

## **LONDON BOROUGH OF HARROW**

### **GOVERNANCE, AUDIT AND RISK MANAGEMENT COMMITTEE**

**29 MARCH 2011**

#### **REFERENCE FROM CABINET – 10 FEBRUARY 2011**

##### **Minute 151 - Key Decision - Final Revenue Budget 2011/12 to 2015/16**

Cabinet received a report of the Corporate Director Finance, which set out the final Revenue Budget for 2011/12 and the Medium Term Financial Strategy for 2011/12 to 2015/16. The Revenue Budget set out the Council Tax Strategy and spending plans, including new investment and savings proposals. The report set out the impact of the proposals and included information on the local government settlement, reserves policy and consultation on the budget. It covered all of the Council's main activities, including schools.

The Leader of the Council stated that this was the first budget of the new administration and that it had been a challenging process as a result of the cuts imposed in the region of 28% over a four year period. The severity of the cuts in local government and other public sector bodies, such as the Primary Care Trusts (PCTs), had led to many requests to the government to change its mind. A £5.6m in-year funding gap had been filled and the budget proposed by the administration was responsible and robust.

The Leader acknowledged that it had been difficult to deliver a balanced budget without affecting front line services but he was proud that Harrow would be retaining all its libraries and children centres which would remain open. This had been possible as a result of planning ahead and that during the last eight months 12 major projects were being delivered and front line services had been defended. Some of these projects would be considered at the next Cabinet meeting.

The Leader alluded to various proposals which were underway and those that had contributed towards a robust budget, such as a major procurement exercise which would include working with Hammersmith & Fulham Council, a re-shaping of the senior management structure, a successful voluntary severance scheme and joint working through the West London Alliance. He also referred to funding gaps in future years, that could increase if further cuts were imposed by government.

The Leader commended the budget stating that it could not be considered as having been produced by applying a 'salami slicing' approach. He thanked officers for their work in ensuring a balanced budget.

The Corporate Director Finance highlighted key aspects of the report and explained how the funding gap had been closed, which had been achieved due to technical changes, levies on other public bodies and the positive position on the collection fund. She added that the impact of investments and savings proposed had been carefully considered, a new policy on contingencies was being proposed, and the reserves policy and the rules on virements needed amending. The budget contained a £1m contingency fund. A detailed risk assessment of the budget would be referred to the Governance, Audit and Risk Management Committee (GARM), and the schools' budget

was ring-fenced. The Greater London Authority (GLA) budget precept was expected to be set at zero but had yet to be agreed as a result of which the Council meeting date had been changed to 10 March 2011.

The Corporate Director highlighted the challenges that lay ahead as a result of the settlements which would be reduced by £7m in 2012/13 and £5m in 2013/14. However, a 0% Council Tax increase for 2011/12 was proposed. She was recommending a budget to Cabinet and Council that was robust and had adequate reserves.

The Portfolio Holder for Adult Social Care, Health and Well-Being updated paragraph 39 of the report under the Adults and Housing section and it was agreed that it should read: 'There are a number of areas which were currently subject to consultation which were shown in the budget. No decision had been made on those areas. However, the pre-consultation phase had now been concluded. The Steering Group met this morning and agreed that it go forward to a full consultation. The full consultation has to be over 12 weeks. It is anticipated that it will conclude in the early summer. The results will be report to Cabinet later in the year. There were no alternative plans to achieve these savings if proposals were not implemented post consultation. Covering these savings was therefore the first call on the contingency fund established as part of the 2011/12 budget.'

Cabinet noted the tabled reference from the Overview and Scrutiny Committee in this regard and the feedback received from the stakeholders.

**Resolved to RECOMMEND:** (to Council)

That, subject to the update on paragraph 39 above,

- (1) the budget be approved to enable the Council Tax for 2011/12 to be set;
- (2) the policy on the use of contingency at appendix 7 to the report be approved;
- (3) the schools budget at appendix 8 to the report be approved;
- (4) the reserves policy at appendix 10 to the report be approved;
- (5) the virement rules at appendix 11 to the report be added to the financial regulations;
- (6) Members' Allowances be frozen and the current Members' Allowances Scheme be adopted for 2011/12;
- (7) the model Council Tax resolution at appendix 1 to the minutes be approved.

**RESOLVED:** That

- (1) the Medium Term Financial Strategy at appendix 1 to the report be approved;
- (2) the planned investment in services and efficiency programme be noted;
- (3) in relation to schools, the proposed changes to the formula be approved;
- (4) the risk assessment at appendix 9 to the report be referred to the Governance, Audit and Risk Management Committee for consideration.

**Reason for Decision:** To ensure that the Council sets a balanced budget for 2011/12.

**FOR CONSIDERATION**

Background Documents:  
Minutes of Cabinet

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