## REPORT OF CABINET

MEETING HELD ON 17 FEBRUARY 2004

Chair: * Councillor Foulds<br>Councillors: * D Ashton $\dagger$ C Mote<br>Burchel<br>* O'Dell<br>* Margaret Davine<br>* N Shah<br>* Dighé<br>* Miss Lyne<br>* Stephenson<br>* Denotes Member present<br>$\dagger$ Denotes apologies received

## PARTI-RECOMMENDATIONS

## RECOMMENDATION I - Key Decision - Revenue Budget 2004-2005 and Initial Medium Term Revenue Budget Strategy 2004-2005 to 2006-7

The Executive Director (Business Connections) introduced his report which detailed the proposed Revenue Budget for 2004-2005 and the Three Year Medium Term Budget Strategy for 2004-2005 to 2006-2007.

The Chair indicated that his Group would be submitting detailed amendments direct to Council on 26 February 2004. The Portfolio Holder for Finance, Human Resources and Performance Management indicated that the amendments would be made available to the other Groups prior to Council.

Members noted that the Conservative Group would make their detailed budget proposals available on 23 February 2004.

In response to a question in relation to the anticipated increase in Members' Allowances and the $£ 20,000$ cost highlighted in the report elsewhere on the agenda on the recruitment and retention of School Governors, the Chair indicated that a number of issues required consideration and requested a further discussion with Members. On the advice of the Borough Solicitor, the Chair proposed an amendment to the recommendation to Council in respect of Members' Allowances.

Cabinet considered and noted the various consultation minutes, references and recommendations attached as appendices to the report of the Chief Executive and Executive Director (Business Connections).

Cabinet, having noted the responses to the consultation, agreed the Budget and Council Tax Resolutions, authorised the Executive Director (Business Connections) to report directly to Council on any changes required to the Greater London Authority precept

## Resolved to RECOMMEND:

(1) That Council consider the budget options and approve a budget to enable the Council Tax for 2004-2005 to be set;
(2) that the model Council Tax Resolution set out below be approved;

## COUNCIL TAX RESOLUTIONS

(A) To note that at its meeting on 22 January 2004 the Council calculated the amount of 83,652 as its Council Tax Base for the year 2004-2005 in accordance with Regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992 made under Section 33 (5) of the Local Government Finance Act 1992.
(B) That the following amounts be now calculated by the Council for the year 2004-2005, in accordance with Sections 32 to 36 of the Local Government Finance Act 1992;
(i) Being the aggregate of the amounts which the Council estimates for the items set out in Section 32(2) (a) to (e) of the Act. (Gross expenditure)
(ii) Being the aggregate of the amounts which the Council estimates for the items set out in Section 32(3)(a) to (c) of the Act. (Gross income including use of reserves)
(iii) Being the amount by which the aggregate at (i) above exceeds the aggregate at (ii) above, calculated by the Council, in accordance with Section 32(4) of the Act, as its budget requirement for the year.
(iv) Being the aggregate of the sums which the Council estimates will be payable for the year into its General Fund in respect of redistributed non-domestic rates, revenue support grant, reduced by the amount of the sums which the Council estimates will be transferred in the year from its General Fund to its Collection Fund in accordance with Section 97 (4) of the Local Government Finance Act 1988 (Collection Fund Deficit).
(v) Being the amount to be raised from Council Taxes calculated at (B) (iii) above less the amount at (B) (iv) above.
(vi) Being the amount at (v) divided by the Council Tax Base, calculated by the Council at its meeting on 22 January 2004 in accordance with Section 33(1) of the Act, as the basic amount of its Council Tax for the year. (The average Band D Council Tax)
£445,197,540
£202,243,400
£242,954,140
£156,045,853
£86,908,287
£1,038.93
(vii) Valuation Bands

| $£$ | A | B | C | D | E | F | G | H |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | 692.62 | 808.06 | 923.49 | $1,038.93$ | $1,269.80$ | $1,500.68$ | $1,731.55$ | $2,077.86$ |

Being the amounts given by multiplying the amount at (vi) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation Band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.
(C) That it be noted that for 2004-05 the Greater London Authority stated the following amount in precept issued to the Council, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below.

## Valuation Bands

|  | A | B | C | D | E | F | G | H |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| $£$ | 160.89 | 187.70 | 214.52 | 241.33 | 294.96 | 348.59 | 402.22 | 482.66 |

(D) That having calculated the aggregate in each case of the amounts at (B) (vi) and (C) above, the Council, in accordance with Section 30(2) of the Local Government Finance Act 1992, hereby sets the following amounts as the amounts of Council Tax for the year 2004-05 for each of the categories of dwellings shown below

## Valuation Bands

| $£$ | A | B | C | D | E | F | G | H |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| $£$ | 853.51 | 995.76 | $1,138.01$ | $1,280.26$ | $1,564.76$ | $1,849.27$ | $2,133.77$ | $2,560.52$ |

## Scheme of Virement

(E) That the Council agree that until the review of Financial Regulations is completed there should be no change to the Virement Rules as set out in the Budget and Policy Framework Rules approved by the Council on the 28 May 2002.
(3) that an initial Medium Term Budget Strategy to cover the period 2004-2005 to 2006-2007 based on the approved budget for 2004-2005, as set out in Appendix 1, be approved;
(4) that the Council maintain a minimum level of unallocated General Fund Reserves of $£ 4 \mathrm{~m}$ at the end of each financial year;
(5) that the optimal level of unallocated General Fund Reserves is $£ 7 \mathrm{~m}$;
(6) that the Council aims to achieve the optimal level of reserves over the medium to long term by taking opportunities to increase reserves by sound in-year financial management;
(7) that until the review of Financial Regulations was completed there should be no change to the Virement Rules set out in the Budget and Policy Framework Procedure Rules approved by the Council on 28 May 2002;
(8) that Council make a decision on Members' Allowances as set out in Appendix 7 to the report of the Chief Executive and Executive Director (Business Connections).
(See also Minute 428).

LONDON BOROUGH OF HARROW
APPENDIX 1 BUDGET REVIEW 2003-2004 TO 2004-2005

|  | $\begin{gathered} \hline \text { 2003-2004 } \\ \text { Original } \\ \text { Budget } \\ \hline \end{gathered}$ | $\begin{gathered} \hline \text { 2003-2004 } \\ \text { Forecast } \\ \text { Budget } \\ \hline \end{gathered}$ | $\begin{gathered} 2004-2005 \\ \text { Original } \\ \text { Budget } \\ \hline \end{gathered}$ |
| :---: | :---: | :---: | :---: |
| Local Demand - Borough Services | £ | £ | $\begin{gathered} \text { Base Position } \\ £ \end{gathered}$ |
| Corporate | 0 | 0 | 3,123,700 |
| Business Connections | 15,799,480 | 15,951,330 | 8,991,200 |
| Organisational Development | 1,172,000 | 1,561,000 | 1,968,170 |
| Chief Executive's Office | 1,091,000 | 1,033,000 | 1,045,630 |
| People First | 189,673,920 | 189,413,000 | 202,828,510 |
| Urban Living | 43,799,930 | 43,666,000 | 46,759,720 |
| Corporate Savings | 0 | -1,621,000 | 0 |
| Total Directorate Budgets | 251,536,330 | 250,003,330 | 264,716,930 |
| Capital Financing adjustments | -16,534,370 | -16,534,370 | -17,498,790 |
| Interest on Balances | -3,788,000 | -3,901,000 | -4,038,000 |
| Contributions to Earmarked reserves | 0 | 500,000 | 630,000 |
| Total - Baseline | 231,213,960 | 230,067,960 | 243,810,140 |
| Capitalisation | -1,338,000 | -1,338,000 | -856,000 |
| Adjustment to Balances | -105,000 | 1,041,000 |  |
| Total Net Expenditure | 229,770,960 | 229,770,960 | 242,954,140 |
| Contribution re Collection Fund Deficit b/f | 321,000 | 321,000 | 17,424 |
| National Non-Domestic Rate (NNDR) | -60,892,560 | -60,892,560 | -59,119,000 |
| Revenue Support Grant (RSG) | -86,161,181 | $-86,161,181$ | -96,944,000 |
| Other Grants |  |  |  |
| Local Demand on Collection Fund | 83,038,219 | 83,038,219 | 86,908,564 |
| Funds / Balances |  |  |  |
| Balances Brought Forward | 4,651,560 | 5,273,000 | 6,314,000 |
| Adjustment to Balances | -105,000 | 1,041,000 |  |
| Balances Carried Forward | 4,546,560 | 6,314,000 | 6,314,000 |
| Council Tax for Band D Equivalent |  |  |  |
| Harrow (£) | 1001.16 | 1001.16 | 1038.93 |
| Increase |  |  |  |
| Harrow (\%) |  |  | 3.77\% |
| Taxbase | 82,942 | 82,942 | 83,652 |

