

# **Harrow Business Consultative Panel SUPPLEMENTAL AGENDA**

**DATE: Monday 24 January 2011**

## **AGENDA - PART I**

- 9. INFORMATION REPORT - BUDGET AND MEDIUM TERM FINANCIAL STRATEGY PROPOSALS (Pages 1 - 14)**

Presentation by the Corporate Director Finance.

## **AGENDA - PART II - NIL**

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**Stakeholder Meetings on  
Budget  
December 2010 / January 2011**



# Vision and Priorities



## Draft Vision

- Working together: our Harrow, our community

## Proposed priorities:

- United and involved communities: a Council that listens and leads
- Keeping neighbourhoods clean, green and safe
- Supporting and protecting people who are most in need
- A Town Centre to be proud of: changing Harrow for the better

## Financial Context



- Harrow is already a relatively low spending council
- Large parts of the budget are outside the Council's control
- Considerable savings have been made in previous years and this makes it increasingly difficult to identify new areas for efficiencies and reductions
- The demand for services and expectations from central government are growing all the time
- The Spending Review 2010 suggests that there will be significant funding reductions in the next few years
- Local Government Settlement announced 13 December

## Local Government Settlement



- Harrow not as badly affected as some
- Transfer of some specific grants into general grant
- Reduction in formula grant of £8m for 2011-12
- New funding for council tax freeze
- New funding for social care for Council (?) and NHS
- More work needed to understand implications

## Current Position

- Reports on the budget process went to cabinet in July and October.
- Draft budget for 2011-12 to 2015-16 (revenue and HRA) going to Cabinet in December
- Funding Gaps (ie difference between planned spending and anticipated income) as follows:
  - 2011-12, £5.6m
  - 2012-13, £5.6m
  - 2013-14, £10.2m
  - 2014-15, £14.9m
  - 2015-16, £16.5m

# Analysis of Funding Gap 2011-12



- Inflation, £2.7m
- Investment in services, £5.7m
- Efficiencies/Savings identified, -£12.6m
- Technical changes, £5.5m (including grant cuts, concessionary travel, contributions to reserves)

**Balance to Find = £5.6m**



# Council Tax Strategy



- For December Cabinet, draft budget based on Council Tax increases of 0% in 2011-12, and 2.5% thereafter
- Councillors are striving to achieve reasonable council tax increases but recognise the constraints
- Particularly challenging due to economy and settlement
- Need to achieve right balance between tax levels, service levels and risk

# Investment in Services

- Investment of £5.7m in services in draft budget
- Key areas are:
  - Social Care for Children and Adults (£2.8m)
  - IT contract (£1.6m)
- Waste disposal, still under review, likely to see reduction in payments to WLWA due to use of balances

## Efficiencies/savings Identified

In total efficiencies/savings of £12.6m identified for 2011-12 including:

- Cross cutting transformation projects, £0.5m
- Adults and Housing, £4m
- Children's Services, £2.2m
- Community and Environment, £2.9m
- Place Shaping, £0.5m
- Legal/Finance/Chief Executive, £2.5m (including procurement)

Emphasis on efficiency, trying to minimise impact on front line services  
Lot more work required on impact of cross cutting projects

# Strategy for Closing Funding Gap



For 2011-12, gap to be closed from following sources:

- Settlement – is it better than we expected?
- Collection Fund
- Levies, including WLWA
- Further savings

## Housing Revenue Account



- Draft budget going to December cabinet
- Maintaining capital investment in stock at around £6m per year
- Average rent increase 4.95% in 2011-12 but consulting on options
- Significant changes to service charges

# Capital Programme



Capital programme still under development for 2011-12 to 2015-16

## **Consultation**

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- Consultation on priorities via Resident's Panel and "Let's Talk" campaign
- Adults Consultation
- Voluntary and Community Sector consultation
- Scrutiny Q&A in January
- Standing scrutiny review of the budget
- Stakeholder information meetings in January

## **Final Decisions**

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- Final budget reported to Cabinet on 10 February and Council on 17 February 2011
- Final decision will include council tax level, rents and service charges for 2011-12