

Chair:
Councillor George Meehan

Deputy Chair:
Councillor Lorna Reith

INTRODUCTION

- 1.1 The Council has reserved to itself the exercise of certain functions including the approval of the budget, levying Council Tax and setting the non-domestic rate multiplier. The full list of functions of the full Council are specified in Part 2 Article 4 of the Constitution – The Full Council.
- 1.2 The budget process timetable provides for consideration by the Council of the Executive's budget package prior to the approval of the final budget and the Council Tax on 18 February 2007.
- 1.3 This report covers the budget package which we considered at our meeting on 22 January 2008.

ITEM FOR DISCUSSION

Finance

2. FINANCIAL PLANNING - 2007/08 TO 2010/11

- 2.1 Following our meetings on 17 July, 20 November and 18 December 2007 we reported to the Council on the key financial planning issues facing the Council and proposed a process for the detailed consideration of our budget package. We have now considered a report which set out the medium term financial strategy for the three-year period of the current administration and which would be reviewed on an annual basis. The initial financial planning report in July identified a budget gap of £15.2 million over the four year period. The business planning process this year has aimed to close this gap as well as reviewing the pre-agreed savings totalling £16.4 million.
- 2.2 The report we considered on 22 January (attached at Appendix 1) proposed a budget package for the period 2008/09 to 2011/12 which was in 12 sections:
 - government support
 - changes and variations
 - strategic approach
 - consultation
 - savings options
 - investment options
 - the children's service budget within the dedicated schools grant
 - the Housing Revenue Account budget
 - the capital programme
 - the treasury management strategy
 - council tax; and
 - key risk factors.

The report was supported by various appendices as follows:

- appendix A set out the gross budget trail
- appendix B tracked the resource shortfall over the planning period
- appendix C was the budget report of Overview and Scrutiny Committee and the Cabinet response
- appendix D set out proposed investments
- appendix E set out proposed efficiency savings
- appendix F was the proposed budget for children's services within the dedicated schools grant (DSG)
- appendix G was the Housing Revenue Account budget
- appendices H, I and J related to the capital programme
- appendix K was the treasury management statement.

2.3 We noted that based on the proposed budget package and an increase in formula grant of 2% the Council Tax increase for 2008/09 would be 3.0%. The report proposed a budget for the schools element of children's services within the ring-fenced dedicated schools grant (DSG) where overall resources were increasing by 4.1% per pupil. The report also proposed a balanced budget for the HRA based on an average rent increase of 6.5% and a capital programme based on the existing policy framework for capital expenditure. The treasury management strategy and policy recommended for approval proposes an expansion in the types of instruments used within the investment strategy.

2.4 We report that we adopted the recommendations contained in the report which, in accordance with the agreed budget timetable, we refer to the Council for discussion and agreement in so doing noting that the final decision on the budget and Council Tax for 2008/9 would be made at the meeting on 18 February 2008. We also agreed that, with regard to the housing rent increase proposed, this element of our budget package be referred to the Overview and Scrutiny Committee for comments which appear in a separate report on this agenda.

NOTE BY THE HEAD OF LOCAL DEMOCRACY AND MEMBER SERVICES

Following consideration by the Cabinet of the joint report of the Director of Corporate Resources and the Chief Financial Officer, the final revenue grant settlement for 2008/09 was announced on 24 January. The version of the report now attached has been updated to take account of this and changes made at the Cabinet meeting which are reflected in the additional paragraph numbered 8.18 reproduced below and in revised versions of Appendices A and B -

'8.18 The **final settlement** was announced on 24 January. This will be laid before Parliament for the first week in February. The Minister has broadly confirmed the proposals as set out in the draft settlement with only data corrections and changes included in the final formula position. There is an adjustment to the base for all authorities in respect of public law family court fees as the court service move to full cost recovery for proceedings under the Children's Act. An estimate of this cost to Haringey has been made and it is proposed to add this sum to the cash limit for Children and Young People. The remainder of the additional grant is added to the contingency line.'