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## REPORT OF CABINET

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### MEETING HELD ON 14 FEBRUARY 2008

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Chairman: \* Councillor Chris Mote

Councillors \* David Ashton \* Janet Mote  
: \* Marilyn Ashton \* Paul Osborn  
\* Mrs Camilla Bath \* Mrs Anjana Patel  
\* Miss Christine Bednell \* Eric Silver  
\* Susan Hall

\* Denotes Member present

[Note: Councillors Margaret Davine, Navin Shah and Bill Stephenson also attended this meeting to speak on the item indicated at Minute 359 below].

#### **PART I - RECOMMENDATIONS**

##### **RECOMMENDATION II - Key Decision - Revenue Budget 2008-09 and Medium Term Financial Strategy 2008-09 to 2010-11**

The Corporate Director of Finance introduced the report, which set out the proposed revenue budget for 2008-09 and the medium term financial strategy (MTFS) for 2008-09 to 2010-11. She referred to the emergency measures that had been put in place in 2005/06, the savings plan in August 2006, the three budget rounds for 2006-07, 2007-08 and 2008-09, which had culminated in a major drive to raise financial awareness and improve financial management in the Council. Having embedded a stringent culture of financial management in the organisation, the budget before Members was a major achievement on part of both Members and officers to put the Council on a stable financial footing.

The Corporate Director reported that the budget included :-

- £1.9m of new investment in priority services, £6.1 for unavoidable growth pressures where the biggest single issues were increasing demand for social care, waste management and disposal;
- savings of £9.9m and how these had been achieved. Every effort had been made to maximise efficiency savings and minimise its impact on services;
- a detailed analysis of the figures, including an analysis of changes between the draft and final budget;
- an impact assessment that had been carried out for each savings proposal and which had been shared with all interested parties. Action necessary to ensure that discrimination and disadvantage did not arise from these potential savings would be undertaken;
- proposals for investment in Access Harrow;
- assumptions that had been made in relation to the Business Transformation Partnership and future efficiency savings;

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- the grant increase of 2% in 2008-09, 1.75% in 2009-10 and 1.5% in 2010-11, which equated to around £1m a year and did not cover the pressures facing the Council;
  - an average increase of 2% for fees and charges. There was no increase at all for some major items such as home care and car parking;
  - the schools' budget which was funded through the Dedicated Schools Grant and was set by central government with no local involvement. Education continued to be a priority for central government and schools funding would increase by 4.5% next year;
  - a reserves policy intended to add £1m to reserves and provisions each year until such time as general balances exceed £5m. This prudent policy would contribute to ensuring a robust budget and deal with unexpected situations;
  - the medium term Housing Revenue Account that allowed for additional investment in the stock to achieve the decent homes standard by 2010;
  - an average rent increase for 2008-09 is 5.61%. The planned average service charge increase for 2008-09 is 4.26%;
  - Members' allowance scheme;
  - a Council Tax increase of 2.74%, which was the combined Harrow and GLA precept increase, reflecting the final GLA budget.

The Corporate Director referred to the consultation undertaken with stakeholders. She stated that a balanced budget was being presented to Council and referred to the funding gaps in future years of £5.4m and £6.9m, which were being addressed. The GLA precept was different to the one in the report; the GLA budget having been approved on 13 February 2008.

The Portfolio Holder for Finance and Portfolio Coordination stated that the Budget represented a very significant step in the Council's financial transformation. It delivered a reasonable Council Tax increase, included additional investment in priority areas, identified savings without impacting on front line services, included growth, and a policy for reserves. Despite the challenging financial context, the budget was robust and prudent. The Portfolio Holder added that the budget included an increased grant to the voluntary sector, and that scrutiny had been asked to carry out a review on the funding of this sector.

In summary, the Portfolio Holder added that the administration intended on building for the future and to ensure a strong financial platform. He referred to the ongoing campaign on the unfair settlement received by the Council from central government and acknowledged that radical changes in the formula applied by the government would be required. However, Harrow Council would continue to campaign for a better settlement and grants that were ring-fenced.

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Having approved the MTFs, proposals in relation to fees and charges, the Medium Term Budget Strategy for the Housing Revenue Account, revenue income optimisation, and the budget in relation to schools, and having noted the new investment policy and the reserves policy, it was

**Resolved to RECOMMEND:**

That (1) budget be approved to enable the Council Tax for 2008-09 to be set;

(2) the model Council Tax resolution set out at Appendix 1 be approved;

(3) the Housing Revenue Account for 2008-09, set out at Appendix 2 be approved, and in particular agree to:

- (a) increase rents by 5.61% on average from 1 April 2008
- (b) increase service charges by 4.26% on average from 1 April 2008
- (c) increase energy (heating) charges by £3.78 on average from 1 April 2008
- (d) increase water charges, garage rents and car park rents by 3% on average from 1 April 2008;

(4) Members' Allowances Scheme, attached at Appendix 3, be approved.

**Reason for Recommendation:** To publish the final budget proposals and set the Council Tax and rents for 2008-09.

(See also Minutes 355 and 364).