

COUNCIL BUDGET/COUNCIL TAX MEETING
3 MARCH 2010

(7.15pm – 9.45pm)

PRESENT: The Mayor, Councillor Nick Draper
The Deputy Mayor, Councillor Karin Forbes
Councillors Tariq Ahmad, Agatha Akyigyina, Stephen Alambritis, Mark Allison, Stephen Austin, Mark Betteridge, John Bowcott, Margaret Brierly, William Brierly, Jeremy Bruce, Angela Caldara, Richard Chellew, David Chung, David Dean, John Dehaney, Chris Edge, Corinna Edge, Samantha George, Maurice Groves, Marc Hanson, Philip Jones, Andrew Judge, Stephen Kerin, Linda Kirby, Sheila Knight, Patricia Lewis, Brian Lewis-Lavender, Gilli Lewis-Lavender, Edith Macauley, Russell Makin, Barbara Mansfield, Denise March, Maxi Martin, Peter McCabe, Krystal Miller, Oonagh Moulton, Ian Munn, Diane Neil Mills, Henry Nelles, Dennis Pearce, Judy Saunders, Linda Scott, Rod Scott, Deborah Shears, David Simpson, Zenia Squires-Jamison, Peter Southgate, Geraldine Stanford, Gregory Udeh, Leighton Veale, Jonathan Warne, Martin Whelton, David Williams, Krysia Williams Richard Williams, Ronald Wilson and Simon Withey

1 MINUTES (Agenda Item 2)

RESOLVED: That the minutes of the meeting held on 3 February 2010 are agreed as a correct record.

2 DECLARATIONS (Agenda Item 3)

Agenda Item 4 – Budget 2010/11 AND MEDIUM TERM FINANCIAL STRATEGY 20101-2013 AND CAPITAL PROGRAMME STRATEGY (Agenda Item 4)

Councillor Sheila Knight on the basis of her being an employee of Merton Mind who receive funding from the London Borough of Merton.

3 BUDGET 2010/11 AND MEDIUM TERM FINANCIAL STRATEGY 20101-2013 AND CAPITAL PROGRAMME STRATEGY (Agenda Item 4)

The Council's Director of Corporate Services addressed the meeting detailing the key considerations around the construction of the proposed budget. The Director also responded to a number of questions put by members.

The Mayor invited Councillor David Williams to move the recommendations in the submitted report and to address the meeting.

Councillor David Williams moved and Councillor Diane Neil Mills seconded the recommendations in the submitted report.

Councillor David Williams addressed the meeting as follows:

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I move the budget proposals for 2010-11 as set out in Recommendation 1, which has particular reference to the formal resolution at Appendix 1 on Page 84 of our Agenda.

At the outset, I would like to pay tribute to Caroline Holland and all her staff in the Finance Team, as well as to the Chief Executive, Directors and their staff, for the enormous effort required in preparing the budget papers and taking it through several rounds of scrutiny. In a spirit of generosity, I would also like to thank Members on all sides of the Chamber for their efforts in this respect and of course to my Cabinet colleagues.

Over the last four years, Merton has improved its position in Council league tables and now sits in the top quartile according to the Audit Commission, including, of course, a continued mark of 3 for the use of resources. This position has been reached as a result of hard work, determination and political will.

The financial position of the Council is considerably different to the landscape we inherited in 2006 and unlike the previous Administration, we quickly increased reserves to the position they aspired to but only dreamed of, which are commensurate with the risks associated with a gross expenditure of £480million a year.

This is the fourth budget that I present to the Council as Leader and although state pensioners have seen no real increase in their council tax, because we pegged the rise in 2007-08 and 2008-09 to the previous September RPI – which is the reference point for setting increases from the following 1st April – they saw a real reduction in council tax in 2009-10 because last year pensions increased 5% against a council tax uplift of just 2.5%.

This year pensions will rise by 2.5% despite a negative RPI figure, but in order to ensure that all council tax payers see a real reduction in council tax during the lifetime of this Administration, I am delighted to confirm our intention to reduce the Merton element of the council tax for 2010-11 by 1.4%. This reduction of over £15 per property for an average band D council tax payer, also improves Merton's position in the table of council tax levied by London boroughs.

There are now 11 councils in Outer London with a higher council tax, compared with 8 last year. The difference between this Administration and our Labour predecessors is that their concept of how to fix a council tax was determined by phoning a friend, whereas we have done so to recognise the financial pressures our hard working families and pensioners are under in the current economic situation.

For the record, because it was once a concern to Members opposite, it does not matter if you use RPI or CPI – it is still an actual reduction in real terms.

We have spent four years cutting waste and in our budgets will have taken out revenue savings of nearly £38 million. We are therefore pleased to be in a position to begin to share actual savings with our residents. We believe this is the right thing to do and one which council tax payers would expect. However, we continue to

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prioritise services that matter most and will maintain our focus on the front line.

Net debt has been reduced by £22million over the last four years, despite the commitments in our Capital Programme, which have been funded by capital receipts and cash flow. We have not actually borrowed anything of significance during the lifetime of this Administration. As a consequence of this prudence, we are tonight in a position to expand our aspiration to make significant investment in the infrastructure of our Borough including our schools, leisure facilities, streets, culture and heritage and my Cabinet colleagues will highlight several examples of that to the Council.

£11.74 million of these savings have come in the current budget round indicating smarter ways of working and although colleagues will deal with the detail, the initial impact of the transformation programme has already begun to pay dividends year on year, which are vastly in excess of the one off costs of engaging external consultants. We have been prepared to take the best advice from world class professionals in the interests of our council tax payers, in sharp contrast to our opponents who are only interested in their next headline.

The position we find ourselves in today is no thanks to the help we get from Central Government. Like many other London boroughs, Merton is on the floor of revenue support grant and we will remain there on current estimates until 2020-21. We also continue to receive the fourth lowest level of grants from Central Government per head of population in Outer London. Accordingly, whilst avoiding compulsory redundancies wherever possible, headcount is being reduced next year by over 200 full time employees. We have little option but to grow smaller as illustrated in our response to the recent LGA questionnaire but we will do so on our own terms, exercising our judgement about the needs of our residents in Merton.

This Administration believes in the localism agenda. We want to see powers returned to local authorities, less imposed targets, less assessment, more accountability for the other agencies of Government who spend money in our area and – in short to spend money where it is needed, stop waste and keep taxes but primarily council tax low, whilst delivering effective quality services.

Mr Mayor, it may not have escaped your attention that this is an election year, not only local elections but also a General Election. All of us in this Chamber aspire to particular outcomes but there are those outside this Chamber who would seek to have a place in it. We will not hesitate to remind the electorate that the highest increase in council tax for 2010-11 is in Kingston, where the council tax will rise by 2.4% to £245 more for a Band D property, closely followed by their Lib Dem colleagues in Richmond who are £180 more expensive than Merton. It is higher too in Sutton and in Outer London only where Lib Dems are in joint Administration with Conservatives in Brent is it slightly lower.

Mr Mayor, this budget is sound, protects front line services and sets out investment proposals for future years. At the council meeting on 25 November last year, buried in a turgid amendment to the Administration's motion on Council Tax Rebanding,

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Labour members urged in an amendment that the council “resolves to respond to its calls for council tax cuts for the majority by introducing a 0% increase in council tax, or a reduction, in March 2010”. I therefore commend this budget and the council tax reduction of 1.4% confident that even if Labour Members no longer subscribe to an ambition they promoted three months ago, that our proposal will find a majority in the Chamber and favour with our residents.

I so move.

The Mayor invited Councillor Stephen Alambritis to address the meeting.

Mr Mayor

I will move three amendments to this budget

But first

Councillors on both sides will be aware of the rush by the media to tag national budgets in Westminster with a line that they hope will stick for ever and a day. I don't need to go far in tagging this budget. A quick look at the comments page on the Wimbledon Guardian's e-edition following a story on the budget gives the game away.

One gsteewart posted the following comment at 8.47pm on Sunday 28 February:

“Exactly how much did Merton Council pay their consultants in total? I don't suppose these overpaid consultants ever use libraries themselves, and they obviously don't care about elderly people either.”

I understand that in this last year Merton's Tory Administration spent £2million on consultants. They used 6 different firms of consultants. The average daily rate for these consultants has been put at £1,000 a day.

For Deloittes, la crème de la crème of consultants, their average daily rate came out at £1,800 per day.

The clue therefore councillors is there for all to see.

This budget is a **consultants' budget**.

A budget crafted by un-caring consultants who live far from the London Borough of Merton, who have cut into front line services that they rarely use or care about. The sad story tonight is that the Tory Administration has been only too happy to **both** employ them using residents' hard earned money **and** to accept their every suggestion for cruel cuts.

Before I get on to those cuts, the Tories will say that local councils are starved of money. This is not true.

Councils in England on average have received a 4 per cent cash increase from the Labour Government this year 2010/2011.

This is the 13th year of above inflation increases.

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There has been a 45 per cent real terms increase in central funding since 1997.

Merton Council like Tory run Birmingham Council are announcing huge job losses and are blaming this on the recession and on lack of Government resources. This is not true. Tonight provides us all with the opportunity to highlight the choices made by Merton's Tories that have led to cuts to services and tonight we can contrast that with Labour's protection and proposed funding for front line services.

This Tory Administration has not taken every step and looked at every measure to see how they can save money without cutting front line services. Locally and nationally the Tories say they want to make cuts to services. Tory Treasury Shadow Philip Hammond MP has said that they would be 'unshamedley top down' in forcing through cuts to services.

No doubt Councillor Williams is proud of the self-styled 'Ryan-Air' Barnet Council wanting to pare services back to the bone where residents will have to pay 'top-ups' to get a decent service.

Can I remind this meeting that funding increases under the first 10 years of Labour contrasts with 7 per cent real terms reduction in the last 4 years of the Conservative Government.

This budget follows the Tory blue print for local services and local government and it is a grim one.

The Tory cuts to frontline jobs are another sign of their bleak vision for local government and local services. As David Cameron has said, look at his Conservative councils to see what a Tory Government would be like – it means: **Enshrining a postcode lottery** as a founding Tory principle – no entitlements, 'anything goes', no standards or checks, no inspections.

Cuts to frontline services: The Tories pledged to **cut** the CLG budget this year by more than £1bn meaning higher council tax bills or cuts in services during the recession and have pledged to make deeper cuts to frontline services.

Anti-growth and jobs – the Tories opposed the fiscal stimulus – they were wrong on economy a year ago and are wrong today.

This Tory budget is not only cruel to those deserving a better deal in this borough but the budget is also floppy and all over the place.

While Tory councillors are queuing up to get their mug into My Merton, this budget will reduce the magazine to a quarterly run.

While this Tory council is wanting to respond to residents' complaints, requests and letters in a timely manner, the proposed reductions in the Post Room and in the number of daily collections and deliveries, to one per day, bodes badly for achieving efficient targets in response to residents queries.

Councillors on this side, especially Councillor Mark Allison, worked hard to establish the Link and a great success it was then. We know from this budget that staff in the

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Link will no longer have uniforms provided.

While the nation is talking about the preservation of the Post Office and the cheque book – two institutions residents rely on -this budget will reduce the opening hours of the popular cash office by 50%.

When this country is talking about a reduction in red tape facing doctors and the police, this budget includes the deletion of 4 administration posts in Children Schools and Families Department and this will result in more red tape confronting professional staff.

At a time when we all want to increase use of green space and the use of our gardens for self sufficiency and not back garden development, this budget will put an end to Merton's popular horticultural show.

The increase in burial fees by 10% on top of this year's increase of 20% needs no further comment.

My colleagues on this side of the chamber, will talk further on the Labour Group's three amendments. One amendment refers to the need to preserve services on the street scene and seek to reverse the demise of Patch officers, Street Cleaning officers and graffiti teams and to reallocate resources to street cleaning, something residents constantly tell us is needed. Something that Cllr Linda Kirby was hugely successful in achieving when she was in charge of that crucial portfolio.

We would also seek to amend the miserly council tax reduction which to all intents and purposes comes to a princely sum of just over £1 a month, whereas we have, on this side of the Chamber, talked about **real** help for residents **now** with a rebate of £100.

Turning to the official announcement of the council tax shaving £1 a month off band D, the first I heard about this was from the local media. I believe the first that Councillor Peter Southgate heard of this was also from the local media.

Such was the panic about the process in which this announcement was made that the deputy leader Councillor Samantha George was forced to send out a rushed staff bulletin explaining how the £1 a month reduction came into being.

I have her truncated bulletin issued at 9:52 am on Monday 15 February...no staff bulletin template...no other stories for staff to read. She could not even wait to announce the £1 Pound giveaway until 14:37pm that day when the normal weekly bulletin came out.

Just as an aside there was a more interesting news item in the later bulletin which read .." saying goodbye? I for one know who who be saying goodbye come May 6!

We have an excellent newsletter for tenants, leaseholders and freeholders called " Raising the Roof". I am sorry to say Cllr Scott but your Leader and your Deputy Leaders incompetent handling of the announcement of this Pounding budget in no way raised any roofs!

You would expect me to say that this was indeed policy making on the hoof but these

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are not my words but the words of the Chairman of this Council's Scrutiny process, Councillor Southgate.

As you come into the first floor offices there are notices on either side of the doors for our information. The one on the right, appropriately enough, reads: "Where will tomorrow take you?"

I for one know where this budget will take the Tory Administration and that is into **opposition** again and for another 16 year stint

We all know that the Leader of this Council has a way with choice words and I sought to summarise them in a letter to the local paper last week.

How could I not refer to his refusal to apologise for his flippant remark about pressure on school places and the remark regarding blame on the pope. Cllr Williams has graciously said he will apologise for that remark at the next full council meeting on 24 March. Why doesn't he try rehearsing for that night by apologising tonight for this outrageous budget dreamed up by consultants and rubber stamped by him!

There are so many quotes that I forgot to include another choice one in my letter.

This was when the Leader said he was 'fed up with moaning Mitcham'. I believe that the residents of this borough are well and truly fed up with him and his Councillors and they will have their say on May 6th but tonight my colleagues are lining up to have their say.

The three amendments, which will be further outlined by my colleagues, have been seen by the Director and Monitoring Officer. The amendments are lawful and in line with the Council's requirement to set a balanced budget.

I move them and urge you to support them.

Whilst acknowledging that each amendment would be taken one at a time, amendments 1, 2 and 3 were moved by Councillor Stephen Alambritis and seconded by Councillor Mark Betteridge.

(It was confirmed to Council that amendment No. 2 would only be taken if amendment 1 were to be passed; and that amendment No. 3 would only be taken if amendment 1 is not passed. Therefore, Councillor Alambritis would withdraw either amendment 2 or 3 as appropriate)

(The amendments may be found at Appendix 2 to these minutes)

The Mayor invited Councillor Peter Southgate to address the meeting.

Back in October last year when we embarked on the scrutiny of the budget, we anticipated it being a challenging process. After all, we were aware that the gap to be closed amounted to £14.53m, which was more than we had faced in previous years. That was due largely to the use of 'one off' savings in last year's budget, which simply transferred £3m of savings last year (09/10) into £3m of liabilities against this year's budget (10/11). I criticised this as a short-term tactic last year, and I am pleased to see it has not been used this year – although there are some

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exceptional savings that will not recur in future years.

In the event, the process of reaching a balanced budget has not seemed quite so difficult as it was last year. I put that down to two things. The first is the impact of the Transformation programme as it begins to kick in. Last year it took half a million out of the budget. Roll that forward and add in £2.4m of savings identified this year, and you have nearly £3m of savings going into the budget for 10/11. You might say that Deloitte's have earned their fee, but then if you look at how wide their range of predicted savings is, you could be forgiven for thinking that predicting the savings is the easy bit, and delivering them is the hard bit.

The second positive influence on the budget has been the very wide variations in actual expenditure against estimate this year. At one stage the financial report pointed to an overspend against budget of more than £3m but in the event the year is expected to close with an **underspend** of £3.5m against budget. There are two components to this; the first is a VAT reclaim of £1m. The second is slippage against the capital programme, a saving of over £2m. This is much more curious; we're all aware that capital projects slip for a variety of reasons but apparently we have continued to allocate funds to service borrowings for the capital programme in full, even though we haven't actually needed to borrow for the reduced capital programme carried out.

I do congratulate the Cabinet member and Director for uncovering this useful anomaly, but it does raise two questions in my mind. The first is – how come no one noticed we had more money in the bank than we should have done? And the second is – what other hidden treasures might there be lurking down the sides of the civic sofa that holds our residents' money? You can't blame me for being suspicious.

As in previous years the £6.3m gap still remaining after the first round of savings has been closed largely by Corporate and Technical adjustments. For the first time the report spells out the increase in the council tax base from 73,027 dwellings (Band D equivalents) for 09/10 to 74,250 dwellings for 10/11 – an increase of 1,223 dwellings, which is worth £690,000 in additional council tax. Couple this with a more realistic assumption about the collection rate for council tax which is worth £676,000, and the combined total amounts to £1.37m – which more than offsets the 1.4% reduction in council tax. So the total amount that will be collected in council tax next year actually goes up slightly, from £81.7m to £81.9m notwithstanding the 1.4% reduction.

Does that mean the reduction in council tax comes for free? Not quite. For a start, the budget gap for the following year (2011/12) has increased from £12m in October to £13.7m now, and most of that increase is attributable to the £1.1m cost of the reduction in council tax, a cost that carries through into all future years.

Second, you have to look at how the cut has been funded. It has been taken from the budget for corporate growth, which was £1.5m. You might be forgiven for not having spotted this item, although you can find it now on p.73 of your council papers.

This provision is designed to fund growth in the course of the year that could not have been anticipated at the time the budget was set. So the effect of using this now

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to pay for a cut in council tax is to leave the store cupboard looking empty for the incoming administration in May, of whatever political complexion. So no use getting too ambitious with those manifesto promises, because the money won't be there to fund them.

I feel bound to comment on the manner in which we (that is, those of us outside the majority group) first found out about the cut in council tax from the local press, rather than via a report to scrutiny. While I accept that the increase or decrease in council tax is a political decision, the manner in which it is to be funded is a legitimate concern for scrutiny, and having it sprung on us in this way made it impossible to give any kind of considered response.

From a political perspective, I appreciate that the Leader wanted to maximise the impact of the cut by speaking to the press first. Shame it only made p.6 in the 'Guardian'. Mind you, to make the front page that week you had to have telephone sex with an under age schoolgirl – and that would not have been a career enhancing move for any of us.

From a scrutiny perspective we were left in the indefensible position of hearing from the Director how the cut was to be funded for the first time at our Commission meeting on Thursday evening, and expected to produce a response for Cabinet on Monday week.

I'd like to turn now to the capital budget, which normally receives less attention than it deserves. I welcome the fact that the capital budget has been given a good shake out this year, hence the discovery that we have been allocating revenue to service debts we haven't incurred. We have a much more ambitious capital programme this year, which I also welcome. Partly this has been forced upon us to make provision for the rapid increase in demand for primary school places, but partly it is an expression of the kind of borough we want to create and the things we want to see. There is cross party support for the decision to invest £11m in the Morden Park Pool and Leisure Centre, for example.

But as a result of these developments we've seen the capital budget balloon from £47m to £73m in the current year, (09/10) with a further £54m proposed for 2010/11, £42m for 2011/12 and £39m for 2012/13. These are serious sums of money. I don't want to be a party pooper, but we have to be confident we can afford these levels of investment, especially in the more austere financial climate in which we will be operating – facing the possibility of a cut in our funding from central government, for example. Although some of the capital expenditure will be met by earmarked grants, much of it will have to come from increased borrowing. It is this that I want to highlight.

The current position is that we have around £155m of external borrowings and just under £100m of investments, giving net borrowings of £61m. For many years successive administrations, first Labour and now Conservative, have pursued a policy of reducing our indebtedness, so the present position represents a big reduction on the levels of debt we used to carry.

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All that is about to change. Net borrowing is set to increase to £92m next year, then to £129m in 2011, to £167m in 2012 reaching £203m in 2013 (p.354) – more than three times the level it is now. Admittedly that's without taking account of possible capital receipts from asset sales, but even with (say) £25m to come from the transfer of the housing stock to Merton Priory Homes, it's still a major increase in our indebtedness. We have to be sure we are comfortable with this. For instance, the proportion of our revenue that goes in servicing debt will rise from 11% now to 17% in 2013. The Director has assured me she is confident of our ability to service this level of indebtedness. Nevertheless, if you wanted to take out a mortgage, you'd calculate the cost as a percentage of your income, and that's how we should be looking at this as a council. Whether we can afford it is a question we will need to keep under review through the next council, and it's an appropriate question for scrutiny to address.

For the purposes of tonight's meeting we will support the revenue budget for next year, the medium term financial strategy and the capital programme.

Following debate including addresses from each of the Cabinet members, the Mayor put amendment 1 to the meeting (detailed in Appendix 1 to these minutes).

The Mayor declared the amendment to be lost on a vote of 25 voting for the amendment and 33 voting against the amendment.

Councillor Stephen Alambritis thereupon withdrew amendment 2.

The Mayor put amendment 3 to the meeting (detailed in Appendix 1 to these minutes)

The Mayor declared the amendment to be lost on a vote of 25 voting for the amendment and 33 voting against the amendment.

The Mayor put the original motion (the recommendations detailed in the submitted report) to the meeting and a roll call was requested with the following result:

Voting for the original motion 33:

Councillors Tariq Ahmad, John Bowcott, Margaret Brierly, William Brierly, Jeremy Bruce, Angela Caldara, Richard Chelley, David Dean, Chris Edge, Corinna Edge, Karin Forbes, Samantha George, Maurice Groves, Marc Hanson, Stephen Kerin, Brian Lewis-Lavender, Gilli Lewis-Lavender, Barbara Mansfield, Denise March, Krystal Miller, Oonagh Moulton, Diane Neil Mills, Henry Nelles, Linda Scott, Rod Scott, Deborah Shears, David Simpson, Peter Southgate, Jonathan Warne, David Williams, Krysia Williams, Ronald Wilson and Simon Withey

Voting against the original motion 25:

Councillors Agatha Akyigyina, Stephen Alambritis, Mark Allison, Stephen Austin, Mark Betteridge, David Chung, John Dehaney, Philip Jones, Andrew Judge, Linda Kirby, Sheila Knight, Patricia Lewis, Edith Macauley, Russell Makin, Maxi Martin, Peter McCabe, Ian Munn, Dennis Pearce, Judy Saunders, Zenia Squires-Jamison, Geraldine Stanford, Gregory Udeh, Leighton Veale, Martin Whelton and Richard

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Williams.

Not Voting 1: the Mayor

The Mayor declared the original motion to be carried and it was, therefore,

RESOLVED: That approval is given to:

- the General Fund Budget;
- the Council Tax Strategy for 2010/11, being a decrease in 2010/11 of 1.4% for the local element (equating to a Band D Council Tax of £1,103.10);
- the Medium Term Financial Strategy (MTFS) for 2010-2013;
- the Capital Investment Programme;
- the Capital Strategy (Appendix 15);
- the Treasury Management Strategy (Appendix 16 to the submitted report), incorporating the Prudential Indicators as set out in the submitted report, **and agrees the formal resolutions as set out in Appendix 1 to the submitted report and as reproduced at Appendix 1 to these minutes.**

4 BUSINESS PLAN 2010-13 (Agenda Item 5)

Councillor Samantha George moved and Councillor David Williams seconded the recommendations detailed in the submitted report.

The Mayor put the recommendations to the meeting and it was

RESOLVED: That

A. approval is given to the Business Plan 2010-13 as part of the budget and policy framework, including the text and the package of priorities, planned outcomes, performance measures and targets that together will form the published version of the Plan; and

B. delegated authority is given to the Chief Executive, in consultation with the Leader of the Council, to amend the Business Plan 2010-13 should this be required.

APPENDIX 1

Revenue Report:

1. having regard to the views of the Overview and Scrutiny Commission set out in Appendix 2 to the revenue report, approval is given to the proposed budget for 2010/11 set out in Appendix 13 of the revenue report, together with the proposed Council Tax levy in 2010/11.
2. That it be noted that at its meeting on 14th December 2009 the Council calculated its **Council Tax Base for the year as 74,250.10** in accordance with regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992.
3. That it be noted that the Council calculated the **Wimbledon and Putney Commons Conservators Tax Base for the year as 10,801.86** in accordance with regulation 6 of the Regulations, as the amounts of its Council Tax base for the year for dwellings in those parts of its area to which one or more special items relate.
4. That approval is given to 4(a) - 4(i) below, which are calculated in accordance with Section 32 to 36 of the Local Government and Finance Act 1992:
 - a) being the aggregate of the amounts which the Council estimates for the items set out in Section 32(2) (a) to (e) of the Act

	£m
Gross Revenue Expenditure of Service Committees	448.897
Corporate Provisions	30.246
Amounts Payable to the Levying Bodies	0.916
Contribution to Financial Reserves	0.000
Gross Expenditure	480.059

- b) being the aggregate of the amounts which the Council estimates for the items set out in Section 32(3) (a) to (c) of the Act

	£m
Fees, charges and other income of services	314.016
Corporate investment income and technical adjustments	13.628
Total Income	327.644

NB: The final analysis of gross expenditure and income may vary from the figures shown above as a result of some minor changes in allocations e.g. overheads

- c) being the amount by which the aggregate at 4(a) above exceeds the aggregate at 4(b) above, calculated by the Council, in accordance with Section 32(4) of the Act, as its budget requirement for the year

	£m
Total Net General Fund Expenditure	152.415

- d) being the aggregate of the sums which the Council estimates will be payable for the year into its General Fund in respect of revenue support grant and redistributed non-domestic rates

	£m
Revenue Support Grant	8.588
NNDR	59.145
Total	67.733

- e) being the amount at 4(c) above, less the amount at 4(d) above calculated by the Council, in accordance with Section 33(1) of the Act, as the basic amount of its Council Tax for the year

	£m
Required yield from Merton's element of the Council Tax	84.682

- f) being the aggregate amount of all special items referred to in Section 34(1) of the Act

	£
Wimbledon and Putney Commons Conservators Levy	257,612.88

- g) being the amount at 4(e) above, less the amount at 4(f) above with the result divided by the amount at 2 above, calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special item relates, subject to (i)-(ii) below.
- i) being reduced by the amount of any sum which the Council estimates will be transferred from its Collection Fund to its General Fund pursuant to the directions under section 98(4) of the Local Government Finance Act 1988 made on 2 February 1995 - **£2,519,000** or
- ii) increased by the amount of any sum which the Council estimates will be transferred from its General Fund to its Collection Fund pursuant to the directions under section 98(5) of the Local Government Finance Act 1988 made on 2 February 1995 - **NIL**

	£
Merton's General Band D Council Tax Levy	1,103.10

- h) being the amounts given by adding to the amount at 4(g) above, the amounts of the special item or items relating to dwellings in the area of Wimbledon and Putney Commons Conservators (WPCC) mentioned above at 4(f) divided by the amount at 3 above, calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its Council Tax for the year for dwellings in the area of WPCC.

	£
Wimbledon and Putney Commons Conservators Band D Levy	1,126.95

- i) being the amounts given by multiplying the amounts at 4(g) and 4(h) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided

by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

	Valuation Bands							
	A £	B £	C £	D £	E £	F £	G £	H £
Part of the Councils Area	735.40	857.97	980.53	1,103.10	1348.23	1593.37	1838.50	2206.20
Parts inc. WPCC	751.30	876.52	1001.73	1126.95	1377.38	1627.82	1878.25	2253.90

5. That approval is given to the Council Tax levy for 2009/2010 by taking the aggregate of 4(i) above and the Greater London Authority precept.

Precepting Authority	Valuation Bands							
	A £	B £	C £	D £	E £	F £	G £	H £
G L A	206.55	240.97	275.40	309.82	378.67	447.52	516.37	619.64

For information purposes this would result in the following Council Tax Levy for

Merton residents:-

	Valuation Bands							
	A £	B £	C £	D £	E £	F £	G £	H £
Part of the Council's Area	941.95	1,098.94	1255.93	1412.92	1726.90	2040.89	2354.87	2825.84
Parts inc. WPCC	957.85	1,117.49	1277.13	1436.77	1756.05	2075.34	2394.62	2873.54

AMENDMENT 1

Under Recommendation 1 of the report, in bullet point 1, after “That the Council agrees the General Fund Budget” add:

“with the exception of the following savings set out in Appendix 6 of the budget papers:

ER22

ER58

ER59

And with CEG1 as set out Appendix 7 of the budget papers amended to reflect growth of £309,000 instead of £500,000;”

Note: The Director of Corporate Services has confirmed that, if agreed, these changes have no impact on the resolutions set out in Appendix 1.

AMENDMENT 2

Delete Recommendation 1 and replace with:

1. That the Council agrees:
 - the General Fund Budget with the exception that CEG1 as set out in Appendix 7 (as amended by Amendment 1) of the budget papers be deleted”
 - the Council Tax Strategy for 2010/11, being no change in 2010/11 (i.e. 0%) for the local element (equating to a Band D Council Tax of £1,118.78),
 - to the payment of £100 Council Tax rebate in 2010/11 to all households paying Council Tax;
 - the reduction in General Fund balances of £6.368m
 - the Medium Term Financial Strategy (MTFS) for 2010-2013 and Appendix 1 and 13(b) of this report be agreed as amended to reflect
 - no change (i.e. 0%) in Council Tax for 2010/11;
 - a £100 Council Tax rebate to all households paying Council Tax; and
 - an equivalent reduction in the council’s level of reserves to produce a balanced budget for 2010/11
 - the Capital Investment Programme;
 - the Capital Strategy (Appendix 15);
 - the Treasury Management Strategy (Appendix 16), incorporating the Prudential Indicators.

as set out in this report, and agrees the formal resolutions as set out in Appendix 1 to this report as amended as follows:-

Amended Resolutions

Revenue Report:

1. Members consider the views of the Overview and Scrutiny Commission set out in Appendix 2 to the revenue report, and approve the proposed budget for 2010/11 set out in Appendix 13 of the revenue report, together with the proposed Council Tax levy in 2010/11 **as amended by the alternative recommendation above incorporating Amendment 1** .
2. That it be noted that at its meeting on 14th December 2009 the Council calculated its **Council Tax Base for the year as 74,250.10** in accordance with regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992.

3. That it be noted that the Council calculated the **Wimbledon and Putney Commons Conservators Tax Base for the year as 10,801.86** in accordance with regulation 6 of the Regulations, as the amounts of its Council Tax base for the year for dwellings in those parts of its area to which one or more special items relate.
4. That the Council agrees 4(a) - 4(i) below, which are calculated in accordance with Section 32 to 36 of the Local Government and Finance Act 1992:
- a) being the aggregate of the amounts which the Council estimates for the items set out in Section 32(2) (a) to (e) of the Act

	£m
Gross Revenue Expenditure of Service Committees	456.429
Corporate Provisions	30.246
Amounts Payable to the Levying Bodies	0.916
Gross Expenditure	487.591

- b) being the aggregate of the amounts which the Council estimates for the items set out in Section 32(3) (a) to (c) of the Act

	£m
Fees, charges and other income of services	314.016
Corporate investment income and technical adjustments	13.628
Contribution from Financial Reserves	6.368
Total Income	334.012

NB: The final analysis of gross expenditure and income may vary from the figures shown above as a result of some minor changes in allocations e.g. overheads

- c) being the amount by which the aggregate at 4(a) above exceeds the aggregate at 4(b) above, calculated by the Council, in accordance with Section 32(4) of the Act, as its budget requirement for the year

	£m
Total Net General Fund Expenditure	153.579

- d) being the aggregate of the sums which the Council estimates will be payable for the year into its General Fund in respect of revenue

support grant and redistributed non-domestic rates

	£m
Revenue Support Grant	8.588
NNDR	59.145
Total	67.733

- e) being the amount at 4(c) above, less the amount at 4(d) above calculated by the Council, in accordance with Section 33(1) of the Act, as the basic amount of its Council Tax for the year

	£m
Required yield from Merton's element of the Council Tax	83.069

- f) being the aggregate amount of all special items referred to in Section 34(1) of the Act

	£
Wimbledon and Putney Commons Conservators Levy	257,612.88

- g) being the amount at 4(e) above, less the amount at 4(f) above with the result divided by the amount at 2 above, calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special item relates, subject to (i)-(ii) below.

- i) being reduced by the amount of any sum which the Council estimates will be transferred from its Collection Fund to its General Fund pursuant to the directions under section 98(4) of the Local Government Finance Act 1988 made on 2 February 1995 - **£2,519,000** or
- ii) increased by the amount of any sum which the Council estimates will be transferred from its General Fund to its Collection Fund pursuant to the directions under section 98(5) of the Local Government Finance Act 1988 made on 2 February 1995 - **NIL**

	£
Merton's General Band D Council Tax Levy	1,118.78

- h) being the amounts given by adding to the amount at 4(g) above, the amounts of the special item or items relating to dwellings in the area of Wimbledon and Putney Commons Conservators (WPCC) mentioned above at 4(f) divided by the amount at 3 above, calculated by the

Council, in accordance with Section 34(3) of the Act, as the basic amounts of its Council Tax for the year for dwellings in the area of WPCC.

	£
Wimbledon and Putney Commons Conservators Band D Levy	1,142.63

- i) being the amounts given by multiplying the amounts at 4(g) and 4(h) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.

	Valuation Bands							
	A £	B £	C £	D £	E £	F £	G £	H £
Part of the Councils Area	745.85	870.16	994.47	1,111.78	1,367.40	1,616.02	1,864.63	2,237.56
Parts inc. WPCC	761.75	888.71	1,015.67	1,142.63	1,396.55	1,650.47	1,904.38	2,285.26

5. That the Council agrees the Council Tax levy for 2009/2010 by taking the aggregate of 4(i) above and the Greater London Authority precept.

Precepting Authority	Valuation Bands							
	A £	B £	C £	D £	E £	F £	G £	H £
G L A	206.55	240.97	275.40	309.82	378.67	447.52	516.37	619.64

For information purposes this would result in the following Council Tax Levy for

Merton residents:-

	Valuation Bands							
	A £	B £	C £	D £	E £	F £	G £	H £
Part of the Council's Area	952.40	1,111.13	1,269.87	1,428.60	1,746.07	2,063.53	2,381.00	2,857.20
Parts inc. WPC	968.30	1,129.68	1,291.07	1,452.45	1,775.22	2,097.98	2,420.75	2,904.90

Note:

If Amendment 1 is passed, the growth remaining in CEG1 for Transformation would be £0.309m

Calculations:

No. of chargeable dwellings 78,405 x £100 = £7.841m

Less:

Add back council tax reduction = £1.164m

Deletion of growth for transformation (CEG1) = £0.309m

Net additional cost = £6.368m

AMENDMENT 3

Delete Recommendation 1 and replace with:

1. That the Council agrees:

- the General Fund Budget with the exception that CEG1 as set out Appendix 7 of the budget papers be deleted”
- the Council Tax Strategy for 2010/11, being no change in 2010/11 (i.e. 0%) for the local element (equating to a Band D Council Tax of £1,118.78),
- to the payment of £100 Council Tax rebate in 2010/11 to all households paying Council Tax;
- the reduction in General Fund balances of £6.177m
- the Medium Term Financial Strategy (MTFS) for 2010-2013 and Appendix 1 and 13(b) of this report be agreed as amended to reflect
 - no change (i.e. 0%) in Council Tax for 2010/11;
 - a £100 Council Tax rebate to all households paying Council Tax; and
 - an equivalent reduction in the council’s level of reserves to produce a balanced budget for 2010/11
- the Capital Investment Programme;
- the Capital Strategy (Appendix 15);
- the Treasury Management Strategy (Appendix 16), incorporating the Prudential Indicators.

as set out in this report, and agrees the formal resolutions as set out in Appendix 1 to this report as amended as follows:-

Amended Resolutions

Revenue Report:

1. Members consider the views of the Overview and Scrutiny Commission set out in Appendix 2 to the revenue report, and approve the proposed budget for 2010/11 set out in Appendix 13 of the revenue report, together with the proposed Council Tax levy in 2010/11 **as amended by the alternative recommendation above** .
2. That it be noted that at its meeting on 14th December 2009 the Council calculated its **Council Tax Base for the year as 74,250.10** in accordance with regulation 3 of the Local Authorities (Calculation of Council Tax Base) Regulations 1992.
3. That it be noted that the Council calculated the **Wimbledon and Putney Commons Conservators Tax Base for the year as 10,801.86** in accordance with regulation 6 of the Regulations, as the amounts of its Council Tax base for the year for dwellings in those parts of its area to which one or more special items relate.
4. That the Council agrees 4(a) - 4(i) below, which are calculated in accordance with Section 32 to 36 of the Local Government and Finance Act 1992:
 - a) being the aggregate of the amounts which the Council estimates for the items set out in Section 32(2) (a) to (e) of the Act

	£m
Gross Revenue Expenditure of Service Committees	456.238
Corporate Provisions	30.246
Amounts Payable to the Levying Bodies	0.916
Gross Expenditure	487.400

- b) being the aggregate of the amounts which the Council estimates for the items set out in Section 32(3) (a) to (c) of the Act

	£m
Fees, charges and other income of services	314.016
Corporate investment income and technical adjustments	13.628
Contribution from Financial Reserves	6.177
Total Income	333.821

NB: The final analysis of gross expenditure and income may vary from the figures shown above as a result of some minor changes in allocations e.g. overheads

- c) being the amount by which the aggregate at 4(a) above exceeds the aggregate at 4(b) above, calculated by the Council, in accordance with Section 32(4) of the Act, as its budget requirement for the year

	£m
Total Net General Fund Expenditure	153.579

- d) being the aggregate of the sums which the Council estimates will be payable for the year into its General Fund in respect of revenue support grant and redistributed non-domestic rates

	£m
Revenue Support Grant	8.588
NNDR	59.145
Total	67.733

- e) being the amount at 4(c) above, less the amount at 4(d) above calculated by the Council, in accordance with Section 33(1) of the Act, as the basic amount of its Council Tax for the year

	£m
Required yield from Merton's element of the Council Tax	83.069

- f) being the aggregate amount of all special items referred to in Section 34(1) of the Act

	£
Wimbledon and Putney Commons Conservators Levy	257,612.88

- g) being the amount at 4(e) above, less the amount at 4(f) above with the result divided by the amount at 2 above, calculated by the Council, in accordance with Section 34(2) of the Act, as the basic amount of its Council Tax for the year for dwellings in those parts of its area to which no special item relates, subject to (i)-(ii) below.

- i) being reduced by the amount of any sum which the Council estimates

will be transferred from its Collection Fund to its General Fund pursuant to the directions under section 98(4) of the Local Government Finance Act 1988 made on 2 February 1995 - **£2,519,000** or

- ii) increased by the amount of any sum which the Council estimates will be transferred from its General Fund to its Collection Fund pursuant to the directions under section 98(5) of the Local Government Finance Act 1988 made on 2 February 1995 - **NIL**

	£
Merton's General Band D Council Tax Levy	1,118.78

- h) being the amounts given by adding to the amount at 4(g) above, the amounts of the special item or items relating to dwellings in the area of Wimbledon and Putney Commons Conservators (WPCC) mentioned above at 4(f) divided by the amount at 3 above, calculated by the Council, in accordance with Section 34(3) of the Act, as the basic amounts of its Council Tax for the year for dwellings in the area of WPCC.

	£
Wimbledon and Putney Commons Conservators Band D Levy	1,142.63

- i) **being the amounts given by multiplying the amounts at 4(g) and 4(h) above by the number which, in the proportion set out in Section 5(1) of the Act, is applicable to dwellings listed in a particular valuation band divided by the number which in that proportion is applicable to dwellings listed in valuation band D, calculated by the Council, in accordance with Section 36(1) of the Act, as the amounts to be taken into account for the year in respect of categories of dwellings listed in different valuation bands.**

	Valuation Bands							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
Part of the Councils Area	745.85	870.16	994.47	1,111.78	1,367.40	1,616.02	1,864.63	2,237.56
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5. That the Council agrees the Council Tax levy for 2009/2010 by taking the aggregate of 4(i) above and the Greater London Authority precept.

Precepting Authority	Valuation Bands							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
G L A	206.55	240.97	275.40	309.82	378.67	447.52	516.37	619.64

For information purposes this would result in the following Council Tax Levy for

Merton residents:-

	Valuation Bands							
	A	B	C	D	E	F	G	H
	£	£	£	£	£	£	£	£
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Parts inc. WPCC	968.30	1,129.68	1,291.07	1,452.45	1,775.22	2,097.98	2,420.75	2,904.90

Note:

Calculations:

<i>No. of chargeable dwellings</i>	<i>78,405</i>	<i>x £100</i>	<i>= £7.841m</i>
<i>Less:</i>			
<i>Add back council tax reduction</i>			<i>= £1.164m</i>
<i>Deletion of growth for transformation (CEG1)</i>			<i>= £0.500m</i>
<i>Net additional cost</i>			<i>= £6.177m</i>

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COUNCIL (EXTRAORDINARY MEETING)
3 MARCH 2010

(9.45pm – 9.58pm)

PRESENT: The Mayor, Councillor Nick Draper
The Deputy Mayor, Councillor Karin Forbes
Councillors Tariq Ahmad, Agatha Akyigyina, Stephen Alambritis, Mark Allison, Mark Betteridge, John Bowcott, Margaret Brierly, William Brierly, Jeremy Bruce, Angela Caldara, Richard Chellew, David Chung, David Dean, John Dehaney, Chris Edge, Corinna Edge, Samantha George, Maurice Groves, Marc Hanson, Philip Jones, Andrew Judge, Stephen Kerin, Linda Kirby, Sheila Knight, Patricia Lewis, Brian Lewis-Lavender, Gilli Lewis-Lavender, Edith Macauley, Russell Makin, Barbara Mansfield, Denise March, Maxi Martin, Peter McCabe, Krystal Miller, Oonagh Moulton, Ian Munn, Diane Neil Mills, Henry Nelles, Dennis Pearce, George Reynolds, Judy Saunders, Linda Scott, Rod Scott, Deborah Shears, David Simpson, Zenia Squires-Jamison, Peter Southgate, Geraldine Stanford, Gregory Udeh, Leighton Veale, Jonathan Warne, Martin Whelton, David Williams, Krysia Williams Richard Williams, Ronald Wilson and Simon Withey

1 DECLARATIONS OF INTEREST (Agenda Item 2)

The members named below declared a prejudicial interest in respect of **Agenda Item 3 – Housing Stock Transfer** and, having made their declaration, left the meeting taking no part in the proceedings.

Councillor Henry Nelles on the basis of his being a member of the Merton Priory Homes Shadow Board

Councillor Maurice Groves on the basis of his being a member of the Merton Priory Homes Shadow Board

Councillor Judy Saunders on the basis of his being a member of the Merton Priory Homes Shadow Board

Councillor Krysia Williams on the basis of his being a member of the Merton Priory Homes Shadow Board

Councillor Krystal Miller on the basis that her husband, Councillor Henry Nelles, is a member of the Merton Priory Homes Shadow Board

N.B. The exempt appendices attaching to the substantive report were not provided to the above named members.

COUNCIL (EXTRAORDINARY MEETING)
3 MARCH 2010

2 HOUSING STOCK TRANSFER (Agenda Item 3)

The Mayor notified all members that, on the basis that the appendices to the submitted report are exempt from disclosure, should there be a need to address any matter detailed in the appendices, then the Council would be required to resolve to exclude the public from the meeting.

Note: There was not a request made at any point in the proceedings that the content of the exempt appendices be discussed. Therefore, the meeting deliberated this matter in public session.

Councillor Linda Scott moved and Councillor Samantha George seconded the recommendations detailed in the submitted report.

Following receipt of comments from members, the Mayor put the recommendations to the meeting and it was

RESOLVED unanimously that

1. approval is given to the housing stock transfer to Merton Priory Homes;
2. approval is given to the valuation and transfer price as detailed in the submitted report;
3. approval is given to the terms of the transfer contained within the legal documents and summarised in the exempt appendices of the submitted report;
4. the Director of Community and Housing is given delegated authority, in consultation with the Deputy Leader and Cabinet Member for Change Management and Performance, the Cabinet Member for Housing and Community Services and the Cabinet Member for Finance and Regeneration, to resolve and make decisions on any matters that may arise between this Extraordinary meeting of Council and the completion of the transfer;
5. the Council's solicitor is authorised to sign the legal opinion; and
6. authorisation is given to the sealing and signing off of all legal documents required to effect the transfer.