

Employees' Consultative Forum

Minutes

12 January 2022

Present:

Chair: Councillor Natasha Proctor

Councillors: Camilla Bath Mina Parmar
Philip Benjamin Varsha Parmar
Angella Murphy-Strachan Sachin Shah

Teacher -

Representatives:
Unison Ms S Haynes Mr J Royle
Representatives: Mr D Searles

GMB Ms P Belgrave
Representative: Ms A Jones

Apologies Louise Crimmins Anne Lyons
received:

Absent:

Resolved Items

78. Draft Revenue Budget 2022/23 and draft Medium Term Financial Strategy 2022/23 to 2024/25

The Forum received a report of the Director of Finance and Assurance, which set out the draft revenue budget for 2022/23 and the draft Medium Term Financial Strategy (MTFS) for 2022/23 to 2024/25 which had been considered

by Cabinet at its meeting in December 2021. The report also referenced that the budget and the MTFS would be brought back to Cabinet in February 2022 for final approval and with a recommendation to full Council.

The Director of Finance and Assurance introduced the report and informed the Forum that the approach taken by the Council to the budget setting process was different to that of previous years. There was a legal requirement for the Council to deliver a balanced budget and, in order to do this, the Council was proposing to manage the budget gap for 2022/23 by using its reserves of £15.7m as a one-off measure to 'plug' the budget gap. The Director added that it was not ideal to use reserves to manage budget gaps but the alternative was to make immediate substantial cuts which would not be sustainable. She added that the Council was working on a strategy for future years with a view to managing the gap over the MTFS.

The Director responded to a question from a Member on the interest rate income that would be lost if reserves were withdrawn and used to manage the funding gap for 2022/23. She explained that the loss of interest would be marginal compared to other measures. She reiterated that there was a legal requirement on the Council to set a balanced budget for 2022/23.

A Unison representative asked how the loss of reserves would be funded in future years. The Director referred to table 1 (summary of key financial changes 2013/14 to 2022/23) and table 2 (changes to MTFS – prior to indicated finance settlement) of her report and explained that a further saving of £14.8m would have to be found in future years. For example, this could be achieved by restructuring debt and/or reducing expenditure. She added that various assumptions had been built-in, such as additional grant settlements from the government, an increase in Council Tax of 2.99% per annum, demographic of Harrow and expected inflation levels.

The Unison representative urged caution in that whilst an increase or a change in demographic could result in an increase in Council Tax, it would also mean that more Council services would be required and provided for. The Director of Finance acknowledged this point and stated that contingencies/growth would always be put in place.

The Director responded to additional questions from Unison and GMB representatives as follows:

- How would the sale of the Civic Centre site impact on the budget? The Director informed the Forum that this question was related to the HSPB (Harrow Strategic Partnership Board) where the Council will be putting in the Civic Centre land and equity over the period of the HSPB. She added that the Council would receive capital receipts, interest and dividends in future years;
- What would be the Impact on the Council and its staff if budget gaps could not be met? The Director stated it was crucial that the Council reduced its expenditure to meet future funding gaps and lived within its budget envelope. The challenge was how this could be done in a safe manner so that staff and residents were not put at risk. It was

important that the Council had a strategy in place setting out its plan for the next two years. The Council's budget was also dependant on the grant it received from the government. The Council needed to learn to manage the various pressures within the budget envelope in order to deliver balanced budgets in future years.

RESOLVED: That the report be noted and the comments made by the Forum be referred to the February 2022 meeting of the Cabinet for consideration.