

LONDON BOROUGH OF BRENT

**PERFORMANCE AND FINANCE SELECT COMMITTEE
22nd SEPTEMBER 2004**

REPORT NO. BFS/84/04 FROM THE DIRECTOR OF FINANCE

FOR ACTION

**NAME OF WARDS
ALL**

REVENUE BUDGET 2004/2005 MONITORING REPORT

1. INTRODUCTION

- 1.1 This report sets out the latest position on the 2004/2005 Revenue Budget which was originally agreed by Full Council on 1st March 2004.
- 1.2 It also seeks approval for the release of £30k to fund a contribution to the domestic violence budget.

2. RECOMMENDATIONS

- 2.1 Note the latest budget in Appendix A.
- 2.2 Agree the allocation of £30k to the domestic violence budget per section 6.3.

3. FINANCIAL IMPLICATIONS

- 3.1 The detail of the report is fully about the finances of the Council. The recommendations request that £30k of resources, transferred from Environmental Service and not allocated at the June meeting of the Executive, are added to the domestic violence budget.

4. STAFFING IMPLICATIONS

- 4.1 These are contained in the body of the report.

5. DIVERSITY IMPLICATIONS

- 5.1 The proposals in this report have been subject to screening and officers believe that there are no diversity implications arising from it.

6. DETAIL

6.1 2003/2004 Provisional Outturn

- 6.1.1 A report to the Executive on 16th August set out the provisional outturn. This was subject to further detailed work and audit. However it reported a provisional improvement of £3.24m in the level of balances from that assumed when the budget was agreed, but considered that a more prudent assessment of £969k should be used for planning purposes.

6.2 2004/2005 Budget

6.2.1 Appendix A sets out the latest 2004/2005 budget. This reflects the virements and decisions agreed by the Executive on 14th June.

6.2.2 The Appendix shows the latest forecast spending for 2004/2005. The Budget Report in March included a number of areas of likely risks and as always other areas of budget pressures have emerged. These are set out in more detail below.

(A) Corporate

(i) Housing Benefit Deficit

New subsidy regulations were introduced from 1st April 2004 regarding local authority overpayments. Previously, no subsidy was received on such overpayments, but from April 2004 the government has set a threshold below which there will be no subsidy penalties. In 2004/05 if such overpayments are below 0.48% of total benefit expenditure there is no subsidy loss. If the figure is between 0.48% and 0.54%, there is a 60% subsidy penalty on all of these overpayments, and above if 0.54% there is a 100% subsidy penalty on all overpayments. The effect of breaching the 0.54% threshold would be at least £600,000 (depending on the total of these overpayments). In previous years, Brent was below the 0.48%, so would have suffered no subsidy loss, but in 2003/04 the figure was above the 0.54%, (partly due to clearing out previous backlogs) and the full subsidy loss would have been incurred.

The position is being monitored closely and at this stage we are below the threshold, but this remains an area of high risk.

(ii) Advertising and Sponsorship

There is an overall budget of £119k for income derived from advertising and sponsorship. The Council has failed to achieve this target for a number of years. It had been anticipated that a significant proportion of this would be derived from advertising on lampposts. However, a number of planning applications to install such adverts have been submitted and refused. Therefore the Council's share of the income will not be forthcoming. Alternative sources for funding this budget are being sought.

(B) Environment

(i) Willesden Sports Centre PFI

The protracted negotiations to secure the PFI arrangement, see the report on tonight's agenda, will mean that legal and other professional advice will exceed the budget by up to £200k. Additional credits from the Department of Culture, Media and

Sports (DCMS) have been applied for to fund these costs. However, if this is not successful the costs will need to be met from other budgets.

(ii) Parking Control Account

A large number of parking meters are being vandalised and/or monies stolen. This is leading to not only a shortfall in meter income but also a reduction in the number of PCN's issued when meters are out of action. Expenditure is also being undertaken to replace the meters.

For example in June the budget assumed 10,320 PCN's would be issued but only 8,765 were served. This level of shortfall throughout the year would lead to a gap of around £800k. However various measures are being taken to reduce the problem. These include:

- Getting manufacturers to improve security, alarm system, reinforcing vault doors, etc.
- Getting the control room to monitor meters on CCTV at night.
- Considering mobile-CCTV monitoring.
- Strengthening the base with deeper installations.
- Organising a daily collection of cash from more productive meters.

The net income from the Parking Control Account is used to fund a number of highways and street scene improvements. Some of these initiatives will need to be halted to reflect this loss of income to reduce the anticipated budget gap. This is currently being reviewed. Appendix A reflects a full £800k shortfall offset by a number of small underspends.

(C) Social Services

The service area has budget pressures in a number of areas. Prior to management action the budget is forecast to overspend by £0.614m or 0.72% of the budget (allowing for use of the budgeted contingency).

A few areas account for the bulk of the overspending. The 3 largest areas are detailed here:

- (i) £502k arises following the review of clients jointly funded by Brent PCT and Social Services. These reviews identified that all of the care needs of these clients was for social care and the agreement with the PCT means that the full cost will fall on the Council.
- (ii) £304k occurs in services for people who are physically disabled. Of this, £104k is due to lower than budgeted sales at Carlyon Workshop, and £202k is due to higher spending on homecare.

- (iii) A further £378k has arisen because of delays in implementing some of the savings planned for 2004/2005.

Management action is being taken to bring spending down and ensure that the contingency is available to deal with unbudgeted activity that may arise later in the year. This action includes:

- A halt to all recruitment to administrative and support posts.
- A review of the criteria for access to care and ensuring all clients meet these criteria with the aim of reducing the number of clients receiving services and saving external purchasing costs.
- Reviewing all activity data to ensure that there is accurate information about cost drivers.

The clear goal is to continue to deliver high quality services and remain within the department's cash limit for 2004/2005.

- 6.2.3 Members are reminded that it is expected that each Service Area will manage their budgets to ensure that no overall overspending occurs.

6.3 Other Budget Issues

- 6.3.1 At the meeting of the Executive on 14th June a report on the 2004/2005 budget identified two areas where agreed budgets could be reduced. These were the Licensing Act 2003 and Food and Safety Regulations. A total of £244k was made available. This may increase later in the year as further delays in implementation of parts of the legislation are expected. This was re-allocated to Voluntary Sector Grants (£14k) and up to £230k to Ward Working.

- 6.3.2 The Ward Working budget has been re-examined and only £200k will be required in respect of the pilots. This releases £30k.

- 6.3.3 It is proposed that the remaining £30k is allocated to increase the Domestic Violence (DV) budget. DV is a cross cutting and multi-agency issue. The problem has an operational impact in the housing, social services, education, benefits, criminal justice and health sectors. To date the Council's strategic and corporate planning on domestic violence has been led by the Community Safety Team working in partnership with the Brent DV Forum. Until this year the Council has not put any dedicated resources of its own into the work needed to manage and oversee its corporate response to DV. All such previous work on DV has been managed using short term, external funding and has therefore been somewhat piecemeal.

- 6.3.4 As a serious community safety and crime issue DV features as a priority in the current Brent Crime and Disorder and Community Safety Strategy. The domestic violence action plan for 2004/05 is a substantial partnership document and identifies the resources needed to deliver the programme. It was completed after the Council Budget was set but included a £30,000 allocation for the Brent Domestic Violence Forum. £61k of funding will come through Building Safer Communities (BSC).

The planned spend addresses 2 different needs:

- (i) The need for the Council to '*mainstream*' its work on domestic violence and provide a co-ordinated focus.
- (ii) The need for the Domestic Violence Forum – the key partnership addressing DV in Brent - to have some dedicated resources to enable it to work more effectively.

6.3.5 The volume of work and the complexity of the issue means that the two issues cannot be addressed through one post. It is proposed to employ a dedicated, Council based strategist and policy officer and a development worker for the Forum, using a combination of the Council's contribution and the (BSC) Fund

6.3.6 The Council's contribution will be set against the outputs for the DV Co-ordinator post. All outputs will be monitored through the Community Safety Team and the performance management framework for the crime reduction strategy.

7. SUMMARY

7.1 It is early in the financial year and close monitoring will be maintained with regular reports to Members. There still remains a high level of risk within the budget and Management action is required to keep spending within budget.

8. BACKGROUND INFORMATION

1. Council Meeting, 1st March 2004, Budget Report.
2. Budget Working Papers.
3. Report to Executive, 14th June, Revenue Budget 2004/2005.
4. Report to Executive, 16th August, 2003/2004 Provisional Outturn.

Any person wishing to inspect these documents should contact Committee and Member Services, Room 106, Brent Town Hall, Forty Lane, Wembley, Middlesex HA9 9HD. Tel. 020 8937 1353.

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