

LONDON BOROUGH OF HARROW

GARMC – 4 APRIL 2013

REFERENCE FROM CABINET – 14 FEBRUARY 2013

KEY DECISION - FINAL REVENUE BUDGET AND MEDIUM TERM FINANCIAL STRATEGY 2013/14 TO 2016/17

Upon receiving congratulatory remarks from the Leader of the Council for proposing a balanced budget for two years and setting out a long term view, the Portfolio Holder of Finance introduced the report, which set out the final revenue budget for 2013/14 and the Medium Term Financial Strategy (MTFS) for 2016/17. He thanked all the Portfolio Holders and officers for assisting in the delivery of a two year balanced budget. He was proud to present a 'people' centred budget rather than one that was 'place' centred.

The Portfolio Holder for Finance provided the context in which the budget had been set and reflected on the changes since the draft budget had been considered by Cabinet in December 2012. The Portfolio Holder highlighted the unprecedented levels of cuts facing Councils, which were in the region of 28%, whilst government departments were averaging a cut of 8% only, which he considered to be unfair. Moreover, Harrow started with a low base as it received a low grant and he urged all to sign up to the 'Campaign for a Fair Grant' launched jointly with the Harrow Observer to persuade the government to improve Harrow's share of government grant allocated to Councils each year.

The 'Campaign for a Fair Grant' should be seen in the context that Harrow would lose some £10m and £9m in the next two years before taking into account the inflationary and demographic pressures. He added that the increases in fares, levied by the Mayor of London, amounted to a 'stealth' tax, which for Harrow was a cost in the region of £700k, which adversely affected on the existing pressures to the budget. Another matter that had to be resolved was the financial situation inherited from the former administration which had required the reallocation of £4m from the Capital to Revenue Budget.

The Portfolio Holder for Finance was pleased to report that the contingency fund of £125k, a legacy of the previous administration, had been increased to £3m and that the reserves had been increased by 25% to help with risks associated with the budget. He outlined some of the key aspects proposed in the budget:

- an increase in Council Tax by 2%, a difficult decision for the Council to make due to an unfair grant from the government;

- a reduction in street sweeping;
- the hiring of additional social workers to safeguard the vulnerable, particularly children thereby ensuring that the Council's Corporate parenting role was not compromised;
- investment in the Harrow Help Scheme, to help those affected by the welfare cuts, Xcite Project and the borough's youth and a London Living wage for staff;
- retention of the Children's Centres and all libraries except that the Civic Centre and Gayton Road libraries would be merged;
- adequate contingency to meet the costs associated with the government's welfare cuts which would impact adversely on the Council. Harrow was expecting an increase in the number of homeless people;
- an increase in the overall budget for the grant giving function of the Council to the Voluntary Sector and listening to those affected by the grants given, such as Harrow Young Musicians;
- efficiency savings by improved procurement;
- helping local businesses by providing 20 minute free parking and the introduction of a Harrow Card, to help revitalise local businesses;
- provision of 'preventative' services, such as 'Circles of Support', and reablement.

Cabinet was informed of the risks associated with the budget, including those resulting from the government which was shunting its costs to the Councils whilst reducing the funding given. Additional shunting of costs from the Primary Care Trusts (PCTs) and future Clinical Commissioning Groups was also a factor which needed addressing.

In concluding his remarks, the Portfolio Holder for Finance stated that the Council had been positive in managing the demands of the budget process, whilst taking a long term view.

The Corporate Director of Resources, in her capacity as the Council's Chief Finance Officer, drew attention to the updated Risk Register, including the analysis undertaken on these risks. She drew attention to the Equality Impact Assessment (EqIA), which had been circulated to all Cabinet Members to show the cumulative impact of decisions relating to the budget.

The Corporate Director of Resources explained that some savings built-in to the budget would require further consultation. She commented on the robustness of the budget, including the adequacy of the contingency and reserves held and confirmed that these had the capacity to deal with the

changes proposed. In her view, the budget was robust and that it would be monitored.

The Portfolio Holders for Performance, Customer Services and Corporate Services, and Adult Social Care, Health and Wellbeing welcomed a two year budget, which would protect the vulnerable, ensure that the services provided were sustainable with 'prevention' being a fundamental aspect in the health and wellbeing of people, whilst positioning the Council for further cuts beyond 2015.

RESOLVED: That

- (1) the planned investment in services and efficiency programme, at Appendix 2 to the report, be noted;
- (2) **the risk assessment, at appendix 8 to the report, be agreed and referred to the Governance, Audit and Risk Management Committee for consideration and monitoring;**
- (3) in relation to the model Council Tax resolution at appendix 11 to the report, the Portfolio Holder for Finance, as advised by the s151 officer, be authorised to make minor amendments prior to Council;
- (4) the Medium Term Financial Strategy at appendix 1 to the report be approved.

Reason for Decision: To ensure that the Council sets a balanced budget for 2013/14.

Alternative Options considered and rejected: As set out in the report.

Conflict of Interest relating to the matter declared by Cabinet Member/Dispensation granted: None.

FOR CONSIDERATION

Background Documents:

Draft minutes of the Cabinet - 14 February 2013

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