

APPENDIX II**REVENUE BUDGET SUMMARY 2007-2008**

	2006-2007 Approved Budget £000	2007-2008 Original Budget £000
Local Demand - Borough Services		
Corporate	4,153	4,643
Business Development	15,901	13,934
Chief Executive's Office	1,340	1,320
People First	108,359	108,419
Urban Living	54,987	51,728
Pay and Price Inflation		6,446
Total Directorate Budgets	184,740	186,490
Capital Financing adjustments	(30,334)	(26,488)
Interest on Balances	(4,588)	(4,688)
Total – Baseline	149,818	155,314
Capitalisation	(1,440)	(1,240)
Contribution to Balances	0	1,000
RSG Amending report	208	0
Total Net Expenditure	148,586	155,074
Contribution re Collection Fund Deficit b/f	364	350
National Non-Domestic rate (NNDR)	(49,417)	(51,676)
Revenue Support Grant (RSG)	(9,539)	(8,673)
Local Demand on Collection Fund	89,994	95,075
Funds / Balances		
Balances Brought Forward	1,839	1,839
Adjustment to Balances	0	1,000
Balances Carried Forward	1,839	2,839
Council Tax for Band D Equivalent		
Harrow (£)	1,067.19	1,119.50
<u>Increase</u>		
Harrow (%)	2.49%	4.90%
Taxbase	84,326	84,926

APPENDIX III**RESERVES AND PROVISIONS**

The recommended reserves policy is as follows:

The Council intends to add £1m to reserves and provisions each year until such time as general balances exceed £5m.

The rationale for this new policy is set out below.

Councils need balances so that they can deal with unforeseen calls on resources without disrupting service delivery. 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 auditor it is not their responsibility to prescribe the appropriate level.

Each year the External Auditor conducts an assessment called Use of Resources, and allocates a score out of 4 for financial reporting, financial management, financial standing, internal control and value for money. This forms part of the Council's corporate performance assessment. The overspend in 2005-06 and low level of balances at 31 March 2006 resulted in the Council scoring 1 for financial standing in the assessment this year. The overall score was 2.

The use of resources model requires a risk assessment to be carried out to determine the level of reserves. The Audit Commission also expects a good authority to review its reserves on an annual basis.

The risk assessment above shows that the total risk identified has been quantified at £3.4m. However, the appropriate level of reserves for a council to hold is extremely subjective. It is important to find a balance between being at risk of wiping out all reserves in a single bad year and having excessive reserves and thereby wasting taxpayer's money.

The Council should at least be able to cope with a modest overspend in any one year and still be in a stable financial position.

The target level of reserves depends on:

- The degree of risk contained in the budget
- The effectiveness of budget monitoring during the year
- The effectiveness of balance sheet management during the year
- The extent to which the Council has earmarked reserves and provisions to deal with specific items

Harrow is moving towards a lower risk budget and there are no unallocated savings or unconfirmed income streams in the final budget. There are however substantial itemised savings (£14m in total). Harrow has also made considerable improvements to its budget monitoring arrangements this year. However, there are very few earmarked reserves and provisions and there is considerable historic debt.

Taking all this together, the target level for reserves should be £5-£7m. The proposed budget includes an annual contribution to reserves of £1m. A greater annual contribution is not feasible given the Council's financial position. As at 31 March 2006 the level of General Fund Reserves was £1.8m. The forecast to 31 March 2007 is currently £1.5m. Therefore, depending on the outturn in each year, general fund balances of £5m should be achieved in 4-5 years.

APPENDIX IVHOUSING REVENUE ACCOUNT (HRA) - 3 YEAR BUDGET SUMMARY - FINAL

	Final Budget 2007-08 (Feb 06)	Final Budget 2008-09 (Feb 06)	Final Budget 2009-10 (Feb 06)	Key areas of change
Expenditure				
Employee Costs	2,961,797	3,050,651	3,142,170	
Supplies & Services	1,599,270	1,599,270	1,599,270	
Central Recharges	1,411,180	1,411,180	1,411,180	
Employee Costs - Needs / Strategy	354,222	364,849	375,794	
I T Projects	70,000	70,000	70,000	
Recharge to other services	-502,528	-502,528	-502,528	Contribution from General Fund for Locata removed. HRA to fully fund Locata.
Home Ownership service	259,170	259,170	259,170	
Baseline expenditure	6,153,111	6,252,592	6,355,057	
Contingency	200,000	200,000	200,000	Reduction in consolidated contingency budget for repairs and general HRA to reflect level of planned spend.
Operating Expenditure	6,353,111	6,452,592	6,555,057	
Charges for Capital	5,338,317	5,767,990	6,151,937	Reflects increased borrowing costs as a result of further capital investment to ensure the delivery of decent homes by 2010.
Contribution to Repairs Account	4,668,490	4,568,490	4,468,490	Planned reduction across the 3yrs to deliver demand for tenant repairs in advance of properties meeting decent homes standard.
RCCO	1,000,000	1,500,000	1,500,000	Contribution from revenue to decent homes capital investment costs to better manage borrowing costs.
Bad or Doubtful Debts	100,000	100,000	100,000	

Total Expenditure	17,459,918	18,389,072	18,775,484	
	Final Budget 2007-08 (Feb 06)	Final Budget 2008-09 (Feb 06)	Final Budget 2009-10 (Feb 06)	Key areas of change
Income				
Rent Income – Dwellings	-19,979,550	-20,912,705	-21,889,227	Reflects accommodation rent only increased by 5%.
Rent Income – Non Dwellings	-911,868	-911,868	-911,868	Reflects recommended increase in garages and car parking rent
Service Charges - Tenants	-1,118,646	-1,174,578	-1,233,307	Service charges for tenants now shown separately from accommodation rent.
Service Charges - Leaseholders	-255,488	-268,262	-281,676	Reflects recommended increase in admin cost to improve recovery of leasehold services costs.
Facility Charges	-335,849	-363,201	-394,109	Reflects increased charges to improve recovery of rising energy bills.
Interest	-17,000	-17,000	-17,000	
Other Income	-7,820	-7,820	-7,820	
Transfer from General Fund	-83,000	-83,000	-83,000	Reduced contribution from HGF to be recovered through depooled service charges and direct charge to community hall users.
HRA Subsidy	5,030,240	5,113,943	5,613,943	
Total Income	-17,678,982	18,624,492	-19,204,064	
In Year Deficit / (Surplus)	-219,063	-235,420	-428,581	
BALANCE	-6,612,063	-6,847,484	-7,276,064	

APPENDIX VLONDON BOROUGH OF HARROWMEMBERS' ALLOWANCES SCHEME

1. This scheme shall have effect until 31st March 2008. It replaces all former schemes.

Basic Allowance

2. A basic allowance of £5,526 per annum shall be paid to each Councillor.

Special Responsibility Allowance

3. (1) A special responsibility allowance shall be paid to those Councillors who have the special responsibilities in relation to the posts specified in Schedule 1 to this scheme. No Member may receive special responsibility allowances in respect of more than one post.
(2) The amount of each such allowance shall be the amount specified against that special responsibility in that schedule.

Upgrading the Basic and Special Responsibility Allowances

4. The basic allowance and special responsibility allowances will be updated annually in line with an index approved by the ALG Independent Panel. The index to be used will be the level of the Local Government Pay Settlement. When making the scheme for 2008/2009, the indexing arrangements will be reviewed.

Travel and Subsistence Allowances

5. The reimbursement of travel and subsistence expenses incurred in respect of **approved duties** (as set out in Schedule 2) **undertaken outside the Borough boundaries** can be claimed by Members, co-optees to formal Council committees and Independent Members of the Standards Committee at the rates paid and on the conditions specified in the officer scheme for travel and subsistence allowances.

Carers' Allowance

6. (1) The allowance shall only be paid for attendance at approved duties as listed in Appendix A.
(2) The maximum basic rate of pay is £2.77 per half hour for the duration of the meeting together with the Member's travel time between home and the place of the meeting and the carer's reasonable travelling time.
(3) The allowance is claimable in respect of children aged 15 or under or where a professional carer is required to meet a specialist need (eg a nurse for an elderly person).
(4) Actual costs will be paid **on production of an invoice or receipt**.
(5) Where the length of the meeting cannot be predicted and payment to the carer is necessarily contractually committed then a payment of up to 4 hours will be made. (For day time quasi-judicial meetings, payment of up to 8 hours may be made if the estimated length of the meeting is for the whole day).
(6) In addition, the reasonable travelling expenses of the person taking care of the dependent shall be reimbursed either at the appropriate public transport rate, or in cases of urgency or where no public transport is available, the amount of any taxi fare actually paid.
(7) The allowance is not to be paid where the carer is a member of the Member's household.

- (8) Any dispute as to the entitlement and any allegation of abuse should be referred to the Standards Committee for adjudication.

Co-optees' Allowance

7. A basic allowance of £423 per annum shall be paid to co-optees to formal Council committees and Independent Members of the Standards Committee.

Claims and Payments

8. (1) A claim for allowances or expenses under this scheme shall be made in writing within two months of the date of undertaking the duty in respect of which the entitlement to the allowance or expense relates.
- (2) Payment shall be made
- (a) in respect of basic and special responsibility allowances, in instalments of one-twelfth of the amount specified in this scheme each month;
- (b) in respect of out-borough travel and subsistence expenses and Carers' Allowance, each month in respect of claims received up to one month before that date.

Backdating

9. Any changes made to this scheme during the year may be backdated to 1st April 2007 by resolution of the Council when approving the amendment.

Pensions

10. Allowances paid under the Harrow Members' Allowances Scheme will **not** be pensionable for the purposes of the Superannuation Act.

Renunciation

11. A person may, by notice in writing given to the Chief Executive, elect to forgo any part of his/her entitlement to an allowance under this scheme.

Withholding Allowances

12. (1) In the event that a Member is suspended from duties, that Member's basic allowance and special responsibility allowance (if any) will be withheld for the whole period of the Member's suspension.
- (2) In the event that a Member is partially suspended from duties, that Member's basic allowance will be paid but their SRA, if any, will be withdrawn for the period of the partial suspension.

Appendix A**Approved duties for Carers' Allowance**

- A meeting of the Executive.
- A meeting of a committee of the executive.
- A meeting of the Authority.
- A meeting of a committee or sub-committee of the Authority.
- A meeting of some other body to which the Authority make appointments or nominations, or
- A meeting of a committee or sub-committee of a body to which the Authority make appointments or nominations.
- A meeting which has both been authorised by the Authority, a committee, or sub-committee of the Authority or a joint committee of the Authority and one or more other authorities, or a sub-committee of a joint committee and to which representatives of more than one political group have been invited (if the Authority is divided into several political groups) or to which two or more councillors have been invited (if the authority is not divided into political groups).
- A meeting of a Local Authority association of which the Authority is a member.
- Duties undertaken on behalf of the Authority in pursuance of any Procedural Rule of the Constitution requiring a member or members to be present while tender documents are opened.
- Duties undertaken on behalf of the Authority in connection with the discharge of any function of the Authority conferred by or under any enactment and empowering or requiring the Authority to inspect or authorise the inspection of premises.
- Duties undertaken on behalf of the Authority in connection with arrangements made by the authority for the attendance of pupils at a school approved for the purposes of section 342 of the Education Act 1996.

SCHEDULE 1
SPECIAL RESPONSIBILITY ALLOWANCES (SRAs)

There are 10 bands of SRAs:-

Band	Post	SRA £/annum
1	Members/Chairmen of Licensing Panels (See Note (3) below)	258/411
2	Members of the following Quasi-Judicial Panels: Education Awards Appeals Panel NNDR Discretionary Rate Relief Appeal Panel Personnel Appeals Panel Social Services Appeals Panel	264
3	Leader of the third largest Group Deputy Leader of the second largest Group Chief Whips of the two largest Groups Chairman of the Audit Committee	1,233
4	Deputy Mayor	2,115
5	Chairman of Licensing and General Purposes Committee Chairman of the Standards Committee Vice-Chairmen of the Scrutiny Sub-Committees Support Members for the Cabinet	2,466
6	Chairmen of the Scrutiny Sub-Committees Chairman of the Traffic Advisory Panel Chairman of the Grants Advisory Panel Nominated Member of the largest party not holding the Chair of the Development Management Committee	4,932
7	Chairman of the Development Management Committee Chairman of the Overview and Scrutiny Committee Nominated Member of the largest party not holding the Chair of the Overview and Scrutiny Committee Leader of the Second Largest Group	6,936
8	The Mayor	10,050
9	Cabinet Members x 8 Deputy Leader	12,330
10	Leader	17,466

NOTES

- (1) In the Council for 2006 to 2010, the Groups are as follows:-
Largest Group = Conservative Group
Second Largest Group = Labour Group
Third Largest Group = Liberal Democrat Group
- (2) Only one SRA is payable per Member, with the exception of Band 1 SRA, which can be paid in addition to another SRA (see Note (3) below).
- (3) Members of the Licensing and General Purposes Committee are paid an SRA of £258 for their responsibilities in relation to Licensing Panels. Licensing Panel Chairs are paid an SRA of £411. Panel Members and Chairs also

receive additional payment if they attend a certain number of meetings as shown below:-

Number of Meetings Attended	Panel Allowance	Member's Allowance	Chair's Allowance
0-4	£258		£411
5-8	£513		£669
9-12	£771		£924
13-16	£1,026		£1,182
17-20	£1,284		£1,437
21-24	£1,542		£1,695
25-28	£1,797		£1,953
29 and above	£2,055		£2,208

Each meeting will consider a number of applications.

The allowance will be paid in 12 monthly instalments, starting at the basic rate, and will be adjusted depending on the number of meetings attended.

The SRA for licensing can be paid in addition to another SRA.

SCHEDULE 2**CLAIMS FOR OUT-OF-BOROUGH TRAVEL AND SUBSISTENCE EXPENSES****Duties Undertaken Out-of-Borough**

Claims for travel and subsistence expenses incurred can normally only be paid in respect of approved duties undertaken at venues out of the Borough. Expenses will be reimbursed at the rates paid and on the conditions specified in the officer scheme for travel and subsistence allowances.

1. Members may claim travel and subsistence expenses in respect of the following **out-of-Borough** duties:-
 - (a) Attendance at any meeting which may be convened by the Authority provided that Members of at least two groups are invited and the meeting is not convened by officers.
 - (b) Attendance at a meeting of an outside body to which the Member has been appointed or nominated as a representative of the Council, where the Outside Body does not itself operate a scheme to reimburse travel and subsistence expenses.
 - (c)
 - (i) attendance at an appropriate out-of-Borough conference, seminar, meeting or other appropriate non-political event as a representative of an Outside Body to which that Member has been either nominated or appointed by Council to serve in a role with a specific pan-Authority remit;
 - (ii) attendance at meetings in the capacity of a direct appointee of a Local Authority Association, joint or statutory body or other London-wide or national body subject to the following proviso:

that the Member serves on the appointing body by virtue of an appointment made by Council to an authorised Outside Body;

subject in either case to the Outside Body/Bodies concerned themselves not making provision for any travel and subsistence expenses necessarily incurred.
 - (d) Attendance at a meeting of any association of local authorities of which the Authority is a member and to which the Member has been appointed as a representative.
 - (e) Attendance at a training session, conference, seminar or other non-political event, the attendance fees for which are being funded by the Council through a Departmental or a corporate budget.
 - (f) Attendance at any training session, conference, seminar or other non-political event for which there is either no attendance fee or any attendance fee is being met by the Member him/herself (or from the relevant political group secretariat budget) subject to the relevant Director confirming that the content of the training, conference, seminar or event is relevant to the Member's responsibilities in respect of the services provided by the Authority or to the management of the Authority.
2. Duties for which out-of-Borough travel and subsistence expenses may not be claimed include:-
 - (a) Political meetings or events.
 - (b) Any meetings of 'Outside Bodies' to which the Member has not been appointed or nominated by the Council as its representative.
 - (c) Meetings of the Governing Bodies of Schools.