

LONDON BOROUGH OF HARROW

COUNCIL MEETING

10 MARCH 2011

QUESTIONS WITH NOTICE (ITEM 17)

1. Questioner: Councillor Barry Macleod-Cullinane

Asked of: Councillor Bill Stephenson (Leader of the Council and Portfolio Holder for Finance and Business Transformation)

Question: “Can you explain your decision to factor a 2% assumption for inflation into the budget given that the Bank of England’s February inflation report predicts inflation has a 100% chance of being above 2% for the entirety of 2011?”

Answer: I think Councillor Macleod-Cullinane must be suffering from repetitive question syndrome since he asked the same question at the February Cabinet. I will give him the same very comprehensive answer which I gave him in writing just in case he has not quite understood everything.

The 2011-12 budget includes a provision for inflation on goods and services equivalent to 2% of the budgets concerned. This is **not** the same as predicting that general inflation will run at 2%. The published indices of general inflation such as the Retail Price Index (RPI) and the Consumer Price Index (CPI) are not directly relevant to Council services. They are based on a basket of consumer goods, many of which the Council does not buy in any quantity. They also include the increase in VAT which the Council does not pay and RPI also includes the price of housing.

As in previous years, directorates are required to manage within the provision for goods and services inflation by:

- Negotiating with all suppliers on contract prices
- Allocating the 2% provision to the areas within their service where it is needed most
- Making efficiencies to deal with any shortfall.

Work so far to negotiate with suppliers is proceeding well and I do not at this stage envisage a call on the contingency

due to inflation.

We are also undertaking major procurement exercise and would hope to make very significant savings for every directorate.

It should be noted that the same approach to inflation was used by the previous administration. For example, in the 2010/11 budget, the provision made for inflation for directorates was 1% when both RPI and CPI were around 3.5%. But Cllr Macleod-Cullinane seems to suffer the same collective amnesia as many of his other colleagues.

Taking account of the Contingency Fund the risk assessment shows that the net risk is £4.8 million at a time when we actually have £6.3 million in reserves.

- 2. Questioner:** Councillor Barry Macleod-Cullinane
- Asked of:** Councillor Bill Stephenson (Leader of the Council and Portfolio Holder for Finance and Business Transformation)
- Question:** “Has an assessment been carried out to determine what further savings, increased charges, service cuts or other budgetary changes will be required in the event that continued inflation rates of well in excess of 2% cause an in-year gap to emerge in the Council’s finances?”
- Answer:** This yet another example of repetitive question syndrome. I have covered all the points in your question in my answer to your first question. Your concerns about goods and services inflation are not well founded and any risks of in-year gaps will be found as is standard practice by finding savings elsewhere in the directorate as indicated in the budget report. I do not envisage this happening.
- 3. Questioner:** Councillor Nana Asante
- Asked of:** Councillor Bill Stephenson (Leader of the Council and Portfolio Holder for Finance and Business Transformation)
- Question:** “Can you explain why it has taken six years for Harrow to apply for Fairtrade Status?”
- Answer:** This is not a very happy episode in the history of Harrow Council. In October 2005 Council adopted a motion for Harrow to seek Fairtrade status. A Steering Group was set up and two events were held on 6 March and 17 March 2006.

Following the change in administration in May 2006 nothing

further happened. In 2008 I asked a Cabinet question to find out why. The then Leader of the Council (Councillor David Ashton) indicated a full support for the initiative and volunteered to Chair the Steering Group. But, nothing happened.

Following the change in administration in May 2010, the Steering Group was revived under your dynamic leadership with, I should add in all fairness, enthusiastic cross-party support. I am very pleased that a completed application form for Fairtrade status for Harrow has now been submitted. In addition several Harrow Wards will be applying for Fairtrade status as well. On 8 March 2011 a wonderful event was held to support both Fairtrade and International Women's Day and we welcomed colleagues and friends from our twinned town Douai. I had the pleasure of meeting Douai's Mayor as well as Fairtrade representatives who were very impressed by Harrow's enthusiasm and commitment.

Gaining Fairtrade status is one of our Priority Actions which we have just discussed. This is a can-do Council and it is very pleasing to see what can be done if there is a real will to get on with things unlike the lethargy shown elsewhere.

- 4. Questioner:** Councillor Kam Chana
- Asked of:** Councillor Phillip O'Dell (Deputy Leader and Portfolio Holder for Environment and Community Safety)
- Question:** "The previous Conservative administration wanted to introduce an innovative programme called Park Partners, which your party resisted.
- The intention of Park Partners was to rejuvenate Harrow's parks and pavilions and make them hubs of the community. What schemes is your administration introducing which recognise the value to residents of Harrow's parks, pavilions and open spaces, and how are said schemes reflected in this budget?"
- Answer:** The public of Harrow already show a great interest in supporting the Council in the provision of high quality parks, through both informal and formal user groups. The Community and Environment service plan sets out a proposal for establishing more user groups. Parks featured strongly in the Let's Talk sessions and I am looking to development further opportunities for public contributions through the Pride in Harrow programme.

- 5. Questioner:** Councillor Kam Chana
- Asked of:** Councillor Bill Stephenson (Leader of the Council and Portfolio Holder for Finance and Business Transformation)
- Question:** “Do you have any plans to increase the council tax collection rate this year and in future years, beyond the 98.25% you have currently budgeted for?”
- Answer:** For 2011-2012 the percentage collection rate used was 98.25%. This takes into account the current economic climate and the expected higher losses due to the higher irrecoverable debt expected. The expected collection rate is the percentage of Council Tax to be collected after estimating uncollectable amounts. This is because the legislation provides for non-collection to be compensated for by an element within the Council Tax Base itself.

This does not mean that collection efforts will stop once the budgeted collection levels have been reached, or that eventual losses will necessarily be 1.75%. It is, however, essential that an adequate non-collection allowance be made each year. The Government recognises that no billing authority can collect every pound of Council Tax and that an element of collection will continue after the relevant year.

If the Council collects more than the 98.25%, then any overcollection will be reflected as a surplus in the Council Tax Collection Fund. This surplus is then used as a first call in setting the next year's budget which has the effect of lowering the take from Council Tax for that year. As such there is no reason to increase the figure.

As Harrow is one of only 4-5 London authorities which actually collects 97% or above in year, and that collects its full budgeted amount of 98.25% with 24 months of the relevant financial year ending, we are already maximising collection and this is reflected in our high budgeted rate when compared with the average for London which is around 96-97% compared with Harrow's 98.25%. Changing the percentage to an even higher figure could prejudice the collection fund and create issues around bad debt provisions so on that basis there are no plans to change the current figure used.

- 6. Questioner:** Councillor Barry Macleod-Cullinane
- Asked of:** Councillor Bill Stephenson (Leader of the Council and Portfolio Holder for Finance and Business Transformation)
- Question:** “Can you provide a monthly breakdown of the Council’s expenditure on taxis (excluding Taxicard) during 2010/11?”
- Answer:** The breakdown below shows the use of taxis in each month. Approximately 95% relates to the use of taxis to transport children with special needs to school and the transport of adults social care clients.

Expenditure on Taxis 1/4/10 to 28/2/11

Month	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Total
	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s	£000s
	81.50	33.60	51.80	56.10	16.80	13.50	44.10	42.00	55.60	36.80	50.00	481.80