

KP
Ken Pryor

020 8489 2915

020 8881 2660

Ken.pryor@haringey.gov.uk

16 February 2007

To: All Members of the Council

Dear Councillor,

Full Council - Monday, 19th February, 2007

I attach a copy of the following reports for the above-mentioned meeting which were not available at the time of collation of the agenda:

5. **TO APPROVE AS A CORRECT RECORD THE MINUTES OF THE MEETING OF THE COUNCIL HELD ON 5 FEBRUARY 2007. (PAGES 1 - 12)**

10. **TO CONSIDER THE REPORT OF THE ACTING DIRECTOR OF FINANCE IN RESPECT OF FINANCIAL PLANNING 2007/8 TO 2010/11 AND TO AGREE THE COUNCIL TAX FOR 2007/8. (PAGES 13 - 32)**

Yours sincerely

Ken Pryor
Member Services

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Councillors Adamou, Adje, Aitken, Alexander, Amin, Basu, Beacham, Bevan, Beynon, Bull, Butcher, Cooke, Davies, Diakides, Dobbie, Dodds, Dogus, Edge, Egan, Engert, Gorrie, Griffith, Hare, B. Harris, Hoban, Jones, Rahman Khan, Knight, Kober, Lister, Mallett, Meehan, Mughal, Newton, Oatway, Patel, Peacock, Portess, Reid, Reith, Santry, Stanton, Thompson, Vanier, Weber, Whyte, Williams, Wilson and Winskill

Apologies Councillor Baker, Bloch, Canver, Demirci, Haley, C. Harris, Oakes and Rainger

Also Present: Councillor

| MINUTE NO. | SUBJECT/DECISION | ACTION BY |
|----------------|--|-----------|
| CNCL79. | TO RECEIVE APOLOGIES FOR ABSENCE | |
| | Apologies for lateness were received from Councillors Beynon, and for absence from Councillors Baker, Bloch, Canver, Demirci, Haley, Oakes, C.Harris and Rainger. | |
| CNCL80. | TO ASK THE MAYOR TO CONSIDER THE ADMISSION OF ANY LATE ITEMS OF BUSINESS IN ACCORDANCE WITH SECTION 100B OF THE LOCAL GOVERNMENT ACT 1972 | |
| | None. | |
| CNCL81. | DECLARATIONS OF INTEREST | |
| | Councillor Adje declared a personal interest in item 11 – Financial planning, as he was an employee of the London Fire and Emergency Planning Authority for which a portion of the precept was paid to. | |
| | Councillor Butcher declared a personal interest in item 11 – Financial planning, as he was an appointed Member of the London Fire and Emergency Planning Authority for which a portion of the precept was paid to. | |
| | Councillor Reith declared a personal interest in item 11 – Financial planning, as she was an appointed Member of London Travel Watch for which a portion of the precept was paid to. | |
| | Councillor Engert declared a personal interest in item 11 – Financial planning, as she was an appointed Member of London Travel Watch for which a portion of the precept was paid to. | |
| CNCL82. | TO ASK MEMBERS WHETHER THEY NEED TO MAKE A | |

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| | <p>DECLARATION IN ACCORDANCE WITH SECTION 106 OF THE LOCAL GOVERNMENT FINANCE ACT IN LREATION TO UNPAID COMMUNITY CHARGE OR COUNCIL TAX LIABILITY WHICH IS TWO MONTHS OR MORE OUSTANDING.</p> <p>Members were reminded of the need to consider whether they needed to make a declaration in accordance with Section 106 of the Local Government Finance Act 1992 in relation to unpaid community charge or council tax liability, which was two months or more outstanding.</p> <p>No such declarations were made.</p> | |
| <p>CNCL83.</p> | <p>TO APPROVE AS A CORRECT RECORD THE MINUTES OF THE MEETING OF THE COUNCIL HELD ON 8 JANUARY 2007</p> <p>Copies of the Minutes having been circulated, they were taken as read. Councillor Dobbie advised in respect of Minute CNCL 78 that Councillor Davies had left the meeting having declared a personal and prejudicial interest at Minute CNCL 69.</p> <p>RESOLVED:</p> <p>That the minutes of the meeting of the Council held on 8 January 2007 be signed as a true record, subject to showing Councillor Davies as having left the meeting at Minute CNCL 78.</p> | |
| <p>CNCL84.</p> | <p>TO RECEIVE SUCH COMMUNICATIONS AS THE MAYOR MAY LAY BEFORE THE COUNCIL</p> <ol style="list-style-type: none"> 1. The Mayor sadly reported the death of Adelaide Tambo, Freeman of the Borough, and widow of former African National Congress President Oliver Tambo, who passed away at her home in Johannesburg last Wednesday at the age of 77. <p>The Mayor on behalf of the Council extended her deepest sympathy to the family Mrs Tambo.</p> <p>Councillors Meehan, Lister and Hoban spoke paying tribute to Mrs Tambo.</p> <p>The meeting observed one minute silence as a mark of respect.</p> <ol style="list-style-type: none"> 2. The Mayor congratulated the young people of the borough who attended the Speak Out Challenge at Greig City Academy on 18th January 2007. The Mayor stated that she was very impressed with the standard of public speaking and that all schools that took part should be praised for their efforts. The Mayor on behalf of the Council said 'well done' to all the schools that entered. 3. The Mayor, in continuing the theme of young people – stated that Councillor Liz Santry and herself had been delighted to welcome | |

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| | <p>the pupils from Noel Park Primary school on 30 January 2007. Both enjoyed meeting the newly elected council members for the School and answering their many interesting questions about Haringey Council.</p> <ol style="list-style-type: none"> 4. The Mayor also commented on the formation of the Haringey Youth Forum which represented young people from across the spectrum of secondary schools and youth organisation in the borough. On behalf of the Council the Mayor passed on the Council's very good wishes for their success. 5. The Mayor passed on her thanks to all those who attended the ceremonies to mark the Holocaust Memorial Day particularly at Bruce Castle Park on Sunday 28th January 2007. 6. The Mayor congratulated Cllr Lorna Reith, who had been appointed Deputy Chair of London Travel Watch, previously known as the London Transport Users Committee, which is the official watchdog organisation representing the interests of transport users in the capital. The Mayor also congratulated Councillor Engert on her appointment to London Travel Watch. 7. The Mayor concluded that for those who had made new years' resolutions to keep fit she recommended the Valentine Dance on 10th February at the Goan Community Centre. More details would be on Harinet. There would also be a Comedy Night at the Kings Head in Crouch End on 13th February – all proceeds from these events would go to the Mayor's Special Fund. 8. The Leader of the Council placed on record the Council's thanks to Andrew Travers, Director of Corporate Resources, who was leaving the Council's employment to take up a post with the London Development Agency. The Mayor, Councillor Rahman Khan and Councillor Adje also placed their thanks and best wishes on record. | |
| <p>CNCL85.</p> | <p>TO RECEIVE THE REPORT OF THE CHIEF EXECUTIVE</p> <p>There were no matters to report.</p> | |
| <p>CNCL86.</p> | <p>TO RECEIVE THE REPORTS OF THE MONITORING OFFICER AND HEAD OF LEGAL SERVICES</p> <p>There were no matters to report.</p> | |
| <p>CNCL87.</p> | <p>TO CONSIDER REQUESTS TO RECEIVE DEPUTATIONS AND/OR PETITIONS AND, IF APPROVED, TO RECEIVE THEM</p> <p>A deputation from Mr Mario Petrou in respect of St Anne's Hospital was</p> | |

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| | <p>received.</p> <p>Questions were then put to Mr Petrou.</p> <p>The Mayor thanked Mr Petrou for his attendance.</p> <p>A deputation from Ms Sonja Scantlebury in respect of Lymington Avenue businesses was received.</p> <p>Questions were then put to Ms Scantlebury.</p> <p>The Mayor thanked Ms Scantlebury for her attendance.</p> | |
| <p>CNCL88.</p> | <p>TO CONSIDER A "STATE OF THE BOROUGH" REPORT BY THE LEADER OF THE COUNCIL</p> <p>The Leader of the Council, Councillor George Meehan, gave the following "State of the Borough" address:</p> <p>Madam Mayor, fellow Councillors, Chief Executive, Officers, ladies and gentlemen.</p> <p>May I start by saying how much pleasure it gives me to present to the Chamber the first State of the Borough Speech of this new Labour administration.</p> <p>The people of the borough once again returned a Labour administration to run this Council on their behalf in May 2006 and my colleagues and I are proud to serve local people once again.</p> <p>This State of the Borough speech means a great deal to me.</p> <p>The more experienced Members in the Chamber will no doubt recall my previous State of the Borough speeches pledging, and reporting on, change, improvement, and progress for our residents.</p> <p>This speech is different, for the achievements of Labour in transforming Haringey are now recognized nationally and this Council is now recognised as a high performing Council.</p> <p>Recognition from the Audit Commission that we are this year, as an authority, "improving well", as we were for the first time last year, is testament to the determination with which myself and my colleagues have pursued improvements and driven through a transformation in the quality of council services.</p> <p>What is more important, however, is that Haringey's residents share this confidence in their Council. Residents have also noted the improvements that we have achieved, and will continue to achieve, as demonstrated in the recently published Residents Survey.</p> <p>Evidence, Madam Mayor, as if it were needed, that Labour are the only</p> | |

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party capable of governing Haringey Council.

I truly believe that we are now well prepared to achieve in the next few years a four star rating for this Council.

I believe that we can, and that we will, reach our goal of becoming an excellent Council, not just in the eyes of the Audit Commission but in the eyes of our residents as well.

The passion of my fellow Labour Councillors, and as I am in a generous mood - Members on the opposite side of the Chamber too - together with the dedication of our Council's officers, suggests to me that we all have our sight on the same goal: delivering excellent services for our Residents to improve the quality of life for everyone in the borough. They deserve no less!

To those of us on this side of the Chamber, excellent services are not just an end in themselves. They are the means by which we deliver our programme of improvement for local people and through which we improve life chances for residents and transform our communities.

To us, excellent services are what enable us to achieve and drive forward the Labour agenda for which local people voted.

Haringey is the tenth most deprived local authority in England. This fact should unite all of us in this Chamber in our drive to improve the quality of life for our all diverse communities, to tackle inequality and to address the poverty that too often blights our communities.

We were re-elected on a manifesto that made clear our ambition for Haringey and our determination to achieve it. The last year was one of enormous achievement in Haringey and I am pleased to present to Full Council tonight some of those achievements and our ambitions for the future.

As Members will know, it is the policy of this Council to deliver the Labour Party's programme for Haringey, to ensure that in the Haringey of 2010, for all of us, we see

- Our children achieving more;
- Our council tax low and stable;
- Our streets bright and clean;
- Our communities safer;
- Our environment greener
- Our young people respected and included.

We pledged that we would see our children achieving more. We know that education is they key to breaking the cycles of deprivation and underachievement that can waste the lives of too many people in our borough.

Today, over half our primary schools achieve above the national average

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at Key Stage two. The improvement in the number of children attaining level four in all three core subjects outstrips the national average.

I must of course pay tribute to teachers, parents and the children themselves as the Borough's GCSE results have improved at twice the national rate over the past five years, rising to almost three times the national rate in Tottenham.

Haringey's children and young people are full of enormous potential. I firmly believe that our Children and Young People's Service, in conjunction with our excellent Head teachers and Governors, are in the position to provide a platform for our young to go on and be the young achievers that we know they can be.

The Haringey Sixth Form Centre project, to provide a better education and experience to our young people, is on target to open its doors in Autumn 2007.

It will be the first major scheme completed nationally under the Building Schools for the Future programme.

Haringey's schools are propelling a generation of our young people to the top. In this era when the role of local authorities in improving schools is often questioned, we should be proud of what Haringey has done to drive up standards, attainment and aspirations for our children.

Successive Labour administrations in Haringey have prioritized education. Something we are deeply proud of, as Haringey's performance continues to climb relative to other local authorities across London and across the country.

It is therefore no surprise that significantly more residents than at this time last year consider nursery, primary and secondary education in Haringey to be good or excellent.

To ensure this trend continues we will be adding eight children's centres to the existing ten to improve provision for our youngest children in the crucial first few years of their lives.

As a Labour authority, working with our Labour government, we have secured no less than one hundred and seventy-eight million pounds of funding from the Building Schools for the Future programme, the largest single grant ever received by this authority.

A proportion of that investment will be made in a new secondary school, part of our careful planning to provide for future demand, which will open in 2010.

It is my hope, and that of this Group, that the Council's proposal for a mixed comprehensive community school, forming part of the Haringey family of schools, will be the successful bid.

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Madam Mayor, we pledged to keep our Council tax low and stable. This Labour administration is committed to achieving excellent services while keeping council tax increases stable and low, because it is families, as well as councils, that need to plan ahead.

We are committed to a stable level of council tax that continues to enable investment where it is needed, with low increases planned for this year and each of the next three years.

The balance between guaranteeing investment and achieving affordability is not an easy one to strike, but in concentrating on delivering value for money and improving the performance of services we have been able to satisfy both of these demands.

We are determined to develop and improve the services we deliver for local people. That will mean a real focus on value for money and efficiency savings, so local people get a better deal for their money, as well as further improving performance. This year we have identified some £7 million in efficiency savings.

Again and again when I meet local people on the streets of my ward and across the borough they comment on how clean and tidy the borough is these days. That improvement is by choice, not chance.

The "Be++er Haringey" campaign continues to be a fantastic success story for the borough. We have had real success in making the borough cleaner, greener and safer. The Better Haringey programme has made an enormous difference to the lives of the Borough's residents.

The Better Haringey Campaign has re-invigorated a notion of civic pride in Haringey, embodying Labour's belief that community involvement in achieving change is central to its success and sustainability.

That pride in Haringey, that pride in community involvement, is central to our vision of a diverse borough made cohesive through a common purpose.

It is my hope that residents and resident groups continue to work alongside the council in the coming years so we can further improve the image of the borough and residents' quality of life.

Across our service provision we have been promoting and strengthening the involvement of the community in our decision-making.

We have streamlined the consultation process, rolled out integrated Neighbourhood Management teams across the Borough, and continued the programme of Area Assemblies. But perhaps the most important role of community involvement is in the regeneration that will transform our borough and have great benefits for all. It is our role to facilitate that by way of partnerships, funding and opportunities.

Madam Mayor, it gives me particular pleasure to update members on the

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progress made on our pledge to ensure our communities are safer. Across London it has been Labour that has blazed a trail for improving community safety and policing in the face of penny-pinching and short-sighted Liberal and Conservative opposition. As Members will be aware, the above-inflation rise in the proposed Mayoral budget this year will go primarily to fund extra police - and transport police - for London, a manifesto commitment of our Labour Mayor. I look forward to seeing how Opposition colleagues will react this year to the Mayor's final budget, and whether as in every previous year, their colleagues on the London Assembly will vote against the consolidated budget package that delivers those extra police.

Here In Haringey we are continuing to build safer and stronger communities. We now have the dedicated police Safer Neighbourhoods teams for every ward and we are seeing their contribution to an overall fall in crime, with particular successes in combating burglary and motor vehicle crime.

We are committed to working in partnership with the local police, the Mayor for London, and our other partners as well as Haringey's residents to drive down crime in our borough.

We are determined that by acting together we will tackle the on-going problems of anti-social behaviour, violent crime, robbery burglary and the harm to individuals and communities caused by illegal drugs and alcohol abuse. Reducing crime against people is a particular priority and I am proud that in the last year, reported crime in Haringey reduced by nearly fifteen percent, with a significant drop in common assault, criminal damage, personal robbery and wounding.

In the area of knife crime, we are leading the way in education, prevention and enforcement. In particular, our performance on knife-enabled crime improved by twenty percent relative to the previous year.

Members will know, as I know, from speaking with residents in their Wards, that the fear of being a victim of crime is still there, but they will also know, from our record of success that this Administration has played a pivotal role in making the borough a safer place and this that will continue to be a priority.

I want to single out tonight the work we have done as an authority in close partnership with the police to close down over 90 crack houses and drive drug crime down, and also the work we do to tackle the scourge of domestic violence in Haringey.

This Labour administration is deeply committed to stamping out domestic violence. Members will have seen the advertising campaigns we have run to ensure it is reported and to see that no-one is any doubt that it is unacceptable.

We are proud that Hearthstone, our unique centre providing advice and support for women who are experiencing domestic violence, continues to

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be a valued support service for women who are victims of domestic violence. In March 2007, we will be introducing a free helpline service through the night that will be permanently advertised in our two Accident & Emergency departments.

Madam Mayor, we promised also to make our environment greener. It is our aim, as a Labour administration, for Haringey to be one of the greenest boroughs in London. We have recently signed the Nottingham Declaration on climate change, committing this Council to tackle both causes and effects of climate change. We have begun to remodel our parking policy to help us achieve this and we are working hard on travel plans for our schools and council staff.

We have completed a one point two million pound open space improvement programme, and as a result seven of our parks have now been awarded 'Green Flag' status - up sharply from 2005/6 and the highest number of any London borough.

As a Borough, we are now recycling twenty-two percent of household waste, an improvement on last year and on a par with the national average.

In an effort to increase this figure, our new recycling service for Haringey's estates made its first doorstep collections in December 2006. Once fully rolled nearly, four thousand households will receive a weekly collection from their doorstep, and a further fourteen hundred will benefit from near-entry recycling bins.

Last but certainly not least, Madam Mayor, this administration pledged to ensure that our young people are respected and included. It is Haringey's young people who are the future of this borough. As a Labour Council, we want to see our young people given greater opportunities with every passing year, with rising educational standards lifting aspirations and achievements. Better education for all is, we believe, the key to spreading power, wealth and opportunity throughout our society.

We are pleased to announce that the Youth Council has been established and elections have taken place, with members including representatives of secondary schools, special schools, social care and youth organisations. The aim of the Youth Council is to encourage Young People to get involved and feel included in their Community and to represent and push the interests of young people across the Council's Services.

Much work this year has focussed also on increasing our infrastructure for supporting our young people. The Haringey Sixth Form Centre project is on target to open its doors in Autumn 2007 and both the Bruce Grove centre and the Duke of Edinburgh's Award Centre in Wood Green are now open and offering a wide range of activities. We know that young people today have high expectations. We are determined to work hard to meet and exceed those.

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| | <p>Madam Mayor, a good council is a listening council and we continue to respond to the wishes of Haringey residents. Our seven area assemblies have looked to involve the local community in ward based projects, and thanks to the “making the difference” scheme, residents have been able to suggest projects that drive change in their community so that it genuinely embodies their dreams and aspirations.</p> <p>Madam Mayor, in summary, at the heart of our ambitions for this borough and this Council is a commitment to putting people first, putting our concept of community at the heart of everything we do.</p> <ul style="list-style-type: none"> • As a Labour Council we believe in creating a borough where inequality is tackled and progressively eradicated. • As a Labour Council we believe that every child and every teenager deserves the best start and the best chance • As a Labour Council we believe that people should feel safe as they walk their streets and proud of the area they live in • As a Labour Council, we believe that this authority has a role to play in building a sustainable future for us all <p>This Labour administration is determined to make Haringey an excellent Council. We will continue to work hard to drive up performance, improving efficiency and engaging with our communities more effectively. Continued development of partnership with the community, the police, the health service and all our other local partners will deliver for us now and in the future.</p> <p>Together we can achieve great things, and I am certain we will.</p> <p>With this, we will surely be part of creating a Better Haringey together.</p> <p>The Leader of the Opposition spoke in response.</p> <p style="text-align: center;">RESOLVED:</p> <p style="text-align: center;">That the Leader of the Council’s “State of the Borough” report be received and agreed.</p> | |
| <p>CNCL89.</p> | <p>TO RECEIVE THE EXECUTIVE REPORT NUMBER 13-2006/7 - FINANCIAL PLANNING 2007/08 TO 2010/11</p> <p>Councillor Mallett introduced the Executive Report 13-2006/07 – Financial Planning 2007/08 to 2010/11. A debate ensued and other Members contributed to the discussion.</p> <p>On a VOTE there being 28 for, and 22 against, it was</p> <p style="text-align: center;">RESOLVED:</p> | |

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| | <p>That report 13 /2006-7 of the Executive be received and adopted and that the following recommendations contained in the appendix to report number 13 be agreed:</p> <ol style="list-style-type: none"> 1. To agree the changes and variations set out at paragraph 9 and appendix B. 2. To note the outcome of the consultation processes set out at paragraph 11. 3. To agree the new savings and investment proposals set out in paragraphs 12 and 13 and appendices D and E. 4. To agree the proposals for the children's services (DSG) budget set out in appendix F. 5. To agree the proposals for the HRA budget set out in appendix G. 6. To agree the proposals for the capital programme set out in appendices H and J. 7. To agree the treasury management strategy and policy and prudential limits set out in appendix K. 8. To agree the proposed general fund budget requirement of £384.602m, subject to the final settlement and the decisions of precepting and levying authorities, and the consequences for council tax levels. 9. To note that the final decision on budget and council tax for 2007/8 will be made at the Council meeting on 19 February. | |
| <p>CNCL90.</p> | <p>TO RECEIVE THE EXECUTIVE REPORT NUMBER 12-2006/7:</p> <p>RESOLVED:</p> <p>That Executive report number 12 be received and adopted.</p> | |
| <p>CNCL91.</p> | <p>TO CONSIDER THE FOLLOWING MOTIONS IN ACCORDANCE WITH COUNCIL RULES OF PROCEDURE NO. 13</p> <p>The two Motions P & Q were not heard due the lack of time.</p> | |

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COUNCILLOR GINA ADAMOU

Mayor

Council*On 19 February 2007*

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| Report title: | Financial planning 2007/08 to 2010/11 |
| Report of: | Director of Corporate Resources |
| Wards affected: | All |
| 1. Purpose | |
| 1.1 | To agree the final budget and council tax for 2007/08 |
| 2. Introduction by Executive Member | |
| 2.1 | After an intensive, robust and inclusive budget process, we are now in a position to recommend an increase of 3% in the Haringey share of the council tax. This is within our commitment to the electorate as well as enabling us to continue to develop and improve the services that we provide to the people of Haringey. |
| 2.2 | The Greater London Authority precept was increased by 5.3%, leading to an overall increase in council tax of 3.5%. |
| 2.3 | Negotiations on single status are still continuing, and the outcome is not yet certain; this issue is a challenge which we will have to face this year. |
| 2.4 | I ask members to note the robust level of reserves and agree the reserves policy as well as to approve the rent levels proposed. |
| 2.5 | I would like to thank everyone who has been involved throughout the budget process and call on them to continue to look for new ways of working which will deliver further improvements in services and cost savings next year, and throughout the 4 year planning period. This is what the people of Haringey have a right to expect. |
| 3. Recommendations | |
| 3.1 | To note the final settlement and agree the way forward as outlined in the report in respect of the levying authorities and Local Authority Business Growth Incentive scheme. |

- 3.2 To approve the reduction in non-HRA rent levels as set out in the report.
- 3.3 To note the uncertainty as a result of single status negotiations.
- 3.4 To agree the business unit cash limits set out in appendix C.
- 3.5 To note the Greater London Authority precept.
- 3.6 To pass the budget resolution in the specified format as set out in appendix D.
- 3.7 To agree the reserves policy attached at appendix E.

**Report authorised
by:**

**Andrew Travers
Director of Corporate Resources**

**Contact officer: Gerald Almeroth
Acting Director of Finance**

Telephone: 020 8489 3823

4. Executive Summary

- 4.1 This report finalises the 2007/08 budget and council tax. The budget is recommended as previously approved.

5. Reasons for any change in policy or for new policy development (if applicable)

- 5.1 The budget is designed to deliver the Council's existing policy framework.

6. Local Government (Access to Information) Act 1985

The following background papers were used in the preparation of this report:

The final local government settlement is accessible at:

<http://www.local.communities.gov.uk/finance/0708/grant.htm>

7 Background

7.1 Council on 5 February 2007 agreed the general fund budget and a total budget requirement of £384.602m. This was subject to the final grant settlement, final consideration by the Haringey Schools Forum and the decisions of levying and precepting authorities.

7.2 This report considers:

- the final settlement;
- the recommendations of the Haringey Schools Forum;
- decisions of levying and precepting authorities;
- the robustness of the Council's budget process; and
- the adequacy of the Council's reserves.

7.3 The report concludes by presenting the budget resolution to set the council tax for 2007/08.

7.4 The report is supported by five appendices:

- appendix A sets out the gross budget trail;
- appendix B tracks the resource shortfall over the budget process;
- appendix C sets out the service cash limits;
- appendix D is the formal budget resolution;
- appendix E sets out the reserves policy.

8 Key developments

8.1 Final settlement

8.1.1 The final settlement was announced on 18 January 2007. The final settlement confirmed the proposals as consulted on in the provisional settlement announcement on 28 November 2006. There are therefore no changes to the budget required as a result of the final settlement.

8.1.2 A circular was issued by the Department of Work and Pensions in February confirming the expected 5% reduction in non-HRA rent caps and thresholds. This report recommends that rent levels are reduced accordingly.

8.1.3 The Local Authority Business Growth Incentive (LABGI) scheme was introduced for the first time last year. This measures local business growth (by rateable values) and allows local authorities to keep a proportion above certain thresholds. This will be measured each year and therefore is one-off in its nature. The amount for 2007/08 (in relation to growth in 2006) has not yet been announced and therefore cannot be considered as part of this budget setting. It is recommended that if an amount is awarded that it is added to balances for 2007/08.

8.2 Schools Forum

8.2.1 The Schools Forum met on 1 February 2007. The Forum were advised and duly noted the Executive's final Dedicated Schools Grant (DSG) funded schools budget. This is in line with the financial planning report to Council on 5 February.

8.3 Levying bodies

8.3.1 The Board of the North London Waste Authority met on 7 February 2007. The levy for household waste has reduced very slightly for 2007/08 and as this is not a significant reduction it is recommended that this budget is confirmed as previously approved. The NLWA budget proposals report further above inflation increases in the following three years broadly in line with provisions set aside in the Council's financial planning.

8.3.2 The other levies have not increased significantly above inflation and therefore can be managed within the proposed budget.

8.4 The Greater London Authority precept

8.4.1 The Greater London Authority (GLA) set its precept on 14 February 2007. The band D rate set by the GLA is £303.88, an increase of 5.3%. This is 1p above the consultation increase reflected in my previous report.

8.5 Consequential changes

8.5.1 The overall impact of the above factors is that the Council's total budget requirement is confirmed as previously reported at £384.602, £156.829m of this will be funded by the dedicated schools grant leaving a net budget requirement at £227.773m. The Council's band D council tax is £1,127.83 (an increase of 3.0%) and the overall band D council tax is £1,431.71 (an increase of 3.5%). The final budget trail and resource shortfall tracker are at appendices A and B respectively.

8.5.2 The Council operates a medium term financial planning process and therefore also considers draft budgets and council tax levels for the years 2008/09 to 2010/11. Those budgets are shown as balanced, but include target savings of £5.0m, which have yet to be identified.

9 Robustness of the budget process

9.1 I am required by section 25 of the Local Government Act 2003 (the 2003 Act) to report on the robustness of the estimates made for the purposes of final budget calculations.

9.2 The Council's budget process is defined at the strategic level by the Council's key priorities aligned to the Community Strategy. These priorities are given effect in the Council's plans through a business planning process. The business planning process is underpinned at the detailed level by a pre-business plan review (PBPR) for each business unit.

9.3 The PBPRs covered:

- vision and progress on current objectives;
- financial and service performance in the current year, including where services stand on demonstrating value for money in line with our matrix of cost, performance and perception;
- progress on the implementation of agreed efficiency savings and impact of previously agreed investments;
- monitoring of risks through our risk management process;
- external factors and influences, including new legislation or national policy changes;
- other key management issues, including customer focus, CPA and SMART working;
- new objectives for 2007/08;
- new efficiency savings and investment proposals.

The draft documents were subject to detailed review at officer and Executive Member level.

9.4 The PBPRs were considered in the budget scrutiny process and were the basis for wider consultation on budget options. They were then used to derive the Executive's budget proposals for 2007/08.

9.5 The PBPR process is complemented by the regular cycle of budget management and performance review. This involves detailed monthly evaluation of budget and performance information at both officer and Executive Member level. The Council's risk management process also underpins, and is reflected in, all the above activities.

9.6 The product of these analyses and review activities were summarised in the report to the Council on 5 February, which agreed the Council's budget (subject to the final matters set out in this report). That report also set out the major financial risk areas, which needed to be taken into consideration. I am satisfied that the above constitutes a robust process for the derivation of the calculations set out in this report.

9.7 One of the key risk issues identified in the budget process and highlighted in my previous reports to Executive and the Council is the position in respect of single status implementation. Negotiations are progressing; however there is significant uncertainty in terms of the financial impact of the final conclusion from the process, particularly in terms of agreement to backdating and possible future claims.

10 Adequacy of reserves

10.1 Section 25 of the 2003 Act also requires me to report on the adequacy of proposed reserves. To ensure that resource decisions are soundly based and consistent, the reserves policy is appended for member approval.

10.2 In my consideration of the reserves position, it is first necessary to consider budget management information in respect of the current year. The report of the Chief Executive to the Executive on 23 January 2007 projected a net balanced position for general fund services, a projected capital underspend of £0.9m and a HRA projected overspend of £0.4m. Therefore there is no impact in respect of general fund services and the likely HRA outturn position was taken into account in setting the HRA budget.

10.3 The following paragraphs comment on each of the reserves:

10.4 General fund general reserve

10.4.1 My judgement on the adequacy of the general fund general reserve needs to reflect the risk management and financial control processes that are in place, and the residual risk of emergencies or unexpected events. The most significant risk is the impact of potential backdated pay claims for the implementation of equal pay, which is still currently being progressed. I have commented on this as a risk factor in my report on 5 February and reiterate here the importance of maintaining this reserve for that eventuality.

10.4.2 In the light of this, I regard £10m as an appropriate target level for the general fund general reserve over the three-year financial planning period. This represents 1.5% of the general fund turnover for 2007/08. The table below reflects the planned use of balances as agreed in the financial strategy.

10.5 HRA reserve

10.5.1 My judgement on the adequacy of the HRA general reserve needs to reflect the risk management and financial control processes that are in place, and the residual risk of emergencies or unexpected events.

10.5.2 In the light of this, I regard £5m as an appropriate target level for the HRA general reserve over the three-year financial planning period. This represents 4.8% of the HRA turnover for 2007/08. The table below reflects the planned use of balances as agreed in the financial strategy.

10.6 Schools reserve

10.6.1 The amount in the schools reserve is a consequence of the funding and spending of individual schools. A proportion of it reflects earmarked funding for future schools projects. The current level of the reserve represents 2.9% of the schools core funding.

10.7 Services reserve

10.7.1 It is Council policy that service under and over spends are retained by the relevant service subject to approval by the Executive in the year end financial outturn report. This reserve earmarks those funds to be carried forward to the following financial year.

10.8 Insurance reserve

10.8.1 The insurance reserve is kept under review by the Head of Audit and Risk Management with the assistance of the Council's insurance adviser. A key variable is the split between this reserve and the insurance provision held elsewhere in the balance sheet. At the time of writing this report, I am satisfied that the reserve constitutes adequate protection in respect of self-insured risk.

10.9 PFI reserve

10.9.1 The PFI reserve needs to be considered in conjunction with the pre-payment elsewhere in the balance sheet. The reserve also reflects the new method of calculating government support implemented from April 2005.

10.10 Infrastructure reserve

10.10.1 The infrastructure reserve is a key financing resource for the programmes of renewal of assets such as IT and property. The table below reflects in particular the current phasing of the accommodation strategy.

10.10.2 The infrastructure reserve will remain in place to spread the cost of future infrastructure renewal programmes.

10.11 General fund risk reserve

10.11.1 The risk reserve has been reviewed in the light of the product of the Council's risk management process.

10.11.2 Key financial risk factors were set out in the report to Council on 5 February. One of the key risks is in respect of the implementation of single status for which there could be a significant financial impact, particularly with the uncertainty around potential settlement of backdated pay and future equal pay claims.

10.11.3 Whilst the total potential downside risk is clearly very substantial, I regard this provision as adequate in the light of the overall arrangements set out in this report.

10.12 Financing reserve

10.12.1 The balance on the financing reserve at 1 April 2007 is estimated to be £2m.

10.13 My estimates of the opening and closing position of the general, HRA and other earmarked reserves for 2007/08 are as follows:

| | At April 2007 | Change 07/08 | At March 2008 |
|------------------------------|--------------------------|-------------------------|--------------------------|
| | £m | £m | £m |
| General fund general reserve | 10 | 0 | 10 |
| HRA general reserve | 4 | (1) | 3 |
| | | | |
| Earmarked: | | | |
| Schools | 6 | (2) | 4 |
| Services | 0 | 0 | 0 |
| Insurance | 10 | (1) | 9 |
| PFI | 19 | 1 | 20 |
| Infrastructure | 2 | 0 | 2 |
| General fund risk | 10 | 0 | 10 |
| Financing | 3 | (1) | 2 |
| Total | 64 | (4) | 60 |

11 Cash limits and budget resolution

11.1 The service cash limits for 2007/08 and the formal budget resolution are at appendices C and D respectively. The approved re-shaping of the Council has not yet been fully implemented at a detailed level so the service cash limits reported are on the previous basis. These will be re-aligned for the production of the business plans for April 2008.

12 Summary and conclusions

12.1 This report finalises the 2007/08 budget and proposes a council tax rise of 3.0%. The level of reserves is also reported and considered to be adequate, although noting the uncertainty and risks around implementation of single status.

13 Recommendations

13.1 To note the final settlement and the recommendations of the Haringey Schools Forum and the levying authorities.

13.2 To approve the reduction in non-HRA rent levels as set out in the report.

13.3 To note the uncertainty as a result of single status negotiations.

13.4 To agree the business unit cash limits set out in appendix C.

13.5 To note the Greater London Authority precept.

13.6 To pass the budget resolution in the specified format as set out in appendix D.

13.7 To agree the reserves policy attached at appendix E.

14 Comments of the Head of Legal Services

- 14.1 The Head of Legal Services confirms that this financial planning report is part of the budget strategy and fulfils the Council's statutory requirements in relation to the budget.

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| Gross Budget Trail | 2007/08 | 2008/09 | 2009/10 | 2010/11 |
|---|-------------------|-------------------|--------------------|--------------------|
| | £'000 | £'000 | £'000 | £'000 |
| Budget brought forward | 366,511 | 384,602 | 397,311 | 409,500 |
| <u>Changes and variations</u> | | | | |
| Inflation | 8,000 | 8,420 | 8,840 | 9,260 |
| Agreed in previous years budget process | 8,752 | 2,547 | | |
| Changes and variations agreed 4 July 2006 | 2,750 | 800 | (4,355) | 2,648 |
| Changes and variations agreed 19 December 2006 | (1,261) | 4,250 | (750) | (750) |
| Changes and variations agreed 23 January 2007 | (1,566) | 3,170 | 52 | 0 |
| Changes arising from 2007/08 grant settlement | 106 | | | |
| <u>Investments</u> | | | | |
| 2005/06 process | (325) | | | |
| 2006/07 process | (3,911) | (75) | | |
| Proposed new investments | 1,168 | 668 | 0 | 40 |
| | (3,068) | 593 | 0 | 40 |
| <u>Savings</u> | | | | |
| 2005/06 process | (2,892) | | | |
| 2006/07 process | (2,208) | (3,123) | | |
| Proposed new savings | (5,887) | (6,907) | (1,775) | (2,815) |
| Additional 2% savings | (1,992) | 70 | (72) | 70 |
| Less pre-agreed savings | 5,100 | 3,123 | | |
| Savings to be identified | | (3,000) | (2,000) | 0 |
| | (7,879) | (9,837) | (3,847) | (2,745) |
| <u>Dedicated schools grant (DSG)</u> | | | | |
| Passporting of DSG | 12,420 | 6,273 | 6,524 | 6,785 |
| Prior year adjustment | (186) | | | |
| | 12,234 | 6,273 | 6,524 | 6,785 |
| <u>Balances</u> | | | | |
| Contribution to / (from) balances 2005/06 process | 360 | (642) | | |
| Contribution to / (from) balances 2006/07 process | (337) | | | |
| Contribution to / (from) balances 2007/08 process | | (2,865) | 5,725 | (2,645) |
| Gross Council budget requirement | 384,602 | 397,311 | 409,500 | 422,093 |
| Less dedicated schools grant (specific grant) | (156,829) | (163,102) | (169,626) | (176,411) |
| Net Council budget requirement | 227,773 | 234,209 | 239,874 | 245,682 |
| Funding | | | | |
| Council tax (see below) | 95,265 | 98,123 | 101,066 | 104,099 |
| Government support - formula grant and NNDR | 132,508 | 136,086 | 138,808 | 141,583 |
| | 227,773 | 234,209 | 239,874 | 245,682 |
| Resource shortfall/(excess) | 0 | 0 | 0 | 0 |
| Council tax | | | | |
| | £ | £ | £ | £ |
| Council tax (LBH) | 1,127.83 | 1,161.66 | 1,196.51 | 1,232.41 |
| Council tax base (after provision for non-recovery) | 84,468 | 84,468 | 84,468 | 84,468 |
| Precept | 95,265,544 | 98,123,097 | 101,066,807 | 104,099,208 |
| Rate of council tax increase (Haringey element) | 3.0% | 3.0% | 3.0% | 3.0% |
| GLA rate of council tax increase | 5.3% | 5.0% | 5.0% | 5.0% |
| Combined council tax increase | 3.5% | 3.4% | 3.4% | 3.4% |
| £ per week increase (Haringey element) | £0.63 | £0.65 | £0.67 | £0.69 |

| Resource Shortfall Tracker | 2007/08 £'000 | 2008/09 £'000 | 2009/10 £'000 | 2010/11 £'000 | Total £'000 |
|--|--------------------------|--------------------------|--------------------------|--------------------------|------------------------|
| Position at end of 2006/07 process | 0 | 0 | 0 | 0 | 0 |
| <u>Update for 2007/08 process</u> | | | | | |
| Inflation | | | 8,840 | 9,260 | 18,100 |
| Capital financing costs | 750 | 800 | 1,037 | 1,078 | 3,665 |
| Estimated increase in revenue support grant | | | (2,722) | (2,776) | (5,498) |
| Assumed increase in council tax of 2.5% | | | (2,409) | (2,468) | (4,877) |
| | 750 | 800 | 4,746 | 5,094 | 11,390 |
| <u>Changes and variations 4 July 2006</u> | | | | | |
| - increase in pension contributions (1%) | | | 1,060 | 1,070 | 2,130 |
| - waste disposal | | | 500 | 500 | 1,000 |
| - contingency items | 3,000 | | | | 3,000 |
| - Alexandra Palace | (1,000) | | (6,952) | | (7,952) |
| | 2,000 | 0 | (5,392) | 1,570 | (1,822) |
| Target savings previously reported to be identified | 2,862 | 1,200 | | | 4,062 |
| Position as at 31 October 2006 | 5,612 | 2,000 | (646) | 6,664 | 13,630 |
| <u>Changes and variations 19 December 2006</u> | | | | | |
| - reduce inflation assumption for future pay awards | (750) | (750) | (750) | (750) | (3,000) |
| - homelessness reduction | (3,000) | 5,000 | | | 2,000 |
| - asylum seekers base underfunding | 2,000 | | | | 2,000 |
| - energy price increases above inflation | 489 | | | | 489 |
| | (1,261) | 4,250 | (750) | (750) | 1,489 |
| <u>Council Tax</u> | | | | | |
| - assume increases at 3% | (458) | (484) | (509) | (538) | (1,989) |
| - actual increase in tax base at November 06 | (822) | (25) | (25) | (26) | (898) |
| | (1,280) | (509) | (534) | (564) | (2,887) |
| Impact of provisional grant settlement (28 Nov 2006) | 106 | 0 | 0 | 0 | 106 |
| Position as at 19 December 2006 | 3,177 | 5,741 | (1,930) | 5,350 | 12,338 |
| <u>Changes and variations 23 January 2007</u> | | | | | |
| - Social Services base cost pressures | 1,957 | | | | 1,957 |
| - concessionary fares increases | | 57 | 52 | | 109 |
| - additional PFI contract costs | 90 | | | | 90 |
| - NLWA waste disposal levy | (1,127) | 627 | | | (500) |
| - use of LPSA grant | (2,486) | 2,486 | | | 0 |
| | (1,566) | 3,170 | 52 | 0 | 1,656 |
| <u>Investments</u> | | | | | |
| Proposed investments | 1,168 | 668 | 0 | 40 | 1,876 |
| <u>Savings</u> | | | | | |
| Proposed savings | (5,887) | (6,907) | (1,775) | (2,815) | (17,384) |
| Additional 2% savings | (1,992) | 70 | (72) | 70 | (1,924) |
| Less pre-agreed savings | 5,100 | 3,123 | | | 8,223 |
| Savings to be identified | | (3,000) | (2,000) | | (5,000) |
| | (2,779) | (6,714) | (3,847) | (2,745) | (16,085) |
| <u>Use of balances</u> | | | | | |
| Contribution to / (from) balances | 0 | (2,865) | 5,725 | (2,645) | 215 |
| Position as at 19 February 2007 | 0 | 0 | 0 | 0 | 0 |

REVENUE CASH LIMITS 2007/08

| BUSINESS UNIT | |
|---|----------------|
| | £'000 |
| CHIEF EXECUTIVE MGT & SUPPORT | 1,789 |
| ASST CHIEF EXECUTIVE ACCESS STRATEGY | 326 |
| ORGANISATIONAL DEVELOPMENT | 8,063 |
| LEGAL SERVICES | 9,063 |
| NEIGHBOURHOOD MANAGEMENT | -1,094 |
| INFORMATION TECHNOLOGY | 2,908 |
| LIBRARIES, ARCHIVES & MUSEUM | 16,275 |
| CUSTOMER SERVICES | 4,815 |
| | 6,056 |
| TOTAL CHIEF EXECUTIVE'S SERVICE | 48,201 |
| FINANCE MGT & SUPPORT | 205 |
| BENEFITS & LOCAL TAXATION | 836 |
| CORPORATE FINANCE incl. AUDIT & RISK MANAGEMENT | 3,987 |
| PROCUREMENT | 828 |
| PROPERTY | 8,586 |
| TOTAL FINANCE SERVICES | 14,442 |
| INDIVIDUAL SCHOOLS BUDGETS | 136,181 |
| SCHOOL STANDARDS & INCLUSION | 14,127 |
| CHILDREN & FAMILIES | 42,643 |
| DELIVERY & PERFORMANCE | 2,728 |
| BUSINESS SUPPORT & DEVELOPMENT | 8,037 |
| TOTAL CHILDREN'S SERVICES | 203,716 |
| SOCIAL SERVICES MGT & SUPPORT | 2,684 |
| OLDER PEOPLE | 20,180 |
| ADULTS | 26,495 |
| TOTAL SOCIAL SERVICES | 49,359 |
| HOUSING MGT & SUPPORT | 281 |
| HOUSING STRATEGY & NEEDS | -3,667 |
| TOTAL HOUSING SERVICES | -3,386 |
| ENVIRONMENT MGT & SUPPORT | 979 |
| RECREATION | 5,229 |
| STREET SCENE | 20,058 |
| PLANNING, POLICY & DEVELOPMENT | 2,149 |
| ENFORCEMENT | 3,851 |
| TOTAL ENVIRONMENTAL SERVICES | 32,266 |
| NON-SERVICE REVENUE | 40,004 |
| TOTAL NON SERVICE REVENUE | 40,004 |
| TOTAL CASH LIMIT | 384,602 |

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COUNCIL TAX RESOLUTION

1. That it be noted that on 3 January 2007 the Acting Director of Finance in consultation with the Executive Lead Member for Finance agreed the amount of 84,468 as the council tax base for the year 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.
2. That the following amounts now be calculated by the Council for the year 2007/08 in accordance with the Sections 32 to 36 of the Local Government Finance Act 1992.
 - (a) £827,869,000 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(2) of the Act.
 - (b) £600,096,000 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(3) of the Act.
 - (c) £227,773,000 being the amount by which the aggregate at 2(a) above exceeds the aggregate at 2(b) above, calculated by the Council, in accordance with the Section 32(4) of the Act, as its budget requirement for the year.
 - (d) £132,507,639 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, additional grant, or SSA reduction grant increased by the amount of the sums which the Council estimates will be transferred in the year from its collection fund to its general fund in accordance with Section 97(3) of the Local Government Act 1998 or reduced by the amount of 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 1998 and increased by the amount of any sum which the Council estimates will be transferred from its collection fund to its general fund pursuant to the Collection Fund (Community Charges) directions under Section 98(4) of the Local Government Finance Act 1998 made on 7 February 1994 or reduced by the amount of any sum which the Council estimates will be transferred from its general fund to its collection fund pursuant to the Collection Fund (Community Charges) directions under Section 98(5) of the Local Government Finance Act 1998 made on 7 February 1994.
 - (e) £1,127.83 being the amount at 2 (c) above less the amount at 2(d) above, all divided by the amount at 1 above, calculated by the Council, in accordance with Section 33(l) of the Act, as the basic amount of its council tax for the year.

(f) Valuation Bands

| | £ |
|---|----------|
| A | 751.89 |
| B | 877.20 |
| C | 1,002.51 |
| D | 1,127.83 |
| E | 1,378.35 |
| F | 1,629.10 |
| G | 1,879.71 |
| H | 2,255.66 |

Being the amounts given by multiplying the amount at 2(e) above the number which, in the proportion set out in Section 5(l) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number in which that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(l) 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.

3. That it be noted that for 2007/08 the amounts in precepts issued to the Council, in respect of the Greater London Authority and its functional bodies, in accordance with Section 40 of the Local Government Finance Act 1992, for each of the categories of dwellings shown below:

Valuation Bands

| | £ |
|---|--------|
| A | 202.59 |
| B | 236.35 |
| C | 270.12 |
| D | 303.88 |
| E | 371.41 |
| F | 438.94 |
| G | 506.47 |
| H | 607.76 |

4. That having calculated the aggregate in each case of the amounts at 2(f) and 3 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 2007/08 for each of the categories of dwellings shown below.

Valuation Bands

| | £ |
|---|----------|
| A | 954.48 |
| B | 1,113.55 |
| C | 1,272.63 |
| D | 1,431.71 |
| E | 1,749.76 |
| F | 2,068.04 |
| G | 2,386.18 |
| H | 2,863.42 |

Haringey Council

Reserves policy

Background

- 1 Sections 32 and 43 of the Local Government Finance Act 1992 require local authorities to consider the level of reserves when setting a budget requirement. Section 25 of the Local Government Act 2003 requires the Director of Finance (Section 151 Officer) to report formally on the adequacy of proposed reserves when setting a budget requirement. The accounting treatment for reserves is set out in the Code of Practice on Local Authority Accounting.
- 2 CIPFA has issued LAAP Bulletin No.55, Guidance Note on Local Authority Reserves and Balances. Compliance with the guidance is recommended in CIPFA's Statement on the Role of the Finance Director in Local Government.
- 3 This note sets out the Council's policy for compliance with the statutory regime and relevant non-statutory guidance.

Overview

- 4 The Council's overall approach to reserves will be defined by the system of internal control. The system of internal control is set out, and its effectiveness reviewed, in the annual Statement of Internal Control. Key elements of the internal control environment are objective setting and monitoring, policy and decision-making, compliance with statute and procedure rules, risk management, achieving value for money, financial management, and performance management.
- 5 The Council will maintain:
 - a general fund general reserve;
 - a housing revenue account (HRA) general reserve; and
 - a number of earmarked reserves.

General fund general reserve

- 6 The purpose of the general reserve is to manage the impact of emergencies or unexpected events. Without such a reserve, the financial impact of such events could cause a potential deficit in the general fund which would be severely disruptive to the effective operation of the authority.
- 7 The level of the general reserve is a matter for the Council to determine having had regard to the advice of the S151 Officer. The level of the reserve will be a matter of judgement which will take account of the opportunity cost of holding such a reserve. The level will be expressed

as a target cash sum over the period of the general fund medium-term financial strategy. The level will also be expressed as a percentage of general fund turnover (to provide an indication of financial context).

HRA general reserve

- 8 The purpose of the HRA general reserve is to manage the impact of emergencies or unexpected events. Without such a reserve, the financial impact of such events could cause a potential deficit in the HRA which would be severely disruptive to the effective operation of the authority.
- 9 The level of the HRA general reserve is a matter for the Council to determine having had regard to the advice of the S151 Officer. The level of the reserve will be a matter of judgement which will take account of the opportunity cost of holding such a reserve. The level will be expressed as a target cash sum over the five-year period of the HRA medium-term financial strategy. The level will also be expressed as a percentage of HRA turnover (to provide an indication of financial context).

Earmarked reserves

- 10 The purpose of earmarked reserves is to enable sums to be set aside for specific purposes or in respect of potential or contingent liabilities where the creation of a provision is not required.
- 11 The Council will maintain the following earmarked reserves:
 1. schools reserve: the net unspent balance of delegated funds managed by schools;
 2. services reserve: the net unspent balance of service budgets where the Executive has agreed that such sums should be carried-forward for use in subsequent years;
 3. insurance reserve: funds set aside to meet internally-insured liabilities where the creation of a provision is not required;
 4. PFI reserve: funds set aside from specific PFI grant from the government to meet payments to be made to the Council's secondary schools PFI provider;
 5. infrastructure reserve: funds set aside for the planned maintenance and renewal of infrastructure assets;
 6. risk reserve: funds set aside in respect of key financial risks identified through the risk management process, where the creation of a provision is not required; and

7. financing reserve: a reserve to enable multiple-year medium-term financial strategies in the context of the annual budgeting and accounting cycle.

Management and control

- 12 The schools reserve, the insurance reserve, and the PFI reserve are clearly defined and require no further authority for the financing of relevant expenditure.
- 13 The use of all other reserves requires budgetary approval in the normal way.

Reporting and review

- 14 The Council will consider a report from the S151 Officer on the adequacy of the reserves in the annual budget-setting process. The report will contain estimates of reserves where necessary. The General Purposes Committee will consider actual reserves when approving the statement of accounts each year.
- 15 The Council will review the reserves policy on an annual basis.

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