

# REPORT FOR: **CABINET**

---

<b>Date of Meeting:</b>	11 December 2014
<b>Subject:</b>	Draft Revenue Budget 2015/16 and Medium Term Financial Strategy 2015/16 to 2018/19
<b>Key Decision:</b>	Yes
<b>Responsible Officer:</b>	Simon George, Director of Finance and Assurance
<b>Portfolio Holder:</b>	Councillor Sachin Shah, Portfolio Holder for Finance and Major Contracts
<b>Exempt:</b>	No
<b>Decision subject to Call-in:</b>	Yes
<b>Wards affected:</b>	All
<b>Enclosures:</b>	Appendix 1 Savings & Growth 2015/16 to 2018/19 Appendix 2 Medium Term Financial Plan 2015/16 to 2018/19 Appendix 3 Schools Budget 2015/16 Appendix 4 Draft Public Health Budget 2015/16 Appendix 5 'Take Part' (process) Equality Impact Assessment Appendix 6 'Take Part' Feedback Presentation Appendix 7 'Take Part' Feedback (formal letters)

## **Section 1 – Summary and Recommendations**

This report sets out the draft revenue budget for 2015/16 and draft Medium Term Financial Strategy (MTFS) for 2015/16 to 2018/19. The budget and MTFS will be brought back to Cabinet in February 2015 for final approval and recommendation to Council.

### **Recommendations:**

Cabinet is requested to:

- 1) Approve the draft budget for 2015/16 and the MTFS 2015/16 to 2018/19 for general consultation, being mindful of the results of the Take Part consultation and equality impact assessment, as set out in Appendices 1 & 2.
- 2) Note the current remaining budget gaps of £15.5m, £15.6m and £12.8m for 2016/17, 2017/18 and 2018/19 respectively (paragraph 1.9).
- 3) Note the intention to increase Council Tax by 1.99% in 2015/16 (paragraph 1.12).
- 4) Note the statutory changes to schools funding for 2015/16 and approve the proposed arrangements for the 2015/16 School Funding Formula as set out in Appendix 3
- 5) Approve the draft Public Health budget for 2015/16 as set out in Appendix 4.
- 6) Agree the sum of £260,259 as Harrow's contribution to the London Grant Scheme in 2015/16 (paragraph 1.28)

### **Reason: (For recommendations)**

To ensure that the Council publishes a draft budget for 2015/16.

## **Section 2 – Report**

### **INTRODUCTORY PARAGRAPH**

- 1.0 This is the next report in a series of budget reports for the MTFS covering the period 2015/16 to 2018/19.
- 1.1 The draft budget set out in this report shows a refreshed MTFS with a number of changes Cabinet are asked to note. The changes achieve a balanced budget position for 2015/16 with an estimated budget gap of £15.5m, £15.6m and £12.8m for 2016/17, 2017/18 and 2018/19 respectively. The MTFS will be subject to further adjustments following the Autumn Statement and Local Government Financial Settlement,

both of which are due for announcement in December. All adjustments will be reported to Cabinet and Council in February.

### **CURRENT FINANCIAL CONTEXT**

- 1.2 The budget process is designed to ensure that it is priority led so that resources are aligned with council priorities and statutory responsibilities. A new vision and set of Council priorities were agreed at Council in June 2014 and the draft budget for 2015/16 has been prepared in line with these.
- 1.3 The MTFs agreed by Cabinet and Council in February 2014 showed a balanced budget position for 2014/15 and an estimated budget gap of £24.74m for 2015/16 and £20.765m for 2016/17. This budget gap was based on an indicative central government grant settlement for 2015/16 alongside a number of assumptions on council tax, inflation and movements on government grants.
- 1.4 In July 2014 Cabinet received a budget planning process update report which looked forward to 2017/18 and 2018/19 and estimated an additional budget gap of £15m for each year taking the total estimated budget gap for the four year period 2015/16 to 2018/19 to £75m. This is an indicative amount which is subject to change based on announcements in the annual central government grant settlement and local factors. The July Cabinet report identified an indicative savings target of £30m for 2015/16. This is slightly higher than the reported MTFs budget gap position of £24.75m to provide an element of slippage for those saving proposals that may require a long lead in time. To ensure the target for 2015/16 is achieved Cabinet, in July and November 2014, agreed to savings of £1.732m being taken in-year (2014/15) which contribute towards the £30m.

### **EXTERNAL FUNDING POSITION**

- 1.5 Harrow is one of the lowest funded councils in London. A focused piece of work was recently commissioned from LG Futures to investigate Harrow's funding settlement and the reasons behind the variances from other London Boroughs and across England. The review identified that in 2015/16 Harrow's revenue spending power per head is projected to be £159 (or 17.3%) lower than the London average which ranks Harrow 26<sup>th</sup> out of 32. A similar comparison with the England average shows Harrow's revenue spending power per head is £127 (or 14.3%) below average and ranks Harrow 105<sup>th</sup> out of 120.

### **DELIVERY OF THE 2014/15 BUDGET**

- 1.6 Delivery of the 2014/15 budget is critical to maintaining the Council's financial standing. The 2014/15 revenue budget includes a challenging savings target of £12.9m and investment of £7.712m. At Quarter 2 (as at 30 September) the Council is forecasting a small underspend of £88k with no planned draw down on the central contingency for unforeseen items of £921k. The £88k forecast underspend is the net

of pressures against the directorate budgets of £262k off set by additional investment income of £350k.

## **BUDGET PLANNING PROCESS**

1.7 Through the budget process there has been a very clear steer that officers must come forward with a range of saving proposals to give Members options to meet the budget gap for 2015/16.

## **DEVELOPMENTS IMPACTING UPON THE COUNCIL'S MEDIUM TERM FINANCIAL STRATEGY**

1.8 The 2014/15 MTFs, covering the three year period 2014/15 to 2016/17, was approved by Council in February 2014. Though the MTFs is approved annually, it is reviewed on a continual basis as the Council's financial position is dynamic and could be affected by a number of financial uncertainties and adjustments that could affect its financial position over the medium term.

1.9 In preparing the draft budget for 2015/16 there have been a number of adjustments to the MTFs. These are summarised in table 1 below followed by a narrative explanation:

**Table 1: Adjustments to 4 Year MTFs (prior to the Local Government Financial Settlement)**

	<b>2015/16</b>	<b>2016/17</b>	<b>2017/18</b>	<b>2018/19</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Estimated budget gap February 2014</b>	<b>24,740</b>	<b>20,765</b>	<b>0 (*)</b>	<b>0 (*)</b>
<b>Adjustments:</b>				
Revenue Support Grant	0	(4,195)	8,560	3570
Retained Business Rates	1,022	150	0	0
Council Tax Increase of 1.99% (net)	(854)	0	0	0
Council Tax base	(1,407)	(1)	(104)	(102)
Collection Fund Surplus	(1,900)	1,900	0	0
Technical Adjustments	(2,420)	2,290	10,037	12,979
Additional directorate saving proposals (net):				
Children and Families	(1,882)	0	0	0
Environment & Enterprise	(4,403)	(2,870)	(775)	(264)
Community, Health and Wellbeing	(7,152)	(834)	(100)	0
Resources	(3,515)	(1,500)	(1,652)	(1,345)
Pan Organisation	(1,500)	(220)	(350)	(2,000)
Business Support Services	(730)	0	0	0
<b>Estimated budget gap – February 2014</b>	<b>0</b>	<b>15,484</b>	<b>15,616</b>	<b>12,838</b>

(\*) The current MTFs runs to 2016/17. It has been extended by two years hence a starting point of £0.

1.10 **Revenue Support Grant (RSG).** The refreshed MTFS has been updated to reflect London Councils grant estimates as at June 2014. No adjustment is required for 2015/16 with RSG being retained at £51.763m. The current MTFS was over prudent in its assumptions for 2016/17 assuming a reduction of £9.4m to £42.334m. The London Councils estimate is a reduction of £5.2m taking RSG to £46.539m resulting in a favourable adjustment of £4.2m. London Councils estimate RSG at £37.979m for 2017/18 and £34.409m for 2018/19.

1.11 **Retained Business rates.** The current MTFS assumes retained non domestic rates at £15.034m. The revised estimate for 2015/16 is £14.012m, a reduction of £1.022m. The amount of Business Rates Retention for 2015/16 has dropped significantly regardless that the yield has benefited from an increase in multiplier of 2.3%, this being the RPI figure as at September 2014 which legislation requires the multiplier to be increased by. The reasons for the reduction are detailed:

- Rateable Value has reduced by over £2.8m or 2.2% in 12 months.
- The Tax Base is being eroded by commercial property being converted to domestic or being demolished and awaiting domestic properties being built
- The Valuation Officer is accelerating its determination of Appeals and granting reductions in a condensed period in order to meet “clearance targets”

No future increases are assumed in the MTFS for retained business rates.

1.12 **Council Tax Increase of 1.99%.** The current MTFS assumes a 0% increase in Council Tax and the receipt of Council Tax Freeze Grant of £1.068m. The refreshed MTFS is based on a Council Tax increase of 1.99% in 2015/16 which, based on the updated Council Tax base, will generate an estimated £1.922m of income. The freeze grant will no longer be applicable hence a net favourable adjustment of £854k to the MTFS. As a result of the 1.99% increase in Council Tax, the band D equivalent rate will increase from £1,210.28 to £1,234.36. No future year increases are assumed.

1.13 **Council Tax base.** The current MTFS is based on a tax base of 78,550 equivalent band D properties. The tax base that will be submitted to December Cabinet for 2015/16 will be 79,795, an increase of 1,245 equivalent band D properties. Of the increase, 401 is due to new properties and a reduction in exemptions and discounts awarded. The balance of 845 is due to a reduction in the Council Tax Support Scheme spend, equivalent to £1.036m. With regards to the latter this is because the original assumptions about claimant growth did not materialise and as such actual spend was less than anticipated. This sum of £1.036m is set aside as contingency for Welfare Reform.

1.14 **Collection Fund.** A surplus of £1.9m is estimated for 2015/16. This surplus is non recurrent and is reversed out in 2016/17.

### 1.15 Technical Adjustments:

- **Capital Financing Costs.** The MTFS assumed £310k of additional capital financing costs for 2015/16. Following a review the provision has increased by £1.337m. The 4 year rolling Capital Programme has been reviewed and updated to include 2018/19. Cabinet will be asked to agree the draft programme in December and the final programme in February. The updated programme will require additional capital financing costs of £458k, £2.095m and £4.731m for 2016/17, 2017/18 and 2018/19 respectively and the MTFS has been adjusted to reflect this.
- **Pay award.** The current MTFS assumes pay inflation at 1% for 2014/15 and 2% for 2015/16. The pay award has now being agreed. All Harrow Council staff covered will receive a 2.2% pay increase for the period 01/04/15 to 31/03/16. Officers on qualifying grades will also receive a non consolidated one off payment in December and/or April 2015. The impact of recently announced changes to the London Living Wage is being worked through and will be reflected in the final budget and MTFS. . For 2016/17 and 2017/18 the MTFS has been updated to assume a 2% per annum pay award at an annual cost of £1.8m.
- **Inflation on Goods and Services.** The MTFS assumes a 1.3% inflationary increase on goods and services at a cost of £1.210m. Based on current budgets, the inflationary uplift will cost an additional £60k in 2015/16 and 2016/17 and an estimated £1.270m is required for both 2017/18 and 2018/19, all of which have been adjusted for.
- **Employers Pension fund contribution.** Additional funding of £442k in 2015/16 and £182k in 2016/17 is needed to fund an increase in the Employer pension contribution as required by the actuary. Estimated cost pressures of £622k for 2017/18 and £664k for 2018/19 have been accounted for in the MTFS.
- **Re-instatement of the post of Chief Executive.** A budget provision of £182k has been re-instated to cover salary and employers national insurance.
- **National Insurance on contracted out employees.** There is currently a rebate on national insurance to employers and employees where employees are members of an approved pension scheme. Central government has announced this will end on 31/03/16 and the estimated cost of the impact is £1.1m which is now included in the MTFS.
- **Contingencies.** The current MTFS assumes a budget planning contingency of £3m which has been removed for 2015/16 The contingency to cover unforeseen items and spending pressures has been increased from £921k to £1m as a prudent measure considering the level of savings that will be built into the 2015/16

budget. A contingency of £1.036m for Welfare Reform has been created for 2015/16 as detailed in paragraph 1.13. As a prudent measure the budget planning contingency of £3m has been re-instated for 2017/18 and 2018/19.

- **New Homes Bonus.** In 2014/15 NHB is budgeted to be £2.946m. The MTFS assumed that in 2015/16 additional eligible properties would take this to £3.346m but there would then be a £1.6m top slice with the funding going to the London Local Enterprise Partnership (LEP) administered by the Mayor for London. This would result in a grant receivable of £1.746m. It is now projected that the grant, before top slice, will be somewhat lower at £3.160m but that the top slice will only be £0.948m, giving a net grant of £2.212m. This results in a favourable adjustment in the MTFS of £466k. Moving forwards NHB grant is projected to decline due to lower awards in respect of historical properties and the lower number of empty properties expected to qualify in future years. The MTFS is assumed to reduce by £195k in 2016/17, £325k in 2017/18 and £579k in 2018/19.
- **Education Support Grant.** In 2014/15 the budgeted Education Services Grant is £2.751m. This was projected to fall to £1.251m in 2015-16 as schools convert to academy status and the government reduces the total amount paid via this grant. Based on current projections of academy conversions and pupil numbers, together with the 2015-16 grant rates announced by the Department for Education (DfE), the estimated grant receivable in 2015/16 is projected to be £2.200m. This enables the budgeted grant reduction in 2015-16 to be reduced by £0.949m. The grant is projected to decline in subsequent years as academy conversions occur and the DfE cut the grant rates paid. The MTFS assumes reduction a reduction of £345k in 2016/17 and £545k for 2017/18 and 2018/19. Figures for 2015/16 are still subject to confirmation by the DfE and all figures are subject to revision in-year following any conversions to academies.
- **S31 Grant.** The Council is receiving s31 grant to compensate it for the Governments decision to extend a number of reliefs to small businesses and also to compensate for the increase in the business rates multiplier being capped at 2% when it would otherwise have gone up by RPI. This was budgeted to be £375k in 2014/15 with an assumption in the MTFS that this would drop out in 2015/16. Its is now projected to be £600k in 2015/16, either as a s31 grant or an adjustment to the RSG.
- **Freedom Passes.** The cost of Freedom Passes for Harrow residents is recharged via an annual levy from Transport for London. The overall cost of the levy to London boroughs is negotiated annually by London Councils and the distribution based on usage data, primarily from Oyster cards. The main factors used are London Transport prices and usage in most years increases by more than inflation. The levy is £9.643m in 2014/15 and the draft

MTFS assumes that it will be £9.927m in 2015/16, £10.216m in 2016/17, £10.596m in 2017/18 and £10.986m in 2018/19. It is anticipated that levy figures will be considered and agreed at the London Councils Transport and Environment Committee on 11 December.

- 1.16 The Autumn Statement is due on 3 December 2014 with the Local Government Financial Settlement following a couple of weeks later, around 17 December. These will result in further adjustments to the MTFS which will be reported to Cabinet and Council in February 2015.

## ANALYSIS OF DIRECTORATE SAVINGS

- 1.17 Table 1 identified £31.092m (net) of additional directorate savings. The MTFS process was guided by work under the themes of regeneration, commercialisation and procurement, public service integration, efficiency and management savings. Table 2 below analyses the savings between management savings, additional income, contractual savings, efficiency savings and service changes (MICES):

**Table 2: Saving Proposals 2015/16 to 2018/19 MICES Analysis**

Directorate	Mgt	Income	Contractual	Efficiency	Service Changes	Total
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Resources</b>	150	160	1,798	4,699	1,205	8,012
<b>Community, Health &amp; Wellbeing</b>	308	3,584	313	2824	1602	8,631
<b>Environment &amp; Enterprise</b>	367	3,871	830	1,684	1,560	8,312
<b>Children &amp; Families</b>	205	541	50	586	1,215	2,597
<b>Pan Organisation</b>	0	0	0	1,720	2,350	4,070
<b>Business Support</b>	0	0	0	730	0	730
<b>TOTAL</b>	<b>1,030</b>	<b>8,156</b>	<b>2,991</b>	<b>12,243</b>	<b>7,932</b>	<b>32,352</b>

Table 2 does not account for the following two growth items which were not categorised:

- Children and Families – Social Worker growth of £715k
- Community, Health and Wellbeing – Care Act funding from the Better Care Fund of £545k

- 1.18 The saving proposals, as detailed in appendix 1, currently approximate to a reduction of 135 fte in 2015/16, subject to consultation.

## SCHOOLS BUDGET 2015/16

- 1.19 The funding arrangements for the Dedicated Schools Grant and the Schools Budget for 2015/16 are detailed in Appendix 3. Cabinet are asked to note the statutory changes to schools funding for 2015/16 and

approve the proposed arrangements for the 2015/16 schools funding formula (as reported to Schools Forum on 25 November).

### **PUBLIC HEALTH FUNDING 2015/16**

- 1.20 The Department of Health announced in September 2014 that local authorities would receive a £2.79 billion ring fenced public health grant for their public health duties, the same level as in 2014-15. The allocation for Harrow totals £9.146m for 2015-16. There will be further ring-fenced funding for 0-5 years public health services (health visiting) announced in due course in relation to the services that will transfer from NHS England to local authorities in October 2015.
- 1.21 During 2014-15 further contract efficiencies have been identified enabling wider determinants of public health to be charged to the grant. A programme of procurement will continue in 2015/16 and beyond and in particular, a collaborative approach to the commissioning of sexual health services across London, is expected to deliver further efficiencies (or as a minimum contain growth) from April 2018.
- 1.22 The draft commissioning intentions (detailed in Appendix 4) will be presented to the Health and Wellbeing Board at its meeting on 08 January 2015.

### **BETTER CARE FUND**

- 1.23 From April 2015 the NHS Funding Transfer will become the Better Care Fund (BCF) with funding of £3.8bn nationally. The allocation for Harrow, across the Health and Social Care economy is £14.373m. This represents a re-allocation of existing resources and includes £1.190m for capital expenditure (including Disabled Facilities Grants) together with the funding associated with a range of duties from the Care Act that comes into effect in April 2015.
- 1.24 The draft budget assumes that the Council will receive revenue funding of £6.529m from the allocation, together with the full capital allocation of £1.190m. The Council and the CCG must agree how the BCF resources are allocated to deliver the national conditions, including the protection of social care services. Negotiations are ongoing and have not yet been concluded.

### **REGENERATION**

- 1.25 Indicative net income is estimated to be realised from a long term regeneration strategy for the borough, to be formalised following consultation launched in early 2015 (saving proposal PO 03).

### **RESERVES AND CONTINGENCIES**

- 1.26 Reserves and contingencies need to be considered in the context of their need to protect the Council's good financial standing and in the context of the overall risks that the Council faces during a continuing

period of economic uncertainty. The MTFs reflects the Council's need to ensure an adequate level of reserves and contingencies which will enable it to manage the risks associated with delivery of the budget and unforeseen events. As at the time of writing this report general non earmarked balances stand at £10m and those for specific purposes are detailed:

- Unforeseen contingency £921k
- Pay and Energy Inflation contingency £1,400 with an anticipated draw down of £950 once the current year pay award is finalised
- Transformation and Priorities Initiatives Fund £3.981m
- Carry forwards £195k
- Business Risk Reserve £2.859m
- MTFs Implementation £6.694m

1.27 The Director of Finance and Assurance will report on the adequacy of the council's reserves as required in the budget setting report in February.

### **LONDON BOROUGH GRANTS SCHEME**

1.28 The London Boroughs Grants Committee met on 26 November and proposed a scheme for London that will cost London Boroughs £9m in 2015/16 compared to £8.2m in 2014/15. Harrow's contribution is £260,259 which is an increase of £21k on last year. The 2014/15 scheme included a one off rebate of £800k for London of which Harrow's share was £23k. The 2015/16 contributions are being recommended to the London Council's Leaders Committee on 9 December for agreement.

1.29 Cabinet is asked to agree the sum of £260,259 as Harrow's contribution to the London Grant Scheme in 2015/16.

### **CONSULTATION**

1.30 'Take Part' is the start of a conversation with residents about changes the council needs to make over the next four years to meet an estimated budget gap of £75m. The first phase has focused on talking to the community about:

- The indicative savings target of £30m for 2015/16
- Getting feedback on the impacts of proposed savings
- Residents priorities
- Understanding residents views on a proposed Council Tax increase up to the referendum level of 2%
- Exploring new and innovative ways to provide services in the future
- Identify any additional community capacity

1.31 The consultation was carried out over an eight week period from 11 September to 8 November 2014. A variety of consultation mechanisms were deployed to ensure residents were given the opportunity to respond in a way that suited their needs. In total:

- 100,000 booklets and surveys were distributed via Harrow People
  - 6,000 plus booklets were distributed as part of events
  - 361 face to face in depth conversations took place
  - 50 Community meetings were held
  - 52 Councillors and 23 Senior Officers were involved in the Take Part road shows / drop in sessions
- 1.32 In terms of engagement activity a total of 3,451 responses were received which included:
- 24 formal responses from local community organisations
  - 468 responses from the Harrow Youth Parliament
  - 15 petitions totalling 15,845 signatories
- 1.33 In respect of Take Part, please refer to Appendix 5 for the process equality impact assessment, Appendix 6 for the feedback presentation and Appendix 7 for the feedback (formal letters).
- 1.34 Cabinet are asked to note that a number of specific resident consultations have already commenced, as detailed in table 3 below:

**Table 3: Resident Consultation's Underway**

<b>Directorate</b>	<b>Reference</b>	<b>Proposal</b>	<b>Consultation Period</b>
Children & Families	C & F 19	Early Intervention Service – Closure of Children Centres	11 November to 4 January 2015
Community, Health and Wellbeing	CHW 18	Community & Culture - Review of Library Service with a view to site closures	24 November to 19 January 2015
Community, Health and Wellbeing	CHW 12 & 14	Adult Services – Review of voluntary sector funding / grants	24 November to 19 January 2015 (STC)

## **LEGAL IMPLICATIONS**

- 1.35 Section 31A of the Local Government Finance Act 1992 requires billing authorities to calculate their council tax requirements in accordance with the prescribed requirements of that section. This requires consideration of the authority's estimated revenue expenditure for the year in order to perform its functions, allowances for contingencies in accordance with proper practices, financial reserves and amounts required to be transferred from general fund to collection fund.
- 1.36 Local authorities owe a fiduciary duty to council tax payers, which means it must consider the prudent use of resources, including control of expenditure, financial prudence in the short and long term, the need to strike a fair balance between the interests of council tax payers and ratepayers and the community's interest in adequate and efficient

services and the need to act in good faith in relation to compliance with statutory duties and exercising statutory powers.

- 1.37 When approving its draft budget, the Council must take into account all relevant material, including its fiduciary duty, consultation responses to the general budget consultation and potential equality implications in order to reach a decision. This report presents a draft budget, following general consultation on a range of proposals. Further consultation is planned on specific savings proposals, the results of which will be presented to Cabinet in February 2015. Cabinet must consider the results of the general consultation and the EqIA results, when deciding whether to approve the draft budget.”

## **FINANCIAL IMPLICATIONS**

- 1.38 Financial Implications are integral to this report.

## **PERFORMANCE IMPLICATIONS**

- 1.39 The in-year measurement of the Council is reported in the Strategic Performance Report. The Corporate Plan, which will be developed alongside the Budget Report, will have measures within it which will set out how Council delivery in 2014/15 will be measured and this again will be reported through the Strategic Performance Report.

## **EQUALITIES IMPLICATIONS / PUBLIC SECTOR EQUALITY DUTY**

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

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

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

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

- (a) remove or minimise disadvantages suffered by persons who share a relevant protected characteristic that are connected to that characteristic;*

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

*The steps involved in meeting the needs of disabled persons that are different from the needs of persons who are not disabled include, in particular, steps to take account of disabled persons' disabilities.*

Having due regard to the need to foster good relations between persons who share a relevant protected characteristic and persons who do not share it involves having due regard, in particular, to the need to:

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

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

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

1.41 All new directorate proposals are subject to an initial equalities impact assessment followed by a full assessment where appropriate. These will be published along with the final budget and MTFs report to February Cabinet. An assessment will also be carried out on the whole budget, when all proposals have been identified, to ensure that decision makers are aware of any overall impact on any particular protected group.

## **RISK MANAGEMENT IMPLICATIONS**

1.42 As part of the budget process the detailed budget risk register will be reviewed and updated. This helps to test the robustness of the budget and support the reserves policy. This will be reported to February Cabinet.

## **COUNCIL PRIORITIES**

1.43 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.

The budget process is designed to ensure that it is priority led so that resources are aligned with Council priorities and statutory responsibilities. The draft budget for 2015/16 has been prepared within this process.

### Section 3 - Statutory Officer Clearance

Name: Dawn Calvert	<input checked="" type="checkbox"/>	on behalf of the Chief Financial Officer
Date: 1 December 2014		
Name: Jessica Farmer	<input checked="" type="checkbox"/>	on behalf of the Monitoring Officer
Date: 1 December 2014		

<b>Ward Councillors notified:</b>	<b>NO, as it impacts on all Wards</b>
<b>EqIA carried out:</b>	<b>Yes – on Take Part process</b>
<b>EqIA cleared by:</b>	<i>Carol Yard / Legal</i>

### Section 4 - Contact Details and Background Papers

**Contact:** Dawn Calvert, Head of Strategic Finance and Business (Deputy S151), tel: 0208 424 1393, dawn.calvert@harrow.gov.uk

**Background Papers:** MTFs 2014/15 to 2016/17 as approved by Council in February 2014

<http://www.harrow.gov.uk/www2/ieListDocuments.aspx?CId=288&MId=61446&Ver=4>

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

**NOT APPLICABLE**

*[Call-in applies]*