

REPORT OF CABINET

MEETING HELD ON 17 FEBRUARY 2005

Chair: * Councillor N Shah

Councillors: * D Ashton * C Mote
* Burchell * Marie-Louise Nolan
* Margaret Davine * O'Dell
* Dighé * Stephenson
† Miss Lyne

* Denotes Member present
† Denotes apologies received

[Note: Councillors Mitzi Green and Janet Mote also attended this meeting to speak on the item indicated at Minute 696 below].

PART I - RECOMMENDATIONS

RECOMMENDATION II - Key Decision Revenue Budget 2005-06 and Medium Term Budget Strategy 2005-06 to 2007-08 (including Housing Revenue Account)

The Director of Financial and Business Strategy introduced her report, which detailed the proposed revenue budget for 2005-06 and the Medium Term Budget Strategy for 2005-06 to 2007-08 (including the Housing Revenue Account). She drew Members' attention to the tabled papers setting out the Greater London Authority precept and the resulting revised Council Tax resolution.

The Director of Financial and Business Strategy reported that the MORI poll and various consultation minutes, references and recommendations were set out in Appendix E to her report which had been circulated in the supporting documents pack. She advised that, in relation to Fees and Charges, a general increase of 2.5% was proposed.

The Director of Financial and Business Strategy reported that there were no proposals to alter the Housing Revenue Account (HRA) from the draft budget considered by Cabinet in December 2004. A model was set out for rent increases that showed a nil increase in 2005-06 and 2006-07 and a 4.73% increase each year thereafter. The draft medium term HRA allowed for additional capital expenditure to achieve the decent homes standard by 2010, partly financed through prudential borrowing. She advised that the general policy for local authority rents was that they converge with Registered Social Landlords (RSL) rents. If the rent limit was exceeded, the Council would lose Government subsidy.

The Director of Financial and Business Strategy reported that, in her opinion, the budget was robust and that risks could be managed within the total level of resources available.

Cabinet, having noted the responses to the consultation, approved the Revenue Medium Term Budget Strategy and the Medium Term Budget Strategy for the HRA

Resolved to RECOMMEND:

- (1) That the budget be approved to enable the Council Tax for 2005-06 to be set;
- (2) that the model Council Tax resolution set out below be approved:

Council Tax Resolution

- (A) To note that at its meeting on 20 January 2005 the Council calculated the amount of 84,309 as its Council Tax Base for the year 2005-2006 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 2005-2006, 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 £473,198,570 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)** £219,037,841
- (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.** £254,160,729
- (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) £165,713,000
- (v) Being **the amount to be raised from Council Taxes** Calculated as the amount at 2 (iii) above less the amount at 2 (iv.) above. £88,447,729
- (vi) Being the amount at (v) divided by the Council Tax Base, calculated by the Council at its meeting on 20 January 2005 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)** £1,049.09
- (vii) Valuation Bands

| | A | B | C | D | E | F | G | H |
|---|------------|--------|--------|--------------|--------------|--------------|--------------|--------------|
| £ | 699.3 9 | 815.96 | 932.52 | 1,049.0 9 | 1,282.2 2 | 1,515.3 5 | 1,748.4 8 | 2,098.1 8 |

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 divided by the number which in that proportion is applicable to dwellings listed in 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 2005-2006 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 |
|---|------------|--------|--------|--------|--------|--------|--------|--------|
| £ | 169.7 5 | 198.04 | 226.33 | 254.62 | 311.20 | 367.78 | 424.37 | 509.24 |

- (D) That, having calculated the aggregate in each case of the amounts at (2)(vii) 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 2005-2006 for each of the categories of dwellings shown below

Valuation Bands

| | A | B | C | D | E | F | G | H |
|---|------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| £ | 869.1 4 | 1,014.0 0 | 1,158.8 5 | 1,303.7 1 | 1,593.4 2 | 1,883.1 3 | 2,172.8 5 | 2,607.4 2 |

(3) That the Housing Revenue Account for 2005-06 be approved to enable rents for 2005-06 to be set.

Reason for Recommendation: To ensure that the Council was planning the use of resources effectively and complied with statutory requirements and because the approved budget provided the framework for effective financial management throughout the year and supported service delivery.

[Note: Councillors D Ashton and C Mote wished to be recorded as having voted against recommendations 1 and 2 above as their Group would be submitting an alternative budget to Council].

(See also Minutes 691 and 703).

