

Amendments to the Report on the Budget for 2004-05 and the Medium Term Revenue Budget Strategy for Consultation

1. Revised Recommendations

- 1.1 That the Cabinet agrees the base budget shown at the revised Appendix A of £242.907m for 2004-05 for consultation
- 1.2 That the Cabinet agrees the budget options in Appendix C as variants to the base budget for consultation.
- 1.3 That the Cabinet agree that it recommends to Council in February 2004
 - (i) it maintains a minimum level of unallocated General Fund Reserve of £4m at the end of each financial year;
 - (ii) the optimal level of unallocated General Fund Reserves is £7m; and
 - (iii) the Council aims to achieve the optimal level of reserves over the medium to long term by taking opportunities to increase reserves in its in year financial management.
- 1.4 That the Cabinet approve the revised Initial Medium Term Budget Strategy shown on the revised Appendix A as amended by any changes it wishes to make
- 1.5 That the Cabinet delegate the preparation of the budget consultation document to the Chief Executive in consultation with the Group Leaders.
- 1.6 That the Cabinet note the implications of the proposed budget of the Greater London Authority (GLA) on the Harrow Council Tax payers.

2. Base Budget for Consultation

Following the Chancellor of the Exchequer's pre-budget announcement on Wednesday 10th December 2003, the total formula grant receivable by the Council in 2004-05 is provisionally set to increase by £2.156m from £153.90m to £156.06m.

It is proposed to use all the additional formula grant to reduce the requirement on Council Tax payers. The funds will be used to support the base budget for consultation for 2004-05 of £242.907m shown in Appendix A of the report. This will reduce the Band D Council Tax figure required to fund the base budget from £1,065.91 to £1,039.92. **Consequently it will reduce the percentage increase on the current Band D figure from 6.47% to 3.87%.**

A revised Appendix A showing these details and is attached to this amendment report.

3. Greater London Authority Precept

The Greater London Authority (GLA) issued a consultation document yesterday (15th December 2003) on their proposed budget for 2004-05. This shows a 2004-05 proposed budget of £2,834.4m, an increase of £143.9m (5.35%) from the current budget of £2,690.5m.

In order to fund this proposed budget, the Band D Council Tax for the GLA element in Harrow will increase by around 12% from £224.40 to £251.

Taking into account the base Council Tax increase proposed in Appendix A to the report (3.87%), this would result in a total Council Tax increase of 5.33% to the residents of Harrow. This is shown in the table below.

	2003-04	2004-05	Change	Change
	£	£	£	%
Harrow Council Services	1001.16	1039.92	38.76	3.87
Greater London Authority	224.40	251.00	26.60	11.85
Total Council Tax	1225.56	1290.92	65.36	5.33

FOR DECISION

Authors

Nick Bell Executive Director - Business Connections Tel: 020-8424-3447
e-mail nick.bell@harrow.gov.uk

John Fenwick Chief Accountant Tel: 020-8424-1166
e-mail john.fenwick@harrow.gov.uk