

Council

Thursday 24 September 2015

CONFIRMATION OF CABINET AND COMMITTEE RECOMMENDATIONS AND RELEVANT ORIGINATING BACKGROUND PAPERS

ITEM ON SUMMONS	CABINET / COMMITTEE RECOMMENDATION	ORIGINATING REPORT
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Recommendation: Cabinet
(23 April
2015)

11.	CORPORATE PARENTING STRATEGY	Report of the Interim Corporate Director of Children and Families (Pages 5 - 32)
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Recommendation: Cabinet
(17 June
2015)

12.	REVIEW OF THE COUNCIL TAX SUPPORT (CTS) SCHEME FOR 2016/17 FINANCIAL YEAR	Report of the Corporate Director of Resources (Pages 33 - 40)
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Recommendation: Cabinet
(14 July 2015)

13. PROPERTY PURCHASE INITIATIVE OF GOOD QUALITY TEMPORARY ACCOMMODATION
- Report of the Divisional Director of Housing Services
(Pages 41 - 56)
-

Recommendation: Cabinet
I:
(14 July 2015)

14. TREASURY MANAGEMENT OUTTURN 2014/15
- Report of the Interim Director of Finance
(Pages 57 - 90)
-

Recommendation: Cabinet
I:
(14 July 2015)

15. COMMUNITY SAFETY STRATEGY
- Report of the Divisional Director of Strategic Commissioning
(Pages 91 - 140)
-

Recommendation: Cabinet
I:
(17 September 2015)

16. 'BUILDING A BETTER HARROW' - DELIVERY PROGRAMME
- Report of the Divisional Director of Regeneration and Planning
(Pages 141 - 172)
-

Recommendation: Cabinet
I:
(17 September 2015)

17. GAYTON ROAD DEVELOPMENT PROPOSALS
- Report of the Corporate Director of Environment and Enterprise
(Pages 173 - 184)
-

Recommendation: Cabinet
(17
September
2015)

18. REVENUE AND CAPITAL MONITORING Report of the Director of Finance
(Pages 185 - 234)

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REPORT FOR: **CABINET**

Date of Meeting:	23 April 2015
Subject:	Corporate Parenting Strategy
Key Decision:	No
Responsible Officer:	Chris Spencer, Interim Corporate Director of Children and Families
Portfolio Holder:	Councillor Simon Brown, Portfolio Holder for Children, Schools and Young People
Exempt:	No
Decision subject to Call-in:	Yes, except for the recommendation to Council
Wards affected:	All
Enclosures:	Appendix 1 - Corporate Parenting Strategy Appendix 2 – Recommendation from the Corporate Parenting Panel

Section 1 – Summary and Recommendations

The attached report sets out the Corporate Parenting Strategy which will form the framework for the work of the Corporate Parenting Panel and officers involved in the Corporate Parenting group.

RECOMMENDATION 1: Cabinet is requested to approve the Strategy.

RECOMMENDATION 2: Cabinet is requested to recommend the Strategy to Council for noting and to endorse the position that all Members should undertake training to ensure they understand and are able to meet their Corporate Parenting responsibilities.

Reasons (For recommendation): To ensure that all Members are aware of their responsibilities as Corporate Parents and the Council's current strategy for addressing the needs of Looked After Children.

Section 2 – Report

Introductory paragraph

When a child comes into care, the council becomes the Corporate Parent. Put simply, the term 'Corporate Parent' means the collective responsibility of the council, elected members, employees, and partner agencies, for providing the best possible care and safeguarding for the children who are looked after by the council. A child in the care of the council looks to the whole council to be the best parent it can be to that child. Every member and employee of the council has the statutory responsibility to act for that child in the same way that a good parent would act for their child.

Every good parent wants the best for their child, to see their child flourish with good health, to be safe and happy, to do well at school, to enjoy good relationships with their peers. Make the most of leisure opportunities, hobbies and interests, and to grow towards adulthood equipped to lead independent lives and to make their way as adults in higher education, in good careers and jobs, and financially secure.

That's why Harrow Council has the same goals for the children it looks after as those of every good parent, and takes seriously the moral as well as legal responsibility for enabling the children in its care to experience happy and fulfilling lives.

The Corporate Parenting Strategy (Appendix 1) outlines our aspirations for looked after children and young people and sets out the actions we intend to take to achieve them.

Options considered

None.

Legal Implications

Set out detailed legal implications of the proposed decision. Where appropriate, liaise with the relevant legal officer and ensure that their clearances are obtained.

There are no specific legal implications from this report. The statutory framework regarding the concept of the 'corporate parent' and recent practice developments is summarised on p18 of the Corporate Parenting Strategy document accompanying this report.

Financial Implications

There are no financial implications as a result of this report.

Equalities implications / Public Sector Equality Duty

Corporate Parenting Strategy outlines the diversity in the CLA population and how these needs will be addressed

Council Priorities

The Council's vision:

Working Together to Make a Difference for Harrow

Please identify how the report incorporates the administration's priorities.

- Making a difference for the vulnerable
- Making a difference for communities
- Making a difference for local businesses
- Making a difference for families

Section 3 - Statutory Officer Clearance

Name: Jo Frost	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 13 April 2015		
Name: Helen Ottino	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 10 April 2015		

Ward Councillors notified:	YES
EqIA carried out:	NO <i>[The Corporate Parenting Strategy outlines the diversity in the CLA population and how these needs will be addressed.]</i>

Section 4 - Contact Details and Background Papers

Contact:

Peter Tolley - Service Manager - Children's Placements and Children Looked After ext 6943

Kamini Rambellas, Divisional Director -Targeted Services

- **Background Papers:** [A councillors guide to being a good corporate parent](#)

Call-In Waived by the Chairman of Overview and Scrutiny Committee	NOT APPLICABLE <i>[Call-in applies except for the Recommendation to Council.]</i>
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Corporate Parenting Strategy November 2014 – August 2016

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Foreword

“Despite the considerable national focus on the needs of looked after children in recent years, there continues to be a significant gap between the outcomes for these children and young people and those of their peers.

There is more to being a good parent than keeping children safe – every child needs to feel that parents are “there” for them through thick and thin. Children in the care system are no different. For children in care, the people charged with this responsibility are elected members and the officers of the local authority.

1. Introduction

Corporate parenting is the term used to describe the duties and responsibilities of a local authority in respect of the children looked after by the authority. Although the management of children’s social care services is the responsibility of the London Borough of Harrow, parental responsibility for looked after children is the responsibility of the whole council. In addition the local authority should enrol the support of its partner agencies in helping them to fulfil their obligations in respect of their corporate parenting responsibilities for the children looked after by the council.

In 1998 the secretary of state for health, Frank Dobson, wrote to all local authority councillors reminding them that they were ultimately responsible for the quality of care in their council for children looked after by them. Corporate parenting relates to all children looked after by the authority, wherever they are placed, including young people receiving after care services up to, in some circumstances, 25 years of age.

Corporate parenting is about offering at least the same standards of care as would a ‘reasonable parent’ in respect of the children looked after by the council. The outcomes for children who have been looked after can be poor with the reasons which brought them into care such as abuse, neglect, separation, loss and rejection significantly affecting their subsequent life experiences. As adults; they do less well educationally; they are over represented in the criminal justice system; have poorer health outcomes including an increased risk of suffering from mental health difficulties; have an increased likelihood of becoming homeless and experience economic and relationships difficulties in their own families.

It is important that being looked after responds effectively to this disadvantage.

The thrust of corporate parenting is about improving the life chances of children looked after – protecting their welfare, promoting their wellbeing, enhancing their lives and helping them reach their full potential. Everyone should have high aspirations for, and expectations of, children who are looked after

A key strand of corporate parenting is that it should be undertaken in consultation with children and young people who should have a say about how services for them are provided on both an individual and collective basis.

In addition to enrolling the support of all chief officers within the local authority and partner agencies such as police, probation, youth justice, connexions, health and schools, the local authority should harness the support and resources of local communities, sport and leisure facilities, business and faith groups.

2. Our Vision

As corporate parents we are committed to ensuring that every child looked after has the best possible start in life, is given help to achieve their potential and experience safe and positive parenting.

- **We want our children and young people to be happy and healthy, to be safe and protected from harm and sexual exploitation and be supported into adulthood.**
- We want our children to have everything that good parents want for their children.
- We want our looked after children and young people to work with us, along with their parents and carers, in shaping how we manage and organise the planning, resources and services that support and care for them.
- We want them to achieve their potential especially in education, to make the most of the opportunities offered and to participate in the decisions affecting their care and their lives.
- We want our looked after children to be in placements that are as close as possible to their homes where they feel safe, happy and taken care of.
- We want our looked after children and young people to be supported in maintaining their culture, ethnicity and religion and to be supported to maximise the opportunities available to them.
- We want young people leaving care to be prepared for independent living, and supported to participate fully as active citizens into adulthood.

3. Achievements to date and examples of good practice

- Looked after children are offered, as a priority, places in their preferred schools in the borough
- Annual achievement celebration for looked after children, organised by children and young people, beyond educational attainment
- Annual foster carer celebration and awards evening
- All children are given extra tuition according to their need
- The Staying Put scheme enables care leavers to remain with their foster carers after their 18th birthday
- Improved placement stability
- Care Leavers claim their entitlement to Housing Benefit appropriately
- Refreshed Care Leavers Charter (Oct 2014)
- Full engagement with 2 year old, and 3 and 4 year old nursery offers
- Virtual School promotion of £1900 pupil premium funding use and monitoring for impact
- Following a recent review of council income collection strategy, Harrow's Vulnerability Policy identifies Young people leaving care and that young customers leaving care may be unable to manage their financial affairs without support and would be considered as vulnerable
- Savings policy - inconsistency of application across different placements corrected
- LINAB – "Language is not a Barrier" Club for Care Leavers continued and weekend activities developed
- Two ex LAC/Leaving care involved as mentors with the Harrow Mentoring Project
- School Holiday Activities programmes LAC engagement: summer 2014 - 19 LAC young people involved; Spring half term 2014 – 10 LAC (12.5%); Easter 2014 – 15 LAC (16%)
- Takeover Day 2013 involved 4 looked after children

4. The Corporate Parenting Strategy

4.1 Corporate Parenting Panel

This strategy outlines our aspirations for looked after children and young people and sets out the actions we intend to take to achieve them.

Harrow Council is ambitious for looked after children and young people and as corporate parent for around 170¹ children, our priority is to secure the very best care and opportunities for them. To achieve this we will work in partnership with children, young people, their families and partner agencies to ensure that children and young people enjoy their childhood and succeed in adult life. This commitment includes those care leavers for whom we have responsibility to support their transition into adulthood. This means that “children in care should be cared about, not just cared for”.

The Corporate Parenting Panel², a Council Committee, made up from elected members, provides strategic leadership to ensure the council is delivering its corporate parenting duties. It has responsibility to advise officers about action to improve outcomes and life chances for all its Looked After Children and Care Leavers and comment on reviewing and developing policy in key areas such as the review process. Agendas, reports and minutes are published on the council website.

All councillors hold a responsibility as corporate parents. Members’ induction is mandatory with training offered or all councillors at least annually.

Responsibility for providing excellent corporate parenting must be shared across all services with clear accountability. The Director of Children and Families (DCS) and the Lead Member are pivotal in ensuring that all services support best outcomes for children in care.

A strategic multi-agency Corporate Parenting Officers Group has responsibility for supporting Panel members implementing this strategy and for developing an action plan that is clear and measures impact and outcomes.

Progress in meeting the priorities included in this strategy is overseen by the Corporate Parenting Panel, chaired by Councillor Mitzi Green and Simon Brown, Lead Member for Children and Families.

4.2 Key reference documents used to hold officers and providers to account for CLA life outcomes include:

Management Performance reports

Quarterly performance activity reports
Children & Families Complaints Annual Report 2013-14

Placement and planning – quality and timeliness:

Statement of Purpose for the Adoption Service – for annual CPP approval
Statement of Purpose for the Fostering Service – for annual CPP approval
Placement Sufficiency Strategy³ 2014-15
Independent Reviewing Officer Annual Report – due Dec 2014
Adoption and Fostering Panel Annual report 2013-14
Case Tracking Annual Report

Education, employment and training specific – attainment and achievement of potential:

¹ Snapshot data: 31.10.14

² <http://www.harrow.gov.uk/www2/mgCommitteeDetails.aspx?ID=788> Purpose, role & membership

³ See priority 6.4

Virtual Headteacher Annual Report 2013-14
Virtual School Development Plan 2014-15
Not in employment, education or training [NEETs] Care Leavers - twice yearly reports

Health including dental checks

Regular Provider reports

Participation

Children and young people's engagement and feedback – twice yearly reports

Crime: youth offending/re-offending

Housing and Childrens Services Protocol for homeless 16 to 17 year olds

4.3 Management performance information is required by the corporate parenting panel to enable robust scrutiny of performance, to inform priorities and determine what action needs to be taken.

To inform the work of the corporate parenting board and to enable it to set priorities performance management information is necessary. This information relates to the life chances of children looked after, supported by research and evidence as to where activity can be directed which makes a difference. This focuses on the areas where children looked after historically do not do well and which, if improved, make a difference as to how they will fare as adults. This includes:-

- Improving their educational achievement, school attendance and attainment,
- Getting a job and living in a good standard of accommodation on becoming a care leaver
- Promoting their health (both physical and emotional),
- Having stable placements
- Supporting offenders to reintegrate into work, education and establish positive relationships
- Mitigating the negative impact of young people who go missing
- Supporting care leavers who are parents to successfully care for their children

5. What makes a difference?

The following are a range of activities which can act as protective factors and can help militate against some of the disadvantage which may have been experienced by looked after children. They are also actions undertaken by a good parent to give their children a good start in life. Because of their experiences, some children may need extra support to take advantage of opportunities offered.

5.1 Education

Education is probably the single most influential factor in ensuring that children fare well and are successful as adults. Things which support educational achievement and attainment of looked after children are that they are:-

- offered, as priority, places in the schools that are best for them
- not excluded from school
- provided with extra help and tuition, particularly at test and examination times
- encouraged and supported to go on to further and higher education

5.2 Placements

Children do best in families, preferably their own but if they are unable to live with their own family then an alternative family is the best option and this may include living with someone

within their own extended family, a foster family or under Residence, Special Guardianship or Adoption Orders. If children cannot live in a family setting good quality residential care can be a positive option.

There are a number of ways by which children's placements can be supported, for example by:-

- Harnessing the resources of the borough to advertise for foster and adoptive carers.
- Making available a range of resources to support the recruitment, training and approval of foster and adoptive carers
- Maximising the resources available to enhance children's lives
- Providing accommodation to enable children to return to live with their family or with foster or adoptive carers
- Providing finance, professional support and expertise to extend foster or adoptive carers' homes to enable brothers and sisters to live together or to increase the number of children which a carer can accommodate.

As well as improving children's life chances through stable family settings, such placements are economically advantageous to the Council compared to the use of residential care.

5.3 Interests and talents

Having an interest or a talent is a very significant factor in improving children's life chances and hence when a child has an interest or a talent whatever this is it should be nurtured and developed improving self-esteem and achievement which often result in much better outcomes in adult life.

Supporting children's interests and talents can be achieved in the following ways, by:-

- Identifying a mentor within the Council who can coach, encourage and develop these skills and talents
- Making available resources to purchase any special equipment, clothing or materials to enable the child to participate on an equal footing with other children

5.4 Health

Improving children's health and wellbeing is not just about medical, dental checks and eye tests – important though these are - it is about those caring for them being concerned and alert to children's wellbeing both physical and emotional and responding in a timely and appropriately manner.

5.5 Jobs, apprenticeships and work experience

The LBH and its partner agencies are major employers in the borough and in respect of looked after children they are the 'family businesses'.

As 'family businesses' the following opportunities could be made available to looked after young people in when they leave school:-

- Work experience opportunities particularly in preparation for higher or further education
- Priority access to apprenticeships within the Council
- Priority access to employment with the LBH or its partner agencies
- Making available LBH employees to help prepare/equip young people for world of work, higher or further education

Employees could offer support and guidance to looked after young people and care leavers in respect of work experience, jobs, apprenticeships, further and higher education on both a professional and personal capacity, if appropriate.

5.6 Offending

Young people's lives can be blighted by offending behaviour. It affects their ability to obtain and keep jobs, maintain stable relationships and somewhere decent to live. Diverting young people from and reducing offending is critical to their life experiences as adults.

The Youth Offending Service has a key role in working with looked after children who offend.

5.7 Celebration of achievements

As well as focusing on activities to improve their life chances it is important to recognise and celebrate the achievements and successes of looked after children.

6. Key Priorities

6.1 Improve the education attainment and school attendance of looked after children; narrow the gap with other children

The role of Harrow Virtual School⁴ is to raise the attainment and outcomes of Harrow's Children Looked After⁵ (CLA). The Virtual School do this by challenging and supporting the schools, as well as providing a support service to a number of stakeholders in order to ensure that all Harrow CLA and Care Leavers receive a high standard of education and are involved in appropriate educational activities. The Virtual School focus their work on raising the aspirations of young people and relevant professionals so that they can reach their potential and move forward into further and higher education and gainful employment. In July 2014 there were 92 CLAs from Reception to Year 11 and 62 Post 16 Care Leavers (Years 12 and 13).

The Virtual Headteacher Annual Report informs the corporate parenting agenda regarding CLA educational attainment, school attendance, employment and training, to accelerate progress to Narrow the Gap.

Designated Teachers network

Training and support is provided through the linked teachers from schools in Harrow. This has recently been combined with the group run by the Local Safeguarding Children Board, to enable more joined up work.

Alternative education provision

Extract from VHT 2013-14 Annual Report, future development activities:

- Personal Education Plans (PEPs) and Pathway plans more outcome focused and specific: 95% up to date
- Raise attainment outcomes – target for each child or young person to match national standards
- Improve attendance % of all CLA and reduce exclusions
- Increase liaison and support to reduce time students are not registered at school, especially where placed out of borough and attending
- Further raise awareness and understanding of all placement staff and allocated social workers regarding the significance of PEPs and Pathway plans
- Evaluate and report the impact of the Pupil Premium for CLA.

⁴ 2013-14 VHT Annual Report

⁵ When asked, Harrow children and young people wanted to be known as **Children Looked After**, ie recognising they are children first and looked after second. The national term used is Looked After Children.

6.2 Improve the involvement and participation of young people in all services for children looked after and care leavers

Participation

Children and young people looked after will be treated with respect by all who are involved with them, and have access to a range of activities to facilitate their participation in service development.

Harrow's **Participation Strategy**⁶ sets out our vision for involving children and young people in influencing the services which we provide. Their views will be listened to and they will be involved in making decisions about their lives. They will be involved in the planning, provision and evaluation of the services they need. They will know how to get information and support as well as how to raise a concern.

The child's voice will be at the centre of all decision making and we will take time to talk to children on their own and can tell the child's journey.

Our aim is that participation is a routine element of practice for all practitioners and managers, keeping the voice of the child at the heart of decision making :That there is a culture that changes things for children and young people and that we work together and we improve the quality of case work and managing risk to the child. We hold the child's perspective and we develop effective systems that keep children safe using the ideas they offer us.

The Children in Care Council "Beyond Limits"⁷

The Beyond Limits group is for all children and young people who are looked after aged 11-25 years, separated into an older and younger group for age appropriate activities. Meeting monthly, currently around a core group of 6-8 young people, the group aims to listen to the opinions of children and young people and to be the voice for all children looked after. It liaises with a range of professionals to resolve the difficulties young people may encounter. Face to face: The group meets with the Corporate Parenting Panel every 4 months, and also with the Director of Children and Families, and the Director of Targeted Services.

Child's Voice Monthly newsletter

A monthly newsletter has been developed to promote the child's voice, celebrate good practice and to encourage staff to listen to children and young people, taking action when appropriate. An editorial team, including children and young people, is being developed.

Pre LAC Review consultation

The Independent Reviewing Officer consults with children looked after two weeks prior to their statutory review. Young people are supported by their placements, carers, social worker, advocates or the Children's Participation Co-ordinator if required. Online and printed feedback sheets are provided, and work to refresh the content and improve response rates is in progress.

Celebration of achievement awards – annual event

An annual event is held to celebrate the achievements and attainment of children and young people who are looked after. This event is organised in consultation with young people who co-host the event, and perform. The last event was held in February 2015.

Leaving Care Charter – refreshed Oct 2014

The Leaving Care Charter was reviewed and re- launched, following consultation with young people.

⁶ Our Participation Strategy 2013-2015

⁷ Now includes previous separate Young Voices group

Leaving Care Forum

The Leaving Care Forum meets quarterly, as a well attended forum which offers young people the opportunity to have direct contact with senior managers. Further work is being undertaken to enable young people to lead and develop the forum for themselves.

The young people have been very engaged in these sessions and offer valuable feedback and input into service development e.g. refreshing the charter, developing 'what a good placement looks like' highlighting what's important to young people in placement matching and clarifying what support is required in order for us to ensure as many young care leavers as possible are able to go to the university of their choice.

Harrow Youth Parliament

Two looked after children are representatives.

Takeover Day November

2013 Looked after children involved

Priority Actions for 2014-16

- **To strengthen the Children in Care Council 'Beyond Limits' through increases participation of children looked after and care leavers**
- **Ensure that the Corporate Parenting Panel receives regular feedback from children looked after and takes any necessary action arising from that feedback**
- **Expand participation engagement with CLA placed out of borough**
- **Increase response rates through refreshed feedback options for CLA reviews and CP Conferences**
- **Advocacy and Independent Visitor Services are used by children and young people to ensure their voices are heard**

6.3 Children looked after will be happy and healthy, safe and protected from harm and sexual exploitation: improve the physical, emotional and social health and wellbeing of children looked after and care leavers

Children Looked After are the responsibility of the local authority in the same way as we are responsible for our own children. We therefore require the same standard of health and wellbeing, but often these children enter the care system with worse levels of health due to poor parenting, chaotic lifestyles, poverty, neglect and abuse. Therefore it is the role and the responsibility of the Provider of these services, to ensure health and wellbeing needs are addressed and outcomes improve to the same standard as peers in Harrow.

Specific outcomes we are aiming for all Children Looked After to Achieve:

- Reach their developmental milestones at appropriate age
- Good physical health including attaining a healthy weight, taking regular exercise and eating a balanced and nutritious diet
- Improved levels of oral health and fewer dental cavities
- Immunised against preventable diseases
- A wider and more positive social and healthy lifestyle including strong self-esteem, positive image of self (including body image), free from bullying and free from violence and abuse
- Good mental, emotional and behavioural health and a strong sense of personal and emotional wellbeing.

- Educational attainment and attendance improved as a result of better health and well-being
- Less harmful use of substances including alcohol, drugs and tobacco
- Healthy and appropriate relationships and awareness of good sexual health
- Reduction in the number of CLA becoming teenage parents
- CLA placements are stable as a result of having health and wider needs met
- CLA know where to go for health and wellbeing support, and are able to self-manage their health needs when they leave care (including physical health, sexual health, mental, emotional and behavioural health, oral health, diet, exercise, substances, sun safety, parenting skills, medicines and minor ailments, accident prevention, etc).

Priority Actions for 2014-16:

- **Ensure providers deliver 100% health assessments on time**
- **Care leavers have health passports**
- **CLA wellbeing improves**

6.4 Safe and stable placements: provide a choice of good quality placements that provide security, stability, safety and high standards of care

As corporate parents it is imperative that we commission the right accommodation and supporting services available so that outcomes for each child and young person are the best possible. Harrow's Placement Sufficiency Strategy 2014-15 forms part of the commissioning strategy that we are in the process of developing for our Children Looked After.

In the plan we set out the supporting legislation, needs of children looked after, and the resources at our disposal, and set out resulting actions for changing the internal and external market of services that we rely on.

Based on feedback from children and young people looked after, care leavers, and primary and secondary legislation, we have the following aims for our CLA services:

1. All children looked after are placed in appropriate placements with access to the support that they need, as identified in their care plan
2. Resources are available to respond to predicted demand for a range of needs and emergencies
3. Services are provided within the local authority area as far as possible or within the West London Alliance boundaries, except where this is not consistent with the welfare of a child, or is a specialist placement that it is not possible to commission locally
4. Children and Housing services have robust joint working protocols to meet the needs of those who are at risk of becoming looked after at the age of 16 and 17 as a result of homelessness
5. A sufficient range of accommodation and support packages are available to care leavers to facilitate their pathway plans and to ensure all transitions are undertaken in a planned and supportive manner. This includes a clear staying put policy to enable care leavers to remain with their foster carers up to the age of 25 if desired and appropriate
6. Services are of a high quality and deliver the specific outcomes identified in the care plans of children looked after
7. A range of placement choices are developed to meet the needs of the diverse Looked after children population in Harrow
8. Systems are in place to ensure careful matching of placements and to prevent disruption and to ensure placement stability

Placement stability is an incredibly important indicator of performance, as stability can be linked to permanence and better outcomes. Stability is therefore a good proxy-indicator for the positive outcomes we want to achieve.

Access to Resources Team

We have established an Access to Resources Team which commissions external placements and we aim to use only those providers who have an OFSTED judgement of good or outstanding. We are members of the West London Alliance project looking at shared commissioning of placements for children who are looked after. The Access to Resources Team has a responsibility to ensure careful matching of the placement to best meet the assessed needs of the child or young person. Strengths and difficulties questionnaires are completed and help identify where additional support may be required.

Fostering

We recognise that children do best in local placements where they can remain close to family, friends and their community, We have a robust targeted recruitment strategy to ensure we have a diverse range of foster carers to meet the needs of children looked after. Foster carers have access to a comprehensive training programme to ensure they have the skills to meet the needs of the young people they care for, and they are supported by the fostering social worker through robust supervision. Children and young people receive information about their placement in advance and are listened to if they have concerns at any time.

Residential Care

Harrow has low use of residential care and only considers this after alternatives have been tried or assessed as unviable. We aim to use only those providers who have an OFSTED judgement of good or outstanding.

The decision for a child or young person's placement is based on their need and tends to end with one of the following accommodation options and additional services for specific needs. Accommodation options include:

- Internal foster care
- External foster care
- Internal residential care
- External residential care
- Parent and child assessment
- Semi-independent and care leavers

Adoption

Harrow has invested in a domestic adoption partnership with Coram, a voluntary adoption agency. Three members of Coram staff are co-located with Children and Families social workers. This has enabled early identification and planning for adoption cases. The partnership with Harrow was established in 2006, and since that time there have been no disruptions of a Harrow child's placement, demonstrating the quality of preparation and support to adopters. Under the Harrow partnership agreement Coram also provides advice and consultation on permanence planning to Harrow Children and Families Directorate for children entering care. Following recent legislative and grant changes options for future provision are currently under consideration.

Special Guardianship

We have increased the number of children and young people who are subject to Special Guardianship Orders.

Family Group Conferences

Harrow purchases a Family Group Conference service from two providers. This provides families with the opportunity to find a solution to the difficulties within their family, and where the child is unable to remain in the care of their parents.

Connected Persons placements

We have a dedicated team responsible for assessing and supporting connected persons.

Priority Actions for 2014-16:

- **Increase capacity and placement choice; increase numbers of in-house foster carers including specialist placements for the children with the most complex needs**
- **Further reduce the number of placement moves**
- **Reduce the length of time children wait for adoptive placement**

6.5 Identity: looked after children know who they are and why they are looked after; feel valued and respected by others and their individual needs arising from gender, race, culture, disability, sexuality and religion are understood and met

Priority Actions for 2014-16

- **Continue to recruit foster carers that reflect the diversity of the local community**
- **Ensure all young people permanently fostered and adopted have lifestory books and later life letters**
- **Young people develop a positive identity, emotional resilience and self esteem**
- **The work force reflects the diversity of the local community**

6.6 Smooth transition to adulthood and independence: ensure children looked after and care leavers receive focused support at key transition points in their lives

The Leaving Care and Unaccompanied Asylum Children Team are responsible for those young people leaving care. They have developed a range of opportunities with partner agencies to support young people as they make the transition to adulthood.

Catch 22 Programme

The Catch 22 Programme was introduced 2 years ago as a follow on from the Lifeskills Folder. Catch 22 Folder was put together to give young people who are in or leaving care information and advice to help prepare them for adult life.

The experience of leaving care and starting life as an adult is different for everyone. It can be a time of joy, discovery, worry, excitement and many other emotions but one thing that applies to everyone is the fact that the more you know, the better prepared you are for whatever comes your way. The Catch 22 provides information around, health, EET, money management, accommodation, having you say, lifeskills and family relationships. Social Workers and carers work jointly with the young people to complete the folder which is introduced when the young people turn 18.

Lifeskills Workshop

The Lifeskills Workshop was introduced 6 years ago and has been running successfully with a group of 20 young people attending annually.

The Lifeskills Workshop brings together professionals from health looking at sexual health, drug and alcohol and mental health, housing and benefits and EET all providing information as well as young people undertaking practical skills such as cooking, budgeting, writing CV's and interview skills.

MyBank - Money works

MyBank is an independent training organisation focusing on money management. Mybank run a course for Harrow young people looked after. Twice a year the course runs over 2 days and the young people receive a Level 1 - Personal Money Management certificate. Money Works provides survival money management skills to young people in need.

Education, Employment and Training

The Leaving Care and Unaccompanied Asylum Children Team has a careers advisor based within the service. Their primary role is to work with those young people who are not in employment, education or training and to support other workers in engaging with this group of young people.

Not in Employment, Education or Training Panel [NEET]

The NEET Panel meets monthly and targets those young people not engaged in EET. It consists of a range of professionals from different disciplines to offer advice and guidance around engagement and access to a range of services. A robust action plan is then developed to actively engage with the young person.

Housing sub group

This has now run successfully for 12 months, to ensure maximum benefit for meeting quarterly, with representatives from Housing, LCT & UASC, Housing Benefit, Council Tax, and more recently Supporting People (Council Adults' Team). The housing department will continue to attend the Corporate Parenting Panel on a regular basis.

For 2014/15 nominations were agreed as 20 and eight young people have been successfully allocated a flat with 12 remaining. This is the highest number we have had remaining in October to due high shortages in housing stock.

Three young people will be made a direct offer and three more are waiting to be out forward with the remaining still bidding. Housing has suggested that young people consider bidding cross borough, due to the current shortages in Harrow. One young person has recently accepted a new build property in Finsbury Park.

A meeting was held with Supporting People to look at alternative options for instance, adding YMCA nominations which LCT and UASC currently do not have. This is being discussed and we hope that we will be given some nominations in the short term. Another option which may have to be considered is young people being supported through the private sector and renting a shared property. Young people are reluctant to do this but with the current housing stock situation they may have no option. This is something that may have to be included in the next Charter Review next year.

All young people that have been put forward have successfully claimed housing benefit and there have been no issues to date. This can be seen as an important improvement towards independence.

Currently we have seven young people working with MST who are supporting the young people to manage their tenancies. MST are at full capacity and, along with the other boroughs they work with, we are exploring alternative options with Supporting People.

Housing Officers will attend the Corporate Parenting Panel to ensure regular updates are provided to Councillors

Leaving Care Charter

The Leaving Care Charter was recently re-launched and outlines the Local Authority's commitment to Care leavers and specific areas of support, financial, practical and emotional.

PAFT (Parents as first Teachers) Programme

The Family Centre PAFT programme, designed to work with teenage parents, has developed a dedicated course for care leavers. The aims of the course are to increase parent knowledge of early childhood development, improve parenting practice, provide early detection of developmental delays and health issues and prevent child abuse and neglect and to increase children's school readiness and school success.

Clinic in a box

Working in partnership with the sexual health nurse we offer advice and information in respect of sexual health. There is a drop-in service and she attends the lifeskills course annually.

Leaving Care Forum (see 6.2 earlier)

Staying Put policy

Lead worker NEET

Increased Leaving Care grant made by the Council to support the transition

Priority Actions for 2014-16

- **To strengthen the Children in Care Council 'Beyond Limits' through increases participation of children looked after and care leavers**
- **Ensure that the Corporate Parenting Panel receives regular feedback from children looked after and takes any necessary action arising from that feedback**
- **Expand participation engagement with CLA placed out of borough**
- **Increase response rates through refreshed feedback options for CLA reviews and CP Conferences**
- **Advocacy and Independent Visitor Services are used by children and young people to ensure their voices are heard**

- **Ensure providers deliver 100% health assessments on time**
- **Care leavers have health passports**
- **CLA wellbeing improves**

- **Increase capacity and placement choice; increase numbers of in-house foster carers including specialist placements for the children with the most complex needs**
- **Further reduce the number of placement moves**
- **Reduce the length of time children wait for adoptive placement**
- **Continue to recruit foster carers that reflect the diversity of the local community**
- **Ensure all young people permanently fostered and adopted have lifestory books and later life letters**

- **Young people develop a positive identity, emotional resilience and self esteem**
- **The workforce reflects the diversity of the local community**
- **Improve opportunities for care leavers to access education ,employment or specially trained apprenticeships**

Appendix A: Corporate Parenting Pledge⁸ to Looked After Children

For a better future

Harrow Council provides care and support to those children and young people who, for whatever reason, cannot live with their birth family. For some this may be a short time and for others it may be longer. However long or whether you live with foster carers, residential care, adoptive parents or another member of your family we are committed to giving you the best start in life possible - helping you to be the best that you can be.

The Local Authority is your corporate parent - which simply means trying to do everything that a good parent does throughout your time in our care. Our commitment to you is made by the politicians, who represent the community in the running of the council, all directors and senior managers and our staff, who provide care and support for you.

Children and young people who are in our care or who have been in our care in the recent past have told us what kind of good care and support they need to be the best they can be. We have listened to this and the commitments we make in this children's pledge reflect this.

Our pledge

We pledge to work together to provide you the best possible care and support to help you be the best you can be in your life - now and in the future. To do this we will:

1. **Provide you with a safe home to live where you feel happy and taken care of.** This means that wherever possible you will have a choice about where you live and that you will not be moved from a settled home unless absolutely necessary, or if it is deemed to be in your best interests.
2. **Provide you with the support you need to do well in education.** This means that we will make sure you have the opportunity to go to a school where you can flourish, get the support outside of school to do well in exams and have access to college and university.
3. **Listen to you about things in your own life and about the care that you receive from us.** This means that we will always make sure that you are involved in decisions that are made about your own life and that we find ways to help you tell us your views if you find this difficult. We will also make sure that there are opportunities to tell us what you think about the care that you receive and that if you have a complaint you get the help to get heard.
4. **Be honest with you about things that have happened in your life and the decisions that are made about your care.** We know that at times it is difficult to understand what has happened to you and why certain decisions are made about your care. We can't promise that you will always agree with these decisions. But, we will always be honest with you about the reasons for these decisions and, where possible, what has happened in your life.
5. **Help you to develop good relationships with the people that you care for and the people in your life that are most important to you.** This means that, as far as possible, we will provide you with opportunities to see those people that are important to you in your life. We will help you to develop and maintain relationships and friendships with the people that provide care and support for you and other children and young people.
6. **Provide you with support and opportunities to enjoy your life and have interests and hobbies of your own.** This means that we will make sure you have information and access to opportunities and activities outside of education that you enjoy.
7. **Provide you with the support you need when you leave care to become independent and be the best you can be in adult life.** This means that we will make sure that you have choices about how and when you leave care and that we will make

⁸ http://www.harrow.gov.uk/info/200161/children_looked_after/487/harrow_pledge/2

sure we support you to be prepared for independence and have the help you will need to make independence work when you leave care.

We make these pledges to you and will do our best to always fulfil each one. There are many teams involved in helping make these pledges happen - from Children's Services to Housing and Health. We will make sure that we work together to do this.

Harrow Council - Corporate Parenting Panel

The Harrow Pledge is endorsed by the Corporate Parenting panel on behalf of the Council.

All policy and procedures relating to children looked after are overseen by the Corporate Parenting panel.

Members and senior officers from the Council meet to discuss the performance, service delivery and aspirations for the Council in respect of Children Looked After and young people leaving care. Beyond Limits representatives also attend the Corporate Parenting panel.

This panel is lead by members to challenge, scrutinise and support the services for children looked after.

Appendix B: Legal duties and responsibilities

The Children Act 1989 sets out the local authority's legal duties and responsibilities which underpin service provision for looked after children, young people and care leavers. Although the term corporate parenting is not specifically mentioned in the Children Act 1989 it is a term that has been widely adopted and is included in the recent guidance associated with the Act.

Subsequent legislation, regulations and government advice has extended and strengthened the obligations of local authorities towards looked after children, including:-

- 1998 letter from the Secretary of State for Health, Frank Dobson regarding councilors roles and responsibilities toward looked after children
- Children (Leaving Care) Act 2000 - extended the types of service and upper age limit of young people the local authority are responsible for as a corporate parent
- Subsequent government guidance issued for councilors has reiterated the role that they should play in being an effective corporate parent for looked after children in their care. The "If this were my child" (DfES 2003) guidance posed the benchmark question to develop the necessary mind set for achieving high quality outcomes for looked after children. This established a clear expectation that once a child becomes looked after all councilors and officers of the council need to be concerned about them 'as if they were their own children'.
- Children Act 2004 - contains a statutory requirement for local authorities to promote the educational achievement of looked after children and emphasizes the role of collaborative service agreements to achieve the right type of service provision
- Children & Young People Act 2008 - reinforced the message that all councils, and particularly elected members, hold responsibility for ensuring good outcomes for looked after children
- April 2011, further statutory guidance was introduced to clarify the local authority's responsibilities for looked after children. The revised statutory guidance is presented as a suite of documents as follows;
 - Care Planning, Placement & Care reviews
 - Planning Transitions to Adulthood for Care Leavers
 - Independent Reviewing Officer (IRO) Handbook
 - Sufficiency - securing sufficient accommodation for looked after children
 - Short Breaks
- November 2011 Family Justice Review Panel report taken forward in the Children and Families Bill: the commitment to a 26 week time limit when courts consider a child should be taken into care; virtual school head in every local authority
- July 2013 revised statutory guidance on adoption published
- *Working Together to Safeguard Children* April 2013
- From Sept 2013 all young people must remain in education or training until the end of the academic year they turn 17.

Appendix C: Detailed Health outcomes

The CLA health outcomes service shall be available to:

- Children within the children in need and child protection system who are accommodated on section 20 of the Children Act 1989
- Children Looked After who are accommodated under section 31 (Care Orders) and 38 (Interim Care Orders) of the Children Act 1989
- Children looked after who are in pre-adoption placements and transition planning for those moving to post adoption placements
- Children looked after with special guardianship orders
- Children who are unaccompanied asylum seeking minors and are in the care of the Local Authority
- Children placed in short term care
- Young people up to 25 years who are within the leaving care team plus transition planning
- All carers and professionals who relate to the above and are involved in their care planning
- Statutory and voluntary agencies who are involved in care planning.

Service scope includes the following:

- Responsibility for health and wellbeing outcomes for CLA
- Monitoring of health and wellbeing outcomes for CLA and tracking of assessments
- Identified health lead professional for each child which may be the Health Visitor, Community Children's Nurse or school nurse
- Assessment of CLA health including all initial and review health assessments except where already a key health worker has built a relationship with the child / young person – this would be assessed on an individual basis
- Health care plans and health passports for care leavers
- Advisory and signposting of support for CLA and care leavers
- Participation in professional meetings and identification of suitable care placements, including through attending fostering panels and adoption panels
- Provision of reports to panels and court proceedings
- Training for Council, NHS, Schools, carers, parents and other partners in support of the Designated Professional
- Sharing information and support to Council, NHS, Schools, carers, parents and other partners as appropriate
- Co-ordination of Council, NHS, School, other partner and Community resources to improve CLA health and wellbeing outcomes
- Supporting CLA and carers to access non-medical specialised services when needed through referral and care pathway routes
- Support to CQC, Ofsted and other inspections as and when required.

The same monitoring, outcome and quality requirements will apply regardless of geographical location of CLA. Arrangements with other providers of assessments and support will be approved by the Commissioner and Designated Nurse.

The CLA health outcomes service may also be requested to support Children Looked After who are placed within Harrow by other authorities. In the event that the service Provider chooses to provide services for non-Harrow CLA it must recharge the originating CCG accordingly, record this activity separately and report to the Commissioner and Designated

Nurse. The recharge to the originating CCG will be completed by the Designated Nurse for CLA once the details have been shared by the CLA Service.

Both initial and review health assessments shall:

- Identify the health needs of the child
- Ensure the voice of the child is recorded and the assessment is co-produced
- Establish health history and identify gaps in routine child health surveillance
- Request the health information from local health providers and specialist services to ensure a full and accurate overview of the child health needs
- Identify family health history
- Promote optimal health and address areas of unmet health needs
- Formulate a strategy and action plan for meeting health needs
- Address the needs of the child in the placement so that the carer is empowered and feels confident to provide for the support and health care needs of their child, at the same time as feeling that their own needs are also being supported.

The following are actions, to be undertaken, as a result of each high quality health assessment:

- Clear identification of the level of unidentified health needs and how to address these
- Agreement with the child on how, where and when and by whom professional support shall be provided
- Agreement with the child on how, when and by whom their development shall be monitored
- Identify gaps in service provision and escalate to Senior Managers and the Designated Nurse and Commissioner
- Identify key health issues and how these shall be addressed
- Liaise with partner agencies including CAMHS, substance misuse services, sexual health agencies, leisure services, schools to ensure needs are addressed
- A health care plan for every child in care including details of how progress shall be monitored.

The Provider working closely with social care is responsible for following up health assessments and health care plans with the child, and shall maintain contact with the child throughout the year to offer support and refer to other services as appropriate. Tracking of the child shall be at a level equivalent to their needs and requirements.

Plans will be co-produced with children, their carers and where appropriate parents to ensure all stakeholders are contributing to the health and wellbeing outcomes of the child.

Health plans shall address all health and wellbeing outcomes and include, as a minimum:

- Reflect the voice of the child
- Clear identification of overall objectives
- Named professional responsible for actions
- Timescales for delivery
- Clarify monitoring arrangements

We will support the development of Health passports working closely with the Local authority, GP's and Young People. Health passports shall address all health and wellbeing outcomes and where possible include:

- NHS number
- Blood group
- Birth information
- Growth Statistics and Percentiles
- Hearing Function Information
- Medical history
- Family Health History

- Regular medication
- Contact details for GP, dentist, optician and other health professionals,
- Immunisation records
- Eye Test Results / Prescriptions
- Information promoting healthy and active lifestyles
- Organ donation register information if deemed appropriate

Resources to engage include, but are not limited to:

- Children Looked After
- Carers and parents
- Community resources
- Health Visiting
- School Nursing
- Public Health
- GPs
- CAMHS
- Harrow Children & Families
- Virtual Heads
- Independent Visitors
- Dentistry
- Child Development teams
- Community Children's Nursing teams
- Secondary care providers
- Specialist / tertiary services e.g., paediatric, stoma, craniofacial or chronic skin disease
- Schools (including team around the school)
- Children's Centres
- Dietetics
- Sexual Health Services including GUM
- Local services to where children and young people are placed
- Early Intervention Service
- COMPASS and Each
- Police services
- Harrow Youth Offending Team
- Harrow CCG
- Voluntary and community organisations
- Children with Disabilities Team

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CORPORATE PARENTING PANEL

MINUTES

17 MARCH 2015

Chair: * Councillor Mitzi Green

Councillors: * Christine Bednell * Kairul Kareema Marikar
* Simon Brown * Janet Mote
* Jo Dooley (4)

* Denotes Member present
(4) Denote category of Reserve Members
† Denotes apologies received

RECOMMENDED ITEMS

38. Corporate Parenting Strategy

An officer presented the Corporate Parenting Strategy which had been updated to include the amendments suggested at the previous meeting. The officer added that the Action Plan was being reviewed and updated on a regular basis.

The Panel commented that a typographical error in paragraph 4.1 required correction. Members expressed the view that the partnership with Coram was positive due to the extensive support to children and the considerable training available to parents.

In response to questions from Members, the officers advised that foster care was provided on a short or long term basis, depending on the requirements of the child. Members were informed that an increase in potential adoptive parents had resulted from the Government promoting adoption. However there had been fewer children placed for adoption, as the Courts had been placing more children within their extended family networks.

The Chair and the Portfolio Holder emphasised that it was important that all Members were aware of the importance of the Strategy and it was

Resolved to RECOMMEND (to Cabinet): That the Corporate Parenting Strategy be approved and be recommended to Council for noting.

Reasons for recommendation: To ensure that all Members were aware of their responsibilities as Corporate Parents and the Council's current strategy for caring for Looked After Children.

(Note: The meeting, having commenced at 7.30 pm, closed at 9.25 pm).

(Signed) COUNCILLOR MITZI GREEN
Chair

Date of Meeting:	17 June 2015
Subject:	Review of the Council Tax Support (CTS) Scheme for 2016/17 Financial Year
Key Decision:	Yes
Responsible Officer:	Tom Whiting, Corporate Director of Resources
Portfolio Holder:	Councillor Sachin Shah, Portfolio for Finance and Major Contracts
Exempt:	No
Decision subject to Call-in:	No, as the decision is reserved to Council
Wards affected:	All
Enclosures:	Appendix 1 – Current Scheme Rules/Parameters

Section 1 – Summary and Recommendations

This report informs Members of the requirement to consider a review of the localised Council Tax Support Scheme which was introduced on 1/4/2013. Paragraph 5 of Schedule 1A to the Local Government Finance Act 1992, as amended by schedule 4 of the Local Government Act 2012, requires the council to consider whether, for 2016-17, the scheme is to be revised or replaced.

Recommendations:

Cabinet is requested to make the following decision:

1. Note that the CTS scheme meets the Council's statutory duties and requires no changes.

Cabinet is requested to recommend the following decision to full Council:

2. After considering whether to review the local scheme, that there is no need to review, and to continue with the existing CTS scheme, as previously adopted by Full Council, for the 2016/17 financial year.

Reason: (For recommendations)

The current CTS scheme was based upon retaining the initial provisions for two consecutive financial years, 2013/14 & 2014/15, so long as key conditions remained unchanged. Thereafter, the scheme was to be reviewed annually.

There have been no significant fundamental changes, either in caseload, demographics or the economy, which would require the Council to consider reviewing or replacing the scheme as determined by Full Council.

Section 2 – Report

Introductory paragraph

- 2.1 From April 2013, Council Tax Benefit (CTB) was “localised”. There is no longer a nationally governed CTB scheme (except for pensioners). Councils now determine their own local “Council Tax Reduction Scheme” and CTB has been replaced by “Council Tax Support” (CTS).
- 2.2 Pensioners (those who have attained the qualifying age for state pension credit) are protected under the arrangements. CTS for them is still controlled nationally. This means CTS can still cover up to 100% of their Council Tax bill.
- 2.3 Full Council determined on the 21 January 2013 to introduce a CTS scheme. The scheme set out the reductions which were to apply in Harrow to specified classes of persons whom the authority considered to be in financial need. The scheme took effect for the financial year commencing 1 April 2013, with some changes phased in from 1 April 2014.
- 2.4 In June 2014, at the review of the scheme for 2015/16 financial year, Cabinet agreed to consultation on various draft scheme models. Cabinet subsequently decided not to change the scheme for the financial year 2015/16, and the Council agreed to continue with the existing scheme at the full Council meeting held on 22/01/2015.
- 2.5 The Council must consider whether to revise or replace its Council Tax Support scheme each financial year. As such it is necessary for Cabinet to consider whether the scheme requires reviewing for the 2016/17 financial year and this report requests that Members consider reviewing the scheme.

Council Tax Support Scheme Review

- 2.6 Harrow Council has a CTS scheme in place which sets out the reductions which are to apply in its area to specified classes of persons whom the authority considers to be in financial need.
- 2.7 Legislation requires the authority to consider whether, for 2016-17, the scheme is to be revised or replaced. The Council must consider whether the scheme requires changing and must do this in time to ensure it has sufficient time to consult and determine the scheme prior to the deadline set out in the legislation.
- 2.8 Modelling the current CTS caseload commitments and estimating 2016/17 expenditure, would suggest future expenditure in the region of £14m to £14.5 in the next financial year (dependant on any council tax inflation).
- 2.9 This is in line with budgeted expenditure. Additionally, Council Tax collection rates in 2014/15 for CTS recipients reached 89% in year which were also above the 70% profile anticipated, resulting in overall collection rates for Council Tax of 97.3% in year. Overall Council Tax collection rates were higher in 2014/15 than the 97% achieved in year for 2013/14. It would appear that collection rates are settling down as claimants get used to having to pay some Council Tax.
- 2.10 Statutory provisions require Harrow to consider annually whether it should change the scheme, and if so, in what way. The process to create a revised scheme would involve complex decisions and judgements regarding which groups of claimants would face changes in support. This would also require extensive consultation and approval of the changes before 31/01/2016, including consultation with the GLA, a publication of the draft scheme incorporating the changes and consultation with such persons as may be affected by the operation of the scheme. Having approved the scheme already in place, Cabinet is now being requested to consider reviewing its scheme.
- 2.11 Having reviewed the operation of the scheme, it is considered that the existing scheme, agreed by Full Council on 21st January 2013 and again on 22/01/2015, meets the Council's statutory requirements. It is therefore recommended that the scheme is not revised or replaced as no changes are required. It is therefore further recommended that the Council continue with the current scheme in place.
- 2.12 This view has been reached on the basis that currently (as @ May 2015) CTS expenditure for 2015/16 is approximately £14.2m. This is within the budgeted expenditure range for the parameter configuration for 2015/16 .

Conclusion / Recommendation

- 2.13 The expenditure estimate assumes no increase in caseload and assumes no disproportionate increase in persons of pension credit age that would be protected from the effects of the scheme; although there

is risk here as Harrow has proportionally less pensioners claiming CTS than the national average.

- 2.14 The cost of the CTS scheme could still be subject to fluctuations taking into account the uncertainty regarding claimant numbers.
- 2.15 In conclusion, there are currently no fundamental reasons to change the existing scheme. Case load is currently static or decreasing, (notwithstanding the above comments), Council Tax collection rates are high and holding, and whilst there is a risk of pensioner numbers increasing and therefore increasing expenditure, this risk is felt to be low. As financial forecasts are similar to target expenditure, this report recommends that the CTS scheme continues in its current format.

Legal Implications

- 2.16 Paragraph 5 of Schedule 1A to the Local Government Finance Act 1992, as inserted by Schedule 4 to the Local Government Finance Act 2012, requires the authority to consider whether, for each financial year, the CTS scheme is to be revised or replaced. Where the scheme is to be revised or replaced the procedural requirements in paragraph 3 of that schedule apply. Any revision/replacement must be determined by 31 of January in the preceding year to the year which the changes are to apply. The council must therefore consider whether the scheme requires revision or replacement and if so, consult with the GLA, publish a draft scheme and then consult with such persons as may be affected by the operation of that scheme prior to determining the scheme before 31st January.
- 2.17 This report recommends that the scheme is not revised or replaced.

Financial Implications

- 2.18 The local CTS funding is not ring fenced and it is entirely for Harrow, as a Local Authority, to determine how much it is prepared to spend in light of the Council's overall financial position.
- 2.19 For 2015/16, estimated expenditure is largely in line with budget provision of between £14m to £14.5m. If the scheme was to award higher support amounts this would increase expenditure and would have a detrimental impact on the Collection Fund which would have to be addressed in the following years budget setting process. On the other hand, if the scheme was to award lower amounts, a positive impact would feed into the follows year's budget setting process.

Equalities implications / Public Sector Equality Duty

- 2.20 Retaining the existing CTS scheme is supported by the original EqIA undertaken for the scheme and carried out at the time of consultation. This highlighted the impacts on residents and on which mitigation packages were developed and implemented. The existing scheme also supports the most vulnerable members of our community as it contain more generous provisions for protecting disabled residents (which is applied to any applicant in receipt of Disability Living Allowance or Personal Independence Payment – PIP).

2.21 When making policy decisions, the Council must take account of the equality duty and in particular any potential impact on protected groups. Due regard should therefore be had to the Public Sector Equality Duty when giving consideration to a review of the scheme and the recommendations in this report. The Council's original completed equality impact assessment still applies and members should consider its contents in making their decision.

Corporate Priorities

2.22 The Harrow Council Tax Support Scheme reflects the aims of our corporate priorities thus ensuring we concentrate on supporting those who are financially vulnerable.

Section 3 - Statutory Officer Clearance

Name: Dawn Calvert	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 11 May 2015		
Name: Sarah Wilson	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 11 May 2015		

Ward Councillors notified:	NO , as it impacts on all Wards
EqIA carried out:	NO
EqIA cleared by:	N/A
	N/A as EqIA, cleared at the time of original scheme implementation, still applies

Section 4 - Contact Details and Background Papers

Contact:

Fern Silverio (Head of Service – Collections & Housing Benefits),
Tel: 020-8736-6818 / email: fern.silverio@harrow.gov.uk

Background Papers:

Appendix 1 – Current Scheme Rules/Parameters

Full CTS current scheme available @
http://www.harrow.gov.uk/info/200206/council_tax_support/1258/council_tax_support_scheme_review

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

NOT APPLICABLE

*[Call-in does not apply as the
decision is reserved to Council]*

Appendix 1 - Current Scheme Rules/Parameters

Liability cap- (this is the percentage liability used in calculation of CTS) is:

- 86% for working age customers who fall into the vulnerable group (see below)
- 70% for all working age customers who do not fall into the vulnerable group
- 100% for all pensioners

- 30% taper- For every £1 that the customer receives over their applicable amount, they will have to put 30p towards the council tax bill
- £2 minimum weekly Council Tax support award-this means that anyone who is entitled to less than £2.00 in CTS will not receive any support
- No tariff income-this means that nothing is added to the weekly income if customer has capital over £6,000 (16,000 capital limit still applies)

Vulnerable group- a working age customer falls into the vulnerable group if

- A household with an applicant, a partner or a dependent child receiving
 - Disability Living Allowance (any component)
 - Employment Support Allowance (Support group),
 - Incapacity Benefit,
 - Mobility Supplement,
 - Severe Disablement Allowance,
 - Personal Independence Payment or Armed Forces Independence Payment (AFIP)
 - or has an invalid vehicle supplied by the National Health Service or gets Department of Work and Pensions payments for car running costs;
- or a disability banding reduction has been granted for the property;
- or the applicant or partner is registered blind ;
- or the applicant or partner receives a War Pension

Non dependant deductions (weekly reduction in CTS based on the income of other adult occupants of the household)- see table below;

Non Dep Deductions

Non Dep Income	Housing Benefit	CTS Pensioner	CTS Working age
○ Aged under 25 and on IS or JSA(IB) or ESA(IR) assessment phase	Nil	Nil	£3.30
○ Aged 25 or over and on IS/JSA(IB),	£14.55	Nil	£3.30
○ Aged 18 or over and not in remunerative work	£14.55	£3.74	£6.60
○ In receipt of main phase ESA(IR)	£14.55	Nil	£3.30
○ In receipt or ESA (C)	£14.55	£3.74	£3.30
○ In receipt of JSA (C)	£14.55	£3.74	£6.60
○ In receipt of Pension Credit	Nil	Nil	£3.30
○ gross income less than £129.00	£14.55	£3.74	£6.60
○ gross income not less than £129.00 but less than £189.00	£33.40	£3.74	£6.60
○ gross income not less than £189.00 but less than £246.00	£44.85	£7.52	£13.10
○ gross income not less than £246.00 but less than £328.00	£75.05	£7.52	£13.10
○ gross income not less than £328.00 but less than £408.00	£85.45	£9.49	£16.50
○ gross income not less than £408.00	£93.80	£11.36	£19.80

REPORT FOR: **CABINET**

Date of Meeting:	14 July 2015
Subject:	Property Purchase Initiative to increase the supply of good quality Temporary Accommodation
Key Decision:	Yes
Responsible Officer:	Lynne Pennington, Divisional Director of Housing Services
Portfolio Holder:	Councillor Glen Hearnden, Portfolio Holder for Housing Councillor Keith Ferry, Deputy Leader and Portfolio Holder for Business, Planning and Regeneration Councillor Sachin Shah, Portfolio Holder for Finance and Major Contracts
Exempt:	No, except for appendix 1 to this report which is exempt under paragraph 3 of Schedule 12a of the Local Government Act 1972 (as amended) in that it includes information relating to the financial or business affairs of any particular person (including the authority holding that information)
Decision subject to Call-in:	Yes
Wards affected:	All
Enclosures:	PART II (Exempt) - Appendix 1: Business model Appendix 2: Site Plan for 33 Whitefriars Avenue

Section 1 – Summary and Recommendations

This report sets out a proposal to purchase properties to be used as temporary accommodation as an alternative to expensive and less suitable Bed and Breakfast accommodation.

Recommendations:

Cabinet is requested to:

1. Authorise the Director of Housing Services to acquire up to 100 properties on the open market for the purpose of providing temporary accommodation, at a maximum cost of £30m to include the purchase price, all costs associated with the acquisition and initial repairs and refurbishment as set out in the report. The current assumption is that these properties will be held outside of the Council in a Limited Liability Partnership (LLP) that would be set up to hold investment property on behalf of the Council. The intention is that the LLP would purchase the properties directly, but in the event of any delay in establishing the LLP, it is anticipated that the Council would proceed with the purchase of appropriate properties on the basis that they would then be transferred into the ownership of the LLP once it is established;
2. Recommend to Council to approve an addition to the Capital Programme of a total of £30m to enable the Council to proceed with the purchase and repair of properties as set out above. An initial spend profile assumes a spend of £7.5m in 2015-16, £15m in 2016-17 and the final £7.5m in 2017-18, though this may vary depending on how quickly appropriate properties can be sourced;
3. As set out in the body of the report, the transfer of the properties under this initiative to the LLP is assumed to be financed entirely by partnership capital, with 95% being funded by Council, with the balance being funded by the holding company set up to deliver the Council's trading activities. Cabinet is therefore requested to authorise the Director of Finance in consultation with the Finance and Major Contracts Portfolio Holder to invest an amount not exceeding £30m in the LLP, with 95% of this being assumed to be partnership capital from the Council, and 5% assumed to be partnership capital of the Holding company.
4. Authorise the Director of Housing Services, following consultation with the Housing Portfolio Holder, to acquire properties at a premium, as set out in Appendix 1, above the price set out in the valuation report to enable flexibility in negotiation of price in a rising housing market provided the overall costs of acquiring the 100 properties are contained within the maximum authorised cost of £30m;
5. Note the indicative cash flows produced by the Business Model attached at Appendix 1, which currently show that the LLP is likely to generate annual profits the majority of which (95% under the current

proposal) would be attributable to the Council, and therefore be exempt from corporation tax. The 5% proportion attributable to the Holding company would be income that would be subject to corporation tax.

6. Delegate authority to the Director of Housing in consultation with the Corporate Director of Resources to determine the most efficient way to manage the property acquisition programme and invite and evaluate tenders and award contracts for any services, including repairs and maintenance contracts, necessary for the programme within the agreed budget;
7. Authorise the Corporate Director Environment and Enterprise/Community Services to transfer the freehold of 33 Whitefriars Avenue from the General Fund to the Housing Revenue Account for the consideration of £275,000.

Reason: To enable a Property Acquisition Programme to provide good quality temporary accommodation to be progressed and start to deliver Bed and Breakfast savings as soon as possible.

Section 2 – Report

2.1 Like all other London Boroughs, Harrow has experienced a dramatic rise in the number of people presenting as homeless, despite excellent performance in preventing homelessness, for a number of reasons including:

- Government Welfare Reform and Local Housing Allowance caps limit the number of private rented properties locally that are affordable. Less than 1 property in 10 in Harrow is now affordable to families on Housing Benefit. With further changes to benefit caps and wider welfare cuts imminent there will be further pressures on working households and little growth in the delivery of more affordable homes for some years. The numbers of working homeless households looks set to grow;
- The lack of housing supply in London has led to higher competition for private rented housing and increased rental costs as the high cost of home ownership means this option is no longer affordable for many households;
- Affordable housing supply continues effectively to reduce due to a combination of the Right to Buy and slow pace of new affordable supply. Whilst the council has plans in place to build new council homes and increase the supply of affordable housing particularly in the Housing Zone, these plans will take years to bear fruit and not replace like with like.

2.1.1 Two years ago the Council had 70 families housed temporarily in Bed and Breakfast accommodation. Today there are 176 families in Bed and Breakfast. The same pressures driving the rise in homelessness are also making it increasingly difficult to find a suitable supply of private rented and leased accommodation to prevent households becoming homeless and move them into once they become homeless.

2.1.2 As the use of Bed and Breakfast accommodation has increased, so has the cost. This is because the Housing Benefit subsidy system discourages the use of Bed and Breakfast by limiting the recoverable subsidy payments. Less housing benefit subsidy is receivable for larger families. In the last 2 years the average net cost to the council has risen from about £7,000 per unit per year to about £10,000 per unit per year. This is projected to increase in 2015/16 unless cheaper and more suitable types of temporary accommodation can be found.

2.2 Options considered

2.2.1 A number of options to increase the supply of temporary accommodation as an alternative to expensive Bed and Breakfast accommodation are being taken forward and/or considered. These include:

- Through the Council's Help2Let scheme we work with landlords to increase the number of privately rented properties available to households in housing need. This includes offering incentives and payments to privately lease properties as well as grants to enable landlords to bring properties up to a lettable condition in return for nomination rights. However due to the overall shortage of supply it is becoming increasingly difficult to source private rented properties locally and on current projections we do not consider these options alone will be sufficient to meet demand and reliance on expensive Bed and Breakfast accommodation;
- Using council properties that become empty, particularly on estates identified for regeneration, for short-term temporary use. However this option is time-limited and does not tackle the overall shortage of supply;
- Purchase and letting of properties. This option has the advantage of providing a secure and new supply source of temporary accommodation and can be relatively quick to implement;
- Building temporary recyclable homes on vacant council land. This option relies on finding suitable land which would need to be provided at no cost. It will take time to implement as planning permission etc would be required similar to building permanent housing.

2.2.2 This report presents the business case to proceed with the option to purchase properties for letting as temporary accommodation. It offers many benefits as follows:

- It increases the supply of temporary accommodation stock within or near to the borough and reduces uncertainty of availability. We will be less reliant on the vagaries of supply in the lower quartile private rented market;
- It is a far superior housing solution for families in housing need providing good quality housing in or near to Harrow;
- It delivers a substantial saving on projected Bed and Breakfast costs;
- It is a relatively quick option to deliver. We estimate that 100 homes can be purchased within 2 years from commencement of the programme and that the first properties could be acquired within 3 months which means Bed and Breakfast savings can be realised from Q3 of 2015/16;
- There will be long-term capital asset value which can be realised in future years for the ultimate benefit of the council, and legal and taxation advice received suggests that the LLP structure should mean that on cessation of the business or disposal of the assets, there would be no tax implications

arising in respect of the 95% share held by the Council, and that the 5% share held by the Holding company would be subject to tax in the normal way;

- It should be noted however, that in the event of the cessation of the LLP's business, there may be early repayment penalties to be met in respect of the loan, depending on the treasury management position of the Council at the time;
- It assists with mitigating the risk of families in Bed and Breakfast for more than 6 weeks and for legal challenge of placing families far away from what is considered a reasonable distance from Harrow, both of which could lead to reputational damage and the need to compensate individuals;
- The exit route is straightforward and simple.

2.2.3 The Business plan of the LLP generates profits over time on a stand-alone basis, and substantial Bed and Breakfast savings are projected which form part of the benefit to the Council of this proposal. Legal and taxation advice received suggests that the use of a Limited Liability Partnership would be tax-transparent, putting the Council in the same tax position as it is currently, and therefore should be the most tax-efficient vehicle to own both the properties purchased under this initiative and those developed for letting in the Private Rented Sector (PRS) on behalf of the Council. In practice this is likely to be a partnership with the Council owning 95% of the partnership, with the other 5% being owned by a wholly-owned company which was a subsidiary of the Council. This would mean that the Council's share of any profits or losses would be exempt from corporation tax, and that the Holding company's share of the profits resulting from this proposal would be taxable.

2.2.4 At this point no options have been rejected as it will be necessary to use a variety of solutions to manage homelessness demand and the costs arising from it.

2.3 Background

2.3.1 This report recommends the purchase of 100 properties on the open market as a means to provide additional good quality temporary accommodation. The detailed business model set out in Appendix 1 demonstrates that even with cautious assumptions around initial and ongoing management and maintenance costs and projected Bed and Breakfast savings that the proposal is financially viable.

2.3.2 The business model assumes the purchase of 100 properties in the following mix: 30 x 1 bed flats, 50 x 2 bed flats or houses, 20 x 3 bed flats or houses. This mix may vary depending on availability and price of properties. The sales market for Harrow and neighbouring areas such as Watford have been reviewed which indicates there are suitable properties available at the following target prices:

1 bed: £195,000 - £250,000

2 bed: £225,000 - £300,000

3 bed: £295,000 - £400,000

4 bed: £400,000 - £475,000

Property availability at the time of this report is set out in the table below:

1b Flats	To £250K	60
2b Flats	To £300K	72
3b Flats	To £400K	11
2b Houses	To £400K	19
3b Houses	To £400K	40
4b Houses	To £400K	1 (BISF)

2.3.3 Acquisition costs have been assumed at £2,500 per property. This is to cover finding and negotiating purchases plus additional costs for valuation, surveys and legal costs. There are 2 potential options for resourcing the acquisition of properties:

- Option 1: Appoint temporary staff to find and negotiate the purchase of properties and use existing in-house resources for valuation and legal work.
- Option 2: Outsource to a private company, RSL/RP or other local authority.

At the current time Option 1 is preferred since it will be quicker to appoint temporary staff and use available in-house resources for the valuation and legal work to enable a quick turnaround of purchases, than prepare and tender services to be outsourced.

2.3.4 Initial repair/refurbishment costs of £5,000 per property have been assumed. The business model assumes major repairs expenditure of £1,000 per property per annum from year 6 onwards. We have assumed that the initial repairs and on-going maintenance will be carried out by Housing Services existing voids and repairs contractors. However, if this impacts on services to existing council tenants we would need to establish a separate panel of contactors for this work and delegated authority is therefore requested to enable this to be taken forward if necessary.

2.3.5 Rent levels have been assumed at:

1 bedroom (self-contained)	£195.00 per week
2 bedrooms	£237.00 per week
3 bedrooms	£299.00 per week
4 bedrooms	£361.00 per week

This is the worst case position based on April 2015 LHA rates subsidy.

These are considered prudent assumptions taking into account potential changes to Housing Benefit subsidy.

2.3.6 The 100 properties will be purchased and then transferred into an LLP set up by the Council. A report detailing the Commercialisation Strategy went to Cabinet in June. A further Cabinet report is to be submitted to Cabinet, setting out the details relating to the proposed structures, and seeks permission to establish a holding company, subsidiary companies and an LLP for the purposes covered in this report. In the event of any delays in establishing the LLP structure, the intention would be for the Council to proceed with the purchase of appropriate properties on the basis that they would then be transferred into the ownership of the LLP once it is established.

2.3.7 It is proposed that the on-going management of these properties would fit comfortably within the proposed Private Lettings Agency (PLA) commercial vehicle which was approved by Cabinet on the 17 June. The management of these

properties has been factored into the PLA business plan. For the purposes of the financial modelling, conservative assumptions have been made about voids, bad debts and management and maintenance costs.

2.3.8 The total capital required for the purchase of 100 properties has been modelled as £28.2m, but this has been rounded up to £30m for the purposes of gaining the necessary approvals. The Council is assumed to borrow from the Public works Loans Board to fund the purchase of the properties at the 50 year PWLB rate of 3.27% (as at the 16 April 2015). The loan is assumed to be on an interest-only basis, and would be repayable at the end of the 50 years or on cessation of the business. This is subject to legal clearance and terms and conditions which will be brought to Council in September 2015 for approval. The Council will in any event set aside amounts for repayment of the debt over the period of the loan, and by the end of the 50-year term would have set aside sufficient to completely repay the loan.

Property Acquisition Programme for Permanent housing

2.3.9 Cabinet has previously approved the acquisition of 20 properties to be held within the Housing Revenue account (HRA). These would be let as permanent housing or used initially as temporary accommodation if they fall within potential regeneration estates. A budget of £6.2m for this initiative is already approved within the HRA capital programme.

2.3.10 33 Whitefriars Avenue (site plan attached at Appendix 2) is a 3 bedroom end of terrace former caretaker's house that is surplus to operational requirements. The property is suitable to be included in the HRA asset portfolio and to be used as either permanent or temporary housing to meet priority housing needs. It is therefore proposed to transfer the ownership of the property from the council's General Fund to the HRA for the consideration of £275,000 as valued by Corporate Estate.

2.3.11 The HRA will finance this using one for one Right to buy receipts and reserves for which the budget has already been approved.

Staffing/Workforce

2.3.12 There are no staffing/workforce implications. The costs of employing additional temporary staff to acquire and manage the properties are factored into the business plan assumptions as part of the acquisition costs.

3. Performance Issues

3.1 Homelessness numbers are reaching new highs due to the crisis in housing availability in Harrow and the wider region; although the council is still performing well in terms of prevention, the unprecedented demand and supply situation meant there were 167 families in Bed and Breakfast at the end of Q4 2014/15, which was higher than estimated. The approved budget was therefore insufficient to meet our statutory duty.

3.2 The key performance indicator is set out below – homelessness acceptances have nearly doubled to 289 compared with last year.

Performance Indicator	Target for 2014/15	Q4 Performance	Comments
Total no of households to whom we have accepted a full homeless housing duty (eligible and priority need)	220	289 High Red	Homeless acceptances increased as projected due to Welfare Reform etc as there are insufficient alternative housing options. This accounts for the rise in use of and cost of Bed and Breakfast

3.3 If the proposal to purchase properties does not go ahead, the council will have little option but to use expensive Bed and Breakfast as temporary accommodation for increasing numbers of families. As well as being of lower quality to a self-contained flat or house, increasingly this will be outside Harrow and surrounding areas which will also increase the risk of legal challenge.

4. Environmental Implications

Improvements will be made to the properties acquired under this programme to bring them up to the lettable standards for temporary accommodation. Works may include for example replacement of boilers with energy efficient models where necessary to meet current regulations. Additionally it may be possible to include these properties within any council-led schemes to install Photovoltaic(PV) systems. This may therefore have the impact of improving properties and contributing to climate change objectives, benefits which would otherwise not be realised within the same timescales.

5. Risk Management Implications

Risk included on Directorate risk register? No

Separate risk register in place? Yes

The business plan makes cautious assumptions to demonstrate the benefits of the proposed acquisition of property for use as temporary accommodation. Doing nothing has far riskier outcomes with regard to legal challenge as more people are placed in Bed and Breakfast far outside the local area and substantial increasing costs to the council's General Fund. The key risks identified and the approach to mitigation are as follows:

Risk	Mitigation
Unable to source a suitable supply of properties at the target prices to purchase in Harrow	Areas outside Harrow to be considered such as Watford
Property Acquisition scheme revenue costs prove to be more expensive than Bed and Breakfast, including as a result of changes in the Housing Benefit subsidy which reduces the amount of subsidy payable on the assumed rental income.	Dispose of properties and offset with capital growth or turn to market private rent
Proposed legislative changes to be introduced by the new Government especially proposals to extend the Right to Buy	Lobbying with other local authorities (eg London Councils), ultimately properties can be sold or turned to market private rent if absolutely necessary
Reputational risk and resistance from home owners	Target purchase of ex LA properties, avoid over concentration in particular streets/areas, procure over a 2 year period.
House Price inflation lower than modelled	This will not affect the projected revenue savings but would reduce the projected capital growth. It is unlikely there will be zero house price inflation over the life of the business plan.
Entering into the market will further stimulate an already busy market	The relative size of the proposed portfolio is low when compared to current annual property turnover on the market. The properties will be acquired over a 2 year period (three financial years) and the impact will therefore be of limited significance.

6. Legal Implications

6.1 Part 7 of the Housing Act 1996 imposes statutory duties on the Council to provide temporary accommodation to homeless applicants in a number of situations. These include when it is assessing a homeless application of a person who it has reason to believe may be eligible for assistance, may be homeless and may be in priority need and when it has completed an assessment and concluded that an applicant is owed the full housing duty.

6.2 Section 206 Housing Act 1996 states that a local housing authority may discharge their housing functions under Part 7 of the Act only in the following ways—

- (a) by securing that suitable accommodation provided by them is available,
- (b) by securing that he obtains suitable accommodation from some other person, or
- (c) by giving him such advice and assistance as will secure that suitable accommodation is available from some other person.

6.3 Section 208(1) Housing Act 1996 provides that so far as reasonably practicable a local housing authority shall in discharging their housing functions under Part 7 of the Act secure that accommodation is available for the occupation of the applicant in their district.

6.4 Section 210(1) states that in determining whether accommodation is suitable for a person, the local housing authority shall have regard to Parts 9 and 10 of the Housing Act 1985 (slum clearance and overcrowding) and Parts 1 to 4 of the Housing Act 2004 (houses in multiple occupation). The Secretary of State may, by order, specify circumstances in which accommodation is or is not to be regarded as suitable for a person, and matters to be taken into account or disregarded in determining whether accommodation is suitable for a person.

The Secretary of State has done so by the following Orders:

Article 2 of Homelessness (Suitability of Accommodation) Order 1996 provides that in determining whether accommodation is suitable for a person there shall be taken into account whether or not the accommodation is affordable for that person. Articles 3 & 4 of the Homelessness (Suitability of Accommodation) (England) Order 2003 provide that B&B accommodation is not to be regarded as suitable for an applicant with a family except where no accommodation other than B&B accommodation is available for occupation and the applicant occupies B&B accommodation for a period, or a total of periods, which does not exceed 6weeks.

The Homelessness (Suitability of Accommodation) (England) Order 2012 states that in determining whether accommodation is suitable for a person, the local housing authority must take into account the location of the accommodation, including—

- (a) where the accommodation is situated outside the district of the local housing authority, the distance of the accommodation from the district of the authority;
- (b) the significance of any disruption which would be caused by the location of the accommodation to the employment, caring responsibilities or education of the person or members of the person's household;
- (c) the proximity and accessibility of the accommodation to medical facilities and other support which—
 - (i) are currently used by or provided to the person or members of the person's household; and
 - (ii) are essential to the well-being of the person or members of the person's household; and
- (d) the proximity and accessibility of the accommodation to local services, amenities and transport.

6.5 The Department of Communities and Local Government has also published Supplementary Guidance on the homelessness changes in the Localism Act 2011 and on the Homelessness (Suitability of Accommodation) (England) Order 2012. The combined effect of the above homelessness legislation is that accommodation provided or arranged to meet a homeless duty must be affordable for the homeless applicant. Accommodation is not affordable if the applicant would require the local authority to contribute towards the cost of the accommodation. Where affordable accommodation is not available in the borough the local authority must provide affordable accommodation out of borough.

6.6 The Council can rely upon its investment powers in section 12, Local Government Act 2003 and upon section 120, Local Government Act 1972 to acquire these properties. It can rely upon those sections of the Housing Act 1996 referred to above to provide temporary accommodation. The Council can also rely on section 111(1), Local Government Act 1972 together with the Housing Act 1996 functions and its investment functions under s.12 Local Government Act 2003 as authority to use an LLP and to make the proposed loan on market terms to the LLP.

6.7 S.149 Equality Act provides that the Council 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.

7. Financial Implications

7.1 The Business model is included within part 2 of this report. There are a number of key assumptions in the business model which are detailed below:

- It assumes the establishment of a Limited Liability Partnership 95% owned by the Council and 5% owned by the Holding company established by the Council to deliver the trading activities. The Council will initially purchase the properties, and will then transfer them to the LLP.
- The intention would be for the Council to proceed with the purchase of appropriate properties on the basis that they would then be transferred into the ownership of the LLP once it is established.
- As set out above, the Council is assumed to borrow from the Public Works Loans Board to fund the purchase of the properties on the basis of an interest-only loan, which would be repayable at the end of the 50year term or on cessation of the business. The properties are assumed to be transferred to the LLP on the basis of a capital investment, with the Council effectively contributing 95% and the Holding company 5% via a loan from the Council on commercial terms.

- The direct impact on the Council of the proposal is an average net cost over the first 10 years in the region of £0.3m, made up of the assumed savings on B&B costs less the cost of the loan.
- The annual overall net benefit to the Council for investing £30m is an average absolute return of around 1% (£0.2m) over the first 10 years, but increasing over time. This takes account of the estimated B & B savings, and assumes that the Council has to cover the cost of financing the loan to purchase the properties. This return is in cash terms and does not take account of net present value.
- In the event of the LLP not proving viable, if the properties were to be sold there would be financial implications for the early repayment of the loan
- Homelessness demand is assumed to remain at its current level. This means that if homelessness numbers increase following implementation of this initiative, the savings from bed & breakfast currently assumed in the report may not be fully realised as they could be offset by growth elsewhere.
- Inflation is assumed on income and expenditure figures contained within the cash flows.

7.4 In addition to the above, over time the property portfolio would expect to see capital growth which would produce a surplus for the council at the point of sale. As indicated above, where a gain arises in the hands of the Holding company, this could give rise to capital gains tax implications.

7.5 The purchase of 33 Whitefriars Avenue would normally be funded via an adjustment in the respective Capital Financing Requirements of the Housing Revenue Account and General Fund. Because of the HRA borrowing cap, this adjustment is not possible, and in this case the purchase will be funded from existing approved HRA resources including Right to Buy (RTB) receipts.

8. Equalities implications/Public Sector Equality Duty

A full Equalities Impact assessment has been submitted. The proposal will have no negative impacts on any protected characteristics and a positive impact on families, including lone parent families and those from an ethnic minority community who are over-represented amongst homeless families and therefore more likely to be housed in less suitable Bed and Breakfast accommodation if this proposal is not taken forward.

Council Priorities

The Council's vision:

Working Together to Make a Difference for Harrow

This proposal will contribute positively to the Council's vision for Harrow Working Together to Make a Difference for Harrow and the Council's priorities in the following ways:

1. Making a difference for the vulnerable and making a difference for families— providing local good quality temporary housing for those who are most in need.

Section 3 - Statutory Officer Clearance

Name: Dave Roberts	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 2 July 2015		
Name: Ian Goldsmith	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 2 July 2015		

*

Ward Councillors notified:	NO, as it impacts on all Wards
EqIA carried out:	YES
EqIA cleared by:	In Progress

Section 4 - Contact Details and Background Papers

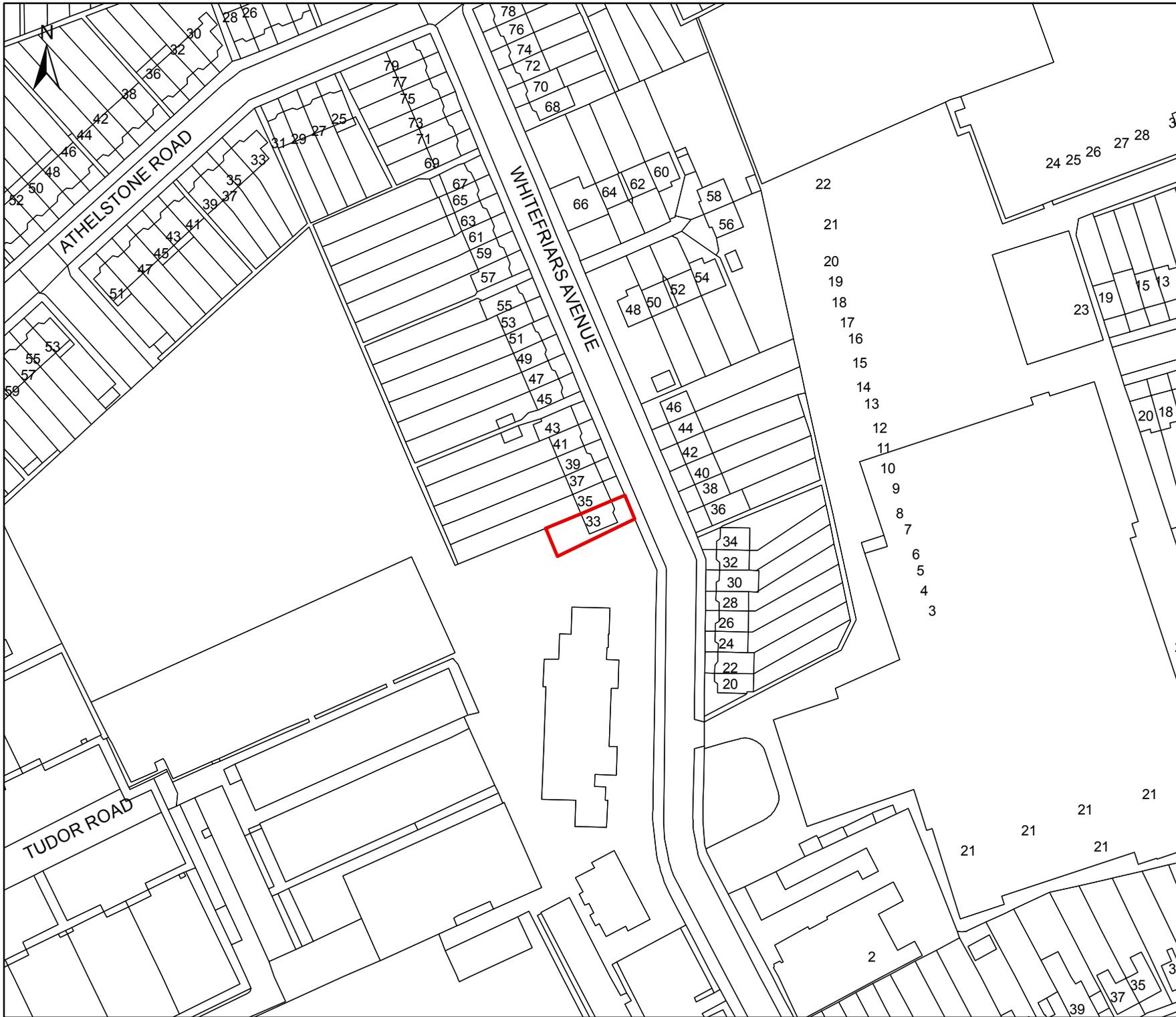
Contact: Alison Pegg, Head of Housing Regeneration, Tel 020 8424 1933 alison.pegg@harrow.gov.uk

Background Papers: None,

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

NOT APPLICABLE

*[Call-in applies, except where the
decision is reserved to Council]*



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TITLE
33 Whitefriars Avenue
Harrow
HA3 5RQ

Drawn MV	File No.
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Scale 1:1,250	Date 15/05/2015
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ES No.	Issue
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REPORT FOR: CABINET

Date of Meeting:	14 July 2015
Subject:	Treasury Management Outturn 2014/15
Key Decision:	No
Responsible Officer:	Dawn Calvert, Interim Director of Finance
Portfolio Holder:	Councillor Sachin Shah, Portfolio Holder for Finance and Major Contracts
Exempt:	No
Decision subject to Call-in:	No
Wards affected:	All
Enclosures:	Appendix 1 - Prudential Indicators 2014/15 Outturn Appendix 2 – New Investments Undertaken for Periods of Over 3 Months Appendix 3 – The Economy and Interest Rates Appendix 4 – Counterparty Policy Appendix 5 – Corporate Bonds – Report from Capita Appendix 6 – Proposed Revised Counterparty Policy Appendix 7 – Legislation and Regulations Impacting on Treasury Management Appendix 8 – Treasury Management Delegations and Responsibilities

Section 1 – Summary and Recommendations

This report sets out the summary of treasury management activities for 2014/15 and recommends some changes to the counterparty policy.

Recommendation

Cabinet is asked to:

- (a) Note the outturn position for treasury management activities for 2014/15.
- (b) Refer this report to the Governance, Audit, Risk Management and Standards Committee for review.
- (c) Note the points in paragraph 32 and that officers will investigate new investment opportunities for consideration by Cabinet and Council
- (d) Recommend to Council the proposed revised Counterparty Policy as described in Appendix 6.

Reasons:

- (a) To promote effective financial management and comply with the Local Authorities (Capital Finance and Accounting) Regulations 2003 and other relevant guidance.
- (b) To keep Cabinet Members informed of treasury management activities and performance.

Section 2 – Report

1. INTRODUCTION

1.1 Background

1. The Chartered Institute of Public Finance and Accountancy (CIPFA) defines treasury management as:

“The management of the local authority’s investments and cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.”

The Council has adopted this definition.

2. The Council is required to operate a balanced budget, which broadly means that cash raised during the year will meet cash expenditure. The first main function of the treasury management operation is to ensure that this cash flow is adequately planned, with cash being available when it is needed. In line with the Treasury Management Strategy Statement surplus monies are invested in low risk counterparties or instruments commensurate with the Council's low risk appetite, providing adequate liquidity initially before considering investment return.
3. The second main function of the treasury management service is the funding of the Council's capital plans. These capital plans provide a guide to the borrowing need of the Council, essentially the longer term cash flow planning to ensure that the Council can meet its capital spending obligations. This management of longer term cash may involve arranging long or short term loans, or using longer term cash flow surpluses. On occasion, any debt previously drawn may be restructured to meet Council risk or cost objectives.
4. The Local Government Act 2003 and supporting regulations require the Council to 'have regard to' the CIPFA Prudential Code and Treasury Management Code of Practice to set Treasury and Prudential Indicators for the next three years to ensure that the Council's capital investment plans are affordable, prudent and sustainable.
5. The Act, the Codes and subsequent Investment Guidance (2010) requires the Council to set out its Treasury Strategy for Borrowing and to prepare an Annual Investment Strategy that establishes the Council's policies for managing its investments and for giving priority to the security of those investments followed by liquidity and yield. In 2011 CIPFA updated both their Code of Practice and Prudential Code and, in 2013 issued revised guidance notes. Relevant legislation, regulations and guidance are included as Appendix 7.
6. The budget for each financial year includes the revenue costs that flow from capital financing decisions. Under the Code of Practice, increases in capital expenditure should be limited to a level whereby increases in charges to revenue from:
 - increases in interest charges caused by increased borrowing to finance additional capital expenditure, and
 - any increases in running costs from new capital projectsare affordable within the projected income of the Council for the foreseeable future.
7. The Council regards the successful identification, monitoring and control of risk to be the prime criteria by which the effectiveness of its treasury management activities will be measured. Accordingly, the analysis and reporting of treasury management activities will focus on their risk implications for the organisation.

8. The Council recognises that effective treasury management will provide support towards the achievement of its business and service objectives. It is therefore committed to the principles of achieving value for money in treasury management, and to employing suitable comprehensive performance measurement techniques, within the context of effective risk management.

1.2 Reporting Requirements

9. The Council and/or Cabinet are required to receive and approve, as a minimum, three main reports each year, which incorporate a variety of policies, estimates and actuals.

Prudential and treasury indicators and treasury strategy - The first, and most important report is presented to the Council in February and covers:

- the capital plans (including prudential indicators);
- a minimum revenue provision (MRP) policy (how residual capital expenditure is charged to revenue over time);
- the treasury management strategy (how the investments and borrowings are to be organised) including treasury indicators; and
- an investment strategy (the parameters on how investments are to be managed).

A mid year treasury management report – This is presented to Cabinet in November and updates members with the progress of the capital position, amending prudential indicators as necessary, and identifying whether the treasury strategy is meeting the objectives or whether any policies require revision.

An annual treasury report (this report) – This is presented to Cabinet in June/July and provides details of a selection of actual prudential and treasury indicators and actual treasury operations compared to the estimates within the strategy.

Scrutiny - The above reports are required to be adequately scrutinised with the role being undertaken by the Governance, Audit, Risk Management and Standards Committee.

- 10 The Council has delegated responsibility for the implementation and regular monitoring of its treasury management policies and treasury management practices to the Section 151 officer. The Section 151 Officer chairs the Treasury Management Group (TMG), which, during 2014/15, consisted of the Head of Technical Finance and Accountancy and the Treasury and Pension Fund Manager, to monitor the treasury management activity and market conditions.

11. The regulatory environment places responsibility on Members for the review and scrutiny of treasury management policy and activities. This report is, therefore important in that respect, as it provides details of the outturn position for treasury activities and highlights compliance with the Council's policies previously approved by Members.
12. Under the Code, the Council must give prior scrutiny to all of the above treasury management reports by the Governance, Audit, Risk Management and Standards Committee before they are reported to the Full Council.
13. Further details of responsibilities are given in Appendix 8.

1.3 Matters covered in report

14. The main matters covered in the report are:
 - Treasury management outturn
 - Treasury position as at 31 March 2015
 - Strategy for 2014/15
 - Borrowing outturn
 - Investment outturn
 - Compliance with treasury limits and Prudential Indicators.
 - Economic background

1.4 Options considered

15. For the reasons discussed above no options other than those recommended were considered.

2. TREASURY MANAGEMENT OUTTURN

16. There was a favourable variance of £0.1m on the revised capital financing budget of £20.1m as detailed below:-

Table 1: Outturn Summary

	Revised Budget	Outturn	Variation	
	£000	£000	£000	%
Cost of Borrowing	7,960	7,857	-103	0.1%
Investment Income	-1,122	-1,664	-542	-48.3%
Minimum Revenue Provision	13,310	13,819	509	3.8%
Total	20,148	20,012	-136	-0.7%

The favourable variance on investment income is due to balances throughout the year being substantially higher than estimated and interest rates a little higher partly offset by a lower level of drawdown (and, therefore interest earned) of the WLWA loan.

17. The returns from the investment portfolio are benchmarked by the treasury management adviser, Capita. At the end of the fourth quarter the weighted average return of the investment portfolio calculated by Capita at 1.00% exceeded the average of other London boroughs (0.77%). Similar results were achieved at the end of each of the previous three quarters in the year. The overall average return for the whole year was 0.97%.

3. TREASURY POSITION AS AT 31 MARCH 2015

18. The Council's debt and investment position is organised by the treasury management service in order to ensure adequate liquidity for revenue and capital activities, security for investments and to manage risks within all treasury management activities. Procedures and controls to achieve these objectives are well established both through Member reporting and through officer activity detailed in the Council's Treasury Management Practices. At the end of 2014/15 the Council's treasury (excluding borrowing by PFI and finance leases) position was as follows:

Table 2: Outstanding Borrowings and Investments

	31 March 2015	Average Rate at 31 March 2015	Average Life	31 March 2014	Average Rate at 31 March 2014	Average Life
	£m	%	Years	£m	%	Years
Fixed Rate Borrowing						
Public Works Loans Board (PWLB)	218.5	4.09	36.2	218.5	4.09	37.2
Market	115.8	4.53	37.0	121.8	4.58	36.1
Total Debt	334.3	4.24	36.5	340.3	4.26	36.8
Investments:						
In-House	119.1	1.00	214 days	130.8	1.11	174 days
Total Investments	119.1			130.8		

The above analysis assumes loans structured as LOBOs (see paragraph 24 below for definition and further details) mature at the end of the contractual period. If the first date at which the lender can reset interest rates was used as the maturity date, the average life for market loans would be 1.3 years and for the whole debt portfolio 24.1 years.

4. STRATEGY FOR 2014 – 15

19. In the Treasury Management Strategy Statement agreed by Council on 27 February 2014 it was pointed out that with capital expenditure being constrained and a large proportion being grant funded the need for additional borrowing had become less likely. The only foreseen circumstances in which new long term borrowing might be required would be either if part of the LOBO portfolio had to be refinanced or if funds became available for substantial affordable housing development. Even then the preference would be to reduce investment balances unless the substantial gap between investment and borrowing rates had narrowed.
20. None of the circumstances necessitating additional borrowing arose and none was made.
21. Investments continued to be dominated by low counterparty risk considerations resulting in low returns compared to borrowing rates.
22. No rescheduling was done during the year as the average 1% differential between PWLB new borrowing rates and premature repayment rates made rescheduling unviable.

5. BORROWING OUTTURN

23. There was no additional borrowing during the year and the only repayment a sum of £6m repaid to Landesbank Hessen-Thuringen on 28th April 2014. The table below sets out the borrowing maturity profile.

Table 3: Borrowing Maturity Profile (Assuming Full Term Maturity for LOBOS)

	31st March 2015		31st March 2014	
	£m	%	£m	%
Under 12 Months	0.0	0.0	6.0	1.7
12 Months and under 24 Months	0.0	0.0	0.0	0.0
24 Months and within 5 years	32.0	9.6	20.0	5.9
5 years and within 10 years	5.0	1.5	17.0	5.0
10 years and within 20 years	35.0	10.5	35.0	10.3
20 years and within 30 years	20.0	6.0	20.0	5.9
30 years and within 40 years	80.0	23.9	60.0	17.7
40 years and within 50 years	128.5	38.4	148.5	43.6
50 years and above	33.8	10.1	33.8	9.9
Total	334.3	100.0	340.3	100.0

24. In aggregate there are £83.8m of Lender Option Borrower Option (LOBO) structured loans shown in the table above as having maturities of between 35 and 63 years. The lenders are permitted to reset interest rates five years after the loan is drawn and either semi-annually or annually thereafter. Should interest rates on these loans increase, the Council has the option to repay at no cost. The table below restates the maturity profile by including LOBO loans at their first interest reset date.

Table 4: Borrowing Maturity Profile (Assuming Earliest Repayment for LOBOS)

	31st March 2015		31st March 2014	
	£m	%	£m	%
Under 12 Months	83.8	25.1	69.8	20.5
12 Months and under 24 Months	0.0	0.0	20.0	5.9
24 Months and within 5 years	32.0	9.6	20.0	5.9
5 years and within 10 years	5.0	1.5	17.0	5.0
10 years and within 20 years	35.0	10.4	35.0	10.3
20 years and within 30 years	20.0	6.0	20.0	5.9
30 years and within 40 years	60.0	18.0	40.0	11.7
40 years and within 50 years	98.5	29.4	118.5	34.8
Total	334.3	100.0	340.3	100.0

25. The approach to funding capital expenditure, as discussed in past strategy statements, is to use internal funds wherever possible in recognition of the unfavourable gap between investment returns and borrowing costs. Consideration continues to be given as to the cost and benefits of the premature repayment of debt and the premium which would be incurred. However, in view of the cost and the estimated future requirements of the capital programme, which could necessitate further borrowings, it was not felt to be appropriate to make any premature repayments during 2014/15.

6. INVESTMENT OUTTURN

26. Bank rate remained at its historic low of 0.5% throughout the year and it has now remained unchanged for six years. Market expectations as to the timing of the start of monetary tightening started the year at quarter 1 2015 but then moved back to around quarter 3 2016 by the end of the year. Average LIBOR and LIBID average rates for the year at 0.55% and 0.43% respectively remain low making investing over short terms unattractive. Despite these unattractive rates the investment portfolio achieved an average return of 0.97% in the year through concentrating investments with the two part UK Government owned banks that offered superior returns.
27. The Council manages its investments in-house and invests with the institutions listed in the Council's approved lending list. The treasury

strategy permits investments for a range of periods from overnight to three years, dependent on the Council's cash flows, its interest rate view and the interest rates on offer. Further details of the credit quality of counterparties are given in Appendix 4.

28. The investment portfolio is mostly (85%) invested with two banks, Lloyds / HBOS (38%) and RBS (47%). The counterparty policy permits 50% to be invested in each of these banks.
29. Advantage has been taken of the available limits with Lloyds and RBS. Not only did they offer higher interest rates than the other UK banks but the longer permitted maturities also enhanced returns.
30. As at 31 March 2015 the investment portfolio is invested over a spread of maturities up to three years. At the year end £28m matures in more than 12 months taking advantage of the longer term rates available. This is below the maximum (£40.5m) permitted by the strategy. These deposits yield between 1.1% and 1.6%, somewhat higher than one year deposits which yield around 1% and very short term of under 0.5%. A listing of new investments of 3 months or more in the year is included in Appendix 2.
31. The table below sets out the investment balances as at 31 March 2015.

Table 5: Investment Balances

	31st March 2015		31st March 2014	
	£m	%	£m	%
Specified Investments				
Banks & Building Societies	5.3	4.5	0.0	0.0
Money Market Funds	1.6	1.3	1.6	1.2
Local Authority	5.0	4.2	0.0	0.0
Non –Specified Investments				
Banks & Building Soc.	101.1	84.9	109.2	83.5
Enhanced Money Market Funds	6.1	5.1	20.0	15.3
Total	119.1	100.0	130.8	100.0

Included in the above balances are Pension Fund balances of £1.6 m. The Pension Fund cash balances are held in separate banks accounts in the name of the Fund. In aggregate 12% of interest earned is allocated to internal funds.

32. Notwithstanding the relative success of the Council's investment performance and the ability to operate within the agreed counterparty policy, officers remain concerned that absolute returns are historically poor and that, at times, some of the constraints on the investments cause logistical problems. Additionally advice recently received from Capita requires the policy to be reviewed. Cabinet are therefore asked to consider the following:

- Over the last few months, Fitch, the only rating agency which provides a sovereign (national government) support rating for banks globally, has reviewed this rating. They now believe that legislative, regulatory and policy initiatives have substantially reduced the likelihood of sovereign support for senior creditors of UK, EU and Swiss banks. On 20 May Capita issued their credit rating update in which they advised that several banks in each of Belgium, Denmark, Finland, France, Germany, Netherlands, Switzerland and UK should have their support rating downgraded from 1 (the highest level) to 5 (the lowest level). The UK banks affected are Lloyds/HBOS, Barclays, Standard Chartered, Nationwide and RBS. Svenska Handelsbanken, the Swedish bank in which the Council invests was downgraded from 1 to 2. However, Capita have also advised that this “.....is not indicative of deteriorating credit quality in the institution concerned. Instead it is reflective of underlying methodology changes by the agencies in light of regulatory changes.” It is therefore recommended that for Non-Specified Investments the “Support” criterion be removed.
 - Capita have recently advised that they have reviewed their categorisation of Lloyds Banking Group as “part-nationalised.” They argue that with the recent sell off of a further 1% of the Government’s holding in the Bank and the apparent intention of the Government to “materially reduce its holding in Lloyds over the current financial year” it should be subject to the same review methodology as all banks other than RBS. They specifically suggest that investments should not exceed six months and, whilst this is likely to impact on the Council’s investment performance, it is recommended that the Cabinet agree to amend the Counterparty Policy accordingly.
 - The Council’s banking current accounts are maintained with RBS mainly through a Special Interest Bearing Account (SIBA). However, because of the relatively favourable medium term rates offered by RBS the Council also maintains various fixed term investments of up to three years with them. Fixed term investments are currently £43m. Whilst it is normally straightforward to maintain investments with RBS at the 50% level currently agreed, with the volatile nature of the Council’s cashflow and the desirability of maintaining some fixed term investments with RBS, keeping within this limit is occasionally challenging. It is therefore recommended that the limit be increased to 60%
 - Attached as Appendix 5 is a report produced by Capita discussing corporate bonds as a potential investment category for the Council to consider; at this stage it is recommended only that corporate bonds be included as a Non-Specified investment category and that officers be given the opportunity, along with Capita, to review specific opportunities but to make no investments without specific authority
 - Additionally, officers would welcome the opportunity to investigate other non-standard and gilts investments but to make no investments without specific authority.
33. Cabinet are therefore asked to recommend to Council that it agrees the revised Counterparty Policy as stated in Appendix 6.

7. COMPLIANCE WITH TREASURY LIMITS AND PRUDENTIAL INDICATORS

34. The prudential framework for local authority capital investment was introduced through the Local Government Act 2003. The prudential system provides a flexible framework approach within which capital assets can be procured, managed, maintained and developed. Under this framework, individual authorities are responsible for deciding the level of their affordable borrowing for the Council's capital investment plans that is demonstrated to be affordable, prudent and sustainable.
35. The Act and the supporting regulations require the Council to have regard to the Prudential Code and to set Prudential Indicators for the next three years. The indicators for 2014/15 were approved by the Council on 27 February 2014. During the financial year the Council operated within the treasury limits and Prudential Indicators as shown in Appendix 1.

8. MINIMUM REVENUE PROVISION (MRP)

36. Under the statutory regulations a Minimum Revenue Provision is made each year to repay the outstanding debt on assets. This is calculated by spreading the capital expenditure over the useful life of the asset as detailed in the strategy.

9. ECONOMIC BACKGROUND

37. The Council has engaged Capita Asset Services, Treasury Solutions as its external treasury management adviser. Appendix 3 comprises a commentary on the UK and Global economies as prepared during April 2015.

10. IMPLICATIONS OF THE RECOMMENDATIONS

38. The recommendations are asking the Cabinet mainly to note the position on treasury management activities. If Cabinet recommends to Council to amend the counterparty list and Council agrees to do so, this is likely to have both positive and negative implications for the Council's resources and costs.
39. The recommendations do not affect the Council's staffing / workforce and have no equalities or community safety impact.

11. LEGAL IMPLICATIONS

40. The report has been reviewed by the Legal Department and comments received are incorporated into the report.

12. FINANCIAL IMPLICATIONS

41. In addition to supporting the Council's revenue and capital programmes the Treasury Management budget of £20m discussed in paragraph 16 is an important part of the General Fund budget. Any savings achieved, or overspends incurred, have a direct impact on the achievements of the budgetary policy.

13. PERFORMANCE ISSUES

42. The Council meets the requirements of the CIPFA Code of Practice for Treasury Management and therefore is able to demonstrate best practices for the Treasury Management function.
43. As part of the Code the Council must agree a series of prudential indicators and measure its performance against them. These indicators and performance are detailed in Appendix 1. In most cases performance has been in accordance with the indicators and, where it has not, explanations are provided.

14. ENVIRONMENTAL IMPACT

44. There are no direct environmental impacts.

15. RISK MANAGEMENT IMPLICATIONS

45. The identification, monitoring and control of risk are central to the achievement of the treasury objectives. Potential risks are included in the Directorate risk register and are identified, mitigated and monitored in accordance with treasury practice notes approved by the Treasury Management Group.

16. EQUALITIES IMPLICATIONS

46. There is no direct equalities impact.

17. CORPORATE PRIORITIES

47. This report deals with the Treasury Management Strategy which plays a significant part in supporting the delivery of all the Council's corporate priorities.

Section 3 - Statutory Officer Clearance

Name: Dawn Calvert



Director of Finance (Interim)

Date: 1 July 2015

Name: Caroline Eccles



on behalf of the
Monitoring Officer

Date: 2 July 2015

Ward Councillors notified: NO

EqIA carried out: NO

EqIA cleared by: N/A

Section 6 - Contact Details and Background Papers

Contact: Ian Talbot (Treasury and Pension Fund Manager) Tel: 020-8424-1450 / Email: ian.talbot@harrow.gov.uk

Background Papers:

Treasury Management Strategy Statement, Prudential Indicators, Minimum Revenue Provision Policy Statement and Annual Investment Strategy for 2014/15 - Cabinet on 13 February 2014.

<http://www.harrow.gov.uk/www2/documents/s112592/TMS.pdf>

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

NOT APPLICABLE

*[Call –in does not apply to
Recommendation for noting and
decisions reserved to Council]*

APPENDIX 1

PRUDENTIAL INDICATORS 2014/15 OUTTURN

Capital Expenditure and Funding

The Council undertakes capital expenditure on long-term assets. These activities may either be:

- Financed immediately through the application of capital or revenue resources (capital receipts, capital grants, revenue contributions etc.), which has no resultant impact on the Council's borrowing need; or
- If insufficient financing is available, or a decision is taken not to apply resources, the capital expenditure will give rise to a borrowing need.

The actual capital expenditure forms one of the required prudential indicators and the table below provides the relevant data.

Table 1: Actual Capital Expenditure

	2013/14	2014/15	2014/15
	Actual	Approved	Actual
	£'000	£'000	£'000
Expenditure			
Non - HRA	29,069	69,571	57,927
HRA	6,261	9,527	4,443
TOTAL	35,330	79,098	62,370
Funding:			
Grants	9,404	46,675	27,779
Capital Receipts	4,434	13,483	179
Revenue Financing	6,748	7,428	5,534
Section 106 / Section 20 contributions	76	366	553
TOTAL	20,662	67,952	34,045
Net financing need for the year	14,668	11,146	28,325

The funding excludes the Minimum Revenue Provision (depreciation on General Fund assets) which offsets the need for external borrowing. Further detail and explanations are contained within the Revenue and Capital Outturn report.

The General Fund capital expenditure of £57.9m is lower than the approved programme resulting in a variance of £11.7m. The slippage will be carried forward into 2015/16.

From an affordability perspective, which is the treasury consideration, the reduction in expenditure has impacted favourably on interest income. The majority of Housing Revenue Account's (HRA's) capital expenditure of £4.4 million is funded from revenue sources.

Overall Borrowing Need

The Council's underlying need to borrow for capital expenditure is termed the Capital Financing Requirement (CFR). This figure is a gauge of the Council's indebtedness. The CFR results from the capital activity of the Council and resources used to pay for the capital spend. It represents the 2014/15 unfinanced capital expenditure (see above table), and prior years' net or unfinanced capital expenditure which has not yet been paid for by revenue or other resources.

Part of the Council's treasury activities is to address the funding requirements for this borrowing need. Depending on the capital expenditure programme, the treasury service organises the Council's cash position to ensure that sufficient cash is available to meet the capital plans and cash flow requirements. This may be sourced through borrowing from external bodies (such as the Government, through the Public Works Loan Board [PWLB] or the money markets), or utilising temporary cash resources within the Council.

Reducing the CFR – the Council's (non-HRA) underlying borrowing need (CFR) is not allowed to rise indefinitely. Statutory controls are in place to ensure that capital assets are broadly charged to revenue over the life of the asset. The Council is required to make an annual revenue charge, called the Minimum Revenue Provision (MRP), to reduce the CFR. This is effectively a repayment of the non-HRA borrowing need (there is no statutory requirement to reduce the HRA CFR). This differs from the treasury management arrangements which ensure that cash is available to meet capital commitments. External debt can also be borrowed or repaid at any time, but this does not change the CFR.

The total CFR can also be reduced by:

- the application of additional capital financing resources (such as unapplied capital receipts); or
- charging more than the statutory revenue charge (MRP) each year through a Voluntary Revenue Provision (VRP).

The Council's 2014/15 MRP Policy (as required by CLG Guidance) was approved as part of the Treasury Management Strategy Report for 2014/15 on 27 February 2014.

The Council's CFR for the year is shown below, and represents a key prudential indicator. It includes PFI and leasing schemes on the balance sheet, which increase the Council's borrowing need. No borrowing is actually required against these schemes as a borrowing facility is included in the contract (if applicable).

Table 2: Capital Financing Requirement

	2013/14	2014/15	2014/15
	Actual	Approved	Actual
	£'000	£'000	£'000
Capital Financing Requirement as at 31 March			
Non – HRA	244,215	264,985	256,390
HRA	149,538	149,524	149,526
TOTAL	393,753	414,509	405,916
Annual change in CFR			
Non – HRA	26	-3,922	12,175
HRA	-36	-25	-12
TOTAL	-10	-3,947	12,163

Reasons for annual change

	2013/14	2014/15	2014/15
	Actual	Approved	Actual
	£'000	£'000	£'000
Net financing need	14,114	11,146	27,825
Lease liability	554	500	500
Less MRP for PFI and Leases	-2,040	-2,034	-2,050
Less MRP	-12,638	-13,559	-14,112
TOTAL	-10	-3,947	12,163

The CFR value is greater than the outstanding borrowing (including finance leases) of £354m, indicating the level of cash generated by revenue balances.

Borrowing activity is constrained by prudential indicators for net borrowing and the CFR, and by the authorised limit.

Gross borrowing and the CFR - in order to ensure that borrowing levels are prudent over the medium term and only for a capital purpose, the Council should ensure that its gross external borrowing does not, except in the short term, exceed the total of the capital financing requirement in the preceding year (2014/15) plus the estimates of any additional capital financing requirement for the current (2015/16) and next two financial years. This essentially means that the Council is not borrowing to support revenue expenditure. The table below highlights the Council's gross borrowing position against the CFR. The Council has complied with this prudential indicator.

Table 3: Borrowing

	2013/14	2014/15	2014/15
	Actual	Approved	Actual
	£'000	£'000	£'000
Capital Financing Requirement	393,753	414,509	405,916
Gross borrowing	362,134	354,847	354,847
Under borrowing	31,619	59,662	51,069

The authorised limit - the authorised limit is the “affordable borrowing limit” required by s3 of the Local Government Act 2003. Once this has been set, the Council does not have the power to borrow above this level. The table below demonstrates that during 2014/15 the Council has maintained gross borrowing within its authorised limit.

The operational boundary – the operational boundary is the expected borrowing position of the Council during the year. Periods where the actual position is either below or over the boundary is acceptable subject to the authorised limit not being breached.

Table 4: Boundaries

	2013/14	2014/15	2014/15
	£m	£m	£m
Authorised Limit for external debt			
Borrowing and finance leases	394	414	406
Operational Boundary for external debt			
Borrowing	340	345	334
Other long term liabilities	22	22	20
Total	362	367	354
Upper limit for fixed interest rate exposure			
Net principal re fixed rate borrowing	340	345	334
Upper limit for variable rate exposure			
Net principal re variable rate borrowing	0	0	0
Upper limit for principal sums invested over 364 days	25	40	28

The approved operational boundary for debt is based on actual debt at the start of the year plus the actual borrowing requirement for the net projected capital expenditure in the year. The authorised limit is based on CFR balances. Total borrowing has been within both limits during the year.

Actual financing costs as a proportion of net revenue stream - this indicator identifies the trend in the cost of capital (borrowing and other long term obligation costs net of investment income) against the net revenue stream.

Table 5 - Ratio of Financing Costs to Net Revenue Stream

	2013/14	2014/15	2014/15
	Actual	Approved	Actual
	%	%	%
Ratio of financing costs to net revenue stream			
Non - HRA	13	14	14
HRA	45	43	48

This indicator identifies the trend in the cost of capital (depreciation, impairments, borrowing and other long term obligation costs net of investment income) against the net revenue stream. The increase in HRA ratio is due to impairments on garages.

Table 6 - Incremental Impact of Capital Investment Decisions

	2013/14	2014/15	2014/15
	Actual	Approved	Actual
	£	£	£
Incremental impact of capital investment decisions			
Increase in Council Tax (Band D) per annum	21.71	11.43	33.32
Increase in average housing rent per week	2.65	-0.14	0.11

This indicator identifies the revenue costs associated with the proposed capital programme and the impact on Council Tax and Housing Rents.

The capital expenditure and commitments to be funded from Council Tax increased significantly (£17m) as there were less capital receipts than anticipated to fund the programme.

APPENDIX 2

NEW INVESTMENTS UNDERTAKEN FOR PERIODS OF OVER 3 MONTHS

Counterparty	Date invested	Period	Principal (£m)	Interest rate (%)
Royal Bank of Scotland	10-Apr-14	2 years	5	1.08
Bank of Scotland	16-May-14	1 year	5	0.95
Bank of Scotland	16-May-14	1 year	3	0.95
Lloyds TSB	04-Jul-14	1 year	5	0.95
Royal Bank of Scotland	15-Jul-14	3 years	5	1.60
Lloyds TSB	04-Aug-14	1 year	10	0.95
Royal Bank of Scotland	22-Sep-14	2 years	5	1.50
Lloyds TSB	16-Oct-14	1 year	10	1.00
Royal Bank of Scotland	17-Oct-14	1 year	8	1.50
Lancashire County Council	31-Oct-14	9 Months	5	0.74

THE ECONOMY AND INTEREST RATES

The original market expectation at the beginning of 2014/15 was for the first increase in Bank Rate to occur in quarter 1 2015 as the unemployment rate had fallen much faster than expected through the Bank of England's initial forward guidance target of 7%. In May, however, the Bank revised its forward guidance. A combination of very weak pay rises and inflation above the rate of pay rises meant that consumer disposable income was still being eroded and in August the Bank halved its forecast for pay inflation in 2014 from 2.5% to 1.25%. Expectations for the first increase in Bank Rate therefore started to recede as growth was still heavily dependent on buoyant consumer demand. During the second half of 2014 financial markets were caught out by a halving of the oil price and the collapse of the peg between the Swiss franc and the euro. Fears also increased considerably that the ECB was going to do too little too late to ward off the threat of deflation and recession in the Eurozone. In mid-October, financial markets had a major panic for about a week. By the end of 2014, it was clear that inflation in the UK was going to head towards zero in 2015 and possibly even turn negative. In turn, this made it clear that the MPC would have great difficulty in starting to raise Bank Rate in 2015 while inflation was around zero and so market expectations for the first increase receded back to around quarter 3 of 2016.

Gilt yields were on a falling trend for much of the last eight months of 2014/15 but were then pulled in different directions by increasing fears after the anti-austerity parties won power in Greece in January; developments since then have increased fears that Greece could be heading for an exit from the euro. While the direct effects of this would be manageable by the EU and ECB, it is very hard to quantify quite what the potential knock on effects would be on other countries in the Eurozone once the so called impossibility of a country leaving the EZ had been disproved. Another downward pressure on gilt yields was the announcement in January that the ECB would start a major programme of quantitative easing, purchasing EZ government and other debt in March. On the other hand, strong growth in the US caused an increase in confidence that the US was well on the way to making a full recovery from the financial crash and would be the first country to start increasing its central rate, probably by the end of 2015. The UK would be closely following it due to strong growth over both 2013 and 2014 and good prospects for a continuation into 2015 and beyond. However, there was also an increase in concerns around political risk from the general election due in May 2015.

The Funding for Lending Scheme, announced in July 2012, resulted in a flood of cheap credit being made available to banks which then resulted in money market investment rates falling drastically in the second half of that year and continuing throughout 2014/15.

The UK coalition Government maintained its tight fiscal policy stance but recent strong economic growth and falling gilt yields led to a reduction in the forecasts for total borrowing in the March budget.

The EU sovereign debt crisis had subsided since 2012 until the Greek election in January 2015 sparked a resurgence of fears. While the UK and its banking system has little direct exposure to Greece, it is much more difficult to quantify quite what effects there would be if contagion from a Greek exit from the euro were to severely impact other major countries in the EZ and cause major damage to their banks.

APPENDIX 4

COUNTERPARTY POLICY

The Council's criteria for an institution to become a counterparty are:

Specified Investments

These are sterling investments of a maturity period of not more than 364 days, or those which could be for a longer period but where the lender has the right to be repaid within 364 days if it wishes. These are low risk assets where the possibility of loss of principal or investment income is negligible. The instruments and credit criteria to be used are set out in the table below.

Table 1: Specified Investments

Instrument	Minimum Credit Criteria	Use
Debt Management Agency Deposit Facility	Government backed	In-house
Term deposits – other LAs	Local Authority issue	In-house
Term deposits – banks and building societies	AA- Long Term F1+Short-term 2 Support UK or AAA Sovereign	In-house
Money Market Funds	AAA	In-house

Non-Specified Investments

Non-specified investments are any other type of investment (i.e. not defined as Specified above). They normally offer the prospect of higher returns but carry a higher risk. The identification and rationale supporting the selection of these other investments are set out in the table below.

Table 2: Non - Specified Investments

	Minimum Credit Criteria	Use	Max % of total investments	Max. maturity period
Term deposits – banks and building societies	A Long Term F1 Short-term 1 Support UK or AAA Sovereign	In-house	50%	3 months
Callable Deposits	A Long Term F1 Short term 1 Support	In-house	20%	3 months
UK nationalised Banks [Lloyds / HBOS]	F1 Short-term 1 Support	In-house	50%	36 months
UK nationalised Banks [RBS]	F2 Short-term 1 Support	In-house	50%	36 months
Enhanced Cash Funds	AAA	In-house	25% (maximum £10 million per fund)	Minimum monthly redemption
HB Public Law Ltd		In house	£0.5m	36 months

Unless specified above, individual bank & building society counterparty limits that are consistent with the above limits are approved by the Section 151 Officer in accordance with the Council's Treasury Management Practices.

APPENDIX 5

CORPORATE BONDS – REPORT FROM CAPITA

1. Corporate Bonds

1.1. Description

As from 1st April 2012, the CLG changed the rules on capital expenditure for English local authorities (this restriction was not implemented in Wales or Scotland) This, makes investment into corporate bonds easier, as they are no longer classified as capital spending.

In essence, companies issue bonds in order to raise long-term capital or funding, rather than issuing equity. These are non-standardised compared to other investment vehicles, each having an individual legal document known as a 'bond indenture'. The document specifies the rights of the holder and the obligations that must be met by the issuer, as well as the characteristics of that particular bond. Investing in a corporate bond usually offers a fixed stream of income (except floating rate notes), known as a coupon, payable twice a year, for a fixed, predetermined period of time in exchange for an initial investment of capital.

Some bond investors prefer not to hold on to them until maturity, as they can be looking for capital appreciation, rather than just a regular income stream. However, for local authorities, purely looking for a fixed stream of income, the 'buy and hold strategy' is perhaps far more appealing. Though an option for local authorities in need of liquidating positions, bond trading before maturity can introduce further potential risks, especially during volatile market conditions.

Corporate bonds are usually grouped by credit rating as the following;

- **Investment-grade bonds** – “BBB” or higher
- **High yield/Speculative/Junk bonds** – “BB” and below

Characteristics of some corporate bonds can include sinking fund provisions that help the issuer pay back the face value of the bond in instalments, protective covenants to protect income streams paid out and call/put provisions meaning potential benefits and drawbacks for both the issuer and investor during volatile market conditions.

There are many types of corporate bonds including; zero-coupon bonds, debentures (which are usually secured by a floating charge), mortgage bonds which have security of specific collateral and unsecured bonds which are based solely on the credit quality of the issuer.

1.2. Benefits and Drawbacks of Investing in Corporate Bonds

The benefit for local authorities investing in corporate bonds can be the securing of a much higher rate of return for a given period, compared to Gilts and other assets. This is usually because of their higher perceived risk. They also potentially allow greater liquidity than fixed term deposits as they can be sold before maturity, though this does introduce the potential risk of capital loss. However, the latter would not usually apply, as the 'buy and hold strategy' would be the primary focus for local authorities.

Market risk is relatively higher compared to Gilts as corporate bonds typically have a lower credit rating and perceived security, which can result in greater volatility of price / yield movements. Furthermore, the lower the rating, the greater the potential level of volatility, which again highlights the benefits of only selecting high quality bonds under a 'buy and hold' strategy.

A brief summary of the risks which should be considered by local authorities, both before investing and during investments in corporate bonds, are shown below:

- **Interest rate risk** – what impact would a changing interest rate outlook have on the performance of a bond?
- **Inflation risk** - “real” return can be eroded if inflation is expected to or will rise during the term of the bond, and thus coupon payments become less valuable.(Except Indexlinked Gilts)
- **Re-investment risk (only if traded before maturity)** - the effect of changing interest rates on the return of re-investing coupon payments before maturity.
- **Credit risk** - credit quality/rating deterioration can lead to the value of the bond decreasing.
- **Default risk** - possibility that total principal may not be returned at maturity, or partially returned, resulting in capital loss.
- **Call/Put provision risk** - the bond can be called by the issuer before maturity in a falling interest rate market, as cheaper funding can be sourced elsewhere and therefore re-investment risk is evident in a low interest rate period and vice versa.

Local authorities’ preferred type of corporate bond would likely be a plain vanilla (repayment), investment grade bond, paying fixed coupons and denominated in sterling.

Ideally, the maturity horizon currently suggested for these types of bonds, would be to invest in the short-end, within 1-2 years, as rates are expected to rise in the first quarter of 2016. Moreover, with most local authority counterparty lists recently squeezed in terms of numbers of financial institutions, diversifying into the non-financial sector could also be beneficial.

An essential criterion to be aware of when selecting bonds is the collateral classification for

each bond. Even though it is recommended that local authorities invest in investment grade bonds (BBB or higher), which meet the Capita Asset Services suggested-duration, that itself does not mean they are guaranteed risk free assets. If a corporate defaults on its bond payments, investors who take the least amount of risk are paid first. For this reason, creditors and bondholders who lend money to a company will be compensated before its stockholders, who own the company. Furthermore, the seniority of a bond is vital for local authorities when selecting these investments. Seniority refers to the order of which bonds will be repaid. The ranking order is:

- 1. Senior secured**
- 2. Senior unsecured**
- 3. Subordinated**

The credit rating agencies play a crucial role in relation to this area of bond type, as they use this information and other fundamentals to evaluate their final ratings for each bond.

Custodian facilities will be required in order for local authorities to purchase corporate bonds.

The relations with brokers and market makers will be useful in finding bonds that are both suitable and available in the market. With local authorities looking to invest in the short-end of the yield curve, searching for bonds which are actively traded in the market is important, as in most instances Money Market Funds (both traditional and particularly wider-range versions), Pension Funds and other fund managers, are heavy buyers of short-term debt, whether issued by financials or non-financial institutions.

When investing in corporate bonds, the strategy of 'buy and hold till maturity' can only be valid if the Council's approved duration for the institution covers the maturity periods of these bonds. It is for this reason that the list of available corporate bonds can shrink drastically, when taking into account the suggested duration.

2. Covered Bonds

2.1. Description

Covered bonds are a type of secured bond that is usually backed by mortgages or public sector loans. In the UK, the assets backing the bond are transferred to a separate legal entity (a 'Special Purpose Vehicle' or SPV) and form collateral for the bonds.

The asset pool of a covered bond is dynamic. So, for example, mortgages which are refinanced or which fall into arrears can be replaced with new mortgages of better credit quality and characteristics. This is for as long as the issuer of the bond remains solvent.

An important feature of covered bonds is that investors have "dual recourse", both to the issuer and to the underlying pool of assets.

- Under normal circumstances, covered bonds are an obligation of the issuer, so investors can expect that the issuer will make interest and principal payments on the agreed dates;
- In the event that either the issuer of the covered bond defaults on its obligations to covered bond holders or becomes insolvent, the asset pool becomes static and the SPV takes responsibility for administering the asset pool to continue to make payments to bondholders on the agreed dates; and
- If there are insufficient assets in the asset pool to meet obligations to covered bond holders, they become an unsecured creditors of the failed issuer for the residual amount.

2.2. Security

It is correct to state that the assets within the “cover pool” will be excluded from any resolution programme under UK regulations. However, if these fall short of obligations, then any residual investor claim will rank pari-passu with unsecured depositors. As such, it is more correct to state that the assets, rather than the investors, in these instruments are “un-bail-in-able” (i.e. In the event of issuer failure these assets are outside the pool used to pay creditors).

If clients wished to include the use of these instruments, they would likely need to make a provision for them within their Investment Strategy. These investments are rated, with the ratings being linked to the underlying position of the issuing entity, as well as the dynamics of the bond itself. Due to this rating position, we would suggest that they are included as separate instruments, rather than just a subset of investments within a particular counterparty (as with deposits, certificate of deposits etc). Typically, these instruments are rated “AAA” by rating agencies. Given the tenets of Security, Liquidity and then Yield, clients may deem it appropriate to specify “AAA” as the minimum rating requirement for such instruments. However, it has to be appreciated that although the vast majority of sterling-denominated bonds are rated “AAA”, it is not universal and, importantly, ratings can change through the life of a bond.

For example, when first issued, the covered bond programme of Co-Operative Bank was rated “AAA” by both Moody’s and Fitch. However, when the entity itself suffered a series of downgrades related to capital shortfall issues in 2012 / 2013, the ratings of its covered bond programme were also hit. By November 2013, after a downgrade process which first began in October 2012, the ratings had fallen to Baa3 (Moody’s) and BBB+ (Fitch). In addition to potentially falling outside of any client criteria, the impact on the price of the bond at the time was also material. The price of the bond dropped by around 12% in value in a very short space of time in mid-2013. As such, if a client was required to sell its position, due to the bond rating falling outside its criteria, it may have had to crystallise a material capital loss. Although this may seem an extreme example, it is appropriate to consider what can happen to these types of investment instrument in a situation where an entity approaches a resolution position.

Importantly, the rating of a covered bond cannot be more than 6 notches higher than the related institution. As such, if an institution’s rating falls below the A rating, its covered bond will be rated lower than AAA.

2.3. Liquidity

In terms of liquidity, the UK sterling-denominated covered bond market is significantly smaller than many other European markets, where covered bond issuance is a key funding operation for financial institutions. As such, these bonds can be difficult to acquire in the first instance and any acquisition may not be at an attractive price. Furthermore, these types of issuance are typically long-dated and thus unsuitable to many investment portfolios. Although bonds can be bought in the secondary market with only a short life remaining, these

opportunities can be relatively scarce and will often be only available at relatively low yields. It is also important to note that many sterling-denominated covered bonds have the option to allow final maturity to be extended by one year. As such, quoted maturity dates need to be checked to see whether these are “soft” (ie extendible) or “hard” (not able to be extended) and what can trigger the extension.

If investments are being laddered to meet cash flow expectations, then an unexpected maturity extension may need to be factored in to investment considerations.

2.4. Yield

If a bond does become available in the secondary market with only a short-life to maturity, it is typical for much of the yield enhancement that had originally attracted longer-term investors has been naturally whittled away. For example, a Leeds Building Society covered bond with a maturity of December 2018, originally issued with a coupon of 4.25% in June 2011, is now yielding only around 1.6%. It is a similar situation for a floating rate bond. For instance, a Yorkshire Building Society covered bond (maturity of March 2016) was originally issued at 3m LIBOR + 1.75% in March 2012. The discounted margin (ie margin from now to maturity) is now below 20bps. This is not to say that the options available are always unattractive, but that careful consideration needs to be given to more than just the enhanced security of a covered bond. For example, can an investment with another local authority actually generate a similar or enhanced return for a similar maturity period?

2.5. Summary

As with any investment asset class it is critical that the investor fully appreciates its different facets to allow a conscious investment decision. Although these instruments are further up the creditor hierarchy if an institution is placed into resolution under new guidance, this has always been the case. New regulations have not changed this fact. As we have stressed in other publications on the subject, the new regulatory environment in the UK is based on a “no creditor worse off” fundamental.

Furthermore, the new environment is not solely focussed on what happens in resolution but, more importantly, is aimed at making individual institutions and the financial market as a whole, much more robust and thus reduce the incidence of failure in the future. It is important that a varied number of investment instruments are considered when compiling an investment strategy. However, make sure that each type is considered from each of the Security, Liquidity and Yield perspectives. By undertaking this, clients will fully understand and appreciate each investment option and, therefore, determine whether they are appropriate for use.

APPENDIX 6

PROPOSED REVISED COUNTERPARTY LIST

The Council's criteria for an institution to become a counterparty are:

Specified Investments

These are sterling investments of a maturity period of not more than 364 days, or those which could be for a longer period but where the lender has the right to be repaid within 364 days if it wishes. These are low risk assets where the possibility of loss of principal or investment income is negligible. The instruments and credit criteria to be used are set out in the table below.

Table 1: Specified Investments

Instrument	Minimum Credit Criteria	Use
Debt Management Agency Deposit Facility	Government backed	In-house
Term deposits – other LAs	Local Authority issue	In-house
Term deposits – banks and building societies	AA- Long Term F1+Short-term 2 Support UK or AAA Sovereign	In-house
Money Market Funds	AAA	In-house

Non-Specified Investments

Non-specified investments are any other type of investment (i.e. not defined as Specified above). They normally offer the prospect of higher returns but carry a higher risk. The identification and rationale supporting the selection of these other investments are set out in the table below.

Table 2: Non - Specified Investments

	Minimum Credit Criteria	Use	Max % of total investments	Max. maturity period
Term deposits – banks and building societies (excluding Lloyds / HBOS)	A Long Term F1 Short-term UK or AAA Sovereign	In-house	50%	3 months
Lloyds / HBOS	A Long Term F1 Short-term	In-house	50%	6 months
Callable Deposits	A Long Term F1 Short term	In-house	20%	3 months
UK nationalised Banks [RBS]	F2 Short-term	In-house	60%	36 months
Enhanced Cash Funds	AAA	In-house	25% (maximum £10 million per fund)	Minimum monthly redemption

	Minimum Credit Criteria	Use	Max % of total investments	Max. maturity period
Corporate bonds pooled funds, other non-standard investments and gilts			£10m in total	Dependent on specific agreement
HB Public Law Ltd		In house	£0.5m	36 months

Unless specified above, individual bank & building society counterparty limits that are consistent with the above limits are approved by the Section 151 Officer in accordance with the Council's Treasury Management Practices.

APPENDIX 7

LEGISLATION AND REGULATIONS IMPACTING ON TREASURY MANAGEMENT

The following items numbered 1 - 4 show the sequence of legislation and regulation impacting on the treasury management function. The sequence begins with primary legislation, moves through Government guidance and Chartered Institute of Public Finance and Accountancy (CIPFA) codes of practice and finishes with implementation through the Council's own Treasury Management Practices.

1. Local Government Act 2003

Link below

[Local Government Act 2003](#)

Below is a summary of the provisions in the Act dealing with treasury management.

In addition the Secretary of State is empowered to define the provisions through further regulations and guidance which he has subsequently done through statutory instruments, Department of Communities and Local Government Guidance and CIPFA codes of practice.

Power to borrow

The Council has the power to borrow for purposes relevant to its functions and for normal treasury management purposes – for example, to refinance existing debt.

Control of borrowing

The main borrowing control is the duty not to breach the prudential and national limits as described below.

The Council is free to seek loans from any source but is prohibited from borrowing in foreign currencies without the consent of Treasury, since adverse exchange rate movements could leave it owing more than it had borrowed. All of the Council's revenues serve as security for its borrowing. The mortgaging of property is prohibited.

It is unlawful for the Council to 'securitise', that is, to sell future revenue streams such as housing rents for immediate lump-sums.

Affordable borrowing limit

The legislation imposes a broad duty for the Council to determine and keep under review the amount it can afford to borrow. The Secretary of State has subsequently defined this duty in more detail through the Prudential Code produced by CIPFA, which lays down the practical rules for deciding whether borrowing is affordable.

It is for the Council (at a meeting of the full Council) to set its own 'prudential' limit in accordance with these rules, subject only to the scrutiny of its external auditor. The Council is then free to borrow up to that limit without Government consent. The Council is free to vary the limit during the year, if there is good reason.

Requirements in other legislation for the Council to balance its revenue budget prevents the long-term financing of revenue expenditure by borrowing. However the legislation does confer limited capacity to borrow short-term for revenue needs in the interests of cash-flow management and foreseeable requirements for temporary revenue borrowing are allowed for when borrowing limits are set by the Council.

The Council is allowed extra flexibility in the event of unforeseen needs, by being allowed to increase borrowing limits by the amounts of any payments which are due in the year but have not yet been received.

Imposition of borrowing limits

The Government has retained reserve power to impose 'longstop' limits for national economic reasons on all local authorities' borrowing and these would override authorities' self-determined prudential limits. Since this power has not yet been used the potential impact on the Council is not known.

Credit arrangements

Credit arrangements (eg property leasing, PFI and hire purchase) are treated like borrowing and the affordability assessment must take account not only of borrowing but also of credit arrangements. In addition, any national limit imposed under the reserve powers would apply to both borrowing and credit.

Power to invest

The Council has the power to invest, not only for any purpose relevant to its functions but also for the purpose of the prudential management of its financial affairs.

2. Department for Communities and Local Government Investment Guidance (March 2010)

The Local Government Act 2003 requires a local authority “.....to have regard (a) to such guidance as the Secretary of State may issue.....” and the current guidance became operative on 1 April 2010.

The Guidance recommends that for each financial year the Council should prepare at least one investment Strategy to be approved before the start of the year. The Strategy must cover:

- **Investment security –**
Investments should be managed prudently with security and liquidity being considered ahead of yield
Potential counterparties should be recognised as “specified” and “non-specified” with investment limits being defined to reflect the status of each counterparty

- **Investment risk**
Procedures should be established for monitoring, assessing and mitigating the risk of loss of invested sums and for ensuring that such sums are readily accessible for expenditure whenever needed.
The use of credit ratings and other risk assessment processes should be explained
The use of external advisers should be monitored
The training requirements for treasury management staff should be reviewed and addressed
Specific policies should be stated as regards borrowing money in advance of need

- **Investment Liquidity**
The Strategy should set out procedures for determining the maximum periods for which funds may prudently be committed

The Strategy should be approved by the full Council and made available to the public free of charge. Subject to full Council approval, or approved delegations, the Strategy can be revised during the year.

3. Treasury Management in the Public Services: Code of Practice and Cross Sectoral Guidance Notes (CIPFA 2011)

The primary requirements of the Code are:

- Creation and maintenance of a Treasury Management Policy Statement which sets out the policies and objectives of the Council’s treasury management activities.

- Creation and maintenance of Treasury Management Practices (“TMPs”) that set out the manner in which the Council will seek to achieve those policies and objectives.
- Receipt by the full Council of an annual Treasury Management Strategy Statement - including the Annual Investment Strategy and Minimum Revenue Provision Policy - for the year ahead, a Half-year Review Report and an Annual Report (stewardship report) covering activities during the previous year.
- Delegation by the Council of responsibilities for implementing and monitoring treasury management policies and practices and for the execution and administration of treasury management decisions.
- Delegation by the Council of the role of scrutiny of treasury management strategy and policies to a specific named body.

4. The Prudential Code for Capital Finance in Local Authorities (CIPFA 2011)

Compliance with the objectives of the Code by the Council should ensure that:

- Capital expenditure plans are affordable in terms of their implications on Council Tax and housing rents
- External borrowing and other long term liabilities are within prudent and sustainable levels
- Treasury management decisions are taken in accordance with good professional practice

As part of the two codes of practice above the Council is required to:

- agree a series of prudential indicators against which performance is measured
- produce Treasury Management Practice Notes for officers which set out how treasury management policies and objectives are to be achieved and activities controlled.

APPENDIX 8

TREASURY MANAGEMENT DELEGATIONS AND RESPONSIBILITIES

The respective roles of the Cabinet, GARMCS, the Section 151 officer, the Treasury Management Group and the Treasury Team are summarised below. Further details are set out in the Treasury Management Practices.

The main responsibilities and delegations in respect of treasury activities are:

Council

Council will approve the annual treasury strategy, including borrowing and investment strategies. In doing so Council will establish and communicate their appetite for risk within treasury management having regard to the Prudential Code

Cabinet

Cabinet will recommend to Council the annual treasury strategy, including borrowing and investment strategies and receive a half-year report and annual out-turn report on treasury activities.

Cabinet also approves revenue budgets, including those for treasury activities.

Governance, Audit, Risk Management and Standards Committee

GARMSC is responsible for ensuring effective scrutiny of the Treasury strategy and policies.

Section 151 Officer

Council has delegated responsibility for the implementation and monitoring of treasury management decisions to the Section 151 Officer to act in accordance with approved policy and practices. In particular, the Sector 151 Officer:

- Approves all new borrowing, investment counterparties and limits and changes to the bank mandate,
- Chairs the Treasury Management Group (“TMG”), and
- Approves the selection of treasury advisor and agrees terms of appointment.

Treasury Management Group

Monitors the treasury activity against approved strategy, policy, practices and market conditions.

Approves changes to treasury management practices and procedures.

Reviews the performance of the treasury management function using benchmarking data on borrowing and investment provided by Sector.

Monitors the performance of the appointed treasury advisor and recommends any necessary actions.

Ensures the adequacy of treasury management resources and skills, and the effective division of responsibilities within the treasury management function.

Monitors the adequacy of internal audit reviews and the implementation of audit recommendations.

Treasury and Pension Fund Manager

Has responsibility for the execution and administration of treasury management decisions, acting in accordance with the Council's Treasury Policy Statement and CIPFA's 'Standard of Professional Practice on Treasury Management'.

Treasury Team

Undertakes day to day treasury investment and borrowing activity in accordance with strategy, policy, practices and procedures and recommends changes to these to the TMG.

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REPORT FOR: CABINET

Date of Meeting:	14 July 2015
Subject:	Community Safety Strategy
Key Decision:	Yes
Responsible Officer:	Alex Dewsnap, Divisional Director of Strategic Commissioning
Portfolio Holder:	Councillor Graham Henson, Portfolio Holder for Environment, Crime and Community Safety
Exempt:	No
Decision subject to Call-in:	No
Wards affected:	All
Enclosures:	Appendix 1 - Community Safety Strategy 2015-2018 Appendix 2 - Equality Impact Assessment Appendix 3 - Reference from O&S Committee – 9 June 2015

Section 1 – Summary and Recommendations

This report brings the draft Community Safety Strategy for 2015 -18 to the Cabinet's attention.

Recommendations:

Cabinet is requested to: recommend the Strategy to Council for adoption.

Reason: To comply with statutory requirements.

Section 2 – Report

Introductory paragraph

2.1 The Community Safety Strategy shows how the Council and partners will work together to reduce crime and anti-social behaviour and make progress to making Harrow the safest borough in London.

Options considered. The option of preparing a strategy that focussed mainly on the volume crimes that affect the Borough as in previous years was considered but rejected as not addressing the most serious threats to community safety.

Background

3.1 In the past, Community Safety Strategies have focussed on the volume crimes that attract a lot of Police, Council and public attention such as burglary and vehicle crime. These continue to be important but this strategy recognises that, for the community as a whole, there are even more significant issues including terrorism and radicalisation, the potential for child sexual exploitation and gangs. The Strategy references a number of detailed appendices, some of which are still to be developed. These do not form part of the Strategy itself but illustrate the actions that a range of Officer groups are or will be undertaking and reporting progress against to Safer Harrow. Cabinet are not asked to approve the detailed actions but to note the scope of actions planned or intended.

3.2 To help prevent high profile, community changing events, as well as addressing more everyday crime, Harrow needs to be a strong, united community and, therefore, this strategy is underpinned by work to enhance community cohesion and support. Crime causes damage - be that physical, economic or social. The damage caused to each individual and to the wider community by crime is unacceptable. Crime causes fear which reduces confidence and resilience in communities. We all have the right to live our lives free from that fear. By tackling crime we improve the lives of offenders, their families and the communities in which they live. We can turn lives around - to make a positive contribution. By reducing the fear of crime and anti-social behaviour we help build strong, resilient communities, in which people can thrive and reach their potential.

3.3 In recent years, there has been a downward trend in the levels of recorded crime. Nonetheless, dealing with criminals effectively is crucial. We must also understand why people commit crimes in the first place. We will only build a safer and stronger community by tackling the root causes - deep-

seated issues such as people's relationship with drink, drugs, violence and deprivation. We want all people to be able to realise their aspirations, playing a positive role in a community that they feel a genuine part of. And we want all people to understand that getting involved in crime or behaviour that leads to crime is unacceptable.

3.4 Resident involvement in keeping Harrow safe and making it safer still is the key to our success.

Volume Crime in Harrow

4.1 The latest local crime figures show that, for 2014 compared with 2013, crime in Harrow fell by 1% which reduced the number of crimes for each 1,000 people from 51.1 to 50.6. For the MOPAC 7 crimes, Harrow's reduction was 9.1% with 25.7 crimes for each 1,000 people – down from 28.3. These figures show that Harrow's crime rate is substantially below the London average.

4.2 The most notable reductions in crime locally have been in Robbery down 39% in the last year, theft of a motor vehicle down 18%, theft from a motor vehicle down 13% and Burglary down 12.5%. Set against this encouraging picture, there has been small rise in criminal damage of almost 4% and a rise of just over 6% in violence with injury. Much of this is attributable to increased reporting of domestic abuse, although there may also be an actual increase in abuse, but there has also been an increase in street violence.

4.3 This is the latest in a long series of community safety strategies that has been able to report a reduction locally, across London and nationally in reported crime which is also confirmed by a fall in crime found by the Crime Survey for English and Wales. The impact of a crime on individuals, families and businesses is not diminished but the number of individual, families and business that suffer from the loss and distress of being a victim of crime has reduced substantially over recent years and we are anxious to maintain this trend.

4.4 The detail of actions proposed is set out in the Appendices attached to the Strategy. These actions are presented under the groups responsible for their delivery as this should improve accountability as well as allowing Safer Harrow to provide a better overview of the actions that are being implemented, the connections between different programmes and the identification of gaps in or duplication of provision. This is the added value that Safer Harrow provides.

5 Why a change is needed

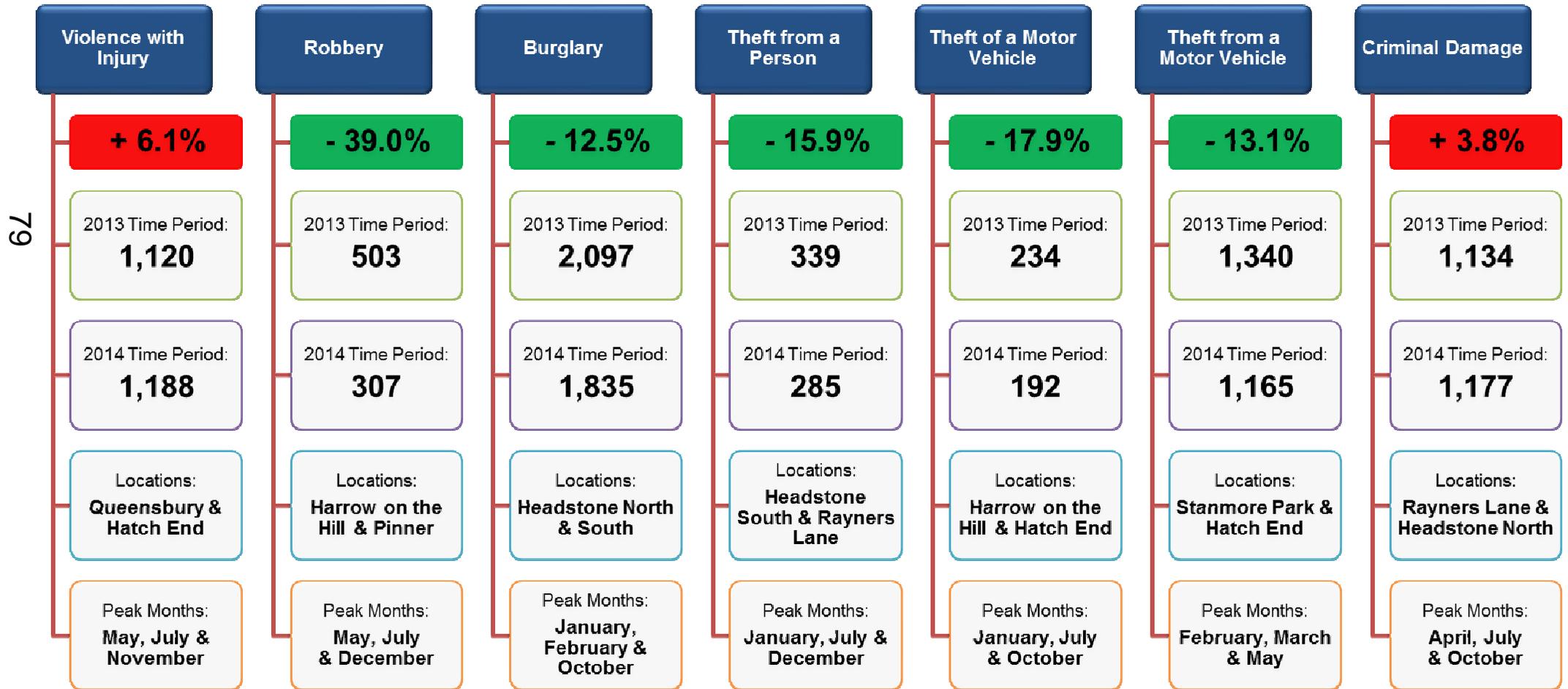
5.1 The Council must produce a Community Safety Strategy. It is usual practice to prepare a three year strategy and update it annually to take account of changes in the level of crime and the threats to community safety at the time.

6. Performance Issues

6.1 The Council's Corporate Performance scorecard references residential burglary and incidents of domestic violence as indicators amongst the MOPAC 7 crimes that the Mayor has tasked the Police across London to reduce by 20% by 2017. The performance in Harrow to the end of January 2015 is set out in the table on the next page

MOPAC Crimes in Harrow 2013 & 2014

All figures stated below were taken from the MET Police website that was available at the end of January 2015.



7. Environmental Implications

7.1 There are no environmental implications arising from this Strategy

Risk Management Implications

The projects referenced within the Community Safety Plan and particularly those funded by MOPAC grants, will be added to the relevant service Risk Registers

Legal Implications

5.1 Under s.6 of the Crime & Disorder Act 1998, the Council with other partner authorities (chief of police, fire & rescue authority, probation service, CCG and Local Health Board) has a duty to formulate and implement a strategy for the reduction of crime and disorder in its area (including anti-social behaviour adversely affecting the local environment), a strategy for combating the misuse of drugs, alcohol and other substances in the area and a strategy for the reduction of re-offending in the area.

5.2 In formulating the strategy, the partner authorities must have regard to the police and crime plan for the area.

5.3 Under Regulations, the partner authorities must set up a strategy group who are collectively responsible for preparing strategic assessments and preparing and implementing the partnership plan. The partnership plan shall set out the following:

- (a) a strategy for the reduction of re-offending, crime and disorder and for combating substance misuse in the area;
- (b) the priorities identified in the strategic assessment prepared during the previous year;
- (c) the steps considered necessary for the responsible authorities to take to implement the strategy and meet those priorities;
- (d) how the strategy group considers the responsible authorities should allocate and deploy their resources to implement that strategy and meet those priorities;
- (e) the steps each responsible authority shall take to measure its success in implementing the strategy and meeting those priorities;
- (f) the steps the strategy group proposes to take during the year to comply with its obligations in respect of community engagement, considering the extent that people in the area can assist in reducing re-offending, crime and disorder and substance misuse, and publicising that partnership plan.

5.4 Under s.17 of the above Act, it is also a duty of the Council (and other partner agencies, including police, fire & rescue, GLA, TfL) when exercising its functions to have due regard to the likely effect of the exercise of those functions on, and the need to do all that it reasonably can to prevent crime and disorder (including anti-social behaviour), misuse of drugs, alcohol and other substances and re-offending.

Financial Implications

6.1 All of the work identified in this Strategy to be undertaken by the Council will be funded from existing budgets and approved grants.

Equalities implications / Public Sector Equality Duty

Was an Equality Impact Assessment carried out? Yes

9.1 The Community Safety Plan is based on an analysis of crime reports in the previous period and highlights the areas that need the most attention. The Plan for 2014-17 prioritises the “MOPAC 7” high volume/high public impact crimes of Burglary, Violence with Injury, Vandalism; Theft from the Person; Robbery; Theft of a Vehicle and Theft from a Vehicle: as well as Anti-social behaviour, Domestic Violence and reducing reoffending. The aim is to make Harrow the safest Borough in London within the timescale of the Plan which will require a reduction of almost 2,500 crimes a year against a total for last year of 12,228. Reducing crime benefits all residents of the Borough either directly, by reducing victimisation, or indirectly by lowering the fear of crime.

9.2 The Strategic Assessment has highlighted in a number of cases the protected characteristics of the most likely groups to be affected by crime such as young men who are at most risk of robbery and that the age of victims seems to be decreasing with a significant increase in victimisation the 11-15 year old group. At the same time, the age of suspects is also predominantly young.

9.3 Older people are at comparatively low risk of being the victims of crime.

9.4 Domestic violence continues to be a higher proportion of crime in Harrow than in any other London Borough and the victims are predominantly women. As well as the continuing efforts to support victims, there is a new project to promote healthy relationships in adolescents which it is hoped will have a long-term impact on the prevalence of domestic and sexual violence.

The Equality Impact Assessment has not noted any disproportionate adverse impact on any of the protected characteristics arising from the Plan.

Council Priorities

The Council's vision:

Working Together to Make a Difference for Harrow

Please identify how the report incorporates the administration's priorities.

- Making a difference for the vulnerable
- Making a difference for communities
- Making a difference for local businesses
- Making a difference for families

This is identified in the Strategy attached to this report

Section 3 - Statutory Officer Clearance

Name: Steve Tingle	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 27 May 2015		
Name: Linda Cohen	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 27 May 2015		

Ward Councillors notified:	NO, as it impacts on all Wards
EqIA carried out:	YES
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Background Papers:

None

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

NOT APPLICABLE

*[Call-in does not apply as the
decision is reserved to Council]*

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Harrow Community Safety Strategy 2015-2018

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Harrow Community Safety Strategy 2015-2018

On behalf of Community Safety Partnership I am pleased to introduce Harrow's Community Safety Strategy for 2015-2018.

In recent years, there has been a downward trend in the levels of recorded crime across the capital but more so in Harrow which is now the Safest Borough in London. Nonetheless, dealing with criminals effectively is crucial, which aims to combine appropriate enforcement action with preventative and educational work. We must also understand why people commit crimes in the first place. We will only build a safer and stronger community by tackling the root causes - deep-seated issues such as people's relationship with drink, drugs, violence and deprivation. We want all people to be able to realise their aspirations, playing a positive role in a community that they feel that they are genuinely part of. And we want all people to understand that getting involved in crime or behaviour that leads to crime is unacceptable.

The strategy brings together the work of the multi-agency partnership that includes Harrow Council, Harrow Police, The Fire Service, Offender Management Services in Harrow, Health and Public Health Service, Voluntary and Community organisations and the Local Safeguarding Children and Adults Boards where their work relates to safety. We all share a priority to make Harrow the safest place to live, work and visit in London.

In the past, Community Safety Strategies have focussed on the volume crimes that attract a lot of Police, Council and public attention such as burglary and vehicle crime. These continue to be important. This strategy recognises that, for the community as a whole, there are even more significant issues including terrorism and radicalisation, the potential for child sexual exploitation, gangs and Anti-social behaviour. To help prevent high profile, community changing events, as well as addressing more everyday crime, Harrow needs to be a strong, united community and, therefore, this strategy is underpinned by work to enhance community cohesion and support.

Crime causes damage - be that physical, economic or social. The damage caused to each individual and to the wider community by crime is unacceptable. Crime causes fear which reduces confidence and resilience in communities. We all have the right to live our lives free from that fear. By tackling crime we improve the lives of offenders, their families and the communities in which they live. We can turn lives around - to make a positive contribution. By reducing the fear of crime and anti-social behaviour we help build strong, resilient communities, in which people can thrive and reach their potential.

It is the responsibility of all of us who live and work in Harrow to keep our borough safe. Resident involvement in keeping Harrow safe and making it safer still is the key to our success.

Councillor Graham Henson,

Chair, Safer Harrow

Vision

The Council's vision for the future of Harrow is "Working together to make a difference for Harrow" and this is particularly relevant to the work of Harrow's Community Safety Partnership which we call Safer Harrow. This brings together many of the organisations that are contributing to making Harrow the Safest Borough in London to share their ambitions and plans so that we can integrate their effort and achieve a better and safer outcome.

The Council's vision for Harrow is amplified through four priorities which are also relevant to the work of Safer Harrow. These are:

- Making a difference for the most vulnerable;
- Making a difference for communities;
- Making a difference for businesses; and
- Making a difference for families.

Community safety is a thread that runs through all of these priorities from safeguarding vulnerable young people and adults, addressing anti-social behaviour that can blight communities, reducing shop lifting and criminal damage that undermines businesses and tackling domestic violence that breaks up families and, in some cases, leads to very serious injuries.

Safer Harrow has its own ambition which is that Harrow becomes the Safest Borough in London and, as this Strategy will demonstrate, there has been significant progress towards this objective in the last year.

Harrow the place

In Harrow our population is growing, and is getting proportionally older (65+) and younger (5-9 years), becoming more diverse overall and seeing an increase in the size of families. In some areas of the community, the working level of English is poor, which increases the risks of worklessness. We are seeing an increase in the demand for services for those residents with complex needs and seeing a growth in health inequality between our most deprived and most affluent wards. Harrow continues to profit from its reputation as a tolerant and welcoming place for new arrivals but tensions can develop in communities that undergo rapid change and these must be effectively managed. Community cohesion is therefore an essential ingredient for Harrow to become the safest borough in London.

National Context

The Crime Survey for English and Wales (CSEW) shows that all crime is declining. The latest figures from the CSEW show that, for the offences it covers, there were an estimated 7.0 million incidents of crime against households and resident adults (aged 16 and over) in England and Wales. This represents an 11% decrease compared with the previous year's survey, and is the lowest estimate since the CSEW began in 1981. The CSEW covers a broad range of victim based crimes and includes crimes which do not come to the attention of the police. Decreases were evident for almost all crime

types compared with the previous year; including vehicle-related theft and criminal damage (both falling by 15%) and other household theft (down 9%).

In contrast, police recorded crime shows no overall change from the previous year, with 3.7 million offences recorded in the year ending September 2014. The renewed focus on the quality of crime recording is likely to have prompted improved compliance with national standards, leading to more crimes being recorded than previously. This is thought to have particularly affected the police recorded figures for violence against the person (up 16%), public order offences (up 10%) and sexual offences (up 22%).

The numbers of rapes (24,043) and other sexual offences (48,934) are the highest recorded by the police since 2002/03. As well as improvements in recording, this is thought to reflect a greater willingness of victims to come forward to report such crimes and the impact of high-profile prosecutions of well known people although this could also reflect a higher level of offences.

There was also an increase in the volume of fraud recorded (5% year on year), though it is difficult to judge to what extent this was affected by the transfer of responsibility for recording fraud offences from individual police forces to Action Fraud, or reflected an increase in public reports or a rise in actual criminality. It is thought that levels of fraud are substantially under-reported and so these figures may simply provide a measure of such offences being brought to the attention of the authorities.

Re-offending has risen. A first time entrant (FTE) to the criminal justice system is an offender residing in England and Wales at the time of the offence, who has been recorded on the Police National Computer (PNC) by an English or Welsh police force as having received their first conviction, caution or youth caution. The number of new entrants to the criminal justice system has continued to fall since its peak in 2006. This decline has been much sharper for juveniles than for adults; however during 2014 the decline slowed for both groups of offenders.

An offender's criminal history counts the number of occasions on which an offender has previously received a conviction, caution or youth caution for any offence and has been recorded on the PNC, including some offences committed outside of England and Wales. In 2014 the number of offenders with no previous convictions and cautions sentenced for indictable offences increased by 4%, with increases in all the main offence types except, robbery, theft and criminal damage.

In the latest period, the 12 months to December 2014, just over 102,600 adult offenders convicted of an indictable offence had 15 or more previous convictions or cautions (long criminal records - on average 33 previous sanctions). Around 2 in every 5 adults convicted had a long criminal record compared to just under a quarter in the same period 10 years ago. However, during recent years, there has been a decline in prolific offenders. The proportion of Offenders progressing from their 15th to their 16th conviction or caution has declined since 2009, and during 2014, there was also a fall in the number of offenders with 16 or more previous convictions or cautions.

Two-fifths of those convicted of an indictable offence with 15 or more previous convictions and cautions were convicted for offences related to theft – by comparison,

only 23% of those with no previous convictions or cautions were convicted for theft offences. For those convicted of a sexual offence in 2014, just under half also had a first offence for the same offence category and for just 5% of offenders, all of their previous convictions and cautions were for sexual offences.

Youth Crime figures show a reduction in first time entrants (FTEs) to the criminal justice system. There were 22,393 first time entrants to the Youth Justice System in England and Wales in 2013/14. The number of FTEs has fallen by 80 per cent from the peak of 110,757 in 2006/07. The number of FTEs fell by 20 per cent between 2012/13 and 2013/14. Results from the 2012/13 cohort show that the rate of re-offending for young people was 36.1 per cent. This is an increase of 0.6 percentage points since 2011/12. The average number of re-offences per offender (frequency rate) was 1.08 in 2012/13, up from 1.02 re-offences per offender in 2011/12. The average number of re-offences per re-offender was 2.99 in 2012/13, up from 2.88 re-offences per re-offender in 2011/12.

Two other aspects of the National picture have informed the preparation of this Strategy. First, the revelations about and investigations into Child Sexual Exploitation in Rotherham, Oxfordshire and elsewhere have placed a renewed emphasis on this crime. Work in the West Midlands and elsewhere indicates that the number of estimated cases far exceeds those known to the local authorities and the Police. This has prompted the Community Safety Partnership, in association with the Local Safeguarding Children's Board, to consider the governance of this issue, the readiness of staff in a number of organisations to recognise the signs of exploitation and the robustness of the pathways and interventions that follow reporting.

Finally, the recent high profile reporting of young people making their way to Syria to support ISIS has heightened concerns about radicalisation, and events in Paris and elsewhere have increased the assessed risk of the threat of terrorism. While counter-terrorism activity is mostly the responsibility of national agencies, the front line in relation to radicalisation rests with the local authority and the Community Safety Partnership.

London Context

The latest figures for London compare the year 2014 with the previous period. In this period, the total recorded crime fell by 1.4% with the biggest reductions being in relation to Robbery, Burglary and Drug-related offences. Another way of showing crime figures is the number of recorded offences for each 1,000 people living in London. In 2014, this measure fell from 85.6 crimes to 84.4 for each 1,000 people.

Strategy for the Metropolitan Police is now set by the Mayor through his Office for Policing and Crime (MOPAC). The Mayor has designated certain crimes as a priority because of the impact they have on the community on a daily basis. These crimes are Burglary; Robbery; Theft from the person; Theft of a motor vehicle; Theft from a motor vehicle; Criminal Damage and Violence with Injury. The number of these MOPAC 7 crimes recorded in 2014 fell by 7.9% across London compared to 2013. This represents a fall from 43.7 MOPAC 7 crimes for each 1,000 people living in London to 40.3 crimes.

Local Context

The latest local crime figures show that, for 2014 compared with 2013, crime in Harrow fell by 1% which reduced the number of crimes for each 1,000 people from 51.1 to 50.6. For the MOPAC 7 crimes, Harrow's reduction was 9.1% with 25.7 crimes for each 1,000 people – down from 28.3. These figures show that Harrow's crime rate is substantially below the London average.

The most notable reductions in crime locally have been in Robbery down 39% in the last year, theft of a motor vehicle down 18%, theft from a motor vehicle down 13% and Burglary down 12.5%. Set against this encouraging picture, there has been small rise in criminal damage of almost 4% and a rise of just over 6% in violence with injury. Much of this is attributable to increased reporting of domestic abuse, although there may also be an actual increase in abuse, and there has also been an increase in street violence.

This is the latest in a long series of community safety strategies that has been able to report a reduction locally, across London and nationally in reported crime which is also confirmed by a fall in crime found by the Crime Survey for English and Wales. The impact of a crime on individuals, families and businesses is not diminished but the number of individual, families and business that suffer from the loss and distress of being a victim of crime has reduced substantially over recent years and we are anxious to maintain this trend. Details of local crime statistics are given in a table at the end of this strategy.

However, we are also aware that wider criminal issues could have an even more significant impact which is why this strategy considers the local potential for terrorist incidents to occur here and the threat posed by radicalisation as well as the potential for Child Sexual Exploitation and the impact of violence and gang activity. Most of these issues have not been addressed before in Harrow's community safety strategies but the threat of all of them appears more real and more immediate than before.

Aims and Ambitions

Safer Harrow's overarching aim is, as has been already said, is for Harrow to be the safest Borough in London. In attempting to maintain Harrow's current position as the safest Borough, we need to focus on more than just the volume crimes such as Robbery and Burglary. This is not because of the outstanding progress that has been made in these areas but because of the threat that terrorism, radicalisation and child sexual exploitation for example presents to our communities. This Strategy therefore focuses on these potentially community changing events in the following pages but also on the every day crimes and anti-social behaviour that we need to continue to reduce to make a difference for Harrow.

Getting things done

Partnership - The job of making and keeping Harrow safe belongs to Safer Harrow, our Community Safety Partnership. The partnership comprises the Council, the Police, the Fire Service, the National Probation Service, the new Community Rehabilitation Company that provides probation services to less serious offenders, the Mayor's Office for Policing and Crime, a representative of the local magistrates, and the Voluntary and Community sector. We hope to be able to add representatives of schools and the Health Services in Harrow in the coming months.

Harrow Council - The Council's participation includes public protection services which are environmental health, trading standards, licensing and the anti-social behaviour team, Children's Services, especially the Youth Service and the Youth Offending Team, the Local Safeguarding Children Board, Public Health Services which include drug and alcohol services and Policy for Community Cohesion and work on radicalisation as well overall co-ordination.

Support - Managing the interventions designed to prevent crime and anti-social behaviour is complex. There are services to help people who are victims of crime as well as a broad range of services and programmes to help people who may be at risk of offending or re-offending. Many offenders are also victims and need the support of the services that safeguard young people or adults from harm.

Working efficiently - In these times of austerity we need to ensure that we work effectively with unprecedented reductions in budgets within public services. Bringing all of these programmes together, making sure that gaps in service provision are identified and programmes changed if possible to fill them, eliminating duplication and ensuring that work achieves its objectives are all functions that Safer Harrow is designed to achieve. In the past, Safer Harrow too often received information and but did not question the assumptions it contained or challenge the rate of progress made. In preparing this strategy, Safer Harrow has reviewed its own purpose and methods of working and concluded that a more active and assertive role is required to make sure that the right things get done. While, as a Partnership Body, Safer Harrow cannot instruct other agencies what to do or how to do it, it can highlight need and encourage joint working, co-operation and participation in achieving improvements and solutions. Safer Harrow will in future also call for a greater degree of analysis to demonstrate how performance issues in one area have an impact on other services and on community

safety issues. Safer Harrow is aware that community confidence in the safety of Harrow is related to the quality of all of the services that address specific community safety issues and that many of these services are inter-dependent. Safer Harrow provides the forum within which the impact of the quality of each programme can be assessed.

Better use of resources - Safer Harrow has also started reviewing the website comments and ideas of sub-groups and meetings that have sprung up to address individual crime and anti-social behaviour issues. Too often, these work in isolation and do not benefit from other work already in place in the Borough. Safer Harrow will complete a governance review in the coming months to ensure that our scarce resources are used to the very best effect and that best practice is followed in all community safety activities.

Sharing information - One of the ways in which Safer Harrow can add value is by facilitating the sharing of data and information in a timely and relevant way so that those who need to know can easily find out about problems, issues, individuals of interest and those needing support. There are a number of data sharing agreements in place, some of which are out of date and others which overlap. There may be gaps around what data can be shared even though there is a statutory obligation for public authorities to share data for the purpose of preventing crime. Safer Harrow will sponsor a review and update of data sharing agreements and the governance of information sharing routes so that the right people get the right information at the right time.

Within the Council information is probably not shared as well as it could be to enable a joined up, seamless service to be offered to residents experiencing crime and anti-social behaviour. Safer Harrow will promote using technology to ensure that each of the public-facing services that support victims of crime and anti-social behaviour can access the history of all of the Council's interventions and communications with each victim so that the whole picture of what is happening and what has been done in the past can inform the development of new solutions.

Signposting - Technology can also ensure that up-to-date information is available to help Council staff signpost residents with crime or anti-social behaviour problems to other agencies if they are better placed to help resolve the presenting issue.

Membership - Safer Harrow will also review its membership to ensure that it has links with the organisations that can help to address the issues detailed in this Strategy, and specifically will seek to include representatives of voluntary and community sector organisations, the health economy and specifically mental health services, as well as community champions.

Community Cohesion

Community cohesion is what must happen in all communities to enable different groups of people to get on well together. A key contributor to community cohesion is integration which is what must happen to enable new residents and existing residents to adjust to one another. So, with a population that is becoming increasingly diverse, it is important to work actively to identify changing issues, to maintain Harrow's high levels of cohesion and to respond quickly and effectively when there are tensions to be addressed. Our concern is not just with race and culture - it also examines the many factors that could divide our local community, such as social class, prejudice and discrimination on the grounds of age, gender, disability, faith or sexual orientation.

Becoming complacent is one of the quickest paths to the breakdown of community cohesion, so we need to focus both on addressing the divisions that do exist – because as strong as Harrow's community is, it is not perfect – and on building upon the excellent work that has already been done by residents and community organisations, in partnership with local public sector organisations.

Cohesive communities have five key attributes:

- **Sense of community:** for example whether people enjoy living in their neighbourhood and are proud of it; whether people look out for each other and pull together.
- **Similar life opportunities:** the extent to which people feel they are treated equally by a range of public services.
- **Respecting diversity:** whether people feel that ethnic and other differences are respected within their neighbourhood.
- **Political trust:** do people feel they can trust local politicians and councillors and do they feel that their views are represented?
- **Sense of belonging:** whether people identify with their local neighbourhood and know people in the local area.

Local areas with a high sense of community, political trust and sense of belonging show significantly lower levels of reported crime. Rates for different types of crime are predicted to reduce as sense of community goes up. Therefore, Crime and anti-social behaviour is most prevalent in fractured communities.

These attributes can be influenced by other social programmes and outcomes such as:

- Social Mobility that widens access to jobs and training and encourages educational aspiration and enterprise
- Common Ground – a clear sense of shared aspirations and values which focus on what we have in common rather than our differences
- Participation to create a clear understanding and tolerance through doing things together and pulling together to achieve success
- Personal and Social Responsibility
- Tackling extremism and intolerance that deepen division and increase tensions
- Integration which comes from everyday life, and long-term social and economic challenges which create barriers to a more integrated community.

Other parts of the Council are working on these issues and we need to recognise the contribution that they make both to community cohesion and, thereby, to community safety. A number of studies have linked community cohesion with decreases in crime, but many have tended to focus on the social control aspect of community cohesion. The five key aspects of community cohesion set out above were identified in a more recent study. Of these, the sense of community factor was found to be the strongest predictor of various types of recorded crime. This sense of community factor is made up of some issues that include elements of social control such as whether people pull together to improve the area, whether they feel safe walking at night, whether neighbours look out for each other and whether they trust people in their neighbourhood. But it also includes a more general sense of camaraderie such as whether people enjoy living in the area and are proud of the neighbourhood.

The sense of belonging factor also contains aspects of social control. This measures whether respondents know many people in their neighbourhood and whether they feel a sense of belonging to the local area and neighbourhood. This factor is not a strong predictor of lower levels of crime. This means that you don't need to feel a strong sense of attachment to an area in order to benefit from the sense of community that is linked with lower levels of crime. A sense of community rather than a sense of attachment is the most important predictor of lower levels of crime. This is good news for areas with high population turnover, particularly because this sense of community is not only linked with lower levels of violent crime (the type of crime most often linked with the presence or absence of social control), but also with other types of neighbourhood level crime such as burglary from dwellings, and theft of and from motor vehicles.

Offending

Countering Terrorism

The Government's Office for Security and Counter-Terrorism, in the Home Office, works to counter the threat from terrorism. Their work is covered in the government's counter-terrorism strategy, CONTEST.

The strategy is based on 4 areas of work:

- **pursue:** to stop terrorist attacks in this country and against our interests overseas. This means detecting and investigating threats at the earliest possible stage, disrupting terrorist activity before it can endanger the public and, wherever possible, prosecuting those responsible.
- **prevent:** work to stop people becoming terrorists or supporting terrorism and extremism – Counter terrorist propaganda; intervention programmes for those at risk; reporting of illegal on-line material when it comes to light; focus only on the vulnerable rather than give the impression that whole communities need to be convinced that terrorism is wrong
- **protect:** We know where and how we are vulnerable to terrorist attack and have reduced those vulnerabilities to an acceptable and a proportionate level; and

- **prepare:** working to minimise the impact of an attack and to recover from it as quickly as possible

For the Council, the key provision of the Counter Terrorism and Security Act places the Prevent programme on a statutory footing. This was one of the recommendations of the Extremism Taskforce, which was set up following the murder of Fusilier Lee Rigby in May 2013. Recent events like the siege in Sydney and the attacks on Charlie Hebdo and Porte de Vincennes deli in Paris have put greater focus on work to prevent radicalisation.

The Prevent duty guidance, published alongside the Act goes into more detail. It sets an expectation that local authorities will:

- Establish or make use of an existing local multi-agency group to agree risk and co-ordinate prevent activity and put in place arrangements to monitor effectively the impact of Prevent work;
- Use the existing counter-terrorism local profiles to begin to assess the risk of individuals being drawn into terrorism.
- Engage with Prevent coordinators, schools, universities, colleges, local prisons, probation services, health, immigration enforcement and others as part of the risk assessment process.
- Mainstream the prevent duty so it becomes part of the day-to-day work of the authority, in particular children's' safeguarding.
- Any local authority that assesses, through the multi-agency group, that there is a risk will be expected to develop a Prevent action plan. The development of a local prevent Plan is underway and will be reported to Safer Harrow.
- Ensure frontline staff have a good understanding of Prevent, are trained to recognise vulnerability to being drawn into terrorism and are aware of available programmes to deal with this issue.

One of the changes that the Government has recently made is to place an individual duty on schools to recognise and report young people who they consider may be at risk of being drawn into extremism. Head teachers across the Country are divided about their role in countering extremism. They are unsure about how to stop extremism among young people; and how to challenge the ideology that encourages teenagers to ghost themselves away from Yorkshire or London into war zones in Syria and Iraq. However, the Counter-Terrorism and Security Act 2015, coming into force on 1 July, puts a statutory duty on schools to prevent people from being drawn into terrorism. It specifies that being drawn into terrorism includes not just violent extremism but also non-violent extremism, which can create an atmosphere conducive to terrorism and can popularise views which terrorists exploit.

School leaders will have to make an assessment of the risk of children being drawn into terrorism. The Council is facilitating training for staff to identify children at risk and to challenge extremist ideas. Schools will have to ensure that pupils do not access extremist material online. There are similar provisions for Further and Higher Education Colleges and Universities.

The other specified authorities in the Act who are also subject to the Prevent duty include criminal justice agencies including prisons, educational and childcare establishments, health and the police. The Act provides a statutory framework for a joint local authority/police panel to assess the extent to which identified individuals are vulnerable to being drawn into terrorism and to put in place a support plan. This effectively places Channel on a statutory footing.

The Act sets out that these panels are to be chaired by the responsible local authority. The Channel process aims to provide support to individuals at risk of being drawn into violent extremism. Channel is voluntary and an individual must provide consent. It draws on existing collaboration between local authorities, the police, statutory partners (such as the education sector, social services, children's and youth services and offender management services) and the local community and has three objectives: to identify individuals at risk of being drawn into violent extremism; to assess the nature and extent of that risk; to develop the most appropriate support for the individuals concerned

The Council and all of the statutory partners need to prepare for dealing with emergencies whatever their cause. Locally, emergency planning contingency plans have been prepared and continue to be updated to enable the Council and the emergency services to be as prepared as possible to respond to any emergency situation.

Child Sexual Exploitation

The sexual exploitation of children and young people (CSE) is both complex and often inextricably linked to other problems and difficulties. It is defined as child abuse and those children and young people who are sexually exploited face huge risks to their physical, emotional and psychological health and well-being.

Some groups of children and young people are more vulnerable to targeting by perpetrators i.e. those in Local Authority care, but the statistics indicate that many of those being exploited are actually living with their families.

CSE is by its nature coercive but many of the children and young people experiencing this will not recognise this, believing the so called relationship with their exploiter is entered freely and not seeing themselves as victims of exploitation. However, a child or young person cannot consent to their own abuse. Their behaviour is not voluntary and once entrapped in this form of abuse, acts or threats of violence may impede their escape and access to help.

There is link between CSE and children and young people who are trafficked for sexual purposes which can and does occur anywhere within the UK.

Tackling CSE is difficult due to the covert nature of the activity and the difficulty young people have in both recognising the abuse and being able to disclose what is happening to them to someone whom they can properly trust, perhaps in the face of threats from their abuser.

Creating opportunities for young people to build positive relationships and tackling their associated problems, as well as promoting the young persons participation in their support plan, are vital components in dealing holistically with CSE.

Nationally the scale of the CSE problem has only recently become apparent due in part to the publication of serious case reviews, Ofsted inspections, the Rotherham report and the Ofsted CSE review. There are an estimated 2000 cases in London each year.

The view from the Children's Services regulator, Ofsted, is that to properly understand CSE, disrupt activity, support victims and prosecute offenders, a Council and partners must mobilise services and powers in a coordinated way. This will include the regulation and licensing of areas such as care homes, taxis, take-away food shops, hotels where illegal activity may be known about or may take place.

The Rotherham report illustrates the impact of the gap between policy and practice in relation to CSE with the essential components of an effective approach missing.

Together, with all our partners, we will build, demonstrate and deliver a shared vision, clear confident challenging partnerships and strong political and managerial leadership which will act to protect and safeguard our children and young people from sexual exploitation. We will learn from others and from Inspection outcomes and drive through our priorities and improvements through a rigorous focus on performance. In accepting the leadership of the HSCB in developing and implementing strategies and standards in addressing CSE, we will as Safer Harrow ensure all elements of the partnership are involved in and contribute to keeping our young people safe from CSE

Gangs

In Harrow, a gang is defined as a relatively durable, predominantly street-based group of young people, who see themselves and are seen by others as a discernible group and engage in a range of criminal and anti-social activities including violence. A gang will identify with or lay claim to a particular territory and, potentially, will be in conflict with other similar gangs.

Safer Harrow will bring together a Gangs strategy that seeks to reduce the number of young people drawn to gang membership through education, diversion and other means, equip existing gang members with support to exit their gang, disrupt gang activity through investigation and enforcement, particularly related to gangs' economic activity; and enable the families of gang members to encourage and support withdrawal from gangs and to safeguard the younger siblings of gang members.

The Gangs Strategy will identify the scale of the gangs issue in the Borough which is currently low but needs to be addressed to ensure that it will not grow. The Strategy will equip front line staff in schools, youth centres and all other settings working with young people and where appropriate, parents, to recognise the signs that a young person may be involved with or at risk of becoming involved gang activity including;

- Withdrawal from family
- Sudden loss of interest in school, decline in attendance or academic achievement
- Use of new slang or unknown words
- Unexplained money or possessions or the unexplained use to which money has been put
- Changes in patterns of behaviour
- Signs of sexual exploitation
- Signs of the psychological effects of exploitation such depression and suicide attempts
- Concerns about going to certain areas
- Changes in dress, friendship groups.

The strategy will seek to bring together the data and intelligence held within partner organisations through data sharing protocols and through establishing Gang Single Points of Contact (SPOCs) within each organisation to gather, analyse and use data as quickly and effectively as possible. Safer Harrow will bring together the common themes which can make young people vulnerable to gang membership, child sexual exploitation and radicalisation and seek a common and over-arching approach to these factors over and above the specific work to address each strand of community safety activity. The Strategy will also consider the use of the new Gang Injunctions which is a civil tool to prevent a person from encouraging or assisting gang-related violence, and gang-related drug dealing. An injunction can impose impositions such as prohibiting contact or association with other gang members and/or positive requirements such as attending an apprenticeship programme.

Domestic Violence

Safer Harrow will oversee the implementation of the Council's recently adopted Domestic and Sexual Violence (DSV) Strategy and ensure that the impact of the Council's investment fund is maximised to support and maintain existing services and, where possible, lead to additional Domestic and Sexual Violence services.

The key priorities from the DSV Strategy are:

- an increased investment in services for high risk victims of domestic violence;
- an attempt to provide earlier interventions both through specialist support and by equipping professionals working for all relevant agencies with knowledge and confidence to recognise the indicators of abuse and refer appropriately; and
- increasing community awareness and capacity to counteract the influences that lead to forced marriage, honour-based violence and Female Genital Mutilation.

The Investment Fund's priorities are:

- an additional Independent Domestic Violence Adviser (IDVA) to be based in Northwick Park Hospital, increasing the capacity of the IDVA based in Children and Families, increasing the capacity of support to the Multi Agency Risk assessment Conference (MARAC) and beginning a trial of a Family Domestic Violence project to address violence in a family setting;

- A new campaign of information and training across all relevant organisations in Harrow to ensure that as well as professionals knowing the signs of abuse and how to refer cases, they have the confidence to act; and
- The active involvement of voluntary and community organisations in campaigns to raise community awareness to prevent wider forms of domestic and sexual violence.

The Council is re-commissioning its primary Domestic and Sexual Violence Services and hopes to provide an integrated and co-ordinated service that takes into account the provision made by MOPAC in the Pan-London service and the emerging needs around issues such as Female Genital Mutilation (FGM), Honour-based violence and Forced Marriage. There are two indicators of the benefits of interventions that are being introduced – a professional’s assessment and a client’s assessment of increases in safety, support networks and freedom to take decisions. This will help the Council to assess the value of different approaches and to integrate this work with the Families First programme which is taking forward the Government’s Troubled Families agenda.

The Council also funds individuals who are assessed as likely to benefit from such an intervention to attend a perpetrator programme which aims to change behaviour of men who use violence and abuse towards their partners. They run in small groups aiming to:

- help men stop being violent and abusive
- help them learn how to relate to their partners in a respectful and equal way
- show them non-abusive ways of dealing with difficulties in their relationships and cope with their anger
- keep their partner safer.

Abuse by adolescents towards their parents and abuse of older people also fall within the definition of Domestic Abuse and plans for addressing these forms of abuse are being developed.

Volume Crime

The Strategic Assessment has identified that reported crime in Harrow fell by 1% between September 2013 and September 2014. This was a slightly smaller fall than that for London as a whole which achieved a 1.4% reduction; however Harrow’s crime totals equate to 50.6 crimes per 1,000 population whereas London as a whole recorded 84.4 crimes per 1,000 population. On this measure, Harrow had the lowest recorded crime level in London in the period covered by the Strategic Assessment.

A subset of crimes has been identified by the Mayor’s Office for Policing and Crime (MOPAC) which they feel more accurately reflects the experience of crime for most Londoners. The MOPAC 7 crimes are:

- Violence with Injury
- Robbery
- Burglary
- Theft of a motor vehicle
- Theft from a motor vehicle
- Theft from the person
- Criminal Damage

For the MOPAC 7 crimes, Harrow recorded a 9.1% reduction to 25.7 crime per 1,000 population compared to a reduction for London as a whole of 7.9% to 40.3 crime per 1,000 population. Of the MOPAC 7 crime types, only two increased in Harrow with criminal damage up 3.8% and Violence with Injury up 6.1%. Much of the increase in Violence with Injury is attributable to increased reporting of Domestic Violence. In relation to street violence, the crimes reported to the Police have been analysed and hot spots and high risk times have been identified. These are the town centre and are associated with the night-time economy and Northolt Road. Specific actions to address this are included in the action plan relating to public protection.

Safer Harrow will monitor the development and implementation of plans to continue to reduce volume crimes and foster the co-operation of partners where necessary to increase their effectiveness.

Ex-offenders are supported by the Probation Service to try to reduce re-offending and our Integrated Offender Management Scheme works to help those at most risk of re-offending to stay out of trouble. A lot of crime is related to addictions – mostly drugs and/or alcohol – and we provide services to help people address their misuse of these substances. Some anti-social behaviour stems from boredom and a lack of direction and there are schemes to address these issues that have been used with particular success by the Early Intervention Panel which helps young people who are on the edge of criminality and whose interventions currently have a 99% success rate in ensuring that these young people do not become formally involved with the Criminal Justice System.

Hate Crime

Hate crime happens because of hostility towards a person's race, disability, sexual orientation or gender identity, religion or faith. No one should have to tolerate incidents of hate crime.

Tackling hate crime matters because of the damage it causes to victims and their families, but also because of the negative impact it has on communities in relation to cohesion and integration. There is clear evidence to show, that being targeted because of who you are has a greater impact on your wellbeing than being the victim of a 'non-targeted' crime. We also know that low level hate crimes can escalate quickly if not dealt with early, with victims often being targeted repeatedly. As a number of cases have shown, this escalation can have tragic consequences, if it is not challenged quickly. More widely, tackling hate crime effectively – and being seen to tackle it – can help foster strong and positive relations between different sections of the community and support community cohesion.

All the available research and testimonials from voluntary organisations suggest that hate crime is hugely under-reported. Some victims may be reluctant to come forward for fear of attracting further abuse, for cultural reasons, or because they don't believe the authorities will take them seriously. More isolated sections of the community are even more unlikely to report crimes. Under-reporting is a significant issue among the following groups:

- New migrant communities, including Asylum and Refugee communities
- Gypsy, Irish Traveller and Roma communities
- Transgender victims
- Disabled victims

Some people are targeted just because of who they are. Hate crime makes victims of whole communities with repercussions beyond those being targeted. Hate crime has a significant impact on the perception of crime and community cohesion and can lead to feelings of fear, stigmatisation and isolation among those who share characteristics with victims, even if they have not been victimised themselves.

In his Policing and Crime Plan, the Mayor recognises that levels of hate crime are too high and that there is significant under reporting.

Analysis of the hate crime data undertaken by MOPAC indicates that in the rolling year to February 2015, the number of recorded offences in each category in Harrow is:

- Disability hate crime increased by 1 from 4 to 5
- Faith hate crime increased by 5 from 29 to 34
- Homophobic hate crime reduced by 1 from 10 to 9
- Racist and religious hate crime increased by 64 from 205 to 269
- There was no reported Transgender hate crime

Hate crime can be reported directly to the police. Additionally, the Council has commissioned Stop Hate UK, a national charity that works in this area to take reports of hate crime and to advise victims of the support available to them. Stop Hate UK provide anonymous and independent support and can be contacted on their 24 hour helpline, 0800 138 1625. Reports of hate crime can also be made online by visiting www.stophateuk.org or texting 077 1798 9025.

An action that is common to the Hate Crime and Domestic Violence categories is improving reporting rates so that not only are individual cases able to be addressed but the actual scale of the problems emerges. The most effective way of increasing reporting rates is for cases to be resolved quickly and effectively and for those outcomes to be publicised so that other victims see the value in reporting. Other approaches include developing better partnerships with schools generally as young people appear to be disproportionately at risk of being victims of Hate Crime.

Anti-Social Behaviour

Anti-social behaviour can have a devastating effect on people's lives. Incidents of anti-social behaviour can range from something that is a mild annoyance to something that causes fear and insecurity. It could be a one-off event or something that happens over and over again. We define anti-social behaviour as "any conduct or activity that causes harm to an individual, to a community or to their environment". This could be an action by someone else that leaves you feeling alarmed, harassed or distressed. It can include noisy or abusive neighbours, littering or graffiti. Some of this behaviour is criminal and therefore illegal whereas other forms of anti-social behaviour can be addressed through other means such as tenancy conditions or civil injunctions.

You do not have to put up with anti-social behaviour. If you cannot deal with it yourself and you need to report it, you can contact police or your local council. If you live in social housing, you can report it to your landlord. The Council and the Police work very closely together to sort out anti-social behaviour.

If you are suffering disproportionately because you are vulnerable, or because there is repeated anti-social behaviour occurring, we will treat you as a priority. Please tell the Council, Police or your landlord about your circumstances when you call. Your report will be assessed and, wherever appropriate, an officer will be sent to investigate.

Re-offending

Across the country as a whole, the number of first time entrants to the criminal justice system is declining, both amongst young people and adults. This is perhaps not surprising as overall crime is declining. However, again in both young people and adults, the rate of re-offending is increasing. As many as one in four offenders commit another offence within a year of release.

There have been changes in the Probation Service recently with the creation of Community Rehabilitation Companies (CRCs) to take over the supervision of all but the most serious offenders. Their remit includes supervising people who were sentenced to imprisonment for less than 12 months – a group who previously received no supervision at all. It is hoped that this will address rising re-offending rates.

One of the initiatives that CRCs will continue are Integrated Offender Management (IOM) schemes which target through enhanced supervision and practical support those offenders most likely to re-offend. In Harrow, there has been an IOM scheme running for several years and will now include people who had short custodial sentences but are at high risk of re-offending.

More serious offenders are still managed under Multi Agency Public Protection Arrangements (MAPPA) which will be overseen by the National Probation Service.

Support

Victims of crime

A range of victim services have been developed across London, delivered both by statutory agencies and the VCS. The type of support offered varies from helplines and online forums to direct work with victims offering emotional and practical support. The length of contact victims have with services is determined according to their need.

However, more than half of the providers surveyed through a review of victim services commissioned by MOPAC rated the quality of support services provided to victims and witnesses in London to be 'average'. Moreover, less than one third of providers agreed that effective mechanisms are in place to ensure that victims are referred or signposted to the appropriate local victim services. This was most frequently felt to be the case among organisations dealing with victims of hate crime, domestic violence and repeat victimisation. Among those victims who report the crime to the police, the availability and quality of support across the system is seen to be variable. Overall, victims were largely dissatisfied with their experience of the criminal justice process, with criticism frequently directed towards the role of the CPS and the judiciary and the need for greater acknowledgement of the emotional impact the process has on victims. Victims report feelings of being dismissed, patronised and powerless and receiving a lack of information and support by court services.

MOPAC will be commissioning a London-wide Victims Service in 2015 that will ensure that the Code of Practice for Victims of Crime becomes a reality. The Code provides, amongst other things that entitlement to specific services is available to:

- Victims of the most serious crime;
- persistently targeted victims; and
- vulnerable or intimidated victims

These services include information about the progress of court cases and, in some circumstances, about the management of offenders as well as victims being afforded the opportunity to make victim statements at various stages of proceedings and parole hearings. In particular, the Code says that support will be available for victims and witnesses throughout any criminal proceedings which it is hoped will reduce the number of trials that fail because witnesses do not attend.

If you've been a victim of any crime or have been affected by a crime committed against someone you know, Victim Support can help you find the strength to deal with what you've been through as well providing some practical help. Locally, Victim Support can be contacted on 0845 450 3936.

Safer Neighbourhood Board

In 2013, MOPAC reviewed their support for local Police engagement and accountability structures and decided to sponsor the creation of a Safer Neighbourhood Board for each Borough. In Harrow, a Board was established in April 2014 and has met quarterly throughout the year receiving data packs on crime levels and police performance and

submitting bids for projects to address issues of concern. The projects funded by MOPAC via the Safer Neighbourhood Board locally have included community engagement activity and the installation of a knife bin in Wealdstone. The Board is now considering further work relating to gangs; violence against women and girls, further community engagement and work with Ward Panels, better interaction between the Police and young people, promoting victims' understanding of the criminal justice system and the part played by different agencies, support for the Secure Streets initiative and possible work with the Romanian Community.

Fire Service

As part of the Fire Service's free, home fire safety visit they will assess your home and offer advice on how to make it safer; where appropriate they will fit a smoke alarm. The home fire safety visit is usually for people regarded as having a higher risk of fire in the home such as:

- Older people living alone
- People with mobility, vision or hearing impairments
- People accessing mental health service users
- Those liable to intoxication through alcohol and/or drug use

Visits shouldn't last more than a few minutes and could significantly help prevent fires.

The Fire Service also provides advice and information about issues such as hoarding which can increase the risk of fire and prevent quickly leaving a burning building, carbon monoxide poisoning, barbecues, bonfires and fireworks to help keep residents safe.

The Service also works hard to tackle the problem of arson. In 2010/11 they attended over 6,000 deliberate fires in London. This number is coming down, but more still needs to be done because these fires damage property, take firefighters away from training and fire safety work, and can even lead to people being hurt or killed.

They tackle arson by working closely with other organisations like the Police, and we also raise awareness of the problems of arson by using publicity and campaigns. Through youth engagement programmes they talk to young people about the consequences of crimes like arson and hoax calls.

A range of people help tackle arson including:

- Fire investigation units, teams who attend fires after firefighters have put the fire out. Fire investigators work closely with police to find out how deliberate fires are started. Teams use specialist equipment and techniques, and can even call on fire investigation dogs, trained to sniff out accelerants such as petrol.
- An Arson Task Force, which brings together the Fire and Rescue Service, the police and government departments, to reduce arson-related deaths, injuries and fire damage.
- The juvenile firesetters intervention team (JFIS), which works with young people who have demonstrated firesetting behaviour.

Review of last year's Strategy

The 2014-17 Community Safety Strategy focused primarily on reducing volume crime. The statistics set out earlier in this strategy relating to volume crime show that this has been significantly reduced. However, of the actions that were proposed as part of the last strategy, several have not been completed including:

- improving information sharing agreements and processes,
- a more co-ordinated approach to tackling anti-social behaviour,
- the development of a Gangs Strategy, and
- optimising the potential of the Integrated Offender management Scheme.

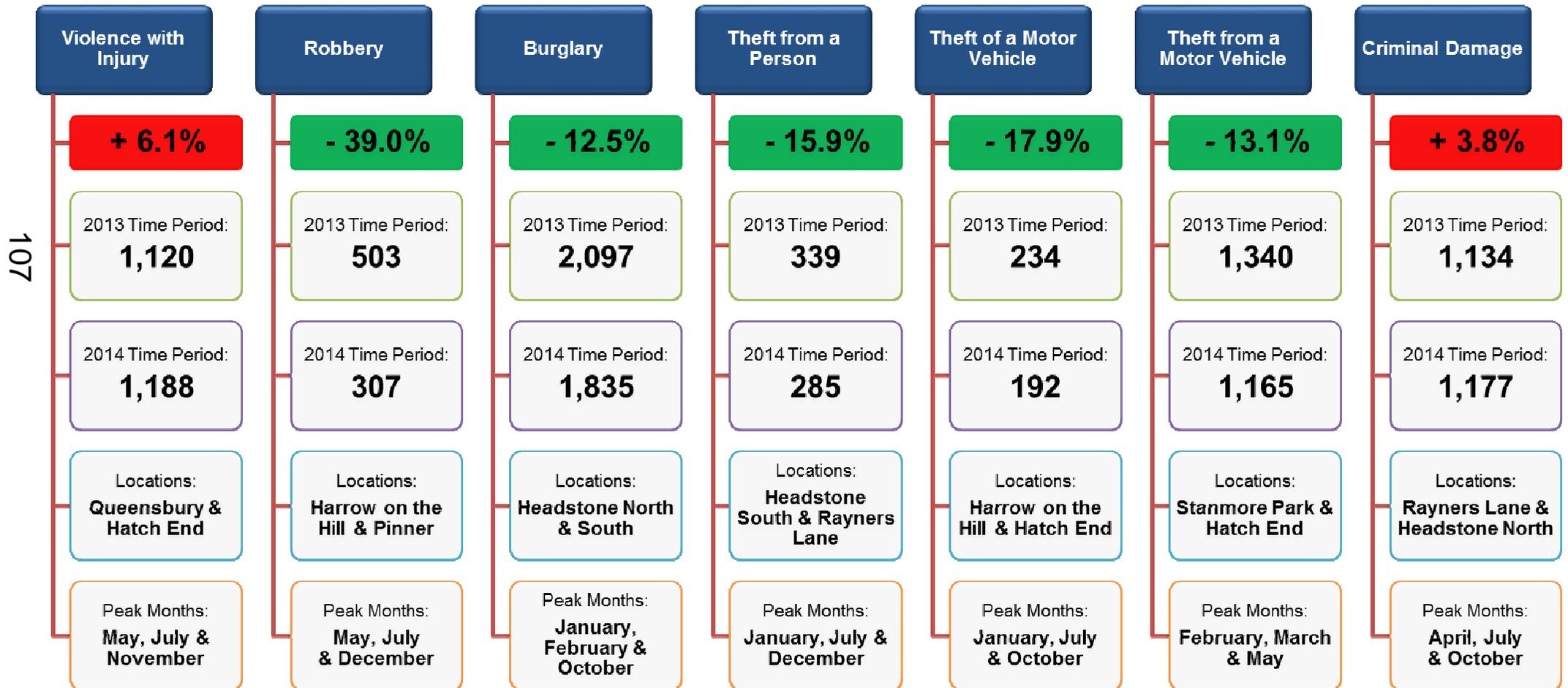
These actions have been or will be taken forward in the action plans supporting this strategy.

Progress on the Action Plans developed and still to be developed that are owned the following Groups will be reported to Safer Harrow on a regular basis.

Groups	Lead
Domestic and Sexual Violence Strategy Group	Alex Dewsnap
Prevent Working Group	Samia Malik
Youth Offending Team Management Board	Chris Spencer
Early Intervention Panel	Richard LeBrun
Anti-Social Behaviour Action Group	Janice Noble
Community Champions	David Corby
Gangs Group	Mike Howes
Multi-Agency Sexual Exploitation Meeting (MASE)	Richard Metcalf
Drug and Alcohol Services	Bridget O'Dwyer
Suicide Prevention	Sarah Crouch

MOPAC Crimes in Harrow 2013 & 2014

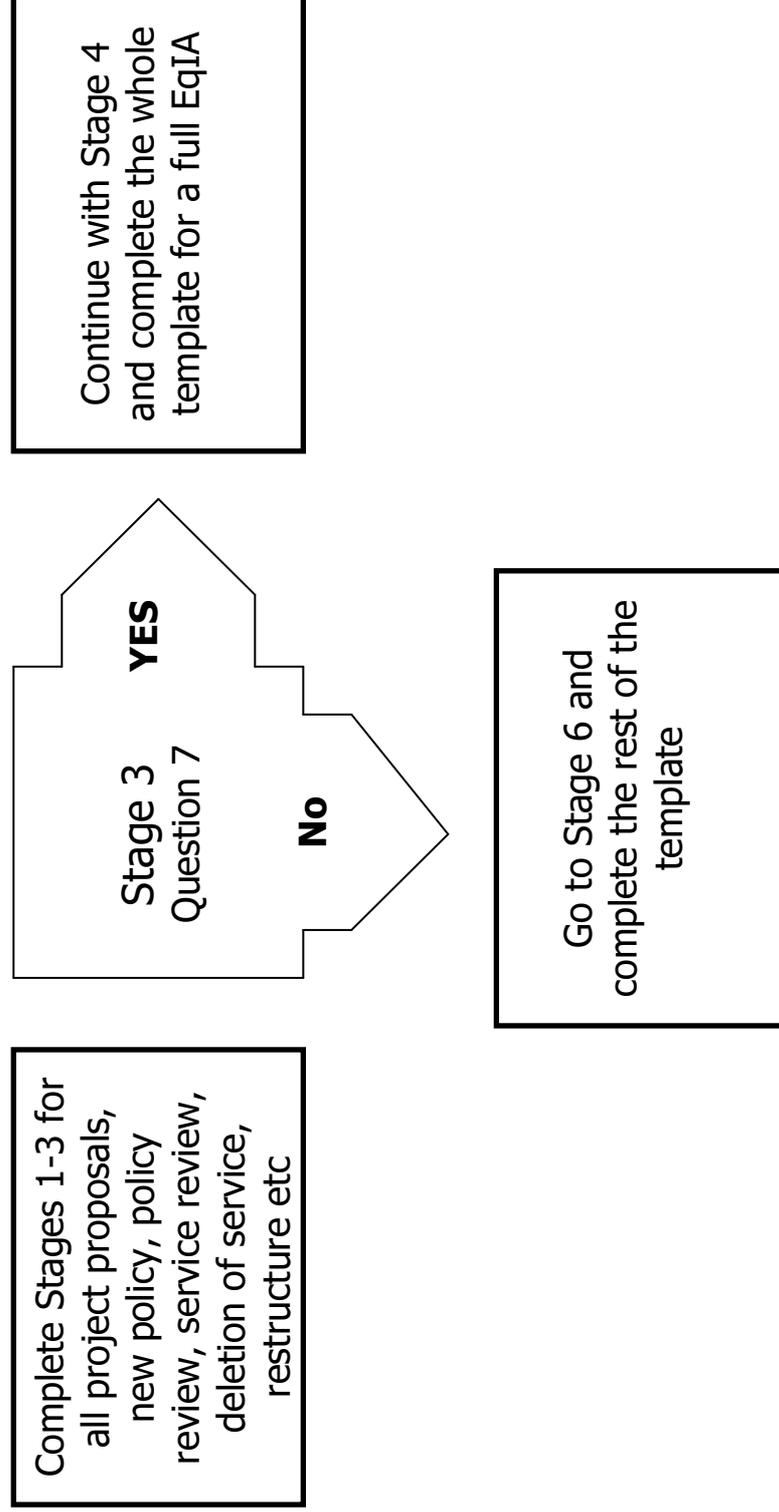
All figures stated below were taken from the MET Police website that was available at the end of January 2015.



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Equality Impact Assessment Template (APPENDIX 2)

The Council has revised and simplified its Equality Impact Assessment process. There is now just one Template. Project Managers will need to complete **Stages 1-3** to determine whether a full EqIA is required and the need to complete the whole template.



Equality Impact Assessment (EqIA) Template

In order to carry out this assessment, it is important that you have completed the EqIA E-learning Module and read the Corporate Guidelines on EqIAs. Please refer to these to assist you in completing this assessment.

It will also help you to look at the EqIA Template with Guidance Notes to assist you in completing the EqIA.

Type of Project / Proposal:	Tick ✓	Type of Decision:	Tick ✓
Transformation		Cabinet	✓
Capital		Portfolio Holder	
Service Plan		Corporate Strategic Board	
Other		Other	
Title of Project:	The Community Safety Strategy for 2015-2018		
Directorate/Service responsible:	Resources to co-ordinate; all to deliver		
Name and job title of lead officer:	Mike Howes, Senior Policy Officer		
Name & contact details of the other persons involved in the assessment:			
Date of assessment:	June 2015		
Stage 1: Overview			
1. What are you trying to do? (Explain proposals e.g. introduction of a new service or policy, policy review, changing criteria, reduction / removal of service, restructure, deletion of posts etc)	<p>To set priorities for community safety activity over the years 2014-2017 so that the Council, the Police, the Health Service, voluntary and community organisations and others share a common direction of travel in relation to community safety.</p> <p>The major priorities are Terrorism and Radicalisation, Child Sexual Exploitation, Gangs and Domestic and Sexual Violence. These are seen as potentially community changing crimes and represent the biggest risks to the community. The previous strategies have focuses on “MOPAC 7” crimes; Burglary; Violence with Injury; Vandalism; Theft from the Person; Robbery; Theft of a Vehicle and Theft from a Vehicle; as well as Anti-social behaviour; Domestic Violence and reducing re-offending. These crimes were identified by the Mayor as having the greatest</p>		

impact on the public while ASB causes the greatest local concern, and domestic violence makes up a higher proportion of crime in Harrow than in any other London Borough. Reducing re-offending should help achieve these other crime reduction priorities. While these crimes are important, their collective impact is not as great as, for example, a terrorist incident. MOPAC 7 crimes in Harrow have also reduced by 28% over the last three years, a significantly larger reduction than for London as a whole and Harrow is now the safest Borough in London as measured by MOPAC 7 crimes per thousand population.

Residents/Service Users	✓	Partners	✓	Stakeholders	✓
Staff	✓	Age	✓	Disability	✓
Gender Reassignment	✓	Marriage and Civil Partnership		Pregnancy and Maternity	
Race	✓	Religion or Belief	✓	Sex	✓
Sexual Orientation	✓	Other			

2. Who are the main people/Protected Characteristics that may be affected by your proposals? (✓ all that apply)

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3. Is the responsibility shared with another directorate, authority or organisation? If so:

- Who are the partners?
- Who has the overall responsibility?
- How have they been involved in the assessment?

All Council Directorates, the Police, The Probation Service, the Fire Service, Harrow Magistrates, the Health Service and the Voluntary and Community Sector.

Safer Harrow has considered the strategic assessment which analyses crime and ASB trends and drew up the priorities contained within the Community Safety Strategy. Had any adverse impacts been identified in this assessment, they would have been reported to Safer Harrow to consider changing the Strategy.

Stage 2: Evidence / Data Collation

4. What evidence/data have you reviewed to assess the potential impact of your proposals? Include the actual data, statistics reviewed in the section below. This can include census data, borough profile, profile of service users, workforce profiles, results from consultations and the involvement tracker, customer satisfaction surveys, focus groups, research interviews, staff surveys; complaints etc. Where possible include data on the nine Protected Characteristics.

(Where you have gaps (data is not available/being collated), you may need to include this as an action to address in your Improvement Action

Plan at Stage 7)

Age (including carers of young/older people)	<p>Of the crime types where the age of the victim and the suspect might be relevant, Robbery and Violence with Injury have similar profiles with both victims and suspects being predominantly young. For example, for Violence with Injury, 26% of victims were 25-34 years old and a further 25% younger while only 19% of victims were aged 45 or more. For Robbery, 22% of victims were 17 or younger with a further 35% being between 17 and 34 and, again, only 19% of victims were aged over 45. For theft from the person, however, victims aged 45 and over accounted for 31% of the total.</p> <p>For suspects the majority for both Robbery and Violence with injury were under 35</p>
Disability (including carers of disabled people)	No data on crime affecting this protected characteristic
Gender Reassignment	No data on crime affecting this protected characteristic
Marriage/Civil Partnership	No data on crime affecting this protected characteristic
Pregnancy and Maternity	No data on crime affecting this protected characteristic
Race	<p>Of the crime types where the ethnicity of the victim and of the suspect might be relevant, there is no clear pattern. For Robbery, the largest group of victims, 45%, were Asian with 27% being White while for Violence with Injury, 41% of victims were white and 32% Asian.</p> <p>For suspects in Robbery, 42% were Afro-Caribbean, 20% white and 13% Asian and for Violence with Injury, 34% were White, 24% Asian and 23% Afro-Caribbean.</p> <p>Reported Racist and Religious Hate Crime, which are recorded together showed a 34% increase in the year to February 2015 increasing from 205 to 269. There is thought to be significant under reporting in this crime area.</p>
Religion and Belief	Faith Hate crime increased from 29 to 34 offences in the year to February 2015. There is thought to be significant under reporting in this crime area.
Sex/Gender	81% of victims of robbery were male. This is a substantial increase on the previous year, when just over 70% of victims were male and the year before when the proportion was 55%. Male victims of Violence with Injury accounted for 71% of the total but 46% of victims of Theft from the Person were female – the largest proportion given that in a large number of cases, no sex was recorded. 91% of victims of reported

	Domestic Abuse were female.	
Sexual Orientation	There were 10 reported homophobic offences in the year to February 2015, an increase of 1. There is thought to be significant under reporting in this crime area.	
Socio Economic	No data on the variable impact of crime on people in different socio-economic is available.	

5. What consultation have you undertaken on your proposals?		
Who was consulted?	What consultation methods were used?	What do the results show about the impact on different groups / Protected Characteristics?
Safer Harrow	Debate at meetings of Safer Harrow	There needs to be more attention paid to encouraging victims of Racist, Faith Hate and Homophobic crimes, as well as of Domestic Violence to report offences.
		What actions have you taken to address the findings of the consultation? (This may include further consultation with the affected groups, revising your proposals).
		The proposals have been modified to reflect the advice and expertise of Safer Harrow members
6. What other (local, regional, national research, reports, media) data sources that you have used to inform this assessment? List the Title of reports / documents and websites here.		
Harrow is now the safest Borough in London as measured by MOPAC 7 crimes per thousand population.		

Stage 3: Assessing Potential Disproportionate Impact

7. Based on the evidence you have considered so far, is there a risk that your proposals could potentially have a disproportionate adverse impact on any of the Protected Characteristics?

	Age (including	Disability (including	Gender Reassignment	Marriage and Civil	Pregnancy and Maternity	Race	Religion and Belief	Sex	Sexual Orientation
--	----------------	-----------------------	---------------------	--------------------	-------------------------	------	---------------------	-----	--------------------

	carers)	carers)	Partnership				
Yes							
No	X	X	X	X	X	X	X

YES - If there is a risk of disproportionate adverse Impact on any **ONE** of the Protected Characteristics, continue with the rest of the template.

- **Best Practice:** You may want to consider setting up a Working Group (including colleagues, partners, stakeholders, voluntary community sector organisations, service users and Unions) to develop the rest of the EqIA
- It will be useful to also collate further evidence (additional data, consultation with the relevant communities, stakeholder groups and service users directly affected by your proposals) to further assess the potential disproportionate impact identified and how this can be mitigated.

NO - If you have ticked 'No' to all of the above, then go to **Stage 6**

- Although the assessment may not have identified potential disproportionate impact, you may have identified actions which can be taken to advance equality of opportunity to make your proposals more inclusive. These actions should form your Improvement Action Plan at Stage 7

Stage 4: Collating Additional data / Evidence

8. What additional data/evidence have you considered in relation to your proposals as a result of the analysis at Stage

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(include this evidence, including any data, statistics, titles of documents and website links here)

9. What further consultation have you undertaken on your proposals as a result of your analysis at Stage 3?

Who was consulted?	What consultation methods were used?	What do the results show about the impact on different groups / Protected Characteristics?	What actions have you taken to address the findings of the consultation? (This may include further consultation with the affected groups, revising your proposals).

Stage 5: Assessing Impact and Analysis

10. What does your evidence tell you about the impact on different groups? Consider whether the evidence shows potential for differential impact, if so state whether this is an adverse or positive impact? How likely is this to happen? How you will mitigate/remove any adverse impact?

Protected Characteristic	Adverse ✓	Positive ✓	Explain what this impact is, how likely it is to happen and the extent of impact if it was to occur. Note – Positive impact can also be used to demonstrate how your proposals meet the aims of the PSED Stage 9	What measures can you take to mitigate the impact or advance equality of opportunity? E.g. further consultation, research, implement equality monitoring etc (Also Include these in the Improvement Action Plan at Stage 7)
Age (including carers of young/older people)				
Disability (including carers of disabled people)				
Gender Reassignment				
Marriage and Civil				

Partnership									
Pregnancy and Maternity									
Race									
Religion or Belief									
Sex									
Sexual orientation									
11. Cumulative Impact – Considering what else is happening within the Council and Harrow as a whole, could your proposals have a cumulative impact on a particular Protected Characteristic?						Yes	No		
If yes, which Protected Characteristics could be affected and what is the potential impact?									
11a. Any Other Impact – Considering what else is happening within the						Yes	No		

Council and Harrow as a whole (for example national/local policy, austerity, welfare reform, unemployment levels, community tensions, levels of crime) could your proposals have an impact on individuals/service users socio economic, health or an impact on community cohesion?

If yes, what is the potential impact and how likely is to happen?

12. Is there any evidence or concern that the potential adverse impact identified may result in a Protected Characteristic being disadvantaged? (Please refer to the Corporate Guidelines for guidance on the definitions of discrimination, harassment and victimisation and other prohibited conduct under the Equality Act) available on Harrow HUB/Equalities and Diversity/Policies and Legislation

	Age (including carers)	Disability (including carers)	Gender Reassignment	Marriage and Civil Partnership	Pregnancy and Maternity	Race	Religion and Belief	Sex	Sexual Orientation
Yes									
No									

If you have answered "yes" to any of the above, set out what justification there may be for this in Q12a below - link this to the aims of the proposal and whether the disadvantage is proportionate to the need to meet these aims. (You are encouraged to seek legal advice, if you are concerned that the proposal may breach the equality legislation or you are unsure whether there is objective justification for the proposal)

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12 the analysis shows the potential for serious adverse impact or disadvantage (or potential discrimination) but you have identified a potential justification for this, this information must be presented to the decision maker for a final decision to be made on whether the disadvantage is proportionate to achieve the aims of the proposal.

- If there are adverse effects that are not justified and cannot be mitigated, you should not proceed with the proposal. **(select outcome 4)**
- If the analysis shows unlawful conduct under the equalities legislation, you should not proceed with the proposal. **(select outcome 4)**

Stage 6: Decision

13. Please indicate which of the following statements best describes the outcome of your EqIA (✓ tick one box only)

Outcome 1 – No change required: the EqIA has not identified any potential for unlawful conduct or disproportionate impact and all opportunities to advance equality are being addressed.

Outcome 2 – Minor adjustments to remove / mitigate adverse impact or advance equality have been identified by the EqIA. *List the actions you propose to take to address this in the Improvement Action Plan at Stage 7*

Outcome 3 – Continue with proposals despite having identified potential for adverse impact or missed opportunities to advance equality. In this case, the justification needs to be included in the EqIA and should be in line with the PSED to have 'due regard'. In some cases, compelling reasons will be needed. You should also consider whether there are sufficient plans to reduce the adverse impact and/or plans to monitor the impact. **(Explain this in 13a below)**

✓

Outcome 4 – Stop and rethink: when there is potential for serious adverse impact or disadvantage to one or more protected groups. (You are encouraged to seek Legal Advice about the potential for unlawful conduct under equalities legislation)	
13a. If your EqIA is assessed as outcome 3 or you have ticked 'yes' in Q12 , explain your justification with full reasoning to continue with your proposals.	

Stage 7: Improvement Action Plan

14. List below any actions you plan to take as a result of this Impact Assessment. This should include any actions identified throughout the EqIA.					
Area of potential adverse impact e.g. Race, Disability	Action required to mitigate	How will you know this is achieved? E.g. Performance Measure / Target	Target Date	Lead Officer	Date Action included in Service / Team Plan

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Stage 8 - Monitoring

The full impact of the proposals may only be known after they have been implemented. It is therefore important to ensure effective monitoring measures are in place to assess the impact.	
15. How will you monitor the impact of the proposals once they have been implemented? What monitoring measures need to be introduced to	The Strategic Assessment is produced annually and the Community Safety Strategy updated to reflect changing circumstances. Therefore,

<p>ensure effective monitoring of your proposals? How often will you do this? <i>(Also Include in Improvement Action Plan at Stage 7)</i></p>	<p>a change in the crime pattern affecting one or more protected characteristic will be highlighted early in the new financial year.</p>
<p>16. How will the results of any monitoring be analysed, reported and publicised? <i>(Also Include in Improvement Action Plan at Stage 7)</i></p>	<p>Regular crime monitoring at Safer Harrow will enable the impact of the actions proposed in the Community Safety Strategy to be assessed and changes made to the</p>
<p>17. Have you received any complaints or compliments about the proposals being assessed? If so, provide details.</p>	<p>No</p>
<p>Stage 9: Public Sector Equality Duty</p>	
<p>18. How do your proposals contribute towards the Public Sector Equality Duty (PSED) which requires the Council to have due regard to eliminate discrimination, harassment and victimisation, advance equality of opportunity and foster good relations between different groups. (Include all the positive actions of your proposals, for example literature will be available in large print, Braille and community languages, flexible working hours for parents/carers, IT equipment will be DDA compliant etc)</p>	
<p>Eliminate unlawful discrimination, harassment and victimisation and other conduct prohibited by the Equality Act 2010</p>	<p>Advance equality of opportunity between people from different groups</p>
<p>119 The Strategy includes a recognition of the importance of Community Cohesion in setting a climate in which crime is regarded as unacceptable. Community Cohesion is enhanced by more comprehensive reporting of crimes and especially Hate Crime and its prompt and robust investigation.</p>	<p>Foster good relations between people from different groups</p> <p>Reducing crime increases community confidence and cohesion, enabling people from different backgrounds more easily to trust each other</p>
<p>Stage 10 - Organisational sign Off (to be completed by Chair of Departmental Equalities Task Group)</p>	
<p>The completed EqIA needs to be sent to the chair of your Departmental Equalities Task Group (DETG) to be signed off.</p>	
<p>19. Which group or committee considered, reviewed and agreed the EqIA and the Improvement Action Plan?</p>	

Signed: (Lead officer completing EqIA)	Mike Howes	Signed: (Chair of DETG)	Alex Dewsnap
Date:		Date:	
Date EqIA presented at the EqIA Quality Assurance Group		Signature of ETG Chair	

APPENDIX 3

LONDON BOROUGH OF HARROW

CABINET – 16 JULY 2015

REFERENCE FROM OVERVIEW AND SCRUTINY COMMITTEE – 9 JUNE 2015

COMMUNITY SAFETY STRATEGY

This Committee considered a report which introduced the draft Community Safety Strategy for 2015 -18 and invited the Committee's comments to Cabinet for consideration before the Strategy was recommended to Council for adoption.

The Head of Policy introduced the report and explained that the Community Safety Strategy was a statutory plan. She then made the following points:

- the Safer Harrow Partnership had made the decision for the Strategy to shift away from high volume crimes. Whilst these were important there was a feeling that there had to be a shift towards focusing on those issues that would be more significant for the community as a whole including: terrorism, radicalisation, child sexual exploitation, gangs and domestic and sexual violence. Underpinning these would be issues such as community cohesion, data sharing and governance;
- the strategy had been divided into a number of thematic groups and for each of these, a sub-group would be comprised which each would have their own action plan.

The Deputy Borough Commander then addressed the Committee and made the following points:

- he reflected on the International Picture in respect of terrorism, the National Picture in terms of Crime and notable incidents, then the local picture in terms of Crime Reduction achievements. There was a need to focus on areas of serious harm and risk that would ultimately threaten community cohesion;
- he also noted that Anti Social Behaviour needed to be considered for inclusion. Notwithstanding reduction in volume and repeat callers, because the borough had experienced a number of serious incidents.

The Portfolio Holder for Environment, Crime and Community Safety addressed the Committee and commented that he had been to a number of the Safer Harrow meetings where this had been discussed and welcomed comments from Members.

The following questions were made by Members and responded to accordingly:

- Was reference to the Community Safety Strategy the same as reference to the Community Safety Plan? These terms appear to have been used interchangeably.

This was correct.

- Why was there duplication in the content of the cover report presented to the Committee and the Strategy itself?

This would be corrected for future reports.

- Why were acronyms being used in the Strategy? This was confusing for those who did not know what these were. A glossary would be a helpful addition.

This suggestion was helpful and would be considered.

- Was there any concerns regarding the ongoing dispute in Harrow between the mosques?

There were no specific concerns and if any tensions arose these would be dealt with.

- The structure and layout of the Strategy was confusing and there was little information about the methodology in achieving the outcomes set out.

These were helpful comments and more work would be done to sign post the methodology used in achieving the outcomes.

- Could more work be done in schools to educate about preventing Hate Crime?

It was becoming an increasing challenge for the Police to get this subject discussed at schools. Any influence Members were able to exert in their roles as school governors to address this would be welcomed.

- Were there any figures in relation to domestic violence issues in Harrow?

There were approx 500 allegations involving violence. There were approximately 7,000 non-criminal domestic allegations.

- Could the police be more aware that the internet was becoming an increasing tool by perpetrators of Hate Crime, cyber bullying etc? Further action was required.

This was a welcome suggestion and would be looked at in due course.

- There were a large number of unreported crimes taking place at school. This usually related to assaults and thefts.

Schools and underreporting was an issue. Greater dialogue was required and Members were again encouraged, in their roles and school governors, to help address this issue.

- What was the difference between a faith and religious crime?

This was a good question and this would be provided to the Committee as there were technical differences

The Chair thanked the attendees for presenting the report.

Resolved to RECOMMEND: (to Cabinet)

That the Committee's comments on the draft Community Safety Strategy be provided to Cabinet.

Background Documents:

Minutes of the Overview and Scrutiny Committee – 9 June 2015

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REPORT FOR: CABINET

Date of Meeting:	17 September 2015
Subject:	'Building a Better Harrow' – Delivery Programme
Key Decision:	Yes
Responsible Officer:	Paul Nichols, Divisional Director of Regeneration and Planning
Portfolio Holder:	Councillor Keith Ferry, Deputy Leader and Portfolio Holder for Business Planning and Regeneration
Exempt:	No, except for Appendix A which is exempt under paragraph 3 of Schedule 12a of the Local Government Act 1972 as it contains information relating to the financial or business affairs of any particular person (including the authority holding that information).
Decision subject to Call-in:	Yes, except where the decision is reserved to Council
Wards affected:	All
Enclosures:	Appendix A (Exempt): Civic Centre re-location Appendix B: Overarching Borough Agreement

Section 1 – Summary and Recommendations

This report seeks Cabinet approval for a number of decisions related to progressing the 'Building a Better Harrow' Regeneration Programme and Housing Zone agreement in financial year 2015/16.

Recommendations:

Cabinet is requested to:

1. Approve in-principle the robust proposals to leave our costly and outdated Civic Centre and build a smaller and more efficient Civic Centre in the heart of Wealdstone, at no net cost to the taxpayers of Harrow over the Regeneration period.
2. Recommend to Council to approve an addition to the 2015/16 Capital Programme for site assembly for the Wealdstone re-development as set out in Appendix A (Exempt).
3. Delegate authority to the Chief Executive, following consultation with the Portfolio Holder for Business, Planning and Regeneration and the Director of Finance and Director of Legal and Governance, and subject to the necessary funding being added to the capital programme, to enter into agreements for the Council to acquire the third party land and property interests identified in Appendix A (Exempt) in order to complete the land assembly arrangements for the proposed new Civic Centre site in Wealdstone.
4. Recommend to Council to bring forward allocated capital funding of £1,150k from 2016/17 to 2015/16 and the re-allocation of this funding and £750k of existing capital funding in 2015/16 as detailed in paragraph 2.4.5.
5. Agree to commence procurements over £500,000 for the appointment of one or more specialist consultants or contractors to provide any services (including multi-disciplinary services) required under RIBA Stages 0-7 for both the existing and proposed Civic Centre sites.
6. Agree that the decision to award contract(s), subject to the approval of budget in February 2016 for works in 2016/17 onwards, is delegated by Cabinet to the Chief Executive following consultation with the Portfolio Holder for Business, Planning and Regeneration and the Portfolio Holder for Finance and Major Contracts, for the appointment of one or more consultants or contractors to provide any services (including multi-disciplinary services) required under RIBA Stages 0-7 for both the existing and proposed Civic Centre sites.
7. Give in-principle agreement to the Overarching Borough Agreement with the Greater London Authority forming the basis for the Housing Zone arrangements with the Council and delegate finalisation of the agreement to the Chief Executive, in consultation with the Portfolio Holder for

Business, Planning and Regeneration and the Director of Finance and Director of Legal and Governance;

8. Delegate to the Chief Executive, following consultation with the Portfolio Holder for Business, Planning and Regeneration and the Director of Finance and Director of Legal and Governance to enter into an Intervention agreement/s with the Greater London Authority for the Council owned sites that formed part of the Housing Zone bid, for a total of £8.8m in recoverable grant funding as set out in section 2.6.
9. Delegate authority to the Chief Executive, following consultation with the Portfolio Holder for Business, Planning and Regeneration and the Director of Finance and Director of Legal and Governance to enter into any other agreements and take any other necessary actions, acting within approved capital budgets, to give effect to the regeneration programme outlined in the report.
10. Note that a Residents Panel has been established, enabling residents and other stakeholders to be involved and feed into the Regeneration journey from beginning to end.
11. Note that the programme supports the commercialisation agenda through the delivery of Private Rented Sector housing on Council-owned sites, creating an on-going source of revenue for the Council.

Reason: (For recommendations)

To 'Build a Better Harrow' together, for today, and for future generations.

Our communities deserve a thriving, modern and vibrant Borough that makes Harrow a home to be proud of.

With the land we are leaving at the current Civic Centre site, a new Civic Centre in Wealdstone and our car park in Greenhill Way, we are going to build affordable homes, schools, new public spaces, business opportunities and community facilities.

There will be zero net cost to the taxpayers of Harrow over the Regeneration programme. The programme will be funded by the money earned by developing Council land, national and regional grants, inward investment and external funding.

These proposals show that our 'Building a Better Harrow' regeneration programme will bring wide-ranging benefits for years to come, including investment into vital local services, amongst other things.

We are going to 'build the better Harrow' that our communities deserve and enable the Local Authority and implement key priorities and pledges within the 2014/15 Corporate Plan, Regeneration Strategy and Medium-Term Financial Plan.

Section 2 – Report

2.1 Summary

- 2.1.1 The Harrow regeneration programme is a once in a generation opportunity to 'Build a Better Harrow', for today, and future generations. This £1.75Bn development programme of both Council and private assets will see some 5,500 new homes within the Heart of Harrow Opportunity Area and will provide a major impetus for business development, creating around 3,000 new jobs overall. To make Harrow a thriving, modern and vibrant Borough there will be a clear focus on the quality of place making, a sustained programme of improvements to Harrow town centre and Wealdstone district centre, an insistence on high quality architecture and a programme of investment in social and community infrastructure as well as new and improved public spaces. Encouraging growth in the local economy is vital to offset some of the worst effects of the recent economic conditions and this is a principal objective of the regeneration programme. The 2014/15 Corporate Plan prioritises investment in social infrastructure such as schools, leisure and sports facilities and transport improvements and the regeneration programme enables us to deliver this.
- 2.1.2 Regeneration provides an ideal opportunity to meet the Council's priorities and make a difference for the vulnerable, Harrow's community, families, and local businesses, making Harrow a place where people want to live, work and play. The programme will only be successful if it is designed in partnership with local communities, using our resident's ideas, expertise and support. An engagement programme with local residents is already in train, with a new Residents Panel formed to provide a continued dialogue with residents as the programme develops. A programme of site-by-site engagement will support this as individual proposals are developed. In addition, since a relocated Civic Centre is an important catalyst for delivery, there will be close consultation with Council staff throughout.
- 2.1.3 In December 2014, Cabinet approved an ambitious Draft Regeneration Strategy for Harrow. The strategy focuses on driving forward and facilitating growth and investment, delivery of new homes, job creation and improved social outcomes. The Strategy highlights a number of key developments that will enable the Council to deliver a specific programme of investment in Harrow using its own surplus land assets. The core aim is to deliver significant cost savings for the Council, providing more and better homes whilst generating long-term income streams to reinvest in local services.
- 2.1.4 The centrepiece of the regeneration strategy is the relocation and replacement of the Civic Centre on Station Road, at no net cost to the taxpayer over the Regeneration period, as well as the development of the Greenhill Way car park and regeneration of Wealdstone and wider Heart of Harrow area. Following an options appraisal on potential

development sites, the Council has identified a preferred option for the location of the Civic Centre.

2.1.5 This report seeks Cabinet approval in-principle the relocation of the Civic Centre from the current site to a preferred site in Wealdstone incorporating Peel House Car Park, recognising the need to increase the Council's capital programme to meet total development costs, to be confirmed via the Budget setting process. Moving our offices into Wealdstone will bring benefits to the local economy, including investment, and boost the business of independent traders and High Street shops.

2.1.6 This is a vital part of the regeneration strategy for a number of reasons:

- The current Civic Centre is on a prime redevelopment site, which can help to meet a wide range of development needs across the Borough.
- The current Civic Centre uses this large site very inefficiently. The current buildings are over-sized, expensive to run and inefficient: the Council's needs can be met in a much smaller building.
- A large proportion of the Council's proposed private rented sector programme can be delivered on the current Station Road site and the new proposed site for the replacement Civic Centre. There will be several hundred purpose built, high quality rental units across these two sites, addressing the needs of 'generation rent' in Harrow, managed to provide fair and secure rentals.
- The proposed location for the new Civic Centre is Wealdstone District Centre. This will form the hub of a wider package of regeneration initiatives designed to transform the economic performance and quality of life in this locality, helping Wealdstone to achieve its full potential.
- There is a focus on social and community provision, with major new facilities on these two sites including a new primary school, a replacement library, extensive new workspace for small and growing local businesses, attractive new public spaces and streetscape improvements.

2.1.7 This is a major and ambitious regeneration programme, achieving a pace of development not seen in Harrow for many years. Over the next 18-24 months, design and planning work will be progressed on the major sites, alongside intensive consultation and programme delivery planning. Construction of initial phases on a number of the major sites is scheduled for 2017-19 and planned development to achieve the later phases will continue until 2021/22.

2.1.8 This report seeks Cabinet approval to re-allocate approved Regeneration budgets for 2015/16-2016/17 to progress the Regeneration Programme.

- 2.1.9 In December 2014, Cabinet also agreed to endorse in principle the submitted Housing Zone bid for the Heart of Harrow and grant authority to the Corporate Director of Environment and Enterprise to negotiate with the Greater London Authority, in consultation with the Portfolio Holder for Business, Planning and Regeneration, as they evaluate and approve the Council's Housing Zone bid.
- 2.1.10 Following a lengthy approval process the GLA announced in February 2015 that the Heart of Harrow was one of the first nine housing zones. The headline figures for the zone are £31.4m funding of which £8.8m is recoverable grant funding to the Council to assist it in bringing forward Council owned sites within the Zone. The remaining £22.6m is in the form of development finance loans to Third Party developers (Origin Housing and Hyde Housing).
- 2.1.11 The GLA requires Boroughs identified as Housing Zones to firstly enter into an 'Overarching Borough Agreement'. This Agreement sets out the overarching principles upon which Borough Zone Funding may be made available and the Borough's role in securing the delivery of the Third Party zone outputs. The next layer of agreements are the specific 'Intervention Agreements' which will set out the detailed terms and conditions upon which specific amounts of Borough zone funding will be advanced to the Borough by the GLA for each site.
- 2.1.12 This report is seeking Cabinet's in-principle approval of the Overarching Borough Agreement, as summarised in Appendix B, with the finalisation of the agreement to be delegated to the Chief Executive, in consultation with the Portfolio Holder for Business, Planning and Regeneration and the Director Finance and Assurance and Director of Legal and Governance.
- 2.1.13 The report also seeks Cabinet agreement to delegate to the Chief Executive, in consultation with the Portfolio Holder for Business, Planning and Regeneration and the Director Finance and Assurance and Director of Legal and Governance to enter into the individual scheme 'intervention agreements' as they are finalised. The schemes requiring the direct involvement of the Council and which would be subject to intervention agreements are likely to be the Civic Centre, Wealdstone sites (including Peel House Car Park) and Greenhill Way.

2.2 Background

Implementing the Regeneration Strategy

- 2.2.1 In December 2014, Cabinet approved an ambitious Draft Regeneration Strategy for Harrow¹. The strategy focuses on driving forward and facilitating growth and investment, delivery of new homes, job creation and improved social outcomes. The Strategy

¹ <http://www.harrow.gov.uk/www2/documents/s117992/Harrow%20Regeneration%20Strategy.pdf>

highlights a number of key developments that will enable the Council to deliver a specific programme of investment in Harrow using its own surplus land assets. The core aim is to deliver significant cost savings for the Council, providing more and better homes whilst generating long-term income streams to reinvest in local services.

2.2.2 Our regeneration strategy is a key priority for the administration, and has a number of objectives, including:

- 'Building a Better Harrow' together, for today, and for future generations.
- Addressing housing need, particularly for affordable housing.
- The Council developing its own land – to meet community needs and to make better use of its own assets.
- A new initiative for the Council to build homes for private rent (in addition to social rent/affordable housing). There is a programme to develop about 600 new private rented homes on Council land, for market rent.
- Renewing civic and community facilities – meeting infrastructure needs: 2 new schools, a new Central Library, a new (more efficient and smaller) Civic Centre and – potentially - a new or improved Leisure Centre complex.
- Creating quality places – both through a focus on quality design in new development and through schemes to create new public squares and spaces and to improve key links and routes (such as Station Road).
- Getting maximum benefit for the local economy – through the creation of new employment space and measures to develop local apprenticeships and training schemes and to build local supply chains.

2.2.3 The centrepiece of the regeneration strategy is the relocation and replacement of the Civic Centre on Station Road, at no net cost to the taxpayer over the Regeneration period, as well as the development of the Greenhill Way car park and regeneration of Wealdstone and wider Heart of Harrow area.

2.2.4 Following an options appraisal on alternative Civic Centre delivery models and potential development sites, the Council has identified a preferred option. The Council explored moving into rental accommodation but this was not possible as no suitable buildings were available. Several of the Council's current land assets were considered for their suitability of customer access, size and the regeneration impact of developing a new centre. The preferred location will enable the direct delivery of new homes, a new school, two new public squares, a range of economic benefits and a new fit-

for-purpose Civic Centre. This report seeks Cabinet confirmation of the decision to re-locate the Civic Centre from its current location to a preferred site in Wealdstone, providing benefits including investment into the local economy and boosting the business of independent traders and High Street shops.

- 2.2.5 This is a major and ambitious regeneration programme, achieving a pace of development not seen in Harrow for many years. Consideration was given to each of the sites identified in the Regeneration Strategy via an options appraisal that focussed on delivering a cost-neutral programme that optimises the use of the Council's assets to deliver much needed housing, infrastructure, community and leisure spaces in the Borough. Each site will be subject to more detailed analysis to ensure that the Council obtains best value for money.
- 2.2.6 Over the next 18-24 months, design and planning work will be progressed on the major sites, alongside intensive public consultation and programme delivery planning. Construction of initial phases on a number of the major sites is scheduled for 2017-19 and planned development to achieve the later phases will continue until 2021/22.
- 2.2.7 The programme will only be successful if it is designed in partnership with local communities, using their views, ideas, expertise and support. An engagement programme with local residents is already in train; a resident's panel with an independent chair is being established as an advisory (and therefore not decision making) group that the Council can engage with around regeneration issues, opportunities and challenges to provide a continued and structured dialogue with the community as the programme develops.
- 2.2.8 The summary objectives of the Panel will be:
- To engage local communities and enable them to contribute to the design of regeneration proposals for their area – building trust, generating excitement and ensuring that all proposals respond to local needs and knowledge;
 - To give residents an opportunity to shape how regeneration proposals are taken forward and what facilities are built;
 - To advise and support the promotion of training, employment and tender opportunities arising from regeneration activities;
 - To ensure residents understand the economic and social benefits of the local regeneration - jobs, skills, apprentices, new community space and facilities, etc.; and,
 - To engage a diverse set of residents from different backgrounds.
- 2.2.9 The panel will meet at least quarterly, with the first meeting being in September 2015.

Housing Zone

- 2.2.10 In December 2014, Cabinet also agreed to endorse in principle the submitted Housing Zone bid for the Heart of Harrow and grant authority to the Corporate Director of Environment and Enterprise to negotiate with the Greater London Authority, in consultation with the Portfolio Holder for Business, Planning and Regeneration, as they evaluate and approve the Council's Housing Zone bid.
- 2.2.11 Following a lengthy approval process the GLA announced in February 2015 that the Heart of Harrow was one of the first nine housing zones. The headline figures for the zone are £31.4m funding of which £8.8m is recoverable grant funding to the Council to assist it in bring forward Council owned sites within the Zone. The remaining £22.6m is in the form of development finance loans to Third Party developers (Origin Housing and Hyde Housing).
- 2.2.12 The GLA requires Boroughs identified as Housing Zones to firstly enter into an 'Overarching Borough Agreement'. This Agreement sets out the overarching principles upon which Borough Zone Funding may be made available and the Borough's role in securing the delivery of the Third Party zone outputs. The next layer of agreements are the specific 'Intervention Agreements' which will set out the detailed terms and conditions upon which specific amounts of Borough zone funding will be advanced to the Borough by the GLA for each site.
- 2.2.13 This report is seeking Cabinet's in-principle approval to the Overarching Borough Agreement, as summarised in Appendix B, and for the finalisation of the agreement to be delegated to the Chief Executive, in consultation with the Portfolio Holder for Business, Planning and Regeneration and the Director Finance and Assurance and Director of Legal and Governance.
- 2.2.14 The report also seeks Cabinet agreement to delegate to the Chief Executive, in consultation with the Portfolio Holder for Business, Planning and Regeneration and the Director Finance and Assurance and Director of Legal and Governance to enter into the individual scheme 'Intervention Agreements' as they are finalised. The schemes requiring the direct involvement of the Council and which would be subject to Intervention Agreements are likely to be the Civic Centre, Wealdstone and Greenhill Way.

2.3 Civic Centre Re-location and development of the site: Background and Options Appraisal

- 2.3.1 The Heart of Harrow Area Action Plan identifies the comprehensive redevelopment of the current Civic Centre site as a key initiative in the regeneration of the Borough. That is why the Council is putting forward robust proposals to leave our costly and outdated Civic centre and build a much smaller and efficient office in the Heart of Harrow. There are a number of reasons for this:

- The current Civic Centre facilities are oversized for current purposes and make very inefficient use of the site;
 - The current Civic Centre building is deteriorating and is very costly to maintain; and
 - The current Civic Centre site is a prime location for residential led mixed-use redevelopment.
 - Moving our office will provide wide-ranging benefits, including investment, into the Wealdstone economy, and boost the independent traders and High Street shops.
- 2.3.2 These plans will make a significant contribution to the delivery of the three core objectives of Place, Community and Business as set out in its Regeneration Strategy, at no net cost to the taxpayer over the Regeneration period.
- 2.3.3 This site has huge regeneration potential. The Council plans that it will become a new neighbourhood featuring a mixed development that will include housing, retail and other employment space, public space, community space and a school, creating the places and opportunities that Harrow's communities deserve: a thriving, modern and vibrant Borough that will make Harrow a home to be proud of.
- 2.3.4 For its new Civic Centre, the Council favours developing a site that can provide a building that meets the requirements Harrow Council's modern organisation, is smaller, cheaper to run, more efficient and environmentally sound, as well as make contributions to housing, commercial space and car parking, at no net cost to the taxpayer over the Regeneration period. The project also has the potential to provide new public space and improved access routes to other local assets.
- 2.3.5 Both developments will 'Build a Better Harrow' by creating homes and jobs, enhance their surrounding areas, improve the quality of the built environment, bring people into the areas to live and work, create new reasons to visit for others and improve infrastructural links.
- 2.3.6 Integral to the move to a new civic centre is the council's flexible working programme, 'Mobile and Flex'. The new building will have a significantly smaller capacity than the current provision. Mobile and Flex will provide the tools, support and cultural change needed to prepare the workforce to use resources and space efficiently at a reduced desk ratio.

Options considered

- 2.3.7 Over the past year, the Council considered a wide range of options regarding how best to deliver services more efficiently and effectively, whilst optimising the use of its assets. As part of this consideration, a

feasibility study and business case was commissioned to explore the following options for the future of the Civic Centre and the site:

- Retain the current Civic Centre and manage repairs and maintenance requirements reactively (Do Nothing)
- Refurbish and retrofit the existing Civic Centre and redevelop the remainder of site
- Rent and refit an alternative, existing office building to relocate the current Civic Centre
- Purchase and refit an alternative existing office building to relocated the current Civic Centre
- Build a new Civic Centre on another publicly owned site
- Build a new Civic Centre on the current Civic Centre site as part of a mixed-use development.

2.3.8 The completed feasibility study and subsequent outline business case considered the relative costs, benefits and risks associated with each option.

2.3.9 The existing Civic Centre was developed in the 1970s and is no longer fit for purpose. Major repairs are required to the cladding and services. Staying at the current location would require a minimum of £3m investment in existing building to keep it operational. The building is not energy efficient, which means the Council's energy bills are unacceptably high. Furthermore, without moving the Council will not be able to realise the community regeneration benefits of redeveloping the site.

2.3.10 The Council explored moving to rental accommodation, bringing empty buildings back into use in one of Harrow's town centres. However, this was not possible as no suitable buildings were available, with most either occupied, unsuitable or being converted under the current Governments 'prior approval' scheme.

2.3.11 As part of the options appraisal several of the Council's current land assets were considered as a location for the new Civic Centre. Each site was appraised for suitability of customer access, size and the regeneration impact of developing a new centre.

2.3.12 The Council set the principle that the Civic Centre would only be moved if it was be cost neutral to the taxpayers of Harrow i.e. the proceeds of redeveloping the existing site would pay for the new Centre as part of the regeneration programme. A financial appraisal was then undertaken that confirmed that a cost neutral Civic Centre could be delivered on a shortlist of sites.

- 2.3.13 The preferred location of Wealdstone will enable the direct delivery of new homes, a new school, two new public squares, a range of economic benefits and a new fit-for-purpose Civic Centre, at no net cost to the taxpayer of Harrow over the Regeneration period. These plans will deliver large annual returns that we will invest into local services. Therefore this report seeks Cabinet confirmation of the decision to re-locate the Civic Centre from its current location to a preferred site in Wealdstone.
- 2.3.14 Further detail including confidential commercial assumptions is included in Appendix A (Exempt).

Current situation

- 2.3.15 The outline business case concluded that the Council's preferred option is to retain a main council office for Council business and the democratic process and build a new civic centre on a suitable Council owned site. Further development appraisal work was undertaken between January and March 2015 to identify a preferred site for the new civic centre. This work set out the regeneration potential and initial capacity for three council owned sites.
- 2.3.16 The options appraisal report explored a number of viable options on these sites, and recommended Peel Road Car Park in Wealdstone as the preferred location for a new Civic Centre, with the preferred option which adds additional value to the redevelopment through land assembly. The land assembly discussions need to remain confidential at this stage and are addressed in Appendix A (Exempt).
- 2.3.17 Confirmation of the move of the Civic Centre will allow the commencement of the work required to optimise the existing Civic Centre site for mixed-use regeneration development, including housing. This regeneration area is referred to at Station Road Quarter.

Benefits and implications

- 2.3.18 Development of the existing Civic Centre site (Station Rd Quarter), and Wealdstone sites will achieve the following objectives:
- a) To transform of the current 4.1 hectare, under utilised civic centre site into a new mixed use neighbourhood, supporting local regeneration and facilitating the cost neutral delivery of a new, fit for purpose, civic centre in Wealdstone, transforming the site into an exemplary mixed use district helping to improve the town centre and 'Build a Better Harrow';
 - b) To deliver a substantial amount of new high quality, well-designed mixed tenure homes, including provision for much needed affordable homes including shared ownership and affordable/social rent affordable homes, as well as homes for private sale and rent;

- c) To deliver a substantial amount of private rented (PRS) units that the Council would rent to tenants and receive a rental income, which will deliver large annual returns that we will invest into vital local services. The overall programme of 600+ PRS units will be managed by an arms-length Council-owned company, will improve the offer to renters in the Borough and improve standards in Harrow's private rented stock;
- d) To deliver new retail, work and commercial space for local small and medium enterprises helping to increase local economic growth, job creation and supply chain benefits to make a difference for local businesses
- e) To re-establish a mixed use frontage onto Station Road on the existing Civic Centre site;
- f) To form the hub for an integrated package of regeneration activities across the Wealdstone area;
- g) To create a high quality, town centre public realm which encourages social interaction and engagement with the democratic function of the new civic centre;
- h) To create a better east-west connection between the Leisure Centre site and the development on the Kodak site, through Wealdstone town centre and the proposed Civic Centre development site;
- i) To deliver new well designed community and health facilities and a purpose built primary school to cater for existing and new residents;
- j) To create a more rational site layout and public realm that improves the appearance of the existing Civic Centre site, successfully stitches the site into the surrounding communities and provides a direct route to Harrow and Wealdstone Station;
- k) To improve the natural landscape and biodiversity of the Civic Centre site, with the retention of existing trees (where feasible), new planting, open space and sustainable urban drainage systems;
- l) To provide financial value to the Council from selling/leasing parcels of land for development in a coordinated/phased manner, bringing in investment returns that will benefit the local taxpayer;
- m) To provide local employment and training opportunities including apprenticeships during the pre-construction, construction and post construction phases;
- n) To provide opportunities for a mix of developers to increase market competition, encourage new housing providers and support housing innovation.

2.3.19 Both sites feature in Harrow Council's Housing Zone contract with the GLA, and are critical to the delivery of Harrow's Housing Zone commitments. These projects also contribute to the following corporate objectives:

Corporate objectives	Projects contribution
<p>Medium Term Financial Strategy Corporate cost savings: The Council has to make cost savings of £83m over the 4-year period from 2015/16 to 2018/19. A drive towards different service delivery models, reduction in services and identifying new revenue streams will all contribute to driving cost savings.</p>	<p>These projects will realise significant development value to the Council via land receipt payments by releasing land for development, an income stream by developing units for private rental and facilitating cost savings by allowing the Council to move to a new, modern Civic Centre building with reduced operational and maintenance costs.</p>
<p>Asset Strategy Commercialisation and Council assets: promoting entrepreneurialism and taking advantage of commercial opportunities through making optimal use of the Council's existing land and building assets over the long term (Councils Asset Strategy), selling successful services beyond Harrow and making them income generating.</p>	<p>These projects will make better use of Council owned sites and provide an opportunity for the Council to build and manage a substantial quantum of the 600 PRS Unit target, which will generate an income stream to the Council to invest into vital local services.</p>
<p>Regeneration Strategy: The Council's Regeneration Strategy (2015) is focused on driving forward and facilitating growth and investment, delivery of new homes, job creation and improved social outcomes.</p>	<p>These are the flagship projects within the Regeneration Programme. The phased redevelopment of the site will encourage inward investment, growth and delivery of new homes for those from within and outside the borough. The projects will create jobs through the design, construction and occupation phases and deliver social and environmental benefits in the form of new architecture, public realm, trees and landscaping.</p>

2.3.20 The table below sets out how the projects contribute to the corporate objectives of the Council:

#	Benefit	Primary Benefit Recipient
1	Provision of a substantial amount of new high quality, well-designed mixed tenure homes including private for sale, private rent, shared ownership and affordable/social rent.	Harrow residents, including those in poor quality rented accommodation, and newcomers to the Borough
2	Delivery of a new modern, fit for purpose, cost-neutral civic centre building that can provide a new home for the Council's office and democratic functions, together with new community facilities by releasing the existing site for residential development and receiving a land/development receipt.	Harrow residents, through better, more cost-effective services
3	Facilitating the Civic Centre relocation and subsequent cost savings and improved working environment for staff.	Harrow residents, through better, more cost-effective services
4	Creating a long-term income stream for the Council through the construction and letting of homes for private rental as well as affordable homes.	Harrow residents, through more financially sustainable services.
5	Delivering new high quality public realm, civic space and landscaping which delivers social, health and environmental benefits and improves the appearance/feel of the priority areas.	Local community and future residents
6	Improving the access and permeability of the sites for pedestrians and cyclists.	Local community and future residents
7	Delivering a new primary school to meet current and forecast educational need.	Local community and future residents

2.3.21 Responsibility for delivering the project benefits lies with the Council and partners. Both projects will establish a 'Benefits Realisation' stage to track and report on whether these benefits are being realised post construction and into handover and occupation.

2.3.22 The two projects Station Rd Quarter and Wealdstone are interdependent, as the later development phases of the Civic Centre site will require the Council to have relocated to its new location in Wealdstone before remaining demolition/site clearance works can commence. Delivery of these two important projects will be monitored via the Regeneration Board. The lead officers for the sites will work

closely to ensure interdependencies are managed and full benefits realised.

- 2.3.23 The costs of the design teams have been factored into the overall development cost and are critical in order to get the site development ready. Design teams must be appointed to progress the implementation of these projects.

Critical Success Factors and Dependencies

- 2.3.24 The critical success factors for both projects are closely linked to the project outcomes. The key success factors for the projects are:

- Achieving Housing Zone commitments and Medium-term Financial Strategy (MTFS) targets
- Creation of new high quality neighbourhoods/places that can stand the test of time
- Cost neutral delivery of a new, modern fit for purpose civic centre, on time and to budget
- Delivery of new homes, both market and affordable housing including substantial proportion of PRS units
- Creation of a high quality public realm that stitches the sites into their surroundings
- Realising sufficient development value from the site in the long-term

- 2.3.25 The projects are dependent upon:

- Completion of land assembly negotiations (to add value to preferred option site). The land assembly discussions remain confidential at this stage and are addressed in the Part 2 papers.
- A gradual reduction in council car parking capacity to allow early phases to be built out and income to be generated (any reduction in parking will be supported by a Sustainable Transport Plan).
- School planning projections and capital delivery to ensure the new primary school is built in the right location, at the right time
- Effective market engagement and procurement strategies to ensure good quality developers/contractors to build out the site as timetabled
- The availability of capital funding and the ability to achieve cost neutrality through redevelopments of these sites

- 2.3.26 This report seeks Cabinet confirmation of the decision to relocate the Civic Centre in order to realise the development potential of the current Civic Centre site and confirm Wealdstone as the preferred location for the new Civic Centre.**

2.4 Re-allocation of Regeneration Budgets

- 2.4.1 As the detail of the regeneration programme has developed it has been identified that the associated costs need to be re-profiled and additional funding is required in the current financial year 2015/16 to accelerate progress on critical elements.
- 2.4.2 In forming this opinion delaying progress until 2016/17 was considered but not pursued. It would result in delays to the overall programme delivery and have a detrimental impact on the Council's future MTFs targets. An underspend was identified within existing approved budgets for 2015/16 – 2016/17 eliminating the need to increase the approved budget allocations across the two financial years.
- 2.4.3 The provisional cost requirement built into the 2015/16 budget for £250K capital has already been fully allocated including to fund essential regeneration programme delivery capacity. This includes a dedicated procurement team resource and specialist technical advisers to undertake the feasibility work, develop robust governance and monitoring structures and provide financial, legal and commercial advice.
- 2.4.4 A reworked delivery strategy for Haslam House has resulted in an overall budget reduction from £7.5M to £5M, which is due to the decision to proceed with the smaller version of the scheme, as the land assembly to enable the larger scheme could not be achieved at a viable purchase price. The 2015/16 spend on Haslam House is subsequently being reduced to half of the approved £1.5M budget.
- 2.4.5 The additional expenditure in 2015/16 on the Regeneration Programme is required in other areas, to cover the cost of the following key work streams:

Item	15/16 spend (estimated)
Services required under RIBA Stages 0-7 for the Station Road Quarter (existing Civic Centre site)	£450k
Services required under RIBA Stages 0-7 for the Wealdstone sites and	£350k
Leisure Centre masterplan	£150k
Greenhill Way feasibility study	£100k
PRS sites design development and engagement including for Waxwell Lane and Vaughan Rd.	£300k
Future Civic Centre internal space planning and staff engagement activities	£100k
Additional Project and Programme Management resources to implement schemes	£300k
Additional development viability and design consultant(s)	£100k
Procurement support	£50k
Total remaining required 15/16 spend	£1,900k

<i>Funding reallocated from 15/16 Haslam House spend</i>	<i>£750k</i>
<i>Funding brought forward from reallocated 16/17 Haslam House approved budget</i>	<i>£1,150</i>

2.4.6 This report seeks Cabinet’s approval to re-allocate £750k from 2015/16 and £1,150k from the 2016/17 approved budget for Haslam House, to progress the Regeneration programme activities. This is in addition to the £250k already approved.

2.5 Design Team procurements over £500,000

2.5.1 Subject to Cabinet’s approval of recommendations 1 and 2 in this report, and following the completion of an outline business case to appraise various options for the future of the existing Civic Centre site and the proposed Civic Centre, the Council now wishes to procure a team of one or more consultants or contractors to provide any services (including multi-disciplinary services) required under RIBA Stages 0-7 for both the existing and proposed Civic Centre sites.

2.5.2 The scope of works to be procured for both sites will cover the following services for the Royal Institute of British Architects (RIBA) stages of work 0-7:

- Detailed site analysis and a set of design principles to guide the development of the site;
- An options appraisal for the development site(s);
- A Masterplan that includes the proposed development site and the whole estate public realm;
- Design to achieve planning permission (either outline, hybrid or full);
- Detailed design to Stage 3 to safeguard design quality;
- Design for construction drawings.

2.5.3 The procurement process will encourage the consultants or contractors to partner with a number of smaller firms. This will allow the participation of SME’s, who would otherwise be unable to participate in this tender and help deliver the required services with a variety of inputs, expertise and experiences.

2.5.4 Appointment of a team of consultants or contractors to provide any services required under RIBA Stages 0-7 has to be purchased via an external tender, as the required services are not available within the Council.

Station Rd Quarter

2.5.5 Station Road Quarter is a large-scale residential led mixed-use development project, to create a thriving, modern and vibrant

community that residents will be proud to call home. The project will comprise a mix of Council funded elements (PRS units) and externally delivered elements (market sale, affordable housing etc.) by third party developers engaged through a separate procurement exercise. The Council will be required to spend money in 2015-16/17 in order to master plan and prepare the site for development by third party developers/contractors. This includes appointing a suitably qualified team of consultants or contractors to prepare a master plan for the site and detailed design of Phase 1, planned to comprise PRS units for the Council (subject to further scoping). Without this expenditure, the project cannot progress further, the site cannot achieve planning permission and subsequent development/construction will be stalled, resulting in none of the project objectives being realised.

2.5.6 The projected spend on the Station Road Quarter Master Plan Team procurement is estimated at £2.5 million, (based upon estimated contract value) for a master plan with outline permission and detailed design (Stage 3+/4) for a first phase of development of ca200 units. The Master Plan Team might include the following professionals:

- Architect at 3% of contract value
- Landscape/Public Realm Architect at 0.5% of contract value
- Structural Engineer at 1.5% of contract value
- M&E Engineer at 1% of contract value
- Planning consultant at 1% of contract value
- Masterplan with outline permission - fixed price at £250,000

2.5.7 The projected spend for 2015/16 will be £450,000 and is being covered by budget reallocation. The remaining spend will arise during 2016/17 and 2017/18. There is no budget provision in the current capital programme for this. The total budget requirement will be identified as part of the 16/17 budget setting process, which will be approved by Full Council in February 2016.

Proposed Civic Centre Project

2.5.8 The new Civic Centre is proposed as a large scale mixed use development project, which will provide a new smaller and efficient home for the Council which is cheaper to run and secure an income stream through the provision of PRS units, leases/rents of ground floor retail and workspace, to invest in vital local services.

2.5.9 The projected spend on the design process for the Proposed Civic Centre Project is estimated to be £3.2 million (based upon an estimated contract value) to progress to a full planning permission and detailed design (Stage 3+/4). The team might include the following professionals:

- Architect at 3% of contract value
 - Landscape/Public Realm Architect at 0.5% of contract value
 - Structural Engineer at 1.5% of contract value
 - M&E Engineer at 1% of contract value
 - Planning consultant at 1% of contract value
- 2.5.10 The projected spend for 2015/16 will be £350,000 and will be covered by budget reallocation for the year. The remaining spend will arise during 2016/17 and 2017/18. There is no budget provision in the current capital programme for this. The budget requirement will be identified as part of the 16/17 budget setting process, which will be approved by Full Council in February 2016.

Considerations

Social Value Considerations

- 2.5.11 The procurement process for both sites will include the requirement for a sustainability and social value assessment in line with the Council's Sustainable Procurement Policy (SPP).

Change Management

- 2.5.12 Both projects will operate a pre-contract and post-contract change control process that will begin once the outcomes, programme and budget have been formally agreed. The change control process will be administered by the Project Manager and overseen by the Project Sponsor.
- 2.5.13 Details of the change control process (including authorities, mechanisms and triggers) are still being determined though will be in place once the objectives, programme and budget have been formally agreed.

Procurement Options

- 2.5.14 The project team reviewed a number of procurement routes. It was found that there were a number of frameworks available that the council could access for the procurement of architects for these projects. Some of the frameworks available were GLA, ESPO, East Thames, MOJ, and London Construction Programme.
- 2.5.15 The following procurement routes were selected for their suitability for each project; GLA Architecture, Design and Urbanism Panel (ADUP) for the Station Road Quarter Project and an Open OJEU Tender for the proposed Civic Centre Project.
- 2.5.16 For the Station Road Quarter Project, there are a number of frameworks available with good architectural suppliers who can meet

the project requirements, so there is no particular advantage in pursuing an open tender process. The project team wish to procure a design team via a mini competition run off the Greater London Authority (GLA) and Transport for London (TfL) Architecture, Design and Urbanism Panel (ADUP) for practices in Lot 2 – Architecture. Although all frameworks have similar benefits in that the organisations have all been competitively procured and suppliers are already prequalified, the GLA framework stands out because:

- It contains well-respected architectural practices of various sizes. It is being used by a large number of London Boroughs to procure design services with a proven track record of delivering good outcomes. The framework has been procured jointly between the GLA and Transport for London who have used it to procure a large quantity of projects including many residential development masterplans. The quality of firms on the panel with London experience outperforms other national frameworks.
- Objective, rigorous and fair assessment of suppliers, with emphasis on design approach and technical competence (70:30 points split between quality/technical and financial criteria as competitive rates are fixed)
- Consistent contractual arrangements
- Assurance of legal compliance, professional insurance provisions and financial standing□
- Confirmation of supplier policies and practices in line with GLA/TfL principles and Responsible Procurement objectives.
- The suppliers within the framework are well-respected architects with considerable experience of delivering residential projects.
- The framework is well known, used by many London local authorities and has been used successfully by members of the project team previously.
- The framework enables the procurement of architects to be in place by 1st October 2015.

2.5.17 For the Proposed Civic Centre Project, it is considered that the Council would achieve a better outcome by undertaking a competitive OJEU process, rather than going to an existing framework. The preferred OJEU route is Competitive Procedure with Negotiation (CPN). The reasons for selecting this route over others are:

- The project requires a specialist set of skills including experience of residential and civic centre architecture and design, which most frameworks do not include.
- There is an opportunity to maximise positive press and engagement on this project through open competition.

- It provides the chance to attract internationally recognised architect practices.
- It allows authorities a certain amount of flexibility, giving them a range of options, which allow a tailoring of the process according to the authority's needs.

Evaluation and appointment

- 2.5.18 The tender for both design teams will be carried out using the council's e-procurement system.
- 2.5.19 The procurement evaluation criteria will be 70% on quality/technical and 30% on price/resource. This is generally considered a standard quality/cost split when appointing teams providing services required under RIBA Stages 0-7 and is considered acceptable for projects of this scale and importance.
- 2.5.20 Appointment of a preferred bidder or bidders will be subject to the availability of funding to cover the costs of the relevant contract.

Contract Management

- 2.5.21 Each contract will be managed by a dedicated lead Project Manager. Performance criteria for the contract will be set out in detail in the ITT documentation.
- 2.5.22 For Station Road Quarter, The GLA ADUP framework standard terms and conditions will be considered as part of the contract issued by the Council. More information will be provided at Appointment stage.
- 2.5.23 For the proposed Civic Centre site, the contract used will be the Standard RIBA Appointment of an Architect 2013.
- 2.5.24 This report seeks Cabinet approval to commence procurements over £500,000 for the appointment of one or more consultants or contractors to provide any services (including multi-disciplinary services) required under RIBA Stages 0-7 for both the existing and proposed Civic Centre sites.**
- 2.5.25 This report also seeks Cabinet approval that the decision to award a contract, subject to the approval of relevant budgets, is delegated by Cabinet to the Chief Executive, following consultation with the Portfolio Holder for Business, Planning and Regeneration and the Portfolio Holder for Finance and Major Contracts, for the appointment of one or more consultants or contractors to provide any services (including multi-disciplinary services) required under RIBA Stages 0-7 for both the existing and proposed Civic Centre sites.**

2.6 Housing Zone

- 2.6.1 The Mayor of London's Housing Strategy identifies a need for housing to address the rising demand for new homes in London. In the Mayor's 2020 Vision around 49,000 homes a year are needed if it is to keep pace with rising population and address the historic backlog of housing need. Housing zones are a new approach, which the Mayor and Central government are offering to get new homes built quickly. Each Zone is to have a life of around ten years but the GLA appreciates some may be more or less. New housing should come forward within 2015-18 and deliver for a further number of years.
- 2.6.2 A Housing Zone designation, bringing additional funding for the Heart of Harrow, represents a key opportunity to accelerate housing delivery. The funding will facilitate measures to increase densities and to bring forward development earlier. The funding agreement will commit the parties signed up to the successful bid (the Council, Origin Housing and Hyde Housing) to accelerate the delivery of a significant quantum of much needed housing on their respective schemes, and to realise, much earlier than would otherwise be possible, the physical and social benefits that such growth and development can bring to the area.
- 2.6.3 In December 2014 Cabinet agreed to endorse in principle the submitted Housing Zone bid for the Heart of Harrow and grant authority to the Corporate Director of Environment and Enterprise to negotiate with the Greater London Authority, in consultation with the Portfolio Holder for Business, Planning and Regeneration, as they evaluate and approve the Council's Housing Zone bid.
- 2.6.4 The bid was submitted and, following a lengthy approval process, the GLA announced in February 2015 that the Heart of Harrow was one of the first nine housing zones. The headline figures for the zone are £31.4m funding of which £8.8m is recoverable grant funding to the Council to assist it in bringing forward Council owned sites within the Zone. The remaining £22.6m is in the form of development finance loans to Third Party developers (Origin Housing and Hyde Housing).
- 2.6.5 The GLA requires Boroughs identified as Housing Zones to firstly enter into an 'Overarching Borough Agreement'. This Agreement sets out the overarching principles upon which Borough Zone Funding may be made available to the Borough and the Borough's role in securing the delivery of the Third Party Zone Outputs. The Overarching Borough Agreement does not itself release funding; rather the agreement sets out the total zone allocation (as outlined above) and includes the following key Borough obligations:
- i) Not, without prior written consent to the GLA, to dispose of the whole or any part of any Borough Site comprised within the Zone save as expressly contemplated within any Intervention Agreement.

- ii) Use all reasonable endeavours to ensure that none of its employees engaged in the delivery of the Zone Outputs or any Agreed Intervention is paid an hourly wage (or equivalent of an hourly wage) less than the London Living Wage.
- iii) Subscribe to the Mayoral Concordat, which stipulates that new homes for sale will be available for sale to Londoners before or at the same time as they are available to buyers from other countries.
- iv) Ensure that a Planning Performance Agreement is in place in relation to each of the Sites and that the GLA is party to such agreement in relation to any Site, which is referable to it or an alternative arrangement acceptable to the GLA to ensure efficient and prompt decision-making.
- v) Comply with the provisions of the Governance Strategy and Structure.

2.6.6 The body of the agreement is standard clauses that the GLA seeks to apply to all Housing Zones (i.e. they cannot be amended). The Council's Director of Legal and Governance has reviewed these and advised that they are acceptable to the Council. The zone-specific elements of the agreement are included in Schedules and Annexures attached to the agreement; these are included in Appendix B to this report and cover the overall zone contribution (i.e. the direct developments proposed to be brought forward as a result of the funding, as well as indirect developments), the overall zone funding allocations, governance strategy and structure, and the proposed zone output schedule. The information in Appendix B has been derived from the original Housing Zone bid and refined as a result of further project development work and negotiations with the GLA since the bid was accepted in principle in February 2015.

2.6.7 The next layer of agreements are the specific 'Intervention Agreements' which will set out the detailed terms and conditions upon which specific amounts of Borough Zone Funding will be advanced to the Borough by the GLA. These agreements will contract the Council to direct housing delivery in accordance with the agreement, for the Council owned sites (i.e. where the Council is putting in funding for units and will be contracting to delivery of those units). The Council owned sites are anticipated to deliver at least 578 homes by 2019/20, utilising £8.8m of recoverable grant, which is recoverable by the GLA upon the sale of the final unit.

2.6.8 The Third Parties will enter into similar agreements with the GLA to secure their developer financing.

2.6.9 This report is seeking Cabinet's in-principle approval of the Overarching Borough Agreement, as summarised in Appendix B, with the finalisation of the agreement to be delegated to the Chief Executive, in consultation with the Portfolio Holder for Business, Planning and Regeneration and the Director Finance and Assurance and Director of Legal and Governance.

2.6.10 The report also seeks Cabinet agreement to delegate to the Chief Executive, in consultation with the Portfolio Holder for Business, Planning and Regeneration and the Director Finance and Assurance and Director of Legal and Governance to enter into the individual scheme 'intervention agreements' as they are finalised. The schemes with the direct involvement of the Council and which would be subject to intervention agreements are likely to be the Civic Centre, Wealdstone sites and Greenhill Way (as noted above).

2.7 Implications of the Recommendations

Considerations

Staffing/workforce:

2.7.1 Delivering the Regeneration programme will require specialist skills including planning, surveying, architecture and construction project management. Some specialist skills will be acquired through commissioning design teams for projects within the programme. Work is underway to develop the procurement briefs for these work streams and inform the resource analysis for the Regeneration programme.

Performance Issues

2.7.2 Performance of the overall programme is monitored via the Regeneration Board and the Regeneration Programme Dashboard.

Environmental Implications

2.7.3 Although no major Environmental Implications have been identified, delivery of the Regeneration Programme objectives will enable a more efficient use of the Council's sites, while encouraging sustainable travel and promote smarter working within the Council.

2.8 Risk Management Implications

2.8.1 Risk included on Directorate risk register? Yes

2.8.2 The identified key risks are:

- Service delivery failure
- Contractor insolvency
- Failure to meet MTFS targets

2.8.3 Causes, consequences and control measures are detailed in the risk register.

2.9 Legal Implications

- 2.9.1 The Council has the statutory powers to enter into the contractual arrangements to secure GLA grant funding and the third party land interests envisaged by this report, including the power of general competence contained in s1 of the Localism Act 2011 and the power to acquire land by agreement contained in s120 of the Local Government Act 1972.
- 2.9.2 The procurement of contractors and consultants must be undertaken in accordance with the Council's Contract Procedure Rules and the Public Contracts Regulations 2015.

2.10 Financial Implications

- 2.10.1 The Regeneration programme, over the development period, will be funded by the money earned from developing Council land, national and regional grants, inward investment and external funding. These proposals show that the 'Building a Better Harrow' regeneration programme will bring wide-ranging benefits for years to come, including investment into vital local services, amongst other things.
- 2.10.2 The Civic Centre site and Wealdstone site have been identified as two of the redevelopment projects within Regeneration Programme. These two sites are interdependent and therefore the cost and benefit implications should be looked at together.
- 2.10.3 Significant additional capital funding will be required over the next 5-6 years to meet the costs of Regeneration Programme. The total costs of each project will be finalised as part of the 16/17 budget setting process. This will give a more accurate position of the borrowing requirements and capital financing costs to be incurred alongside other revenue implications (additional income, on-going revenue costs and opportunity costs) to the Council. A comprehensive financial model has been developed and is being updated to give the overall revenue impact of these projects.
- 2.10.4 An £8.8M recoverable grant has been confirmed by the GLA as part of Housing Zone. This funding can be used to fund redevelopment costs within the Zone, the Civic Centre and Wealdstone sites being part of it. This will be profiled and built into the financial model to offset the costs of redevelopment, reducing the need for capital borrowing. However it should be noted that the grant is repayable to the GLA upon the sale of the final housing unit, and therefore will be reflected in the financial model as cash outflow in the appropriate year.
- 2.10.5 Master planning for various regeneration sites is programmed to be undertaken in 15/16, the costs of which can be accommodated by way of reallocating existing capital budgets within the Programme.

- 2.10.6 The potential land assembly for the future civic centre site would require additional capital funding in 15/16, the approval of which is being referred to Full Council.
- 2.10.7 The total costs of procuring the design teams for Civic Centre and Wealdstone sites are estimated at £5.7M. A spend of £800K is profiled to 15/16, the funding of which can come from existing capital budgets (see above). Funding for future years will need to be confirmed to meet the full costs of the contract. This will be identified as part of the 16/17 budget setting process and agreed by Full Council in February 2016. The award of the contract will be subject to a separate approval as per Section 1 recommendation 5 above.

2.11 Equalities implications / Public Sector Equality Duty

- 2.11.1 The development proposals within this report are consistent with the Council's adopted Core Strategy, the Harrow and Wealdstone Area Action Plan (AAP), and the Council's draft Regeneration Strategy which were subject to extensive stakeholder and community engagement and to equalities impact assessment. The published AAP Equalities Impact Assessment is particularly relevant. This examines how the AAP meets the needs of the whole community and makes sure that the proposals and policies being advocated through the Plan do not result in any disproportionate disadvantage to any specific group.
- 2.11.2 An initial draft equalities impact assessment has been undertaken on the Regeneration Strategy. This draft EqIA has not identified any potential for unlawful conduct or disproportionate impact and all opportunities to advance equality are being addressed. The initial assessment will be kept under review in light of consultation responses and any additional implications reported back to cabinet with the final strategy and as sites come forward. Full EqIAs will be carried out for each of the development sites once procurement commences.
- 2.11.3 Each of the proposed development sites included within the Regeneration Strategy will be subject to consultation to ensure these are fully inclusive and have no disproportionate impact on any of the protected groups.
- 2.11.4 In addition to on-going input via the Resident's Panel, a programme of site-by-site engagement will support the programme as individual proposals are developed. In addition, since a relocated Civic Centre is an important catalyst for delivery, there will be close consultation with Council staff throughout.

2.12 Council Priorities

- 2.12.1 The Council is 'building a better Harrow', for now, and future generations.

Our communities deserve a thriving, modern and vibrant Borough that makes Harrow a home to be proud of.

2.12.2 The Council's vision:

Working Together to Make a Difference for Harrow

Please identify how the report incorporates the administration's priorities.

- Making a difference for the vulnerable
- Making a difference for communities
- Making a difference for local businesses
- Making a difference for families

2.12.3 Through regeneration we will deliver the Council's aim to make a difference for:

- Communities, by providing new homes and jobs, vibrant town centres and an enhanced transport infrastructure and energy network;
- Business, by providing new commercial workspace, support to access markets, advice and finance;
- Vulnerable residents, by providing access to opportunities, reducing fuel poverty and designing out crime; and
- Families, by providing new family homes, expanded schools and renewing Harrow's estates.

2.12.3 The goals of Harrow's Regeneration Strategy are to:

- Meet the demands of a growing population
- Build on the skills base of Harrow's residents to support sustainable business growth
- Deliver more jobs and homes to meet targets agreed with the Mayor
- Increase Harrow's accessibility to an increasing customer base
- Provide an environment which promotes physical activity and healthy living
- Achieve a step change in the quality of design and development

Section 3 - Statutory Officer Clearance

Name: Dawn Calvert	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 8 September 2015		
Name: Matthew Adams	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 8 September 2015		

Ward Councillors notified:	NO, as it impacts on all Wards
EqIA carried out:	Yes
EqIA cleared by:	Programme wide EqIA undertaken as part of draft Regeneration Strategy. Full EqIAs to be undertaken as part of next stage of work on existing and future Civic Centre sites once strategy agreed.

Section 4 - Contact Details and Background Papers

Contact: Tobias Goevert, Head of Regeneration + Design,
020 8420 9690, tobias.goevert@harrow.gov.uk.

Background Papers:

Draft Regeneration Strategy

<http://www.harrow.gov.uk/www2/documents/s117992/Harrow%20Regeneration%20Strategy.pdf>

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

NOT APPLICABLE

*[Call-in applies except where the
decision is reserved to Council]*

Overarching Borough Agreement

Appendix B - Overarching Agreement (Summary)

HOUSING ZONE Pre Contract monitoring proforma

HOUSING ZONE NAME:	Harrow Housing Zone
PARTICIPATING BOROUGH:	LB Harrow
OTHER NAMED PARTNERS:	Hyde Group, Origin Housing, Land Securities
BOROUGH LEAD OFFICER	Paul Nichols
GLA LEAD BOROUGH OFFICER	Richard Cawser

SUMMARY: Housing Zone Pre Contract Monitoring Proforma: Outputs, Payments, Repayments Summary

1) Direct homes completions delivery profile	2015-16	2016-17	2017-18	2018-19	2019-20	2020-2021	2021-2025	Beyond 2025	Total
MARKET RENT homes	0	0	22	36	52	72	0	0	182
AFFORDABLE RENT homes	0	0	12	63	47	72	16	0	210
MARKET SALE homes	0	0	0	247	298	107	0	0	652
FIRST STEPS homes	0	0	0	150	142	47	32	0	371
TOTAL homes	0	0	34	496	539	298	48	0	1,415

2) Direct homes starts delivery profile	2015-16	2016-17	2017-18	2018-19	2019-20	2020-2021	2021-2025	Beyond 2025	Total
MARKET RENT homes	0	18	57	36	72	0	0	0	183
AFFORDABLE RENT homes	0	29	69	39	72	0	0	0	209
MARKET SALE homes	0	314	173	59	107	0	0	0	653
FIRST STEPS homes	0	138	141	45	47	0	0	0	371
TOTAL homes	0	499	440	179	298	0	0	0	1,416

3) Indirect homes delivery profile	2015-16	2016-17	2017-18	2018-19	2019-20	2020-2021	2021-2025	Beyond 2025	Total
Indirect homes	633	396	686	559	576	321	708	0	3,879

4) GLA funding payment profile	2015-16	2016-17	2017-18	2018-19	2019-20	2020-2021	2021-2025	Beyond 2025	Total
Loan / Recoverable Grant payments:	0	6,900,000	0	0	1,900,000	0	0	0	8,800,000
Financial Transactions payments :	0	6,314,932	16,289,002	0	0	0	0	n/a	22,603,934
Grant payments :	0	0	0	0	0	0	0	0	0
TOTAL payments	0	13,214,932	16,289,002	0	1,900,000	0	0	0	31,403,934

5) Repayment profile	2015-16	2016-17	2017-18	2018-19	2019-20	2020-2021	2021-2025	2025-30	Beyond 2030	Total
Loan/Recoverable Grant repayment:	0	0	0	0	0	0	8,800,000	0	0	8,800,000
Financial Transactions payments :	0	0	0	0	0	5,400,000	17,203,934	n/a	n/a	22,603,934
TOTAL repayment	0	0	0	0	0	5,400,000	26,003,934	0	0	31,403,934

Summary of Sites directly supported by GLA funding :

Harrow Council Civic Centre redevelopment
Origin Housing Sites
Hyde Housing - College Road Phases 1 & 2

Notes:

Direct homes are from sites receiving funding (recoverable grant or development finance) from the GLA, namely Council, Origin and Hyde sites

Indirect homes are those from sites within the Housing Zone area that are anticipated to come forward without direct support from the GLA

Loan / Recoverable Grant is the direct support from the GLA to the Council (i.e. £8,800,000)

Financial Transactions are the direct support (development finance) from the GLA to Hyde / Origin (i.e. £22,603,934)

REPORT FOR: CABINET

Date of Meeting:	17 September 2015
Subject:	Gayton Road Development Proposals
Key Decision:	Yes
Responsible Officer:	Caroline Bruce, Corporate Director of Environment and Enterprise
Portfolio Holder:	Councillor Keith Ferry, Deputy Leader and Portfolio Holder for Business, Planning and Regeneration Councillor Glen Hearnden, Portfolio Holder for Housing Councillor Sachin Shah, Portfolio Holder Finance and Major Contracts
Exempt:	No, except for Appendix 1 which is exempt under paragraph 3 of Schedule 12A to the Local Government Act 1972 (as amended) in that it contains information relating to the financial or business affairs of any particular person (including the authority holding that information)
Decision subject to Call-in:	Yes, except where the decisions are reserved to Council
Wards affected:	Greenhill Ward
Enclosures:	Appendix 1 Exempt information - Schedule Appendix 2 Site Plan

Section 1 – Summary and Recommendations

This report sets out the options for the development of Gayton Road car park and the site of the ex-Gayton library in conjunction with Fairview Enfield Ltd (“Fairview”), the owners of the land that sits between the two aforementioned areas of land.

Recommendations:

- 1) Delegate authority to the Corporate Director of Environment and Enterprise, following consultation with the Deputy Leader and Portfolio Holder Business, Planning and Regeneration, to agree flexible terms and enter into contracts for the development of Gayton Road surface level car park and the site of the ex Gayton Road Library to include the property situated between them known as Sonia Court. The development to include a number of private housing units for sale or private rent to be owned by the Council, or a corporate vehicle wholly owned by the Council, and the acquisition of social affordable residential units within the proposed development as per option 3 of this report provided that it remains in the Council’s best interests to do so.

The development will be subject to:-

- (i) Council approval of the funding of the arrangements for both the social affordable and the private housing elements; and
 - (ii) planning approval.
- 2) Delegate authority to the Corporate Director of Environment and Enterprise and the Corporate Director of Resources following consultation with the Deputy Leader and Portfolio Holder Business, Planning and Regeneration to:
 - (i) agree the structure of an appropriate delivery vehicle or vehicles in which to hold the respective assets to secure a flexible and optimal position for the Council, to include the option of deciding to retain the ownership of the social affordable residential units directly by the Council; and
 - (ii) that Cabinet recommend to full Council the approval of a capital budget of up to £15m for the social affordable and private housing elements as per option 3, and
 - (iii) That Cabinet recommend to full Council the approval of additional borrowing of up to £15m to fund the capital expenditure in (i) above, and
 - (iv) That Cabinet authorise the Director of Finance following consultation with the Portfolio Holder Finance and Major Contracts to negotiate and finalise loan arrangements between the Council and the preferred delivery vehicle of sums up to £1.65m, being the estimated requirement plus a 10% tolerance.

3) That Cabinet note that the proposals contained in the report support the Council's commercialisation agenda.

Reason: Option 3 produces the highest net revenue contribution to the Medium Term Financial Strategy (MTFS) as well and provides much needed affordable and market housing for Harrow's residents.

There is a shortage of housing generally in the borough, and in particular a shortage of "affordable" housing for those on low incomes. The position has been made worse as a result of the impact of welfare reform on household incomes, which has also adversely impacted on the willingness of local landlords to let their properties to low income households. This has greatly increased the number of families at risk of homelessness, and despite the work of the Housing Needs team in preventing homelessness in many cases, has resulted in a significant increase in B & B usage.

The proposals in this report will assist in meeting the demand for both market rented and affordable housing within the Borough and will assist the Council in controlling homelessness costs.

Section 2 – Report

Introductory paragraph

The Council owns the freehold of the Gayton Road surface level car park and the site of the ex Gayton Library. Sonia Court, a small block of flats with adjacent garages is situated between the two Council sites and is owned by Fairview. See attached plan. In combining the site it is possible to deliver a comprehensive development scheme which would produce approximately 200 more residential units than would be the case if the sites were developed separately.

On 14 December 2006, Cabinet authorised officers to enter into negotiations with Fairview Homes Ltd ("Homes"), on an outline proposal to deliver a new combined library, performing arts and exhibition centre on the Gayton Road site, which would replace the existing library as part of a wider development of the whole site for housing and a new town centre car park, consistent with the existing Town Centre Development Strategy.

In July 2007, the completion of more detailed feasibility and costing work indicated that the programme was not affordable in the light of the Council's constrained budget position. Officers identified an opportunity to relocate the Gayton library on an interim basis to Garden House, a five storey building located conveniently in the heart of Harrow town centre almost directly opposite a large department store.

The rationale for the partnership with Homes was reviewed at that stage with the assistance of specialist valuers. On 8 November 2007 Cabinet delegated authority for a contract for sale to Fairview at best consideration.

Subsequently a planning application was submitted and the Homes scheme was granted planning permission on 2 October 2009, following completion of a S106 legal agreement. It comprised:

- 383 flats, 102 of which were affordable (26.6% of units) in 5 blocks ranging in height from 4 to 10 storeys. 61 of the affordable units were social rented, the majority (35 in total) providing larger 3, 4 and 5 bedroom accommodation, whilst the shared ownership provision was for 41 smaller 1 or 2 bedroom units. 34% of habitable rooms – the conventional way of measuring compliance with planning policy - were affordable.
- 200 public car parking spaces and 81 resident parking spaces, in a semi basement arrangement

There were however concerns by Members and the general public over the scale and particularly height of this proposed development and accordingly this proposal was ultimately rejected by the Council as landowner.

Further discussions took place with Homes in respect of a revised scheme and on 17 October 2013 Cabinet approved the disposal.

Jones Lang LaSalle were instructed to advise as to whether the consideration for the proposal was the best that could be reasonably obtained pursuant to the requirements of section 123(2) of the Local Government Act 1972 and their report confirmed that the revised scheme met the necessary requirements.

It is considered that the recommended Option 3 meets the requirements of Section 123(2) of the Local Government Act 1972, but officers intend to instruct external valuers to provide the necessary reports and confirmation prior to the Council exchanging contracts conditional *inter alia* on planning. It is proposed that the terms of any contract will require the Council as landowner to agree the form of the planning application prior to its submission.

The proposal will generate an income stream to contribute to the MTFS . In addition it will bring forward a substantial number of housing units, both social rented and private, whilst bringing the site of the ex Gayton Road library back into beneficial use.

Options

Option 1

The Council accepts a capital receipt from Fairview and sells the freehold of the ex-library site and car park to Fairview outright on a contract conditional on the grant of planning consent, reserving the right to approve the planning application as landowner, prior to submission.

This option generates a revenue benefit based on the interest saved on borrowing not required as a result of the capital receipt. It should be noted that this benefit would accrue sooner than the other options but is a one-off receipt.

Option 2

The Council transfers the freehold of the two sites to Fairview at nominal consideration in exchange for an agreed number of new private housing units for either sale or operation as private rented housing. In addition, 33 underground parking spaces, retail/café space and community space would also be given to the Council.

The Council would reserve the right to approve the planning application as landowner, prior to submission.

Net revenue benefits from this option are greater than Option 1.

Option 3

The Council transfers the freehold of the two sites to Fairview , at nominal consideration in exchange for (1) the Council or its chosen SPV acquiring an agreed number of new private housing units for either sale or operation as private rented housing at nil consideration; separately (2) the same chosen SPV (or the Council) will purchase the social affordable element of the development scheme.

Both the SPVs' interests (or the Council if it decides to retain [either] the social affordable [or the private rented]units directly) will be held under long (999-year) leases. The Council will reserve the right to approve the planning application as landowner, prior to its submission.

This option provides the highest net revenue stream and whilst the benefit is delayed by some 20 months when compared to option 1 the ultimate value is substantially higher and there is far greater flexibility associated with it.

Option 4

Develop the ex-Gayton Road library site and surface level car park separately and exclude Sonia Court. This option produces a significantly lower number of housing units and a smaller capital receipt and/or other revenue benefits.

Option 5

Do nothing. This is not considered to be appropriate as the ex-library has been demolished and the site is derelict.

Under **Option 3** it is estimated that the first social rented units would be delivered 16 months from the commencement of development works on site at the rate of 12 per month and the private units 22 months from their build commencement at a rate of 8 per month. It is envisaged that the entire scheme would deliver in the region of 358 housing units (subject to prior landowner approval of the scheme and subject to planning).

It should also be noted that under **Option 3** that if the Council should choose not to purchase the social affordable element then this will still be delivered to a Registered Provider of social housing (formerly known as a 'housing association') with nomination rights to the Council under the planning consent which allow the council to nominate specific homeless households to occupy the affordable rented units. The Council normally requires the right to

nominate to 100% of the affordable rented units on initial let, and to 75% of subsequent relets, for a period of sixty years.

Staffing/Workforce

If a social affordable scheme and/or private rented sector scheme is progressed the residential units would either be managed by a wholly owned council company or internally using existing structures.

Performance Issues

The recommended option contributes significantly to the provision of rented, social and private housing within the borough.

Environmental Implications

The development scheme will have a positive impact and contribute to the Council's Climate Change Strategy by:

- Improving energy efficiency and reducing CO2
- Achieving a suitably high Sustainable Building Code
- Incorporate a CHP

Risk Management Implications

Risk included on the Directorate risk register? NO

Separate risk register in place? Yes

There are significant risks as a result of the development, but they will be managed and mitigated as necessary. The main risks are identified in the table below.

Risk	Mitigation
Delays in exchanging contracts	Progress closely monitored, regular scheduled meetings
Delay in submitting planning application	Regular progress meetings and Fairview to enter into planning performance agreement
Legislative changes, including extension of Right To Buy to housing associations	Lobbying with other local authorities (e.g. London Councils), prior to exchange; opportunity to renegotiate social affordable element Flexibility has been drafted into the contract for sale to ensure the Council's investment is secure in the event of changing market conditions or legislation by providing under various scenarios alternative options for either selling on the PRS and / or the SA or alternatively not

	proceeding with the purchase of the SA. Additionally if necessary different tenure and ownership models could be exploited.
Rental market declines	Sell the private rental units
Delay in completion of PRS and/or social rented units	Contract/development agreement to provide for monitoring and penalties
The developer becomes insolvent	The Contract/s are being guaranteed by Fairview Holdings Limited. The Council in addition would expect to receive the usual step-in rights under Fairview's intended sub-contract arrangements.
Enhanced SDLT liability	The construction of the appropriate documents to mitigate tax liability

Legal Implications

1. Pursuant to the provisions of section 123(2) of the Local Government Act 1972 the proposals comprised in Option 3 as outlined above would need to satisfy the requirements of that section insofar as the consideration which the Council expects to receive for the transaction or its constituent elements must represent the best consideration that the Council could reasonably obtain.
2. It is proposed that the Council becomes a member of and invests in by way of capital contribution to a Limited Liability Partnership (LLP) vehicle. The LLP members will be the Council and a wholly owned subsidiary of the Council. The Council has taken independent advice to confirm that such an arrangement can be lawfully created and entered into. .
3. The Council has power to establish and participate in an LLP where:
 - (i) it is done to facilitate or is conducive or incidental to the discharge of any of its functions (s. 111(1) of the Local Government Act 1972; and
 - (ii) it is done other than for commercial purpose (s. 1 of the Localism Act 2011)

The Council is able to establish an LLP for the purposes of owning housing where the creation of such is linked directly to one of its functions.

4. The Council has statutory authority to hold property for a variety of purposes including those mentioned in section 120(1) of the Local Government Act 1972 which include for the benefit, improvement and development of their area. The contractual arrangements with Fairview allow the Council to either nominate that Fairview grant the initial

headlease/s back to the Council or such other party as they shall nominate. The intention is that the Council will thereafter grant subleases to the LLP of the private rented and social affordable units.

The nature of the proposed transaction with Fairview Enfield to deliver the scope and type of works that the Council is expecting to receive will need to be structured so as to address any EU procurement risks normally associated with development of a similar nature, whilst ensuring that the Council's position going forward is not compromised.

Latest figures providing by the Harrow town centre car parking Future Options Study June 2015 highlighted that Gayton Road has 294 car spaces where average weekday parking occupancy was 48% and 24% at weekends. It is considered that the other central Harrow Car parks have spare capacity to absorb the loss in parking particularly Queens House where the Council have 450 spaces and where current occupancy rates are 35% on weekdays and 27% at weekends.

Financial Implications

The full financial implications are set out in the Part II exempt appendix.

The proposed option would produce significant revenue streams for the Council over time, and is currently being viewed as a long-term investment for the purposes of the financing arrangements as it is expected to deliver long-term benefits to the Council. The Council will have the option to dispose of part or all of these properties in the future, but may need to consider the potential implications or early loan repayment penalties as part of any options appraisal, depending on the Council's treasury management requirements at the time.

The revenue from Gayton Road car park was £145,869 in the year 2014/2015. As highlighted above it is anticipated that the loss of revenue from the surface level car park would potentially be offset by increased revenue streams at the Council's other car parks in the town centre.

As set out in the appendix, Cabinet would need to recommend to full Council that a capital budget be established to cover the costs of the proposal, that additional borrowing be taken out in order to finance this expenditure, and that approval be given to negotiate any necessary loans to third-party companies that form part of the ownership arrangements.

Equalities implications / Public Sector Equality Duty

Section 149 of the Equality Act 2010 requires that public bodies, in exercising their functions, have due regard to the need to (1) eliminate discrimination, harassment, victimisation and other unlawful conduct under the Act, (2) advance equality of opportunity and (3) foster good relations between persons who share a protected characteristic and persons who do not share it.

Was an Equality Impact Assessment carried out? - No

There is no requirement to carry out an equalities impact assessment for the Gayton Road Development proposals, the subject of this report, because the impact of implementing the proposals is consistent with Corporate Estates existing strategy for the disposal of land and buildings which has been subject to an equalities impact assessment and which identified no adverse equality impact issues.

Council Priorities

The Council's vision:

Working Together to Make a Difference for Harrow

This proposal will contribute positively to the Council's vision for Harrow *Working together to Make a Difference for Harrow* and the council's priorities in the following ways:

Making a difference for the vulnerable and families by providing a range of good quality housing units for:

- Affordable social rental
- Private rental
- Private purchase

Section 3 - Statutory Officer Clearance

Name: Dave Roberts	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 17 August 2015		
Name: Ian Goldsmith	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 17 August 2015		

Ward Councillors notified:	YES
EqIA carried out:	NO , See main body of report
EqIA cleared by:	N/A

Section 4 - Contact Details and Background Papers

Contact: Andrew Connell, Senior Professional,
Estate Development

D/L 0208 424 1259

email: Andrew.connell@harrow.gov.uk

Background Papers: None

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

NOT APPLICABLE

*[Call-in applies, except where
the decision is reserved to
Council]*

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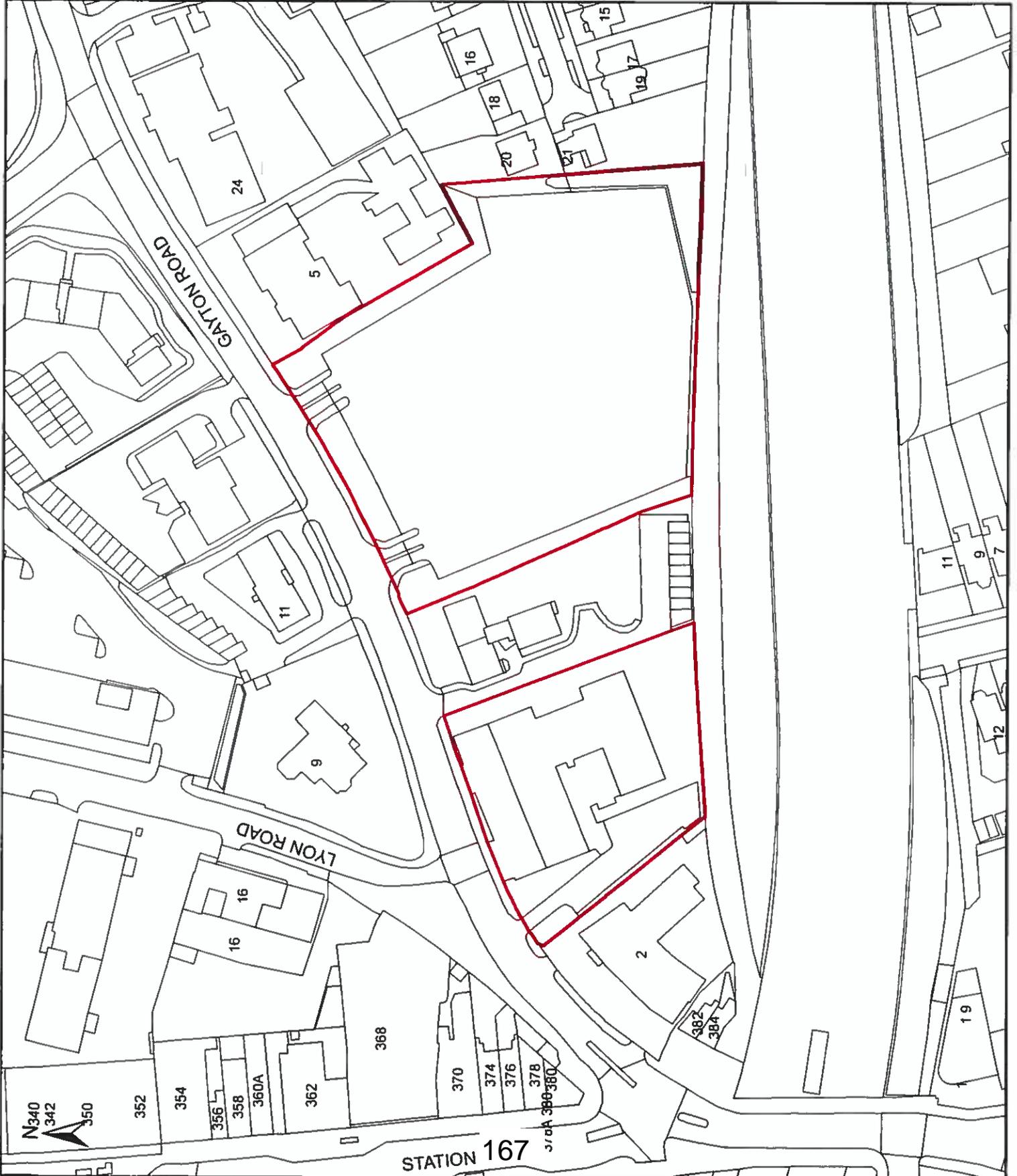
PO Box 39, Civic Centre
 Station Road
 Harrow HA1 2XA
 Telephone: 020 8424 1251

TITLE
 Gayton Road Site Plan
APPENDIX 2

Drawn
 MV
 File No.

Scale
 1:1,250
 Date
 12/06/2015

ES No.
 Issue



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REPORT FOR: CABINET

Date of Meeting:	17 September 2015
Subject:	Revenue and Capital Monitoring for Quarter 1 as at 30 June 2015
Key Decision:	Yes
Responsible Officer:	Dawn Calvert, Director of Finance
Portfolio Holder:	Councillor Sachin Shah, Portfolio Holder for Finance and Major Contracts
Exempt:	Appendix 5 to this report is exempt under paragraph 3 of Schedule 12a of the Local Government Act 1972 as it includes information relating to the financial and business affairs of the Council and its contractors
Decision subject to Call-in:	Yes, except where the decision is reserved to Council
Wards affected:	All
Enclosures:	Appendix 1 - Revenue Summary (Directorates) as at 30 June 2015 Appendix 2 – MTFS 2015/16 to 2018/19 Savings Tracker Appendix 3 - Debt Management 2015/16 Appendix 4 – Capital Programme as at 30 June 2015 Appendix 5 – School expansion programme update (Part 2).

Section 1 – Summary and Recommendations

This report sets out the Council's revenue and capital monitoring position as at Quarter 1 2015/16 (30 June 2015).

Recommendations:

1. That Cabinet note the revenue and capital forecast positions detailed in this report as at Quarter 1 2015/16.
2. That cabinet notes the virements set out in paragraphs 103 and 104 that have taken place in the quarter.
3. That Cabinet approve the virement to the capital programme as set out in paragraph 105, transferring £5.465m of funding from the School Expansion Programme phase 3 to phase 4.
4. That cabinet note the additions to the capital programme set out at paragraphs 107,108 and 110 that have been recommended to Council for approval.
5. That Cabinet recommends to Council the addition to the capital programme set out at paragraph 107 in respect of Grange Farm Regeneration.
6. That Cabinet approves the additions to the capital programme of externally funded spend in paragraphs 106 and 109, in respect of an energy efficiency project at Roxeth Primary School and Stanmore Marsh.

Reason: (For recommendation)

To report the 2015/16 forecast financial position as at 30 June 2015.

Section 2 – Report

INTRODUCTION

1. The net forecast position at Quarter 1 on Revenue is for a forecast overspend of £4.799m on Directorate budgets which reduces to 3.551m after assumed contingency use of £1.248m. The net forecast position on capital at Quarter 1 is for an underspend of £11.340m, comprising of slippage of £9.750m and underspends of £1.590m.

REVENUE MONITORING

2. The Quarter 1 forecast indicates a potential net budget overspend of £4.799m on Directorate budgets, which reduces to £3.551m after the assumed use of the entire contingency of £1.248m.
3. Cabinet agreed in year savings of £2.468m in July for implementation with immediate effect. The savings were agreed to contribute £1m each to reserves for Welfare Reform/ Homelessness and for Commercialisation and £468k to the MTFs implementation reserve. The variances now reported allow for these savings being achieved in

full. Table 1 below summarises the Quarter 1 revenue position and Appendix 1 provides more detail:

Table 1: Revenue Monitoring – Quarter 1 2015/16

	Revised Budget	Forecast Outturn	Quarter 1 Variance	Variance
	£000	£000	£000	%
Resources	19,563	19,501	(62)	(0.3%)
Environment and Enterprise	34,792	35,695	903	2.6%
Community, Health and Wellbeing	74,507	77,467	2,960	4.0%
Children and Families	44,047	44,472	425	1.0%
Business Support	2,122	2,695	573	27.0%
Total Directorate Budgets	175,031	179,830	4,799	2.7%
Corporate Items	(7,650)	(8,898)	(1,248)	16.3%
Total Budget	167,381	170,932	3,551	2.1%
Housing Revenue Account	(567)	(710)	(143)	

RESOURCES

4. The forecast net under spend at Quarter 1 for Resources is £62k. The reasons are detailed below:
5. A new initiative by the Department of works and Pensions, Real Time Information Bulk Data exercise (RTI), which matches benefits claims to HMRC earnings data. This has resulted in a higher than normal increase in the raising of Housing Benefit overpayment debts which unfortunately is increasing the overpayments figures and adding pressure to the bad debt provision of £250k.
6. The Occupational Health MTFs saving of £100k will only be partly met due to the Government's fit for work scheme being delayed until October 2015, this will result in a budget pressure of £50k.

The overspends above are offset by underspends as follows:

7. Additional administrative grant for the Real Time Information Bulk Data exercise (RTI) (£30k)
8. Land Registry MTFs growth that is not required this year due to a delay in the implementation of the service transfer from local authorities (£225k).
9. Unapplied supplies and services inflation (£72k).
10. Other underspends in Director of Resources of (£35k)

ENVIRONMENT AND ENTERPRISE

11. At Quarter 1 Environment & Enterprise are reporting a projected overspend of £0.903m as detailed below:
12. In the main, the overspend relates to an amber rated MTFS saving associated with the changes of garden and food waste collection system. This MTFS saving is amber whilst it is being implemented / rolled out and leads to an income pressure of £0.890m this year..
13. The other significant overspend relates to route optimisation. The saving built into the MTFS £0.600m in total. A full review of waste collection routes was undertaken, and revised routes were implemented in January 2015. The review, however, confirms that the actual efficiencies are less than those assumed in the original model as part of PRISM project. This has led to an unachieved saving of £353k, which is being mitigated by other forecast underspend within the directorate.
14. Of the £4.682m 15/16 MTFS savings, there is one red rated saving which relates to the review of car parking charges to deal with capacity issues (£375k). Following further considerations, it is considered more appropriate not to proceed with the review of car parking charges at this time. However an operational review of the service has been implemented to ensure that compensating savings are found in other areas of parking services.

COMMUNITY, HEALTH AND WELLBEING

15. The Community, Health and Wellbeing Directorate is forecasting an overspend of £2.960m at Quarter 1 as detailed below:

ADULT SERVICES

16. Adults are reporting a projected overspend of £0.634m at Quarter 1 as detailed below:
17. The majority of Adults budgets are demand led and the Council has a statutory duty to meet vulnerable adults' needs. It is therefore challenging to strike a balance between safeguarding adults against harm and abuse and simultaneously balancing the budgets.
18. There are a number of pressures across the directorate and the key variations are detailed below:
19. £323k overspend relates to Continuing Health Care cases which are offset by compensatory savings of £128k (largely reflecting unfilled vacant posts).
20. £210k relates to the Deprivation of Liberty Safeguards (DoLS) resulting in statutory requirements to carry out DoLS assessments by specific timescales and increased threshold for assessments. This is being closely monitored and significant variances will be reported.
21. Mental Health S75- Central and North West London NHS Foundation (CNWL) is forecasting £458k overspend at Quarter 1, with £229k

reflecting the Council's 50% risk share. This is an increased pressure when compared to the overspend of £138k in 2014/15 reflecting the full year effect of Harrow Clinical Commissioning Groups (CCG) closure of Roxbourne.

22. In addition to this forecast pressure there are a number of risks which may influence the forecast outturn position, which are detailed below and will be referenced in future.
23. Accident & Emergency- Health continue to seek early discharge from hospital to alleviate pressures in the Acute sector, this in turn directly increases costs in the Adults social care budget, the impact of which is reflected in the purchasing budget. If the CCG reduce or withdraw the funding for those intermediate care beds, this will put a further pressure on the Adults purchasing budget. The CCG continues to review the allocation for these interim beds.
24. There has in recent months been an increased number of frail older people in their 80s and over who need complex and substantial care packages and placements.
25. The NHS Better Care Fund for 2015/16 of £5.411m, the s75 agreement is being finalised and anticipates funding for the period April to September being received in October and monthly thereafter.
26. Care Act – Adults Directorate has been allocated £1.223m in 15/6 towards the implementation of the Care Bill. At present the full implications remain unquantified and there is a risk that costs relating to the Care Act could exceed the grant given. Given the recent announcement to delay the introduction of the care cap until April 2020, the DoH is expected to announce how the implementation grant may be affected and the CSR is expected to advise the position with regard to any ongoing funding in this respect. There is a significant risk of grant being clawed back with a resulting budget pressure. This will therefore need to be closely monitored to advise the impact on the social care budget.
27. Ordinary Residency (OR) - there are a number of cases (27) where the OR status is being challenged and which is expected to lead to additional in year expenditure (not anticipated as part of the growth assumptions) and a further amount in relation to backdating arrangements which have been highlighted as a litigation risk. This could be in the region of £0.5m to £1.5m with an on-going cost of £0.681m and is not reflected in the forecast above.

COMMUNITY AND CULTURE

28. Community and Culture are forecasting a projected overspend of £284k against a total net budget of £5.084m. The overspend largely relates to forecast partial/non achievement of MTFs savings (Arts and Heritage £100k and £0.500m against libraries).
29. MTFs savings against libraries has been made on the basis of closing 4 libraries. The timescales over the closing of the libraries have slipped, and on-going negotiations with the contractor regarding the level of the saving have led to delays in realising the saving. The cost of the delays

is forecast to be £264k, which will be mitigated by a reduction in the book and repairs and maintenance funds of £70k to give a net overspend of £194k.

30. The remaining pressure of £100k relates to forecast non achievement of MTFs savings in Arts & Heritage service. This represents additional staff costs (covering sickness) and uncertainty over income forecast to year end due to lower levels of enquiries around the longer term bookings.

HOUSING GENERAL FUND

31. The reported pressure at Quarter 1 is £2.002m, and mainly comprises:
32. Bed & Breakfast accommodation (“B&B”) - £1.343m pressure. In 2014/15 the average number of households in B&B was 142 at an average cost of £219.88, net of Housing Benefit (“HB”). This number was 153 at the end of the financial year.
33. As at 28 June the number of households in B&B stood at 187 and the budget holder estimates the year end position to be in excess of 300, giving rise to an average of 250 households for 2015/16, at an average cost of £182.70 per week net of Housing Benefit. This equates to estimated net expenditure of £2.375m against a budget of £1.032m yielding a pressure of £1.343m.
34. Private Sector Leasing (“PSL”) - £101k pressure. In 2014/15 the average number of households in PSL was 277 yielding a surplus of £58.65 per week per household, net of housing benefit.
35. As at 28 June the number of households in PSL stood at 293, although this number is expected to stand at 400 at the end of the financial year assuming three new agreements are acquired every week and the majority of agreements coming to an end are extended. This produces an average of 336 PSL agreements at any one time and although the current average surplus generated is £46.20 the forecast assumes this will reduce to £35.00 per week given the higher rent payments required to private landlords. These assumptions indicate an estimated surplus of £0.611m against a budget of £0.712m yielding a pressure of £101k.
36. Discretionary Housing Payments (“DHP”) - £0.500m pressure. In 2014/15 £1.138m was allocated to the service which was insufficient. The allocation for 2015/16 has been reduced by some 40% to £0.677m. A process of prioritising DHP payments benefitting the General Fund has been agreed with Revenues & Benefits section with payments to Council tenants funded from the HRA. A pressure is expected despite this.
37. Bad Debt provision – £56k pressure. Provision for bad debts at close 2014/15 was £358k. Write offs of £13k have since been approved in respect of charges for utilities from 2009 at Anmer Lodge as the contractor has gone into liquidation. The financial circumstances of the majority of households in temporary accommodation require a regular review of debtors. This now indicates a further contribution of £106k is required against a budget of £50k.

38. Other, Housing Needs - £88k pressure. Relates mainly to salaries pressures to cover additional workload in respect of prevention.
39. Housing Partnerships - £86k capacity. Reduced spend on GF salaries as spend charged direct to HRA as result of regeneration projects - to be reviewed at year end and increased recharge to capital reflecting officer time allocation.
40. The budgets for B&B and PSL include savings of £175k relating to increased charges which were implemented from October 2014 for PSL and January 2015 for B&B. The increases amounted to the maximum which could be funded from HB thereby not costing extra to the service user. Under current HB regulations, any further increase would result in no additional income for the Council as the additional income would have to be returned to the Government. No additional increase is therefore proposed for 2015/16.
41. The private rental market has seen rents increase significantly over the past few months as more tenants are chasing a relatively inelastic supply. This, combined with the continuing impact of Welfare Reforms, has seen an increase in demand for temporary accommodation. This has resulted in London Councils having to increase incentive payments and rental payments to private landlords in order to procure sufficient accommodation to meet their statutory homelessness duties.
42. Although the Housing Service continues to explore and implement new initiatives with the aim of reducing expenditure on B&B the upward trend in number of homeless families, combined with the 40% reduction in DHP funding, means that even after the growth approved as part of the 2015/16 budget, a significant pressure exists 2015/16.

HOUSING REVENUE ACCOUNT

43. The forecast outturn shows a favourable variation of £143k resulting mainly from reduced depreciation charges of £337k relating to dwellings which are subject to redevelopment together with lower than expected interest payments. These are partly offset by increased cost estimates in respect of the Affordable Housing programme. Under current regulations valuation losses for HRA non-dwellings in excess of balances on the revaluation reserve are charged to revenue thereby having a direct impact on financial resources. Council Valuers are in the process of assessing the value of HRA non dwellings and the estimated impact will be reported when available.
44. Recent announcements by the Government in the Summer Budget indicate average HRA rents will be required to reduce by 1% from 2016-17 per annum for five years. Pending further details, an initial review indicates this will have an extremely significant impact on the financial resources available to the HRA resulting in the delay or complete cessation of key initiatives including new build projects, capital investment in existing stock and service improvement together with possible staff reductions. Responses to these proposals are being formulated together with an action plan to mitigate their impact.

Quarter 1	Original budget	Revised Budget	YTD Actual	Forecast outturn	Variation
	£000	£000	£000	£000	£000
Balance b/fwd (pre audit)	-4,395	-4,395		-4,585	-190
Net (surplus) deficit	-567	-567	922	-710	-143
Balance c/fwd	-4,962	-4,962		-5,295	-333

PUBLIC HEALTH

45. The budgets for 2015/16 reflect the commissioning intentions agreed by Cabinet in December.
46. A £184k underspend is being reported at Quarter 1 against the Public Health Grant. Of this underspend, £100k reflects cabinet agreed in-year savings of expenditure to be funded from the grant. The remaining £84k must be contributed to a reserve, giving a net general fund impact of nil.
47. The Government announced on 4th June 2015 a reduction in the Department of Health non-NHS funding of £200m. This is expected to result in an in year reduction of £0.650m on the previously notified grant allocation of £9.146m. The 2015/16 budget process created capacity of £0.627m in the grant against which wider public health outcomes could be charged, however this capacity will simply mitigate the grant reduction now expected. Achievement of the MTFs will require further capacity to be identified on an ongoing basis, in addition to the member requirement to contribute £100k on a one-off basis towards an in year target of £2m.
48. A specific Public Health reserve of £0.908m was held at the end of 2014/15. This included £0.508m approved as carry forwards against specific projects. In light of the in year grant reduction and to maximise delivery of the MTFs where possible, this is being reviewed to identify any projects which can be ceased. Consideration is also being given to whether it is possible to reduce the level of balances to be held for any contingent liabilities, redundancies arising from any restructures and as a GUM reserve pending the outcome of the collaborative commissioning process from April 2017, from £400k to £250k. This will be reflected in future reports as appropriate.

TRANSFORMATION

49. Transformation is reporting a projected overspend of £40k against a total net budget of £209k. To achieve the proposed savings the post room function was transferred into Business Support on 1/4/15. This overspend is due to the delayed delivery of anticipated savings across the Business Support Service. Alternative savings are being identified to compensate.

CHILDREN AND FAMILIES

As at Quarter 1 As at Quarter 1 the total forecast overspend for the Directorate is £1.291m, which reduces to £425k after the use of a one off Children's Social Care reserve of £0.866m.

The majority of Children's budgets are demand led and the Council has a statutory duty to meet vulnerable children's needs. It is therefore challenging to balance the budget.

There are several areas of pressure:

- Special Needs Transport £482k pressures. Special Needs Transport underwent a significant review in 2014-15 with a view to achieving a further £570k savings target. It was only possible to meet approximately half of this savings target due in the main to contract prices being higher than anticipated. This contributes to part of the overspend. The remainder is due to demand, particularly for transport from home to colleges as the SEND reforms that extends special educational provision to age 25 years has led to an increased number of young adults with complex needs continuing in education .
- Children with Disabilities Service staffing £75k pressures to manage caseloads, which is currently under review, and client costs of £272k due to demand and a single young person with high and extraordinary needs. There are currently 136 children being supported through Direct Payments, 137 families being supported through Section 17 and 38 children receiving home care packages.
- Children and Young People's Service staffing £396k pressure as a result of agency and interims covering vacancies and sickness and additional staff to manage caseloads.
- Children and Young People's client spend £434k due to demand. The majority of spend relates to families and young people who have no recourse to public funds. A review is underway of these cases to minimise costs. In addition to the changes with the benefits system, there has also been an increase in the number of Unaccompanied Asylum Seeking Children (UASC). We are part of a national rota and are allocated children from the Home Office in Croydon. There has been a recent fourfold increase in UASC referrals. There is grant money from central government for UASC placements but this does not always cover the full costs. Therefore there could be further pressures on this budget by the end of the financial year.

These pressures are partially mitigated by:

- Use of one off children's social care reserve of £0.866m
- Non-frontline staff vacancies and a number of centrally held management actions of £368k

BUSINESS SUPPORT

50. Business Support is forecasting an overspend of £0.573m. Staff savings are not on track to be achieved within the current structure.

The Central Scanning project is running late and is currently delayed pending Capita providing support, this will impact on savings.

CORPORATE BUDGETS

Interest and Finance Charges

51. These are currently forecast to be on budget.

Central Contingency

52. The Central Contingency for unforeseen items in 2015/16 is £1.248m. There have been no formal drawdowns against the contingency, however the General Fund is currently forecast to overspend by £4.799m before use of contingency. It is therefore assumed that the contingency will be fully utilised to mitigate the position.

Gas and Electricity Inflation

53. £350k has been provided against increases in price. There has been no allocation to date but any call against this provision will not be established until near the year end when winter bills are available.

Contingencies and Reserves

54. The contingencies are there to cover unavoidable inflation pressures for the pay award and above a standard 1.3% increase on energy together with other unforeseen items and spending pressures and to cover areas of risk and uncertainty. There are also specific reserves for the implementation costs of the MTFs, carry forwards, Business risks, the Transformation and Priority Initiatives Fund (TPIF).

55. In June Cabinet approved carry-forwards of £1.598m which are now included within individual directorate budgets. There is also £195k in respect of grants brought forward from earlier years that will be drawn down as utilised. The main grant is Planning Development Grant.

56. The balance on the Transformation and Priority Initiatives Fund (TPIF) brought forward from 2014/15 is £3.819m. There have been drawdowns of £205k in relation to Circles of Support and £14k North Harrow library and £33k in respect of a volunteering co-ordinator, meeting the administration's priorities to support the vulnerable and ensuring that resident engagement lies at the heart of everything that we do. This leaves a balance of £3.567m in the fund at Quarter 1.

57. The balance on the Business Risk reserve brought forward from 2014/15 was £2.109m. This is intended to cover a number of commercial risks that were identified and there have been no drawdowns so far this year.

58. The balance on the MTFs Implementation reserve brought forward from 2014/15 was £2.804m. A further £486k was added to the reserve from the in-year savings agreed at July Cabinet, to make £3.290m in total. There have been drawdowns of £473k in Quarter 1, £430k on implementation costs for garden waste and £43k severance costs leaving a balance of £2.817m.

59. The Standing up for those in need reserve was created at June cabinet with a balance of £0.800m. A further £1m was added in July from the

in-year savings approved by cabinet, making a total of £1.8m to work with vulnerable residents to protect them from the government's welfare reforms and the on-going homelessness crisis.

60. The Rapid Response reserve was created in June as part of the outturn report with a balance of £75k. There have been no drawdowns so far.
61. The commercialisation reserve was created from the in-year savings approved at July cabinet with a balance of £1m. There have been no drawdowns in the first quarter. Anticipated savings of £5m on commercialisation projects within the council have been identified so far.

Table 4 Contingencies and Earmarked Reserves

	Unforeseen Contingency	Energy Inflation	Rapid Response	IT Implementation	Standing up for those in need	Commercialisation	TPIF	Carry Forward	Business Risk Reserve	MTFS Implementation
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at start of Year	1248	350	0	0			3,819	195	2,109	2,750
Addition June Cabinet Outturn			75	2,854	800			1,598		54
Addition July Cabinet					1,000	1,000				486
Draw down *	(1,248)						(252)	(1,598)		(473)
Balance	0	350	75	2,854	1,800	1,000	3,567	195	2,109	2,817
* contingency draw down assumed use										

Reserves and Provisions

62. The Council must hold adequate provisions and reserve balances to cover known and anticipated events and in respect of its statutory duties as appropriate. General non earmarked balances stand at £10m. All the provisions are reviewed on a quarterly basis. As at Quarter 1 the Council has adequate provisions in respect of Insurance, Litigation and Employment cases.

Debt Management

63. The latest position on Council Tax, Business Rates and Housing Benefits bad debts provisions is included within Appendix 3.

MTFS IMPLEMENTATION TRACKER

64. The 2015/16 budget includes approved MTFS savings of £18.720m. The progress on implementation is summarised below in table 5 below and shown in more detail in Appendix 2:

Table 5 RAG Rating of 2015/16 Savings

	Resources	Environment & Enterprise	Community, Health & Wellbeing	Children & Families	Business Support	Pan Organisation	Total
	£000	£000	£000	£000	£000	£000	£000
Red	50	375	100	0	0	0	525
Amber	136	1,645	2,281	1,184	820	0	6,066
Green	1,125	557	2,949	30	0	0	4,661
Blue	2,612	2,105	255	997	0	1,500	7,468
Total	3,923	4,682	5,585	2,211	820	1,500	18,720

CAPITAL PROGRAMME

Capital Programme Forecast at Quarter 1

65. The 2015/16 capital programme agreed by Council in February 2015 totalled £88.911m. Adjusted for slippage at the 2014/15 outturn the programme now totals £139.547m at Quarter 1.
66. The forecast variance on General Fund at Quarter 1 is £11.340m, comprising of slippage of £9.750m and underspends of £1.590m.
67. The forecast variance on the HRA is £326k, which is all underspends.
68. Tables 5 and 6 below summarise the capital forecast position and Appendix 4 shows the capital programme in more detail:

Table 5 Summary of forecast by directorate

Directorate	Original Programme	CFWD's	Virement	Other Adjustments	External	LBH	TOTAL BUDGET	Forecast Spend	Forecast Variance	Slippage	Underspend after slippage
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Community, Health & Wellbeing	3,444	6,572	0	0	3,573	6,443	10,016	5,552	-4,463	2,967	-1,496
Children & Families	31,622	30,294	0	0	54,948	6,968	61,916	61,917	1	-1	0
Environment & Enterprise	15,936	2,985	2,100	0	5,480	15,542	21,021	18,618	-2,403	2,403	0
Resources	14,503	8,544	-2,100	0	141	20,806	20,947	16,473	-4,474	4,380	-94
Regeneration	1,750	0	0	0	0	1,750	1,750	1,750	0	0	0
TOTAL GENERAL FUND	67,255	48,395	0	0	64,142	51,508	115,650	104,311	-11,340	9,750	-1,590
Housing Revenue Account	21,656	2,241	0	0	923	22,974	23,897	23,571	-326	0	-326
TOTAL GENERAL FUND & HRA	88,911	50,636	0	0	65,065	74,482	139,547	127,882	-11,666	9,750	-1,916

Table 6 Analysis of Outturn variance

Directorate	Outturn variance	Split of outturn variance by funding		Slippage	Slippage by funding		Underspend after slippage
		Grant/sec106	LBH		Grant /Sec 106/ HRA	LBH	
	£000	£000	£000	£000	£000	£000	£000
Community, Health & Wellbeing	-4463	-2450	-2013	-2967	-1874	-1093	-1496
Children & Families	0	0	0	0	0	0	0
Environment & Enterprise	-2,403	-2,000	-403	-2,403	-2,000	-403	0
Resources	-4474	0	-4474	-4380	0	-4380	-94
Regeneration	0	0	0	0	0	0	0
TOTAL GENERAL FUND	-11340	-4450	-6890	-9750	-3874	-5876	-1590
Housing Revenue Account	-326	0	-326	0	0	0	-326
TOTAL GENERAL FUND & HRA	-11,666	-4,450	-7,216	-9,750	-3,874	-5,876	-1,916

Children and Families

69. The current forecast spend at Quarter 1 is £61.917m which is 100% of the approved budget. The following paragraphs outline the progress on the schools programme.

School Expansion Programme (SEP) 1 and 2

70. The latest forecast provided by the cost consultants for SEP2 and some overhanging SEP1 projects has been received for July 2015. This is a fast moving programme operating across 18 school sites and there are a number of issues in the programme arising daily. They include items omitted/excluded from the Agreed Maximum Price (AMP) schedules, delays leading to additional costs including Plan B options

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74. for works not completed by September 2015 and a number of external unforeseen factors such as UK Power. Although the Council expects Keepmoat to meet the costs for delays and providing temporary mobile units, any additional costs that fall to the Council as a result of these delays will create pressure on the programme budget which is also exposed to other cost increases. There is on-going work on the project cost forecasts. All the projects are live and the accounts need clarifying and agreeing with Keepmoat before the final position is confirmed. It is anticipated the worst case scenario forecast figures will not all come to fruition and that the programme will still be affordable within the budget. However, the programme is continually changing and therefore there is still a risk to this budget.

Primary Expansion Programme

75. Until the free schools are definitely established, the existing capital programme assumes none of the primary free schools are delivered. If the

free schools are delivered, the need for Phase 4 expansions in the capital programme would be reviewed.

Phase 3

76. Phase 3 allows for 6 primary school expansions. As at May 2015, 4 schemes have been approved and feasibility & scoping works are currently underway. Detailed costings have been carried out and anticipated scheme costs provided by the technical advisors. All SEP3 schools are on very confined sites within heavily residential areas. Consequently this brings additional challenges to the building programme with enhanced planning requirements mainly around traffic and the size and type of building planning will allow. Furthermore, due to works having to be carried out whilst schools are in occupation means the building process will be longer which impacts on project costs. The current construction market in the UK and in particular in London is extremely buoyant with many construction firms working to capacity and will full order books. Because of this the cost of construction related materials, labour and professional services are at a premium. This means the current SEP3 budget needs to rise to keep pace with the rising costs of the London construction market. The details of these schemes are attached at PART 2 Appendix 5

Phase 4

77. There are currently 4 primary expansion programme budgets approved in the capital programme. As stated above, if the free schools are delivered, there may not need to be a phase 4 of the primary expansion programme. There is currently £10.080m assigned to these schemes between 2016-17 and 2018-19 and a virement of £5.465m from this programme over the life of the programme into SEP3 is requested in advance of contracts being awarded.

Quarter 1 forecast

78. As at Quarter 1 the directorate is predicting to spend the total capital programme by 31st March 2016. SEP1, SEP2, secondary and SEN expansion programmes, which form over 75% of the total 2015-16 budget are all due to deliver places by September 2015. Whilst there are some delays to some of these schemes, it is anticipated that the final accounts will be settled by March 2016. Any costs associated with delays are anticipated to be funded within the current capital programme. Contracts for the SEP3 budget of £10m are anticipated to be awarded in early autumn with a view to spending the total in year budget by 31st March 2015. However, a more up to date position will be reported in Q2 once the contracts have been awarded. The remaining programmes are rolling programmes and are anticipated to be spent by 31st March 2016.

Basic Need allocations 2017-18 and additional funding 2015-17

79. On 12 February 2015, the Department for Education announced the latest Basic Need allocations. In addition to the 2017-18 new allocation, the Government has allocated "top up" funding in 2015-16 and 2016-17 to distribute £300 million held back for those local authorities with unexpected increases in forecast pupils. Local authorities which have reported an increase in their forecast of total pupil numbers for academic year 2017-18 of at least 2% and 250 pupils receive a portion of this funding in 2015-16 and 2016-17, to reflect their unexpected increase in need. Harrow is one of only four London boroughs to successfully receive top up funding in these years and an increase in allocations over future years, totalling £19.6m, over and above the current capital programme. This funding is not yet

included in the capital programme. This additional funding will be considered as part of the capital programme review to be presented to Cabinet in December 2015.

Community, Health and Wellbeing

80. The directorate variance is £4.463m of which £2.967m is slippage and £1.496m underspend.

The following schemes in the programme will be slipped for the following reasons:

81. Banister Sports Centre Improvement – a decision is still pending on the sale of land on Kodak site, no further plans can be made until this happens and the s106 secured, and there is no revenue impact. £1.004m.
82. MOSAIC Implementation - Once new IT provider has started, it will be possible to firm up spend projections, however as this is not due to take place until later in the financial year, only 50% is forecast to be spent by year end (£305k)
83. Remodelling and Refurbishment of Adult Residential and day Care properties – There is limited programme planned for Remodelling and Refurbishment this year, therefore slippage of (£322k) – The revenue implication of this is a risk of additional maintenance cost on ageing buildings.
84. Safeguarding Quality Assurance Quadrants (QAQ) - Planned programme of spend in year relates to server upgrade, this is dependent on work load of the new IT contractor and therefore it is estimated that there will be slippage of (£98k). No direct revenue implication.
85. Empty Property Grant - Grant payments to private residents in return for nomination right to house homeless persons in these properties as opposed to more expensive Bed & Breakfast accommodation, traditionally underspent, results in lower number of properties becoming available thereby increasing pressure on General Fund (£45k).
86. Reform Of Social Housing – Planned programme of spend relating to IT upgrade of systems again partly dependant on work load of the new IT contractor and therefore estimated slippage of £400k. No direct revenue implication.
87. Integrated Health Model – Planned spend on N3 connections. Connections relate to integration between Adult Social care and the NHS, reviewing of service team needs. As the project is in its early stages, it is anticipated that the majority of the budget will be slipped into future financial years (£492k). No quantifiable revenue implication,

although greater co-ordination between NHS and Adult Services may bring efficiencies.

88. Market Shaping & Development – Relates to Care Act duty and collation of business intelligence for providers through IT. Planned programme of work for the year is £100k and the remaining £150k is to be slipped. There is no direct revenue implication.
89. Maintenance of Adults Properties – This budget is unlikely to be spent in year and the entire budget of £150k is currently forecast to be slipped. This is effectively a contingency budget. No further revenue implication is forecast, as underspend against budget has already been forecast against remodelling and refurbishment of residential and day care properties.

In addition to the slippage above the following schemes are underspending;

90. Carer's Service charges (£200k) this is to be discontinued as work is no longer required against this project.
91. Green Deal Community Funding - Grant payments to private residents for warmer homes and energy saving insulation, grant funded from the Department of Energy and Climate Change, the initiative is not now going to proceed and the grant monies are to be returned to the grant provider. No incremental staff resources were allocated therefore there is no revenue impact to curtailment of the scheme (£1.296m).

Resources

92. As at Quarter 1 the forecast spend is £16.473m, 81% of the 2015/16 Resource's directorate capital budget.
93. The forecast under spend is £4.474m of which £4.380m will be slipped to 2016-17 and £94k is no longer needed. The main items of slippage are detailed below:
94. West London Waste Authority (WLWA) loan. The expected payment to WLWA in respect of a loan for infrastructure is currently projected to slip by £297k, based on the latest payment profile supplied by WLWA. The revenue implication is a minor interest loss on the loan of around £2k.
95. Mobile & Flexible working. Accommodation, Power supplies working Peripherals budget will all be spent, other Council capital budgets for project teams, standing groups needed to deliver SharePoint will require further research, as a result of this £391k will be slipped. The direct revenue implication is a saving on the support payment that would have been paid from completion; it is currently projected as £132k one-off in 2015/16.
96. Transition and Transformation of IT service. £3.692m of the budget will be slipped to 2015/16 to reflect the current profile of implementation. There is no quantifiable revenue implication.

97. There is a net underspend across the directorate of £94k as detailed below:
98. Ongoing refresh and enhancement of ICT. £63k of the budget allocated to waste vehicle in-cab refresh and for Tablets is anticipated to underspend. In addition £50k allocated to the refresh of scanners is anticipated to underspend as a result of outsourcing the service.

The above underspends are partially offset by:

99. ICT Infrastructure and Corporate Applications. An additional £32k will need to be spent on Laptops as result of theft in civic 7 which is partly mitigated by a £12k underspend on corporate applications.
100. It is not possible at the moment to accurately assess the level of ICT programme that can be delivered by the new ICT contractor Sopra Steria until September when discussions will begin to quantify the level of work that can be deliver in 15/16 which will have a direct impact on the capital outturn.

Environment & Enterprise

101. As at Quarter 1 the forecast is £18.618m, 89% of the 2015/16 Environment & Enterprise's capital budget.
102. The forecast under spend is £2.403m and will all be slipped to 2016/17.
103. The main item of slippage and reasons are detailed below:
104. Harrow on the Hill Station project - £2m. This project is assumed to be largely funded by TfL with a contribution from the Council of £3.1m over the life of the project. Some preliminary works were completed in 14/15. The scheme is currently under discussion with the TfL, and therefore it is anticipated that the budget profiled for this year will be slipped.
105. Pinner Park Farm - £403k. On-going negotiations are being held with the current tenants of the Pinner Park Farm, the outcomes of which will provide the direction on how the project will shape going forward. These changes mean that the delivery of the project is likely to be slipped to 16/17 and therefore 75% of the budget is re-profiled.

Housing Revenue Account

106. As at Quarter 1 the spend forecast is £23.571m, 99% of the 2015/16 HRA's latest capital Budget. The forecast under spend of £326k will no longer be needed. This project is in relation to investment in Council owned housing stock - financed entirely from HRA, underspend/slippage will have no revenue impact on HRA as majority of financing is by way of a pre-determined charge to revenue which transfers resources to earmarked capital reserves.

Virements

107. June and July cabinets approved the following virements to the capital programme in 2015/16:

Environment & Enterprise Highways Programme	£2.100m
Minor works responsive capital programme	£0.500m
IT Capital budget	-£2.600m
Secondary Expansions	£420k
Schools Expansion Programme Phase 4	-£420k

108. The following capital virement has been approved in the quarter under delegated authority by the Director of Finance and portfolio holder for Finance and Major contracts:

BTP – Public realm	£134k
Carbon Reduction Programme	-£134k

109. It is recommended that the virement below is approved as set out in paragraph 72.

School expansion programme phase 3	£5.465m
School expansion programme phase 4	-£5.465m

Additions to the Capital Programme

110. The Council has successfully secured an interest free loan of £32K under Energy Efficiency Loan Scheme from Salix Finance Ltd for the improvement works at Roxeth Primary School. The School will be responsible for the repayment of the loan over a period of 8 years through the financial savings that result from the energy efficiency measures. Cabinet is recommended to include the £32k cost of the works as an addition to the capital programme.
111. June Cabinet approved a report on Grange Farm Regeneration. In order to undertake the project an addition to the HRA capital budget of £6.102m is required as set out in that report. It is recommended that Council approve this addition.
112. July Cabinet received a report on a Property Purchase Initiative designed to mitigate homelessness costs by acquiring properties for temporary accommodation. The report recommended to Council the addition of £30m to the General Fund capital programme, split £7.5m in 2015/16, £15m in 2016-17 and the final £7.5m in 2017-18.
113. The Council has successfully secured £175K of funding from the Big Green Fund from the GLA for the Stanmore Marsh project, which is match funded with £99 k existing Harrow Capital (Flood Defence project), £225k S106 funding and a contribution of £7k from Harrow Heritage Trust. Total costs of the project are estimated at £506K, with a net increase in capital budget of £407K. Stanmore Marsh is the continuation of works that are completed upstream and works that are in progress in this catchment. Planning for this project dates back to 2007 with long term aims of improving water quality, more diverse flora, fauna, ecology, wildlife and habitat. It is recommended that the capital programme is increased by the £407k of external funding being received. No additional Council resources are being allocated to the project.

114. Elsewhere on this agenda, cabinet is receiving reports on regeneration and the redevelopment of the Gayton road site. These reports contain recommendations to Council for the following additions to the capital programme:
- a. Regeneration Programme delivery. This report is recommending that £1.150m is brought forward to 2015/16 from 2016/17 and the reallocation of this funding and £0.750m of 2015/16 funding to a number of regeneration projects. There is also a recommendation to Council to add the cost of site assembly for the Wealdstone re-development in to the 2015/16 capital programme as detailed in a part II appendix.
 - b. Gayton Road. This report recommends to Council an addition to the current year capital programme of £15m for the acquisition of social affordable and private housing.

Legal Implications

115. Section 151 of the Local Government Act 1972 states that without prejudice to section 111, every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs". Section 28 of the Local Government Act 2003 imposes a statutory duty on a billing or major precepting authority to monitor, during the financial year, its income and expenditure against budget calculations.
116. Under Allocation of Responsibilities in the Constitution, Council is responsible for all decisions, which are expected to result in variations to agreed revenue or capital budgets. Cabinet must agree, or delegate agreement for all virements between budgets as set by the Financial Regulations.

Equalities

117. 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:
118. 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.
119. 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.
120. 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.
121. 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.
122. 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:
- a) Age
 - b) Disability
 - c) Gender reassignment
 - d) Pregnancy and maternity
 - e) Race,
 - f) Religion or belief
 - g) Sex
 - h) Sexual orientation
 - i) Marriage and Civil partnership

Financial Implications

123. Financial matters are integral to the report.

Performance Issues

124. Good financial performance is essential to achieving a balanced budget. The financial performance is integrated with the strategic performance of the Council through quarterly Directorate Improvement Boards which consider the financial position alongside performance including key projects, service KPIs (including customer data and complaints) and workforce. Monitoring of finance and performance is reported regularly to the Corporate Strategic Board and Cabinet and is also considered by the Council's Performance and Finance Scrutiny Sub- Committee.
125. The overall projected percentage variance from the revenue budget is currently forecast to be an overspend of 2.1%.
126. For the 2015/16 savings built into the MTFs, the overall position is that 40% of the savings are RAG rated as blue (achieved and banked), 25% green (achievement of saving on track), 32% amber (saving only partially achieved or risks remaining) and 3% red (agreed saving not achievable).
127. There is a performance target of 90% of the approved capital programme for 2015/16 being spent in year. The current projection is for spend to be 92% of budget.
128. Council Tax Collection: The collection rate for Quarter 1 is 30.05% against a profile target of 30.00%
129. Business Rates Collection: The collection rate for Quarter 1 is a collection rate of 33.41% against a profile target of 33.00%.

Environmental Impact

130. There are none directly related to this report

Risk Management Implications

131. The risks to the Council and how they are being managed are set out in the report.
132. Risks are included on the Directorate risk registers.

Equalities implications / Public Sector Equality Duty

133. A full equalities impact assessment was completed on the 2015/16 budget when the budget was set by Full Council. Equalities implications are taken into account by individual directorates whilst running services and making decisions to vire money. A full equality impact assessment will be completed on the budget for 2016/17.

Council Priorities

134. The Council's vision is:

Working Together to Make a Difference for Harrow

135. The Council's priorities are:

Making a difference for the vulnerable
Making a difference for communities
Making a difference for local businesses
Making a difference for families

136. This report deals with Revenue and Capital monitoring which is key to delivering the infrastructure to deliver the Council's priorities.

Section 3 - Statutory Officer Clearance

Name: Dawn Calvert	<input checked="" type="checkbox"/>	Chief Financial Officer
Date: 4 September 2015		
Name: Linda Cohen	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 7 September 2015		

Ward Councillors notified:	NO, as it impacts on all Wards
EqIA carried out:	NO
EqIA cleared by:	Information for noting only

Section 6 - Contact Details and Background Papers

Contact:

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Background Papers:

Cabinet February 19 2015: [Final Revenue Budget 2015/16 and Medium Term Financial Strategy 2015/16 to 2018/19](#)

Cabinet February 19 2015: [Capital Programme 2015/16 to 2018/19](#)

Cabinet June 2015: [Revenue and Capital Outturn 2014-15](#)

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

NOT APPLICABLE

[Call-in applies, except where
the decision is reserved to
Council]

Revenue Summary(Directorates) as at 30 June 2015

	Revised Budget	Forecast Outturn	Quarter 1 Variance	Variance
	£000	£000	£000	%
Resources				
Controllable Budget				
Customer Services	24,011	24,229	218	0.9%
Director of Resources	921	587	(334)	(36.3%)
HRD & Shared Services	1,778	1,831	53	3.0%
Legal & Governance	3,188	3,209	21	0.7%
Procurement	864	901	37	4.3%
Strategic Commissioning	2,176	2,136	(40)	(1.8%)
Assurance	733	748	15	2.0%
Finance	3,849	3,817	(32)	(0.8%)
Total Controllable Budget	37,520	37,458	(62)	(0.2%)
Uncontrollable Budget	(17,957)	(17,957)	0	0.0%
Total Directorate Budget	19,563	19,501	(62)	(0.3%)
Environment and Enterprise				
Controllable Budget				
Commissioning Services	(632)	(632)	0	0.0%
Directorate Management	705	485	(220)	(31.2%)
Corporate Estate	(459)	(572)	(113)	24.6%
Economic Development & Research	1,709	1,695	(14)	(0.8%)
Planning	445	445	0	0.0%
Environmental Service Delivery	19,001	20,251	1,250	6.6%
Total Controllable Budget	20,769	21,672	903	4.3%
Uncontrollable Budget	14,023	14,023	0	0.0%
Total Directorate Budget	34,792	35,695	903	2.6%
Community, Health and Wellbeing				
Controllable Budget				
Adult Services	54,292	54,926	634	1.2%
Community and Culture	3,045	3,329	284	9.3%
Housing General Fund	4,225	6,227	2,002	47.4%
Public Health	0	0	0	#DIV/0!
Transformation	209	249	40	19.1%
Total Controllable Budget	61,771	64,731	2,960	4.8%
Uncontrollable Budget	12,736	12,736	0	0.0%
Total Directorate Budget	74,507	77,467	2,960	4.0%
Children and Families				
Controllable Budget				
Management & Business Support	1,579	1,283	(296)	(18.7%)
Children & Young People's Services	21,446	22,312	866	4.0%
Commissioning & Schools	1,530	1,422	(108)	(7.1%)
Special Needs	7,677	8,506	829	10.8%
Schools	(9)	(9)	0	0.0%
Total Controllable Budget	32,223	33,514	1,291	4.0%
One off Children's Social Care Reserve	866	0	(866)	(100.0%)
Uncontrollable Budget	10,958	10,958	0	0.0%
Total Directorate Budget	44,047	44,472	425	1.0%
Business Support	2,122	2,695	573	27.0%
Total Directorate Budgets	175,031	179,830	4,799	2.7%
Corporate Items	(7,650)	(8,898)	(1,248)	16.3%
Total Budget Requirement	167,381	170,932	3,551	2.1%

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MTFS Savings Tracker 2015/16 to 2018/19

Ref	Service Area	Headline Description re: saving / reduction	2015/16	2016/17	2017/18	2018/19	Total	RAG Status	Comment
			£000	£000	£000	£000	£000		
Resources									
Savings									
RES01	Finance and Assurance	Staff savings	304				304	Blue	Posts deleted as part of minor restructure
RES02	Finance and Assurance	Additional Charge to the Pension Fund to reflect time spent by the Director of Finance and other Finance and Assurance staff on Pension Fund matters.	80				80	Blue	Saving achieved as an early saving in 2014/15
RES03	Finance and Assurance	On going review of the Finance and Assurance structure for which proposals will need to be developed.	-	250	500	500	1,250	Amber	Future year saving's status will become clearer as the year progress
RES04	Finance and Assurance	Reduction in annual contribution to the Insurance Fund to reflect improved claims performance (lower level of claims paid out)	200				200	Blue	Contribution reduced
RES05	Finance and Assurance	Additional Treasury returns via lending to WLWA (Incinerator project - Loan approved by Council 4th July 2013)	350				350	Blue	Achieved
RES06	Finance and Assurance	Business Continuity Additional Income	30				30	Blue	SunGard BC contract terminated with annual saving of 30k.
RES07	HR & Shared Services	Re-organisation of the HR, Development and Shared Service function which will result in the deletion of approximately 18 fte	495				495	Blue	Staff have left posts and saving banked
RES08	HR & Shared Services	Further HR, Development and Shared Service savings for which detailed proposals will need to be developed			550	250	800	Amber	Proposals being delivered to achieve saving
RES09	HR & Shared Services	Additional savings in delivery including efficiencies through the transfer of the Health & Safety function to Environment & Enterprise and the re-charging of relevant payroll expenditure to the Pension Fund (no estimated reduction in FTE). (Resources element of saving)	169				169	Blue	Health and Safety function has now moved to Environment and Enterprise, recharge to pension by £80k

MTFS Savings Tracker 2015/16 to 2018/19

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			£000	£000	£000	£000	£000		
RES10	HR & Shared Services	Reduce Occupational Health support	50				50	Amber	The government Fit For Work scheme has been delayed and will not now be rolled out in London until October 2015.
RES10a	HR & Shared Services	Reduce Occupational Health support	50				50	Red	As a result of delay to government Fit For Work Scheme, this savings will not be achieved in the current year.
RES11	HR & Shared Services	Reduce Corporate Learning & Development for staff	100				100	Blue	Saving banked and staff have left posts
RES12	Legal & Dem Services	Reduction in Legal cost, in the initial instance by growing the business	144	144	144	144	576	Green	The achievement of this saving in 2015/16 is dependant on the success of the new arrangement with Hounslow. This will be reviewed in quarter 3.
RES13	Legal & Dem Services	Amalgamation of two teams to become Democratic and Electoral Services and staff reduction - Mayor Office	86				86	Amber	Budget reduced and partly achieved with 2 staff made redundant but has not been reflected in the organisation structure. This will be reviewed in quarter 2
RES15	Procurement	Restructuring of the Commercial, Contracts and Procurement Division's function.	50		201	151	402	Blue	achieved
RES16	Strategic Commissioning	Retender of the Communications Service to take account of reductions in spend phased in the following way: 2015/16 - 20% reduction, 2016/17 - 10% reduction, 2017/18 - 10% reduction.	114	57	57		228	Blue	2015/16 Saving banked - Future year saving's status will become clearer as the year progress
RES17	Strategic Commissioning	Retendering of the Healthwatch service, reducing the core spend by this amount.	80				80	Blue	Saving banked
RES18	Strategic Commissioning	Stop funding Harrow Senior Residents Assembly / Decommissioning of Scrutiny Projects Budget	21				21	Blue	Saving banked
RES19	Strategic Commissioning	Stop the Objective Portal Contribution from the Division, used for online consultations.	8				8	Blue	Contract ends in October 2015. Owned by Planning who are also stopping the use of the Portal.

MTFS Savings Tracker 2015/16 to 2018/19

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			£000	£000	£000	£000	£000		
RES20	Strategic Commissioning	Staff restructure of existing posts and making greater use of apprentices and graduate placements	129.5				129.5	Blue	savings banked
RES21	Resources Wide	Management Savings		150			150	Amber	Future year saving - will become clearer as the year progress
RES22	Customer Services & IT	Efficiency Savings – Staff reductions due to the implementation of more automation and self service forms in Revenues and Benefits	459				459	Blue	Savings achieved and Budget adjusted in 2015/15 budget
RES23	Customer Services & IT	Increased Income from Harrow Helpline and reduction in staffing costs	200	50			250	Green	Consultation underway regarding price increase (due to commence in Sept)
RES24	Customer Services & IT	Project Management Office - staff savings. Deletion of 1 fte PMO (currently vacant) in 2014/15 to achieve a saving of £24k in 2014/15 and £22k in 2015/16.	22				22	Blue	Post deleted in 2014/15 as an early saving
RES25	Customer Services & IT	Procurement savings across the contracts managed within the division.	541	949			1,490	Green	2015/16 saving anticipated to be achieved but not 2016/17
RES26	Customer Services & IT	Reduce the cost of Access Harrow by migrating customers to more efficient channels. This will be delivered through improved self-service availability in the One Stop Shop, greater use of IVR over the telephone and enhanced functionality via the website and MyHarrow account. Resources will be aligned to the subsequent drop in demand and as channels are closed.	100		200	300	600	Green	Various projects underway to facilitate Channel Shift - Future year's savings status will become clearer as the year progress.
Total Savings Approved February 2015			3,783	1,600	1,652	1,345	8,379		
RES078	Collections and Benefits	Deletion of 4 FTE posts in Housing Benefits	140	-			140	Green	Savings achieved and Budget adjusted in 2015/15 budget
RES082	Collections and Benefits	Revenues Staffing Reductions	-	40			40	Amber	Dependent on Universal Credit implementation

MTFS Savings Tracker 2015/16 to 2018/19

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			£000	£000	£000	£000	£000		
RES083	Collections and Benefits	Housing Benefits Staffing Reductions as Benefits moves to DWP. Reduced staffing required as Housing Benefits transfers to Universal Credit and is no longer administered by Harrow.	-	125			125	Amber	Dependent on Universal Credit implementation
Total Savings Approved February 2014			140	165	-	-	305		
Total Savings			3,923	1,765	1,652	1,345	8,684		
Community, Health & Wellbeing									
Savings									
CHW01	CHW	Consolidate Transformation Team with other Council services	227				227	Amber	Teams consolidated with Business Support, review of postroom functions ongoing
CHW02	CHW	Delete two Adults management posts and fund one by the Better Care Fund	102				102	Blue	2 management posts deleted
CHW05	Adults	Protection of Social Care Services through the Department of Health Better Care Fund allocation	1,851				1,851	Green	Funding agreed and will be paid quarterly once s75 agreement between health & local authority signed. Plan to sign by end June so that part year funding is received by September.
CHW06	Adults	Supporting People contract negotiation efficiency	290				290	Green	Contracts ended and renegotiated as planned
CHW07	Adults	Recommissioning of in-house transport provision to support the most vulnerable service users.	500				500	Amber	Routes ceased as planned. Further clarity required on balance of savings to fully deliver proposals
CHW08	Adults	Additional income to be generated through MyCEP Commercialisation	100				100	Amber	A number of council's have expressed interest in the product but commitment to purchase has been slow. Dialogue with other councils will continue
CHW09	Adults	Reduced funding following review of WLA programme		50			50	Blue	Future year saving
CHW10	Adults	Review of In-house Residential Provision	250				250	Green	Vacant posts deleted and property handed back to landlord.

MTFS Savings Tracker 2015/16 to 2018/19

Ref	Service Area	Headline Description re: saving / reduction	2015/16	2016/17	2017/18	2018/19	Total	RAG Status	Comment
			£000	£000	£000	£000	£000		
CHW11	Adults	Review of voluntary sector funding	280				280	Amber	Ongoing discussions with the voluntary sector, particularly in relation to the procurement of the Care Act element of the service.
CHW11a	Community & Culture	Review of voluntary sector funding	270				270	Green	On-course to be achieved
CHW12	Community & Culture	Redevelopment Harrow Leisure Centre Site			100		100	Amber	Dependent on proposals being developed and implemented
CHW13	Community & Culture	School Music Service to fully recover costs	72				72	Green	On-course to be achieved
CHW14	Community & Culture	Strategic reorganisation of Sports Development team. Review to reduce by 1fte (remaining post funded from within Community & Culture budgets). Cease delivery of London Youth Games and further review sports development delivery in 2016/17.	30	10			40	Amber	Consultation with staff regarding Sports Development team restructure has started. To be completed by end of June 2015. It is likely that saving is unlikely to be fully achieved. London Youth Games participation will cease after the current Games end in July 2015.
CHW15	Community & Culture	Reduce council subsidy to the Harrow Arts Centre & Museum, whilst developing business plan to eliminate subsidy in the longer term. In 2015/16 saving achieved by additional income and staff re-structure in 2014/15 (resulting in 2 redundancies)	100	515			615	Red	Saving unlikely to be delivered. Strategy around longer term sustainability of the site is being considered
CHW16	Community & Culture	In 2014-15 reduction in library book stock fund to spend consistent with previous years In 2015-16 to develop a library strategy which reduces the number of libraries from 10 to 6, and implement a range of improvements to the remaining libraries in the medium to longer term.	500				500	Amber	Only likely to be partially achieved. Negotiations around new contract price are yet to be finalised. It is likely that reduced contract price will not be realised until later into the financial year (after consultations with staff affected etc. are finalised). Therefore saving is unlikely to be fully achieved.
CHW17	Community & Culture	Reduction of subsidy for community festivals	30				30	Blue	Offer for community festivals reduced to remaining budget of £10k
CHW18	Community & Culture	CHW Management savings - 1 fte in Community & Culture 2015/16 and 1 fte in Housing 2016/17	79	59			138	Blue	Post is vacant and will not be filled

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			£000	£000	£000	£000	£000		
CHW19	Public Health	Reduction in discretionary Health Checks	187				187	Amber	Whilst the savings in the public health expenditure are on target to be delivered, the June budget announced a reduction in the grant funding. This will mean that the capacity in the grant which has been created by these efficiencies, will be offset by a reduction in the grant. This grant capacity will not therefore be available for to fund other council services by this grant.
CHW20	Public Health	Efficiencies within Sexual Health & Family Planning Services	45				45	Amber	As above
CHW21	Public Health	Efficiencies within School Nursing Service	18				18	Amber	As above
CHW22	Public Health	Efficiencies within Harrow Drug & Alcohol (Young People & Adults) Services	250				250	Amber	As above
CHW23	Public Health	Efficiencies within Smoking Cessation & Tobacco Control services	41				41	Amber	As above
CHW24	Public Health	Reduce funding in Physical Activity Services (back - office change)	60				60	Amber	As above
CHW25	Public Health	Reduce Sexual Planning & Family Planning Out of Borough Contingency Fund	25				25	Amber	As above
CHW06a	Housing	Supporting People contract negotiation efficiency	10				10	Blue	On track to achieve saving
CHW26	Housing	Reduction in training & other minor budgets following review of current usage and assessment of future budget requirements	34				34	Blue	On track to achieve saving

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MTFS Savings Tracker 2015/16 to 2018/19

Ref	Service Area	Headline Description re: saving / reduction	2015/16	2016/17	2017/18	2018/19	Total	RAG Status	Comment
			£000	£000	£000	£000	£000		
CHW27	Housing	Additional salary recharges to the HRA to reflect work patterns	41				41	Green	On track to achieve saving
CHW28	Housing	Income from increased Charges for Bed & Breakfast / Private Sector Leasing accommodation. This is the 2015-16 estimated effect of an increase being implemented in 2014-15.	175				175	Green	On track, however the saving will be completely offset by Bed & Breakfast and other homelessness expenditure overspends estimated at £2m to £2.5million in 2015-16.
Total Savings Approved February 2015			5,567	634	100	-	6,301		
Savings Approved February 2014									
CHW050	Community & Culture	Libraries Transformation 2 Impact of final contract negotiations around profit share and short term use of Civic Centre by contractor	18				18	Amber	Only likely to be partially achieved. Negotiations around new contract price are yet to be finalised. It is likely that reduced contract price will not be realised until later into the financial year (after consultations with staff affected etc. are finalised). Therefore saving is unlikely to be fully achieved.
Total Savings			5,585	634	100	-	6,319		
Environment & Enterprise									
Savings									
E&E_01	Commissioning Services	Trading Standards - Further cost reduction in Trading Standards service by re-negotiating the Service Level Agreement with London Borough of Brent		40	40		80	Green	
E&E_03	Commissioning Services - Community Engagement	School Crossing Patrols - service to be funded directly by schools via Service Level Agreement (SLA). If any school chooses not to enter into a SLA, the service for that school will cease.	-	64			64	Green	A consultation with all 12 schools affected by the proposal has commenced. 2 schools have indicated that they wish to continue the service and are willing to pay for it.
E&E_04	Commissioning Services - Contract Mgt	Staff Efficiencies across the Division - Deletion of contract manager post (currently vacant)	73				73	Blue	Contracts manager post has been deleted.

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MTFS Savings Tracker 2015/16 to 2018/19

Ref	Service Area	Headline Description re: saving / reduction	2015/16	2016/17	2017/18	2018/19	Total	RAG Status	Comment
			£000	£000	£000	£000	£000		
E&E_05	Commissioning Services - Contract Mgt & Policy	Staff Efficiencies across the Division - Deletion of 3 posts	48		86		134	Blue	Accommodation and Project manager post have been deleted.
E&E_06	Commissioning Services - Facilities Mgt	Reduction in Facilities Management costs - reduce the controllable budget by 20% in the first 2 years through re-structuring and changing ways of service delivery and a further 5% over Years 3 & 4 through additional efficiencies post re-structuring. Consultation with staff already underway and it is proposed to delete 8 posts, 3 of these are currently vacant.	300	44	44	22	410	Blue	Restructure completed. Budgets realigned. New Facilities Management contract in place from 1 July 2015.
E&E_07	Commissioning Services - Facilities Mgt	Introduction of staff car parking charges	20	30	-	-	50	Green	Consulation completed. New charges will be effective from 1 June 2015.
E&E_08	Commissioning Services - Highway Services	Reduce highways maintenance budget - Changes to the response times on non urgent works i.e. respond to these in 48 hours instead of existing 24 hours.	127	84	45		256	Green	The budgets have been reduced. On-going monitoring of actual expenditure will indicate if savings have been realised.
E&E_09	Commissioning Services - Highways	Highways Contract - Extend the scope of the Highways Contract to include scheme design and / or inspection services when the contract is re-procured (current contract will expire in 16/17).			120	120	240	Green	
E&E_10	Commissioning Services - Highways	Review salary capitalisation of highway programme & TfL funded projects		100	50	50	200	Green	
E&E_11	Commissioning Services - Network Mgt	Additional income - from permitting scheme	60	20	10		90	Green	On track to achieve additional income from Street works.
E&E_12	Commissioning Services - Street Lighting	Changes in Street Lighting Policy to include variable lighting solutions.	30	68	10	12	120	Green	The budgets have been reduced. On-going monitoring of actual expenditure will indicate if savings have been realised.

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MTFS Savings Tracker 2015/16 to 2018/19

Ref	Service Area	Headline Description re: saving / reduction	2015/16	2016/17	2017/18	2018/19	Total	RAG Status	Comment
			£000	£000	£000	£000	£000		
E&E_13	Commissioning Services - Street Lighting and Drainage	Street lighting and Drainage budgets - capital investment allows for lower maintenance costs	60	25	40		125	Green	The budgets have been reduced. On-going monitoring of actual expenditure will indicate if savings have been realised.
E&E_14	Commissioning Services - Winter Gritting	Reduction in winter gritting budgets - renegotiation of winter gritting contract - adopt a risk sharing approach and move away from the current fixed pricing for the service	10	20		10	40	Green	An alternative arrangement to the current lump sum fee is to be re-negotiated such as "pay as you go". Meetings were held with the contractor and the arrangement will be formalised in due course.
E&E_15	Directorate wide	Staff Efficiencies following the merger of the Business & Service Development and Commissioning Services Divisions.	124				124	Blue	2 posts were deleted in 14/15 and the saving has been realised.
E&E_16	Directorate wide	Management Efficiencies - Reduce staff budget in Directorate Management by £130K.	53				53	Blue	The post was deleted in 14/15 and this saving has been realised.
E&E_18	Directorate wide	Staff Efficiencies following the merger of the Business & Service Development and Commissioning Services Divisions - Delete one performance management officer post and a cemetery superintendent post as of 31 March 2015. In addition, further efficiencies to be achieved in Environmental Services Delivery and Commissioning Divisions in 17/18.	72		30	50	152	Blue	Posts have been deleted.
E&E_19	Directorate wide	Increase Fees & Charges - harmonise our cemetery charges with London Borough of Brent for the shared site at Carpenders Park, and increase the minimum charge for residual waste disposal by trade customers at CA site to cover the cost of disposal.	50				50	Green	Cemetery charges have increased in 15/16 per fees & chgs schedule.

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MTFS Savings Tracker 2015/16 to 2018/19

Ref	Service Area	Headline Description re: saving / reduction	2015/16	2016/17	2017/18	2018/19	Total	RAG Status	Comment
			£000	£000	£000	£000	£000		
E&E_20	Directorate-wide	Contractual/commissioned/SLA savings - To seek maximum value in savings from existing contracts, Service Level Agreements and all services commissioned, from third parties by re-negotiating terms that will yield cashable savings. To secure on-going cashable benefits from gain share and third party income arrangements.	300	200	200		700	Amber	The saving from the new FM contract will contribute towards this target (NB. there is also a £200K target in Pan Organisation saving for FM). The forward procurement plan for the directorate is being shaped to identify procurement savings for the rest of the financial year.
E&E_21	Directorate-wide	Efficiencies saving - Remove Supplies & Services budget in Directorate Management.	170				170	Blue	Saving achieved.
E&E_22	Environmental Services - Env Health	Environmental Health Staffing: Reduce professional staffing by 2 Environmental Health Officer posts and 2 Technical Officer posts reducing service levels to residents and businesses proportionately	175				175	Blue	4 posts have been deleted. This saving has been achieved.
E&E_23	Environmental Services - Env Health	Environmental Health out of hours noise nuisance response service. Delete this service.	50				50	Blue	Out of Hours service has ceased.
E&E_24	Environmental Services - Harrow Pride	Responsive zonal street cleaning for residential streets: Move to a more targeted approach of responsive street cleaning service away from the current rota of every four weeks. Reduction of 6 posts. One-off vehicle early termination costs (1 dropside tipper and 1 tipper) is estimated at £41K.	172				172	Blue	6 posts & 2 vehicles have been deleted.
E&E_25	Environmental Services - Harrow Pride	Beat sweepers: Remove dedicated beat sweepers from secondary shopping areas, remove weekend and late afternoon street cleansing from 1st April 2015.	150				150	Blue	The budget was for agency staff who will no longer be used.

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MTFS Savings Tracker 2015/16 to 2018/19

Ref	Service Area	Headline Description re: saving / reduction	2015/16	2016/17	2017/18	2018/19	Total	RAG Status	Comment
			£000	£000	£000	£000	£000		
E&E_26	Environmental Services - Harrow Pride	Reduce Parks service to statutory minimum: Delete parks locking service, naturalise parks (except paid for fine turf), no green flag parks, litter picking reduced to once per week from 1st April 2015. Reduction of 4 Driver posts, 2 Operative posts and 5 Grounds Maintenance Specialist posts One-off vehicle early termination cost (2 tippers) is estimated at £23K. Parks Management. Through implementation of the previous savings proposal of reducing parks maintenance standards to the statutory minimum, there can be a further reduction in management and supervisory posts from the existing parks structure of 1 team leader and 2 charge-hands from 1st April 2015.	304	23			327	Blue	Post & vehicle have been deleted.
E&E_27	Environmental Services - Harrow Pride	Highways verge grass cutting, moving from a three weekly to a six weekly cycle. Reduce quality of service from 1st April 2015. One-off vehicle de-hire cost (1 tipper) is estimated at £11K.	71	11			82	Blue	3 posts & 1 vehicle deleted.
E&E_28	Environmental Services - Parking	Parking Enforcement - Increase efficiency in civil enforcement team.	100				100	Green	Restructure in progress to meet efficiency savings.
E&E_29	Environmental Services - Parking	Review Parking charges to deal with capacity issues	375				375	Red	It is not currently the plan to increase car parking charges. A range of measures are being implemented to mitigate the budget pressure including an operational review, efforts to increase the sales of business parking permits and enforcement activities where permissible. Therefore this saving target will be met in full via compensating savings.
E&E_30	Environmental Services - Public Protection	Licensing: Budget realignment to reflect forecast income from licensing activities.	15				15	Blue	Income overachieved in 14/15 so this will be achieved in 15/16.

MTFS Savings Tracker 2015/16 to 2018/19

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			£000	£000	£000	£000	£000		
E&E_31	Environmental Services - Public Protection	Removal of late growth budget at February 2014 Council - On the spot fine for spitting, graffiti, littering and anti-social behaviour	50				50	Blue	A carry forward has been requested to fund the set up costs of this project, after which it will be self funding. Therefore saving achieved in full.
E&E_32	Environmental Services -Waste Services	Clinical waste: Review of current waste composition to identify genuine clinical waste which will be collected by a specialist service	50				50	Green	New contract commenced on 5 May 2015.
E&E_33	Environmental Services -Waste Services	CA Site: Reduce assistance to public upper level at Civic Amenity site from 1st January 15. Reduction of 2 Waste Recycling Assistant posts (currently vacant).	38				38	Blue	Two posts have been deleted. This saving has been achieved.

MTFS Savings Tracker 2015/16 to 2018/19

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			£000	£000	£000	£000	£000		
E&E_34	Environmental Services -Waste Services	<p>Change mixed organic waste collection system with separate collection of food waste and introduce charges for garden waste from 1st October 2015.</p> <p>Food Waste - Each household on 3 wheeled bin system will be provided with a new 23L food waste bin and a kitchen caddy which will be emptied weekly.</p> <p>Garden Waste - Garden waste will be collected fortnightly on a chargeable basis. Households that subscribe to the service will receive 25 lifts per year at a price of £75. Concessions will be provided to residents on means tested benefits.</p> <p>Introductory offer - £75 to cover the period between 1st oct 15 and 31st Mar 17. The saving figure assumes 40% of households will take up the chargeable service.</p> <p>One-off implementation costs are estimated as follows: Revenue costs of approx £430K, and Capital costs for new food waste bins and kitchen caddies (£720K); the construction of a bulking facility for food waste at the depot (£250K).</p>	970	1,711			2,681	Amber	The collection of separate food and garden waste is planned to commence in October 15. It is anticipated that the recycling tonnage (food waste) would increase as a result of the waste diversion from residual waste bins and would yield a part year saving on disposal costs (£90K). The implementation of new garden waste charging is being delayed to April 16, leading to a one-off pressure on the income in 15/16.
E&E_36	Planning - Development Mgt	Planning Fees: following an increase in 2013, the government may increase the statutory planning fees at some point over the next four years			100		100	Green	
E&E_41	Planning - Development Mgt	'Free-go' planning applications following refusals: significantly reduce 'free-go' applications through amendment of current 'no negotiation' policy on new planning applications.	50				50	Green	

MTFS Savings Tracker 2015/16 to 2018/19

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			£000	£000	£000	£000	£000		
RES09	HR & Shared Services	Additional savings in delivery including efficiencies through the transfer of the Health & Safety function to Environment & Enterprise and the re-charging of relevant payroll expenditure to the Pension Fund (no estimated reduction in FTE). (E&E element of saving)	101				101	Blue	Budgets have been realigned and savings achieved.
Total Savings Approved February 2015			4,168	2,440	775	264	7,647		
February 2014 Savings									
E&E011		Public Realm Integrated Service Model (PRISM) efficiencies. Towards Excellence Programme efficiencies	375				375	Amber	Unable to implement the Route optimisation model in its entirety. Shortfall of £353k. A review is currently being undertaken to assess the Route Optimisation deliverables.
E&E023		Consolidation of Civic Centre accommodation to secure utility cost savings. Transformation Project	58				58	Blue	Civic 2 has been converted to a car park and schools have taken possession of Civic 3, 4, 5 & 6 from 19 May 2014. The saving is a combination of the reduction in business rates and utilities costs.
E&E043		Grounds maintenance: Annualised hours	81				81	Blue	Budgets have been reduced and savings achieved.
Total Savings Approved February 2014			514	-	-	-	514		
Total Savings For Directorate			4,682	2,440	775	264	8,161		
Children & Families									
Savings									
C&F-01	Commissioning & Schools	Harrow Teacher's Centre Centre closed July 2014 as part of site vacation to enable school expansion of Whitefriars Community School (funded by Targeted Basic Needs Programme) to proceed in Autumn 2014. Staff have already left or been redeployed and redundancy costs funded	231				231	Blue	Site closed July 2014. All staff have either been redeployed or made redundant. Redundancy costs accounted for and funded in 2014/15.

MTFS Savings Tracker 2015/16 to 2018/19

Ref	Service Area	Headline Description re: saving / reduction	2015/16	2016/17	2017/18	2018/19	Total	RAG Status	Comment
			£000	£000	£000	£000	£000		
C&F-02	Commissioning & Schools	Contracts Review Morning Lane contract by approx 16%	50				50	Blue	Contract reduced from £322k to £272k.
C&F-04	Commissioning & Schools	Enhancing Achievement including Travellers Service Seek further grant income for non-statutory support for key Narrowing the Gap pupil groups and vulnerable Traveller community. This service has generated approx £75k in external funding in 2013-14	30				30	Green	Grant income from GLA and John Lyon's generated to meet the saving in 2015/16.
C&F-05	Commissioning & Schools	Capitalisation Capitalise salary Education Professional Lead	90				90	Blue	To be recharged to the Schools Expansion Programme.
C&F-06	Cross Service	Review of management Reduce number of Service Managers & Divisional Directors. This would reduce the service one divisional director and one service manager. Redundancy costs not included	205				205	Blue	Divisional Director (Early Intervention) and Service Manager (Childrens & Families) left the Authority in 2014/15.
C&F-08	Cross Service	Private Finance Initiative Transfer the funding of the Schools PFI "affordability gap" to Dedicated Schools Grant. This is subject to consultation with Schools Forum and Harrow Schools and subject to approval by the Department for Education as it involves adding an additional factor into the Harrow Schools Funding Formula.	421				421	Blue	DSG funding added to the budget in 2015/16.
C&F-10	Targeted Services	Recruitment of Foster Carers Recruitment of an additional 13 in-house foster carers to reduce demand for external fostering agencies.	200				200	Amber	Current performance data indicates that the number of in-house foster carers is increasing. The position will be monitored monthly throughout the year alongside the Children's Placements forecasts.

MTFS Savings Tracker 2015/16 to 2018/19

Ref	Service Area	Headline Description re: saving / reduction	2015/16	2016/17	2017/18	2018/19	Total	RAG Status	Comment
			£000	£000	£000	£000	£000		
C&F-12	Early Intervention Service	Early Years & Early Intervention Services Review of all services resulting in three proposed models: Option 1 - retain 3 children's centres & 4 delivery sites Option 2 - retain 3 children's centres & 6 delivery sites Option 3 - retain 2 children's centres & 10 delivery sites	984				984	Amber	Residual employee costs relating to staff whose redundancies are set to take place in year, delays in closing sites and project management costs total around £122k. Full saving expected to be made in 2016/17. This pressure will be managed within the Children's & Families Directorate.
Total Savings			2,211	-	-	-	2,211		
Pan Organisation									
Savings									
PO 01	Pan Organisation	Using the Market - A package of saving proposals around total facilities management, supplier negotiations, revenue generation and consultancy have been identified which will provide better VFM to residents and reduce costs to the Council.		220			220	Amber	Dependent on development of individual proposals
PO 02	Pan Organisation	Service Levels / Capital Programme - Proposed savings on capital financing costs.	1,500				1,500	Blue	Achieved
PO 03	Pan Organisation	Regeneration - Indicative net income realised from a long term regeneration strategy for the borough, to be formalised following consultation launched in early 2015.	-	-	350	2,000	2,350	Amber	Dependent on strategy implementation
Total savings			1,500	220	350	2,000	4,070		
Business Support Services									
Savings									
CHW03	CHW	Review of Business Support Services	90				90	Amber	Staff Savings currently not on target to be achieved

MTFS Savings Tracker 2015/16 to 2018/19

Ref	Service Area	Headline Description re: saving / reduction	2015/16	2016/17	2017/18	2018/19	Total	RAG Status	Comment
			£000	£000	£000	£000	£000		
BSS01	Business Support	Review of Business Support Services	730				730	Amber	Staff savings are not on track to be achieved within current structure. Central Scanning project is running late and is currently delayed pending Capita providing support, this will impact on savings.
Total			820	-	-	-	820		
Total All Directorates			18,720	5,059	2,877	3,609	30,265		

Key To Tracker

Note that all savings not achievable must be met by a replacement saving

Red	Agreed saving not achievable
Amber	Saving only partially achieved or risks remaining
Green	Achievement of saving on track
Blue	Achieved and banked

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Council Tax

Currently, bad debt provisions (BDP) of £4.96m exist [**£5.03m**- £0.07k; w/off's done 01/04/15-30/06/15] for Council Tax against a potential BDP of £4.174m for debts accrued to 31 March 2015.

COUNCIL TAX	Arrears as at 1 st of April	Arrears as at Qtr 1	BDP	BDP as at Qtr 1
	£000	£000	%	£000
Pre 2008-2019	395	291	100	291
2010-2011	422	357	100	357
2011-2012	556	466	100	466
2012-2013	744	637	100	637
2013-2014	1,473	1,198	75	898
2014-2015	3,293	2,346	65	1,525
Total	6,883	5,295		4,174

National Non Domestic Rates (NNDR)

Currently, bad debt provisions of £1.903m [**£2.197m**- £0.294k; w/off's done 01/04/15 to 30/06/15] exist for business rates (NNDR) against a potential BDP of £1.881m. Under Business Rates retention, the effect on the local authority is 30% of any surplus or deficit.

NATIONAL NON DOMESTIC RATES (NNDR)	Arrears as at 1 st of April	Arrears as at Qtr 1	BDP	BDP as at Qtr 1
	£000	£000	%	£000
Pre 2013-2014	358	293	100	293
2013-2014	714	603	100	603
2014-2015	2,259	1,970	50	985
Total	3,331	2,866		1,881

Council Tax and Business Rates Court Cost

Currently, bad debt provisions (BDP) of £950k (**CT £850k+ NDR £100k**) exists for Court Costs against a potential BDP of £896k. From previous years trends, this amount of provision appears to be adequate and in line with our overall provisions policy.

Court Cost	Arrears as at 1 st of April	Arrears as at Qtr 3	BDP	BDP as at Qtr 3
	£000	£000	%	£000
Pre 2012-2013	136	210	100	210
2012-2013	79	96	100	96
2013-2014	100	203	75	153
2014-2015	220	457	60	274
2015-2016	580	325	50	163
Total	1,170	1,291		896

Housing Benefits

Currently, bad debt provisions of £5.428m [**£5.509m** - £0.081m w/offes 1/4/15 to 31/12/15] exist for Housing Benefit overpayment debt against a potential BDP of £5.226m (£3.183m + £2.043m = £5.226m).

Housing Benefit DEBTORS	Outstand as at 1 st of April	Outstand as at Qtr 1	BDP	BDP as at Qtr 1
	£000	£000	%	£000
Pre 2013-2014	462	1,080	100	1,080
2013-2014	531	717	100	717
2014-2015	2,597	2,151	50	1,076
2015-2016	0	1,033	30	310
Totals	3,590	4,981		3,183

Housing Benefit LIVE CASES	Outstand as at 1 st of April	Outstand as at Qtr 1	BDP	BDP as at Qtr 1
	£000	£000	%	£000
Pre 2013-2014	1,112	376	100	375
2013-2014	807	460	75	345
2014-2015	2,690	1,974	50	987
2015-2016	0	1,120	30	336
Totals	4,609	3,930		2,043

Over the last year there have also been new initiatives from the DWP, specifically the Real Time Information Bulk Data Matching exercise (RTI), which means the DWP is currently providing retrospective information to the authority about claimant changes not previously known to Harrow. This has resulted in a higher than normal increase in the raising of Housing Benefit overpayment debts which unfortunately is increasing the overpayments figures and adding pressure to the bad debt provision. Whilst we are addressing this for the future (the Income expectation from this source of income is being reduced in the MTFs for 2016/17), currently there is risk that the general fund may have to contribute to this area to ensure adequate bad debt provision exists in 2015/16 if sufficient overpayments are not collected to fund the full requirement as would normally be the case. The likely pressure are currently estimated at £250k (should the level of RTI information continue to come through throughout the year) but could be higher if the DWP raises the scope of RTI across other caseload areas previously not included.

Project Definition	Original Programme	Brought forward	Virements	Externally Funding	Harrow Funding	TOTAL BUDGET	Forecast	Forecast Variance	Slippage	Under / Over Spend
	£	£	£	£	£	£	£	£	£	£
5 Digital Audio Tape (DAT) machines	50,000	0	0	0	50,000	50,000	50,000	0	0	0
BTP - Public Realms	0	1,251,266	134,000	0	1,385,266	1,385,266	1,251,266	-134,000	0	-134,000
Carbon Reduction Programme 2015/16	300,000	0	-134,000	0	166,000	166,000	300,000	134,000	0	134,000
City Farm/Pinner Park Farm	0	537,902	0	0	537,902	537,902	135,000	-402,902	402,902	0
Civic Centre Parking	0	0	0	0	0	0	0	0	0	0
Corporate Accommodation Maintenance	246,000	0	0	0	246,000	246,000	246,000	0	0	0
Harrow Card	200,000	0	0	0	200,000	200,000	200,000	0	0	0
Harrow Green Grid	343,000	349,864	0	395,390	297,474	692,864	692,864	0	0	0
Harrow On Hill Station	2,000,000	0	0	2,000,000	0	2,000,000	0	-2,000,000	2,000,000	0
High Priority Plan Maintenance Corporate Property	420,000	0	0	0	420,000	420,000	420,000	0	0	0
Highway Drainage Improvements & Flood Defence Infrastructure	525,000	0	0	0	525,000	525,000	525,000	0	0	0
Highway Improvement Programme	5,500,000	0	2,100,000	0	7,600,000	7,600,000	7,600,000	0	0	0
Neighbourhood Investment Scheme	0	26,900	0	0	26,900	26,900	26,900	0	0	0
Parking Management Programme	300,000	0	0	0	300,000	300,000	300,000	0	0	0
Public Realm Services – Parks, Open Spaces & Cemeteries	990,000	0	0	0	990,000	990,000	990,000	0	0	0
Public Realm Services – Waste and Recycling	1,190,000	0	0	0	1,190,000	1,190,000	1,190,000	0	0	0
Station 106 Schemes	0	148,248	0	148,248	0	148,248	148,248	0	0	0
Station Road Highway and Environmental Improvements	298,000	0	0	198,000	100,000	298,000	298,000	0	0	0
Street Lighting Improvement Programme	1,500,000	0	0	0	1,500,000	1,500,000	1,500,000	0	0	0
TfL Major Schemes	0	0	0	0	0	0	0	0	0	0
TfL Principal Roads	870,000	0	0	870,000	0	870,000	870,000	0	0	0
TfL Transport Capital	1,204,000	663,875	0	1,867,875	0	1,867,875	1,867,875	0	0	0
Town Centre Infrastructure	0	0	0	0	0	0	0	0	0	0
Town Centre Regeneration	0	7,046	0	0	7,046	7,046	7,046	0	0	0
TOTAL E&E	15,936,000	2,985,101	2,100,000	5,479,513	15,541,588	21,021,101	18,618,199	-2,402,902	2,402,902	0
Capital cost of transition and transformation of ICT service	6,800,000	0	-2,600,000	0	4,200,000	4,200,000	1,080,000	-3,120,000	3,120,000	0
ITO Transformation	0	2,119,000	0	0	2,119,000	2,119,000	1,994,000	-125,000	125,000	0
My Harrow Services Account Dev Prog	0	73,816	0	0	73,816	73,816	73,816	0	0	0
IT Improvement Project	0	300,000	0	0	300,000	300,000	300,000	0	0	0
SAP: Financial Leger/Systems Control Imp	0	241,000	0	0	241,000	241,000	241,000	0	0	0
BTP - Mobile & Flex	320,000	1,308,000	0	0	1,628,000	1,628,000	1,362,000	-266,000	266,000	0
BTP - Corporate Resources	0	20,000	0	0	20,000	20,000	20,000	0	0	0
BTP - PCI Cap	0	0	0	0	0	0	0	0	0	0
BTP Minor Projects	0	171,146	0	0	171,146	171,146	170,000	-1,146	0	-1,146
SAP Minor Developments	0	31,000	100,000	0	131,000	131,000	131,000	0	0	0

Project Definition	Original Programme	Brought forward	Virements	Externally Funding	Harrow Funding	TOTAL BUDGET	Forecast	Forecast Variance	Slippage	Under / Over Spend
	£	£	£	£	£	£	£	£	£	£
ICT Infrastructure & Corporate Applications	0	374,000	0	0	374,000	374,000	394,000	20,000	0	20,000
IT Corporate System Refresh	0	1,033,000	0	0	1,033,000	1,033,000	1,033,000	0	0	0
LAA Performance Reward Grant	0	123,649	0	123,649	0	123,649	123,649	0	0	0
BTP - Hardware Refresh	0	263,000	0	0	263,000	263,000	150,000	-113,000	0	-113,000
Loan Payment - Capital	3,883,000	2,218,903	0	0	6,101,903	6,101,903	5,805,000	-296,903	296,903	0
Ongoing refresh & enhancement of ICT	2,000,000	0	-100,000	0	1,900,000	1,900,000	1,328,000	-572,000	572,000	0
Other potential costs of ICT implementation	1,000,000	0	0	0	1,000,000	1,000,000	1,000,000	0	0	0
Purchase of existing IT assets	500,000	0	0	0	500,000	500,000	500,000	0	0	0
Small Schemes (Council wide)	0	250,000	0	0	250,000	250,000	250,000	0	0	0
Minor works responsive programme	0	0	500,000	0	500,000	500,000	500,000	0	0	0
IER Grant	0	17,796	0	17,796	0	17,796	17,796	0	0	0
TOTAL RESOURCES	14,503,000	8,544,310	-2,100,000	141,445	20,805,865	20,947,310	16,473,261	-4,474,049	4,379,903	-94,146
Regeneration Programme	1,750,000	0	0	0	1,750,000	1,750,000	1,750,000	0	0	0
217 TOTAL REGENERATION	1,750,000	0	0	0	1,750,000	1,750,000	1,750,000	0	0	0
TOTAL GENERAL FUND	67,255,000	48,395,361	0	64,142,032	51,508,329	115,650,361	104,310,763	-11,339,598	9,749,452	-1,590,146
Housing Programme	21,656,000	1,707,000	0	923,000	22,440,000	23,363,000	23,037,000	-326,000	0	-326,000
Affordable Housing	0	534,000	0	0	534,000	534,000	534,000	0	0	0
TOTAL HRA	21,656,000	2,241,000	0	923,000	22,974,000	23,897,000	23,571,000	-326,000	0	-326,000

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