief Executive	0.3	-1.2
Total	7.5	-10.7

25. Further work is required to allocate some of the savings from cross-cutting transformation projects to individual Directorates.

Investment in Services and Continuing Transformation Programme

26. The planned investment and impact of the continuing transformation programme over 3 years is summarised below:

	2012-13 £m	2013-14 £m	2014-15 £m
Planned investment	7.5	2.4	2.3
Unallocated investment		2.0	2.0
Transformation programme	-1.0	-1.0	-0.4
Net Total	6.5	3.4	3.9

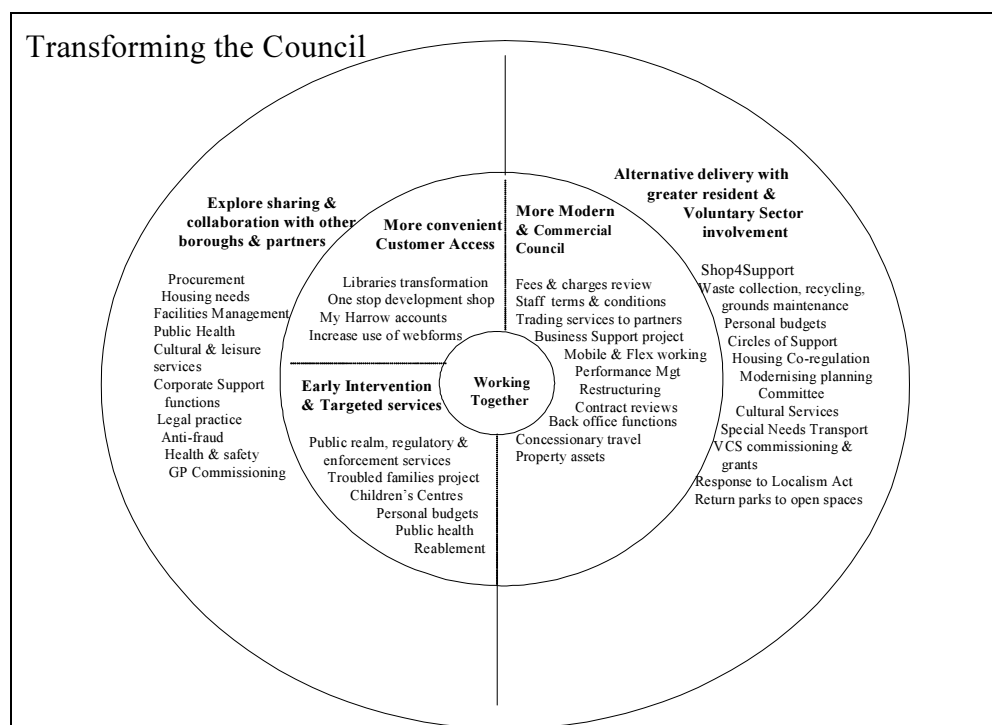
27. The planned investment addresses demographic pressures in Adults and Children's Services, increase in Homelessness and impact on Bed and Breakfast, the impact of landfill tax on waste disposal costs and pay as you throw costs; and reduction of the pressure on income from trade waste and parking enforcement, which have been reducing due to economic pressure.

28. The MTFs reflects the Better Deal for Residents: Shaping Harrow for the Future programme which includes a wide variety of projects in all Directorates, savings from enhanced technology and business processes, property rationalisation, and better procurement.

The Council Direction of Travel

29. The extent of the cuts to public sector spending and the Government's agenda for public service reform mean that the Council is thinking about its future shape and size; how we deliver services in collaboration more with partners and residents and bring about a new relationship that has the potential to unlock major savings. In response to these challenges, we are bringing more projects into a new, second Transformation Programme. This programme has six key themes:
1. Sharing and collaborating with other boroughs, partners, the community and the third sector on service delivery.
 2. Exploring alternative ways to deliver services means that we will consider greater involvement and engagement of residents and the third sector, in line with our desire to build a community where people can have their say on the issues that matter to them most. This could see the creation of social enterprises, trusts, mutuals or community groups.
 3. Designing services so that they are more targeted, with earlier interventions where appropriate.
 4. Continuing to make access to services more convenient for customers by striving to locate our services in the places most convenient for residents; increasing the use of web-forms and the 'My Harrow Account' for people wishing to access services outside normal office hours.
 5. Adopting a more commercial approach to Council business to continue to modernise the Council and its services by using the latest technology, business practices and processes. This will mean better contract management; driving down costs from our suppliers; seeking to trade services with other boroughs, partners or organisations; raising income; continuing to make the Council more efficient and innovative by automating business processes; adopting new technology; reducing bureaucracy; improving productivity.
 - 6) Harnessing the opportunities for future investment and regeneration in the borough. As a key landowner, and the planning authority, we will aim to manage growth in housing and employment uses to; retain the unique character of the borough; support regeneration; and invest in better infrastructure, particularly within the Heart of Harrow to bring lasting, long term benefits for the community.
30. As a result of all these changes we will aim to reduce the size of back office support functions, the number of senior managers and our property portfolio. Only as a last resort or where there is a compelling business case, will we consider reducing a service.
31. For this programme to succeed, we aim to be a more commercially minded organisation which will provide high quality support functions to drive organisational development, improvement and compliance. Strong, but light touch, governance will also be required to protect the Council and its residents from risk in an effective way.

32. Harrow Council will continue its journey towards becoming more of an enabling Council than a direct service provider: supporting and encouraging community engagement; working collaboratively with partners; signposting service users; ensuring relevant information is available to residents; commissioning services based on need and outcomes; providing quality assurance and ensuring fair and equal access to services.
33. The full programme of projects that will deliver the Programme over the next three years is subject to the development of business cases and, where real choices are available, public consultation.
34. The Transformation model is set out below:



Outturn for 2010-11 and budget monitoring for 2011-12

35 The Council under spent by £3.3m in 2010-11, of which £2m was carried forward as commitments to 2011-12. The budget monitoring report for the third quarter of 2011-12 shows an underspend of £0. 190m. There are a number of risks that could worsen this position, and so a Spending Protocol has been put in place, which will continue to ensure that the budget is delivered in-year and to enable an underspend to meet current year and future redundancy costs. There remain considerable pressures on Adults' Services from demographic growth. Additionally there are some continuing risks around the delivery of some elements of the considerable in-year efficiency programme. Community and Environment is also experiencing pressures arising from the reduction in the capital programme. It is currently undertaking a Property Services restructure which will reduce the size of the team to an appropriate level which will help address the pressures.

Implications for the Budget

36 The implications for the Budget are set out fully in the investment and efficiencies overview for each of the directorates from paragraph 45 to 67.

Technical Changes and Inflation

37 The assumptions behind the technical changes and inflation provisions are explained in the commentary in Appendix 3 of this report.

Local Government Settlement

38. Details of the Local Government Settlement for Harrow are set out in Appendix 4. In aggregate, excluding DSG, the Council's funding has reduced by around £1m in 2012-13 compared to 2011-12.

Council Tax Support Grant 2012-13 Scheme

39. The Government has offered authorities a similar grant in 2012-13 to enable them to reduce by 2.5% Council Tax increases that would otherwise be 2.5% or less. A significant difference from the 2011-12 scheme is that it is only being given for one year. The effect of this grant falling out in 2013-14 is to increase the funding gap in that year by £2.6m.

Budget Book

40. An objective analysis of the budget is set out in Appendix 5. This version is on the basis of the current directorate structure. The Chief Executive's restructure will be reflected in the Budget Book published in April, once the final details of the restructuring have been clarified.

Levies, contributions and subscriptions

41. A schedule of levies, contributions and subscriptions included in the 2012-13 Budget is attached at Appendix 6.

Summary of Budget Proposals

42. The following is a summary of the budget proposals; full details are set out in Appendix 2. The proposals are subject to the development of business cases and in some instances further consultation and ongoing assessment of the equalities implications. Authority is also sought to progress other such ideas, which meet the objectives of the programme as agreed between Corporate Directors and Portfolio Holders.

Sharing and collaborating with other boroughs and partners on service delivery.

- Explore opportunities to share the procurement service with another borough or across the West London Alliance.
- Working with the West London Alliance to create a sub-regional collaborative approved list for residential and nursing care services for

older people in the first instance to bring down the weekly costs of placements.

- Explore the potential to collaborate on facilities management with one or a number of other local authorities.
- Seek to share Corporate Health and Safety service delivery with a neighbouring borough.
- Seek to provide Housing review and housing needs services to other councils or via a West London Alliance partnership.
- Explore the delivery of developing the existing excellent legal practice to provide services to other boroughs.
- Exploring opportunities to share public health across boroughs.
- Exploring joint venture with NHS to supply commissioning services.
- Re-procurement of housing repairs service on a localised basis.

Exploring alternative ways to deliver services that allow greater engagement of residents and the voluntary sector.

- Further development of the integrated shop4support online market place so that it is able to meet the needs of the increasing number of people with personal budgets who use the Citizen Portal to arrange and manage their support.
- Residents will be encouraged to help look after and support the most vulnerable in society through the creation of a membership organisation whereby up to 2000 older and vulnerable people (both FACS and non-FACS eligible), plus other less vulnerable people can purchase support and services through a network of paid and volunteer helpers.
- Providing tenants, leaseholders and freeholders the opportunity to be actively and regularly involved in jointly developing the service and scrutinising performance.
- Implementation of a commissioning and small grants model to replace the main grant funding programme.
- Alternative models for the provision of the special needs transport service will be assessed.
- Explore the possibility of introducing new arrangements for the supply of disability equipment such as referring people to high street vendors of these pieces of equipment.
- Soft market testing on whether aspects of waste collection, recycling, grounds maintenance and similar services could be incorporated into a potential social enterprise, mutual or community Interest Company.

- Consideration of community trust for cultural services potentially in partnership with other boroughs in addition to the modernisation of the library service by upgrading the public IT and revising opening hours to better suit users' needs.
- Return some parks to open spaces

Designing services so that interventions are earlier and more targeted.

- Implementation of a project to work with families with the most complex needs in the borough and improve the join up of services to these families from a range of public sector organisations.
- Reconfiguration of the operating model for the 16 Children's Centres through the implementation of a hub and spoke model with staff working more efficiently over a number of centres which are geographically located. The range of services provided by the children's centre staff will be across each hub and will be specifically targeted according to identified needs in each area, which means that in some centres there will be increased focus on income generation and partnership working.
- A new model for Children's Services designed to deliver early intervention and reduce demand on statutory services relating to care and offending.
- A strategic review of residential care to identify current and future needs for all user groups, identify market opportunities, explore opportunities to reduce the costs of residential and nursing care spend by providing reablement and preventative care services, to promote independence and delay dependency on long term residential care.
- A review of day services to ensure that only high quality cost effective services are commissioned and provided and that opportunities for community and day activities are available to personal budget holders.
- Exploration of integration of a number of public realm, regulatory and enforcement functions to form a single team of multi-skilled service providers.
- Working with NHS on an integrated care pilot.
- Housing developing co-regulation for residents to help design and scrutinise services.

Continuing to make access to our services more convenient for customers.

- Encourage more people to transact with the Council over the internet by rolling out the MyHarrow account and the development of further web forms.
- Close face-to-face and telephone contact in designated service areas and introduce voice recognition software onto the Council's Switchboard so that calls can be automatically transferred to the correct extension.

- Consider combining the Gayton and Civic Centre libraries in one town centre site and consider combining the Hatch End library into Harrow Arts Centre to provide a more cohesive arts and leisure offer.
- Development of Housing's "Getting Closer to the Customer" programme.

Adopting a more commercial approach to Council business and continuing to modernise the Council and its services by using the latest technology, business practices and processes so they are more efficient.

- Adopting a more commercial approach to providing services to schools and other bodies in the light of the move of several of the Secondary Schools to Academy status. There are three main areas of activity:
 - The Academy School's tender for HR & Payroll Services;
 - The services provided to schools, and;
 - The overall income yield generated through external fees and charges to other users of the Council's services.
- A review of fees and charges for 2012-13 and to ensure the full cost of services such as planning, registrars and allotments is covered. The default position is for fees and charges to be increased by 2% to 4%. This is against a backdrop of RPI increasing by 4.8% and CPI by 4.2% as at December 2011.
- A review of levies and contributions across all directorates to ensure these represent value for money.
- Review contractual arrangements for: highways maintenance, fleet vehicles, Library Management system, Children's placements, home care, residential, and nursing providers and re-negotiate rates to optimise value for money from our contract management.
- Review provision for insurance/self-insurance in discussion with the actuary and auditors.
- Undertake the development of a draft infrastructure charging schedule as part of the development and introduction of a Community Infrastructure Levy following the adoption of the Core Strategy.
- Introduction of a Fairer Contributions Policy based on ability to pay for all adult community service users.
- Implementation of a review of concessionary travel scheme.
- Seek to generate income from the Council's Help2Let scheme that matches landlords with prospective tenants and offers management services to landlords and by charging for advice to developers.
- The delivery of further procurement savings from large contract renewals, low value spend, category management and better controls to minimise the impact of budget reductions on service delivery.

- A senior management restructure to reduce number of senior managers from 30 to 20. Centralising, merging and restructuring services across the Council.
- A review of administrative support will be implemented with the aim of reducing spend and improving the quality of service provided.
- Modernise and simplify staff terms and conditions to support the future needs of the Council and reduce cost.
- Council property assets that are no longer required will be decommissioned and disposed of when favourable market conditions are available.
- Rationalise the Council's property and real estate function to reflect the decrease in the scale of the Council's construction, maintenance and capital programmes.
- Reduce the benefit fraud service if the function is centralised to DWP as part of the welfare reforms
- Take a risk-based approach to scaling back HR in line with changes to the size of the Council.

Equalities

43. A summary of the impact of the budget proposals on the services provided by each directorate is set out below. An equalities implications assessment has been carried out for each proposal to an appropriate level depending on the extent of the impact. These have been published on the Council's intranet site for decision makers to have access to in approving the budget for 2012-13. Further detailed equalities work will be carried out on all proposals for future years as the equalities duty is a continuing duty.
44. In particular areas consultation is ongoing or further consultation will be carried out. The budget for 2012-13 includes a contingency of £1m and this provides some cover for savings that are subject to the outcome of consultation in the event that following consultation and equality impact assessments specific savings proposals are not pursued. However, the directors will develop alternative action plans to be put in place to help mitigate any impact.

Overview of Investment/ Efficiencies

Adults and Housing

45. Adults Services has continued to deliver a major transformation programme during 2011/12. Substantial progress on personalisation and reablement have improved users' quality of life and delivered savings. The department's commitment to community involvement has been sustained and the major consultation was a successful example of engaging residents in difficult decisions.
46. The service has a £4 million savings programme during 2011/12. 95% of this is on track. Pressures from the intensity of need and volume of

transition cases, new referrals and lower than expected turnover have resulted in a projected 1% overspend of £750k in 2011/12. These pressures have been reflected in the growth built into the 2012/13 budget which will ensure eligible users are supported to maintain quality of life and dignity.

47. Transformation will continue over the next three years with the completion of personalisation, roll out of reablement and a further shift of resources from residential to community settings. Along with a substantial departmental procurement programme of £2.8 million these developments add up to a £10 million savings programme, over the three years of the budget and MTFs, that seeks to minimise impact on users and staff while building community capacity and prevention.
48. The demographic growth proposals for the directorate are largely funded from the monies which will be transferred from NHS Harrow which is dedicated to funding pressures in Adult Social Care. All this money will be spent on Adult Social Care meaning that the council has to fund only £500k of the 2012/13 demographic pressure. There may be further funding received in 2012/13 to fund winter pressures but this is not assumed in the budget.
49. There are however significant risks arising from the financial turnaround plan in NHS Harrow. Their published savings programme assumes £2.5 million spending is transferred to the Council. In relation to continuing care, NHS Harrow are also seeking to change our current Section 117 arrangements for the support of mental health users following discharge. The Council is continuing dialogue with NHS Harrow on these issues. Any pressures resulting from this position will need to be a call on the Council's contingency and reserve funds.
50. The Housing Service has had another strong year with significant improvements in tenant and leaseholder satisfaction and involvement. The service is on track to deliver a balanced budget in 2011/12 as a result of accurately predicting new homelessness pressures and making provision for them. Significant innovation in schemes like Help2Let have also supported budget management. Pressures are expected to continue in 2012/13 and a growth provision has been made to support the growth fund position. A significant programme of savings is also planned.
51. The HRA is reported elsewhere on the agenda, but the result of HRA reform means that the council is able to invest in the Housing Service while also supporting the General Fund. In return for this, the council is potentially able to support the Housing Service in borrowing to invest in service development.
52. Overall the Adults and Housing directorate is contributing over £3.0 million in 2012/13 to the General Fund savings plan.
53. Each year there are substantial and growing risks in the directorate's demand led budgets and these are compounded by the scale of savings programmes being delivered. Strong project management and monitoring will continue to help mitigate these risks.

Children's Services

54. Children's Services under spent by £0.588m in 2010-11. Pressures were contained and offset by an additional £1m built into the budget to help deal with underlying pressures. It has already successfully started the implementation of a number of Transformation projects which are delivering savings in-year. The position at quarter 3, as shown elsewhere on the Agenda, is a projected underspend of £1.356m. The major areas of underspend relate to the Early Intervention Service, £0.548m emanating from the new operating model for the nursery at Grange Children's Centre which has been implemented early and is delivering savings in-year; and a wider review of Children's Centres, which includes a full consultation, and is delivering savings of £0.400m in-year. The other major area is Targeted Services £0.831m; emanating from Asylum client costs £0.201m; and Children Looked After and Leaving Care client costs is forecasting an underspend of £0.505m.
55. The budget includes relatively small sums for demographic growth, £0.374m. However, demand can be volatile, so risks remain around increased demands in-year. The Council has maintained a Contingency of £1m, which can be drawn down against unexpected demands should these occur. £0.123m growth is required as replacement funding to sustain the Youth Justice Board work.
56. The total proposed savings for 2012-13 are £2.289m, giving a net in-year saving of £1.727m. The planned savings for 2011-12 are all on target to be delivered in-year, with some early delivery of the 2012-13 savings. However, on Special Needs Transport 2, future savings beyond 2011-12 are more at risk given that the Independent Travel scheme for special needs children depends upon children being able to travel on public transport, and direct payments to parents to encourage them to take their children to school. The savings in future years 2012-13 to 2014-15 are £0.198m.
57. The proposals for Integrated Children's services £0.352m on staff and £0.100m on premises are on track to be delivered. There is a very challenging target for procurement savings of £0.870m in 2012-13 and a further £0.500m in 2013-14, which will require a lot of input and support from the Procurement Business Partner to achieve. The Children's Centres model is already delivering savings and a full year effect of £0.800m can be delivered in 2012-13, with future year savings of £0.200m in 2013-14 and 2014-15 dependent on securing higher levels of income based on fees and charges. The Fees and Charges Report is elsewhere on the Agenda and sets out fully the more robust and commercial outlook the Council proposes to take – whilst protecting vulnerable groups.

Community and Environment

- 58 There are pressures of £0.709m in-year, mainly due to the significant reduction in the Capital Programme. There is stricter guidance under IFRS about what can be charged to capital, and due to the reduction in the size of the programme less projects to charge to. There are also pressures on some areas of income; parking enforcement and trade waste. The directorate is forecasting an overspend of £0.709m. There are a number of actions in place to reduce this pressure going forward, including a major Property Services Restructure planned to complete in 2011-12, in order to deliver a full year saving in 2012-13 and alleviate pressure on the budget.

59. The Directorate budget for 2011-12 included net efficiencies of £4.2m. The proposals for 2012-13 are for growth of £1.2m (excluding West London Waste Authority) and for efficiencies of £1.8m, giving a net saving of £0.6m. £0.6m of the £1.2m growth is to help mitigate income pressures which have arisen in recent years on parking enforcement income and trade waste, partly due to the change in economic conditions. There is £0.450m of one off investment growth for the purposes of achieving further Transformation efficiencies of £1.1m in 2012-13, £2.0m in 2013-14 and £0.350m in 2014-15, totalling £3.4m. There are further efficiencies of £0.6m from Environment services, and £0.1m on procurement opportunities being developed.

60 The £0.450m for one off investment will be subject to costs of the procurement exercise and developing business cases. Every effort will be made to contain these costs within budget. There are a number of the projects to be delivered in 2013-14 which will be dependant upon the outcome of the OJEU (Cultural Strategy Review £0.200m) or development of business cases (PRISM – new model for Public Realm services £0.750m, and Public realm soft market testing on options for delivery £0.750m).

Waste Collection and Disposal

61. The amount required to meet the additional costs of landfill and pay as you throw costs is £1.1m. There has been a further redistribution of balances by WLWA to help minimise the increase in costs arising from the one off application of £6m balances across the Levy in 2011-12. With further increases of £0.3m in 2013-14 and 2014-15. It is intended that from 2014-15 the fixed cost levy will be replaced by the new contract for residual waste currently being procured, which will contain and reduce future costs of landfill so minimising risks of the Landfill Tax Escalator in future years.

Place Shaping

62. Place Shaping is forecasting an outturn of £0.021m underspend, having managed costs and pressures on income in-year. The budget proposals for 2012-13 are net savings of £0.445m, £0.674m in 2013-14 and £0.290m in 2014-15, totalling £1.4m over three years. The savings proposals are considered to be deliverable.

Legal and Governance

63. Legal and Governance marginally overspent by £0.008m in 2010-11. The forecast outturn for 2011-12 is £0.053m under spent. Legal and Governance has savings proposals of £0.315m in 2012-13, £0.273m in 2013-14 and £0.020m in 2014-15, totalling £0.6m over the 3 years. The Director of Legal and Governance is pursuing an ambitious and challenging opportunity to develop the existing legal practice to provide services to other boroughs. The arrangements are still subject to negotiation, and therefore there remains some risk to achieving this in 2012-13.

Corporate Finance

64. Corporate Finance is reporting a balanced budget in 2011-12. The proposed budget includes growth of £0.543m rising to £1.26m over 3 years. Total efficiency savings are £0.768m in 2012-13, rising to £1.7m over 3 years. The majority of the growth is to offset the impact of reductions in

grants. £0.100m has been allocated to fund the development of, consultation on and implementation of the local Council Tax Benefit scheme. The efficiency savings cover various headings including efficiencies from a thorough review of Concessionary Travel, £0.225m in 2012-13 rising to £0.480m over 3 years. It also includes reductions to staffing in Corporate Finance, Revenues and Benefits and Procurement of £0.8m over 3 years, as the Council continues to reduce its back office and support service costs.

Procurement

65. The procurement function sits within Corporate Finance. It was strengthened in 2011-12 following a review by PWC which identified the opportunity for maximising procurement savings in the Council. £0.500m has been allocated in-year to fund an interim team to help introduce category management into the Council and to secure easy win, low value savings of £2m – the target built into the budget in addition to directorate procurement targets. This is monitored and reported through the monthly and quarterly financial monitoring. The target achieved for this year is expected to reach £2m and this is built into the base budget. The Procurement team will be subject to a restructure in 2012 - 13 when the strengthened team will be made permanent and will be composed of central and directorate procurement specialists who can lead on category management. It will also repay the initial £0.500m investment over 3 years and help support procurement savings of £6m over 3 years built into directorate budgets, of which £2m is from 2012-13.
66. The Finance function will also undertake a restructure in 2012-13 and is implementing a CIPFA financial management review in order to improve performance and strengthen the financial control environment. £0.160m was awarded in the 2011-12 budgets which has been used for interim staff in-year; these will be replaced by permanent staff in the restructure.

Assistant Chief Executive's Directorate

67. The Assistant Chief Executive's directorate is proposing growth of £0.340m, and additionally £0.083m in 2013-14 and savings of £1.157m in 2012-13 and £2.848m over 3 years, giving total net savings of £2.425m. The projected savings on the Agency Worker Contract from transferring to the new provider Pertemps will not now fully materialise, partly due to the implementation of the Agency Worker Directive and also the reduction in use of agency staff. This is now a pressure of £0.115m. The savings are shared across all of the departments and are largely around reducing, rationalising and sharing services to reduce costs and increase efficiencies in providing corporate services.

Impact of budget on staff

68. The budget does have an impact on staff across the organisation. There is an ongoing restructure of the Corporate Directors which will be in place by February 2012. The newly appointed Corporate Directors will be reviewing structures in their areas. The Business Support restructure is due to complete in 2013-14, Customer Contact Assess and Decide in 2012-13 and Mobile and Flexible Working will begin in 2012-13 and complete in 2017-18.

There are potential redundancy costs of £1.4m in addition to the assumptions originally made for 2011-12.

Contingency

69. The budget includes a contingency of £1m. This is a limited fund and it is important that the policy for accessing funds from the contingency is strictly adhered to. The contingency increases by modest amounts in future years, £0.280m in 2013-14 and a further £0.500m in 2014-15.
70. The contingency is intended to provide some cover for unforeseen events and risks such as (but not restricted to):
- Increased demand for Children's Services due to safeguarding or related issues
 - The outcome of consultation where this may impact the saving (this only applies to the cessation of funding for Transport clubs)
 - NHS Harrow have plans to try to transfer £2.5m worth of costs to the Council during 2012/13 with an additional risk in relation to our Section 117 agreement.
71. The proposed policy for managing the contingency is attached at Appendix 7. Funds will only be allocated from the contingency where there is clear evidence to support the case.

Fees and Charges

72. There is a separate report on the agenda setting out recommended fees and charges for 2012-13. The Council has started to undertake a Commercial review of all its fees and charges which will benefit the Council in the future, and is set out fully in the report. An additional £0.100m income has been built into the Budget for 2012-13 to take account of the commercialisation project coming into effect from October 2012 with resultant increases in income. Given that the income target is unallocated, it is extremely important that the £0.100m is allocated as soon as it becomes clear which services will implement revised charges in-year. Portfolio holders have delegated powers in conjunction with their Director to review and amend fees and charges in-year.

Members' Allowances

73. There are no proposed changes to the members' allowances scheme.

Schools Budgets

74. The schools budget for 2012-13 is set out in Appendix 8. The per pupil DSG funding in 2012/13 has been confirmed as £5,536, a cash freeze on 2011/12
75. Cabinet is asked to approve the changes to the formula to allocate budgets to individual schools as outlined in Appendix 8.

Risk Assessment and Reserves Policy

76. The detailed risk assessment of the budget is attached at Appendix 9.

77. The most significant financial risks in 2012-13 are as follows:
- Uncertainty about capital receipts over the life of the Capital Programme
 - The increase in procurement savings
 - Possible increases in demand for services due to the recession, benefit changes and demographic growth above what is built into the budget
 - The risk of litigation including planning appeals and procurement challenges
 - The need to ensure that the transformation projects savings identified are delivered
 - The funding challenges facing partner organisations, particularly the health service
 - The increasing level of efficiency savings in some areas which may be more difficult to deliver and which have been highlighted in this report

80. The proposed reserves policy is set out in Appendix 10.

Virement Rules

81. The recommended virement rules are attached at Appendix 11.

Report of the Chief Finance Officer

82. The Chief Finance Officer is required under Section 28 of the Local Government Act to comment on the robustness of the budget, which includes the adequacy of the reserves and provisions.

83. There can be no doubt that the Budget for 2012-13 and MTFs to 2014-15 will be challenging to deliver. There have been significant pressures in-year in a number of directorates and in relation to some of the cross cutting Transformation Projects. Significant growth has been built in to meet demographic pressures including homelessness, but the size of the efficiency programme and its deliverability for 2012-13 does have some real risks. The Contingency is limited and should only be drawn down under extreme conditions. Directors are expected to manage pressures in-year. It is considered that overall the Budget is robust, although it will require timely and accurate monitoring to detect pressures emerging early enough to take action.

84. The report of the Chief Finance Officer is attached at Appendix 12.

Council Tax Resolution

85. The model Council tax resolution indicated as Appendix 13 is subject to amendment. This is because the format required for the resolution changes as a result of the Localism Act, and advice is being taken. If party groups recommend changes to the budget to February Council, a revised resolution will be produced in each case.

Capping and Referenda

86. The Localism Act includes powers to abolish capping and instead allow residents to veto Council tax rises above a threshold, via a referendum. The government has announced its intention to proceed with implementing council tax referendums from 2012-13 if Council tax increases above:

3.5% for most principal authorities;
3.75% for the City of London;
4% for the Greater London Authority, police authorities, and single purpose fire and rescue authorities.

Were Harrow to propose a rise above 3.5% it would need to hold a referendum. It would also need to prepare a contingency budget at a level that did not exceed 3.5%. If the referendum were unsuccessful then the contingency budget would come into effect and the new bills issued or refunds made.

GLA Precept

87. Appendix 1 excludes the GLA precept which is currently £309.82 for a band D property. There was a 1% reduction in the 2012-13 precept. Therefore the combined Council tax for a Harrow resident, at Band D, will be as follows:

Council Tax at Band D	£	Increase
Harrow services	1,186.55	0%
GLA Precept	306.72	-1%
Combined total	1,493.27	0%

88. The final budget and precept for the GLA was set at the London Assembly meeting on 9 February.

Reserves and Provisions Forecast

89. A reserves and provisions forecast is attached at Appendix 14. This shows that the Council plans to maintain the level of general balance at £7m. The earmarked provisions and reserves are considered to be the minimum required and will be reviewed as part of the monthly monitoring and adjusted annually as part of the Budget and MTFs process to ensure they are robust and adequate going forward.

Housing Revenue Account 2012-13 to 2014-15

90. There is a separate report on the Housing Revenue Account on the agenda. The HRA budget for 2012/13 is on the basis of a self financed HRA. A review of the wider implications of the coalition changes and 30-year business plan are currently being worked through and the financial implications will be reported to Cabinet in May 2012.

Capital Programme 2012-13 to 2014-15

91. There is a separate report on the Capital programme on the agenda.

92. The revenue budget reflects the anticipated cost of financing the programme, and takes into account the forecast outturn for 2011-12 set out in the third quarter monitoring report.

Stakeholder Engagement

93. The vision and priorities for 2011-12 were the subject of extensive consultation through the 2010 “Let’s Talk” consultation with residents. As part of the Year of Community Debate the Council undertook a series of public consultations on major service areas last year. These included:

- Adult Social Care
- Children’s Centres
- Parks, open spaces, leisure services, libraries and cultural services (through Let’s Talk II)
- Parking
- Housing
- Area Action Plans and the Heart of Harrow Area

94. A series of meetings with stakeholders took place in January to share information on the Council’s budget plans and seek comments. These are set out in Appendix 15 and will be separately reported to this Cabinet on a supplemental agenda.

Legal implications

1. It is important that robust equalities impact assessments are completed and that consultation is done where necessary. 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:

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

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

- (a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;*
- (b) take steps to meet the needs of persons who share a relevant protected characteristic that are different from the needs of persons who do not share it;*
- (c) encourage persons who share a relevant protected characteristic to participate in public life or in any other activity in which participation by such persons is disproportionately low.*

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:

- (a) Tackle prejudice, and*
- (b) 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.*

Financial Implications

95. Financial matters are integral to this report.

Performance Issues

96. The Council's budget supports all of its functions and services throughout the year. Detailed performance measures for each service will be built into the Service Improvement Plans for 2012-13 to 2014-15 and progress will be monitored by Improvement Boards and reported on a quarterly basis.

97. With the reductions in budgets proposed for 2012-13, and the funding gaps within future years it will be important to track the performance of all Council services to ensure that the efficiencies are tracked and delivered and timely management action is taken to put mitigating actions in place. This report already covers a number of the performance challenges that the Council will face over the life of the Medium Term Financial Strategy and some of the specific challenges:

Environmental Impact

98. The draft budget incorporates the resources to meet the Council's financial commitments under the Carbon Reduction Commitment - Energy Efficiency Scheme.

Risk Management Implications

99. As part of the budget process the detailed budget risk register has been reviewed and updated. This helps to test the robustness of the budget and support the reserves policy.

Corporate Priorities

100. The budget and Corporate Plan for 2012-13 supports delivery of the Council's vision and priorities.

Section 3 - Statutory Officer Clearance

Name: ... Julie Alderson ... Chief Financial Officer

Date: 31 January 2012

Name: ... Jessica Farmer On behalf of
Monitoring Officer

Date: January 2012

Section 4 – Performance Officer Clearance

Name: Tom Whiting On behalf of
Assistant Chief
Executive

Date: 28 January 2012

Section 5 – Environmental Impact Officer Clearance

Name: John Edwards ... Divisional Director
(Environmental
Services)

Date: 26 January 2012

Section 6 - Contact Details and Background Papers

Contact: Steve Tingle
Finance Business Partner, 020 8420 9384

Background Papers:

- Integrated Planning 2012-13 to 2015-16, report to July cabinet meeting
- Draft Revenue budget 2012-13 to 2014-15, report to December cabinet
- Equalities Impact Assessments
- Commissioning Panel Reports

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

YES/ NO / NOT APPLICABLE*

** Delete as appropriate*

*(for completion by Democratic
Services staff only)*

	2011-12 Budget £m	2012-13 Budget £m	2013-14 Budget £m	2014-15 Budget £m
Budget Requirement Brought Forward		175.509	173.113	170.103
Capital Financing Costs		-0.188	1.571	0.100
Grant Changes		-4.620	3.360	1.603
Other Technical Changes		3.160	1.524	1.100
Inflation		2.563	4.426	4.410
Adults		0.379	-1.650	-2.350
Housing		0.442	-0.400	-0.395
Children's Services		-1.778	-0.592	-1.176
Community & Environment		0.459	-3.383	-0.942
Place Shaping		-0.452	-0.674	-0.290
Legal & Governance		-0.322	-0.273	-0.020
Corporate Finance		-0.225	-0.141	-0.101
Chief Executive		-0.851	-1.132	-0.476
Cross cutting Transformation Projects		-0.964	-0.997	-0.423
General Investment Provision			2.000	2.000
FUNDING GAP		0.000	-6.651	-4.280
Total Change in Budget Requirement		-2.396	-3.010	-1.240
Revised Budget Requirement	175.509	173.113	170.103	168.863
Collection Fund Deficit/-surplus	-1.978	-1.335	-0.500	-0.500
Formula Grant	-70.126	-67.196	-62.406	-58.486
Amount to be raised from Council Tax	103.405	104.582	107.197	109.877
Council Tax at Band D	£ 1,186.55	£ 1,186.55	£ 1,216.21	£ 1,246.62
Increase in Council Tax (%)		0.00	2.50	2.50
Tax Base	87,148	88,140	88,140	88,140
Assumed collection rate	98.25%	98.50%	98.50%	98.50%
Gross Tax Base	88,700	89,482	89,482	89,482

TECHNICAL BUDGET CHANGES

	2012-13 £000	2013-14 £000	2014-15 £000
Capital and Investment			
Capital financing costs and investment income	-188	1,571	100
Total	-188	1,571	100
Grant Changes			
Specific Grant Changes	-919	1,900	1,900
New homes bonus	-1021	-650	-530
SSCF Grant received from GLA	-160	48	
Council Tax support Grant 2011-12 scheme	2585		
Council Tax support Grant 2012-13 scheme	-2,608	2,608	
PCT Funding	-2,497	-546	233
Total	-4,620	3,360	1,603
Freedom Passes	614	300	300
Levies and subscriptions			
LGA subscription	-2		
London Councils subscription	-17		
London Boroughs Grant Scheme	-73		
WLA procurement Hub	47		
Provisions and Reserves			
Contribution to provision for litigation	100	75	
Contribution to insurance provision	350	300	
Capitalisation strategy/recharges strategy			
Reduce reliance on capitalisation	1,794	1,000	300
Miscellaneous			
Carbon Reduction Commitment scheme	-224		
Agency worker directive costs	288		
Academy SLA income reduction	60		
Print Contract Costs	421	-421	
Pinner Road costs prior to disposal	10	-10	
Increase in SSC charge to HRA	-208		
Budget planning contingency		280	500
Total Other Technical Changes	3,160	1,524	1,100

INFLATION PROVISION

	2012-13 £000	2013-14 £000	2014-15 £000
Pay and Inflation			
Pay Award @ 0% 2012-13, then 2% pa		1,900	1,900
Employer's Pension Contributions @ 0.25%	200	200	200
Inflation on goods and services @ 2%	1,810	1,810	1,810
Additional provision for electricity and gas price increases	493		
Excess of September RPI (5.2%)on National Non Domestic Rates on Council properties above 2%	60	16	
Unallocated Contingency		500	500
Total Pay and Price Inflation	2,563	4,426	4,410

**CROSS CUTTING
TRANSFORMATION PROGRAMME**

	2012-13	2013-14	2014-15
	£000	£000	£000
Business Support Phase 1	-301	-260	
CCAD	-311		
Mobile and Flexible working - implementation and running costs	182	96	24
Mobile and Flexible working - service benefits		-303	-447
Terms and conditions	-300	-530	
Human Resources and Finance support to programme (2 posts)	-134		
Review of fees and charges and maximising existing income streams	-100		
Total	-964	-997	-423

ADULT SERVICES

	2012-13	2013-14	2014-15
	£000	£000	£000
Investment in Services			
Demographic Growth [existing]	1,500	1,500	1,500
Demographic Growth [2011/12 FYE]	1,500		
Reablement [replace HSP funding]	80		
Circles of Support		300	
Telecare	77		
Sub Total	3,157	1,800	1,500
Procurement			
Contract Management - managing inflation	-200	-100	
Contract Management - efficiencies		-150	-100
Contract Management - Home Care Providers		-900	
WLA Joint Procurement: APC Res Care 12/13 onwards	-200	-150	-150
Supporting People	-250		-200
CNWL: Mental Health Efficiencies	-100	-100	
Voluntary Sector Funding Model - Investment	100		-100
Voluntary Sector Funding Model - savings	-41		-200
Productivity			
In-house Residential Accommodation	-150		
Residential Care Strategic Review: JB UoR		-1,550	-3,000
Investment in Community Based Services	0	775	1,500
Day Services Strategic Review: JB UoR		-300	-300
Purchasing Budget [Community Based efficiencies]			-1,000
Commissioning Staff			-300
Meals on Wheels	-50		
Prevention			
Reablement	-750	-900	
Adults Contribution Policy	-513		
Cessation of Funding for Transport clubs	-75	-75	
Hit Squad [safeguarding]	-25		
Hit Squad [ICES, transition]	-425		
Management recharge to HRA	-33		
Additional staff savings	-66		
Total Adults	-2,778	-3,450	-3,850
Net	379	-1,650	-2,350

HOUSING SERVICES

	2012-13	2013-14	2014-15
	£000	£000	£000
Investment in Services			
Homelessness [100 families & anticipated B&B HB changes]	740	-250	-250
Watkins House [Creative Support]	40		
Out of London promotion [Invest to save]	45		
Out of London promotion [Invest to save]	-105		
Sub Total	720	-250	-250
Efficiency Programme			
Income Generation - charging for advice provided to developers, 2011-12 target not achievable	35		
Housing Needs	-205		-75
West London Housing Needs Partnerships		-150	
Housing Service Efficiency Review			-70
Review of Salary Allocations	-108		
Total Housing	-278	-150	-145
TOTAL	442	-400	-395

CHILDREN'S SERVICES

	2012-13	2013-14	2014-15
	£000	£000	£000
Investment in Services			
Conference Chair	65	-	-
Demographic growth – Placements	62	62	62
Demographic growth – Staffing	110	110	-
CLA Changing Demographic - Placements	90	90	90
CLA Changing Demographic - Staffing	30	30	30
Growth in Children with Disabilities numbers	82	82	82
Loss of Youth Justice Board funding	123	-	-
Transfer of duties in respect of Children on remand		270	
Sub Total	562	644	264
Efficiency Programme			
Transformation Programme			
Special Needs Transport II	-97	-56	-45
Special Needs Transport III			-500
Integrated Childrens services - Staff	-352	-100	
Integrated Childrens services - Premises	-100		
Achievement & Inclusion		-50	-50
Procurement Savings	-870	-500	
Prcurement - Placements	-70	-70	-70
Legal Advocacy		-20	
Connexions		-240	
Children's Centres	-800	-200	-200
Reduction in Mental Health professional			-100
Future Efficiency Programme			-260
Respite Care for CWD (short breaks)			-100
SLAs to Youth Groups (previosuly YOF)			-115
Additional Children's Centres savings	-51		
Total Children's services	-2,340	-1,236	-1,440
Net Children's Services	-1,778	-592	-1,176

COMMUNITY AND ENVIRONMENT

	2012-13	2013-14	2014-15
	£000	£000	£000
Budget pressures			
Income pressure in Public realm	413		
Reduce Parking enforcement income budget estimate to reflect actual income due to downturn in the economy	100		
Other Property growth for insufficient budget	80		
Total Investment	593	0	0
TRANSFORMATION			
Growth for one off investment			
Cultural Strategy Review growth and efficiencies	150	-150	
Property Co/FM growth and efficiencies	100	-100	
PRISM growth and efficiencies	200	-200	
TOTAL TRANSFORMATION GROWTH	450	-450	0
OTHER C&E GROWTH			
WLWA Levy	1,143	306	344
Increase in R&M for Gas installations	27		
Rates NNDR	39		
Support for Commissioning for Voluntary Sector services	40		
Additional Expenditure for role of Lead Local Flood	51		
LEP funding - Procurement and energy/CRC management - pan London	9		
TOTAL OTHER C&E GROWTH	1,309	306	344
Total C&E Growth	2,352	-144	344
TRANSFORMATION EFFICIENCIES			
Cultural Strategy Review efficiencies		-200	0
Radio-frequency identification (RFID) / Libraries re-org: efficiencies	-343		
Radio-frequency identification (RFID) / Libraries re-org: on going costs	3		
Radio-frequency identification (RFID) / Libraries re-org: one off marketing costs	-10		
Streets / Grounds efficiencies	-296		
Streets / Grounds - one off marketing costs	-5		
Property Co/FM growth and efficiencies	-437	-251	
PRISM efficiencies		-750	-350
Public Realm soft market testing		-750	
TOTAL EFFICIENCIES TRANSFORMATION	-1,088	-1,951	-350
DEPARTMENT EFFICIENCIES			
Management Efficiencies		-75	
Environment Efficiencies			
Met Police Match funding	-74		
Highways maintenance Procurement	-200		
Highways & Infrastructure review	-200		
Property Repairs and Maintenance Procurement Value Chain	-85		

COMMUNITY AND ENVIRONMENT

	2012-13	2013-14	2014-15
	£000	£000	£000
Returning Parks to Open Space		-350	
Closure of loss making car parks		-150	
Allotment Charging	-20		
Trading Standards and Proceeds of Crime Act savings		-50	-100
Soft Market testing of statutory animal services		-20	
Impact of Parking permit and Parking changes increases		-40	
Reductions in non salary budgets across directorate	-40		
Total from Environment	-619	-610	-100
Community and Culture Savings			
Community Development review of structure and service re-provision	-192	-48	-15
Harrow Arts Centre business plan	-38		0
Review of Music Service	-27	0	0
Gayton Library Premises costs	185		
Libraries transformation 2	-49	-25	-71
Leisure Contract	-75		
New Delivery of Hate Crime work	-20		
Libraries transformation 2 and cultural strategy	150		-400
Additional income from HAC, Libraries and Museum	-19		
Total from Community and Culture	-85	-73	-486
PROCUREMENT EFFICIENCIES			
Procurement Savings - others	-100	-180	-350
Procurement - Transport Review		-350	
TOTAL PROCUREMENT EFFICIENCIES - TBD	-100	-530	-350
TOTAL C&E	-1,892	-3,239	-1,286
Net C&E	459	-3,383	-942

PLACE SHAPING

	2012-13	2013-14	2014-15
	£000	£000	£000
Investment			
Local Development Framework - One off Resource to complete core strategy and policy documents	-219		
Total Investment	-219	0	0
Other Efficiencies			
Business Management			
Consumables	-18	0	
Revenue Projects	-6	-8	
sub total Business Management	-24	-8	0
Corporate Estates			
Staffing reductions/restructuring proposals		-99	
sub total Corporate Estates	0	-99	0
Economic Development			
Staffing reductions/restructuring proposals	0	-32	
Grant to Harrow In Business for transition period	-25	-25	
Rates budget from Harrow in Business premises	-9	0	
Revenue Projects	-6	0	
sub total Economic Development	-40	-57	0
Planning Services			
Staffing reductions/restructuring proposals	-162	-195	
Introduce differential charging policy for planning applications to provide for fast track income generation		-15	
Further staffing reductions		-200	
sub total Planning Services	-162	-410	0
Other			
Additional staffing reductions		-100	
Reductions in non salary budgets across the directorate	-7		
Additional planning fees income following change from central government			-290
sub total Other	-7	-100	-290
Total Place Shaping	-233	-674	-290
Net Total	-452	-674	-290

LEGAL AND GOVERNANCE

	2012-13	2013-14	2014-15
	£000	£000	£000
Efficiency Programme / Service Project			
Legal Practice			
Efficiency savings already agreed	-50	-71	
Continuation of code of conduct for councillors		43	
Service efficiencies	-150	-150	
Registrars			
Review of Fees	-82		
Share/reduce management costs		-75	
Democratic Services			
Reduced cost of Mayoral support	-20		
Elections			
E-canvass Project	-20	-20	-20
Total Efficiency Programme	-322	-273	-20

CORPORATE FINANCE

	2012-13	2013-14	2014-15
	£000	£000	£000
Investment in Services			
Collections and Benefits			
PFI Grant Cancellation		38	43
DWP HB Reduction in Admin Grant	137	128	119
DWP Reduction in Reccesion Grant	28	170	
Reduction in Council Tax Summons Income	150		
Increase in Parking County Court Fees	33		
Funding for Localised CTB consultation & Implementation	100	-100	
Loss of Housing Benefits Overpayments Income Stream			320
subtotal	448	236	482
Corporate Finance			
Pension augmentation - anticipated increase in pension increase order above 2%	80		
Reduction in SLA Income from Academies	15		
subtotal	95	0	0
Total Investment	543	236	482
Efficiency Programme / Service Project			
Collections and Benefits			
Deletion of 2 FTE posts in Revenues - CT&NDR		-60	
Deletion of 4 FTE posts in Housing Benefits			-140
Introduce Bailiff Income stream	-50		
Increased recovery of Housing Benefits overpayments	-10		
Reduction in the awards of Discretionary Rate Relief	-55		
Deletion of 1 post in Parking Back Office		-25	
Staff reductions to match DWP Admin grant reduction	-150		-48
Conc Travel - Changes to multiple services entitlement	-130		
Conc Travel - Changes to TfL grant distribution	-55	-105	-102
Conc Travel - Introducing charges for lost Passes	-40		
subtotal	-490	-190	-290
Corporate Finance			
Pension augmentation	-60		
Car Leasing	-10		
Audit Fees	-20		
Training	-15		
Finance restructure			-100
WLWA - additional contribution to overheads from increased service	-33	-17	
subtotal	-138	-17	-100

	2012-13	2013-14	2014-15
	£000	£000	£000
Procurement			
procurement team restructure	-140	-170	-193
Total Efficiency Programme	-768	-377	-583
TOTAL	-225	-141	-101

CHIEF EXECUTIVE'S DEPARTMENT

	2012-13	2013-14	2014-15
	£000	£000	£000
Investment in Services			
PDP			
Local Information System Licences and Running Costs		18	
Licence Costs for Experian Data	14		
Reduction in DAT contribution due to PCT budget reductions	25	-25	
Domestic Violence	82		
subtotal	120	-7	0
HRD			
Licence and support fees for BACS software (growth)	8		
Growth for professional indemnity insurance for providing services to Academies	4		
subtotal	12	0	0
Customer Services			
Web development & licences	67	10	
IT & text alerts	18	50	
Security	6		
subtotal	91	60	0
IT / PMO			
Telephone line	55		
Growth in Verto costs	7		
BTP Periodic Payments Inflation	55	30	
Total Chief Executive Growth	340	83	0
Efficiencies			
PDP			
Efficiency savings from team restructure, whilst maintaining existing service levels to schools	-40		
Education and Social Care Performance Teams saving	-41		
Education Performance Team saving	-35		
Scale back of non-payroll budget lines	-16		
Rolling out the Performance Management Business Case, to provide a centralised performance management resource for all Directorates across the Council.	-34	-34	
Merging the Policy and Partnerships Team with the following elements of the Community Development Team: •Community Grants • Third Party Hate Crime Reporting • Community Development work	-21	-58	
Merger of Corporate Performance Team and Service Performance Team, reducing staffing			-93
sub total PDP	-187	-92	-93

	2012-13	2013-14	2014-15
	£000	£000	£000
HRD			
Reduction in HRD Management team			-65
Scale back of contingency in miscellaneous budget lines	-30		
Corporate Service Project savings	-103		
Salary savings from merger of CAP/CAR & ERP	-48		
Reduction in recruitment advertising contract fees	-40		
Phase 2 Business Support Project Potential merger of S&I and Postroom	-5		
Print Contract Savings	-100	-100	
Reduction in HRD posts		-75	-75
Re-negotiate L&D managed service contract fees	0	-50	
Early termination of funding for Joint Secretary	-45		
Reduction in TU facility budget		-30	
Improved L&D Commissioning	-45		
Agency Worker Contract	115		
sub total HRD	-301	-255	-140
Risk Audit and Fraud			
CORPORATE ANTI-FRAUD TEAM			
Proceeds of Crime Act - pursue recoveries of fraudulent gains in partnership with Brent, plus additional income recovery	-20	-20	-19
INTERNAL AUDIT			
Regrade senior professional post	-10		
Reduce co-sourcing budget			-16
CORPORATE HEALTH & SAFETY SERVICE			
Delete administrator post as part of re-structure	-26		
Delete H&S co-ordinator post	-28		
Delete H&S advisor post		-42	
OCCUPATIONAL HEALTH SERVICE			
Net effect of reduced contract costs & increased SLA income	-30		
Reduce cost of Contract through procurement / possible joint provision of Occupational Health and Employee Assistance Programme through 1 provider	-18		
INFORMATION MANAGEMENT TEAM			
Merge IMT with IT Client Team	-32		
RISK MANAGEMENT SERVICE			
Reduction in co-sourcing budget.	-36		
CIVIL CONTINGENCIES TEAM			
Joint working opportunity with other boroughs		-35	
INSURANCE SERVICE			
Reprocure/bring in house insurance legal work	-70		
Procurement savings on property & liability policies	-25		

	2012-13	2013-14	2014-15
	£000	£000	£000
Reduced broker fees through more in-house handling and increased income on third party insurance schemes	-4	-2	-3
Future trading with Academies		-25	
Phase 2 restructure, reduced assistant post from claims handling transfer to Access Harrow / further LEAN efficiencies		-20	
sub total RAF	-299	-144	-38
Communications	-25		
Customer Services			
Move PCN Appeals and Parking Permits to web only	-90		
Move landlords online with F2F by appointment only on fixed days		-90	
Merger of training and Management Information posts	-40		
Reduction in staff hours to meet demand through fewer full time posts	-60	-60	
Use of Artificial Intelligence to divert switchboard calls		-60	-60
Restructure of Reception to ensure all day cover		-10	
Further channel shift through roll out of My Harrow account			-120
subtotal Customer Services	-190	-220	-180
IT / PMO			
Reduced consultancy budget to support advise on and challenge proposals	-15		
ITO reductions		-88	
Deletion of Project Control Officer post	-40		
Deletion of Project Manager		-48	
subtotal IT / PMO	-55	-136	0
Merger of Divisions within a Corporate Resources Directorate		-118	
Efficiencies from merging the Chief Executive's, Corporate Finance and Legal and Governance Directorates into a single Directorate	-100	-250	-25
Salary savings across directorate	-34		
Total Chief Executive	-1,191	-1,215	-476
Net	-851	-1,132	-476

Technical Commentary

1. This commentary explains the technical assumptions which support the MTFS attached at Appendices 1 and 2.

Tax Base and Collection Fund

2. The tax base for 2011-12 is 88,700 before a 1.75% allowance for collection losses, giving a net of 87,148. The draft MTFS assumes an increase in the gross Taxbase to 89,482 and a reduction in the losses on collection to 1.5%, giving a net of 88,140. No further changes are assumed in subsequent years, given the current economic uncertainty.
3. It is projected that there will be a surplus on the collection fund of £1.335m at the end of 2011-12 which will then reduce to £0.5m in future years.
4. The Council Tax base for 2012-13 and Collection Fund surplus were approved by Cabinet in December 2011.

Capital Financing Costs and Investment Income

5. The budget includes a provision for capital financing costs consistent with the planned level of capital expenditure recommended in the Capital programme being considered elsewhere on this agenda.

Local Government Resources Review

6. The Government has recently consulted on a review of the Local Government Finance System, with a view to implementing changes from 2013-14. There is considerable uncertainty about the long term implications, although it is anticipated that there will be limited impact in 2013-14, with impacts being progressively felt in future years. Harrow is a potential loser under the proposals as the intended changes reward authorities that grow their business rates and penalise those whose business rates decline. Harrow's business rates have been gradually declining in recent years and this trend is expected to continue to do so in the medium term. No specific account of this has been taken in the current MTFS proposals, beyond the assumptions on declining formula grant as part of the Government's deficit reduction plan. This is considered to be reasonable at this stage, as changes are expected to be longer term in nature, i.e. beyond the current planning horizon.
7. **Other Specific Grants:** For 2012-13 an increase of £497k has been assumed, mainly in respect of Early Intervention Grant as notified as part of the 2011-12 Settlement. It has been assumed that there will be further reductions of £1.9m p.a. after 2012-13, in line with the government's deficit reduction plans.

Freedom Passes

8. The final Freedom Pass settlement will result in an increased cost in 2012-13 of £614k. This compares to £689k included within the draft MTFS reported to December Cabinet. Future years reflect an assumption that transport fares will increase by about 3.5% p.a.

Levies and Subscriptions

9. The known and anticipated levels of levies and subscriptions are set out in Appendix 6. There will be a review of all levies and subscriptions alongside the review of fees and charges.

Provisions and Reserves

10. **Litigation Provision:** £100k has been provided in 2012-13 and a further £75k in 2013-14 for debt and litigation reserves.
11. **Insurance Provision:** The sums of £350k in 2012-13 and £300k in 2013-14 have been included to continue building the provision in line with actuarial advice. The establishment of reasonable provisions and earmarked reserves is an important element of the Council's drive to improve financial stability.

Contingency

12. There is a contingency of £1,000k in the base budget for 2011-12. Given the uncertainties in relation to a number of service pressures e.g. demography it is proposed that a similar level of contingency is maintained in 2012-13.
13. At the end of the year, any unspent contingency amounts will be available to supplement reserves.
14. There are additional budget planning contingencies in 2013-14 and 2014-15 of £280k and £500k. These are to allow for events that are unknown at this stage.

Capitalisation

15. £1,794k has been built in to the budget for 2012-13 to reduce the Council's reliance on capitalisation. Further amounts of £1,000k and £300k have been built in to 2013-14 and 2014-15.

Carbon Reduction Commitment

16. The Council has a base budget of £303k for the cost of carbon reduction commitment. The latest projection for 2011-12 is for this to be £79k. There is therefore a saving of £224k in 2011-12, which is projected to continue for 2012-13.

Pay and Pensions

17. **Pay Award.** The pay award has been assumed to be 0% for 2012-13, and thereafter 2% per year. The government has announced that public sector pay will be restricted to 1% in 2012-14 and 2014-15, although it will make corresponding reductions in the grant funding councils will receive.
18. **Employer's Pension Contributions:** A provision of 0.25% has been made for the increase in pension contributions in each year, in line with the last triennial actuarial review. The next triennial valuation as at 31 March 2013

is being carried out during 2013-14 and any changes to the contribution rate will take effect from 2014-15.

19. **Agency Worker directive:** The agency worker directive will result in a number of agency staff costing more where they receive lower payments than in-house staff undertaking a similar role or receive less leave. This is estimated to be £288k p.a.

20. **Academies SLA Income.** An allowance has been made of £60k, for reduced income that cannot be compensated for by reduced costs.

Inflation

21. **Inflation on goods and services:** RPI and CPI as at December 2011 were 4.8% and 4.2%, having fallen in recent months and are expected to fall further during 2012-13. A working assumption of 2% has been used for price inflation in each year. All Directorates are required to negotiate with suppliers to minimise the cost of any increase in contract prices.

22. **Electricity and gas price increases:** Energy costs have been increasing significantly. Based on increases of 29% for gas and 19% a provision of £493k has been made.

23. **NNDR increase:** The NNDR multiplier is tied to the September RPI increase and therefore is expected to be an increase of 5.6% in 2012/13. The MTFS has fully provided for this which costs an additional £60k in 2012-13 and a further £16k in 2013/14.

Local Government Settlement

Introduction

1. The Provisional Settlement was announced 8 December 2011 and the Final Settlement on 31 January 2012. Harrow's final settlement figures were unchanged from the provisional settlement.
2. The settlement is based on the Spending Review cash limits announced in October 2010.
3. The position summarising the grants received is shown below.

	2011-12	2012-13	Change	Variance	Comment
	£m	£m	£m	%	
Formula Grant	70.126	67.194	-2.932	-4.2%	
Council Tax Freeze Grant 2011-12 scheme	2.585	0.000	-2.585	-100.0%	Transferred into Formula Grant in 2012-13
Council Tax Freeze Grant 2012-13 scheme	0.000	2.608	2.608	100.0%	
Early Intervention Grant	7.740	8.544	0.804	10.4%	
Lead Local Flood Authorities	0.124	0.175	0.051	41.4%	
Learning Disability and Health Reform	4.293	4.400	0.107	2.5%	
Preventing Homelessness	0.600	0.600	0.000	0.0%	
Extended Rights and General Duty to promote sustainable travel	0.009	0.011	0.002	22.2%	
Council Tax Benefit and Housing Benefit Admin Grant	2.172	2.018	-0.154	-7.1%	
New Homes Bonus	0.679	1.721	1.042	153.5%	
Funding for Social Care	2.101	2.489	0.388	18.5%	Via PCT
Total	88.328	87.272	-1.056	-1.2%	

4. Headline Formula Grant Changes

	Adjusted 2011-12 Formula Grant £m	Actual 2012-13 Formula Grant £m	% Change
Harrow	72.15	67.19	-6.9%
London Boroughs	4,275.70	3,954.80	-7.5%
England	29,285.00	27,792.00	-5.1%

The finance settlement confirmed Formula Grant at the same level as previously announced in February 2011, with the only adjustment being the Transfer of 2011-12 Council Tax Support Grant into Formula Grant.

Health Funding For Social Care

5. The settlement includes Health Funding which will be paid to Harrow by the PCT in respect of social care costs via an agreement under section 256 of the 2006 NHS Act. The allocations for Harrow are:
 - 2012/13 = £2.497m
 - 2013/14 = £3.043m
 - 2014/15 = £2.810m

Council Tax Support Grant 2011-12 Scheme

6. This was a new grant in 2011-12 paid to authorities that would otherwise set an increase in Council Tax of 2.5% or less for 2011-12. This then enables them to reduce the increase by 2.5%. The grant is £2.58m for Harrow in 2011-12 and is payable for 4 years. In 2012-13 this grant has been consolidated into Formula Grant.

Council Tax Support Grant 2012-13 Scheme

7. The Government has offered authorities a similar grant in 2012-13 to authorities to enable them to reduce increases that would otherwise be 2.5% or less by 2.5%. A significant difference from the 2011-12 scheme is that it is only being given for one year. The effect of this grant falling out in 2013-14 is to increase the funding gap in that year by £2.6m.

Topslice of Formula Grant for Academies

8. When announcing the Formula Grant levels for 2011-12 and 2012-13 in February 2011, the Government has applied a topslice to fund central costs assumed to be transferred to academies. For Harrow this is £614k in 2011-12 rising to £1,098k in 2012-13, as announced in February 2011. It had been thought that the government would revisit the topslice for 2012-13 and increase the grant reduction for authorities such as Harrow where a number of schools had converted to academies. In the event this did not happen, however the government has said it intends to do so in 2013-14. It is anticipated that this will lead to a further grant loss of £750k in 2013-14.

New Homes Bonus

9. The Council has received £679k in 2011-12 in relation to increases in homes to October 2010. This level of grant will be payable for a further 5 years. The provisional allocation for 2012-13 and the following 5 years includes a further £1,042k based on the numbers of new homes completed or brought back into use. This is £92k more than had been assumed in the December budget report to Cabinet. From 2013-14 it has been assumed that there will be an increase of 353 homes p.a. This would give an additional £470k p.a. growth in grant. The government intends to topslice future year's New Homes bonus from Formula Grant and so this is assumed to result in a similar level of reduction in formula Grant each year, i.e. it is expected to be neutral for Harrow.

Safer and Stronger Communities Fund Grant

10. This grant is paid to the GLA, and then distributed by them. It was not budgeted for in the 2011-12 MTFs as the distribution to Harrow was not agreed until very late. In the event Harrow received £219k in 2011-12. It is

anticipated that this grant will be reduced to approximately £160k in 2012-13 and £112k in 2013-14. This will however be subject to a bidding process and this projection assumes that Harrow maintains its share of the grant available.

Budget Book Extract

ADULTS & HOUSING

Objective Analysis 2012-2013

	Employees £000	Premises £000	Service Expenditure £000	SSC / Recharges £000	Capital Financing £000	Total Expenditure £000	Grant £000	Misc £000	Total Income £000	Net Budget £000
Adult Services										
A&H Transformation										
Service Development	130	0	128	184	0	442		-51	-51	391
A&H Transformation	59	0	0	9	0	68			0	68
Complaints	188	0	89	0	0	277		-13	-13	264
	377	0	217	193	0	787	0	-64	-64	723
Commissioning & Partnerships										
Catering Services	477	16	376	0	3	872		-687	-687	185
Community Equipment	33	0	1,389	0	0	1,422		-1,166	-1,166	256
Contracts & Brokerage	945	2	1,201	9	0	2,156		-292	-292	1,864
Framework-I Support	172	0	332	0	652	1,156			0	1,156
Helpline						0			0	0
Mental Health	217	9	4,183	126	7	4,542		-31	-31	4,511
Partnership Development	298	0	1,535	0	0	1,833		-23	-23	1,810
Strategic Commissioning	188	1	4	4,334	0	4,527			0	4,527
Supporting People	180	0	3,649	0	0	3,829		-115	-115	3,714
	2,510	27	12,669	4,468	662	20,337	0	-2,314	-2,314	18,023
Long Term Care & Safeguarding										
Care Mgt	1,191	19	185	28	965	2,388			0	2,388
Purchasing Budget	0	0	24,957	505	0	25,462	-4,636	-5,522	-10,158	15,304
NRC's	1,849	161	1,284	63	306	3,663	-986	-31	-1,017	2,646
In house Residential	3,995	144	233	0	65	4,437		-293	-293	4,144
Safeguarding	213	0	9	0	0	222		-25	-25	197
Shared Lives	121	0	259	0	0	380		-245	-245	135

	Employees £000	Premises £000	Service Expenditure £000	SSC / Recharges £000	Capital Financing £000	Total Expenditure £000	Grant £000	Misc £000	Total Income £000	Net Budget £000
Mental Health	66	24	200	0	59	349		-168	-168	181
	7,435	346	27,128	596	1,395	36,901	-5,622	-6,284	-11,906	24,995
Reablement & Personalisation										
Care Mgt	3,141	34	259	504	0	3,938		-85	-85	3,853
Purchasing Budget	0	0	13,915	0	0	13,915		-1,543	-1,543	12,372
NRC's	291	21	70	0	35	417		-27	-27	390
Northwick Park Hospital	549	0	400	0	0	949		-88	-88	861
Training	356	0	12	0	0	368		0	0	368
Transport	0	0	1,504	0	0	1,504		0	0	1,504
	4,337	55	16,159	504	35	21,091	0	-1,743	-1,743	19,348
Strategic Management										
Strategic Management	899	0	-2,177	286	0	-992		-80	-80	-1,072
	899	0	-2,177	286	0	-992	0	-80	-80	-1,072
Adult Services Total	15,558	429	53,997	6,048	2,092	78,123	-5,622	-10,485	-16,107	62,016
Housing										
Housing Needs	1,721	16	1,570	547	278	4,132	-600	-732	-1,332	2,800
Housing Partnerships	576	0	45	202	0	823	0	-5	-5	818
Other GF Services	274	12	188	-111	0	363	0	0	0	363
Resident Services - Watkins	377	3	60	48	0	488	0	-27	-27	461
Travellers Site	0	11	12	4	0	27	0	-2	-2	25
Housing General Fund Total	2,948	42	1,875	690	278	5,833	-600	-766	-1,366	4,467
ADULTS & HOUSING TOTAL	18,505	471	55,872	6,738	2,370	83,956	-6,222	-11,251	-17,473	66,484

Analysis of Changes

	2011-12 Budget Revised	Virement / Restructuring	Inflation	Investment	Efficiencies	Other	SSC	Capital Financing	2012-13 Budget
Adult Services									
A&H Transformation									
Service Development	705	-3	2				-313		391
A&H Transformation	67						1		68
Complaints	310		2				-48		264
	1,082	-3	4	0	0	0	-360	0	723
Commissioning & Partnerships									
Catering Services	550	2	-6		-50		-311		185
Community Equipment	460	-6	2		-200				256
Contracts	2,394		25				-555		1,864
Framework-I Support	927	195	7				-126	153	1,156
Helpline	554	-554	0						0
Mental Health	4,481		44		-100		86		4,511
Partnership Development	1,760	-36	31	100	-41		-4		1,810
Strategic Commissioning	201	-1	0				4,327		4,527
Supporting People	3,917	5	75		-250		-33		3,714
	15,244	-395	178	100	-641	0	3,384	153	18,023
Long Term Care & Safeguarding									
Care Mgt	2,576	737	7		-25	-269	-630	-8	2,388
Purchasing Budget	15,896	-1,429	395	1,500	-1,563		505		15,304
NRC's	2,682	134	10				-194	14	2,646
In house Residential	4,655	23	12		-150		-404	7	4,143
Safeguarding	199		1				-3		197
Shared Lives	148		4				-17		135
Mental Health	219		1				-39	1	182
	26,375	-535	430	1,500	-1,738	-269	-782	14	24,995

	2011-12 Budget Revised	Virement / Restructuring	Inflation	Investment	Efficiencies	Other	SSC	Capital Financing	2012-13 Budget	
Reablement & Personalisation										
Care Mgt	5,242	201	10	80			-400	-1,280	3,853	
Purchasing Budget	10,176	793	203	1,577	-375			-2	12,372	
Northwick Park Hospital	848	6	7						861	
Training	413	-50	8					-3	368	
Transport	1,891		38		-425				1,504	
NRC's	513	-101	3					-30	390	
	19,083	849	269	1,657	-800		-400	-1,315	5	19,348
Strategic Management										
Strategic Management	1,536	-2,873	6		301			-42	-1,072	
	1,536	-2,873	6	0	301		0	-42	0	-1,072
Adult Services Total	63,320	-2,957	887	3,257	-2,878		-669	885	172	62,017
Housing Services										
Housing Needs	2,516	-2	8	680	-273		-5	-152	28	2,800
Housing Partnerships	588	4	1		35		3	187	818	
Other GF Services	601		6		-40		-19	-185	363	
Resident Services - Watkins	457		1	40			23	-60	461	
Travellers Site	26						-2	1	25	
Housing General Fund Total	4,188	2	16	720	-278		0	-209	28	4,467
ADULTS & HOUSING TOTAL	67,508	-2,955	903	3,977	-3,156		-669	676	200	66,484

Children's Services

Objective Analysis 2012-2013

	Employees £000	Premises £000	Service Expenditure £000	Capital Financing £000	SSC/ Recharges £000	Total Expenditure £000	Grant £000	Misc Income £000	Total Income £000	Net Budget £000
Childrens Strategic Management	306		307		473	1,086	-357	-56	-413	673
Early Intervention Services	5,788	190	6,132	62	1,343	13,515	-10,754	-450	-11,204	2,311
Targeted Services	7,064	268	8,301	61	2,222	17,916	-952	-182	-1,134	16,782
Special Needs Service	6,133	37	9,772	257	6,015	22,214	-9,573	-3,121	-12,694	9,520
Quality Assurance, Commissioning and Schools	5,973	181	4,279	102	739	11,274	-4,802	-1,782	-6,584	4,690
Schools	92	9	154,092	4,714	704	159,611	-154,081	-31	-154,112	5,499
Children's Services Total	25,356	685	182,883	5,196	11,496	225,616	-180,519	-5,622	-186,141	39,475

Analysis of Changes

	2011-12 Budget £000	Virement / Restructuring £000	Inflation £000	Investment £000	Efficiencies £000	Other £000	SSC £000	2012-13 Budget £000
Childrens Strategic Management	943		4		-352		78	673
Early Intervention Services	3,373	-6	76		-1,244	8	104	2,311
Targeted Services	16,882	-67	189	415	-344	-8	-285	16,782
Special Needs Service	9,064	-2	139	82	-242	-1	480	9,520

	2011-12 Budget	Virement / Restructuring	Inflation	Investment	Efficiencies	Other	SSC	2012-13 Budget
	£000	£000	£000	£000	£000	£000	£000	£000
Quality Assurance, Commissioning and Schools	5,027	262	68	65	-158	52	-626	4,690
Schools	5,564	447	2			-1,186	672	5,499
Children's Services Total	40,853	634	478	562	-2,340	-1,135	423	39,475

Community & Environment
Objective Analysis 2012-2013

	Employees £000	Premises £000	Service Expenditure £000	Capital Financing £000	SSC/ Recharges £000	Total Expenditure £000	Grant £000	Misc Income £000	Total Income £000	Net Budget £000
Service Areas										
Libraries	1,923	777	900	596	1,589	5,785	0	-381	-381	5,404
Museums	119	27	24	0	1	171	0	-25	-25	146
Libraries	2,042	804	924	596	1,590	5,956	0	-406	-406	5,550
Community & Development	266	0	396	0	583	1,245	0	-1	-1	1,244
Grants & Community Lettings	230	118	713	0	0	1,061	0	-190	-190	871
Learning	539	7	589	0	0	1,135	-799	-64	-863	272
Community & Development	1,035	125	1,698	0	583	3,441	-799	-255	-1,054	2,387
Arts Centre	590	178	125	235	287	1,415	-3	-415	-418	997
Leisure	228	225	251	383	119	1,206	0	-841	-841	365
Music Services	1,304	0	217	0	-1,092	429	-218	-80	-298	131
Cultural Services	2,122	403	593	618	-686	3,050	-221	-1,336	-1,557	1,493
Community Safety	1,086	0	1,116	246	74	2,522	0	-195	-195	2,327
Environmental Health	969	3	132	6	8	1,118	0	-198	-198	920
Parking	1,401	296	388	403	508	2,996	0	-9,054	-9,054	-6,058
Licensing & Enforcement	751	2	108	35	722	1,618	0	-266	-266	1,352
Community Safety	4,207	301	1,744	690	1,312	8,254	0	-9,713	-9,713	-1,459
Asset Mgmt & Facilities	1,526	2,085	122	354	-4,229	-142	0	-313	-313	-455
Community Property Development	346	8	33	0	102	489	-92	-26	-118	371

	Employees	Premises	Service Expenditure	Capital Financing	SSC/ Recharges	Total Expenditure	Grant	Misc Income	Total Income	Net Budget
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Major Works & Adaptations	761	0	80	1,265	21	2,127	-50	-104	-154	1,973
Minor Works & Contracts	370	0	60	0	-508	-78	0	-53	-53	-131
Property	216	0	155	4	-12	363	0	0	0	363
Property	3,219	2,093	450	1,623	-4,626	2,759	-142	-496	-638	2,121
Engineers	1,305	1	596	409	-871	1,440	-51	-362	-413	1,027
Highways & Maintenance	0	2	1,617	5,386	661	7,666	0	-442	-442	7,224
Street Lighting	0	652	498	618	175	1,943	0	-15	-15	1,928
Traffic & Network Mgmt	1,203	0	462	2,318	602	4,585	0	-544	-544	4,041
Infrastructure	175	0	232	0	-18	389	0	0	0	389
Infrastructure	2,683	655	3,405	8,731	549	16,023	-51	-1,363	-1,414	14,609
Climate Change	308	0	109	0	-44	373	0	0	0	373
Climate Change	308	0	109	0	-44	373	0	0	0	373
Public Realm Services	4,733	1,102	2,338	938	2,689	11,800	0	-2,473	-2,473	9,327
Waste collection	4,507	201	2,279	656	1,891	9,534	0	-2,329	-2,329	7,205
Refuse Disposal	0	0	6,982	0	137	7,119	0	-1,041	-1,041	6,078
Public Realm Services	9,240	1,303	11,599	1,594	4,717	28,453	0	-5,843	-5,843	22,610
Directorate & Support	492	0	288	0	210	990	0	0	0	990
Directorate & Support	492	0	288	0	210	990	0	0	0	990
Community & Environment Total	25,348	5,684	20,810	13,852	3,605	69,299	1,213	-19,412	-20,625	48,674

Analysis of Changes

	2011-12 Budget	Virement / Restructuring	Inflation	Investment	Efficiencies	Other	SSC	Capital Financing	2012-13 Budget
Libraries	4,793	0	16	0	-266	0	410	451	5,404
Museums	137	20	1	0	-1	0	-11	0	146
Libraries	4,930	20	17	0	-267	0	399	451	5,550
Community & Development	691	60	2	150	-42	0	384	0	1,245
Grants & Community Lettings	915	-40	-3	40	17	0	-57	0	872
Learning	388	-25	2	0	0	0	-95	0	270
Community & Development	1,994	-5	1	190	-25	0	232	0	2,387
Arts Centre	781	0	-3	0	-41	0	95	166	998
Leisure	680	19	-1	0	-75	-415	8	148	364
Music Services	304	0	1	0	-27	0	-147	0	131
Cultural Services	1,765	19	-3	0	-143	-415	-44	314	1,493
Community Safety	2,482	29	23	0	-74	0	-120	-13	2,327
Environmental Health	1,362	-1	4	0	0	0	-446	0	919
Parking	-6,280	6	-47	100	0	0	64	101	-6,056
Licensing & Enforcement	945	53	3	0	0	0	369	-19	1,351
Community Safety	-1,491	87	-17	100	-74	0	-133	69	-1,459
Asset Mgmt & Facilities	156	111	15	119	42	337	1,358	128	-450
Community Property Development	363	0	1	9	0	0	-2	0	371
Major Works & Adaptations	1,572	348	3	18	-383	620	-206	0	1,972
Minor Works & Contracts	492	-355	1	0	-269	288	-290	0	-133

	2011-12 Budget	Virement / Restructuring	Inflation	Investment	Efficiencies	Other	SSC	Capital Financing	2012-13 Budget
Property	-263	430	1	100	88	43	-38	0	361
Property	2,320	534	21	246	-522	1,288	1,894	128	2,121
Engineers	2,876	-1	14	51	-138	396	-567	-1,601	1,030
Highways & Maintenance	4,610	1,418	31	0	-98	-141	-316	1,719	7,223
Street Lighting	1,654	79	16	0	-280	-37	151	343	1,926
Traffic & Network Mgmt	2,116	831	1	0	-6	131	527	442	4,042
Infrastructure	347	0	2	200	-40	0	-121	0	388
Infrastructure	11,603	2,327	64	251	-562	349	-326	903	14,609
Climate Change	612	-180	3	9	0	-44	-27	0	373
Climate Change	612	-180	3	9	0	-44	-27	0	373
Public Realm Services	8,504	23	54	0	-279	100	379	545	9,326
Waste collection	6,920	271	24	413	-42	0	-320	-60	7,206
Refuse Disposal	5,965	0	4	1,143	0	-1,025	-9	0	6,078
Public Realm Services	21,389	294	82	1,556	-321	-925	50	485	22,610
Directorate & Support	864	25	21	0	21	0	59	0	990
Directorate & Support	864	25	21	0	21	0	59	0	990
Community & Environment Total	43,986	3,121	189	2,352	-1,893	253	1,684	2,350	48,674

Place Shaping

Objective Analysis

	Employees £000	Premises £000	Service Expenditure £000	Capital Financing £000	SSC/ Recharges £000	Total Expenditure £000	Grant £000	Misc Income £000	Total Income £000	Net Budget £000
Place Shaping										
Business Management	607	0	64	141	619	1,431	-7	0	-7	1,424
Planning Services	2,238	4	178	213	741	3,374	0	-1,946	-1,946	1,428
Economic Development Research & Enterprise	404	0	72	6	716	1,198	0	-1	-1	1,197
Corporate Estate	353	153	35	28	-483	86	0	-813	-813	-727
Major Development Projects	261	2	27	36	-101	225	0	0	0	225
	3,863	159	376	424	1,492	6,314	-7	-2,760	-2,767	3,547

Analysis of Changes

	2011-12 Budget £000	Virement / Restructuring £000	Inflation £000	Investment £000	Efficiencies £000	Other £000	SSC £000	Capital Financing £000	2012-13 Budget £000
Place Shaping									
Business Management	1,765	-255	3	0	-24	0	-81	16	1,424
Planning Services	2,112	1	13	-219	-168	38	-377	28	1,428
Economic Development Research & Enterprise	800	0	3	0	-40	0	434	0	1,197
Corporate Estate	-414	58	3	0	-1	50	-451	28	-727
Major Development Projects	119	209	1	0	0	0	-104	0	225
	4,382	13	23	-219	-233	88	-579	72	3,547

LEGAL AND GOVERNANCE

Objective Analysis 2012-13

	Employees £000	Premises £000	Service Expenditure £000	Capital Financing £000	SSC/ Recharges £000	Total Expenditure £000	Grant £000	Misc Income £000	Total Income £000	Net Budget £000
Legal Services	1,911	0	9	0	818	2,738	0	-2,576	-2,576	162
Registration Services	154	0	22	0	1,352	1,528	0	-1,409	-1,409	119
Democratic Services	2,000	0	360	3	794	3,157	0	-59	-59	3,098
LEGAL & GOVERNANCE TOTAL	4,065	0	391	3	2,964	7,423	0	-4,044	-4,044	3,379

Analysis of Changes

	Virement								2012- 13 Budget £000
	2011-12 Budget £000	Restructuring 2011/12 £000	Inflation £000	Investment £000	Efficiencies £000	Other £000	SSC £000	Capital Financing £000	
Legal Services	509	0	14	0	-200	0	-154	0	169
Registration Services	182	0	0	0	-82	-178	202	-4	120
Democratic Services	2,875	0	0	0	-40	0	255	0	3,090
LEGAL & GOVERNANCE TOTAL	3,566	0	14	0	-322	-178	303	-4	3,379

CORPORATE FINANCE

Objective Analysis 2012-13

	Employees £000	Premises £000	Service Expenditure £000	Capital Financing £000	SSC/ Recharges £000	Total Expenditure £000	Grant £000	Misc Income £000	Total Income £000	Net Budget £000
Finance	2,437	0	231	0	711	3,379	-700	-3,094	-3,794	-415
Procurement	621	0	76	76	150	923	0	-1,550	-1,550	-627
Revenues	883	0	319	0	1,118	2,320	-250	-750	-1,000	1,320
Parking	388	0	216	77	498	1,179	0	1	1	1,180
							-		-	
Benefits & Assessments	1,792	0	150,876	417	1,766	154,851	153,252	-11	153,263	1,588
Concessionary Fares	0	0	9,452	0	0	9,452	0	-40	-40	9,412
Corporate & Democratic Core	3,010	0	2,436	0	1,219	6,665	-5	-485	-490	6,175
CORPORATE FINANCE							-		-	
TOTAL	9,131	0	163,606	570	5,462	178,769	154,207	-5,929	160,136	18,633

Analysis of Changes

	Virement							2012- 13 Budget £000	
	2011-12 Budget £000	Restructuring 2011/12 £000	Inflation £000	Investment £000	Efficiencies £000	Other £000	SSC £000		Capital Financing £000
Finance	-77	101	133	15	-110	0	-477	0	-415
Procurement	-1,958	1,411	0	0	-140	0	-18	76	-629
Revenues	1,259	0	0	150	-105	0	15	0	1,319
Parking	1,415	-7	0	33	0	0	-236	-25	1,180
Benefits & Assessments	1,239	0	0	265	-160	0	191	55	1,590
Concessionary Fares	0	9,023	0	614	-225	0	0	0	9,412
Corporate & Democratic Core	5,956	25	0	80	-135	0	250	0	6,176
CORPORATE FINANCE									
TOTAL	7,834	10,553	133	1,157	-875	0	-275	106	18,633

CHIEF EXECUTIVE

**Objective Analysis
2012-13**

	Employees £000	Premises £000	Service Expenditure £000	Capital Financing £000	SSC/ Recharges £000	Total Expenditure £000	Grant £000	Misc Income £000	Total Income £000	Net Budget £000
Chief Executive	802	0	137	0	322	1,261	0	-64	-64	1,197
Programme Office	286	0	21	0	160	467	0	-460	-460	7
Access Harrow	4,719	4	319	777	2,006	7,825	0	-7,045	-7,045	780
HITS	310	0	4,852	2,151	279	7,592	0	-7,863	-7,863	-271
BTP	60	0	2,262	2,311	508	5,141	0	-5,145	-5,145	-4
Drug Action Team Partnership Development & Performance	127	0	76	0	11	214	0	22	22	236
Shared Services	2,135	0	377	0	766	3,278	-160	-1,354	-1,514	1,764
Human Resources	2,074	0	2,099	416	958	5,547	0	-5,421	-5,421	126
Risk Audit Fraud Communications	1,798	0	254	222	577	2,851	0	-3,080	-3,080	-229
	1,486	0	2,658	13	607	4,764	0	-4,528	-4,528	236
	96	0	615	0	99	810	0	-797	-797	13
TOTAL	13,893	4	13,670	5,890	6,293	39,750	-160	-35,735	-35,895	3,855

Analysis of Changes

	2011-12 Budget £000	Virement 2011/12 £000	Inflation £000	Investment £000	Efficiencies £000	Other £000	SSC £000	Financing £000	2012-13 Budget £000
Chief Executive	1,117	-31	257	0	-134	0	-12	0	1,197
Programme Office	276	60	0	7	-40	0	-296	0	7
Access Harrow	7	1,509	0	91	-190	0	-1,107	470	780
HITS	-1,864	323	0	55	-15	0	1,176	54	-271
BTP	-2,047	425	0	55	-12	0	4,148	-2,573	-4
Drug Action Team Partnership Development & Performance	645	-382	0	0	0	0	-27	0	236
	2,669	208	0	120	-348	0	-885	0	1,764

Analysis of Changes	2011-12 Budget £000	Virement 2011/12 £000	Inflation £000	Investment £000	Efficiencies £000	Other £000	SSC £000	Financing £000	2012-13 Budget £000
Shared Services	10,951	-9,425	0	489	-284	0	-1,695	90	126
Human Resources	-118	-4	0	119	-192	0	-25	-9	-229
Risk Audit Fraud	778	1	0	350	-299	0	-594	0	236
Communications	-139	0	0	0	-25	0	177	0	13
TOTAL	12,275	-7,316	257	1,286	-1,539	0	860	-1,968	3,855