



NATIONAL NON-DOMESTIC RATEPAYER CONSULTATIVE PANEL

**THURSDAY 3 FEBRUARY 2005
2.30 PM**

PANEL AGENDA (ADVISORY)

**COMMITTEE ROOM 5
HARROW CIVIC CENTRE**

MEMBERSHIP (Quorum 3)

Chair: Councillor Choudhury

Councillors:

Idaikkadar

**Kara
Myra Michael**

Reserve Members:

1. Bluston
2. Toms
3. Burchell

1. Versallion
2. Vina Mithani
3. Harriss

**Issued by the Democratic Services Section,
Legal Services Department**

**Contact: Laura Kell, Committee Administrator
Tel: 020 8424 1265 E-mail: laura.kell@harrow.gov.uk**

***NOTE FOR THOSE ATTENDING THE MEETING:
IF YOU WISH TO DISPOSE OF THIS AGENDA, PLEASE LEAVE IT BEHIND AFTER THE MEETING.
IT WILL BE COLLECTED FOR RECYCLING.***

HARROW COUNCIL

NATIONAL NON-DOMESTIC RATEPAYER CONSULTATIVE PANEL

THURSDAY 3 FEBRUARY 2005 AT 2.30 PM

COMMITTEE ROOM 5, CIVIC CENTRE

AGENDA - PART I

1. **Appointment of Chair:**

To note the appointment, at the Cabinet meeting held on 11 November 2004 under the provisions of Committee Procedure Rule 7.2 of the Council's Constitution, of Councillor Choudhury as Chair of this Panel for the Municipal Year 2004/05.

2. **Appointment of Vice-Chair:**

To consider the appointment of a Vice-Chair to the Panel for the Municipal Year 2004/05.

3. **Attendance by Reserve Members:**

To note the attendance at this meeting of any duly appointed Reserve Members.

Reserve Members may attend meetings:-

- (i) to take the place of an ordinary Member for whom they are a reserve;
- (ii) where the ordinary Member will be absent for the whole of the meeting; and
- (iii) after notifying the Chair at the start of the meeting.

4. **Declarations of Interest:**

To receive declarations of personal or prejudicial interests, arising from business to be transacted at this meeting, from all Members present.

5. **Arrangement of Agenda:**

To consider whether any of the items listed on the agenda should be considered with the press and public excluded on the grounds that it is thought likely, in view of the nature of the business to be transacted, that there would be disclosure of confidential information in breach of an obligation of confidence or of exempt information as defined in the Local Government (Access to Information) Act 1985.

Enc. 6.

Minutes: (Pages 1 - 6)

That the minutes of the meeting held on 5 February 2004, having been circulated, be taken as read and signed as a correct record.

7. **Public Representations:**
The Council's Constitution provides for Panel meetings to receive Petitions, Deputations and Public Questions (Committee Procedure Rules 15, 16 and 18).

(It is not anticipated that these will arise at this Consultative meeting).

- Enc. 8. **Budget Options 2005/06 for Consultations:** (Pages 7 - 54)
Summary and report of the Executive Director (Business Connections)
The officer report to the Cabinet meeting on 16 December 2004 is enclosed, together with Recommendation 1 and Minute 658 arising therefrom.

N.B. This Consultative Panel meeting is invited to consider the documentation at item 7 above and in discussion to receive any comments/representations from the NNDR Representatives for referral to the Cabinet meeting on 17 February 2005.

AGENDA - PART II - NIL

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**NATIONAL NON-DOMESTIC RATEPAYER
CONSULTATIVE PANEL****5 FEBRUARY 2004**

Chair: * Councillor Choudhury

Councillors: * Idaikkadar
* Kara

* Myra Michael

* Denotes Member present

Attendance by NNDR Representatives:-

Mr D Greenwood	-	Harrow and Hillingdon Branch, Federation of Small Businesses
Susan Hall	-	Chair, Wealdstone Traders' Association
Jayn Lee Miller	-	Chair, Harrow and Hillingdon Branch, Federation of Small Businesses

PART I - RECOMMENDATIONS - NIL**PART II - MINUTES**11. **Appointment of Chair:****RESOLVED:** To note the appointment of Councillor Choudhury as Chair of the Panel for the Municipal Year 2003/04.12. **Attendance of Reserve Council Members:****RESOLVED:** To note that there were no Reserve Members in attendance at this meeting.13. **Apologies:****RESOLVED:** To note the following apology:

NNDR Representative: Apology was noted on behalf of Mr S Parsons, 'Harrow Music'.

14. **Declarations of Interest:****RESOLVED:** To note that there were no declarations of interest on behalf of Council Members present.15. **Arrangement of Agenda:****RESOLVED:** That all items be considered with the press and public present.16. **Minutes:****RESOLVED:** That the minutes of the meeting held on 3 February 2003, having been circulated, be taken as read and signed as a correct record.17. **Public Representations:****RESOLVED:** To note that there were no petitions, deputations or public questions (Committee Procedure Rules 15, 16 and 18) submitted to this Panel meeting.18. **Budget Options 2004/05 for Consultations:**

At the invitation of the Chair, the Council's Executive Director (Business Connections) provided the Panel meeting with an overview of the Authority's draft budget proposals for 2004/05. In the course of the presentation, the following elements were covered:

- the basic principles/considerations underlying the approach to setting the 2004/05 budget and that there had been no real change to the provisional financial settlement received from Central Government and therefore no major refinements

were necessary;

- an overview of the 2 stage consultation process, the different methods used to consult and that the consultation would end on 6 February 2004;
- an overview and make-up of the options for growth and savings encapsulated in the leaflet 'Your Money Your Choice', and the implications of these options on the level of Council Tax set;
- the charges made by Central Government in the funding of services such as housing benefit and the flood levy payments and the resultant benefits to Harrow;
- the Council Tax increase of around 3.9% (excluding the options) within the Medium Term Budget Strategy;
- the savings proposed and how these would be achieved.

The Executive Director (Business Connections) informed the Panel that Cabinet, at its meeting on 17 February 2004, would be provided with feedback from all the consultations carried out prior to making a recommendation to full Council meeting, which would approve the final Budget and set the Council Tax for 2004/05 on 26 February 2004.

The Executive Director (Business Connections) also briefed the Panel on the work being carried out by the Council with small business enterprises in Harrow.

He explained the work done by 'Harrow in Business' in supporting business to improve their viability and competitiveness and the support provided by the Council. The Executive Director (Business Connections) informed the Panel that the work done by 'Harrow In Business' was communicated through various channels and that any suggestions to improve further the line of communications would be welcomed. The Panel was informed that the Council had also streamlined its procurement strategy in order to allow local businesses to tender and that more work was being done in this area.

The Panel was also informed of the basis for the National Non-Domestic Rates and that the rates poundage was set nationally by the Government. It was explained that the Non-Domestic Rate, the means by which local businesses contribute to the cost of providing local authority services, was collected by Local Authorities and paid to the Government, which then redistributed the monies to Authorities depending on the number of residents each authority has. The Government had indicated that the rate in the pound for 2004-05 was likely to be 45.6p.

In addition, the Government was consulting on introducing

- 'Local Authority Business Growth' whereby local authorities would keep a small proportion of the business rate collected if there was an increase in the business rates in their area, the incentive being to increase growth and sustainability of businesses locally.

The Panel was also informed about the Council's new powers to create 'Business Improvement Districts' with a view to help tackle local issues identified by businesses as key to them. This would mean businesses in any such districts agreeing to a supplemental business rate which would be ringfenced for the purposes agreed with those businesses.

RESOLVED: (1) That the Budget Options and other relevant information be received and noted;

(2) That the timescales for the consultations and determining the Budget for 2004/05 be noted.

19. **Contributions/Comments from NNDR Representatives:**

Further to the presentation from the Executive Director (Business Connections) and discussion arising, the following contributions, issues and comments were raised by NNDR Representatives:

Options for Savings

An NNDR Representative was critical of the amount of money being wasted by the Council and stated that provision of Home Care and Meals on Wheels services ought

to be the responsibility (a core function) of local government and that these were not realistic options on which residents should have been asked to vote upon. The Representative was of the view that the option to increase charges and/or reduce these services would affect the disposable income of the recipients, which in turn would have a detrimental impact on local businesses.

Refurbishment Works – Civic Centre

An NNDR Representative was also critical of the expenditure on refurbishment works to the Civic Centre, particularly the improvements which were underway for Chief Officers. The Representative was informed that the cost of the refurbishment works was funded from the Capital budget through a combination of capital receipts and borrowing and not the Revenue budget and therefore did not have a direct impact on the Council Tax rate. The refurbishment was not solely for the purpose of Chief Officers and other staff would be relocated from other buildings which were costly and that the relocation would provide a net saving in the long term. This was the first part of a major refurbishment of the Civic Centre which would enable space to be used more effectively and promote better working between individual Units.

The NNDR Representatives were informed that, in addition, the works would improve staff morale and assist the Council's recruitment and retention policy. It was noted that all political parties had been involved in this process and that the costs of the overall works to the Civic Centre this year would be in the region of £400k, although that attributable to the new offices was significantly less than this figure.

Council's Management Structure/Council Workforce/Agency Staff/Consultancy Work

Some enquiries were made by an NNDR Representative regarding the cost of the new Management Structure and the total number of staff employed by the Council and whether any increases in the numbers could be justified.

The Representative was informed that the Council had restructured its top management structure in order to meet new challenges and to provide a customer focused service. The Representative was assured that the overall cost of the new structure would be no more expensive than the old structure.

It was agreed that information on the total number of Council employees would be provided in writing. The Representative was informed that staffing in Internal Audit had been increased in order to ensure that the Council managed its risks better and to meet issues raised by the Comprehensive Performance Assessment (CPA) carried out by the Audit Commission.

Following further questions, the NNDR Representatives were advised that it was estimated that the NHP restructuring would lead to a saving of £370k per year over 3 years and that a review of the sickness absence scheme would lead to further savings of £200k per year over 3 years. It was further stated that the latter would lead to a reduction in the use of agency staff and payments made for overtime work.

The NNDR Representatives were informed that the Council did not hold budget(s) for agency staff; however should use of agency staff become necessary, the costs would have to be met from savings elsewhere in the budget.

The NNDR Representatives were also informed of the areas in which it was seen to be prudent to use the services of a Consultant, particularly when negotiating on Private Finance Initiatives (PFI) Contracts in order to ensure that the contractual arrangements were financially and legally viable and that the Council was not exposed to unnecessary risks.

Capital Funding/Boundary Roads

An NNDR Representative asked for details about the payments made to other boroughs.

The Representative was informed that the transfers between Harrow and adjoining boroughs related partly to payments made for the maintenance of boundary roads and costs incurred for the crematorium in Hillingdon which was used by Harrow.

Council Tax

The NNDR Representatives were critical of the burden placed on the ratepayer and stated that the increases in Council Tax could result in a revolt. They highlighted the

recent protests by pensioners whose incomes did not increase at the rate of increases in Council Tax. They called for a fairer system and were of the view that Councils ought to be more 'business like' and cut their costs when expenditure exceeded income.

An NNDR Representative pointed out that the joint initiatives between businesses and the Council from the previous year had led to mutual benefits and savings for the Council. The Representative sought assurances that the Council would not compete with local businesses in service delivery. The Representative added that local businesses would be keeping a close eye on the Council's activities in this area.

The NNDR Representatives were informed that the law allowed local authorities to compete with businesses in the provision of certain services and pointed out that Harrow Council did compete with local businesses in the collection of trade waste.

Consultation with Business Representatives

The Chair and other Council Members of the Panel were of the view that the consultation process with Business Representatives needed reviewing and that it was necessary to ensure that more Business Representatives attended the consultation meetings. It was suggested that perhaps more meetings/exhibitions between the NNDR Representatives and the Council would help to improve dialogue. It was also suggested that lead Members on Finance could be invited by Businesses to their meetings, if possible in a convenient business premises away from the Civic Centre. The NNDR Representatives were invited to write in with their suggestions.

Public Meeting

There was some criticism from Members of the Panel that the venue for the public meeting held on 27 January 2004 was unsuitable and had prevented many people from attending and that it was essential to ensure that in the future, such meetings were held in a central part of the Borough.

Wealdstone Town Centre

An NNDR Representative was of the view that Wealdstone Town Centre was 'dying' and called for the pedestrianised section of the road to be opened up. The Representative added that generally the Council appeared not to be listening and therefore the Business Community was not interested in attending meetings. The Representative pointed out that this was evident here by the apparent lack of attendance from other business representatives. The Chair mentioned that Wealdstone Town Centre matters should be raised and discussed with the Wealdstone Regeneration Advisory Panel.

The NNDR Representatives were informed that the Council was working with Acton Housing association on redeveloping the library site in Wealdstone with a view to energising that part of Wealdstone Town Centre. The Representatives were also informed that the relocation and refurbishment of the library would be financed by the sale of land to Acton Housing Association. An NNDR Representative sought details of the Section 106 Agreement and details of the project for which the money would be ring-fenced. The NNDR Representatives were concerned that concentration of large numbers of affordable housing could lead to an increase in crime in the area. They were also critical of such developments where there were no provisions made for a children's play area.

Environmental Issues

There was general concern about the amount of litter which in turn led to problems of infestation. It was essential that businesses and local residents were educated on this anti-social behaviour. The work done by street wardens to improve the situation was noted. An NNDR Representative felt that it was unfair that businesses had to pay for the anti-social behaviour of local residents.

An NNDR Representative enquired about the shortfall in the recycling income. The Representative was informed that the Council was required to meet Central Government targets on recycling and that Harrow had not met the target(s). It was therefore important that residents were encouraged to recycle more which would help to reduce the shortfall. The shortfall was also due to the need for greater participation by residents and the landfill levy that the Council was required to pay.

Traffic Issues

An NNDR Representative was of the view that Controlled Parking Zones (CPZ's) in residential areas had a knock-on effect on the 'corner' shops in the area. The Representative was informed that CPZs in residential areas had been introduced to stop the streets being clogged by commuters and assured that the Council was listening to the business community and, where practical, business permits and other traffic measures would be introduced to assist businesses.

Questions from an NNDR Representative

An NNDR Representative stated that he had a number of questions to ask and that these would be provided to officers in writing. The Executive Director (Business Connections) and the Director of Professional Services (Urban Living) agreed to respond to those questions and it was noted that a copy of the questions (when received) and answers provided would be sent to Council Members and NNDR representatives present at the meeting.

(Note: The meeting having commenced at 2.40 pm, closed at 4.16 pm)

(Signed) COUNCILLOR MRINAL CHOUDHURY
Chair

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Setting Harrow Council's budget – A summary

1. Introduction

Every year, Harrow Council must set a budget that balances spending on services such as schools, care for the elderly and environment, with a level of council tax that it deems fair and affordable.

The council is split into four main departments, providing a range of services to the public.

People First – Responsible for education and schools, social care including care for the elderly and disabled, libraries, arts and culture.

Urban Living – Provides environmental services, such as street cleaning, refuse and recycling, parks and environmental health, as well as housing and planning services.

Business Connections – Provides council tax benefit and housing benefit, and is responsible for council finance, audit, IT, procurement, and supporting Harrow's business community

Organisational Development – Human resources, training, policy, development strategy and links with the council's partners and voluntary sector.

The **Chief Executive's** department is responsible for legal services and public relations.

2. Main sources of income

The council has six main sources of income that makes up its budget each year. These are outlined below.

- Revenue Support Grant (the main annual grant provided by the government)
- Other government grants
- Fees and charges
- Investment income (eg interest)
- Business Rates
- Council tax

3. The situation this year

The council's main source of income is the grant it receives each year from the government (Revenue Support Grant). The amount of grant the government has told Harrow Council it is likely to receive this year - known as the 'settlement' - has increased by **£8.8m (5.6%)**. This is a provisional figure, and will be confirmed by the end of January.

The council has worked out a **budget** for 2005/6 of **£255 million**. This is the figure the council believes it will need to ensure it can maintain vital services, taking into account factors such as inflation. This represents an increase of £12 million (4.9%) on the council's current budget of £243 million.

This budget, if approved, would lead to a **council tax increase for Harrow residents of 1.48%**. This works out at an extra £15 a year for the average band D property. This amount excludes the charge levied by the Mayor of London, over which Harrow Council has no control.

4. Key points

The proposed draft budget includes:

- An increase in the amount of money provided to schools of £7.1 million (around 7%)
- An extra £4.6 million to improve services for some of the borough's most vulnerable children and adults.
- An extra £200,000 to improve libraries and other learning services.
- £2 million to continue rolling out the council's New Harrow Project environmental improvement scheme into three more areas in 2005/6.
£300,000 to improve waste collection and recycling, in order to meet stringent government recycling targets.
- £300,000 to improve planning services, to speed up the amount of time it takes the council to process planning applications, for example.
- £100,000 to help the council meet new responsibilities it has for licensing.

At the same time, the budget also contains efficiency **savings of £6.3 million** next year. These savings have resulted from finding more efficient ways of working under the New Harrow Project and the smarter buying of goods and services.

The council currently subsidises a range of services. The draft budget proposes maintaining these services at subsidised levels.

These include:

- Home Care services for older people. The annual cost to the council is £9.1 million, of which only £1.3 million is covered by charging.
- Meals on Wheels, where the cost to the council is £1 million of which £0.4 million is covered by charging
- Concessionary travel, including freedom passes & taxicards, where the cost to the council is £7.5 million

5. What happens next?

The budget is in draft form at this stage and is only a proposal. The council is consulting with residents through this public meeting, through a MORI survey of 4,000 residents, and through other meetings with the council's partners, including the voluntary sector.

Having listened to the views expressed at this meeting and others, the council's cabinet will meet on February 17th to consider the budget plans again.

The final decision will be taken by a meeting of all councillors on February 24th.

6. Where can I get more information?

A number of copies of the cabinet papers, which explain the budget in more detail, are available at this meeting.

Prepared by the Communications Unit, Harrow Council

Meeting:	Cabinet
Date:	16 December
Subject:	2005-06 Budget and Medium Term Budget Strategy 2005-06 to 2007-08
Responsible Officer:	Nick Bell Executive Director, Business Connections
Contact Officer:	Myfanwy Barrett Director of Financial and Business Strategy
Portfolio Holder:	Sanjay Dighe Portfolio Holder for Finance and Performance
Key Decision:	Yes
Status:	Part 1

Section 1: Summary

Decision Required

1.1 That the Cabinet agrees the draft revenue budget of £254.570m for 2005-06 for consultation with stakeholders

1.2 That the Cabinet agree that it recommends to Council in February 2005

(i) it maintains a minimum level of unallocated General Fund Reserves of £4m at the end of each financial year;

(ii) the optimal level of unallocated General Fund Reserves is £7m; and

1.3 That the Cabinet approve the draft Medium Term Budget Strategy as amended by any changes it wishes to make

1.4 That the Cabinet approves the revised Housing Revenue Account for 2004-05, the draft Housing Revenue Account for 2005-06 and the draft 3 year

financial strategy for Housing; and refers the draft HRA to the Tenants and Leaseholders Consultative Forum on 6 January

1.5 That the Cabinet notes the proposed level of the capital programme for 2005/06, and that the detailed programme will be reported in January 2005

Reason for report

To ensure that the Council is planning the use of resources effectively.

Benefits

The benefits of agreeing the draft budget in December are:

- Early indication of the likely level of resources for the next 3 years
- Firm basis for consultation with stakeholders

Cost of Proposals

The draft budget requirement for 2005-06 is £254.570m. The Council's budget is funded from a combination of government grants, Council Tax, fees and charges and investment income. The anticipated Harrow council tax for 2005-06, based on the provisional settlement, is £1049.16 for a Band D property, an increase of 1.48%. The detailed schedules attached analyse the budget proposals.

Risks

There is minimal risk attached to agreeing the draft budget for 2005-06.

Implications if recommendations rejected

Failure to agree the draft budget could adversely affect financial planning and undermine the consultation process.

Section 2: Report

Brief History

1. At its meeting in July the Cabinet agreed the timetable and process for developing the 2005-06 budget and the medium term financial strategy.
2. On 14 October the Cabinet received an update of the Medium Term Budget Strategy for 2004-05 to 2006-07. This report outlined the technical exercise undertaken to "reprice" the MTBS.

3. At its meeting on 14 October the cabinet also agreed the consultation arrangements.
4. In considering its budget and Council Tax proposals for 2005-2006 onwards, the Cabinet and Council will need to strike a balance between the interests of service users, the community in general and those of the Council Tax payer. Account will also need to be taken of the implications of decisions in the medium term.

Revenue Budget (excluding HRA)

5. Appendix A provides some commentary on the assumptions and issues contained within the draft revenue budget. Appendix B is a summary of the figures and the detailed schedules attached at Appendix C set out all the proposals included in the draft budget.
6. Despite the reasonable provisional financial settlement the Council faces major issues in maintaining current services and meeting the demands of legislative and demographic changes, and delivering service improvement in key areas.
7. The finance settlement outlined in Appendix F is provisional. The budget may therefore need to be refined when the final settlement is known at the end of January 2004.

Subsidised Services

8. The Council provides a number of subsidised services to citizens of the Borough. The proposed draft budget maintains these services at heavily subsidised levels. These subsidised services include:
 - Home Care where the cost to the Council is £9.1m, of which only £1.3 (14%) is recovered in charges
 - Meals on Wheels where the cost to the Council is £1m of which only £0.4m (45%) is recovered in charges
 - Concessionary travel (including freedom passes & taxicards) where the cost to the Council is £7.5m.
9. The total subsidy on the above areas alone equate to a cost to the Council of £15.9m in 2005-06, equivalent to £189 on the Band D Council Tax.
10. Along with the above services, there are many other areas where the Council provides subsidised services to citizens of Harrow, including playschemes, supporting people services and discretionary grants.

Housing Revenue Account

11. The revised HRA for 2004-05 and the draft HRA for 2005-06 to 2007-08 are set out in Appendix G. The HRA has been adjusted following the base

budget review and repriced. A model is set out for rent increases which shows a nil increase in 2005-06 and 2006-07 and a 4.73% increase each year thereafter. Proposals are also included for leaseholder service charges.

12. The draft medium term HRA allows for additional capital expenditure to achieve the decent homes standard by 2010, partly financed through prudential borrowing. The decent homes standard will be achieved by 2010 whichever approach is adopted following the options appraisal.

Consultation

13. The consultation arrangements are outlined in Appendix D.

Financial Implications

14. The draft budget is £254.570m which results in a Band D council tax of £1,049.16.
15. The Director of Financial and Business Strategy has commented on the Council's reserves position as shown in Appendix E.

Passporting

16. The budget provides for full passporting of the increase in the Schools FSS of £7.1m. The Schools FSS is divided into two parts – central items and the Individual Schools Block. Harrow Schools will receive an increase in funding of 7.1% which, together with direct government grant, will assist them in meeting DfES standards. In particular the additional funding will enable schools to achieve the minimum funding guarantee of 5% per pupil for primary and nursery schools and 4% per pupil of high and special schools.

Reserve Powers to Limit Excessive Budget Requirements and Council Tax Increases

17. The Secretary of State has made it clear that large council tax increases are not acceptable and he used his capping powers in 2004-05 on some authorities. The proposed Council Tax increase for Harrow is low. The Chancellor has assumed a national council tax increase of 3.6% in his provisional settlement and the draft council tax increase for Harrow is less than half of this level. Therefore the risk of capping is minimal.

GLA Precept

18. Cabinet is asked to note that the draft budget excludes the impact of the Greater London Authority's precept on any Council Tax increase. This precept is recommended by the Mayor of London each year and approved by the London Assembly in February. The impact of any increase will not be known until the New Year. For 2004-05 the GLA precept is £241.33.

Legal Implications

19. The Council has a statutory duty to make a balanced budget. The Cabinet and the Council also need to take into account:

- the letter from the Department for Education and Skills about schools budget passporting and the reserve powers of the Secretary of State for Education and Skills; and
- the reserve powers in relation to excessive budget and Council Tax increases.

Equalities Impact

20. The budget provides resources to ensure that the Council delivers its Corporate Equalities Plan and achieves Level 3 of the Equalities Standard.

Section 3: Supporting Information/Background Documents

Appendices are attached as follows:

A	Commentary
B	Budget Summary
C	Budget Detail
D	Consultation
E	Reserves
F	Settlement
G	Housing Revenue Account
H	Glossary

List information that is on deposit in Group Offices, can be viewed on the web and will be available for inspection at the meeting:

NONE

List other background papers that are available on request:

- Report to Cabinet in July on the timetable for the budget
- Report to Cabinet in October on the MTBS Reprice for 2005-06

Commentary

1. This commentary explains the changes shown in summary in Appendix B and in detail in Appendix C.
2. The sheets show the changes that are proposed over the three years to 31 March 2008. The issues outlined in 2006-07 and 2007-08 remain indicative as they may be affected by level of grants received from government in those years and any new legislative changes or policy changes.
3. Appendix B shows the impact in each year of the changes as set out in the sheets and the cumulative impact on the Council Tax. The calculations of the Council Tax impact are based on the provisional Council Tax base for 2005-06 and growth of 0.25% in the taxbase thereafter. The final Council Tax base for 2005-2006 will be subject to a report to Cabinet and approval by Council in January 2005.
4. Members are asked to note that the base budget as presented would result in a Council Tax increase of 1.48%. This compares with the 2.93% forecast in the existing Medium Term Budget Strategy reported to Cabinet in October 2004.
5. As well as growth and savings in Directorates there are a number of corporate issues reflected in the budget and these are outlined below.

Base Budget Changes (Appendix C1)

6. The recent increases in interest rates have enabled the Council to improve its overall level of interest received on investments and cash flow for 2004-05. Assuming that interest rates rise no further but remain at the same level (base rate 4.75%) throughout 2005-06, the Council is estimated to gain a further £1m over its current budget for interest.
7. Adjustments to support service recharges to non-general fund activities and external bodies in order to recover costs are estimated to generate additional income of £250k.
8. A major debt restructuring exercise has recently been completed to reduce the average interest rate and improve the maturity profile of the Council's long term borrowing. This will generate additional income of £700k in 2005-06 and a further £375k in 2006/07.

Basic Inflation – Pay and Pensions (Appendix C2)

9. The pay award for local government staff has now been agreed nationally over the next 3 years, and the triennial actuarial valuation of the Council's pension fund has recently been completed. In total a provision of 4.7% has been made for pay and pension increases in each of the 3 years.

Basic Inflation – Other expenses (Appendix C2)

10. The government has introduced a new measure of inflation called CPI (Consolidated Price Index) which looks at a basket of price indicators, excluding mortgages and pay inflation. This is currently around 1.2%. It is proposed to use this index to calculate non pay inflation for 2005-06 and beyond, as it is a better measure of the increase in costs of goods and services than the previously used RPI (Retail Price Index).

Additional Inflation (Appendix C2)

11. In addition to basic inflation, a number of budgets are forecast to require additional inflation for 2005-06 and beyond.

12. An additional provision of £450,000 has been made for concessionary fares - due to recently announced fare increases of 13% on buses and 4% on tubes, there will be a substantial increase in the cost of freedom passes to the Council.

13. Additional inflation of £600,000 has been provided for social care budgets as contract prices in this sector tend to increase more quickly than average.

14. A new provision has been included for postage costs where an increase of approximately 10% is anticipated. Additional inflation has also been provided for gas and electricity bills which are forecast to increase by at least 10% on average.

15. A provision has been included for Urban Living contracts as there may be some instances where the contract price increases by more than CPI.

16. Finally inflation has been included at 5% for West London Waste Authority charges. However it should be noted that the draft West Waste budget is not received by the Board until December, and following consultation, the final levy is not determined until February.

Transfers of functions and specific grants (Appendix C3)

17. The government is introducing a new initiative called the Local Authority Business Growth Incentive (LABGI) from 1st April 2005. This is to encourage local authorities to foster new business growth in their area by allowing them to keep part of the additional NNDR contributions generated by this. The amounts that will flow to each Council are subject to a relatively complex formula, however Harrow's low baseline for business growth over the past 5 years means that it will benefit financially from the incentive even if business growth is no greater than its current average. It is estimated that this will yield extra funding of around £700,000 in 2005-06 and future years.

18. The grant funding relating to Council Tax and Housing Benefit Grant has increased from 95% to 100%. Whilst this change is reflected in RSG there is a net gain to the Council in the short term. The latest information available suggests that the gain will be £1m in 2005-06.
19. There has been a transfer of approximately £360k for Preserved rights from specific grant into RSG. However, due to the reducing number of clients with preserved rights, it is assumed that the budget pressure will be £280k in 2005-06 reducing to £100k in 2006-07 and nil in 2007-08.
20. Residential care grant is ceasing over the next 2 years and therefore a budget pressure of £660k in 2005-06 and a further £700k in 2006-07 has been included.

Transfers to/from capital (Appendix C3)

21. In line with CIPFA guidance, the Council is capitalising IT development costs of £450k in 2005-06.

RSG/Grant Changes

22. Details of the provisional finance settlement for 2005-2006 were published and announced on 2 December 2004. An analysis of the settlement is included at Appendix F for information.
23. The Council's provisional Formula Spending Share (FSS) for 2005-2006 is £248.3m, an increase of £12.9m or 5.5% (on a like for like basis i.e. adjusted for changes in responsibilities and transfers).
24. The Council's Formula Grant (Revenue Support Grant plus Business Rates) has increased by 5.6% from £157.3m to £166.1m (on a like for like basis). Harrow's increase matches the London borough average of 5.6%.
25. The assumed national council tax increase is 3.6%.
26. The Cabinet is asked to note that the finance settlement is provisional and that there may be further information made available, in particular in relation to specific grants. This may need the budget and budget strategies to be refined, after consultation.

(Note that the changes in formula spend do not affect the budget requirement shown in Appendix B but do affect the demand on the Council tax.)

Passporting

27. The Harrow Schools FSS has increased by £7.1m to £109.9m. The 2005/06 budget consistent with full passporting is £113.8m (including teachers pay grants and other adjustments). The individual schools budget total is £102.9m which represents an increase of 7.1%.

28. There is a separate report on the agenda which gives more details about the schools budget.

Directorate growth and efficiency savings (Appendices C4 – C10)

29. Growth pressures and proposed efficiency savings are shown by Directorate in Appendices C4 to C10.

Resources for Capital Programme 2005/06

30. The medium term budget strategy for the general fund and the HRA includes capital financing costs. For 2005-06 they are sufficient to fund a capital programme at the following level:

Capital Programme	2005-06 £m
General Fund	35
HRA	11
Total	46

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Summary MTBS position

LONDON BOROUGH OF HARROW
MTBS 2004-2005 to 2006-2007

	2005-06		2006-07		2007-08		Change	
	Budget £m	Council Tax £	Budget £m	Council Tax £	Budget £m	Council Tax £	Budget £m	Council Tax £
Base Budget	242.533	1033.89	254.571	1049.17	151.192	1063.60	1063.60	0.00%
Less Collection Fund Deficit 2004-2005	0.000	0.00	0.000	0.00	0.000	0.00	0.000	0.00%
Change in Council tax base		-7.91		-2.50		-2.50	-2.50	-0.24%
Non Recurring items	0.175	2.08	0.000	0.00	0.000	0.00	0.00	0.00%
Repriced Base Budget	242.708	1028.06	254.571	1046.67	151.192	1061.10	1061.10	-0.24%
Base budget Changes	-2.162	-25.65	-0.320	-3.79	0.000	0.00	0.00	0.00%
Basic Inflation (exc schools)	4.231	50.19	4.480	53.01	4.630	54.65	54.65	5.14%
Additional Inflation	1.540	18.27	1.375	16.27	1.375	16.23	16.23	1.53%
Transfers of functions & specific grants	-0.694	-8.23	0.100	1.18	-0.700	-8.26	-8.26	-0.78%
Schools passport	7.056	83.70	-110.900	-1312.31	0.000	0.00	0.00	0.00%
Transfers to/from capital	-0.284	-3.37	0.200	2.37	0.200	2.36	2.36	0.22%
RSG/Grant changes		-119.61		1240.23		-60.00	-60.00	-5.64%
Total Base Position	252.395	1023.36	149.506	1043.65	156.697	1066.08	1066.08	0.23%
Net Directorate Growth	2.366	28.07	0.235	2.78	-0.070	-0.83	-0.83	-0.08%
Children's Services	0.644	7.64	0.365	4.32	0.550	6.49	6.49	0.61%
Adult Community Care	0.144	1.71	0.415	4.91	0.100	1.18	1.18	0.11%
Learning Services	2.736	32.46	2.179	25.78	1.411	16.66	16.66	1.57%
Urban Living	0.585	6.94	0.270	3.19	0.100	1.18	1.18	0.11%
Organisational Development	0.055	0.65	0.015	0.18	0.025	0.30	0.30	0.03%
Business Connections	-4.354	-51.65	-1.793	-21.22	-1.125	-13.28	-13.28	-1.25%
Corporate								
Existing MTBS following full reprice	254.571	1049.17	151.192	1063.60	157.688	1077.77	1077.77	1.33%

Non-Recurring & Base Budget Changes

	2005-06 £000	2006-07 £000	2007-08 £000	Notes
Non-recurring items				
CPZ fund	175	0	0	Fund used to supplement base budget in previous years - now exhausted
Total Non-recurring items	175	0	0	
Base Budget Changes				
GLMCA levy	55	55	0	Increase in levy phased in
Charging for car parking	-97	0	0	Effect of 04-05 budget decision
Support Service Recharges	-340	0	0	Contribution to costs
Interest on Balances	-1000	0	0	Impact of increased interest rates
Debt restructuring	-700	-375	0	Refinancing debt at lower interest rates
Single Status	-80	0	0	Corporate budget not required
Total Base Budget Changes	-2162	-320	0	

Basic & Additional Inflation

	2005-06 £000	2006-07 £000	2007-08 £000	Notes
Basic Inflation				
Pay & pensions increase	3230	3330	3430	Based on pay & pensions increases (2.95% & 1.67%)
Non pay inflation:				
Central	36	40	41	Based on CPI (1.2%)
Chief Executive	24	27	28	
Organisational Development	24	27	28	
Business Connections	73	82	84	
People First (excluding schools)	589	674	699	
Urban Living	255	300	320	
Total Basic Inflation	4231	4480	4630	
Additional Inflation				
Postage	60	0	0	Estimated postage increases
Concessionary Fares	450	450	450	Estimates from TfL
Social Care costs	600	600	600	Social Care inflation higher than CPI
Gas & electricity	105	0	0	National price increases
Urban Living Contracts	150	150	150	Contractual commitments
West Waste	175	175	175	Estimates from West Waste
Total Additional Inflation	1540	1375	1375	

Transfers of functions/grants & to/from capital

	2005-06 £000	2006-07 £000	2007-08 £000	Notes
Transfers of functions/grants				
Benefits Grant	-1000	0	0	Increase in grant funding
LA Business Growth Incentive	-700	-700	-700	New government incentive
Civil Defence Grant ceasing	66	0	0	Specific grant has ceased
Preserved Rights	280	100	0	Specific grant reduced
Residential Care	660	700	0	Specific grant being phased out
Total Non-recurring items	-694	100	-700	
Transfers to/from capital				
Highways maintenance	166	200	200	De-capitalisation of expenditure
Capitalise IT costs	-450	0	0	Capitalisation of IT development expenditure in line with latest guidance
Total Base Budget Changes	-284	200	200	

People First - Children's Services

	2005-06	2006-07	2007-08	Notes
<u>In MTBS reprice</u>				
Staffing to meet National Care Standards	100	0	0	At Haslam House & Silverdale
Increases in Looked After Children	50	50	50	Expected demographic increases
Children's Advocacy	70	0	0	Required by Children's Act
Youth & Community	300	300	0	To fund improvements agreed in strategy
Children's Services staffing	70	0	0	To meet increased caseload
<u>New Growth</u>				
CAMHS services	108	0	0	Funded from specific grant increase
Residential placements base budget	298	0	0	Pressures on base from increased numbers
Foster Care Base Budget	430	0	0	Pressures on base from increased numbers
Leaving Care Base Budget	301	0	0	Pressures on base from increased numbers
Children's placement officer	60	0	0	To develop more cost effective placements
Social care recruitment & retention	150	150	0	To reduce reliance on agency staff
Children with disabilities	100	0	0	To meet increased caseload
Adoption Service	45	0	0	To meet requirements of Adoption Act
Enhance Carers Services	53	0	0	Funded from specific grant increase
Quality Assurance development	70	0	0	To improve quality of casework
SEN transport	200	-100	0	Increased numbers requiring transport
Social Care Training	248	0	0	To meet national targets
Asylum Seeking Children	280	0	0	Requirement to fund costs after 16th birthday
Grand Total Growth	2933	400	50	
Income & Efficiency Savings				
Increase in other social care grants	-567	-65	-120	Specific grant increases
Children's Placement Officer	0	-100	0	Efficiencies from post included above
Net Children's Services	2366	235	-70	

People First - Adult Community Care

	2005-06	2006-07	2007-08	Notes
<u>In MTBS reprice</u>				
Learning Disability outreach team	150	100	0	Extension of outreach service
Social Care extended hours service	50	0	0	Government requirement
<u>New Growth</u>				
Continuing care	65	65	0	Changes to Health funding
Physical Disability NSF	100	0	0	Following inspection recommendations
Social Care Recruitment & retention	50	50	0	To reduce reliance on agency staff
Learning Disability demography	100	100	100	Extra numbers requiring services
Person Centred Planning	0	50	0	Improving learning disability services
Learning Disability PFI	0	0	450	Improving learning disability services
Preventive Services	211	0	0	Provision of preventive services in line with government expectations
Mental Health accom officer	55	0	0	To deliver more cost effective placements
Supporting People	200	0	0	Result of changes to grant conditions
Children with disabilities transition	20	0	0	To enable effective transition from Children's to Adult's care
Joint Equipment Stores	30	0	0	Additional staff member to meet targets on speed of delivery of equipment
Joint commissioner with PCT	25	0	0	Development of joint work with PCT
Enhance carers services	213	0	0	Funded from specific grant increase
Home Care Single Status	360	0	0	Single status on homecare contract
Grand Total Growth	1629	365	550	
Income & efficiency savings				
Accurate community care cttments	-100	0	0	Better information of budget needs
Mental Health accommodation	-100	0	0	Efficiencies from new post
Increase in grants	-785	0	0	Increases in specific grants
Net Adult Community Care	644	365	550	

People First - Learning Services

	2005-06 £000	2006-07 £000	2007-08 £000	Notes
<u>In MTBS reprice</u>				
Cultural strategy	93	0	0	To implement strategy
PFI affordability gap (special schools)	15	38	0	Costs of Special Schools PFI
School reorganisation	100	100	100	To implement strategy
IT licenses/training	0	100	0	Revenue costs of new systems
<u>New Growth</u>				
Libraries Sunday opening	11	57	0	Extension of opening hours
Arts Culture Harrow	25	0	0	To meet unavoidable costs
Community Schools	0	120	0	Roll out of pilot areas
Grand Total Growth	244	415	100	
Income & efficiency savings				
Capitalise PFI costs in PF	-100	0	0	Capital cost built into revenue budgets at present
Net New Growth	144	415	100	

Urban Living

	2005-06 £000	2006-07 £000	2007-08 £000	Notes
<u>In MTBS Reprice</u>				
Clean & Green roll out	2033	1510	0	Areas to be rolled out in 05-06 rephased to later in that year
HECA Officer - fye from 04-05	13	0	0	Full year effect of 04-05 budget
Environmental Health	100	100	100	To implement new legislation on noise mapping & enforcement of Health & Safety and meet growing demands
increased waste tonnage	187	251	0	Estimate of increased tonnage costs
Replacement leased vehicles	80	80	75	To replace green box vehicles & gritters
Wealdstone centre	50	0	0	Additional premises costs
Building regulations officer	29	0	0	To meet extra demand
<u>New Growth</u>				
Costs of Housing Strategy	70	70	95	Requirement to move costs from HRA
Housing research projects/strategies	55	0	30	Development of strategies & sub regional work to meet housing needs
Implement sports & leisure strategy	110	150	50	Implementation of strategy
Local Development Framework	230	0	0	To meet statutory obligations
Planning staffing	100	0	0	To improve performance in planning
Develop vitality profiles	30	30	0	To enable improved bids for funding
Business/regeneration improvements	185	0	0	To improve Borough's economy and generate extra government funding
Highways maintenance costs	75	75	75	Additional investment
Organic waste	188	133	936	To meet government targets
ICT systems	0	150	50	Revenue costs of new systems
HMO registration scheme	70	50	50	To improve protection of tenants
Licensing Act	100	0	0	To implement new legislation
Anti Social Behaviour Act	50	50	0	To implement new legislation
Drug & Alcohol Counselling	20	20	0	To enhance counselling services
Arrest Referral Scheme	25	25	0	Joint work with Police
Transport Strategy	45	0	0	To develop strategy & secure TfL funds
Grand Total Growth	3845	2694	1461	
<u>Income & Efficiency Savings</u>				
Planning Development Grant	-150	0	0	Estimated increase in grant
Extra planning income	-129	-50	-50	New statutory fees
Licensing income	-100	0	0	Income from new duties
Section 52(9) payment reduction	-150	-150	0	Reduction in landfill tax from recycling
Review council catering	-130	-100	0	Comprehensive review to be undertaken
Commercial properties income	-80	-15	0	New income & rent review
Facilities Management Review	-70	-50	0	Comprehensive review to be undertaken
Effective Asset Mgt	-200	-150	0	Improved use of Council assets
Rating Appeals	-100	0	0	Estimate of rating appeals
Net New Growth	2736	2179	1411	

Organisational Development

	2005-06 £000	2006-07 £000	2007-08 £000	Notes
<u>In MTBS Reprice</u>				
HR officers	100	45	0	Harrow has less HR support per employee than other Councils. Funding will ensure support for change process
Corporate Policy Officers	50	0	0	To improve strategic planning
<u>New Growth</u>				
Occupational Health	110	0	0	Costs of new contract approved by Cabinet
Staff Survey	15	0	0	To fund biennial survey
Recognition Award Scheme	15	0	0	
Workforce Development	80	80	100	Additional staff training/development
Member Development	30	0	0	To prepare induction programme for members elected in 2006
Graduate Traineeship	55	45	0	To help grow our own future managers
Performance Mgt	100	0	0	To roll out systems to improve council performance
Community Engagement	50	50	0	To improve our consultation and engagement process
Freedom of Information	50	0	0	Legislative requirement
Programme Office	150	0	0	Improve change management capacity offset by efficiency savings
Grand Total Growth	805	220	100	
Income & Efficiency Savings				
Effective programme management	-150	0	0	Resources released from set up of Programme Office
Freedom of information costs yr 1	-50	50	0	Year 1 costs met by government
Reduced inspection fees	-20	0	0	Reduction in Audit Commission fees
Net New Growth	585	270	100	

Business Connections

	2005-06 £000	2006-07 £000	2007-08 £000	Notes
<u>In MTBS reprice</u>				
Financial Management	100	40	0	Increase in finance staff & training to improve financial management
Internal Audit	40	40	0	To improve business continuity and reduce risk
<u>New Growth</u>				
Corporate Anti-Fraud	60	60	30	To improve anti-fraud activities offset by cost reductions
Health & Safety	25	10	0	To meet increased requirements under H&S legislation
Procurement team	150	0	0	To deliver efficiency savings offset by procurement savings
Funding Officers	80	0	0	To generate external funding for the Council and its partners offset by external funding
Grand Total Growth	455	150	30	
<u>Income & Efficiency Savings</u>				
Corporate Anti-Fraud	-60	-60	-30	Reduced number of fraudulent claims
Social Care income	-75	-75	-75	By proactive welfare benefits advice with Pensions Service
Benefits Performance Fund	-100	0	100	Time limited grant increase
Proactive Debt Mgt	-85	0	0	Centralisation of debt recovery
Additional External Funding	-80	0	0	Generated by funding officers
Net New Growth	55	15	25	

Corporate

	2005-06	2006-07	2007-08	Notes
<u>In MTBS reprice</u>				
Capital Financing	510	600	1000	Revenue costs of capital programme
Contribution to change mgt reserve	-630	0	0	One off budget in 2004-05
ICT infrastructure	330	150	150	Revenue cost of ICT investment
Grand Total Growth	210	750	1150	
Efficiency Savings				
NHP restructure	-370	-370	0	From restructure of the Council
Reduction in sickness absence	-200	-200	0	Reductions in overtime/agency staff
Reduction in lease cars	-69	-48	-25	Scheme being wound up
First Contact	-100	-500	-1000	Development of contact centre/one stop shop
ERP	-100	-300	-250	Savings from the back office
Procurement savings	-3350	-1000	-1000	Improved procurement of goods & services
Insurance contributions	-250	0	0	Reduced contributions to provision
Introduce voice over IPT	-125	-125	0	Reduced telephone bills
Net New Growth	-4354	-1793	-1125	

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Consultation Arrangements

Questionnaire

A questionnaire designed by MORI has been sent to 4,000 randomly selected households in the borough. Provisional findings will be available at the end of the first week in January with the final report due at the end of January.

Stakeholder Meetings

Members agreed to hold a series of meetings with key stakeholders for in-depth consultation in January and February. The meetings will be attended by the Leader and Deputy Leader with relevant Portfolio Holders, Conservative and Liberal Democrat Members, and key officers to listen to the stakeholders' views and answer questions on the budget proposals. The stakeholders, together with the meetings suggested to pick up their issues, are listed below:

Stakeholder	Meeting	Date
Tenants and Leaseholders	Tenants and Leaseholders Consultative Forum	6 January
Voluntary Sector	Special meeting	To be confirmed
Statutory partners	HSP Board	27 January
Schools	Education Consultative Forum	1 February
Unions	Employees Consultative Forum	2 February
Local Businesses	NNDR Consultative Forum	3 February
Public	Two special meetings – location to be confirmed	18 January 3 February

Budget Review Working Group

This report will be considered by BRWG on 14 December and any comments will be referred to cabinet.

Overview and Scrutiny

This report will be considered by the Overview and Scrutiny Committee on 31 January.

Report of the Director of Financial and Business Strategy on General Reserves

As part of the budget process for 2004-05 Council approved the level of general reserves that we should hold at a minimum of £4m with an optimum level of £7m.

This report recommends that the minimum and the optimum level of general fund reserves are maintained at current levels. The report does not cover reserves held by schools, nor does it consider earmarked reserves.

It is the responsibility of each authority to set its level of reserves based on local conditions, but taking into account national factors. Although advice can be sought from the external auditors it is not their responsibility to prescribe minimum or optimum level.

In setting the level the authority should take into consideration the advice of their chief financial officer, taking into account all local relevant circumstances. A well managed authority, with a prudent approach to budgeting should be able to operate with a relatively low level of reserves.

The Audit Commission's Corporate Performance Assessment (CPA) takes account in assessing an authority's financial standing, the level of financial reserves. They also expect a good authority to review their reserves on an annual basis.

As at the 31st March 2004 the level of General Fund Reserves was £9.2m and at 30th September 2004 the unallocated level was around £7m, consistent with the current optimum level approved by Council.

My recommendation as the Council's Section 151 Officer and in line with my statutory responsibility under the Local Government Act 2003 is that

- a) The minimum prudent level for general fund reserves (excluding schools) should remain at £4m at the end of any financial year.
- b) The optimal level of general fund reserves should remain at £7m for the period of the Medium Term Budget Strategy for the period 2005-6 to 2007-8.
- c) The optimal level should be maintained for the period of the Medium Term Budget Strategy for the period 2005-6 to 2007-8
- d) The level of general fund reserves should be reviewed annually

In arriving at the levels set out in the recommendations (minimum £4m, optimal £7m) the following factors have been taken into account:-

Inflation and interest rates	Assumption has to be made of the general level of inflation, pay awards and interest rates. The pay award is known and general inflation is relatively low and stable enabling reasonable assumptions to be made.
Service pressures	The Council approves an annual budget and MTBS, however reserves have to be held for unavoidable financial implications such as changes in legislation.
Cash flow management	The budget assumes that growth, savings and income generation will occur during the year. Dependent upon the timing reserves may be required to avoid major fluctuations in cash flow.
Risk management	The level of reserves is dependant upon effective risk management. The more effective the management the lower the level of reserves needed.
Financial management	Strengthening of the MTBS, to take account of inherent pressures and risks, general monitoring and financial management and action to tackle potential problem areas are all considered
External factors	Emergency planning provisions, disaster recovery action and robust business planning are factors to be taken into account

The minimum level of reserves of £4m equates to 2.5% of net expenditure excluding schools. The optimum level equates to 4.5% of net expenditure excluding schools,

In my opinion this is reasonable given the certainty about the pay award, low levels of inflation, and the nature of the Council's earmarked reserves.

The level of reserves will be monitored throughout the year taking into account any changes in circumstances and a report submitted annually of the proposed levels.

PROVISIONAL SETTLEMENT 2005-2006

General

1. This information circular provides an initial assessment of the provisional finance settlement.
2. The key points at this stage are:
 - the settlement appears to be marginally better to the underlying increase used in the initial Medium Term Budget Strategy reported in October.
 - Harrow has received a larger increase in Formula Grant (5.6%) than many other London Boroughs, the average for the London area is 5.3%.

National Position

- an increase of 5.6% in Formula Grant (Revenue Support and Business Rates);
- an increase of 5.4% in total Formula Spending Shares
- a 7.9% increase in specific and special grants with a reduction in those ring fenced;
- a 5.6% increase in Education FSS;
- a 6.0% increase in Personal Social Services FSS;
- a 2.5% increase in Environmental, Protective and Cultural Services FSS,
(Note all these are after adjustments for transfers functions with central government)
- Assumed Band D Council Tax (ANCT) up by 3.6% from £1,061.46 to £1,099.51 in 2005-2006
- Additional resources as announced in the Pre budget Report to keep Council tax increases below last years rise of 5.9%

3. Table 1 shows the national picture of the changes over services.

Table 1: Total Assumed Spend increase 2004/05 to 2005/06

	2004/05 TAS £m	2004/05 TAS adjusted £m	2005-06 TAS £m	Change over adjusted %
Education	30,515	30,424	32,306	6.2
Personal Social Services	14,527	14,532	15,695	8.0
Fire	1,848	1,864	1,914	2.7
Police	9,124	9,192	9,631	4.8
Highway Maintenance	2,004	2,004	2,054	2.5
EPCS	12,431	11,941	12,233	2.4
Capital	2,802	2,802	3,269	16.7
Financing Unallocated	587	2394	2,474	3.3
Total	73,836	75,153	79,577	5.9

Additional Resources announced in Pre Budget

4. The following changes were made in the Pre Budget announcement in recognition that the Spending Review 2004 failed sufficiently to recognise the pressures facing local authorities. An extra £358m has been included in the Revenue Support Grant and an extra £50m in police grant. New money amounting to £100m for safeguarding children and £100m for access and systems capacity and £28m for fire authorities has also been made. These amounts are being funded from an extra £125m together with £512 million re-allocated to councils from government departments and are for one year only.

Local Picture

5. Table 2 shows the change in Harrow's Formula Spending Share between 2004-2005 and 2005-2006. The Total Assumed Spend is the amount of spend the Government will support by Grant. The FSS is the amount of spend being supported by general grant excluding the specific grants

Table 2 Harrow's Formula Spending Share 2004-05 to 2005-06

	FSS 2004-05 £m	Adjusted FSS 2004-05 £m	FSS 2005- 2006 £m	% Change on adjusted	Average Outer London boroughs	Average Nationally
Education Schools	102.807	102.807	109.863	6.86	6.21	5.70
Education other	12.246	12.246	12.852	4.95	4.55	4.20
Personal Social Services	55.708	57.157	60.570	5.97	5.40	6.04
Highway Maintenance	6.745	6.745	6.714	-0.46	2.16	2.48
EPCS	48.287	48.126	49.119	2.06	1.54	2.51
Capital Financing	8.340	8.338	9.197	10.30	14.98	19.13
Total	234.133	235.419	248.315	5.48	5.22	5.41

Floors and Ceilings

6. The settlement provides for floors to limit individual authority's losses from the settlement. There are however no ceilings this year but the floors will be paid for by scaling back the grant increases for individual authorities above the floor.
7. For local authorities with Education and Social Services responsibilities like Harrow no authority can have less than a 4% increase in grant (plus capital adjustment). No Education/Personal Social Services authority will receive an increase in grant less than the increase in their schools FSS.
8. Harrow's increase in grant is 5.6% and in excess of its schools FSS. As a result of the application of the scaling factor its grant is £ 220,000 (11.37% of the excess over the floor) less than it could have been.

9. The table below shows the calculation of the grant and how this compares with 2004-2005.

Table 3 Grant Entitlement

	2004-2005	2004-2005 Adj	2005-2006	% change
	£m	£m	£m	
Total Formula spending Share	234.133	235.419	248.315	5.48
Assumed National Council Tax	-77.783	-77.783	-81.950	4.17
Effect of the scaling of grant increases	-0.287	-0.287	-0.219	
	156.063	157.349	166.146	5.59

ANCT includes change in Council tax base used for exemplification purposes

Education Floors and Ceilings

10. There is added protection in the Education Formula Spending Share. The settlement is designed to deliver no less than 5.8% for outer London Boroughs (5.8% nationally)more than 2004-2005 and no more than 8.75% more than 2004-200. Harrow is not affect by either limits. The LEA block also has floors and ceilings of 3.5% and 4.95%. Harrow is subject to the ceiling and its entitlement has been reduced by. £0.11m.

Education Passporting

11. The Government has announced its intention that the increase in Education Schools FSS be passed onto schools. The amount Harrow is required to passport is £7.06m. This equivalent to 80% of the total change in grant of £8.80m.

Special Grants

12. The aggregate level of specific grants has increased by 7.9%. The proportion of grants that are ring fenced has been reduced 9%. This provides for local flexibility especially in Social Services.

Formula and Data Changes

13. There is a formula freeze for 2005-2006. Therefore some data in the settlement will continue to come from the 1991 census. The Government have taken the view that it would be inappropriate to incorporate new data without changing the underlying formula.

Changes in formula grant by class of authority and by region

14. The Government have changed shares of Assumed national Council tax. These are set judgementally. Broadly they benefit shire districts, police and fire authorities at the expense of shire counties. The share for Outer London Boroughs has been marginally increased by 0.25%. An increase in ANCT reduces the Grant entitlement.

Changes in formula Grant

15. The table below shows the changes in formula grant per types of authority.

Table 3: Changes in Formula Grant By Area

	Change (%)
England	5.6%
London area	5.6%
Met areas	5.5%
Shire areas	5.6%
Inner London boroughs (inc. City)	6.1%
Outer London boroughs	5.3%
London boroughs	5.7%
GLA - all functions	5.5%

Impact on the Medium Term Budget Strategy.

16. The estimated increase in the grant entitlement of £10.08m is £ 2.3m greater than that included in the Medium Term Budget Strategy reported to Cabinet in October 2004. Of this difference £ 1.3m relates to an increase in the Education Schools FSS which is expected to be passported to the schools. The reduction in the Personal Social Services specific grants is however less than forecast. The exemplification is based on a significant estimated increase in the Council Tax base which will be reduced when the actual amounts are used in the Final Settlement which could improve the Grant position by a further amount of up to £0.5m.

Housing Revenue Account

Base Budget Review

- Appendix G1 shows the results of the base budget review which has been conducted during 2004/05 and has identified a number of areas where the budget does not reflect actual activity. The net impact of the proposed changes for 2004/05 is a reduction of £186k and can be summarised as follows:

	£000
Repairs	421
Single Status	135
In house staff costs	111
Consultancy	75
Revenue contribution to capital expenditure replaced by borrowing	(1,166)
Rents and service charges	(127)
Rent rebate subsidy loss	62
Grounds Maintenance	50
Energy costs	56
IT projects capitalised	(145)
Provision for doubtful debts	250
Working Time Directive	118
ALMO set up costs	180
Other miscellaneous items	(206)
Total	(186)

- The revised budget for 2004-05 also includes the work carried forward from 2003-04 as agreed by cabinet in September. This resulted in a lower contribution to capital expenditure from revenue and a higher surplus in 2003/04 than anticipated.

Repairs

- There is a forecast overspend on revenue repairs of £421k which is being managed through a reduction in the capital programme.

4. Issues relating to the forecast overspend on repairs and building maintenance are:

- ◆ Some £232k of expenditure is due to a budget shortfall in setup costs for the repairs partnering contracts (this year only), and specialists works, in particular to our sheltered blocks;
- ◆ The Budget overspend, amounting to approximately 10% of the agreed budget, has been brought increasingly under control from the situation at the end of first quarter 2004/05. Regular budgetary control meetings with the partnering contractors are now in place, and these are now being supplemented by external audit of the “open book accounting” approach. Work is underway to ameliorate further pressure on the budget, both with the contractors, and within our own repairs team resources;
- ◆ As part of the process of gaining greater financial control, outstanding repairs, going back in some cases to 1997 have been completed and the costs accurately posted in the accounts.

5. The base budget review has ensured that the underlying HRA is a sound basis for the medium term financial strategy.

MEDIUM TERM BUDGET STRATEGY FOR 2005-06 TO 2007-08

Staff costs

6. The recommended staffing structure is contained within the existing budget.

Options Appraisal

7. A provision of £100k has been allowed for the options appraisal and associated work. Some of this expenditure may fall in 2004/05, however the impact on the HRA balances will be the same.

Repairs

8. In relation to the repairs budget for 2005/06 and beyond it is assumed that the existing provision of £4.5m before inflation will be sufficient. However, within this figure some adjustments have been made:

- ◆ A zero based approach to repairs budget calculation has been undertaken, based on the half year position in 2004/05. This exercise has corrected the previous budget shortfall for specialist works to sheltered blocks;
- ◆ From the first season of gas servicing an updated and corrected number of properties to be serviced has also increased the budget requirement by £75k. Likewise the realistic provision for our

commercial boiler installations has also increased the budget requirement by £45k;

- ◆ The voids budget has been increased by £35k to reflect the numbers of voids being worked upon;
- ◆ Discussions with partners are on going in respect of budget responsibilities.

Growth Bids

9. The growth bids are summarised below:

Cleaning – Communal Areas

£19k reflecting the increasing demands for cleaning of the internal communal areas and communal bins. It is proposed that a contract be let to cover these services.

Housing Management – Money Advice Project

£20,000 is required for Money Advice project scheme currently being run in conjunction with the Housing Advice Centre. The scheme provides advice on money matters to tenants in arrears and with multiple debts.

Computer Equipment

Additional provision is required to introduce Business Objects at a cost of £80k and £30k for the new asset management system. In line with Council policy, IT project expenditure will be capitalised.

Prudential Borrowing

10. The medium term plan for the HRA assumes capital expenditure of £11m per year and revenue repairs expenditure of £4.5m per year over the period. This is funded from a number of sources with the balance being financed through prudential borrowing of £7m in 2005-6 and £8m in 2006-07 and 2007-08. The revenue budget reflects the net cost of borrowing.

Leaseholder Charges

11. The base budget review demonstrated that at present leaseholder expenditure is not fully recovered through service charges. It is recommended that service charges be increased to achieve full cost recovery.

12. The recharge of leasehold management cost to leaseholders is currently set at 10% of total service charges to leaseholders. The income recoverable in 2004/5 from current policy is not sufficient to cover the total leasehold management cost. In order to recover the total cost of providing leasehold administration, it is proposed that we charge a fixed fee of 92p per week per leaseholder to cover the admin and management cost to leaseholders. This will generate an additional income of £29,300.

13. The recharge of admin cost for repairs to leaseholders, which is currently set at 10% of service charge billed, should be increased to 15%. This is required in order to recover more of the housing management cost on leaseholders. A 5% increase, which equates to approximately £1 a week, will lead to an extra income to HRA of £30,700 in 2004/5.

14. It is proposed that the increase is phased in over the next 3 years.

Recovery of Energy Costs

15. The increase in energy cost in 20004-05 if recovered fully from sheltered housing tenants will amount to additional weekly charges of £2.00 charges per tenant. The proposal is for the increase in charges to be spread over at least 2 years starting from 2005/6 in order to minimise the effect of the extra charges on tenants. The expected additional charges for 2005/6 and 2006/7 are £1.00 and 70p respectively. This is expected to generate additional charges of £35k in 2005/6 and £25k in 2006/7.

Rents

16. A rent model is attached at appendix G3.

17. In addition to having to meet the Decent Homes standard by 2010, local authorities are required to meet Rent Convergence with Registered Social Landlord (RSL) level rents by 2012. The notional target (formula) rent for RSL's in the area is adjusted for inflation each year to 2011/12 and the local authority has until this time to bring its average rent to the same level, although increases are restricted to the upper limit of the formula $RPI + 0.5\% + £2$.

18. The model shows a zero increase for the next two years that maintains Harrow's average rent below the target rent thus incurring no rebate limitation until 2011-12. After the first two years the rents increase by a standard 4.73% pa to reach convergence.

19. Over the period rebate limitation is minimized thus maximising the net rental income. It should be noted that the model is subject to a number of assumptions on inflation rates, subsidy rules etc.

Right to Buy Sales

20. The three-year financial strategy assumes a certain level of right to buy transactions, which reduce rental income. No assumption has been made about corresponding reductions in expenditure at this stage.

Depooling of tenant rents and service charges

21. Consideration should be given to depooling rents and service charges. The depooling of caretaking, landlord lighting, ground maintenance and maintenance of refuse areas costs could lead to additional HRA income in the longer term.
22. The regulation on depooling of service charge is that during a transitional period the total amount of rent and service charges to tenants after depooling should not exceed the average rent before depooling plus RPI for the year plus 0.5% plus £2. Also the service charge costs after depooling should not exceed the cost of providing the service in the first place.
23. Officers have spoken to a number of other authorities, most of which have carried out a depooling exercise recently. Most authorities have taken a fairly broad-brush approach to depooling, and some have applied a flat rate across all properties being charged. Others calculate a charge for each service across the stock involved. Generally authorities have not had problems introducing tenant service charges as it has been done in a cost neutral way.
24. It is recommended that Harrow proceed with consultation on implementing service charges from 2006-7. At least initially this should be on a broad-brush approach e.g. same charge for all properties receiving a service. In the longer term as rent restructuring works through there will be additional income from the service charges available to fund service expenditure.

Rent Restructuring

25. The conclusion of the three-year review by ODPM on rent restructuring is expected to impact on the HRA budget from 2006/7. The following recommendations from the report may affect future year's budget:
 - ◆ Higher bedroom weights proposed for three and four bed properties, and new higher weightings for five and six (more) properties;
 - ◆ Harmonisation – using the same formula for restructuring local authority rents as that currently used for restructuring RSL rents, and adopting the RPI as the inflation measure used in calculating LA rent increases;
 - ◆ Local authorities should ignore the downward limit of RPI + 0.5% minus £2 per week on rent charges, in order to achieve restructuring on all properties for which rents need to fall by 2011/12.

Appendix G1

HRA Budget Summary

	Original Budget 04/05	Revised Forecast 04/05	Estimated Budget 05/6
Expenditure			
Employee Costs	4,159,590	3,983,665	3,907,905
Supplies & Services	1,514,540	1,562,040	1,545,650
Central Recharges	1,825,910	1,855,140	1,829,580
Housing costs adjustment	235,000	487,875	417,875
I T Projects	70,000	74,890	70,000
Miscellaneous	94,280	119,780	110,240
Option appraisals	190,000	98,000	45,000
Recharge to other services	(1,072,860)	(1,053,380)	(1,026,090)
Leasehold Management	182,450	109,710	109,710
Rent Rebates	0	62,450	62,450
Rent/Agency/Payments	6,850	3,850	3,850
Baseline expenditure	7,205,760	7,304,020	7,076,170
Pension & one off Staff costs	75,000	120,000	
I T Projects	145,000		
Inflation			296,242
Contingency	302,690	272,250	112,500
Operating Expenditure	7,728,450	7,696,270	7,484,912
Charges for Capital	5,073,400	5,044,800	4,962,520
Contribution to Repairs Account	4,475,630	5,226,060	4,527,560
RCCO	1,873,000	707,330	0
ALMO Set Up costs		180,000	
Bad or Doubtful Debts	0	250,000	75,000
Total Expenditure	19,150,480	19,104,460	17,049,992
Income			
Rent Income – Dwellings	(20,450,060)	(20,473,521)	(20,231,721)
Rent Income – Non Dwellings	(511,110)	(598,762)	(598,762)
Service Charges	(223,010)	(240,190)	(240,190)
Facility Charges	(157,510)	(157,510)	(157,510)
Interest	(50,000)	(50,000)	(45,000)
Other Income	(42,450)	(42,450)	(42,450)
Transfer from General Fund	(101,090)	(113,030)	(113,030)
HRA Subsidy	3,370,950	3,370,950	3,767,160
Total Income	(18,164,280)	(18,304,513)	(17,661,503)
In Year Deficit / (Surplus)	986,200	799,947	(611,511)

Appendix G2

**Housing Revenue Account
Medium Term Financial Strategy**

	2005/06	2006/07	2007/08
	£000	£000	£000
Balance b/f	(2,514)	(3,126)	(3,155)
Base expenditure	17,050	17,134	17,243
Base income	(17,662)	(17,164)	(16,652)
Net expenditure/(income) for year	(612)	(29)	590
Balance c/f	(3,126)	(3,155)	(2,565)
Provision for staffing	250		
Options Appraisal	100		
Growth Bids	39	39	39
Net cost of prudential borrowing	252	712	1,153
Leaseholder charges	(44)	(63)	(82)
Energy charges	(35)	(60)	(71)
Rents			(934)
Depooling of tenant service charges			
Total Adjustments	562	628	105
Revised Balance B/F	(2,514)	(2,564)	(1,965)
Revised net expenditure	(50)	599	695
Revised Balance C/F	(2,564)	(1,965)	(1,270)

Appendix G3

Housing Revenue Account – Rent Model

Year	Years to 2012	Formula Rent	Actual Rent	rent increase %	rent increase	Limit Rent	Rebate Limitation	Rebate Subsidy loss per annum	Rebate Subsidy loss per dwelling per wk	Additional Rent Income	Additional net rent income
2004/05			77.40			79.68					
2005/06	7	81.68	77.40	0.00%	£0.00	81.95	0.00	0	£0.00	0	0
2006/07	6	84.13	77.40	0.00%	£0.00	84.28	0.00	0	£0.00	0	0
2007/08	5	86.65	81.06	4.73%	£3.66	86.49	0.00	0	£0.00	951,600	951,600
2008/09	4	89.25	84.90	4.73%	£3.84	88.87	0.00	0	£0.00	998,400	998,400
2009/10	3	91.93	88.92	4.73%	£4.02	91.31	0.00	0	£0.00	1,045,200	1,045,200
2010/11	2	94.69	93.13	4.73%	£4.21	93.82	0.00	0	£0.00	1,094,600	1,094,600
2011/12	1	97.53	97.54	4.73%	£4.41	97.38	0.16	20,987	£0.08	1,146,600	1,125,613
											5,215,413

Glossary

Audit Commission

The national body responsible for ensuring effective audit and inspection of Councils and other public bodies.

Balances

See reserves below.

Base Budget

The Council's main budget for they year, taking into account pressures, savings and funding. This is also used as the basis for future years budgets, updated for inflation, new pressures, savings etc.

Budget Review Working Group

A cross party group of members set up to consider in detail budget and financial issues affecting the Council.

Business Rates

See NNDR below.

Capital

Spend on creating or enhancing assets such as roads, buildings and computer systems which is one-off and can be classified as an investment.

Chief Financial Officer

The Council's officer designated as carrying the statutory financial role under section 151 of the Local Government Act 1972. This is currently the Director of Financial and Business Strategy (Business Connections)

Collection Fund

A separate account which the Council is required to keep to monitor income from Council Tax and National Non Domestic Rates.

Council Tax

A tax based upon the value of a property which helps to support the council's general budget.

Council Tax Bands

A series of Bands (from A – H) based upon the value of a property which determines how much tax will be levied on each property.

Council Taxbase

The total number of properties in the Borough subject to Council Tax translated to their equivalent at Band D. This is required so that central government can compare the tax burden on each area of the country.

CPA (Comprehensive Performance Assessment)

The Audit Commission's Assessment of how well each Council is performing in a wide range of areas.

CPI (Consolidated Price Index)

The measure of inflation used by government which excludes pay and mortgages.

CPZ (Car Parking Zone)

An area designated as being available for car parking for only those who are residents or have relevant car parking permits.

CSCI

Commission for Social Care Inspection

Demography

The changes in numbers of the population and the make up of those numbers by either age range, ethnicity or location.

ERP

Enterprise Resource Planning. A computer system linking the key corporate systems of finance, personnel, payroll and property.

External Auditor

The organisation charged with ensuring that the Council's accounts, budgets and finances comply with legislation and are true and accurate records. For the Council this is currently Deloitte & Touche.

FSS (Formula Spending Share)

The amount of funding that the government calculates (via a complex formula) that a Council needs to undertake all of its services.

GLMCA Levy

The Council's contribution to the Greater London Magistrates Courts Authority.

Growth

Increased expenditure required to meet service expectations from changes to policy, legislation, demand etc.

HECA

Home Energy Conservation Act

HMO

Houses in multiple occupation

HRA (Housing Revenue Account)

A separate account which must be kept by the council to track income and expenditure relating to its stock of council houses.

HSE

Health & Safety Executive

HSW

Health & Safety at Work

Local Development Framework

There is a new statutory requirement for the Council to produce a strategic planning document which is supported by research and evidence, and to meet deadlines and standards prescribed by the government.

Medium Term Budget Strategy

The Council's plans for how it intends to form its budget in support of its objectives over the following 3 years.

NCSC

National Care Standards Commission

NHP

The major project being undertaken to improve the way the council delivers services to the citizens of the Borough, encompassing area based services, a restructure of the Council to provide more effective services, more investment in IT to enable greater customer focus and efficiency and ensuring sound financial management across the organisation.

NNDR (National Non-Domestic Rates)

Also called Business Rates. A rate charged on all businesses operating in the Council's area. It is calculated by applying a national figure to the rateable value of each business in the Borough. It is collected by the Council and paid to central government, who then redistribute it based on the Council's population.

NSF

National Service Framework

Passporting

The Government terminology for the requirement to pass on increases in the Education element of the FSS directly to schools budgets.

PCT

Primary Care Trust

PFI (Private Finance Initiative)

A means whereby the Council enters into a partnership with a private provider to enable capital developments to be undertaken which the Council could not of itself afford and which generates value for money.

Procurement

The ways a council buys in goods and services.

Provisional Finance Settlement

The government's annual announcement of how much financial support each Council will receive in the following year. The final settlement is usually announced some 2 months after this, once the government has all the data it requires.

Repricing

The updating of a base budget to reflect inflation and more accurate costings of pressures and savings.

Reserves

Also called balances. Money held by the Council to cover emergencies and unforeseen expenditure which may occur in the year.

Revenue

Spend on day to day running expenses of the Council.

RPI (Retail Price Index)

The measure of inflation used by government which includes pay and mortgages.

RSG (Revenue Support Grant)

The main grant which central government provides to support overall council expenditure. This grant can be spent on any services the council wishes.

SEN (Special Educational Needs)

Pupils who have educational requirements in excess of standard educational provision

Specific Grants

Additional grant funding from central government in excess of the Revenue Support Grant. These grants are paid for specific purposes and the Council needs to spend the grant for the purposes detailed by central government.

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REPORT OF CABINET

MEETING HELD ON 16 DECEMBER 2004

- Chair: * Councillor N Shah
- Councillors: * D Ashton * C Mote
* Burchell * Marie-Louise Nolan
* Margaret Davine O'Dell
* Dighé * Stephenson
* Miss Lyne
- * Denotes Member present

PART I - RECOMMENDATIONS

RECOMMENDATION I - Key Decision - 2005-06 Budget and Medium Term Budget Strategy 2005-06 to 2007-08

The Executive Director (Business Connections) outlined the content of his report, which included a summary of the figures and detailed schedules and all the proposals included in the draft budget. The finance settlement outlined in Appendix F to his report was provisional and the budget might therefore need to be refined when the final settlement was known at the end of January 2005.

Cabinet, having agreed the draft Revenue Budget for 2005-6 for consultation with stakeholders, the draft Medium Term Budget Strategy, the revised Housing Revenue Account for 2004-5, the draft Housing Revenue Account for 2005-6, the draft three year financial strategy for Housing, and having noted the proposed level of capital programme for 2005-6 and that the detailed programme would be reported to Cabinet in January 2005,

Resolved to RECOMMEND:

- (1) That the Council maintain a minimum level of unallocated General Fund Reserves of £4,000,000 at the end of each financial year;
 - (2) that the optimal level of unallocated General Fund Reserves was £7,000,000.
- (See also Minute 658).

PART II - MINUTES

658. **Key Decision - 2005-06 Budget and Medium Term Budget Strategy 2005-06 to 2007-08:**

(See also Recommendation I).

The Executive Director (Business Connections) outlined the content of his report and advised that the provisional settlement had been announced on 2 December 2004. The Council's provisional Formula Spending Share for 2005/6 was £248.3m, an increase of £12m or 5.5%. He emphasised that the settlement was provisional and that the budget might need to be refined once the final settlement was known.

The Executive Director (Business Connections) drew Members' attention to Appendix B of his report which set out a summary of the revenue budget for 2005/6 and which would result in a 1.48% increase in Council Tax. When linked to the GLA precept, this would lead to an increase in Council Tax of 2.5%.

The Executive Director (Business Connections) advised Members that the draft Capital Programme 2005/6 would be reported to Cabinet on 13 January 2005.

In response to Members' questions, the Executive Director (Business Connections) undertook to provide a response in relation to the likely Council Tax charge if the Government were to fully fund the cost of the new licensing regime. He also stated that the funding of the social inclusion proposals (detailed elsewhere on the agenda) could be met from reserves as it would be a one-off expense.

Cabinet, having recommended to Council that a level of unallocated General Fund Reserves of £4m at the end of each financial year be maintained and that the optimal level of unallocated General Fund Reserves was £7m,

RESOLVED: (1) That the draft Revenue Budget of £254.570m for 2005-06 for consultation with stakeholders be agreed;

(2) that the draft Medium Term Budget Strategy be approved;

(3) that the revised Housing Revenue Account (HRA) for 2004-05, the Draft Housing Revenue Account for 2005-06 and the draft three year financial strategy for Housing be approved, and that the draft HRA be referred to the Tenants' and Leaseholders' Consultative Forum on 6 January 2005;

(4) to note the proposed level of the capital programme for 2005/06 and that the detailed programme would be reported to Cabinet in January 2005.

Reason for Decision: To ensure that the Council was planning the use of resources effectively.

(Note: Councillors D Ashton, Miss Lyne and C Mote wished to be recorded as having abstained from voting on the above resolutions due to the late receipt of the report).