

Technical Commentary

Council Tax Raised

This section shows the projected changes in the amount of Council Tax raised. There are a number of factors influencing this.

In 2012-13 the cost of Council Tax benefit is met from a ring fenced 100% grant. The move to Council tax Support will involve a significant number of claimants who are currently 100% funded needing to make a contribution in future. In recognition of the difficulties in collecting Council Tax from this group a 1% reduction in the overall collection rate is proposed.

There have been approximately 650 additional band Ds added to the taxbase since the 2012-13 taxbase was set, partially offsetting the increased loss on Collection.

The MTFs approved in February assumed that there would be a 2.5% Council Tax increase in 2013-14 and 2014-15. The proposed Council Tax increase for 2013-14 is 2%. For subsequent years an indicative increase of 2% has been used.

Collection Fund Surplus

The Collection Fund surplus was reported to Cabinet in December. The surplus for 2012-13, to be applied in 2013-14 is £1,045k.

Given the potential collection difficulties following the introduction of the Council Tax Support Scheme it is considered prudent to reduce the anticipated surplus included in the MTFs to £500k in 2014-15 and then zero from 2015-16. The figures will be revised in the light of actual performance in each year.

Capital Financing Costs

Capital Financing costs have been calculated based on the proposed Capital Programme being considered elsewhere on this agenda, together with the quarter 3 monitoring report also being considered elsewhere on this agenda. The growth in financing costs reflects changes arising from the following causes:

- The later receipt of the proceeds of asset disposals than assumed in February 2012.
- Slippage in the Capital Programme.
- more pessimistic interest assumptions in relation to the delay in the recovery of the economy which reduces interest received on deposits but has little impact on borrowing costs.

Grant Changes

The number of grants that the Council receives will significantly reduce from 2013-14. This is because they are being rolled into Formula Grant. In some cases there are also distributional changes occurring and reductions at a national level. The main grants with significant reductions are Formula Grant, Early Intervention Grant and Council Tax Benefit.

Overall Grants are decreasing by £10.6m in 2013-14 and £9.0m in 2014-15. This is discussed further in Appendix 4, the section on the local government finance settlement.

Grants Being Rolled into Formula Grant

The following is a list of Grants being rolled into Formula Grant in 2013-14.

Grant	2012-13 Allocation £000
Early Intervention Grant	-8,544
Lead Local Flood	-175
Learning Disability and Health Reform	-4,395
Homelessness Prevention Grant	-600
Total to be Transferred into Formula Grant	-13,714

Revenue Support Grant

The amounts included here for 2013-14 and 2014-15 are as notified in the Local Government finance Settlement. Subsequent years reflect the reduction in funding anticipated through this funding stream as part of the Government's deficit reduction programme.

Top Up

Harrow has a relatively low level of Business Rates compared to the National position. To reflect this the Government has estimated the amount of Harrow's share of the Business Rates it receives and is paying a top up to bring the funding received up to its calculated Baseline funding level. The amounts for 2013-14 and 2014-15 are shown as set out in the settlement. Future years are shown as unchanged, however changes have been allowed for in the amount of Revenue Support Grant received.

Retained Non-Domestic Rates

This line represents the estimated amount of Business Rates that will be received under the Business Rates Scheme. The amount to be received in 2013-14 was approved by Cabinet in January. In future years this will increase by RPI in line with the rate poundage applied to Business Rates but is also affected by additions and deductions to the Business Rates Taxbase. The MTFS assumes that from 2014-15 the Taxbase will increase in line with RPI at 2% but be reduced by 1% reflecting the long term decline in rateable value that has been experienced in Harrow, giving an overall cash increase of 1% p.a.

Council Tax Support Grant

This is a new grant consequent on the introduction of the localisation of Council tax benefits. Unlike previous years this grant is not credited to the Collection Fund but to the General Fund and is part of Revenue Support Grant.

New Homes Bonus

This grant rewards authorities for new build and for net homes brought back into use. There is also an addition of £350 for each affordable home built. The data is largely based on the CTB1 form as at October each year but also affordable homes built in the last financial year. Each year's allocation is payable for 6 years.

The projections of grant below are based on 723 new homes in 2012-13, based on near final data and then a more cautious figure of 353 new homes per year.

	2013-14	2014-15	2015-16	2016-17
	£000	£000	£000	£000
Existing MTFS	-650	-530	0	0
Proposed	-1146	-591	-525	-525
Change	-496	-61	-525	-525

Council Tax Freeze Grant 2012-2013

This grant was made in 2012-13 to enable Council Tax to be reduced by 2.5%. This was a one off grant and so gives rise to growth of in 2013-14 of £2.608m growth.

PCT/CCG Funding

This is funding that is paid to the PCT/CCG in the first instance and there is an agreement to pay this to the Council. Harrow receives £2.497m in 2012-13 and the changes to this are set out below. The future after 2014-15 is not certain, however the risk around this funding is captured as part of the Revenue Support Grant assumptions.

	2013-14	2014-15	2015-16	2016-17
	£000	£000	£000	£000
Existing MTFS	-546	233	0	0
Proposed	-546	233	0	0
Change	0	0	0	0

Community Safety Grant

This grant is paid to the Mayor of London who subsequently distributes it to boroughs and the police. The grant has declined as part of the coalition's deficit reduction proposals, however Harrow's share declined a further £50k in 2012-13 when grant anticipated to be directed to Harrow was redirected to the police. The projected grant to be received from 2013-14 is £62k after the changes shown below. This is not confirmed and it is not anticipated that confirmation will be received until February or March 2013. There is therefore some risk that the assumption of a remaining grant of £62k might not be achieved or that additional expenditure will be required to secure it.

	2013-14	2014-15	2015-16	2016-17
	£000	£000	£000	£000
Existing MTFS	48	0	0	0
Proposed	98	0	0	0
Change	50	0	0	0

Freedom Passes

The cost of Freedom Passes is met by a levy on London Boroughs to cover the cost of the scheme for their residents. In 2012-13 the budget is £8.981m. The distribution is mainly on the basis of Oyster Card data averaged over a 2 year period. The main driver for increases is the level of fares set by the mayor, although usage by card holders also has an impact. In recent years increases have tended to be higher than either RPI or CPI and the levy that has been agreed for 2013-14 is a 7.9% increase for Harrow to £9.662m costing £681k more than the current year. For future years a 4% increase has been assumed on the basis that above inflation increases will continue.

Contribution to provision for litigation

There is a base budget contribution of £425k to this provision. A review of the current level of likely provision required indicates that it is not necessary to increase the contribution further.

Contribution to Insurance Provision

Harrow maintains an insurance provision in order to facilitate self insurance, which is cheaper than external insurance, although needs to be set against the risk carried. The existing contribution to the insurance provision is £1.5m, and the balance on the provision was £6.1m at 31 March 2012. This matched the value of outstanding claims. The advice of the actuary is that we should increase the annual contribution to £1.8m. The planned increase of £300k would take the annual contribution to £1.8m.

Reduce reliance on capitalisation

The Council has been reviewing the way costs are split between capital and revenue in line with best practice and has had a programme to transfer recurring costs to revenue. £1m is required to complete this exercise, and it is proposed that £986k is provided in 2013-14 with the balance of £14k in 2014-15.

Print Contract Costs

A one off budget of £421k was provided for the end of contract costs of the main Annodata contract in September 2012. This budget will no longer be required in 2013-14.

Pinner Road Costs Prior to Disposal

A £10k budget was provided in 2012-13 for the anticipated costs incurred on the building prior to its disposal. This budget will no longer be required in 2013-14.

Change in SSC Charges to non General Fund Services

As the total cost of providing support services reduces the amount charged to the HRA and other non General Fund services will also reduce.

Budget Planning Contingency

Given the uncertainties facing the Council and the limited knowledge currently available in relation to many of them, directorate proposals inevitably are not completely comprehensive in relation to future years. This provision makes allowance for this. For 2013-14 this is £171k to allow for phasing of savings as a result of consultation. For future years there is a provision of £2m in 2014-15 and £3m p.a. thereafter, to allow for as yet unidentified growth.

Contingency

There is a base budget of £1m for contingency items. It is proposed to continue this in 2013-14.

Welfare Reform Contingency

There are considerable uncertainties around the financial impact of Welfare Reform on the Council. It is proposed to establish a contingency of £2m because of Welfare Reform. It is anticipated that it will be possible to reduce this contingency by £1m in 2015-16 as the problems identified are managed.

Pay and Inflation

Pay Award

The existing MTFS provided for 2% pay awards p.a. The Government has announced a public sector pay policy of 1% p.a. for 2013-14 and 2014-15 and this has been reflected in the figures below, returning to 2% p.a. from 2015-16.

Employers pension contributions

The current employer contribution rate is 19.10%. This has been increasing at the rate of 0.25% p.a. in order to address the fund deficit over a period of years. The next revaluation is due at 31 March 2013 with any changes as a result of this starting in 2014-15. Initial discussions with the actuary indicate that the financial position of the pension fund has deteriorated for the following reasons

- The new scheme not delivering the expected savings for the fund.
- The cost of accrual increasing due to the falling gilt yields (and therefore discount rate); and
- Deficit repair contributions increasing to meet the widening funding gap.

It is likely that higher contributions than previously planned may be required from 2014-15 and an assumption has been made that employer contributions will increase by 0.5% p.a. from 2014-15, however there is a risk that the increase required will be higher.

The increase is £200k in 2013-14 and from 2014-15 is £400k p.a.

Prices Inflation

Prices inflation has been provided at 1.5% in 2013-14 and 2% p.a. in subsequent years. As at December 2012 CPI stood at 2.7% and RPI 3.1%.

The actual inflation suffered on individual spending areas will vary from this either up or down depending on market pressures. Where inflation is more than has been provided directorates will be required to manage expenditure to keep within the funding available, primarily by negotiating prices down.

The allowance for inflation is £1.36m in 2013-14 and £1.81m in subsequent years

Gas and Electricity

Gas and Electricity increases above 2% are anticipated and an allowance has been made of 10%.

National Non Domestic Rates

Business rates vary in line with RPI and £17k has been allowed for the excess over 1.5% in 2013-14 provided for inflation generally.

Transformation:

Mobile and Flexible working

The MTFs approved in February 2012 assumed that the savings arising from this project will be treated as corporate savings. It is proposed to remove the corporate saving target and allow for the savings to be included within directorate proposals.

The anticipated implementation and running costs of the project are being provided corporately.

Terms and Conditions

The Council has negotiated a package of changes with the Trade Unions to modernise terms and conditions. This came into effect in January 2013 giving a saving of £300k in 2012-13 and further savings of £960k in 2013-14, £320k in 2014-15 and £140k in 2015-16. The phasing reflects the agreement giving partial compensation to those staff most affected, so that the impact is not all felt immediately.

Review of Fees and Charges and maximising existing income

The current MTFS assumes that the savings arising from this project will be treated as corporate savings. There is a corporate adjustment of £100k to remove this saving target with savings being included within individual directorate proposals instead.

Local Government Settlement

Introduction

1. The Provisional Settlement was announced on 19 December 2012, after December Cabinet. It is anticipated that the Final Settlement will be on 13 February, following despatch of this agenda. Any updates to figures will be reported verbally to the meeting.
2. The settlement is based on the Spending Review cash limits announced in October 2010 and as amended by the Chancellor's Autumn Statement which further reduced expenditure in 2014-15.
3. There have been significant changes to the local government finance system from 2013-14. The key changes are:
 - The introduction of Business Rates retention. In 2012-13, all of the business rates collected by local authorities were passed to a central pool and then redistributed to local authorities as part of Formula Grant funding. From 2013-14 only 50% of business rates are passed to Central Government with the rest retained by local authorities, split between tiers. This gives local authorities a stake in both increases and decreases in Business Rates. The split for London Boroughs has been set so that 30% of changes impact boroughs with the remaining 20% impacting the GLA.
 - The introduction of Council Tax localisation.
 - The transfer of a number of specific grants into Revenue Support Grant.
 - The introduction of Education Services Grant.
4. The net effect of these changes is not just to affect the requirements of passing the effect of the Government's deficit reduction programme to local authorities but also transfers significant amounts of risk previously borne by Central Government to Local Government.
5. The position summarising the grants received and changes is shown on the table on the next page. Given the extent of the changes occurring it is necessary to have regard to the total changes in grant and associated functions rather than individual elements.
6. The overall picture is of a reduction in grants received of £19.6m in 2013-14 and 2014-15. New grants of £9.0m are being received in 2013-14 in relation to additional responsibilities, principally in relation to Public Health.

Local Government Finance Settlement

	2012-13	2013-14	Change from 2012-13	2014-15	Change from 2013-14	Comment
	£m	£m	£m	£m	£m	
Formula Grant/Revenue Support Grant	67.196	52.100	-15.096	43.075	-9.025	
Top Up	0.000	20.154	20.154	20.773	0.619	
Retained NNDR		14.506	14.506	14.651	0.145	imputed
Council Tax Benefit	17.830	0.000	-17.830	0.000	0.000	Now included in Revenue Support Grant
Education Services Grant	0.000	2.500	2.500	1.500	-1.000	Estimated
Council Tax Freeze Grant 2012-13 scheme	2.608	0.000	-2.608	0.000	0.000	one year grant
Early Intervention Grant	8.544	0.000	-8.544	0.000	0.000	rolled into formula grant
Lead Local Flood Authorities	0.175	0.051	-0.124	0.051	0.000	part rolled into formula grant
Learning Disability and Health Reform	4.400	0.000	-4.400	0.000	0.000	rolled into formula grant
Preventing Homelessness	0.600	0.000	-0.600	0.000	0.000	rolled into formula grant
Council Tax Benefit and Housing Benefit Admin Grant	2.018	1.805	-0.213	1.686	-0.119	Estimated in 2014-15
New Homes Bonus	1.721	2.867	1.146	3.458	0.591	Estimated
Funding for Social Care via PCT/CCG	2.489	3.035	0.546	2.802	-0.233	
Subtotal	107.582	97.018	-10.564	87.996	-9.022	
New Grants with Additional Responsibilities Transferred						
Public Health	0	8.874	8.874	9.146	0.272	Transferred service
Local Reform and Community Voices DH revenue grant	0	0.170	0.170	0.175	0.005	
	0	9.044	9.044	9.321	0.277	
Total	107.582	106.062	-1.520	97.317	-8.745	

Appendix 5

Levies, Contribution and Subscriptions

The table below shows the main levies, contributions to other bodies, and subscriptions that the Council will pay in 2013-14. These sums are set by other bodies and are outside the Council's control. With the exception of the subscriptions to London Councils and the Local Government Association, the payments are compulsory.

	2012-13	2013-14	Change	Change	Comments
	£000	£000	£000		
West London Waste Authority Levy	1,534	2,551	1,017	+66%	Indicative
Lee Valley Levy	264	259	-5	-2%	Indicative
London Councils subscription	176	172	-4	-2%	
London Boroughs Grants Scheme	338	264	-74	-22%	
Freedom Pass Levy	8,981	9,662	681	7.6%	
Environment Agency Levy	178	182	4	2%	Estimated
Coroners Court Levy	180	184	4	2%	Estimated
Traffic Control Levy	336	341	5	1.5%	
Local Government Association subscription	39	38	-1	-2.5%	
London Pension Fund Authority Levy	298	299	1	0.3%	
Total	12,324	13,952	1,628		

Policy on Use of Contingency

General Principles

1. As a general principle, directorate budgets should be structured to cover business as usual and any Priority Actions and initiatives that have been agreed as part of the budget and service planning round.
2. Budgets which are “demand led” should be set to deal with the forecast level of activity. For example; the predicted client numbers and needs in Adults and Children’s social care; the usual level of activity for planning appeals; winter gritting average weather conditions
3. Income budgets should be set take into account likely activity levels and any changes in fees and charges.
4. The contingency is there to deal with unforeseen/exceptional items and one-off projects that are approved during the year.

Appropriate uses

5. It is recommended that the contingency is used for the following purposes:
 - To deal with demographic risk, where the number of clients or cost per client varies from the estimate in Children’s or Adults services
 - To deal with unexpected increases in demand for services due to policy changes, for instance an increase in homelessness due to the housing benefit changes beyond what has been budgeted
 - To deal with seasonal risks, such as exceptionally bad weather or a flu pandemic
 - To deal with tonnage risk, where the number of tonnes disposed of via West Waste varies from the estimate in Environment and Enterprise
 - To deal with the consequences of the recession
 - To deal with major planning appeals and litigation
 - Cost pressures in relation to the services delivered jointly with Health partners
 - To deal with uncertainty due to consultation on proposals
 - To deal with unexpected income shortfalls due to changes in the external environment or changes in the law/regulations
 - To fund small one-off projects which are high priority and have the Portfolio holder for Finance’s support
 - Any other unforeseen items / pressures

Criteria

6. Clear evidence will be required to support variations from estimated demand agreed as part of the budget review process.

7. Contingency funds will not be used where there has been a failure to deliver planned savings (except where this is due to the outcome of consultation) or properly manage spending.

Approval Process

8. Use of the contingency will be reported to Cabinet as part of the quarterly budget monitoring report by the s151 officer. The s151 officer will liaise with the Finance Portfolio Holder and make proposals to Cabinet for virements from Contingency as he/she thinks appropriate in the quarterly report.

Unspent balances

9. The first call on any under spend at the end of the year will be to fund the one off cost to transition. A contribution to general balances will then be considered with regard to the size of the under spend, the underlying strength of the balance sheet and the need to support other priorities.

School Budget 2013-14

1. Introduction

The Dedicated Schools Grant (DSG) is a ring fenced grant, the majority of which is used to fund individual school budgets. The DfE have introduced significant changes to school funding with effect from April 2013. These were reported to Cabinet in December and the 2013/14 budgets have been prepared under the new regulations.

The DfE have separated the 2013/14 DSG into the following three unringfenced blocks:

- Schools – funds mainstream schools including academies
- High Needs - includes special schools, alternative provision and services for high needs pupils commissioned by the Local Authority.
- Early Years - including private and voluntary sector nurseries plus maintained school nurseries

2. 2013/14 Settlement

The 2013/14 DSG is based on the number of pupils on the October 2012 school census. The indicative total DSG for 2013/14 is £177,954,960. Table 1 below shows a breakdown of the 2013/14 DSG across the three blocks plus additional adjustments.

Table 1 – Summary of 2013/14 Dedicated Schools Grant

	Per Pupil Funding (GUF) £	Pupil Numbers	Total £
Schools Block	4,927.48	28,693	141,384,184
Early Years Block	4,320.96	2,083	9,000,560
High Needs Block			24,380,897
Sub – Total			174,765,641
Additional Amounts			
Funding for 2 year old places from lower income households			2,304,069
Early Years Top-up – Protection Funding			841,438
Transfer of funding for NQTs			43,812
2013/14 DSG as at 19 December 2012			177,954,960

The 2013/14 school's budget was considered by Schools Forum on 22nd January who agreed the final 2013/14 funding for each block as detailed in Table 2.

Table 2 – Final 2013/14 Block Totals

	Final 2013/14 Block totals agreed by Schools Forum £
Total DSG	177,954,960
Split	
Schools Block – Allocated	138,484,743
Schools Block – Retained	2,090,609
Early Years Block	12,034,751
High Needs Block	25,344,897

- **Schools Block – Allocated to Schools**

The 2013/14 school budgets are being prepared using the updated school funding formula as consulted on in the autumn and approved by Cabinet in December. The new formula generates movements in school budgets. A legal Minimum Funding Guarantee (MFG) is retained for individual schools budgets to provide some protection. The regulations state that no school will experience a reduction in their school budget greater than 1.5% per pupil. Given the cash freeze on school funding plus the MFG protection for schools losing funding to ensure that the new formula is affordable requires gains to be capped. Schools Forum agreed to cap school budget gains under the new formula to 0.5% which requires using £196,065 of DSG balances.

The Schools Block currently includes the funding in respect of academies. Under the regulations the council continues to calculate the basis of academy budgets. The DfE then recoup the DSG in respect of the academy budgets and pass this funding onto the academies in their General Annual Grant. Based on indicative 2013/14 school budgets the clawback of DSG anticipated in respect of academies is expected to be £48m.

- **Schools Block - Retained**

Under the new regulations there are strict limits on the services that can be funded from centrally retained DSG. All the funding in the schools block has to be passed to schools apart from the following named exceptions which can still be retained but frozen at 2012/13 funding levels. These total £0.8m in 2013/14:

Co-ordinated Admissions,
Carbon Reduction Commitment
Servicing of Schools Forum
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In addition Schools Forum have approved a growth fund of £1.234m to provide revenue funding for in year pupil growth, including the planned expansions and bulge classes running from September 2013. This provides for growth in both maintained and academy schools but not free schools.

- **Early Years Block, including 2 year old funding**

The 2013-14 Early Years Block allocation is a *provisional figure*, based on January 2012 census data. These allocations will be updated following the January 2013 census and January 2014 census data, with 5/12^{ths} of the funding being based on Jan 2013 numbers and the remaining 7/12^{ths} based on January 2014 numbers.

From September 2013 early education will become a statutory entitlement for around 20% of eligible 2 year olds, increasing to 40% in 2014/15. The eligibility criteria are:

- i. Looked After Children
- ii. Children who meet the Free School Meal eligibility criteria

To fund this new entitlement the DfE are allocating money through the Dedicated Schools Grant (DSG) from April 2013. Total funding for 2 year olds in 2013/14 is £2,304,069, made up of £1,654,541 child based funding and £649,528 of 'trajectory' funding. This funding is included in the Early Years Block and the indicative 2013/14 budget as detailed in table 3 below:

Table 3 – Indicative 2013/14 Early Years Budget

	£,000's
Private, Voluntary & Independent Budget	5,485
Nursery Provision in Schools	3,716
Funding for 2 year olds	2,304
Early Years – Central Spend	529
Total Indicative 2013/14 Early Years Budget	12,034

- **High Needs Block (HNB)**

The HNB is based on the 2012/13 spend levels. The indicative DSG for the High Needs Block of £24,380,897 announced in December included adjustments for new duties in respect of Post 16. At the time of writing it has not been possible to evaluate the sufficiency of the post 16 funding transfer. This therefore continues to remain a risk. The DfE has advised that some growth for the High Needs Block (HNB) will be allowed although they have not confirmed the allocation. An indicative allocation of £279,167 has been advised but this is subject to further data submissions.

3. Pupil Premium 2013/14

Schools also receive the Pupil Premium in respect of pupils who have ever been eligible for Free School Meals (FSM) in the last 6 years plus Children Looked After continuously for more than 6 months. The rate for 2013/14 has been confirmed at £900 per eligible pupil, a rise from £623 in 2012/13. In addition a pupil premium is allocated to children of service personnel at a rate of £250. Schools can decide how they will use the additional funding to achieve improved outcomes for deprived children.

4. School Budgets 2014/15 onwards

The DfE has indicated that there will be a continued cash freeze in school budgets however they have not confirmed any funding details for future years.

A legal Minimum Funding Guarantee (MFG) is retained to provide some protection to school funding however it is a negative figure. The regulations state that no school will experience a reduction in their school budget greater than 1.5% per pupil, before the pupil premium is applied.

Risk Assessment

A risk assessment has been conducted. Whilst individually many of the risks are not particularly high, some are and also a view must be taken on the likelihood of a number of these risks materialising in any one-year, and the combined impact. Some of these risks could generate either an over-spend or underspend – for instance interest rates can go up or down. There are other examples of opportunities or windfalls that need to be taken into account such as rate rebates and additional grant income.

The following approach has been used:

Likelihood			
Rating	Description	Range	Midpoint
A	Very High	>80%	90%
B	High	51-80%	65%
C	Significant	25-50%	38%
D	Low	10-24%	17%
E	Very Low	3-9%	6%
F	Almost impossible	1-2%	

Impact	
Rating	Description
I	Catastrophic
II	Critical
III	Marginal
IV	Negligible

For each identified risk, the worst-case scenario in terms of possible overspend or income shortfall has been identified and multiplied by the likelihood. The risks have been quantified as shown in the table above.

The total value of risk that has been quantified for 2013-14 is £10.4m.

However, the budget for 2013-14 includes a contingency of £3m which is intended to cover unforeseen costs and risks (demography, waste tonnage, homelessness, income generation etc). Therefore the net risk is £7.4m.

The risk level is greater in 2014-15 due to the uncertainty of future events. The risk level is higher still in 2015-16 and 2016-17 due to the scale of the funding gaps, uncertainties surrounding Welfare Reform and the Governments spending plans for local government. It is partially offset by planned contingency increases.

Budget Risk Register 2013-14

1. By-election
2. Inflation – pay
3. Inflation - prices
4. Inflation – utilities
5. Treasury Management
6. Asset management
7. Income collection
8. Welfare Reform
9. Outcome of Leisure and Library tendering process
10. Income from parking services
11. Changes to grant regime
12. Economic risk – capital receipts
13. Economic risk – demand for services
14. Litigation against the Council
15. Major Fraud
16. Increased Pension fund contributions
17. Levies, Precepts and Subscriptions
18. Financial control environment
19. Insurance claims
20. Demographic changes: additional demand for social care
21. System failure
22. Lack of disaster recovery capability
23. New policy/legislation
24. Safeguarding
25. Natural disaster /accident/terrorist incident
26. Adverse weather conditions
27. Non achievement of savings
28. Workforce –loss of permanent staff
29. Transformation programme
30. Breakdown of relationships - Strategic partnerships
31. Shared Services not meet partner aspirations
32. Commercial partnerships

Likelihood	A Very High	Green	Orange	Red	Red
	B High	Green	Orange 12, 13, 24	Red 23	Red
	C Significant	Green	Orange 2, 3, 4, 9, 10,14,19, 21, 28	Red 8,20,22, 27, 29, 30,	Red
	D Low	Green 1	Green 11,18,26	Orange 31, 32,	Orange
	E Very Low	Green 17	Green 7, 15, 25	Green	Orange
	F Almost Impossible	Green 16,	Green 5 6	Green 4 5	Green
		4 Negligible	3 Marginal	2 Critical	1 Catastrophic
	Impact				

Risk Register 2012-13 to 2014-15

Ref	Risks	Risk rating	2013-14			Risk rating	2014-15			Risk rating	2015-16			Risk rating	2016-17			Mitigation/Comments
			Worst case £000	Like - lihood %	Net risk £000		Worst case £000	Like - lihood %	Net risk £000		Worst case £000	Like - lihood %	Net risk £000		Worst case £000	Like - lihood %	Net risk £000	
	<u>POLITICAL RISKS</u>																	
1	By-Election	D 4	70	17%	12	D 4	70	17%	12	D 4	70	17%	12	D 4	70	17%	12	There is provision in the budget for the scheduled elections but not by-elections. Worst case is based on two by-elections in one year.
	<u>ECONOMIC / FINANCIAL RISKS</u>																	
2	Inflation - Pay	C 3	950	38%	361	D 3	1000	17%	170	D 3	1500	17%	255	D 3	1500	17%	255	The 2013-14 and 2014-15 budget is based on 1% for pay in line with the Government's public sector pay policy. From 2015-16 2% p.a. is assumed. There is some risk as general inflation is running at a higher level and there is pressure from the Trade Unions for a higher increase. Given the current relatively depressed economy there is likely to continue to be downwards pressure on pay generally. The longer pay restraint continues the more likely there will be a rebound when the economy improves again.

Ref	Risks	Risk rating	2013-14			Risk rating	2014-15			Risk rating	2015-16			Risk rating	2016-17			Mitigation/Comments
			Worst case £000	Like - lihood %	Net risk £000		Worst case £000	Like - lihood %	Net risk £000		Worst case £000	Like - lihood %	Net risk £000		Worst case £000	Like - lihood %	Net risk £000	
3	Inflation - Prices	C 3	1500	38%	570	D 3	1000	17%	170	D 3	1000	17%	170	D 3	1000	17%	170	The 2013-14 budget is based on 1.5% for prices and 2% subsequently. There is some risk as general inflation is running above 2%. It is however anticipated that given the general constraint on public spending that significant elements of the Council's spend can through negotiation be held below the general level of inflation. There are potential risks around fuel costs and major contracts with indexation terms
4	Inflation - utilities	C 3	200	38%	76	D 3	200	17%	34	D 3	200	17%	34	D 3	200	17%	34	The 2013-14 budget reflects an allowance for an increase of 10% in energy prices. The market is however volatile.
5	Treasury Management - investments and borrowing	F 2	10000	1%	100	F 2	10000	1%	100	F 2	10000	1%	100	F 2	10000	1%	100	The risk of losing a deposit is low given the use of a prudent lending list. The budget reflects the current base rate and anticipated borrowing costs. Note that Treasury Management decisions also affect the HRA and have the potential to impact the 30 year business plan. This in turn could impact homelessness.
6	Asset management.	F 3	1000	10%	100	F 3	1000	10%	100	F 3	1000	10%	100	F 3	1000	10%	100	Backlog maintenance is significant and the capital programme funds the highest priority work only. The creation of Academies has reduced the risk as these are no longer a Council responsibility.

Ref	Risks	Risk rating	2013-14			Risk rating	2014-15			Risk rating	2015-16			Risk rating	2016-17			Mitigation/Comments
			Worst case	Like - lihood	Net risk		Worst case	Like - lihood	Net risk		Worst case	Like - lihood	Net risk		Worst case	Like - lihood	Net risk	
			£000	%	£000		£000	%	£000		£000	%	£000		£000	%	£000	
7	Income collection: council tax, business rates, housing benefit overpayments, parking enforcement, sundry debtors, rents and service charges	E 3	1,000	10%	100	E 3	1,000	10%	100	E 3	1,000	10%	100	E 3	1,000	10%	100	Collection performance has improved considerably in the last few years, and the bad debt provision is reviewed quarterly.
8	Welfare Reform	C 2	4,000	40%	1,600		4,000	40%	1600		4,000	30%	1200		4,000	30%	1200	There are a number of areas of potential risk, some of them previously identified separately. The risks are however considerably increased because of welfare Reform and are linked. Council Tax Collection may be impacted in respect of Taxpayers who will now be expected to contribute more or start to pay Council Tax. Homelessness may increase as a result of Housing Benefits no longer covering all or as much of rent. Financially stressed clients may have increased Social Care interactions etc. Collection methods are being adapted to mitigate impacts and the Harrow HELP fund established but increased costs and loss of income is anticipated.
9	Outcome from Leisure and Library tendering process	C 3	200	25%	50		400	25%	100		400	25%	100		400	25%	100	
10	Income from parking services and parking enforcement	C 3	600	38%	228	C 3	600	38%	228	C 3	600	38%	228	C 3	600	38%	228	There have historically been pressures in this area however collection has improved in 2012-13. There is some ongoing risk given the current economic climate and improved compliance rates with parking restrictions.

Ref	Risks	Risk rating	2013-14			Risk rating	2014-15			Risk rating	2015-16			Risk rating	2016-17			Mitigation/Comments
			Worst case £000	Like - lihood %	Net risk £000		Worst case £000	Like - lihood %	Net risk £000		Worst case £000	Like - lihood %	Net risk £000		Worst case £000	Like - lihood %	Net risk £000	
11	Changes to grant regime	D 3	300	17%	51	C 3	1,000	38%	380	C 3	1,000	38%	380	C 3	1,000	38%	380	The budget for 2013-14 reflects the local government settlement although a few grants have yet to be confirmed. There is more uncertainty from 2015-16 with no figures announced but the deficit reduction programme anticipated to continue.
12	Economic risk - capital receipts	B 3	0	0%	0	B 3	2,000	40%	800	B 3	1,600	40%	640	B 3	500	40%	200	The MTFS assumes capital receipts of £12m in 2013-14, £10m in 14-15 and £2m p.a. subsequently. There is always some risk until completion however the market has improved in recent years.
13	Economic risk - demand for services	B 3	500	65%	325	B 3	500	65%	325	B 3	500	65%	325	B 3	500	65%	325	There may be additional demands on services such as housing due to the recession. There are also risks to income earning services such as planning and building control from lower volumes. This is in addition to the risks specifically linked to Welfare Reform and identified separately.
14	Litigation against the Council	C 3	2,000	38%	760	C 3	2,600	38%	988	C 3	2,000	38%	760	C 3	2,000	38%	760	The MTFS includes an annual contribution to a provision for litigation including employment and planning related matters. Some of this risk will be covered by insurance, but individual cases can have significant cost. There is a heightened risk of a procurement challenge due to the EU remedies directive. There is also the potential for risk around the costs of Health and a possible risk of judicial review across a wide range of services, particularly Adult and Children's Social Care

Ref	Risks	Risk rating	2013-14			Risk rating	2014-15			Risk rating	2015-16			Risk rating	2016-17			Mitigation/Comments
			Worst case £000	Like - lihood %	Net risk £000		Worst case £000	Like - lihood %	Net risk £000		Worst case £000	Like - lihood %	Net risk £000		Worst case £000	Like - lihood %	Net risk £000	
15	Major fraud	E 3	200	6%	12	E 3	200	6%	12	E 3	200	6%	12	E 3	200	6%	12	No major cases in recent years.
16	Increased Pension Fund contributions	F 4	0	0%	0	D 3	500	17%	85	D 3	500	17%	85	D 3	500	17%	85	The MTFs provides for an increase in employers contributions at 0.25% in 2013-14 and thereafter 0.5% p.a. There is some risk that higher contributions will be required because of fund performance although it is anticipated that any further increases will still be in stages
17	Levies, Precepts and Subscriptions	E4	600	20%	120	E4	600	6%	36	E4	600	6%	36	E4	600	6%	36	The Council pays a range of levies, precepts and subscriptions. These are set by other bodies and usually known before the budget is approved. It is however possible for them to have in year financial problems requiring a supplementary levy.
18	Financial control environment	D 3	1,000	17%	170	D 3	1,000	17%	170	D 3	1,000	17%	170	D 3	1,000	17%	170	Risk mitigated by budget monitoring arrangements, refresher training, improvement boards. It is anticipated that the improvements contained in the Finance Transformation will further mitigate risks.
19	Insurance claims	C 3	1,000	38%	380	E 3	500	6%	30	E 3	500	6%	30	E 3	500	6%	30	An actuarial review has been carried out at regular intervals, the annual contribution is being steadily increased and the balance in the provision reflects the claims liability. MMI has gone into administration, however this has largely been provided for already and any further contribution to the provision will take place in 2012-13.

Ref	Risks	Risk rating	2013-14			Risk rating	2014-15			Risk rating	2015-16			Risk rating	2016-17			Mitigation/Comments
			Worst case £000	Like - lihood %	Net risk £000		Worst case £000	Like - lihood %	Net risk £000		Worst case £000	Like - lihood %	Net risk £000		Worst case £000	Like - lihood %	Net risk £000	
	<u>SOCIAL RISKS</u>	-	-															
	-	-	-															
20	Demographic changes: additional demand for social care.	C 2	2000	40%	800	C 2	2000	40%	800	C 2	2000	40%	800	C 2	2000	40%	800	The MTFS reflects anticipated demand for social care for both Children and Adults. However, small fluctuations can generate considerable cost. There is the potential for some Health funded continuing care case currently in dispute to become Harrow's responsibility
	<u>TECHNOLOGICAL RISKS</u>	-	-															
	-	-	-															
21	System failure	C 3	250	38%	95	C 3	100	38%	38	C 3	100	38%	38	C 3	100	38%	38	Environment is being moved onto more stable infrastructure. Performance issues have occurred during transition; however, the migration is reducing the risk of catastrophic failure
22	Disaster recovery	C 2	1000	38%	380	C 2	750	38%	285	C 2	750	38%	285	C 2	750	38%	285	The IT contract with Capita includes a comprehensive DR solution and critical systems have now been tested. Some recovery costs would be covered by insurance. The risk should reduce once the current transformation is complete.

Ref	Risks	Risk rating	2013-14			Risk rating	2014-15			Risk rating	2015-16			Risk rating	2016-17			Mitigation/Comments	
			Worst case	Like - lihood	Net risk		Worst case	Like - lihood	Net risk		Worst case	Like - lihood	Net risk		Worst case	Like - lihood	Net risk		
			£000	%	£000		£000	%	£000		£000	%	£000		£000	%	£000		
-		-	-																
	<u>POLICY/LEGISLATIVE / REGULATORY</u>	-	-																
23	New policy/legislation	B 2	1000	65%	650	B 2	5000	65%	3250	B 2	6000	65%	3900	B 2	6000	65%	3900	Generally changes have a long lead in time, but there are risks due to the extensive policy agenda of the new government and the speed of implementation of changes in some areas. A particular area of concern is welfare reform.	
	<u>SERVICE RISKS</u>																		
24	Safeguarding - recent high profile cases have resulted in a significant increase in referrals	B 3	1000	65%	650	B 3	1000	65%	650	B 3	1000	65%	650	B 3	1000	65%	650	Detailed plans put in place in Children's services including case reviews. There is a potential for significant costs in both Adults and Children	
-		-	-																
	<u>EMERGENCIES</u>	-	-																
25	Natural disaster, accident or terrorist incident costing £2m in total	E3	832	6%	50	E3	843	6%	51	E3	832	6%	50	E3	832	6%	50	The government has a scheme (the Bellwin scheme) that covers authorities for 85% of costs of a major disaster over a threshold (£626k in 2012-13). The risk to the Council is 100% of costs below the threshold and the 15% above it, so if the total cost of the incident was £2m the council would be liable for £832k.	

Ref	Risks	Risk rating	2013-14			Risk rating	2014-15			Risk rating	2015-16			Risk rating	2016-17			Mitigation/Comments
			Worst case	Like - lihood	Net risk		Worst case	Like - lihood	Net risk		Worst case	Like - lihood	Net risk		Worst case	Like - lihood	Net risk	
			£000	%	£000		£000	%	£000		£000	%	£000		£000	%	£000	
26	Adverse weather conditions	D 3	400	17%	68	D 3	400	17%	68	D 3	400	17%	68	D 3	400	17%	68	There is some provision in the budget for seasonal work. This risk relates to exceptionally bad weather, which tends to be more frequent than previously.
	-	-	-															
	EFFICIENCY RISKS	-	-															
27	Non-achievement of allocated savings included in the budget	C 2	3,000	38%	1,140	C 2	3,000	38%	1140	C 2	200	38%	76	C 2	200	38%	76	The MTFS includes efficiency savings totalling £22m in 2013-14 and £14m in 2014-15. Progress will be carefully monitored.
28	Workforce risk of loss of permanent staff requiring more expensive interims due to adverse reaction to terms and conditions changes, public sector pay restraint and increasing stress as workforce reduces but demands increase	C 3	1,000	20%	200	C 3	1,000	20%	200		1,000	20%	200		1,000	20%	200	The impact of any problems is likely to be uneven given the different labour markets that apply within the Council. Problems being mitigated by the council's workforce strategy.
29	Transformation programme fails to deliver substantial contribution to the funding gap in years 3 and 4 of the MTFS									C 2	4,000	38%	1520	C 2	5,000	38%	1900	There will clearly need to be a fundamental transformation of public sector services, including those provided by the Council over the next few years. Having balanced the budget for the next 2 years the Council can devote itself to addressing this requirement.

Ref	Risks	Risk rating	2013-14			Risk rating	2014-15			Risk rating	2015-16			Risk rating	2016-17			Mitigation/Comments
			Worst case	Like - lihood	Net risk		Worst case	Like - lihood	Net risk		Worst case	Like - lihood	Net risk		Worst case	Like - lihood	Net risk	
			£000	%	£000		£000	%	£000		£000	%	£000		£000	%	£000	
	<u>PARTNERSHIP / CONTRACTUAL RISKS</u>	-	-															
	-	-	-															
30	Breakdown of relationships with strategic partners (Health, Police, businesses, voluntary sector)	C 2	3,000	38%	1,140	C 2	4,000	38%	1520	C 2	4,000	38%	1520	C 2	4,000	38%	1520	The HSP governance arrangements have been revised. Good working relationships exist between partners. There are ongoing concerns about the PCT's financial position, but agreement was reached about liabilities for 2010-11. New potential liabilities have arisen during 2011-12 and identified as part of PCT action plans
31	Shared Services not meeting each of partner's aspirations	D 2	300	20%	60	D 2	300	20%	60		300	20%	60		300	20%	60	Harrow is developing partnerships with other boroughs for shared services such as Public Health and Legal Services. They are however not yet well established and it is possible they may not work as effectively as planned causing cost to the partners
32	Commercial Partnership failure (Capita, Apollo, May Gurney)	D 2	500	17%	170	D 2	500	17%	85	D 2	500	17%	85	D 2	500	17%	85	
	TOTAL		39,402		10,418		47,063		13587		48,752		13989		48,652		13929	
	Contingencies				-3,000				-5000				-5000				-5000	
	Remaining risk				7,418				8587				8989				8929	

Reserves Policy

The recommended reserves policy is as follows:

The risk assessment of the budget dictates the minimum level of general balances required.

The first call on any under spend at the end of the year will be to fund the one off cost to transition. A contribution to general balances will then be considered with regard to the size of the under spend, the underlying strength of the balance sheet and the need to support other priorities.

The rationale for this policy is set out below.

Councils need balances so that they can deal with unforeseen calls on resources without disrupting service delivery. It is the responsibility of each authority to set its level of reserves based on local conditions, but taking into account national factors. Although advice can be sought from the external auditor, it is not their responsibility to prescribe the appropriate level.

It is good practice for a risk assessment to be carried out to determine the level of reserves and the External Auditor expects the Council to review its reserves on an annual basis.

The risk assessment above shows that the total risk identified has been quantified at £10.4m for 2013-14 before contingency is allowed for. However, the appropriate level of reserves for a council to hold is extremely subjective. It is important to find a balance between being at risk of wiping out all reserves in a single bad year and having excessive reserves and thereby wasting taxpayer's money.

The Council should at least be able to cope with a modest overspend in any one year and still be in a stable financial position.

The target level of reserves depends on:

- The degree of risk contained in the budget
- The effectiveness of budget monitoring during the year
- The effectiveness of balance sheet management during the year
- The extent to which the Council has earmarked reserves and provisions to deal with specific items

The Council is continually working to improve financial management and the emphasis in 2013-14 will be on the accuracy of capital budget management and forecasting. In addition more emphasis will be placed on delivery of in-year savings and the delivery of new savings proposals.

The Council has built up more appropriate annual contributions to provisions for debt, litigation and insurance in the last few years, and strengthened its balance sheet, but still has few earmarked reserves.

There is greater risk arising from the continuing recession and the ongoing requirement for large savings targets over a prolonged period.

Taking all this together, the target level for reserves should be £7.5m-£9.5m. This is an increase on the previously recommended range.

As at 31 March 2012 the level of General Fund Reserves was £7.65m, which is within the recommended minimum level, but towards the lower limit.

A decision will be made at year end on the best use of any available capacity.

Report of the Chief Finance Officer

Under the Local Government Act 2003 the Corporate Director of Resources (in her capacity as the Chief Finance Officer under S151 of the Local Government Act 1972) is required to comment on the robustness of the budget and the adequacy of reserves. Her report is set out below.

Robustness of the Budget

Clearly the economic climate and the Local Government Settlement make this budget round particularly challenging and there is considerable uncertainty about public sector pay, inflation, interest rates, the property market, and employment levels. All these issues affect the Council's own finances and every effort has been made to ensure that the technical assumptions underpinning the budget are robust. The economic climate also has major implications for Harrow's residents and businesses and may therefore create additional demand on services.

In my view the budget is robust.

I have taken a number of factors into account in arriving at my opinion:

- Reasonable assumptions have been made in relation to inflation
- Service managers have made reasonable assumptions about demand led pressures and taken a prudent view of volatile areas
- Savings proposals have been explored in some detail and Directorates have confirmed that they are achievable
- The grant settlement for 2013-14 has been published (with some grants still to be announced)
- Prudent assumptions have been made about capital financing costs and investment income
- The recommended increases in fees and charges are in line with the assumptions in the budget
- A risk assessment has been conducted
- The budget for 2013-4 includes a general contingency of £1m and a Welfare Reform contingency of £2m to help manage risk

A sensitivity analysis for the key assumptions is attached.

Adequacy of Reserves

The Council has suitable provisions and some earmarked reserves to deal with particular issues such as insurance claims, bad debts, litigation and employment matters.

General balances are adequate.

Budget Monitoring

The Local Government Act 2003 also introduced requirements in relation to budget monitoring and management action. Budget monitoring arrangements are in place in Harrow. These arrangements are continually being developed, and the risk areas identified in the assessment will be kept under review. The financial position can change relatively quickly and any adverse variations must be identified and addressed promptly by service managers to avoid further calls on reserves.

2013-14 Budget Sensitivities

Budget area	Assumption in 2013-14 budget	Change	Impact
Pay	Increase of 1%	+ 0.5%	+ £475k
General Prices Inflation	Increase of 1.5%	+/- 0.5%	+/- £453k
Utilities Inflation	Increase in line with general inflation at 10%	+/- 1%	+/- £17k
Investment Income	Base rate is 0.5% for the year	+/- 0.5%	+/- £220k
Council Tax Collection Rate	Collection rate of 97.5%	+/- 0.25%	+/- £240k
Business Rate Collection Rate	Collection rate of 98%	+/- 0.25%	+/- £37k
Homelessness	Cost per year for family	+/- 1	+/-£8k

Note that a variation in the collection rates for council Tax and Business Rates would be managed within the collection fund in-year and have an impact on the revenue budget the following year

Model Council Tax Resolution

Harrow Council

Council Tax Resolution 2013-2014

Cabinet to approve as part of the Summons for Council, the model budget and Council Tax resolutions reflecting the recommendations of Cabinet and the GLA precept.

Council is requested to determine the level of the Council Tax for 2013-2014 in the light of the information on the precept and make the calculations set out in the resolution shown below.

- (1) To note that at its meeting on 22 January 2013 the Council calculated the amount of 76,874 as its Council Tax Base for the year 2013-2014 in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992 made under Section 33 (5) of the Local Government Finance Act 1992.
- (2) That the following amounts be now calculated by the Council for the year 2013-2014, in accordance with Sections 32 to 36 of the Local Government Finance Act 1992:
 - (i) Being the aggregate of the amounts which the Council estimates for the items set out in Section 32 (2) (a) to (e) of the Act. **(Gross expenditure)**

£586,864,067
 - (ii) Being the aggregate of the amounts which the Council estimates for the items set out in Section 32 (3)(a) to (c) of the Act. **(Gross income including use of reserves)**

£405,801,002
 - (iii) Being the amount by which the aggregate at (i) above exceeds the aggregate at (ii) above, calculated by the Council, in accordance with Section 32(4) of the Act, **as its budget requirement for the year.**

£181,063,065
 - (iv) Being the aggregate of the sums which the Council estimates will be payable for the year into its General Fund in respect of redistributed non-domestic rates, revenue support grant, increased by the amount of the sums which the Council estimates will be transferred in the year from its Collection Fund its Collection Fund in accordance with Section 97(4) of the Local Government Finance Act 1988 (Collection Fund Surplus)

£88,024,000

(v) Being **the amount to be raised from Council Taxes**

Calculated as the amount at 2 (iii) above less the amount at 2 (iv.) above.

£93,039,065

(vi) Being the amount at (v) divided by the Council Tax Base, calculated by the Council at its meeting on 22 January 2013 in accordance with Section 33 (1) of the Act, as the basic amount of its Council tax for the year. (***The average Band D Council Tax***)

£1,210.28

(vii) Valuation Bands

	A	B	C	D	E	F	G	H
£	806.85	941.33	1075.80	1210.28	1479.23	1748.18	2017.13	2420.56

Being the amounts given by multiplying the amount at (vi.) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

(3)

That it be noted that for 2013-2014 the Greater London Authority stated the following amount in precept issued to the Council, in accordance with section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below

Valuation Bands

	A	B	C	D	E	F	G	H
£	202.00	235.67	269.33	303.00	370.33	437.67	505.00	606.00

(4)

That, having calculated the aggregate in each case of the amounts at (2)(vii) and (3) above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2013-2014 for each of the categories of dwellings shown below

Valuation Bands

	A	B	C	D	E	F	G	H
£	1,008.85	1,177.00	1,345.14	1,513.280	1,849.56	2,185.85	2,522.13	3,026.56

Forecast reserves and provisions

Earmarked Reserves	Estimated Reserves at start of year 1 April 2013	Planned Contributions included in MTFS	Estimated Use of reserves in-year	Estimated Reserves at year end 31 March 2014
	£000	£000	£000	£000
Transformation & Priority Initiatives Fund	1,184	0	1,184	0

Provisions	Estimated position at 1 April 2013	Planned Contributions included in MTFS	Estimated Use of provisions in-year	Forecast Balances at year end 31 March 2014
	£000	£000	£000	£000
Insurance provision	6,500	1,460 (base) 300 (MTFS)	1,760	6,500
Employee & Litigation Provision	1,575	375 (base)	1,000	950
Sundry Bad Debt Provision	2,600	-	1,700	900

Stakeholder Meetings

A series of meetings with key stakeholders to share information took place in December and January. They are listed below:

Stakeholder	Meeting	Date
Overview and Scrutiny	Special meeting of O&S to review the budget	16 January 2013
Tenants and Leaseholders	Tenants and Leaseholders Consultative Forum	31 January 2013
Partner organisations	The Partnership Board	6 December 2012
Local Businesses	Harrow Business Consultative Forum	28 January 2013
Unions	Employees Consultative Forum	31 January 2013
Schools	Education Strategy Consultative Forum	30 January 2013
Wide Range of Partners	Let's Talk Partners Event	11 December 2012

Harrow Council Let's Talk Partner Event: December 2012 Feedback Report

Summary

The event was attended by almost 50 people from a selection of residents' associations, community groups, voluntary sector and partner organisations and representatives from the local business community.

The evening was compered by the Chief Executive. There were short speeches from the Leader of the Council, Councillor Idaikkadar, and Councillor Shah outlining the financial situation, followed by one round table discussion.

Facilitators gave attendees a review of what was discussed at September's Let's Talk event, summarising the common view that it would be difficult to keep Council Tax at the same levels given the financial pressures the Council is facing and to avoid losing services. Attendees gave some further feedback which focused around the need for people to gain a clear understanding of how the extra money they are paying is being spent and what services it will be used for.

Attendees gave additional feedback on saving the Council's money, when thinking about Council Tax which ranged from housing solutions, to the Council structure and how we can work together with the community.

Attendees then fed back on how much they agreed with the principles that underpin the budget, from a range of resources that included a budget summary, Cabinet papers, Medium Term Financial Strategy and a Fact sheet. People generally felt that they understood the budgetary decisions we've made and that they were sensible.

A large proportion of the principles feedback centred on those most in need, with particular concerns being raised for young people and those with mental health requirements.

We then asked attendees for feedback on how they would make the remaining savings. There was a general feeling that there would be painful and challenging decisions ahead with support for a campaign on Harrow receiving a fairer grant.

Advice focused on working closely with volunteers and the third sector particularly in sports and leisure facilities, ensuring that we are making the most out of venues such as the Arts Centre and sports facilities by involving private partners more.

Further feedback from the key highlights from the September Let's Talk

Do you think Harrow Council should put up Council Tax next year?

- Two per cent Council Tax rise will be affordable for the vast majority of residents.
- Council Tax should be linked to income and ability to pay.
- The Council needs to ensure that people know exactly how their Council Tax is being spent.
- A small increase in Council Tax is preferable to cutting services
- One of the groups would prefer to see an overall increase - they didn't think the rise should be linked to income.
- However, they want the increase to be for things we need. They asked why the Council is spending thousands on paving around the borough if there is no money. One person thought tarmac should be used instead of paving as it is cheaper. Money should go towards essential paving only and it seems like there is lots of non-essential paving taking place at the moment.
- If Council Tax was to increase by £11 a year they wouldn't mind if it was going on real essential needs.

- Only one person on the table did not want a rise but was unsure as to where we should make the cuts.
- If Council Tax is going to go up then the increase should be ring-fenced to invest in skills.
- Introduce higher banding for Council Tax to reflect much bigger houses and extensions which do not pay the proportionately higher amounts they should (and whose occupants can afford it). Also make sure 'back garden bungalows' pay Council Tax.
- Recognition of the pressure to consider a Council Tax rise and a support for this in principle recognising the scale of cuts necessary if not taken.

What ideas do you have for the Council to save money?

Housing

- Half the group felt that there were too many people in Harrow so we needed to reduce the number of houses. However, others believe that we need more housing which is better quality but they felt that there was no infrastructure to support this in terms of schools, doctor's surgeries etc.
- Some members of the group didn't think we should be building more affordable housing in Harrow, as we need people who are bringing in income and so need more high value housing. They felt that there was no income in affordable housing.

Economic Development

- They felt that we don't have the jobs to support the people and the borough is greatly missing Kodak.

Terms and Conditions

- They felt that further wage reviews would help save money and they felt that the Prime Ministers salary should be used as a benchmark and that no-one should be paid more than this.

Council Structure

- They felt that there should be one Chief Executive for all North West London boroughs, and that a consortium with other council's should be formed so that they could benefit from one another.
- Reviewing non-essential meetings is good, councils too bureaucratic.

Parking

- The Council needs to reduce local parking charges in order to help the high streets. Suggestions included no charge on Sundays, weekends free and park and ride. However they did recognise this would be a loss in revenue for the Council, but felt it was necessary in order to rejuvenate local businesses.

Libraries

- Charging for using the computers in libraries (once the technology has been updated and they are all working).

Technology

- Using technology to be more efficient to save front line jobs – Council doing the right thing (PRISM).

How we can work with you better

- Some felt that residents tended to find out about consultations and decisions after they have happened. However others thought that meetings such as Let's Talk are good.

- They thought the biggest problem was apathy as many people just do not care enough.
- Some felt the communications in the borough was good and they felt very informed.

Do you agree with the principles that underpin our budget?

General feedback about the principles was that they are quite broad, so they do cover a lot of what the Council does, in fact almost everything could be included under one of those headings, so they do seem right, but they need to stay focused [by the specific activities under each]. However, there is overall support/people generally agree with the principles around the budget and that the suggestions are sensible.

Overall, people recognise that the Council is between a rock and a hard place, and against this background what else can be done? However, people warn the Council of short termism and the risk of false economies, which will lead to higher costs in the long term. Specific feedback included:

- A contingency of £1million isn't enough
- They are most pleased with the bins and the Harrow Arts Centre.
- Simply pumping in money at the top is not right – it needs to be bottom up.
- Important to make a distinction between poverty and worklessness and the people that are the most vulnerable. We should be looking after those with serious disabilities – people who are never going to be able to work.
- Agree with people over place but some concern about attracting tourists if the place is a mess. Should encourage people to keep it clean – don't drop litter.

Working together

- Prevention is the most important - do this by investing in the voluntary sector which can bring in lots of external funding. Taking money out of the voluntary sector makes the pot smaller overall – jobs lost and volunteer contributions lost.

The town centre

- I think from a young person's point of view that investing in Harrow Town Centre is a really good idea – as a lot of young people go elsewhere, as Harrow Town Centre isn't attractive.

Housing

- Developing affordable housing is a very good thing.
 - What does that mean though?
 - Will it be Council housing or private housing available at an affordable price?

Environment

- We also have concerns about the effect of austerity measures on the built environment which could make Harrow a less attractive place to live and work in.

Looking after those most in need

Vulnerable people and groups need protecting from hardship, though the cuts make this difficult if not impossible. Particular groups we identified at risk are carers, especially ageing carers, unemployed people (keep the Help scheme as a high priority), and the mentally ill. We also feel that libraries should be kept open, important for young and old, and the unemployed.

Other comments:

- What's happening with the youth service?
- Priority to look after the vulnerable is good but social workers are reactive.
- I don't know if there should be an increase in social workers if all of the services they would refer people to are being cut, as it is about linking people with services to help them.
 - I don't think they would be increasing the number of social workers if there wasn't an absolute need for this.
 - I think sometimes it can be a way for politicians to show they are 'looking after people', rather than long term investment in areas where it is needed.
 - There have been cuts, but what are these? E.g. which services are no longer being provided?
- There should be a single point of contact for services → new start ups → Help with licenses/permits/premises etc.
- When looking at the issue of social workers, you need to look at the family as a whole e.g. rather than allocating three social workers to different members of the same household, there should be link ups and one person looking after the whole family.
- You need to really look at how the service is delivered – e.g. client/community orientated, rather than the Council choosing to focus on areas it thinks are important.
- The Council has done well to protect children's centres, libraries, Harrow Arts Centre

Economic Growth

- With the 20 – 24 age group rising, creating jobs is vital – Harrow is a very entrepreneurial borough so economic growth work/Lowlands/St Ann's /Heart of Harrow is absolutely the right thing to do
- One of the priorities is to help people into work etc – this is nothing new and it needs something new. Also the community needs to be more joined up with this.
- We want to know more about the inward investment strategy – is it actually achievable.

Terms and Conditions

- Good to cut senior manager and some Council staff but concerned that this doesn't go too far – there needs to be a balance so there are enough people to deliver a good service.
- Glad see senior managers take a hit! T + Cs shouldn't apply to those on low salaries.

Other feedback

- The Council should clampdown on people who leave their gardens in a mess.

Tell us how you would make the remaining savings

There is an overall recognition of the challenges facing the Council, but at the same time a realisation that the suggestions may not be enough of a saving to meet the targets. Attendees appreciate that there will be painful decisions to make in the future.

General feedback:

- Ensure that the budget relates to the health budget - to ensure efficiencies in primary care and acute care.
- Look towards revenue raising and sharing.
- Support for campaign on a fairer grant.

- The Government should be made aware of this before waiting for the next election. (It's not our councillors and CEO who should be challenged on the cuts, need to get Eric Pickles here so we can show him what we think!)

Working in partnership

- Should be doing more to help volunteers/third sector to get involved with running services to save from cuts.
- Volunteering to increase workforce.
- Get voluntary sector to run Xcite projects – local authority staff don't always have the expertise to do deals.
- Campaign for a Fairer Grant: The Council should make a persuasive case – we should be given an explanation of how the grant is calculated and actively concentrate on some of the indicators. For example it is the duty of children to take up free school meals if they are eligible which could increase our grant.
- Lots of services should be run by the voluntary sector i.e. Harrow HELP Scheme. Also; brokerage and planning, equalities training, resource centres, User Involvement posts, arts centre, libraries, home library service, befriending i.e. introducing Circles of Support which is a new scheme but cutting other services which already exist. Also stroke support, counselling services.
- Link up between arts provision, adults with mental health problems and children in need, and how good arts provision could bring positive impacts to both client groups. This led to a question on how we are getting opportunities through to the community as a Council, as the table did not see how we were doing this. They felt that the Council could bring more interest groups together to try and help find the solutions.

Sports and Leisure

- Cut Harrow Museum.
- Could make more of the Arts Centre by involving private partners who can use the space more effectively and bring in more commercial income.
- Give information to residents via email, rather than by post to save money.
- Where will the Council be investing its money? Icelandic banks are a good example of how it can go wrong.
- Maybe sports services could be merged with young peoples' services.
- Reduce sport services. Instead, open up facilities that are already available e.g. school play grounds and football pitches etc and make these accessible to the public. At the moment many schools close facilities e.g. school grounds, out of hours. If these were made accessible to young people and the public, it would be really useful for residents and the Council could utilise spaces it already owns, without having to develop other land.
- Look into Harrow Arts Centre – could it be more independent and looked after through grants and by the community?
- One challenge on the overall subsidy to the Arts Centre – attendee who works closely with the Arts Centre felt it was half the published amount on the sheet provided.

Staff resource

- Council staff should work at home where possible – sell the Civic centre.
- The group felt that you needed to be careful about cutting too many staff and questioned who would do the work. They agreed with senior management being cut but were concerned about the lower levels.
- How many contractors does the Council employ? Reducing them could save money. Outsourcing is more expensive, stick to in-house services.

Services for those most in need

- Concern about special needs transport conflict as Council says it wants to protect the vulnerable.
- There was a concern about moving youth services to Civic Centre buildings, where young people may not be as likely to come and access them. E.g. have them in the places where young people are already.
- Mental health services being cut is a concern.
- Use your services for the people most in need e.g. youth services should focus on children in care, rather than children who already have support from school and family etc.
- Mental health services needed to be redefined as the current model was 'old fashioned'. Specific points were raised about the performance of CNWL, e.g. quality of service was poor, Section 75 agreement is not public. Carers on the whole were not being listened to and service users were becoming over burdened.

Public Realm

Street lighting

- Change street lights to more energy efficient or turn them off at night.

Street Cleaning & Litter

- Don't cut street cleaning as it is vital to avoid pests (rats) for businesses and residents.
- I think street cleaning can be cut right back – in the 70s when there was a strike, people realised how much rubbish there was and the implication of throwing rubbish away e.g. people had to take responsibility for their own rubbish and disposing of this.
- There should also be a better way of putting bins out e.g. people passing by should be able to put rubbish in anyone's bin, so that the streets are kept tidier and there is a collective responsibility, rather than everyone just doing their own thing individually.
- Should fine people for dropping litter.
- Empty brown bins fortnightly in winter. No need to have weekly rounds except in warm weather when waste will decay more quickly and smell etc.

Highways

- Pass on costs to those who cause them - e.g. road and pavement repairs. Much of the damage to footways is caused by vehicles driving over them, especially white vans and HGV's. Need to monitor damage, apprehend those causing it and impose penalties to reduce the amount Council taxpayers have to find to cover the cost of repairs and personal injury claims from pedestrians.

Land

- Do not sell off green belt land. Once land is lost it can't be retained. The Council doesn't have the moral right.

Economic Growth

- Encourage local businesses to work with the Council and inform them of how to become an approved supplier to the Council.
- They felt that the level of illegal immigrants in the borough needed to be addressed.

Procurement

- Procurement should be transparent and local - better to use local groups & expertise. Should source local providers and have a thorough tendering process.

Communications

- Put Homing In inside Harrow People and send that edition to tenants.
- One view was that the current website is not very good, so as more people are diverted to use it this could be an issue.

Tax

- Move towards greater local taxation, such as local income tax or land value tax. Harrow can't do this alone, but needs to work with others in similar situations to get national policies changed.

Changes to council structure

- Number of councillors - we debated whether this should be reduced to two or even one per ward but we decided against as it would increase workload for remaining councillors and make it unlikely that young people would be able (or want to) serve as councillors.
- Experience of contractors employed by the Council was not good – road repairs was used, but this was the only specific point.

Questions

In some areas you can have free car parking, but in others there is no provision for this. Why is that?

Summary of Online Responses to the Budget

The draft budget 2013-2014 blog has received 48 responses to date. The most common issues raised are the removal of Harrow Young Musicians grant, stopping Harrow People magazine due to the expense of producing and delivering it as well as unnecessary paving and highway improvements.

Other areas of concern are Harrow's rising population, cracking down on landlords, electricity waste, the proposed primary school expansion and the Mayor's car.

Some money saving suggestions are:

- Spreading council tax payments equally over 12 instead of 2 free months
- Running leisure centres more efficiently: charge for car parking after 1 hour, develop nearby waste land
- Charge staff for parking at council buildings
- Check the legitimacy of tenants living in council properties
- Reducing the frequency of bin collections