

NON-SERVICE AREA BUDGETS - CENTRAL ITEMS

1. SUMMARY

- 1.1 This Appendix provides details of all other General Fund budgets that are not included within service area budgets. These come under the headings of Central Items in the summary budget at Appendix B. It should be read in conjunction with Section 5.

2. DETAIL

- 2.1 The Table to this Appendix summarises the budgetary costs to the council for 2009/10 and the potential requirement for the next three financial years. The following sections of this Appendix take each of the items in turn.

3. AGENCY/THIRD PARTY BUDGETS

- 3.1 Agency and third party budgets are set out below. These are generally payments over which the Council has limited control in the short term.

3.2 CORONERS COMMITTEE

- 3.2.1 Brent is one of five boroughs forming the London Northern District Coroners Courts Committee, namely Haringey (the lead borough), Brent, Barnet, Enfield and Harrow. Haringey deals with the administration, and charges the other boroughs on a population basis. Brent's final outturn for 2007/08 was £169k, against a forecast of £193k, but expenditure was low in 2007/08, partly because unusually there were no legal challenges to decisions of the Coroner. The estimated figure for 2008/09 is £191k, against a budget of £198k.

- 3.2.2 The 2009/10 budget is not yet available and is not expected before the Brent budget is set. It would normally be expected to rise roughly in line with inflation. However, the Coroners Court is moving offices early in 2009, and repairs and improvements to the new premises will cost £250k. This will be capitalised over 5 years (£68k per year) and Brent's share of this will be £14k. Allowing for this and a small element of inflation, gives an estimated contribution for Brent in 2009/10 of £208k.

3.3 LOCAL AUTHORITY ASSOCIATIONS

- 3.3.1 The council is a member of the Local Government Association (LGA) and London Councils. The objectives of both organisations are to protect and promote the interests of member authorities, including discussions with central government on legislative issues, and to provide research and statistical information. London Councils concentrate on issues affecting London boroughs.

3.3.2 The Local Government Association have agreed to freeze Brent's subscription at its 2008/09 level of £69.2k.

3.3.2 The London Councils' subscription covers a number of cross London bodies. Overall costs have been frozen but Brent's contribution has reduced marginally as a result of changes to population estimates. The 2009/10 subscription will be levied as follows:

	2009/10
	£'000
London Councils :	
- Core	220
- London 2012 Olympics	5
Total Main Subscription	<u>225</u>
London Councils Grants Scheme	
- Admin. Grant	51
- Grants to Organisations	890
Transport and Environment Committee	<u>7</u>
Total	<u>1,173</u>

The core contribution for 2009/10 has fallen from £224k in 2008/09 to £220k. The Central budget for the subscription is £225k (inclusive of a £22k recharge to Human Resources).

3.3.3 The subscription to the London Councils for the London 2012 Olympics commenced as a new subscription in 2006/07, and will finish in 2011/12.

3.3.4 This budget is only required to fund the Core and London 2012 Olympics subscriptions of £203k as the balance for the other elements is held within service areas budgets directly linked to the service provided.

3.4 LOCAL GOVERNMENT INFORMATION UNIT

3.4.1 The council subscribes to the Unit. It is an independent research and information organisation supported by over 150 councils. In 2008/09 Brent's subscription to the unit included £19k for its core subscription, £4k for Children's Services and £2k for the Democratic Health Network, which covers Adults and Social Care.

3.4.2 Brent is classed as a 'Premium' authority and will pay the highest level of fee which is £26k. For 2009/10, £20k of funding will be met from Central Items. £4k will be met by Children and Families and £2k from Adult and Social Care. Future subscriptions are expected to increase by approximately 2 per cent per annum.

3.5 WEST LONDON ALLIANCE

3.5.1 The West London Alliance is a cross-party partnership between the six west London local authorities (Brent, Ealing, Hammersmith & Fulham, Harrow, Hillingdon and Hounslow), which aims to provide a clear single voice by lobbying on behalf of the area's residents, service providers and business communities. The subscription is £30k for 2009/10.

3.6 PARK ROYAL PARTNERSHIP

3.6.1 The Park Royal Partnership was established in the early 1990's and has been successful in securing grant funding from the Single Regeneration Budget to promote the regeneration of the Estate. Park Royal together with adjacent Wembley has been designated a priority regeneration area for the London Development Agency. Brent provides an annual contribution of £25k.

3.7 COPYRIGHT LICENSING

3.7.1 The Copyright Licensing Agency licenses public and private bodies to photocopy and scan material from books, journals and periodicals. The actual spend in 2008/9 was £15k and we expect the expenditure for the 2009/10 subscription to be £17k.

3.8 EXTERNAL AUDIT

3.8.1 This budget relates to the work undertaken by the Audit Commission in relation to the statutory audit of the accounts and work on the Use of Resources judgement. It is net of charges for inspections and grant claim audits which are charged elsewhere within the budget (Policy and Regeneration Unit for inspection activity and service areas for grant claims). The estimated budget of £447k represents a below inflation increase compared with 2008/09. It is expected that the introduction of International Financial Reporting Standards in 2010/11 will result in higher charges in future years as this will increase the scope of work required.

3.9 CORPORATE INSURANCE POLICIES

3.9.1 This budget encompasses the policies for public liability, fidelity guarantees, employer's liability, officials' indemnity, personal accident, engineering and terrorist insurance not linked directly to specific properties. It also includes claims handling. Overall insurance cover cost £730k in 2008/09, which was met centrally from this budget. We anticipate this will remain the same in 2009/10. Premiums for premises and vehicles policies are charged to units and service areas. The net budget included in central items is £300k for council wide policies not recharged.

3.9.2 In March 2008 the judgement in the RMP v London Borough of Brent was handed down and the Court found for the plaintiffs. The impact of this is that

the cover with the London Authorities Mutual Ltd was rendered ultra vires and temporary cover was obtained from Zurich Municipal for 6 months ending on the 30th September 2008. A tender process was undertaken and Zurich Municipal won the tender with cover being placed for twelve months from 1st October 2008 with an option to extend for a further two years.

4. CAPITAL FINANCING CHARGES AND INTEREST RECEIPTS

- 4.1 These budgets are strongly influenced by external factors linked to the economy and the movement of interest rates. Members will be aware of significant changes to these during the last year and should also reference the Treasury Management Strategy included in Section 11 of the main report. They also reflect the overall level of the capital programme (see Section 10). The two budgets reviewed in this section are:
- (a) Interest receipts which the council estimates it will receive from positive cash flow and holding reserves during 2009/10.
 - (b) Capital Financing Charges are the principal repayments and interest on the council's borrowing.
- 4.2 The amount of debt attributable to the HRA is a crucial factor in the charge falling on the General Fund. This is governed by a complex set of regulations based around Housing Subsidy. To minimise the net cost to Brent the council seeks to ensure that the optimum allowable under the rules falls on the HRA as this receives 100% subsidy.
- 4.3 In the recent past the council has tended to underspend on this budget. This reflected successful debt restructuring exercises, new borrowing at lower than anticipated interest rates, higher than estimated interest receipts and improved cash flow. However, current economic factors, particularly the prevailing rates of interest obtainable on deposits and the reduction in low risk counter parties to lend to in the market, mean there is a significant increase in the budget in 2009/10 and beyond.
- 4.4 The council is estimated to have £662m of long-term debt outstanding at 31st March 2009. This has been taken out over a number of decades for periods of up to 60 years. The average interest rate on existing loans, following debt restructuring, is around 5%. Opportunities for debt restructuring will be limited by changes to Public Works Loan Board arrangements which mean that relatively expensive historic debt held by the Council cannot be repaid early without incurring significant premia. However this will be reviewed on a regular basis. Investments are estimated to average £100m during 2009/10, with an estimated average return of 1.5%, reflecting expected reductions in interest rates during the year. Interest on investments is shared between the General Fund and other interest bearing accounts. The budget assumes long term borrowing will be at 5% although some borrowing may be taken at lower variable rates.

- 4.5 The net budget for 2009/10 for interest receipts and capital financing charges is £22.814m (2008/09 £19.905m). This significant variation is primarily due to the impact of changes in interest rate. It is forecast that interest earned on deposits in 2008/09 will amount to £6m. The estimate in 2009/10 is £2.4m. If interest rates remain at current levels this falls even lower in later years. It is proposed that the underspending in 2008/09 of £1.996m (see Section 4 of the main report) be transferred into an earmarked reserve and then utilized in 2009/10 to smooth the impact of the major fall in interest rates. The position in future years will be considered as part of the Medium Term Financial Strategy.

5. LEVYING BODIES

- 5.1 Levying bodies are defined by statute. They have an absolute right to demand payment from the council and that payment must be met from the General Fund.
- 5.2 Latest estimates for the levies to be paid in 2009/10 are shown below.

	2008/09 Actual £'000	2009/10 Estimate £'000
Lee Valley Regional Park	289	293
London Pensions Fund Authority	399	508
Environment Agency	191	191
West London Waste Authority	6,993	8,410
	7,872	9,402

- 5.3 At the General Purposes Committee meeting on 12th January 2009 a council tax base for 2009/10 of 95,279 was agreed. All the levies, apart from the West London Waste Authority levy which is a mixture of usage and the tax base, are calculated on each authority's relative tax base. This means that increases in levies paid by Brent may not be exactly the same as increases in the budgets of the levying bodies.
- 5.4 Lee Valley Regional Park Authority (LVRPA)

LVRPA is funded by a levy on all London Boroughs, Essex and Hertfordshire County Councils and Thurrock Unitary Authority. Its purpose is to *“regenerate, develop and manage some 10,000 acres of Lee Valley which had become largely derelict and transform it into a unique leisure and nature conservation resource for the benefit of the whole community.”* The LVRPA levy is expected to be 1.8% in 2009/10 to £293k. There are concerns in future years that the levy may rise at a higher rate to meet increasing costs linked to the Olympics.

5.5 London Pensions Fund Authority (LPFA)

The LPFA levy is to meet expenditure on premature retirement compensation relating to former employees of the Greater London Council (GLC). It is split between all London Boroughs but Inner London Boroughs bear significantly higher charges.

The main LPFA levy is expected to be slightly reduced in 2009/10 compared to this year. This follows a 42% increase in 2008/09 from £281k to £399k. This was due to a high incidence of settled and anticipated asbestos claims attaching to residual liabilities of the former GLC.

- 5.6 However, the LPFA have notified the boroughs that there needs to be a further increase to meet an anticipated deficit on the LPFA Pension Fund, due to poor investment performance and rising longevity of pensioners. The total required from all London boroughs is £17m per annum rising annually with the Retail Price Index. This is planned to be phased in over a three year period starting at £7m in 2009/10 rising to £13m in 2010/11 and £17m in 2011/12. For Brent this will increase our payment to LPFA by £121k next year and £225k and £294k in the two following years. The Department of Communities and Local Government are currently consulting on the principles and methodology for this charge. Its introduction in 2009/10 is being opposed by London Councils and the Boroughs. A final decision is expected shortly.

5.7 Environment Agency

For 2009/10 most expenditure will again be funded directly by the Department for Food and Rural Affairs (Defra). As in previous years, a small element remains payable relating to regional schemes, many of them to improve flood defences. The amount of the levy depends largely on the options for capital schemes which the Environment Agency decides to fund. For 2009/10 the Regional Flood Defence Committee has been given 3 options for increases between 2% and 10%. A final decision has yet to be made but the most likely option has been assumed.

5.8 West London Waste Authority (WLWA)

WLWA was established by statute in 1986. It is responsible for the waste disposal of six boroughs. These boroughs are Brent, Ealing, Harrow, Hillingdon, Hounslow and Richmond-upon-Thames. The boroughs are responsible for the collection of waste in their areas.

- 5.9 Prior to 2006/07 the WLWA levy was calculated according to constituent boroughs' council tax bases (as is still done for the other three levying bodies). In early 2006 Defra announced new arrangements for waste disposal authorities (WDAs) levies. Most of the levy is now based on tonnages delivered by Waste Collection Authorities (WCAs) in the last complete financial year – i.e. 2007/08 - which will be used to set the 2009/10 levy. Other

expenditure including civic amenity waste and administration continues to be apportioned to boroughs on their council tax bases.

- 5.10 WLWA set their budget on 28th January 2009. WLWA Members decided to use £1.4m of balances to reduce the levy increase. The budget report shows an average 16.6% levy increase compared to 2008/09. The report estimates Brent's levy next year as £8,410k – 20.3% higher than this year. This is higher than the average increase in WLWA constituent boroughs' levies because Brent will be paying for a slightly higher tonnage of household waste through the levy in 2009/10 than in 2008/09. This means that a correspondingly lower waste tonnage will be paid for through charges for non-household waste Section 52(9) charges. These charges are part of Streetcare's budget.
- 5.11 WLWA report that 12% out of the 16.6% average levy increase is due to disposal cost changes. Next year a new waste treatment contract commences. This will add considerably to WLWA costs in the short term. However the contract is necessary to divert waste from landfill to ensure WLWA does not exceed its landfill allowances and risk significant penalties in future years.
- 5.12 Waste tonnages received by WLWA have been reducing slightly, the main reasons being increased recycling and the state of the economy. However this is more than offset from the extra costs from the £8 increase in landfill tax next year.
- 5.13 The increase in waste disposal costs will also impact on the net Section 52(9) charges (for non-household waste) funded by Streetcare. These are levied for tonnages sent to WLWA above the amount paid for through the levy (85,917 tonnes in 2009/10). In 2008/09 the cost is £66.41 per tonne. For 2009/10 this will be £80.23 per tonne. An allowance of £400k has been included in this budget for these variations in tonnages and disposal costs which will be released to Streetcare as required during the next financial year.
- 5.14 WLWA's costs are expected to rise significantly again in 2010/11 and future years. This will increase levy costs and non-household waste charges for Brent. Landfill tax is likely to increase by a further £8 per tonne in 2010/11 and potentially even more beyond this. WLWA could also face further increases in contract costs. If waste tonnages continue to reduce there will be some offsetting savings but the levy is still expected to rise sharply. WLWA are currently estimating levy increases of 22.01% in 2010/11 and 15.45% in 2011/12 in 2012/12. This excluded any potential impact of LATS (Local Authority Trading Scheme).

6. PREMATURE RETIREMENT COMPENSATION (PRC)

- 6.1 This is the ongoing revenue cost of pensions caused by premature retirements, that do not fall on the Pension Fund, which took place primarily up to 31st March 1994. During 2008/09 £745k of PRC payments held within

service area budgets for added years was vired into this budget. This was because both the best value accounting requirements and the removal of the option to grant added years meant it was no longer necessary to charge these costs to General Fund Services. The amount paid to pensioners is uplifted by the inflation rate applicable in the previous September (September 2008 5.0%), and an allowance has also been made for increases in charges by the London Pension Fund Authority for former Brent employees covered by previous pension arrangements now managed by the LPFA. An estimate is also being made for pensioners who fall out of the pension scheme. It is estimated that a provision of £5.330m will be required in 2009/10.

7. MIDDLESEX HOUSE AND LANCELOT ROAD SCHEME

- 7.1 A new funding agreement for the scheme was agreed in 2000/01 with the then Network Housing Association. It has received consent from the then Secretary of State for Environment, Transport and the Regions. This budget covers the maximum General Fund requirement under the arrangement and amounts to £489k for 2009/10. The contributions for future years, as the properties fall out of the HRA and do not qualify for Housing subsidy, have been reviewed with the aim of equalising these until 2019/20. This budget is also used to support a similar scheme entered into during the 1980's when the original Middlesex House arrangement was entered into.

8. REMUNERATION STRATEGY

- 8.1 The council faces a range of significant challenges in its approach to pay for its staff. These include implementation of the single status agreement, resolving a range of pay anomalies including London Weighting, and a number of supplements and bonus payments, and putting in place adequate arrangements to ensure the recruitment and retention of the required skilled staff.
- 8.2 In February 2008 the General Purposes Committee agreed a package of measures to put to the Unions for the implementation of Single Status. The Committee reconsidered this offer on 12th January 2009 in light of the lack of progress in implementation. It decided to withdraw the offer and to seek to implement revised grades for a number of ex-manual workers, backdated to April 2007, in line with that element of the original offer. Payment to staff is planned to be made in 2008/09.
- 8.3 The on-going costs of the above is now estimated to require a budget of £875k from 2009/10 and beyond.

9. SOUTH KILBURN DEVELOPMENT

- 9.1 Work on the regeneration of South Kilburn is continuing. The council has had to reconsider the Master Plan delivery mechanism in light of the impact of the downturn in the economic climate and deteriorating housing market. This has included reviewing its delivery options for regeneration, taking account of the

priorities of the newly established Housing and Communities Agency. The review highlighted five options which would represent different structural means to achieve the regeneration although retaining the same outcomes.

The options are: single tenanted stock transfer; series of staged transfers; development agreement for vacant land transfer; local housing company or other joint venture approach; and Housing PFI. The first has been ruled out but work is progressing on the other four options.

The Granville new homes development is nearing completion and arrangements are being made to move tenants into the new homes. Members have agreed to sell the development to Brent Housing Partnership.

Projected spending from this budget is £200k in 2008/09 against an original budget of £570k. This has been used to fund work on the review of the delivery options as well as legal costs, independent advice for residents and other consultant fees. Provision of £570k has been made in 2009/10 to meet decant costs, negotiations with the preferred development partners, procurement of other development partners including legal costs, specialist consultant advice and ongoing independent advice for residents.

10. INVESTMENT IN INFORMATION TECHNOLOGY

- 10.1 From its inception in the mid-1990's the Systems Development Fund has been used to fund corporate initiatives including the migration from the mainframe, new IT investment for service areas and expenditure on Year 2000 issues.
- 10.2 Since 2002/03 the emphasis of the fund has shifted to the funding of the authority's E-Government programme and other major IT requirements.
- 10.3 The council has a range of needs for investment in IT to meet new requirements or upgrade existing systems. These range from corporate requirements, such as an upgrade to the Customer Relationship Management system and the development of a Client Index to a whole programme of service area projects. These projects have been funded by specific capital budgets, the Systems Development Fund, and ongoing revenue funding. The £820k in the 2009/10 budget is to be used to fund a small amount of new development, to pay the capital financing charges for previously implemented projects, and to meet the ongoing costs of maintenance and support.

11. INSURANCE FUND

- 11.1 The council operates an Insurance Fund in order to self insure its buildings and contents as well as to cover employee and third party legal liabilities and professional indemnity, though it does have insurance policies to limit the council's overall exposure. The authority has an excess of £300k on any particular claim and has a maximum exposure of £3.5m in any financial year. These arrangements are in place to minimise the council's costs as opposed

to covering all costs through external insurance. Service areas are charged insurance premiums for buildings, contents and vehicles. The level of the Fund is reviewed against the known and potential level of liabilities for claims. Members have been informed in previous years that the amount in the Fund needed to be reviewed closely and significant on-going contributions would be required to ensure the Fund has resources to meet current and future claims.

11.2 The main strains on the Fund are as follows:

(i) Damage to Buildings

Building losses have averaged around £100k for the last 4 years but in the current year losses are estimated to be around £300k. The cause of this increase is a rise in weather related losses and thefts of lead from roofs.

(ii) Tree Roots

The council operates a Tree Root Fund in order to cover structural damage to third party properties. The Tree Root Fund runs on a self insurance basis and there are no insurance policies limiting the council's exposure. In recent years insurers have reassessed the way they undertake and deal with subsidence claims and these matters are now being fast tracked with the previous average of some three to four years in settling a claim being brought down to 18 months in some cases. Insurers have also been seeking 100% of the damages from local authorities. Since 2004 the council has adopted an amended tree maintenance policy and work continues between the Insurance Section, Streetcare and the Loss Adjusters on improving the way claims are being dealt with to help reduce costs. Estimated payments in 2008/09 are £1.1m. This is around £500k higher than in most years and is due to a number of factors, including final settlement of a large claim of £170k which originated in 2000. The number of claims now being presented is much lower which should result in payments coming in lower in future years.

(iii) Third Party Claims

The vast majority of third party claims relate to accidents by members of the public on the pavements and highways. The number of claims were 367 in 2006/07 but fell back in 2007/08 to 286 and are estimated to be 195 in 2008/09. In 2006/07, the cost of claims settled was £562k but this increased to £685k in 2007/2008. The estimate for 2008/2009 is £600k.

11.3 A budget of £1.8m is recommended for 2009/10 which is the same level as 2008/09.

12. CIVIC CENTRE/PROPERTY REPAIRS AND MAINTENANCE

- 12.1 The Executive has received a number of major reports on proposals for a new civic centre for Brent. The reports have incrementally developed a case for the construction of a multi-purpose centre. It is based on meeting the future needs of the community, significantly improving service delivery, including considerations of the focus on neighbourhoods, with a strong value for money justification. The “*once in a lifetime*” regeneration opportunities in Wembley provide the stimulus for the whole project.
- 12.2 It is clear that doing nothing is not an option given the accommodation issues facing the current municipal offices. The Town Hall which is the council’s main public face fails to meet the standards of an acceptable modern headquarters building. Other buildings within the portfolio are becoming uneconomic to maintain, unable to cope with changes in technology and fail to provide modern working environments for staff and public alike.
- 12.3 Significant progress has been made in the last year to secure the delivery of the project. This includes:
- (i) Securing a site in the heart of the Wembley regeneration area.
 - (ii) A Design Team is due to be appointed at 16th February Executive.
 - (iii) An Assistant Director has been appointed to lead the project.
 - (iv) Brent House was acquired as the second main location for office accommodation in Wembley.
- 12.4 The business case for the Civic Centre has always been based on the fact that it could be delivered without requiring additional resources compared with retaining existing stock at a reasonable standard. In fact the Civic Centre offers the opportunity for further efficiencies as the council moves forward. The 2009/10 provision of £1.668m, included within this budget, provides resources for a number of items of expenditure:
- (i) The cost of professional advisors to support the delivery of the project.
 - (ii) The capital financing costs for those elements of the project that will be charged to the Capital Programme on an Invest to Save basis. This will include the land acquisition, design and construction. (See also Section 10)
 - (iii) An allocation, based on the increased revenue maintenance costs and debt charges, associated with keeping the existing building stock at a reasonable standard.
 - (iv) Allowance for lease rental increases and dilapidation claims on leasehold building.
- 12.5 Regular reports will be brought to the Executive as the project develops.

13. NEIGHBOURHOOD WORKING

- 13.1 The Neighbourhood Working Team of five people works closely with ward councillors to identify and address issues of concern with residents at ward level. The process is based on:
- Listening to residents through councillor walkabouts, attending local meetings, mini surveys etc.
 - Identifying key issues for each ward with councillors.
 - Drawing up a ward action plan with council departments and external partners, which identifies proposed actions, responsibilities and time scales.
 - Reporting back to residents
- 13.2 To assist with this process, a budget of £850k was allocated in 2008/09 to ensure the full roll out in all wards for the financial year. For 2009/10 the budget will remain at £850k. This includes a budget for each ward. In 2009/10 this will be £23k, including £3k for publicity and £20k for initiatives that would not otherwise happen and are not the statutory responsibility of any public body. In order to get most benefit from this money, it will be used for pump priming, pilot projects, match funding and to lever in other funds.

14. FREEDOM PASS SCHEME GROWTH

- 14.1 The Freedom Pass Scheme provides free off peak travel for all people in London aged 60 or over. People with disabilities are funded for 24-hour travel on almost all tube and bus services and off peak on National Rail and independently operated bus services in Greater London. There were 41,829 users in Brent in September 2008.
- 14.2 From April 2008, the government introduced free off peak bus travel for all people aged 60 or over and people with disabilities to use anywhere in the UK. A specific grant was paid to individual boroughs outside London and to London Councils within London to meet the additional cost of free off peak travel for non-residents. In London there was the added complication that pass-holders already enjoyed free travel in London boroughs other than their home borough.
- 14.3 Uncertainty associated with introduction of the new scheme led to an overestimation of costs in 2008/09. After taking account of government grant, the overall borough contribution in 2008/09 was £213.2m. The overall contribution in 2009/10 has been set at £173.6m.
- 14.4 At the same time as the new arrangements for free travel for out-of-borough pass-holders was introduced, a proposal was made to change the basis for allocation of charges to boroughs from number of pass-holders to number of journeys. This change was opposed by a number of boroughs, including Brent, which lost out as a result of the change but, following arbitration, it was

agreed that the new arrangements for charging will be introduced on a phased basis from 2009/10, with 40% of the charge based on number of journeys in 2009/10, 70% in 2010/11 and 100% in 2011/12.

- 14.5 The combined effect of the reduction in the total borough contribution from £213.2m to £173.6m, offset by the phased introduction of use of number of journeys to allocate charges to boroughs has led to a reduction in Brent's contribution from £7.863m in 2008/09 to £7.000m in 2009/10. However, this is a one-off reduction. A new settlement is currently being negotiated between London Councils and Transport for London from 2010/11 which will see a significant increase in the total contribution by boroughs. The negotiations are complicated by the introduction by the Mayor of London of 24 hour use of freedom pass on buses by older people. The Mayor is keen for boroughs to meet the additional cost of this from 2010/11. Based on the options that are being considered, there is likely to be a significant increase in costs in 2010/11. The most likely option would involve an estimated increase in Brent's contribution from £7.000m in 2009/10 to £8.850m in 2010/11, £9.744m in 2011/12, and £10.353m in 2012/13.
- 14.6 The costs of the Freedom Pass are met within the Adult Social Care budget with additional growth required provided within central items. In order to smooth out changes in the contribution, the funding within the Adult Social Care budget has been kept at £7.863m in 2009/10, with £863k being put in reserve. The base budget of £7.863m will be increased by the standard inflation rate of 2% in 2010/11, which together with the reserve of £863k, will be sufficient to meet the estimated £8.850m contribution in 2010/11. Funding has been provided in central items in 2011/12 and 2012/13 for forecast shortfalls in Adult Social Care funding of £1.533m in 2011/12 and a further £640k in 2012/13.

15. AFFORDABLE HOUSING PFI

- 15.1 Funding for the Affordable Housing PFI was agreed in the 2007/08 budget. This involved a transfer from capital financing charges for unsupported borrowing – which had previously been used to fund the council's contribution to funding of affordable housing schemes - to fund the PFI. The budget increases gradually to 2011/12 as properties are delivered and then by 2.5% thereafter.
- 15.2 Phase 1 of the PFI which involved delivery of 215 units, including 20 learning disability units, reached financial close on 19th December 2008. Phase 2 is due to reach financial close later this calendar year and will involve delivery of a further 185 units. The costs of both phases should be containable within the budget provision that has been made although current financial market uncertainty means that there remain risks relating to delivery of Phase 2.
- 15.3 The council will incur costs related to delivery of Phase 2 which are not currently budgeted for. These costs will be met from the existing provision of £764k in 2009/10.

16. COUNCIL ELECTIONS

16.1 This is a budget to cover the costs of the 2010 Municipal elections.

17. CORPORATE EFFICIENCY SAVINGS

17.1 Details of the council's approach to value for money are given in Section 13 of the report.

17.2 Central items include a corporate efficiency target which is for savings which are cross-council and do not easily fit within individual service areas. The target saving for 2008/09 was set at £1.5m. This included £270k cash flow savings from the reduction in the number of council tax instalments from 12 to 10 in 2007/08 and improved quicker turnaround of VAT returns. These items have now been vired into capital financing charges which means that the revised budget for 2008/09 is £1.230m. It is currently forecast that a total of £860k will be credited to this account. £360k of this is from on-going savings arising from the Matrix contract for agency workers and a further £500k is one-off savings from a review of balance sheet items within Children and Families. The resulting budget shortfall in 2008/09 is £370k.

17.3 The savings target for 2010/11 has been from £1.230m in 2008/09 to £1.484m. This is the combination of the addition of £500k additional cross-cutting savings to be achieved through the Improvement and Efficiency Programme, offset by a part-year virement of £246k to services which, under the new agency contract, will no longer be required to meet the 'Brent Council; margin' on agency workers.

17.4 The Improvement and Efficiency Board will be responsible for monitoring achievement of the £1.484m saving. In the past it has been difficult to capture savings resulting from cross-council efficiency measures corporately. The savings are made but often accrue direct to services. Mechanisms put in place to capture them, such as the 'Brent Council margin' on agency staff, are unpopular with service managers and can impact on perception of the service received from outside bodies. An Improvement and Efficiency Programme is being put together and this will include measures to achieve this saving.

18. OTHER ITEMS

18.1 Details are set out below

18.2 Income Generation Initiatives

18.2.1 A target of £587k income was included in the 2008/09 budget for corporate income generation initiatives. This was on top of £1m of additional income built into individual service budgets. There have been delays in delivering these initiatives which means that the savings have not been made

18.2.2 The bulk of the saving was to come through changes to the staff parking policy. The council currently spends £372k each year on overflow parking for staff. The plan was to withdraw from this contract but only after staff charges were introduced which would (1) reduce demand for parking spaces; and (2) generate income to cross-subsidise improvements in the council offer for people travelling to work by more sustainable modes of transport. The Executive agreed the staff travel plan at its meeting in November 2008, subject to further consultation on charges to be made for parking. Consultation is due to be carried out shortly with a planned implementation date of the new charges of June 2009. Whilst there will be savings in 2009/10, no savings will be made in 2008/09.

18.2.3 Additional income from advertising and sponsorship has also not yet been delivered. PricewaterhouseCoopers have made a prudent estimate of gross additional income that could be achieved is £192k per annum although this would be offset by costs. They are currently working on a detailed business case which will set out arrangements for delivering this. This will also include revised estimates to take account of the effect of recession. Whilst there will be additional income from this, this will also not be achieved until 2009/10.

18.2.4 The council also plans to introduce a charge for credit card payments to the council to reflect the additional direct cost charged to the council by banks for people using credit cards. The charge will be 1.25% of the amount paid. The charge will not be applied to debit cards. At the same time, the council is seeking to encourage people to pay by alternative means – particularly, where appropriate, direct debit - in order to improve efficiency of income collection and reduce overall costs to the tax-payer. The introduction of the charge coincides with the introduction of new arrangements for paying by phone and over the internet. The new charge will apply from April 2009.

18.2.5 Whilst these corporate income initiatives have not yielded savings in 2008/09, the measures will yield savings in 2009/10. Savings from not paying for parking spaces will accrue to individual services and an adjustment has been made between the corporate income initiatives and service budgets to reflect this. £213k remains in central items in 2009/10 and future years. This will be achieved by a combination of additional advertising income and income from credit card charges.

18.3 The Future of Wembley

18.3.1 The council has published an ambitious Vision For Wembley, setting out an agenda for a once-in-a-lifetime regeneration opportunity for Brent. A £350k budget has been established under the control of the Chief Executive specifically to support the delivery of this vision. During 2008/09 the budget has been used to commission work and advice relating to masterplanning for the eastern, northern and triangle end of the development, Wembley Museum business plan, highway schemes, a public art strategy and the production of quarterly newsletters. Funding of £350k has been included in

the 2009/10 budget and will continue to be used to commission work that maximises the council's ability to deliver community benefits in Wembley.

18.4 Leasing Costs

- 18.4.1 It has been agreed that unless there are strong business reasons the use of operating leases should be phased out. This is because the asset remains the property of the lessor and this has led to a number of problems at the end of the lease. Items therefore have been purchased from capital resources and service areas charged with a notional rather than an actual rental over the life of the asset. This budget reflects the charges received from service areas while the expenditure is included within borrowing costs. It amounts to £70k in 2009/10 with a further decline in future years.

18.5 Capitalisation Adjustment

- 18.5.1 An additional £600k of capitalisation costs has been included in the budget to fund shortfalls in the Housing general fund and Corporate budgets in respect of recharges to HRA and BHP in connection with the management and maintenance of the HRA dwelling stock. These charges reflect and measure a reasonable charge for activity in relation to the HRA. As the number of properties within the HRA has reduced (15,081 in March 2000 to an estimated 9,450 in March 2009) the level of charges applicable has dropped accordingly.

18.6 Building Schools for the Future

- 18.6.1 The Council bid for inclusion in the next wave of the Building Schools for the Future programme. Full details were included in a report to the Executive in November 2008. Up to £80m of government funding is available in this phase. One of the key criteria for acceptance on the programme is the council's readiness to manage the projects effectively. Local authorities are required to fund the necessary project management costs from their own resources. £500k per annum is felt to be the minimum requirement. A more detailed report on how this will be utilised will come to the Executive shortly.