
REPORT FOR: HEALTH AND WELLBEING BOARD

Date of Meeting: 14 January 2020

Subject: **INFORMATION REPORT –**
Draft Revenue Budget 2020/21 and
Medium Term Financial Strategy 2020/21
to 2022/23

Responsible Officer: Paul Hewitt, Corporate Director Peoples
Services

Public: Yes

Wards affected: All Harrow Wards

Enclosures: January 9th 2020 Cabinet Report &
appendices

Section 1 – Summary and Recommendations

The Board is requested to note the report detailing Harrow Council's Draft Revenue Budget 2020/21 and Medium Term Financial Strategy 2020/21 to 2022/23, as reported to the Council's Cabinet on 6 December 2018.

The reporting of the draft Council budget to this board enables wider consultation for both partners and residents and an opportunity to comment on the 2020/21 overall budget before final decisions are formalised in the council's annual budget.

The budget and MTFs will return to Cabinet in February 2020 for final approval and recommendation to Council.

FOR INFORMATION

Section 2 – Report

The Government continues to reduce its funding to Local Government as part of its nationwide austerity programme. In their publication 'Local Government Funding – Moving the conversation' (June 2018) the Local Government Association shared a number of their key statistics including:

- New analysis indicates that local services face a funding gap of £7.8 billion by 2025 of which £6.6 billion relates to Adults social care and Children's services.
- By 2020, local authorities will have faced a reduction to core funding from central Government of nearly £16 billion over the preceding decade.

In November 2019, the Institute for Fiscal Studies published their report 'English local government funding: trends and challenges in 2019 and beyond.' The report continued the conversation that councils will face significant future cost pressures for adult social care. A finding from the report showed that, based on central government projections of the cost of adult social care services rising 3.4% above inflation per annum, Councils would need to find an extra £1.6bn by 2024/25 increasing to an extra £9bn by the mid 2030's based on council tax increases of 4%.

The draft budget set out in this report shows an updated MTFS with a number of changes which Cabinet are asked to note. The changes achieve a balanced budget position for 2020/21 and budgets gaps of £15.328m and £8.924m for 2020/21 and 2021/22 respectively.

The MTFS is based on the Spending Round 2019, announced Wednesday 4 September 2019, which confirmed broad public spending allocations for 2020/21 only. The Spending Round 2019 was subject to a technical consultation which closed on 31 October 2019. Central government intends to come back to the sector with proposals in the 2020/21 Provisional Local Government Finance Settlement in early December 2019 with the final settlement being agreed no later than the end of January 2020. The General Election on 12 December 2019 may impact on settlement agreements and dates.

Section 30 of the Local Government Finance Act 1992 requires local authorities to set their council tax no later than 11 March 2020 therefore the final budget and MTFS will proceed to Cabinet and Council in February 2020.

The Council does hold a contingency for unforeseen items (£1.248m) which is intended to support uncertainties. Whilst it is intended that Members will approve the MTFS in February 2020, this is subject to a number of assumptions in relation to grant settlements, council tax income, legislation and demographics.

The Council will still be required to review the Council's budget on a yearly basis; however approval of the MTFS will allow officers to progress a number of important projects.

Any adjustments will be reported to Cabinet and Council in February as part of the annual budget and council tax setting process.

Ward Councillors' comments

Financial Implications

Financial implications are integral to the attached report.

Legal Implications/Comments

The legal implications of the annual draft budget are set out in the attached cabinet report

Risk Management Implications

Financial risk is covered in the Council's Corporate Risk Register:

- Inability to deliver the Council's approved MTFs – leading to a dereliction of duties resulting in government intervention and an inability to pay the Council's debts. At Quarter 2 2019/20 this risk is rated at C2 – medium likelihood and critical impact

Equalities implications / Public Sector Equality Duty

Decision makers should have due regard to the public sector equality duty in making their decisions. The equalities duties are continuing duties they are not duties to secure a particular outcome. The equalities impact will be revisited on each of the proposals as they are developed. Consideration of the duties should precede the decision. It is important that Cabinet has regard to the statutory grounds in the light of all available material such as consultation responses.

Council Priorities

The Council's draft budget for 2020//21 has been prepared in line with the Council's priorities:

- Building a Better Harrow
- Supporting Those Most in Need
- Protecting Vital Public Services
- Delivering a Strong Local Economy for All
- Modernising Harrow Council

Section 3 - Statutory Officer Clearance (Council and Joint Reports)

Name: Donna Edwards

on behalf of the
Chief Financial Officer

Date: 02.01.20

Name: Paul Hewitt

Corporate Director

Date: 02.01.20

Ward Councillors notified:

NO

MANDATORY

Section 4 - Contact Details and Background Papers

Contact:

Donna Edwards, Finance Business Partner (Adults & Public Health)

Email: Donna.Edwards@Harrow.Gov.uk

Background Papers:

None