



Business Question Time

13 January 2009

- The Council's vision is to be recognised as one of the best London Councils by 2012 in a borough that is cosmopolitan, confident and cohesive
- Draft corporate priorities for 2009-10
 - Cleaner and safer streets
 - Improve support for vulnerable people
 - Build stronger communities

- 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 (£35m saved in last 3 years, 2006/07 – 2008/09)
- The demand for services and expectations from central government are growing all the time
- The local government settlement is poor
- Due to the deteriorating economic conditions there is considerable uncertainty in a number of areas
- Reserves are very low

- Economic position is creating additional pressure through:
 - Demand for services
 - Loss of income from sale of land and property
 - Loss of income such as land charges
 - Loss of investment income (due to base rate cuts)
 - Contract prices (due to high inflation this year)
 - Energy costs
- Total impact of economic conditions included in draft budget is £4.5m

- Reports on the budget process went to Cabinet in July and October.
- Draft budget for 2009-10 to 2011-12 reported to Cabinet in December
- Funding Gaps (ie difference between planned spending and anticipated income) as follows:
 - 2009-10, £4.2m
 - 2010-11, £8.2m
 - 2011-12, £7.3m

- Three year settlement announced last year
- General Grant increases of 2% in 2008-09, 1.75% in 2009-10, 1.5% in 2010-11
- In cash terms around £1m a year
- Does not address the pressures the Council is facing
- Due to economic climate, very poor outlook for next settlement, so assuming no grant increase at all in 2011-12

- At December Cabinet, the draft budget was based on Council Tax increases of 3% in 2008-09, 2009-10, 2010-11
- Councillors are striving to achieve reasonable council tax increases but recognise the constraints
- Particularly challenging this year due to economy
- Need to achieve right balance between tax levels, service levels and risk

Strategy for Closing Funding Gap



- Further efficiency savings
- Review of capacity for investment
- Review of technical assumptions, particularly given rapidly changing economic position

GLA Precept



GLA Precept					
Figures at Band D	2007-08	2008-09	2009-10	Increase	Increase
	£	£	£	£	%
Harrow Council services	1,119.50	1,152.55	1,187.14	34.59	3.00
GLA Precept	303.88	309.82	309.82	-	-
Combined Council Tax	1,423.38	1,462.37	1,496.96	34.59	2.37
NB, Based on draft Harrow budget and Mayor's consultation budget					

Reserves Policy



The Council intends to add £0.5m to reserves and provisions each year until such time as general balances exceed £5m.

This policy is built into the 3 year budget.

- Consultation on priorities via Resident's Panel and "Have your say" campaign
- Standing scrutiny review of the budget
- Stakeholder information meetings in January
- Corporate Plan and final budget to be reported to Cabinet on 12 February and Council on 19 February
- Final decision will include council tax level, rents and service charges for 2009-10