



# Stakeholder Meetings on Budget

December 2009/  
January 2010

- The Council's vision is to be recognised as one of the best London Councils by 2012
- Agreed corporate priorities for 2010-11
  - Deliver cleaner and safer streets
  - Improve support for vulnerable people
  - Build stronger communities

- Harrow is already a relatively low spending council
- Large parts of the budget are outside the Council's control
- Considerable savings have been made in previous years and this makes it increasingly difficult to identify new areas for efficiencies and reductions (£45m saved in last 4 years)
- The demand for services and expectations from central government are growing all the time

- The provisional local government settlement is poor for 2010-11 and the outlook for the next spending review is worse
- The settlement for concessionary fares for London for 2010-11 has been revisited very late in the day (cost to Harrow is £1m)
- The UK is currently in recession
- There is more work to do to strengthen the Council's balance sheet

- Reports on the budget process went to cabinet in July and October.
- Draft budget for 2010-11 to 2012-13 reported to Cabinet in December
- Funding Gaps (ie difference between planned spending and anticipated income) as follows:
  - 2010-11, £1.0m
  - 2011-12, £15.4m
  - 2012-13, £13.8m

- Inflation, £1.0m
- Investment in services, £4.5m
- Efficiencies/Savings identified, -£7.3m
- Capital Financing Costs, £2.7m
- Technical changes, £2.9m

**Net Pressure = £3.8m**

- General Grant Increase, £1.0m
- Council Tax Increase, nil
- Collection fund and tax base, £1.8m

**Balance to Find = £1.0m**

- Three year settlement announced in 2007
- General Grant increases of 2% in 2008-09, 1.75% in 2009-10, 1.5% in 2010-11
- In cash terms around £1m a year
- Does not address the pressures the Council is facing
- Due to economic climate, very poor outlook for next settlement, so assuming grant reductions from 2011-12 of 3% a year in cash terms (4.5% in real terms)

- At December Cabinet, the draft budget was based on Council Tax increases of 0% in 2010-11, and 2.5% in 2011-12 and 2012-13
- Councillors are striving to achieve reasonable council tax increases but recognise the constraints
- Particularly challenging this year due to economy
- Need to achieve right balance between tax levels, service levels and risk



- Investment of £4.5m in services in draft budget
- Key areas are:
  - Social Care for Children and Adults (£3m)
  - Waste disposal (£1m)

In total efficiencies/savings of £7.3m identified for 2010-11 including:

- Detailed review of spending last year
- Benefits of new technology
- Better procurement
- Service reviews
- West London and pan-London initiatives
- Range of small savings across services

Emphasis on efficiency, trying to minimise impact on front line services

# Strategy for Closing Funding Gap



- Further efficiency savings
- Wider transformation programme
- Review of technical assumptions, particularly given rapidly changing economic position

# GLA Precept



## GLA Precept

Figures at Band D	2008-09	2009-10	2010-11	Increase	Increase
	£	£	£	£	%
Harrow Council services	1,152.55	1,186.55	1,186.55	-	-
GLA Precept	309.82	309.82	309.82	-	-
Combined Council Tax	1,462.37	1,496.37	1,496.37	-	-

NB, Based on draft Harrow budget and Mayor's consultation budget

Reserves are forecast to exceed £6m at the end of this year.

Revised policy as follows:

From 2010-11, the first call on any underspend at the end of the year will be a contribution to general balances. The value of the contribution will be up to £0.5m and will be determined with regard to the size of the underspend, the underlying strength of the balance sheet, and other priorities.

- Estimated per pupil funding increase of 4.1% in 2010-11
- Key issues include
  - Change in age of transfer
  - Pressure from special educational needs
  - personalisation of learning in line with ministerial priorities
  - School improvement initiatives
  - Managing the finances such that we can deal with changes in pupil numbers or needs during the year
- Schools Forum will consider allocation of funds to individual schools

- Draft budget reflects agreed strategy and 30 year business plan
- Investment to achieve decent homes standard by 2010
- Proposed average rent increase of 5.6% or £4.67 per week (in line with government policy on rent levels)
- Proposed service charge increase of 3.6% for tenants and 8.9% leaseholders
- Aiming to reduce expenditure on responsive repairs as condition of stock improves and repairs service becomes more efficient

NB, awaiting announcements from government on rent policy and subsidy, so figures could change significantly

Investment in the order of £46m in 2010-11 including:

- Housing improvement programme
  - Improvements to schools and social care establishments
  - New technology to improve services
  - Highways, lighting, transportation, parks and public conveniences
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- The capital programme is funded from a number of sources. These include:
    - External Funding in the order of £11m, primarily from the DCSF and Transport for London
    - Major Repairs Allowance (Housing Revenue Account)
    - Capital receipts (£5m anticipated next year)
    - Borrowing



- Consultation on priorities via Resident's Panel and "Have your say" campaign
- Standing scrutiny review of the budget
- Stakeholder information meetings in January
- HSP summit on 28 January to look at total place and medium term options

- Final budget reported to Cabinet on 11 February and Council on 18 February 2010
- Final decision will include council tax level, rents and service charges for 2010-11