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## Full Council

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To: The Mayor and Councillors of Haringey Council.

Dear Sir/Madam,

A meeting of the Council of the London Borough of Haringey will be held at the Civic Centre, High Road, Wood Green, N22 8LE on MONDAY, 18TH FEBRUARY, 2008 at 19:30 HRS, to transact the following business:

### **AGENDA**

- 5. TO APPROVE AS A CORRECT RECORD THE MINUTES OF THE MEETING OF THE COUNCIL HELD ON 4 FEBRUARY 2008 (TO FOLLOW) (PAGES 1 - 12)**
- 11. TO CONSIDER THE REPORT OF THE CHIEF FINANCIAL OFFICER IN RESPECT OF FINANCIAL PLANNING FOR 2008/09 - 2010/11 AND TO AGREE THE COUNCIL TAX FOR 2008/09 (TO FOLLOW) (PAGES 13 - 34)**

Dr Ita O'Donovan

Chief Executive  
River Park House  
225 High Road  
Wood Green  
London N22 8HQ

Friday, 8 February 2008

**MINUTES OF THE FULL COUNCIL  
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Councillors Thompson (Mayor), Dogus (Deputy Mayor), Adamou, Adje, Alexander, Amin, Baker, Basu, Beacham, Bevan, Butcher, Canver, Cooke, Davies, Diakides, Dobbie, Dodds, Edge, Egan, Engert, Gorrie, Griffith, Haley, Hare, B. Harris, C. Harris, Hoban, Jones, Rahman Khan, Knight, Kober, Lister, Mallett, Meehan, Mughal, Newton, Oakes, Oatway, Patel, Peacock, Reid, Reith, Santry, Vanier, Whyte, Williams, Wilson and Winskill

Apologies Councillor Aitken, Beynon, Bloch, Bull, Demirci and Weber

Absent: Councillor Rainger and Stanton

| MINUTE NO.     | SUBJECT/DECISION   | ACTION BY |
|----------------|--|-----------|
| <b>CNCL77.</b> | <p><b>TO RECEIVE APOLOGIES FOR ABSENCE</b></p> <p>Apologies for lateness were received from Councillor Bob Harris and for absence from Councillors Aitken, Beynon, Bloch, Bull, Demirci and Weber.</p>   |           |
| <b>CNCL78.</b> | <p><b>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</b></p> <p>See minutes 81 &amp; 88.</p>  |           |
| <b>CNCL79.</b> | <p><b>DECLARATIONS OF INTEREST</b></p> <p>Members were asked by the Mayor to declare any personal interest in respect of items on the agenda. In accordance with Part 2 of the Members Code of Conduct set out in the Council's Constitution, any Member disclosing a personal interest which was also prejudicial would be asked to withdraw from the Chamber during consideration of the item and neither were they to seek to improperly influence a decision on the said item.</p> <p>Councillor Meehan declared a personal interest in Item 12 – Financial Planning as a Freedom Pass Holder.</p> <p>Councillor Winskill declared a personal interest in Item 12 – Financial Planning as he was a Leaseholder within the Borough and also that a relative was a user of facilities provided by Social Services.</p> <p>Councillor Adje declared a personal interest in Item 12 – 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.</p> |           |

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|                       | <p>Councillor Butcher declared a personal interest in Item 12 – 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 and was a joint leaseholder of a Homes for Haringey property.</p> <p>Councillor Peacock declared a personal interest in Item 12 – Financial Planning as a Freedom Pass Holder.</p> <p>Councillor Mallett declared a personal interest in Item 12 – Financial Planning as she was carer in the Borough.</p> <p>Councillor Patel declared a personal interest in Item 12 – Financial Planning as a Freedom Pass Holder.</p> <p>Councillor Lister declared a personal interest in Item 12 – Financial Planning as he was employed as a full time official of Unison.</p> |  |
| <p><b>CNCL80.</b></p> | <p><b>TO ASK MEMBERS WHETHER THEY NEED TO MAKE A DECLARATION IN ACCORDANCE WITH SECTION 106 OF THE LOCAL GOVERNMENT FINANCE ACT IN RELATION TO UNPAID COMMUNITY CHARGE OR COUNCIL TAX LIABILITY WHICH IS TWO MONTHS OR MORE OUTSTANDING.</b></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><b>CNCL81.</b></p> | <p><b>TO APPROVE AS A CORRECT RECORD THE MINUTES OF THE MEETING OF THE COUNCIL HELD ON 21 JANUARY 2008 (TO FOLLOW)</b></p> <p>The Mayor agreed to the admission of this Item as urgent business. Due to the very short timescale between the last meeting and the despatch date of the summons for this meeting, it had not been possible to circulate the minutes with the Summons, and that minutes should be confirmed at the next available Council meeting.</p> <p>Copies of the Minutes had been TABLED, and they were taken as read.</p> <p><b>RESOLVED:</b></p> <p>That the minutes of the meeting of the Council held on 21 January 2008 be signed as a true record.</p>  |  |
| <p><b>CNCL82.</b></p> | <p><b>TO RECEIVE SUCH COMMUNICATIONS AS THE MAYOR MAY LAY BEFORE THE COUNCIL</b></p>   |  |

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|                | <p>1. The Mayor congratulated Haringey's Planning Department who received an award from the Mayor of London. The commendation was for the Tottenham Hale Master Plan. Haringey came 2<sup>nd</sup> behind the Kings Cross Development.</p> <p>2. The Mayor thanked all the Officers and Members for their work in organising four events to mark this year's Holocaust Memorial. The Kindertransport Exhibition would remain in the Wood Green Library until the 24<sup>th</sup> February, and the Mayor urged Members to make time to visit this they had not already done so.</p> |  |
| <b>CNCL83.</b> | <p><b>TO RECEIVE THE REPORT OF THE CHIEF EXECUTIVE</b></p> <p><b>RESOLVED</b></p> <p>1. That the appointment of John Suddaby as Head of Legal Services and Monitoring Officer with effect from 14 January 2008 be noted.</p> <p>2. That the appointment by the Licensing Committee of Councillor Dodds to a vacancy on its Licensing Sub-Committee C (arising from the resignation of Councillor Dobbie) be noted.</p>  |  |
| <b>CNCL84.</b> | <p><b>TO RECEIVE THE REPORTS OF THE MONITORING OFFICER AND HEAD OF LEGAL SERVICES</b></p> <p>There were no matters to report.</p>   |  |
| <b>CNCL85.</b> | <p><b>TO MAKE APPOINTMENTS TO OUTSIDE BODIES</b></p> <p>There were no matters to report.</p>  |  |
| <b>CNCL86.</b> | <p><b>TO CONSIDER REQUESTS TO RECEIVE DEPUTATIONS AND/OR PETITIONS AND, IF APPROVED, TO RECEIVE THEM</b></p> <p>There were no deputations or petitions.</p>   |  |
| <b>CNCL87.</b> | <p><b>TO CONSIDER A "STATE OF THE BOROUGH" REPORT BY THE LEADER OF THE COUNCIL.</b></p> <p>The Leader of the Council, Councillor George Meehan, gave the following "State of the Borough" address:</p> <p>Mr Mayor, fellow Councillors, Chief Executive, Officers, ladies and gentlemen, I am proud to stand before you once again in this chamber as Leader of this Labour administration, to report on the state of the</p>   |  |

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borough at the end of this municipal year.

Mr Mayor, Haringey today is a place where people from all corners of the world can find a welcome and become part of our community. We are one of the most diverse communities in the country, if not in Europe, but we are a cohesive borough, where eight out of 10 of our residents agree that people from different backgrounds get on well together.

In a time of continuing tension worldwide, with communities too often divided on religious or ethnic lines, this is a considerable achievement.

And it is an achievement which has not come about by accident. It is the result of our continuing commitment as a Council to equality, to listening to all our people, and to acting in the interests of all.

Mr Mayor, I was forcefully reminded of that commitment in October, when the eyes of the world were on us as we celebrated the life and achievements of one of our most famous residents, Oliver Tambo.

On that day I had the privilege of unveiling the memorial at Albert Road Recreation Ground, with the First Lady of South Africa Mrs Mbeki, the Secretary of State for Justice Jack Straw, members of the Tambo family, and other dignitaries from home and abroad.

Mr Mayor, the Tambo family came to Haringey to escape persecution, and found a community that embraced them and supported their struggle. And many families over the years have made that same journey, to find a welcoming home in our borough.

In celebrating the life of Oliver Tambo on that wonderful day in October, we and our people were re-affirming our values of equality and fairness for all.

Those are the values that underpin our commitment as a Council, and we will continue to assert those values as we move forward, working together with all our people, and with our partners.

We can improve services and meet the needs of all our residents better by harnessing our resources and the resources of our partners so we move forward together. Maintaining the strong effective partnerships we enjoy with public bodies and private organisations, is an important priority for this council.

That is the way, Mr Mayor, that we will deliver the best possible services for our residents: in partnership. Formally co-ordinating our work and pooling our resources through the Haringey Strategic Partnership - and informally, on a daily basis with residents, community groups, businesses and other public authorities.

And equality is of course central to our Partnership vision, to make Haringey a place for diverse communities that people are proud to belong to.

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To that end, on March 3rd this year, I will launch a new, borough-wide Social Cohesion Forum – where people across our communities can meet, talk to each other, and to the council and other agencies, understand their differences and their similarities, and their shared rights and responsibilities as citizens of Haringey.

Mr Mayor, this new forum will again put Haringey at the forefront of local authorities meeting the challenges of our constantly changing society.

Because in Haringey, as in the country as a whole, we face big challenges – climate change, global competition, the rising aspirations of individuals, caring for and protecting our young and our older people, and the desire for stronger, safer more sustainable communities.

It is these challenges we set out to tackle when we successfully put ourselves forward for re-election in 2006, on a clear platform:

- 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.

Mr Mayor, I can report today, some two years into our administration, that we are successfully putting our pledges into action.

Mr Mayor, before I look in detail at our achievements, I have some good news on investment – news which will transform the quality of life of many thousands of our residents.

Mr Mayor, in the last few days we have received confirmation that we have won some £200 million in funding under the Decent Homes programme, to transform our council housing and make it fit for the 21st century.

Mr Mayor, we pledged that we would deliver these improvements for our tenants, and we will do so.

On top of this money, we are already moving ahead with £178 million investment in our secondary schools under the Building Schools for the Future programme.

We have an £18 million programme to deliver our network of children's centres, and we are actively winning money for our parks and open spaces – almost £3 million to transform Markfield Park, for example.

And our plans to regenerate our under-used sites in Tottenham Hale and the Haringey Heartlands, developing much-needed new housing and creating new jobs for our people will attract even more investment, private and public, to benefit our communities.

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Mr Mayor, in total we are looking at a billion pounds of investment in Haringey over the coming years.

This is the result of our commitment, working to deliver the pledges we made.

Mr Mayor, for us on this side of the Chamber, these pledges are not plucked out of the air, to get a headline, or because they are the latest bandwagon to jump on.

We consult seriously; we listen to local people; we take mature decisions; and we deliver.

And Mr Mayor, I can announce today that our performance in delivering the improvements local people want and deserve has been clearly recognised by local people in our latest residents' survey:

Let me give you some headlines:

70 per cent of residents now say the Council is making the area a better place to live – significantly above the results for London as a whole.

70 per cent of residents say the Council is doing a good job – up six per cent, and three per cent better than in London as a whole.

The number of residents saying the Council is efficient and well-run is up by 10 per cent.

The number of residents saying that the Council provides value for money is up by eight per cent.

And the number of residents saying that the Council listens to their concerns is up four per cent and now eight per cent higher than in London as a whole.

These figures are proof again that we are listening, and delivering.

Mr Mayor, may I now remind the Council of what we have achieved over the past year.

We said our children would achieve more, in line with the aspirations of our people:

Our young people's GCSE results continue to improve year on year at more than twice the national rate, with 56.2 per cent of pupils achieving five or more A star to C grades in 2007.

We are closing the gap between east and west, we are closing the gap between minority ethnic and White UK pupils, and we have boosted the GCSE performance of our looked after children to more than two and half times the national average.



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Our new Sixth Form Centre opened on time and on budget in September, the first outcome of our planned investment of £178 million in secondary education.

This spectacular new Centre is already helping our young people to improve their skills and realise their potential. Mr Mayor I am proud to report to the Council that since it opened the numbers of our young people not in education, training or employment have reduced by almost a third, from 14 per cent to 10 .4 per cent.

Our bid to open a new comprehensive community school for the Haringey Heartlands was successful, and that is a major tribute to our ability as a Local Education Authority to deliver high-quality education for the 21st century. The school is scheduled to open in 2010.

We are on track to provide 18 children's centres by September – an investment of £18 million providing one of the most extensive networks of children's centres in the country.

I can announce that an extra £800,000 funding will be available for youth work in Haringey over the coming year, thanks to additional money from the Mayor of London. It is my intention that all of this money will be spent on improving youth provision.

We listen – and we act.

Mr Mayor, we said we would deliver the stable budget and low Council Tax that local people want.

Today I can announce that the proposals we will put to the Council later this month for the 2008/9 budget will again see a Council Tax increase of no more than three per cent – or 63 pence a week for a Band D taxpayer – and a prudent, balanced budget delivering value for money and investment in key priorities.

We listen – and we deliver.

Mr Mayor, we said that our streets would be brighter and cleaner, and our communities safer, two of the top priorities for our residents.

The percentage of streets with unacceptable levels of litter has halved in the last year, and we have issued more than 1,000 penalty notices for flytipping, littering and dumping.

Through popular schemes like Clean Sweep, encouraging local people and businesses to join with us in cleaning up their neighbourhood, and initiatives like our new litter-picking service, we continue to improve our streets.

Mr Mayor, I can also announce today that in response to our extensive Road to Improvement consultation, we are putting an extra £500,000 into repairing and resurfacing our roads -£300k capital and £200k

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revenue.

We listen to our residents – and we deliver.

On crime, Mr Mayor, the figures show that reported crime in the borough has fallen for the third year in a row, and our people feel safer than before, and over the last year there has been a 20% reduction in personal crime in the borough.

Every ward has a Safer Neighbourhood policing team, and council staff as well as ward councillors work closely with these teams to identify and tackle local issues.

Every secondary school has a Safer Schools officer, and we have actively extended our services for young people, particularly in the school holidays.

None of the progress we have made could have been achieved without the help and hard work of the Met Police. We have a close relationship which benefits us both. Mr Mayor, this is a challenging area, and despite the reductions, crime remains a serious issue. We continue to find new ways to move forward with our partners.

We have extended and improved our network of CCTV cameras.

Our Anti-Social Behaviour Action Team has launched parenting support for challenging families and is pioneering estate-based work, including our first ever Good Neighbour agreement.

On the issue of domestic violence, as I promised last year, we have introduced a free night time helpline service, and before Christmas our unique Hearthstone centre received a major award for its work from the Mayor of London.

Again Mr Mayor, we are listening, and we are delivering – and we will continue to do all we can to make our borough safer.

We said we would act to make our environment greener.

Mr Mayor, recycling rates in Haringey are now at record levels. From April to December last year we recycled 25.4% of our household waste – above the London average, and we will be extending recycling facilities in the coming year so that everyone will be able to recycle as easily as possible. We are also making excellent progress in decreasing the amount of waste we send to landfill.

We are the joint London leader for Green Flags for our parks, with eight awards, judged by independent assessors.

And we have more school travel plans than any other London borough, helping our children get to and from school safely, improving their health and the environment.

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We were one of the first councils in the country to introduce residents' parking charges based on carbon emissions.

We carried out a pioneering aerial survey of heat loss across the borough, and we are following that up with targeted work to help local people reduce their heating costs.

Mr Mayor, I am proud to announce that through this work we expect to help more than 1,600 residents on low incomes with their heating costs – tackling fuel poverty and climate change at the same time. This has been achieved through the 'Warm Front' scheme, run with British Gas, yet another example of the close partnerships we have with both public and private bodies.

And on climate change we are leading by example, with a far-reaching staff travel plan to cut down on car use and encourage environmentally friendly travel alternatives.

Again, Mr Mayor, we listen – and we deliver.

We said that our young people would be respected and included.

I'm proud to report that our Youth Council has gone from strength to strength, and that young people across the borough are now having a say about services that affect them and playing a full part in our community.

I would like to highlight in particular the Youth Council's campaign on bullying, "Make Bullying History", which was launched with a march and rally in November, attended by pupils from across our secondary schools.

Organised by the young people themselves, the event included presentations, theatre, music, talks and discussion, and is now being followed up with a poster and leaflet campaign in schools.

For me, this was a moving example of children and young people taking up a serious issue, and at the same time celebrating the shared positive values of young people from different backgrounds and cultures in Haringey.

Young people are our future, and we owe it to them to work together for that future to be safe and sustainable.

Mr Mayor, there is more:

We have a new regeneration strategy, around the theme of People, Places and Prosperity, looking to move ahead with our plans to bring much needed homes and jobs through developing our major sites, and getting our people into productive work through the innovative Haringey Guarantee scheme.

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Our libraries have gone from strength to strength, with the opening of a new gallery at Hornsey, and Wood Green library recently confirmed as one of the 10 busiest in the country.

We are an award-winning Council – a national award for our WOW scheme recognising excellent customer service, the Most Improved Transport Borough in London award, our Domestic Violence award I've already mentioned, a Cemetery of the Year award for Wood Green, and others too numerous to mention.

Internally, we were proud to receive whole council Investors in People re-accreditation, against tougher criteria, for our training and management of staff, and we were the first London borough to receive the Member Development Charter, for our member learning and development programme.

Mr Mayor, this Council has proved its commitment to maintaining Alexandra Palace for the benefit of the people of Haringey and beyond over many years.

We have supported the Palace financially, and we have worked hard to find appropriate ways to generate the massive investment needed to secure its future – and shift the burden from the taxpayer.

We will consider very carefully the way forward, and we will continue to work in the interests of preserving the Palace and its unique facilities for generations to come, while at the same time working to shift burden from the taxpayer.

To those who have opposed these plans, and to Members opposite who predictably say one thing in one meeting, and another thing publicly, but never anything constructive, I make no apologies in saying: Now is the time to start living in the real world.

Mr Mayor, I hope you will agree that the achievements I have outlined here indicate clearly that we are listening, and we are delivering.

So, Mr Mayor, it has been a good year for Haringey – a year of achievement, of pledges fulfilled. I fully expect it to be yet again confirmed by the audit commission that we are a three star council and improving well.

As I said earlier though, we face many challenges. Some of our wards remain among the most deprived in the country, and we need to plan our resources carefully and make the most of all our opportunities over the coming period, so that we can deliver a sustainable future for the whole of Haringey.

I believe that today we have the solid basis, of strength in diversity, to make the progress we need – and that this administration – experienced, committed, in touch with the needs and aspirations of all our people –

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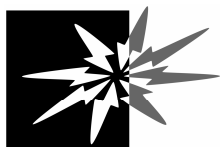
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|                       | <p>can take us forward. We listen, and we deliver.</p> <p>The Leader of the Opposition spoke in response.</p> <p><b>RESOLVED:</b></p> <p>That the Leader of the Council's "State of the Borough" report be received and agreed.</p>   |  |
| <p><b>CNCL88.</b></p> | <p><b>TO RECEIVE REPORTS FROM THE FOLLOWING BODIES</b></p> <p>The Mayor agreed to the admission of the TABLED Overview and Scrutiny Committee report as urgent business. The report was not available at the time of despatch as the meeting was not held until 31 January 2008.</p> <p>Councillor Adje introduced the Cabinet Report 8-2007/08 – Financial Planning 2008/09 to 2010/11. A debate ensued and other Members contributed to the discussion.</p> <p>On a VOTE there being 29 for, and 19 against, it was</p> <p><b>RESOLVED:</b></p> <p>That report 8 /2007-8 of the Cabinet be received and adopted and that the following recommendations contained in the appendix to report number 8 be agreed:</p> <ol style="list-style-type: none"> <li>1. To agree the changes and variations set out at paragraph 9.3 and appendix B of the report.</li> <li>2. To note the outcome of the consultation processes set out at paragraph 11 of the report.</li> <li>3. To agree the new investment proposals set out in appendix D of the report.</li> <li>4. To agree the revised and new savings proposals set out in appendix E of the report.</li> <li>5. To approve the approach and provision for redundancies as set out in paragraph 13.5 of the report.</li> <li>6. To agree the proposals for the children's services (DSG) budget set out in appendix F of the report.</li> <li>7. To agree the proposals for the HRA budget set out in appendix G of the report.</li> <li>8. To approve the housing rent increase at an average of £4.77 per week (6.5%) and that this element of the budget</li> </ol> |  |

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|  | <p>package be referred to the Overview and Scrutiny Committee for comment.</p> <p>9. To approve the housing service charge increase at an average of £2.55 per week.</p> <p>10. To agree the proposals for the capital programme and funding set out in appendices H and J and the capital resource allocation policy at appendix I of the report.</p> <p>11. To agree the treasury management strategy and policy and prudential limits set out in appendix K of the report.</p> <p>12. To agree the proposed general fund budget requirement of £399.578m, subject to the decisions of precepting and levying authorities, and the consequences for council tax levels.</p> <p>13. To note that the final decision on budget and council tax for 2008/09 will be made at the Council meeting on 18 February.</p> <p>Councillor Egan (in the absence of Councillor Bull) introduced the TABLED Overview and Scrutiny Committee report no 3. Following some clarifications it was agreed to receive the report and its contents.</p> <p><b>RESOLVED</b></p> <p>That the report no. 3 of the special meeting of the Overview and Scrutiny Committee of 31 January 2008 be received and noted.</p> |  |
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COUNCILLOR SHEIK THOMPSON

Mayor



Haringey Council

Agenda Item

**Council**

On 18 February 2008

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| <b>Report title:</b>                                   | <b>Financial planning 2008/09 to 2010/11</b>  |
| <b>Report of:</b>                                      | <b>Director of Corporate Resources and Chief Financial Officer</b>  |
| <b>Wards affected:</b>                                 | <b>All</b>  |
| <b>1. Purpose</b>                                      |   |
| 1.1  | To agree the final budget and council tax for 2008/09   |
| <b>2. Introduction by Cabinet Member for Resources</b> |   |
| 2.1  | Having regard to various reports which were subsequently approved by Council and the budget debate at Full Council on 4 <sup>th</sup> February, this report finalises the budget for 2008/09 and the Council Tax as set out in the relevant appendix. I commend the report and recommendations as set out to Council for final noting and adoption. |
| <b>3. Recommendations</b>                              |   |
| 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 agree the business unit cash limits set out in appendix C.   |
| 3.3  | To note the Greater London Authority precept.   |
| 3.4  | To agree the reserves policy attached at appendix E.  |
| 3.5  | To pass the budget resolution in the specified format as set out in appendix F.   |
| <b>Report authorised by:</b>                           |   |
|  | <b>Gerald Almeroth, Chief Financial Officer</b>   |

**Contact officer:** Gerald Almeroth, Chief Financial Officer

**Telephone:** 020 8489 3823

#### **4. Executive Summary**

4.1 This report finalises the 2008/09 budget and council tax. The budget is recommended as previously approved. The Haringey element of the council tax is proposed to increase by 3%.

#### **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:

- Report of the Director of Corporate Resources and Chief Financial Officer to Council on 4 February 2008
- Final Local Authority Finance Revenue Support Grant for 2008/09

The final local authority finance settlement is accessible at:

<http://www.local.communities.gov.uk/finance/0809/grant.htm>

#### **7 Background**

7.1 Council on 4 February 2008 agreed the general fund budget and a total budget requirement of £399.578m including dedicated schools grant. This was subject to the decisions of levying and precepting authorities.

7.2 This report considers:

- the final settlement;
- 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 2008/09.



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 estimates the potential financial impact of known risks;
- appendix E sets out the reserves policy, and;
- appendix F is the formal budget resolution.

## **8 Key developments**

### **8.1 Final settlement**

8.1.1 The final settlement was announced on 24 January 2008. It broadly confirmed the proposals as per the consultation in the provisional settlement announcement on 6 December 2007. A revision to the budget was agreed at Council on 4 February to that previously recommended by Cabinet in respect of public law family court fees. There are no further changes to the budget required as a result of the final settlement.

8.1.2 The Local Authority Business Growth Incentive (LABGI) scheme is in its third year and as previously reported to Members the government is reviewing this years allocation of grant in light of recent legal challenges brought by a small number of local authorities. Therefore the amount for 2008/09 (in relation to growth in 2007) 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 initially it is added to balances for 2008/09.

8.1.3 As previously reported the final amount for dedicated schools grant (DSG) will not be known until the formal January pupil count is completed. Early indications are that this will show a small reduction in pupil numbers and therefore an adjustment will have to be made to the DSG budget allocation in due course.

8.1.4 A separate announcement has been made on the Council's successful bid for Decent Homes investment, which will result in the Council receiving nearly £200m to implement the programme over a number of years. The final phasing of this has not yet been agreed and the current capital programme assumptions will require updating once known.

### **8.2 Levying bodies**

8.2.1 The Board of the North London Waste Authority met on 6 February 2008. The levy for household waste has increased for Haringey by 14% and there is a reduction of 12% in the non-household charges. The net result of this is slightly below the level previously reported in the budget process. The NLWA budget proposals report further above inflation increases in the following years broadly in line with provisions set aside in the Council's financial planning.

8.2.2 The levy from the London Pensions Fund Authority in respect of residual employer liabilities has increased by £100k above inflation. Other levies have not increased significantly above inflation. It is proposed that overall the increases in levies can be managed within the previously agreed budget.

### 8.3 The Greater London Authority precept

8.3.1 The Greater London Authority (GLA) set its precept on 13 February 2008. The band D rate set by the GLA is £309.82, an increase of 2.0%. This is £1.35 (0.4%) below the consultation increase reflected in my previous report.

### 8.4 Consequential changes

8.4.1 The overall impact of the above factors is that the Council's total budget requirement is confirmed as previously reported at £399.578m. Of this £160.617m of this will be funded by the estimated dedicated schools grant leaving a net budget requirement of £238.961m.

8.4.2 The Haringey element of the band D council tax is £1,161.66 (an increase of 3.0%) and the overall band D council tax, including the GLA precept, is £1,471.48 (an increase of 2.8%). The final budget trail and resource shortfall tracker are at appendices A and B respectively.

8.4.3 The Council operates a medium term financial planning process and therefore considers draft budgets and council tax levels for the years 2008/09 to 2010/11. Those budgets are shown as balanced, but include a significant level of target savings, which will need to be delivered over the period.

## **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 Plan through the 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 In the planning process this year the PBPR's 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, national policy or demographic changes;
- other key management issues, including customer focus and SMART working issues around people planning, technology and physical assets;
- new strategic service objectives for 2008/09 and the following two years against Council priorities, and;
- new efficiency savings and investment proposals.

The draft documents were subject to detailed review at officer and Cabinet Member level including at internal budget challenge meetings before the wider public consultation process.

- 9.4 The PBPR's were considered in the budget scrutiny process at Overview and Scrutiny Committee and were the basis for wider consultation on the budget options. They were then used to derive the Cabinet's budget proposals for 2008/09.
- 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 Cabinet Member level. The Council's risk management process also underpins, and is reflected in, all the above activities. The final budget package was the subject of an equalities impact assessment the results of which will feed into the final business plans for implementation from April 2008.
- 9.6 The product of these analyses and review activities were summarised in the report to the Council on 4 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.

## **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 Cabinet on 22 January 2008 projected a net overspend of £0.1m for general fund revenue services, a projected underspend of £0.4m on DSG and a balanced position on HRA. There was also a projected capital underspend of £6.8m mainly in relation to slippage in a small number of projects. I am satisfied that these issues have been taken into account in the budget plans.
- 10.3 The report to Cabinet also notes that the Council is performing well with almost 90% of indicators achieving or close to target at the end of November.

10.4 The following paragraphs comment on each of the reserves:

10.5 General fund general reserve

10.5.1 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. For this purpose I identify the key risks in three ways:

- identification of risks during the financial planning and budget setting process as set out in the report to Council on 4 February 2008;
- risk assessment of the agreed investment and savings proposals in the agreed budget package, and;
- key risks identified, monitored and managed through the Council's risk management strategy and included in the latest corporate risk register.

10.5.2 I have calculated the potential financial impact of these assessed risks and 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 combined with the £10m risk reserve as shown below. The risks set out in appendix D assess the potential financial impact at £17.0m; I therefore regard this as the minimum amount that should be set aside.

10.5.3 The £10m target balance for this reserve represents 2.5% of the gross Council budget requirement for 2008/09.

10.6 HRA reserve

10.6.1 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.

10.6.2 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 is twice the level of the net savings above investments to be delivered in 2008/09 and therefore I consider this to be a prudent level. This represents 4.7% of the HRA turnover for 2008/09, broadly the same as last year.

10.7 Schools reserve

10.7.1 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 3.6% of the schools core funding. The projection for 2008/09 will not be known until individual schools budgets are finalised, which is subject to the pupil count data.

10.8 Services reserve

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

10.9 Insurance reserve

10.9.1 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 level of 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 the self-insured risk. This self-insurance reserve is in addition to the separately procured insurance with the London Authorities Mutual Limited and other smaller external insurance provision.

10.10 PFI reserve

10.10.1 The PFI reserve reflects the new arrangements following the suspension of services within the PFI contract. The opening figure reflects the remaining element after taking into account the pre-payment previously included elsewhere in the balance sheet. The reserve will be used to manage the lifecycle fund requirements for schools during the suspended services period.

10.11 Infrastructure reserve

10.11.1 The infrastructure reserve is a key financing resource for the programmes of renewal of assets for IT and property. This assists in spreading the costs of core replacement of assets as well as managing asset improvement programmes. It is current policy that revenue and capital underspends in these services are transferred to this reserve for future use. The table below reflects in particular the current phasing of the accommodation strategy.

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

10.12 General fund risk reserve

10.12.1 The risk reserve is specifically earmarked for managing potential risks in light of the product of the Council's risk management process.

10.12.2 This reserve is managed alongside the general fund general reserve as set out above and guards against the financial consequences of the residual risk of emergencies or unexpected events

10.12.3 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.

10.13 Financing reserve

10.13.1 The financing reserve is a key tool for managing the impact of financial plans from one year to another. This reserve requires balances to be at different levels year to year depending on the demand as identified through previous and current budget plans. The current year budget process identified requirements for capital financing in 2009/10 in particular. The balance on the financing reserve at 1 April 2008 is estimated to be £6m.

10.14 Debt repayment reserve

10.14.1 This reserve is used to set aside specific money that the Council has for repaying outstanding debt in the future.

10.15 HRA major repairs reserve

10.15.1 The balance on this reserve represents the amount unspent of the major repairs allocation (MRA) and will be used to meet housing capital expenditure in future years.

Overall

10.16 My estimates of the opening and closing position of the general, HRA and other earmarked reserves for 2008/09 are as follows:

|                              | <b>At April<br/>2008</b> | <b>Change<br/>08/09</b> | <b>At March<br/>2009</b> |
|------------------------------|--------------------------|-------------------------|--------------------------|
|                              | £m                       | £m                      | £m                       |
| <b>General:</b>              |                          |                         |                          |
| General fund general reserve | 11                       | (4)                     | 7                        |
| HRA general reserve          | 4                        | 1                       | 5                        |
|                              |                          |                         |                          |
| <b>Earmarked:</b>            |                          |                         |                          |
| Schools                      | 4                        | 0                       | 4                        |
| Services                     | 0                        | 0                       | 0                        |
| Insurance                    | 12                       | 0                       | 12                       |
| PFI                          | 2                        | 1                       | 3                        |
| Infrastructure               | 2                        | (2)                     | 0                        |
| General fund risk            | 10                       | 0                       | 10                       |
| Financing                    | 6                        | (1)                     | 5                        |
| Debt repayment               | 10                       | 0                       | 10                       |
| Housing repairs              | 5                        | (5)                     | 0                        |
|                              |                          |                         |                          |
| <b>Total</b>                 | <b>66</b>                | <b>(10)</b>             | <b>56</b>                |

The table reflects the planned use of balances for the general fund and HRA as agreed in the financial strategy. The general fund balance is estimated to be £13m in March 2010 and £11m at March 2011.

**11 Cash limits and budget resolution**

- 11.1 The net service cash limits for 2008/09 and the formal budget resolution are at appendices C and D respectively. The cash limits shown are before capital charges and overhead allocations.

**12 Summary and conclusions**

- 12.1 This report finalises the 2008/09 budget and proposes a council tax rise of 3.0%. The level of reserves is also reported and considered to be adequate.

**13 Recommendations**

- 13.1 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.
- 13.2 To agree the business unit cash limits set out in appendix C.
- 13.3 To note the Greater London Authority precept.
- 13.4 To agree the reserves policy attached at appendix E.
- 13.5 To pass the budget resolution in the specified format as set out in appendix F.

**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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| <b>Gross Budget Trail</b>                              | <b>2008/09<br/>£'000</b> | <b>2009/10<br/>£'000</b> | <b>2010/11<br/>£'000</b> |
|--|--------------------------|--------------------------|--------------------------|
| <b>Budget brought forward</b>                          | <b>384,602</b>           | <b>399,578</b>           | <b>410,511</b>           |
| <u>Changes and variations</u>                          |                          |                          |                          |
| Inflation  | 7,670                    | 8,090                    | 8,510                    |
| Agreed in previous years budget process                | 11,517                   | (4,303)                  | 2,648                    |
| Changes and variations agreed 17 July 2007             | 3,164                    | 500                      | 500                      |
| Changes and variations agree 18 December 2007          | 950                      | 1,940                    | (3,070)                  |
| Changes and variations in this report (see appendix B) | (3,536)                  | 546                      | 4,450                    |
| Draft settlement function changes (specific grants)    | 4,533                    | (85)                     | (33)                     |
| <u>Investments</u>                                     |                          |                          |                          |
| 2006/07 process  | (75)                     |                          |                          |
| 2007/08 process  | 668                      | 0                        | 40                       |
| 2008/09 process  | 5,294                    | 1,030                    | 530                      |
|  | 5,887                    | 1,030                    | 570                      |
| <u>Savings</u>   |                          |                          |                          |
| 2007/08 process  | (9,837)                  | (3,847)                  | (2,745)                  |
| 2008/09 process  | (4,711)                  | (4,512)                  | (3,722)                  |
|  | (14,548)                 | (8,359)                  | (6,467)                  |
| <u>Dedicated schools grant (DSG)</u>                   |                          |                          |                          |
| Passporting of DSG                                     | 6,320                    | 5,603                    | 6,538                    |
| Prior year adjustment for actual pupil numbers         | (2,532)                  |                          |                          |
|  | 3,788                    | 5,603                    | 6,538                    |
| <u>Balances</u>  |                          |                          |                          |
| Contribution to / (from) balances 2005/06 process      | (642)                    |                          |                          |
| Contribution to / (from) balances 2006/07 process      |                          |                          |                          |
| Contribution to / (from) balances 2007/08 process      | (2,865)                  | 5,725                    | (2,645)                  |
| Contribution to / (from) balances 2008/09 process      | (942)                    | 246                      | 696                      |
| <b>Gross Council budget requirement</b>                | <b>399,578</b>           | <b>410,511</b>           | <b>422,208</b>           |
| Less dedicated schools grant (specific grant)          | (160,617)                | (166,220)                | (172,758)                |
| <b>Net Council budget requirement</b>                  | <b>238,961</b>           | <b>244,291</b>           | <b>249,450</b>           |
| <b>Funding</b>   |                          |                          |                          |
| Council tax (see below)                                | 98,806                   | 101,771                  | 104,825                  |
| Government support - formula grant and NNDR            | 140,155                  | 142,520                  | 144,625                  |
|  | <b>238,961</b>           | <b>244,291</b>           | <b>249,450</b>           |
| <b>Resource shortfall/(excess)</b>                     | <b>0</b>                 | <b>0</b>                 | <b>0</b>                 |
| <b>Council tax</b>                                     |                          |                          |                          |
|  | <b>£</b>                 | <b>£</b>                 | <b>£</b>                 |
| Council tax (LBH)                                      | 1,161.66                 | 1,196.51                 | 1,232.41                 |
| Council tax base (after provision for non-recovery)    | 85,056                   | 85,056                   | 85,056                   |
| <b>Precept</b>   | <b>98,806,153</b>        | <b>101,770,355</b>       | <b>104,823,865</b>       |
| Rate of council tax increase (Haringey element)        | 3.0%                     | 3.0%                     | 3.0%                     |
| GLA rate of council tax increase                       | 2.0%                     | n/a                      | n/a                      |
| Combined council tax increase                          | 2.8%                     | n/a                      | n/a                      |
| £ per week increase (Haringey element)                 | £0.65                    | £0.67                    | £0.69                    |

| <b>Resource Shortfall Tracker</b>              | <b>2008/09<br/>£'000</b> | <b>2009/10<br/>£'000</b> | <b>2010/11<br/>£'000</b> | <b>Total<br/>£'000</b> |
|--|--------------------------|--------------------------|--------------------------|------------------------|
| <b>Position at end of 2007/08 process</b>      | <b>0</b>                 | <b>0</b>                 | <b>0</b>                 | <b>0</b>               |
| <u>Update for 2008/09 process</u>              |                          |                          |                          |                        |
| Change in assumption in formula grant          | 3,578                    | 2,722                    | 2,775                    | 9,075                  |
| <u>Changes and variations 17 July 2007</u>     |                          |                          |                          |                        |
| - contingency items                            | 2,400                    | 500                      | 500                      | 3,400                  |
| - concessionary fares                          | 235                      |                          |                          | 235                    |
| - additional landfill tax                      | 335                      |                          |                          | 335                    |
| - reduction in housing benefit admin grant     | 194                      |                          |                          | 194                    |
|  | 3,164                    | 500                      | 500                      | 4,164                  |
| Proposed investment fund                       | 2,000                    |                          |                          | 2,000                  |
| <b>Position as at 17 July 2007</b>             | <b>8,742</b>             | <b>3,222</b>             | <b>3,275</b>             | <b>15,239</b>          |
| <u>Changes and variations 18 December 2007</u> |                          |                          |                          |                        |
| - homelessness                                 |                          | 3,000                    |                          | 3,000                  |
| - pension fund employer's contribution         | (1,050)                  | (1,060)                  | (1,070)                  | (3,180)                |
| - Achieving Excellence re-profiling            | 2,000                    |                          | (2,000)                  | 0                      |
|  | 950                      | 1,940                    | (3,070)                  | (180)                  |
| <u>Provisional grant settlement</u>            |                          |                          |                          |                        |
| - formula grant increase                       | (2,741)                  | (2,445)                  | (2,132)                  | (7,318)                |
| <b>Position as at 18 December 2007</b>         | <b>6,951</b>             | <b>2,717</b>             | <b>(1,927)</b>           | <b>7,741</b>           |
| <u>Changes and variations now reported</u>     |                          |                          |                          |                        |
| - asylum cost saving target                    |                          | (500)                    |                          | (500)                  |
| - concessionary fares                          | (232)                    |                          | 2,000                    | 1,768                  |
| - NLWA waste disposal levy                     | (500)                    | (500)                    | 1,000                    | 0                      |
| - PFI affordability gap provision              | (1,592)                  |                          |                          | (1,592)                |
| - Alexandra Palace                             | 1,000                    |                          |                          | 1,000                  |
| - capital financing                            | (997)                    |                          |                          | (997)                  |
| - treasury management investment earnings      | (1,000)                  | 350                      | 250                      | (400)                  |
| - housing benefit admin grant                  |                          | 196                      | 200                      | 396                    |
| - variation of contingency provision           | (400)                    | 1,000                    | 1,000                    | 1,600                  |
| - increased public law family court fees       | 185                      |                          |                          | 185                    |
|  | (3,536)                  | 546                      | 4,450                    | 1,460                  |
| <u>Investments</u>                             |                          |                          |                          |                        |
| Proposed new investments and growth            | 5,294                    | 1,030                    | 530                      | 6,854                  |
| Less previously agreed investment fund         | (2,000)                  |                          |                          | (2,000)                |
|  | 3,294                    | 1,030                    | 530                      | 4,854                  |
| <u>Savings</u>                                 |                          |                          |                          |                        |
| Proposed new savings                           | (7,043)                  | (4,822)                  | (3,758)                  | (15,623)               |
| Changes to pre-agreed savings                  | 2,332                    | 310                      | 36                       | 2,678                  |
|  | (4,711)                  | (4,512)                  | (3,722)                  | (12,945)               |
| <u>Council tax</u>                             |                          |                          |                          |                        |
| Actual increase in council tax base Dec 07     | (683)                    | (21)                     | (21)                     | (725)                  |
| <u>Final grant settlement</u>                  |                          |                          |                          |                        |
| - additional grant increase                    | (373)                    | (6)                      | (6)                      | (385)                  |
| <u>Use of balances</u>                         |                          |                          |                          |                        |
| Contribution to / (from) balances              | (942)                    | 246                      | 696                      | 0                      |
| <b>Position as at 4 February 2008</b>          | <b>0</b>                 | <b>0</b>                 | <b>0</b>                 | <b>0</b>               |

| REVENUE CASH LIMITS 2008/09                                       | Net            |
|---|----------------|
| <b>BUSINESS UNIT</b>  | <b>£'000</b>   |
| Benefits and Local Taxation                                       | 949            |
| Corporate Finance & Director                                      | 4,788          |
| Corporate Procurement   | 565            |
| Property Services   | 9,325          |
| Legal   | (1,324)        |
| Access and Customer Focus   | 21,869         |
| <b>TOTAL CORPORATE RESOURCES</b>                                  | <b>36,172</b>  |
| Human Resources & Assistant Chief Executive                       | 3,513          |
| Organisational Development & Learning                             | 1,286          |
| Local Democracy   | 1,658          |
| <b>TOTAL PEOPLE AND ORGANISATIONAL DEVELOPMENT</b>                | <b>6,457</b>   |
| Adult Social Care & Director                                      | 49,988         |
| Recreation Services   | 4,679          |
| Learning, Libraries and Culture                                   | 4,502          |
| Strategic Services  | 3,642          |
| <b>TOTAL ADULTS, CULTURE AND COMMUNITY SERVICES</b>               | <b>62,811</b>  |
| Community Safety  | 1,330          |
| Partnerships  | 5,421          |
| Performance, Policy & Director                                    | 2,479          |
| Communications  | 1,287          |
| Customer Focus  | 131            |
| <b>TOTAL POLICY, PERFORMANCE, PARTNERSHIPS AND COMMUNICATIONS</b> | <b>10,648</b>  |
| Change for Children   | 3,980          |
| Children and Families   | 45,556         |
| School Standards and Inclusion                                    | 13,370         |
| Business Support and Development                                  | 4,364          |
| Individual Schools Budget   | 141,955        |
| <b>TOTAL CHILDREN AND YOUNG PEOPLE</b>                            | <b>209,225</b> |
| Planning, Policy and Development                                  | 1,916          |
| Economic Regeneration & Director                                  | 2,940          |
| Housing Services  | 2,443          |
| Front Line Services   | 24,282         |
| <b>TOTAL URBAN ENVIRONMENT</b>                                    | <b>31,581</b>  |
| Non Service Revenue   | 40,070         |
| <b>TOTAL NON SERVICE REVENUE</b>                                  | <b>40,070</b>  |
| Chief Executive & Electoral Services                              | 2,614          |
| <b>TOTAL CHIEF EXECUTIVE</b>                                      | <b>2,614</b>   |
| <b>TOTAL CASH LIMIT GENERAL FUND</b>                              | <b>399,578</b> |
| Housing Revenue Account   | (537)          |
| <b>CASH LIMIT INCLUDING HRA</b>                                   | <b>399,041</b> |

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### Adequacy of Reserves – Risk Assessment

Three key assessment areas:

1. identification of risks during the financial planning and budget setting process as set out the report to Council on 4 February;
2. risk assessment of the agreed investment and savings proposals in the agreed budget package, and;
3. key risks identified, monitored and managed through the Council's risk management strategy and included in the corporate risk register.

|   | Budget exposure | Risk  | Residual    |
|---|-----------------|---|-------------|
| <b>1. Budget process</b>  | £m              | %   | £m          |
| - Homelessness  | 10.0            | Low to medium risk / 10% to 50% residual impact |             |
| - Employment costs  | 2.0             |   |             |
| - Supporting people (grant reduction)                                     | 1.0             |   |             |
| - Asylum  | 2.5             |   |             |
| - Looked after children   | 13.0            |   |             |
| - Adult social care   | 44.0            |   |             |
| - Waste disposal  | 6.5             |   |             |
| - Alexandra Palace and Park   | 1.7             |   |             |
|   | <b>80.7</b>     |   | <b>9.6</b>  |
|   |                 |   |             |
| <b>2. Savings &amp; investment proposals</b>                              |                 |   |             |
| - total savings in 2008/09  | 14.5            | Low to med / 10% to 50%                         | 4.4         |
| - total investments in 2008/09  | 5.9             | Very low risk of negative financial impact      | 0.0         |
|   |                 |   | <b>4.4</b>  |
|   |                 |   |             |
| <b>3. Corporate Risk Register</b><br>(not already dealt with in 1. above) |                 | Impact score (from risk register)               |             |
| - Corporate IT systems  |                 | 7   |             |
| - Highways infrastructure   |                 | 7   |             |
| - Contract claim issues   |                 | 9   |             |
| - Strategic sites programme   |                 | 7   |             |
| - Accommodation strategy  |                 | 7   |             |
|   |                 |   | <b>3.0</b>  |
|   |                 |   |             |
| <b>Grand total</b>  |                 |   | <b>17.0</b> |

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## 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 Chief Financial Officer (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 Local Authority Accounting Panel (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 Chief Financial Officer 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 and in the future incorporated within the Annual Governance Statement. 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 financial deficit in the general fund, which would be severely disruptive to the effective operation of the authority. The reserve should mitigate against immediate service reductions if there were any unforeseen financial impacts.

- 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 specific risks identified through the various corporate processes. 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 requirement (to provide an indication of financial context).

#### HRA general reserve

- 8 The purpose of the HRA general reserve is similar to the general fund general reserve above except applied to the HRA.

#### Earmarked reserves

- 9 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.
- 10 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 Cabinet 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; this will be required to manage lifecycle funds during the suspended services period;
  5. infrastructure reserve: specific funds set aside for the planned maintenance and renewal of infrastructure assets for IT and Property including the transfer of revenue and capital underspends from year to year;
  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;
  7. financing reserve: a reserve to enable multiple-year medium-term financial strategies in the context of the annual budgeting and accounting cycle;



8. debt repayment reserve: used to set aside money that the Council has for repaying outstanding debt in the future, and;
9. major repairs reserve: the balance on this reserve represents the amount unspent of the major repairs allocation (MRA) and will be used to meet housing capital expenditure in future years

Management and control

- 11 The schools reserve, the insurance reserve, and the PFI reserve are clearly defined and require no further authority for the financing of relevant expenditure.
- 12 The use of all other reserves requires budgetary approval in the normal way.
- 13 All reserves are reviewed as part of the budget preparation, financial management and closing processes.

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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**COUNCIL TAX RESOLUTION**

1. That it be noted that on 17 January 2008 the Chief Financial Officer in consultation with the Cabinet Member for Resources agreed the amount of 85,056 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 2008/09 in accordance with the Sections 32 to 36 of the Local Government Finance Act 1992.
  - (a) £849,110,000 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(2) of the Act.
  - (b) £610,149,000 being the aggregate of the amounts which the Council estimates for the items set out in Section 32(3) of the Act.
  - (c) £238,961,000 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) £140,154,855 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) £1,161.66 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 | 774.45   |
| B | 903.52   |
| C | 1,032.59 |
| D | 1,161.66 |
| E | 1,419.70 |
| F | 1,677.97 |
| G | 1,936.10 |
| H | 2,323.33 |

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 2008/09 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 | 206.55 |
| B | 240.97 |
| C | 275.40 |
| D | 309.82 |
| E | 378.67 |
| F | 447.52 |
| G | 516.37 |
| H | 619.64 |

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 2008/09 for each of the categories of dwellings shown below.

Valuation Bands

|   | £        |
|---|----------|
| A | 981.00   |
| B | 1,144.49 |
| C | 1,307.99 |
| D | 1,471.48 |
| E | 1,798.37 |
| F | 2,125.49 |
| G | 2,452.47 |
| H | 2,942.97 |