

LONDON BOROUGH OF HARROW

GOVERNANCE, AUDIT AND RISK MANAGEMENT COMMITTEE – 2 APRIL 2014

REFERENCE FROM CABINET - 13 FEBRUARY 2014

782. Key Decision: Final Revenue Budget 2014/15 and Medium Term Financial Strategy (MTFS) 2014/15 to 2016/17

The Portfolio Holder for Finance introduced the report, which set out the final Revenue Budget for 2014/15 and the Medium Term Financial Strategy (MTFS) for 2014/15 to 2016/17. He identified the report as the delivery mechanism for the Council's Corporate Plan 2014/15.

The report showed that the Budget for 2014/15 was balanced and the MTFS identified budget gaps for future years. A substantive change to the draft budget presented to Cabinet in December 2013 was the financing of the 20 minutes free parking.

The Leader of the Council referred to the invitation extended to the largest opposition Group to present its 'alternative' budget initially to Cabinet for scrutiny but noted that this offer had been declined. The residents of Harrow would not be given an opportunity to scrutinise the 'alternative' budget.

The Leader of the largest opposition Group replied that it was important for his Group to present a robust 'alternative' budget in due course. As the main opposition, it was essential that his Group had had an opportunity to scrutinise the administration's proposed budget. He was critical of the proposal to spend £400,000 on bins over four years and he considered that the money would be better spent on those affected by domestic violence. He also asked about the duration of the proposed 20 minutes free parking which he said had been announced with haste. He was of the view that the administration's proposed budget would increase the deficit for future years with rate payers having to pay in later years.

The Leader of the Council, the Deputy Leader and the Portfolio Holder for Finance responded as follows:

- it was important to differentiate between capital and revenue budgets as these budgets could not be switched around. The provision of bins by the administration would be met the capital budget and the proposal put forward by the largest Opposition Group, on domestic violence had revenue implications. It was suggested that the largest opposition Group did not understand this important difference;

- a U-turn on the Cleaner, Safer and Fairer agenda was implausible and the administration's achievements in a short period of time since it came to power ought be applauded;
- the 20 minute free parking proposal had been included in the 2014/15 budget. The next administration would need to make a decision in this regard on the basis of the overall savings that it would need to achieve;
- the largest opposition Group had not taken opportunities to provide effective scrutiny of the administration's budget and had failed to present its own 'alternative' budget for scrutiny.

During a further discussion on the proposed budget, the same non-voting non-Executive Cabinet Members stated that the budget, which included potential overspends, was electioneering as every policy area had had its finances increased. They considered this to be reckless, as it would put pressures on future administrations. They were critical of the proposed reduction in the welfare contingency budget and the message this sent to residents. They referred to the £60m savings achieved during their administration, and were of the view that the Council needed to take a lead role in the West London Alliance and look at shared services in order to protect staff and their futures.

In response, the Leader of the Council stated that it was important to recognise that the largest opposition Group had already made extra commitments, for example an additional Under One Sky event, which were not about helping the vulnerable. The Portfolio Holder for Communications, Performance and Resources stated that the administration was looking at alternatives such as the shared services and would only reflect such items in the budget provided they were deliverable. It was irresponsible for the largest Opposition Group to have earmarked savings, such as those in the Democratic Services budget and thereafter not meeting its obligations by scaling back on the number of meetings.

The Portfolio Holder for Finance stated that the administration had inherited a budget that was not their own and had frozen Council Tax, improved the amount of money allocated for the needy, employed additional social workers, increased the budget for the elderly, and transport which a responsible administration would do.

Resolved to RECOMMEND: (to Council)

That

- (1) the budget be approved to enable the Council Tax for 2014/15 to be set;
- (2) the Medium Term Financial Strategy at Appendices 1 and 2 of the report be endorsed;

- (3) the policy on the use of the contingency at Appendix 5 of the report be approved;
- (4) in relation to schools, the schools' budget at Appendix 6 of the report be approved;
- (5) the Members' Allowance Scheme at Appendix 13 of the report be adopted for 2014/15.

RESOLVED: That

- (1) the Medium Term Financial Strategy (MTFS), at appendices 1 and 2 to the report, be approved;
- (2) the planned investment in services and efficiencies, as set out in Appendix 2 and summarised in table 5 of the report, be noted;
- (3) the sum, £3.560m, of NHS Transfer funding to be received by the Council, as set paragraph 17.1 of the report be noted;
- (4) **the risk assessment at Appendix 7 to the report be agreed and referred to the Governance, Audit and Risk Management Committee for consideration and monitoring.**

Reason for Recommendation/Decision: To ensure that the Council sets a balanced budget for 2014/15.

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:

Minutes of the Cabinet Meeting - 13 February 2014

Contact Officer:

Daksha Ghelani, Senior Democratic Services Officer

Tel: 020 8424 1881

Email: daksha.ghelani@harrow.gov.uk

