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SUMMONS TO ATTEND COUNCIL MEETING – Budget papers

Monday, 28 February 2011 at 7.00 pm
Council Chamber, Brent Town Hall, Forty Lane, Wembley, HA9 9HD

To the Mayor and Councillors of the London Borough of Brent and to each and every one of them.

I hereby summon you to attend the MEETING OF THE COUNCIL of this Borough.

GARETH DANIEL
Chief Executive

Dated: Friday, 18 February 2011

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The press and public are welcome to attend this meeting

Agenda

Apologies for absence

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5	**The 2011/12 Budget and Council Tax**	1 - 246

Report from the Director of Finance and Corporate Services circulated separately.

Ward Affected: All Wards;

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LONDON BOROUGH OF BRENT

FULL COUNCIL – 28th FEBRUARY 2011

2011/12 BUDGET AND COUNCIL TAX

LONDON BOROUGH OF BRENT

Meeting of the Full Council - 28 February 2011

2011/12 BUDGET AND COUNCIL TAX

EXECUTIVE SUMMARY

1. The budget report sets out the key decisions Members are asked to make on:
   - the 2011/12 General Fund revenue budget;
   - the 2011/12 Schools Budget;
   - the 2011/12 Housing Revenue Account;
   - the Council's capital programme for 2011/12 to 2014/15;
   - the Council's treasury management strategy; and
   - prudential indicators aimed at ensuring the affordability of capital spending and a secure approach to borrowing and investment.

2. This executive summary covers the main items covered in each of the sections of the report.

3. *Section 1* introduces the report, with brief descriptions of what is covered in each of the other sections.

4. *Section 2* details proposed recommendations to Full Council. These are cross-referenced to appropriate parts of the main body of the report. They include the statutory decisions Full Council is required to make on the overall budget requirement of the council, gross revenue expenditure and income, and the council tax calculation.

5. The 2010/11 probable outturn for the General Fund budget is covered in *Section 3.* Balances at the end of 2010/11 are forecast at £7.261m which would be £239k lower than the target set for 31st March 2011 in the 2010/11 budget report.

6. *Section 4* deals with the key spending decisions. This section sets out the underlying budget assumptions, the process for development of the proposals, including the role of members of the Executive and the Budget and Finance Overview & Scrutiny Committee, and the involvement of the public and businesses. The recommended overall budget requirement for 2011/12 is £267.889m, which is 0.9% above the 2010/11 budget requirement of £265.469m. It should be noted that due to the transfer of a large number of specific grants into formula grant the headline change in the Council's budget requirement does not reflect a "like for like" change in the Council's overall spending.

7. The Budget and Finance Overview & Scrutiny Committee has held several meetings during the development of the budget and its recommendations are set out in their final report which is attached as Appendix E (ii) to this report

8. The key decisions Members need to take on the 2011/12 General Fund budget are as follows:

- Agreeing the service area budgets for 2011/12, which are detailed in Appendix C, incorporating cost pressures, savings and changes in fees and charges as outlined in Appendix D;
- Agreeing the budget for central items for 2011/12, which is detailed in Appendix F;
- Agreeing to an increase in the balances figure of £2.5m in 2011/12;
- Agreeing the overall proposed budget of £267.889m for 2011/12.

9. In making decisions on the budget, Members have to consider the extent to which the proposed budget supports delivery of corporate and service objectives, the consequences of agreeing or not agreeing budgets at the recommended level for services and council tax payers, and the realism of, and risks associated with, the budget.

10. Members also have to consider the impact of the budget on individuals and communities in Brent. Budget proposals are screened individually by service areas to ensure that equalities implications have been taken fully into account when making recommendations. Members also have a legal duty to ensure that the budget as a whole does not discriminate against communities or individuals because of age, ethnicity, gender, disability, religion, or sexual orientation, and meets the council's other duties to promote equal opportunities and good race relations.

11. Severe pressure on budgets, limited resources, and uncertainty mean that there are risks within the budget. These risks are assessed as part of the budget setting process and then carefully monitored and managed during the year as part of the performance and finance review process. The most significant financial risks for 2011/12 that have been identified as part of this process are as follows:

- The "front-loading" of reductions in local government funding nationally, meaning that the Council has had to identify a high proportion of savings for 2011/12;
- Demographic pressures and potential increase in client numbers above that allowed for in the budget;
- The impact of the changes to the housing benefit system;
- The continued ability of the council to offset loss of interest on balances as a result of reduced interest rates by debt restructuring;
- The ongoing impact of the economic downturn on service income and service demand;
- The ability of the Council to ensure that savings identified are delivered;
- The up-front costs of restructuring the Council, including redundancy and pension costs as the Council's workforce reduces

12. The assessment of risk forms the basis for assessment of balances required. The advice of the Director of Finance and Corporate Services on balances is as follows:

- The minimum prudent level of balances in 2011/12 should be £9.5m which is sufficient to meet the revenue budget risks identified in the report;
- The optimal level of balances, to enable effective medium term financial planning in the authority, is within the range of £9.5m to £12.5m, with use of balances in any year being replenished in subsequent years;
- As a general rule, Members should only plan to use balances to fund unplanned one-off spending;
- Where Members wish to use balances to fund on-going spending or reductions in council tax, they must indicate at the time how they plan to make up the budget shortfall in future years.

13. Members should note that the budget proposals in *Section 4* include a recommendation to increase balances by £2.5m in 2011/12, and that the impact of this on future years' budgets has been built in to the Medium Term Financial Strategy in *Section 6*.

14. The resources to fund the General Fund budget are set out in *Section 5*. Overall the Council will receive Formula Grant of £165.911m in 2011/12. After taking account of the transfer of specific grants this represents a reduction in formula grant of 11.3% from 2010/11 on a comparable basis.

15. The council tax income requirement is £102.984m. This is based on the proposed budget requirement of £267.889m, less grant of £165.911m, with £1.006m added for Brent's share of the Collection Fund deficit. Using the council tax base of 97,252 Band D equivalent properties agreed by General Purposes Committee on 25 January 2011, the Band D Council Tax for Brent services would be £1,058.94 in 2011/12, unchanged from the figure in 2010/11.

16. The government has introduced a grant (equivalent to a council tax increase of 2.5%) for those councils that do not increase council tax for 2011/12. The grant amounts to £2.585m for Brent Council.

17. Council tax payers in Brent also have to fund the GLA precept, which covers the Metropolitan Police, the London Fire and Emergency Planning Authority, Transport for London, the Olympics levy and the GLA itself. The Greater London Assembly will be meeting on 23 February 2011 to consider the Mayor of London's proposal to freeze the GLA Band D precept for 2011/12 at its 2010/11 level of £309.82.

18. Subject to agreement to the recommendations in this report and the Mayor's proposed precept, the overall council tax at Band D in Brent would be £1,368.76 in 2011/12, the same as in 2010/11.

19. *Section 6* of the report sets out the council's Medium Term Financial Strategy (MTFS) and is the last part of the report dealing specifically with the General Fund. In December 2010 the government announced a two year settlement

for local government covering 2011/12 and 2012/13. The provisional settlement for 2012/13 indicates a further 7.4% decrease in formula grant for the Council. It is anticipated that resources for 2013/14 will be based on a completely new system of local government funding. Projections from then on can only be based on the headline national figures in the Spending Review, announced in October 2010.

20. The current economic situation makes assumptions about other variables in the budget difficult. The government's announcement on public sector pay generally is likely to mean pay increases will be limited. Uncertainty about future price inflation will also impact on the cost of supplies and services purchased by the council. A number of the council's contracts are linked to inflation indices and the ability to restrict future cost increases will be dependent upon the Council's negotiations with its key suppliers. On the other hand, continuation of low interest rates will have an on-going impact on the council's interest on balances.

21. The Pension Fund has been subject to a review by the Fund's actuary, based on the position as at 31 March 2010. The current employer contribution, which was set in the 2007 valuation, is 22.9% of the employee's remuneration. The funding position of the scheme has been adversely affected by a combination of increased longevity, the assessment of future liabilities and low investment returns. Consequently the deficit has increased and, as the deficit needs to be recovered from a significantly reduced number of active members, the employer contribution will increase to 25.0% of employee's pay in 2011/12.

22. There are other service pressures that have been incorporated into the Council's budget for 2011/12. These include a provision for potential increased costs in temporary accommodation, increased adult social care clients and legal costs in children's social care. Further increases in concessionary fares (partly offset by a transfer of funding) and the new carbon tax have also added to the demands on the Council's budget for 2011/12.

23. The council's MTFS places us in a strong position to manage the pressures and uncertainty. The delivery of the One Council Programme is key to the MTFS which builds upon the council's financial stability and its judicious use of balances to manage risk. The Council has sought to deal with the financial climate by taking decisions about the services it can afford to provide to ensure the budget is sustainable, not just in 2011/12 but over the medium term. Finally, the council has been careful not to build up unsustainable commitments by limiting the amount of prudential borrowing to fund the capital programme.

24. A key decision for Members in future years will be the level of council tax. Even if Members were inclined to increase council tax, the maximum permitted increase under the capping rules outlined by the Secretary of State for Communities and Local Government on 9th February is 3.5% for Brent. Due to the conditions of the Council Tax Grant any council tax rise lower than 2.5% would actually reduce the resources available to the Council. The uncertainty about the impact of economic conditions and the scale of central government cuts on the council's budget makes it even more important than in the past for Members to maintain flexibility about the level of council tax that

will be set. The MTFS therefore sets out a resource envelope within which spending would need to be constrained using a range of assumptions about funding changes.

25. *Section 7* of the report deals with the Schools Budget. Brent historically spent below the amounts earmarked by government for schools and, since its introduction in 2006, Dedicated Schools Grant (DSG) for Brent schools has increased faster than the average for England in order to catch up. In 2010/11, the increase per pupil was 4.7% compared to 4.3% nationally. The 2011/12 settlement for Schools nationally will be unchanged in cash terms per pupil. However, this does mean a real terms reduction once inflation is taken account of, so schools will feel a tightening of their budgets. For 2011/12 Brent will receive a DSG allocation based on £6,236.45 per pupil. This compares to an average for England of £5,082.53 and a maximum and minimum of £8,052 and £4,428 respectively. Details of the proposed allocation formulae and costs that will be charged to central items are subject to consultation with the Schools Forum.

26. The Housing Revenue Account, which covers the activities of the council as landlord for approximately 9,113 dwellings, is dealt with in *Section 8*. The HRA is separate from the General Fund and is ring-fenced – ie HRA expenditure is met from HRA resources, which primarily consist of government subsidy (Housing Revenue Account Subsidy) and rents. An average rent increase of 6.14% was agreed for 2011/12 in line with the government's Rent Restructuring Policy at the Executive on 15 February 2011.

27. The Council's overall capital programme for 2011/12 to 2013/14, together with the forecast outturn for 2010/11, is dealt with in *Section 9.* It is a three year rolling programme and balances the need to deliver the council's priorities, requirements to manage and maintain the council's existing assets, and the need to limit the impact of borrowing on the revenue budget both in the short and the longer term. The overall proposed capital programme is £129.3m in 2011/12, with £120.0m spent on General Fund assets and £9.3m on HRA assets. The revenue impact of this programme on the General Fund is £180k in 2011/12 and £480k per annum thereafter.

28. The treasury management strategy is set out in *Section 10*. The treasury management strategy sets out how the council plans to protect itself against future banking failures and to minimise the adverse impact of reduced interest rates. The CIPFA Prudential Code for Capital Finance requires the treasury management and annual investment strategy to be approved by Full Council and this has always been done in Brent.

29. In addition to the requirement that councils adopt a treasury management strategy, the Prudential Code aims to ensure that councils use new freedoms to borrow introduced in the Local Government Act 2003 responsibly. It requires councils to set affordability limits on the amount of borrowing for capital purposes, to be clear about the impact on council tax and rents of their borrowing policy, to manage their borrowing and lending in a professional way, and to ensure value for money from the use of borrowing to fund capital investments. Details of the limits set for the prudential indicators included in

the Code and other ways in which the council intends to use its prudential borrowing powers are set out in *Section 11*.

30. Setting the budget and council tax is one of the most important decisions Members take during the year. Decisions can affect the services received by the people of Brent and the level of council tax they pay. The legal basis on which the budget and council tax is set is also carefully defined in statute. *Appendix M* sets out advice from the Director of Legal and Procurement on Members' individual responsibilities to set a legal budget and how they should approach this task. It is important that all Members read this advice carefully before taking part in decision making on the 2011/12 budget.

SECTION 1

1. INTRODUCTION

Purpose

1.1 The main purpose of this report is to obtain Members' approval for the 2011/12 revenue and capital budgets and to agree the council tax to be levied. It also brings together into one document key information relating to the council's current financial position and future projections.

1.2 The annual revenue and capital budgets identify the resource requirements to deliver a full range of council services. The following sections set out the budget making process in detail and the issues on which decisions need to be taken.

Section 2	-	Sets out recommendations from the Executive to Full Council.
Section 3	-	Sets out the council's probable outturn for 2010/11.
Section 4		Details the 2011/12 revenue budgets for each service area and the central items.
Section 5	-	Sets out the level of resources available from central government and the calculation of the amount required from council tax.
Section 6	-	Details future expenditure plans and the medium term financial strategy.
Section 7	-	Sets out the basis for the Schools Budget estimates for 2011/12.
Section 8	-	Describes the 2010/11 position and the 2011/12 budget for the Housing Revenue Account.
Section 9	-	Sets out the council's capital expenditure requirements and resources.
Section 10	-	Details the council's Treasury Management Strategy and Annual Investment Strategy for 2011/12.
Section 11	-	Sets out the requirements of the Prudential Code and the limits that have to be agreed.
Section 12	-	Sets out the procedures to be adopted for financial management of the council.

1.3 Financial implications are included in the body of the report. Legal implications are set out in Appendix M.

1.4 Decisions on the budget are amongst the most important policy decisions councillors make each year. The decisions can have a fundamental impact on the lives of communities and individuals within Brent. The diversity implications of budget proposals are considered at all stages of the budget process, from the development of the initial budget strategy, through consideration of individual growth and savings proposals, to the production of service development plans. The processes in place are therefore aimed at ensuring that the budget proposals in this report do not discriminate against communities or individuals because of age, ethnicity, gender, disability, religion, or sexual orientation, and support the council in meeting its other duties to promote equal opportunities and good race relations.

CLIVE HEAPHY
Director of Finance and Corporate Services

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SECTION 3

3. THE PROBABLE OUTTURN 2010/11

Introduction

3.1 This section of the report summarises the 2009/10 outturn and provides detailed information on forecast spending in 2010/11.

3.2 At the end of quarter three the forecast position is for a net overspend on service area budgets of £1.692m and a forecast underspend on central items and Area Based Grants of £1.398m, resulting in an overall deficit position of £294k. This is an improvement of £3.824m on quarter 2 where the forecast net overspend was £4.108m. The main reasons for this are improvements in the Children and Families and Housing and Community Care forecasts of £1.4m and £2.1m respectively. The result is that, on the basis of forecasts at the end of quarter 3, general fund balances at 31st March 2011 would be £7.261m. This is £239k less than the originally budgeted balances of £7.5m.

The 2009/10 Final Position

3.3 The 2010/11 budget report forecast General Fund balances at 31st March 2010 of £8.908m. Following completion of the audit of the accounts at the end of September 2010, General Fund balances were confirmed as £8.963m at 31st March 2010. This was betterment of £55k.

The 2010/11 Budget Forecasts

3.4 The council set a General Fund revenue budget of £265.469m for 2010/11 including a planned contribution of £1.408m from balances. Estimated balances at 31st March 2010 were set at £8.908m. The planned contribution of balances would have reduced the carry forward at 31st March 2011 to £7.5m. However, following the audit the revised figure is now £7.555m.

3.5 Table 3.1 below summarises the forecasted outturn which is set out in more detail in Appendix A(i). The net overspend is now forecast at £294k which will increase the contribution from balances to £1.702m reducing the general fund balances at 31st March 2011 to £7.261m.

3.6 **Table 3.1 2010/11 Forecast Outturn**

	Latest Position Over/(Under) Spend	
	£'000	**£'000**
Service Areas		
Children and Families	337	
Environment and Neighbourhoods	100	
Housing and Community Care	755	
Finance and Corporate Services/ Central Units	500	
		1,692
Central Items		(1,398)
Net Overspend		**294**

3.7 The following paragraphs provide detailed explanations of the variances on service areas.

3.7.1 Children and Families

The service area is currently forecasting an overspend of £337k and this is a significant improvement upon the quarter 2 overspend of £1.736m. The major risk areas to this budget in 2010/11 still remain the cost of children's placements for children in care at £2.0m overspend and the associated legal costs overspend of £650k. The number of looked after children rose sharply in March 2010 to 376 children, having been running at about 350 throughout the previous year. Much of the increase was for children in the age range 0-12 with high numbers of these being the subject of court proceedings. Although the number of children coming through in the year has returned to normal levels there has not been a fall in the total of looked after children and the figure remains around the 376 level. The mix of independent and in-house foster carers has improved over the last quarter following a review of foster carers with a rise in the number of in-house foster carers from 81 to 95 and a fall in independent foster carers. A number of other initiatives including preventative work is being undertaken as part of the One Council Programme to improve the position. Children and Families have been able to offset pressures with their budget through a number of measures including targeted use of their Surestart grant, increasing charges to the schools budget for early years costs, and further cost saving initiatives.

3.7.2 Environment and Neighbourhoods

There are a number of general pressures including the inflationary pressures from suppliers where contracts are linked to the retail price index such as refuse and parking contracts. The indices for these contracts were running at over 5% for the first few months of the financial year. There is the continuing legacy of the recession on income generation figures and there is the impact of the in year savings required by central government in June which saw the removal of the Planning Delivery Grant which amounted to a loss in funding of £390k. The projected overspend at the end of quarter two was £404k principally due to a contractual dispute in parking. It is expected that this dispute will now have no cost impact and that Environment and Neighbourhoods overspend will fall to £100k at the end of the year.

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3.7.3 Housing and Community Care

The current forecast overspend is £755k this is an improvement of £2.136m from the quarter 2 forecast. Adult Social Care recorded a net overspend of £2.8m in 2009/10 and a number of the spending pressures from last year including rising costs and client numbers have impacted on the current financial year which led to a forecast overspend of £3.4m at the end of quarter 2. Forecasts now suggest that the level of overspend in 2010/11 is likely to be £1.464m this reduction is mainly due to the use of £700k reserves jointly held by Brent and the local PCT, an additional £900k of monies received from Brent PCT and further savings from the Starrs Project and valuing people. There continue to be pressures particularly across Learning Disabilities with staffing costs in the day centres, pressures on nursing, residential, supported living and direct payments budgets. There are also pressures on the Mental Health and Physical Disability areas. The Transformation Programme, which is a key project within the One Council Programme, is seeking to generate efficiencies while increasing choice and service quality for clients. It will be crucial that this is able to deliver to help ensure that the budget savings are achieved in future years. Housing and Community Care have been able to review a number of areas in Housing and have identified savings of £709k to offset against the Adult Social Care overspend including £170k on bad debt provision for Private Housing Services and the Temporary Accommodation budget, £112k for incentive payments to landlords, £200k on the Temporary Accommodation budget and £200k on supporting people contracts.

3.7.4 Finance and Corporate Services/Central Units and Regeneration & Major Projects

There is likely to be a shortfall in council tax summons cost income, due to lower recovery levels. This area overspent in 2009/10 and collection overall is nearly 20% down this year compared to last year. An additional pressure is due to housing benefit payments having increased significantly over the last two years. Although most of these payments are recovered via Government subsidy, there are subsidy penalties relating to claimant error overpayments which are rising as the level of payments rise. These pressures are likely to lead to an overspend of £700k in the current year though this likely to be partially offset by savings across the corporate area of £200k.

3.8 Central Items

The forecast net budget shortfall on service budgets of £1.692m is partly offset by a forecast net surplus on central items of £1.398m. The net surplus on central items is made up of various underspending and overspending items as follows:

Table 3.2 Central Items

	£'000
One Council Programme	(225)
Levies	(435)
Premature Retirement Compensation	(500)
Remuneration Strategy	315
South Kilburn	(200)
Other	(250)
Area Based Grants	(103)
Total	**(1,398)**

3.8.1 Capital Financing

The Council is required to provide in 2010/11 for £2m of impairment costs relating to the £15m of Icelandic bank loans held by Brent. This is being met by an expected underspend on capital financing charges. This underspend has arisen as a result of debt restructuring which took place in October 2010 where debt was repaid and refinanced by short term loans which are currently running at historically low levels of interest. There has also been a saving on interest costs relating to the HRA balances.

3.8.2 One Council Programme

The programme has generated £10.9m of savings during 2010/11 and net transfers of £10.370m have been allocated out to service areas and central items. This has created an underspend of £225k once the original target savings of £6.729m and the operational and project costs of the programme have been taken account of.

3.8.3 Levies – Section 52(9)

In setting the 2010/11 Levies budget £89k was earmarked for variations in Section 52(9) tonnages and disposal costs payable to the West London Waste Authority. This was not required due to a reduction in level of waste disposed of in landfill. In addition we are not required to meet the costs of the additional LPFA levy relating to their historic pension fund commitments for both 2009/10 and 2010/11 following notification from the LPFA with savings of £346k.

3.8.4 Premature Retirement Compensation

This is the ongoing revenue cost of pensions caused by premature retirements that fall on the General Fund. The underspend of £500k represents a reduction of costs as more people than anticipated drop out of the pension scheme and the resolution of issues around pensioners within the London Pension Funds Authority scheme as discussed in 3.8.3.

3.8.5 Remuneration Strategy

The overspend of £315k relates to the brought forward costs of implementing the standardisation of Outer London Weighting across officer and ex-manual worker posts. The benefits of these savings will be realised in 2011/12.

3.8.6 South Kilburn

Provision of £600k was made in 2010/11 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. This is expected to underspend by £200k.

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3.8.7 Other

This mainly relates to an underspend of £223k on concessionary fares where there was an over provision of the budget due to the late announcement of the figure by London Councils.

3.8.8 Area Based Grants (ABG)

The Authority was informed of additional monies in 2010/11 for Area Based Grants as part of an update announced in November.

3.9 **2010/11 Virements**

A number of transfers for members' approval are included in Appendix A(ii). These relate to transfers reflecting the transfer of functions from Business Transformation, the creation of Regeneration and Major Projects, other organisational changes and the allocation of savings from One Council projects including Wave 1 Staffing and Structure, Income Maximisation and Finance modernisation.

General Fund Balances Carried Forward

3.10 The estimated position on balances carried forward is set out in Table 3.3 below.

<u>Table 3.3 Estimated Balances Carried Forward 31st March 2011</u>

	£'000	£'000
Budgeted balances at 31st March 2010	(8,908)	
Betterment in 2009/10 final outturn	(55)	
Balances at 31st March 2010		(8,963)
Forecast overspend on service area budgets	1,692	
Forecast under-spend on central items	(1,398)	
Budgeted contribution from balances	1,408	
Net contribution to balances		(1,702)
Estimated Balances C/Fwd		**(7,261)**

SECTION 4

4. THE 2011/12 REVENUE BUDGET REQUIREMENT

Introduction

4.1 This section sets out the proposals for the 2011/12 General Fund revenue budget. These form the basis for delivering the Council's priorities in the context of the Medium Term Financial Strategy.

4.2 In her report to the First Reading Debate at Full Council on 22 November 2010*,* the Leader of the Council stated that the key priority of the Administration for 2011/12 will be to continue to deliver essential services whilst also delivering a balanced budget. The Council would therefore be looking for savings through the One Council Programme and by undertaking a fundamental review of all its activities.

4.3 This budget seeks to enable the delivery of the Borough Plan to:

a. Supporting regeneration and the economy of the Borough;
b. Prioritising support to protect the most vulnerable of our residents;
c. Making residents' neighbourhoods cleaner, safer and greener;
d. Developing a more strategic relationship with local partners and neighbours;
e. Recasting our services to fit within the financial realities.

4.4 In order to deliver corporate and service priorities, the budget needs to be robust and sustainable. And Members also need to balance the interests of service users and tax-payers. Members will need to take account of:

a. The balance between spending and council tax;
b. The deliverability and impact of budget savings proposals;
c. The adequacy of budget provision for central items;
d. The sustainability of the overall budget in the current year, including consideration of risks and the appropriate level of balances; and
e. The sustainability of the overall budget in future years, taking account of future commitments, the delivery of Borough Plan priorities, and the likely availability of services.

4.5 Under the Local Government Act 2003, the Chief Finance Officer of the authority (in Brent's case, the Director of Finance and Corporate Services) must report on the robustness of the estimates made in the annual budget calculation, together with the adequacy of financial reserves. The budget proposals in this section have been developed following guidance from the Director of Finance and Corporate Services and have been through a robust process of development and challenge. The Director of Finance and

Corporate Services is therefore confident about the robustness of the estimates. In addition, the minimum level of balances recommended for 2011/12 of £9.5m is, in the Director of Finance and Corporate Services' view, sufficient to allow for the risks identified and to support effective medium term financial planning.

4.6 This section of the report sets out:

- Underlying budget assumptions in 2011/12 budget
- Process for developing the proposals
- Involvement of public and other stakeholders
- Movements since the First Reading Debate;
- Service area budgets;
- Provision for central items within the budget;
- The main risks within the budget;
- The overall budget requirement
- The level of balances Members are recommended to agree; and
- The statutory calculations required for gross expenditure, income, and overall budget requirement.

4.7 The budget requirement that results from the proposals in this section is £267.889m (see Appendix B). After allowing for Brent's share of the deficit in the Collection Fund of £1.006m, this would produce a Council Tax at Band D for Brent services of £1,058.94, which is the same as for 2010/11. Details of the council tax calculation, and the GLA precept, are given in Section 5 below.

Underlying budget assumptions used in the 2011/12 budget process

4.8 The underlying assumptions in the budget are as follows:

- Pay inflation of £250 for those staff earning under £21k has been incorporated in the budget. The employer's contribution to pensions is anticipated to increase to 25% of pensionable pay in 2011/12 as this is the first year based on the actuary's valuation of assets and liabilities as at 1 April 2010.
- No general allowance has been made for price inflation in 2011/12. Instead specific provision has been made for contractually committed price increases on a case by case basis.

The process for developing the proposals

4.9 Proposals in this budget have been developed by the members of the Executive, taking account of the advice of officers. The key processes for doing this are as follows:

- Development of the budget approach, based on the Borough Plan and the updated medium term financial outlook which was considered by the Executive in July 2010;
- Away-days involving both Executive and Corporate Management Team members to consider the key service and budget issues likely to affect the council in future years;
- Development by officers, in consultation with relevant Lead Members, of budget proposals for individual services within the context of the Borough Plan and the MTFS;
- A process of challenge of budget proposals through Star Chambers involving the CMT members and the Leader and Deputy Leader;
- A process of external consultation with residents and businesses:
- Agreeing the publication of the detailed budget proposals in this report.

4.10 Full Council held the First Reading Debate on 22 November 2010 which was informed by a report from the Leader of the Council setting out the priorities of the Administration and a report from the Director of Finance and Corporate Services setting out budget projections and options. The minutes of that meeting are attached as Appendix E(i) to this report.

4.11 The Budget and Finance Overview & Scrutiny Committee has met on a number of occasions during the budget process. All Members were invited to a session of the Committee on 9 February 2011 where there was the opportunity to pose questions to the Deputy Leader and Lead Member for Resources on the proposals in this report. The final report of the Budget and Finance Overview & Scrutiny Committee is attached as Appendix E(ii). In addition, the Director of Finance and Corporate Services has made presentations on budget issues to individual groups.

4.12 Other decisions have been made on items that have been taken into account in these budget proposals. The Executive on 15 December 2010 agreed the 2010/11 balance on the Collection Fund and General Purposes Committee on 25 January 2011 agreed the council tax tax-base for 2011/12 – both of these decisions are taken into account in the council tax calculation in Section 5 below.

4.13 Decisions of external bodies affect the budget process. The government confirmed the final grant settlement for 2011/12 on 31 January 2011, which was unchanged from the provisional settlement in December. Levying bodies, including the West London Waste Authority, have confirmed their levies and these are taken into account in central items included in Section 5 of this report. The precept for the GLA will be confirmed by the Greater London Assembly on 23 February 2011.

Involvement of the public and other stakeholders

4.14 There have been a number of ways in which the council has sought to obtain views of the public and other stakeholders to inform budget decisions. These include the use of results from the residents' attitude survey and user satisfaction surveys and through area consultative forums and service user forums.

4.15 Residents' surveys have provided a consistent picture of the public's key priorities. The most recent residents' attitude survey was carried out in 2009 and the top five issues were unchanged from the previous survey in 2005, albeit the ranking of those five had changed slightly:

<u>Issues making somewhere a good place to live</u>

1. Levels of crime (ranked 1 in 2005)
2. Clean streets (3)
3. Health services (4)
4. Shopping facilities (5)
5. Public transport (2)

<u>Priorities for improvement</u>

1. Levels of crime (1)
2. Activities for teenagers (4)
3. Road/pavement repairs (3)
4. Clean streets (2)
5. Traffic congestion (5)

4.16 Summary details of budget issues have been sent to local businesses and the Leader explained the budget issues to the area consultative forums held during January and February. Issues discussed at these meetings included the One Council Programme, the consultation on changes to the library service, support to voluntary organisations, the cost of the Brent Magazine, salaries of senior managers, the disposal of Council buildings, the Council's procurement arrangements and the Civic Centre.

4.17 Managers and staff are kept informed about the overall budget situation through regular up-dates at the quarterly Senior Management Group events and in the Chief Executive's Bulletin.

Movements since the First Reading Debate

4.18 The First Reading Debate report of the Director of Finance and Corporate Services to Full Council on 22 November 2010 set out progress on the budget. The projected budget gap for that stage was £36.7m. After taking account of further savings of £20.8m from the One Council Programme this left a residual gap of £15.9m.

4.19 The report also set out a series of measures aimed at reducing the projected budget requirement. Details of the progress that has been made are set out below:

a. Surplus/deficit carried forward from 2010/11

The First Reading Debate report highlighted a forecast overspend of £7.1m for 2010/11. As highlighted in Section 3 robust actions have reduced the forecast overspend to £294k. This means that balances at 31 March 2011 are expected to be £7.261m, £239k less than the original forecast.

b. Service area cost pressures

Total service area cost pressures of £12.6m have been funded within the budget. These are detailed in Appendix D(i) and include:

- Adult Social Care (£3.5m)
- Concessionary Fares (£2.1m)
- Children social care placements (£1.8m)
- Housing Benefit related costs (£0.9m)
- Carbon Tax (£0.4m)

A central provision of £2m is being held to cover demand led pressures that exist but where the actual impact in 2011/12 is still uncertain. This covers legal costs in Children's Social Care, changes to the housing benefit system and the transition of social care clients from Children's to Adult Social Care.

c. Fees and Charges

The 2011/12 budget includes a total of £4.355m from additional income needed to meet the Council's policy objectives and offset its costs. Details are in Table 4.1 below.

Table 4.1

Income item	**Additional income £'000**
Emission based charging for parking permits – agreed by the Executive in August 2010	1,100
Fixed Penalty Notices from Moving Traffic Contraventions – agreed by the Executive in June 2010	273
Fees and charges increases agreed at the Executive on 13th December 2010	1,279
Removal of anomalies on parking charges – there are	283

currently a number of on-street parking bays in the borough for which no charges are made. There will be a report to Highways Committee proposing removal of these anomalies. Implementation will occur following issue of necessary traffic orders.	
Adult social care income – this results from (a) the impact of inflation on means tested contributions to the cost of residential and home care packages; (b) a 7% increase in the charge for clients in bed and breakfast and group homes. The council is also reviewing its charging policy as part of the wider move to personalisation of services. Consultation on the proposed changes will be issued shortly. Housing increases as follows: 1. From 1 April 2011, the charge that the council makes when it acts as agent for people procuring building works funded from grant will increase as follows: a. Empty Property Grant – from £500 plus VAT to £550 plus VAT; b. Disabled Facilities and Small Works Grants – from 15% to 17.5% of contract value with the minimum charge of £50 plus VAT increasing to £55 plus VAT. 2.From 18 April 2011, there will be an inflation linked increase in the Lynton Close Travellers' Site licence fee from £220.56 per week to £231.15 per week	700
School improvement services – This is a combination of increasing income from schools for buy-back of the School Improvement Service and fully recovering the costs of the music serviced.	720
Total additional income in the 2011/12 budget	**4,355**

d. One Council Programme

The One Council Programme, which was launched in 2009, fundamentally changes the way the council carries out its business. The aim of the Programme is to do things differently and better. The Programme is delivering 60% of the savings required in the budget in 2011/12 and the aim is that existing and new projects deliver a significant proportion of additional savings required from 2012/13 onwards.

The scale of savings required means that disciplined approaches are needed to ensure that projects deliver the level of savings required of them on time. The One Council Programme provides a robust framework to deliver complex change quickly and effectively.

A total of £10.937m has been taken out of cash limits in 2010/11 to reflect savings from the One Council Programme. Other savings, such as £1m from the Customer Journey project in Adult Social Care, have reduced overspends in departments.

In 2011/12, there is a total projected saving from One Council Programme projects of a further £23m. This includes the following:

- Wave 1 Staffing and Structure – a further £2.8m 2011/12 full-year effect saving on top of the £4.3m saving achieved in 2010/11;
- Wave 2 Staffing and Structure – a total of £4.4m in 2011/12 with additional savings in future years;
- The finance modernisation project - a further £1.1m 2011/12 full-year effect saving on top of the £0.4m saving achieved in 2010/11;
- Procurement – a total of £6.1m in 2011/12 with more expected in future years, including in particular savings on adult social care contracts, in the waste and parking contracts, through the printing contract, and from reduced cost of agency and contract workers;
- Review of fees and charges – additional income in excess of £4.0m in 2011/12;
- Review of employee benefits – a further £1.1m saving in 2011/12 (on top of a £1m saving in 2010/11) from removal of London weighting anomalies and further measures to reduce overtime and rationalise allowances;
- Children's social care transformation – a £1.8m saving in 2011/12 from a range of workstreams aimed at ensuring that the children's placements budget is spent effectively;
- Adult Social Care projects including the Customer Journey and Learning Disability Day Services – a further £0.7m in 2011/12 on top of £1m in 2010/11;
- Review of libraries – a part-year saving of £0.4m in 2011/12;
- Waste management and street cleansing - £0.5m in 2011/12 with further savings in future years.

Other projects in the Programme are expected to deliver savings in future years. For example, part-year savings in 2011/12 from the Future Customer Services projected are expected to be matched by implementation costs but, in future years, savings of £3.5m per annum are expected from this.

Where savings can be identified to departments, they have been taken out of departmental cash limits. This is the case for most of the One Council savings. Delivery of the savings will be monitored as part of normal budget monitoring procedures but also by the One Council Programme Board, chaired by the Director of Strategy, Partnerships and Improvement, which receives fortnightly updates on progress on projects and their delivery of benefits.

e. Savings identified for 2011/12

Including the additional income and savings from the One Council Programme highlighted above the Council's budget contains overall savings proposals of £41.7m or 15.3% of service area budgets.

Further to the income and One Council savings, the budget also includes the following service area savings for 2011/12:

- Early years provision and Children's Centres (£2.25m)

- Children's Social Care restructuring (£1.3m)

- Adult Social Care – Mental Health Services (£1.25m)

- Housing – Supporting People contracts (£1.2m)

- New Revenues & Benefits IT contract (£1.2m)

- Brent in2 Work (£0.7m)

A full schedule of the savings from additional income, the One Council Programme and service area savings is set out in Appendix D(ii).

f. Central Items

Since the first reading debate the forecasts for central items have been reviewed. A number of budgets have been reduced to reflect updated information on levies and subscriptions and the capital financing forecast has been revised to reflect the proposed capital programme.

Where appropriate a number of budgets held centrally have been transferred to service areas including the budgets for ward working and IT.

The most significant change has been to make provision of £6.4m for the redundancy and restructuring costs that the Council will face in 2011/12 as part of delivering the £41.7m of savings referred to above.

2011/12 Service Area Budgets

4.20 Table 4.2 below summarises the changes in budget at service area level between 2010/11 and 2011/12.

Table 4.2 Service Area Budgets

	2011/12 Revised Base Budget	Cost Pressures		Savings		2011/12 Draft Budget
	£'000	£'000	%	£'000	%	£'000
Children and Families	67,672	2,100	3.1	(12,069)	(14.7)	57,703
Environment and Neighbourhood	52,692	641	1.2	(10,766)	(19.2)	42,567
Housing and Community Care:						
- Housing	25,967			(2,876)	(11.1)	23,091
- Adult Social Care	96,305	5,638	5.9	(9,582)	(9.9)	92,361
Regeneration & Major Projects and Central Units	29,639	1,791	6.0	(6,423)	(21.7)	25,007
Total Service Area Budgets	**272,275**	**10,170**	**3.7**	**(41,716)**	**(15.3)**	**240,729**

<u>Member decisions on service area budgets</u>

4.21 Members are asked to agree the service area budgets set out in Table 4.2 above and detailed in Appendix C.

Central Items

4.22 Central items are items not included in individual service cash limits. The total of central items is £46.170m in 2011/12. Further details of the items are included in Appendix F.

<u>Member decisions on Central Items</u>

4.23 Members are asked to agree these amounts for central items, subject to the level of borrowing in Section 10 being agreed.

Risks

4.24 It is important that an assessment is made of potential risks as part of the budget process. This helps the council set an appropriate level of balances and also ensures that risks can be monitored and managed effectively during the year.

4.25 The categories which the council uses to assess its budget risks are set out below:

a. demand risks where the level of service provision depends on projections of need. These include children's and adults' care budgets, the temporary accommodation budget, and the waste management budget. There are also likely to be more general demand risks associated with the ongoing impact of the recession such as increased pressure on the housing benefit service;

b. risks from new legislation or other statutory changes, where there is some uncertainty about impact on council costs. The key risk relates to the changes to the Housing Benefit system and the potential impact on Housing and other services across the Council.

c. risks from legal challenges;

d. treasury management risks. Although the council has started to receive payments in respect of the Icelandic deposits this remains a major risk. There is also the risk of increased borrowing costs should long-term interest rates rise;

e. procurement risks. These risks should be reduced as a result of the current market situation with opportunities to secure savings through procurement ;

f. pay risks. Each 0.5% above the amount provided for would cost the council £0.6m;

g. grant risks. These include risks arising from changes to grant conditions, the council not meeting grant conditions, or uncertainty about the amount of grant the council will receive. An on-going risk area is the council's housing benefit subsidy claim which is by far the largest single grant claim the council makes;

h. risks of not achieving savings or income targets in the budget. The council has a good track record of delivering savings included within individual service budgets. However the scale of the savings being delivered in 2011/12 far exceeds that targeted previously. This provides a significant risk to the Council's financial position in the year ahead;

i. asset management risks if corporate or service buildings have to be closed because of current condition;

j. risks from natural disasters or terrorist attacks.

Risks to the capital programme are addressed in Section 9 below.

4.26 The risks are quantified in Table 4.3 below.

Table 4.3 Major Risks

	Potential Risk £'000	**Likeli-hood %**	**Net risk £'000**
Demand risks			
Adult care packages	3,000	20%	600
Children's care packages	2,000	20%	400
Waste	500	20%	100
New legislation and other statutory changes			
Housing Benefit Changes	3,000	20%	600
Interest rate risks			
Combined potential effect of reduced short term rates, additional borrowing requirement, and bank failure	5,000	10%	500
Procurement risks			
Risk that cost of social care placements may increase by more than the 1% allowed in the budget	700	20%	140
Energy risk – risk of increases in energy prices which cannot be contained in budgets	200	10%	20
Other procurement risks	300	10%	30
Pay risks			
Risk that pay increases are both those allowed for in the budget	500	20%	100
Grant risks			
Risk of exceeding the threshold on housing benefit overpayments in 2011/12	600	20%	120
Risk of amendments to housing benefit subsidy claim	1,500	20%	300
Risk of loss of income from other grant changes	500	15%	75
Savings/income risks			
Risk of not achieving savings in the budget	41,716	15%	6,257
Risk of loss of income from ongoing impact of recession	600	15%	90
Asset management risks			
Closure of council buildings and need to find alternative accommodation	500	10%	50
Major disaster			
The government has a scheme (the Bellwin scheme) that covers authorities for 85% of	500	30%	150

	Potential Risk £'000	Likeli-hood %	Net risk £'000
costs of a major disaster above 0.2% of net revenue budget. The risk to the council is 100% of costs below the threshold and 15% above it.			
Total General Fund revenue risks			**9,532**

Balances

4.27 As set out in Section 3, the council's General Fund usable balances are forecast to be £7.261m at the end of 2010/11.

4.28 Councils need balances so that they can deal with unforeseen calls on Services without disrupting service delivery. The level of risk that a council assesses it faces is therefore the minimum level at which balances should be maintained.

4.29 Balances can also contribute to effective medium term financial planning for councils. They allow councils to adjust to changes in Services and spending requirements over a period of time (see section 6 below for the Medium Term Financial Strategy for Brent), to plan council tax rises to avoid excessive increases in any one year, and to take a more flexible approach to the annual budget cycle, for example through *invest to save* schemes. They also allow councils to respond to new demands/priorities for spending which arise during the year. This flexibility needs to be considered each year depending on the particular pressures facing the council and the outlook in the medium term.

4.30 Balances also have to be used carefully. They can be used only once. Decisions to use balances to fund on-going spending or hold down council tax increases can only apply for one year. In the following year, either additional budget reductions have to be made or additional council tax increases are required. There is a risk of future financial instability if significant levels of balances are used to fund on-going spending or reductions in council tax. This is particularly the case given the tight financial settlements expected in future years and pressures to keep council tax increases down, including the threat of capping.

4.31 Under the 2003 Local Government Act, the Director of Finance and Corporate Services, as Chief Finance Officer (Section 151), has to be satisfied that the level of available General Fund balances is adequate. The Director of Finance and Corporate Services advises that:

a. The minimum prudent level of balances in 2011/12 should be £9.5m, which is sufficient to meet the revenue budget risks identified in the report;

b. The optimal level of balances, to enable effective medium term financial planning in the authority, remains at £9.5m to £12.5m, with use of balances in any year being replenished in subsequent years;

c. As a general rule, Members should only plan to use balances to fund one-off spending which cannot be funded from other sources;

d. Where Members wish to use balances to fund on-going spending or reductions in council tax, they should indicate how they plan to make up the budget shortfall in future years.

4.32 Table 4.4 below presents the proposals from the Administration on balances in 2011/12.

Table 4.4 Proposed General Fund Balances in 2011/12

	£'000
Total Estimated Balances at 31 March 2011	7,261
Proposed contribution from 2011/12 budget	2,500
Estimated Balances at 31 March 2012	9,761

Member decisions on balances

4.33 Members must decide on the contribution they wish to make to or take from balances in 2011/12 to support the General Fund revenue budget. In doing so they need to consider the advice on the factors to take into account in paragraph 4.36.

Overall Budget Requirement

4.34 The overall budget requirement in 2011/12 resulting from the proposals in this section is £267.889m. The make up of this budget requirement is summarised in Table 4.5 (details in Appendix B).

Table 4.5 General Fund Budget Requirement in 2011/12

	£'000
Service area budgets	240,729
Non-ringfenced Grants	(25,999)
Central items	46,170
Inflation provision and cost pressures and savings held centrally	4,489
Contribution to balances	2,500
Proposed budget requirement for 2011/12	**267,889**

4.35 The overall movement in the Council's total budget is summarised in Table 4.6 below

Table 4.6 Change in Budget Requirement 2010/11-2011/12

	£'000
Budget requirement 2010/11	**265,469**
add back budgeted transfer from balances	1,408
2010/11 budget before transfer from balances	**266,877**
add impact of loss/transfer of grants	25,792
add inflation	2,220
add other cost pressures	12,602
less change in central items	(386)
less service area savings	(41,716)
2011/12 budget before transfer to balances	**265,389**
Contribution to balances	2,500
Proposed budget requirement for 2011/12	**267,889**

Statement by the Director of Finance and Corporate Services on the budget and balances

4.36 Under Section 25 of the 2003 Local Government Act, the Chief Finance Officer is required to comment on the adequacy of the budget calculation and the level of balances proposed within a budget. The two issues are related. The less prudent the revenue provision, the less accurate forecasts of demand and risk, the higher the level of balances required to justify the budget calculations. This budget however has been carefully prepared, and while excessive provision has not been made in the budget a prudent and cautious approach has been taken. Risks have been identified and quantified. The council also has rigorous budget monitoring arrangements during the year and a policy of restoring balances once used. The combined approach means that a minimum prudent level of balances is £9.5m, which will cover the General Fund revenue budget risks identified. The Director of Finance and Corporate Services' view is that the optimal level of balances to cover risks and allow effective financial planning, which will contribute to longer term financial stability, remains at £9.5m to £12.5m. The Director of Finance and Corporate Services also advises that as a general rule use of balances should only be to cover one-off expenditure which cannot be funded from any other source. However, given that balances overall remain below the target level set for them it is proposed to increase balances by £2.5m in 2011/12, with the impact of this one-off use of balances taken into account in budget projections for future years in Section 6 below.

Member decisions on the overall budget

4.37 Section 32 of the Local Government Finance Act 1992 requires the council to calculate its budget requirement in terms of gross revenue expenditure, income and net revenue expenditure. For these purposes expenditure and income relating to the Housing Revenue Account is included even though it has no effect on the net revenue budget. The formal calculation, based on the budget in Appendix B, is as follows:

		£m
(a)	Aggregate of the amounts which the Council estimates for items set out in Section 32(2)(a) to (e) of the Local Government Finance Act 1992.	1,042.460
(b)	Aggregate of the amounts which the Council estimates for items set out in Section 32(3)(a) to (c) of the Local Government Finance Act 1992.	774.571
(c)	Calculation of the budget requirement under Section 32(4), being the amount by which the sum aggregated at (a) above exceeds the aggregate of (b) above.	267.889

4.38 The council is not constrained by a pre-set capping limit, but the government have indicated that excessive increases will be capped. Further details are provided in Section 5.

4.39 The context in which Members are setting the budget for 2011/12 has been made difficult by the various budget pressures faced and the scale of the reductions in local government funding. Moreover the prospects for future years, set out in detail in Section 6, are challenging both because of continuing budget pressures and the grant reductions expected in future years. The council's current financial standing is strong but the challenge will be to maintain this given the financial pressures faced in 2011/12 and future years. The council will therefore need to ensure the continuing effectiveness of its financial controls and a continuing commitment to delivering improvements in the cost effectiveness of services.

4.40 Members have a range of options available to them which include:

a. increasing budget spending and council tax to invest in service priorities or remove savings items (whilst bearing in mind the potential for capping and the loss of council tax grant);

b. agreeing the budget as set out in the report;

c. agreeing to seek further savings (provided they are satisfied that they can be achieved) in order to reduce council tax or increase reserves towards the upper end of the range indicated by the Director of Finance and Corporate Services.

Within each of those overall options, Members have a choice about the combination of growth and savings items they may wish to agree.

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SECTION 5

5. RESOURCES

Introduction

5.1 This section sets out the extent of external support available to finance the council's expenditure, the requirements of the Greater London Authority, items in the Collection Fund and finally the calculation of council tax for 2011/12.

External Support

5.2 The Local Government Finance Settlement was published on 31st January and there was a statement in Parliament on 9th February 2011 followed by a Parliamentary debate on the same day.

Spending Review

Previous to the settlement the Government had announced its Spending Review on 20th October 2010, covering the four years from 2011/12 to 2014/15. It revealed that total contributions to local government (excluding schools, police and fire) would be reduced by 26% in real terms over this period, with cuts being front loaded and delivered mainly through a reduction in formula grant.

The grant system

5.3 The current system of distributing Formula Grant known as the Four Block Model was introduced in 2006/07 and has run over two settlement periods from 2006/07 to 2007/08 and from 2008/09 to 2010/11. The current system (detailed below) will continue broadly in its current format for the next two years 2011/12 and 2012/13 though the CLG are shortly to begin a review reporting in July 2011 which could see significant changes to the system from 2013/14.

5.4 The Four Block Model consists of the following elements:

- A Relative Needs Block (RNB) calculated using Relative Needs Formulae (RNF) – unlike Formula Spending Shares which were used under the previous system, this does not provide an assessment of total need to spend. It is simply a way of equalising for differences in need;
- A Relative Resource Amount (RRA) - again, unlike the former system in which the resource adjustment was based on an Assumed National Council Tax (ANCT), this adjustment is based on relative resource need and not the amount a council might be expected to raise in council tax if it set its council tax at the ANCT;

- A Central Allocation (CA) – this is an amount that is distributed per head of population and is used to distribute the balance of Revenue Support Grant and National Non-Domestic Rate income left after the calculations of the RNB and RRA allocations;
- A Floor Damping Block (FDB) – this is a self-financing block which is used to provide a limit to the level of decrease/increase in grant for all authorities (although this varies between types of authority) by scaling back gains by authorities that have grant increases above the floor.

5.5 The current settlement made a number of changes to the Four Block Model.

Banded Floors – the government recognised that some areas of the country are much more reliant on central government grant than others. These tend to be more deprived communities, with more significant social challenges and less ability to raise council tax receipts and so have a greater reliance on central government for their funding. Local authorities vary considerably in the proportion of their budget requirement that is financed by formula grant or council tax. So for social services authorities and shire district councils, the government set four floors. Authorities within these groups would be divided into four bands according to the extent to which they relied on formula grant to finance their budget requirement in 2010-11. The highest floor – representing the smallest reduction – would apply to the most dependent band of authorities and the lowest floor to the least dependent. The table below details band applicable to social service authorities for 2011/12 and 2012/13. Brent has been included in band 1

Band	2011/12	2012/13
1 - Most Dependent	11.3%	7.4%
2	12.3%	8.4%
3	13.3%	9.4%
4 – Least Dependent	14.3%	10.4%

Transitional Grant - concerns were raised in the run up to the settlement that the reductions might be too heavily ‘front loaded’ so they would hit disproportionately hard in the first year. To tackle this the government has added an additional layer to formula funding by introducing the concept of spending power which is an extension of the funding formula. Spending power includes formula grant, other government grants, NHS support for health and social care, and council tax receipts. The government has provided additional monies in the form of a transitional grant to ensure that no authority will see their spending power fall by more than 8.8 % in either 2011-12 or 2012-13. Within London only Newham, Tower Hamlets and Hackney will receive this in 2011/12.

5.6 As part of the settlement there has been a rationalisation of the grants that local authorities receive. The number of grant has been reduced from over a hundred down to around a dozen with in most areas the ring-fencing restrictions on their use being removed. As result of the rationalisation area based grants have disappeared entirely with only non specific grants remaining. Many of these grants have either been rolled into formula or included within other specific grants. Though a fair proportion have been deleted altogether. Details of these changes and the remaining grants are included in appendix D(iv).

5.7 A guide produced by the Department of Communities and Local Government to the Local Government Finance Settlement, which explains the system is available on their website at:

http://www.local.odpm.gov.uk/finance/1112/simpguide.pdf

The national position

5.8 Total external funding for local government is £72.6bn in 2011/12. Total Formula Grant is just over 40% of total local government funding – i.e. £29.4bn. The remainder is made up of Dedicated Schools Grant, and other special grants.

5.9 The £29.4bn of Formula Grant in 2011/12 is made up of National Non-Domestic Rates - £19.0bn (£21.5bn for 2010/11) - The Revenue Support Grant (RSG) - £5.9bn (£3.1bn for 2010/11) – and Police Grant - £4.5 bn. As can be seen most Formula Grant comes through redistributed National Non-Domestic Rates.

5.10 The overall national reduction in formula grant for 2011/12 against the adjusted 2010/11 total is 9.9% with 7.3% in 2012/13.

Brent's external funding

5.11 The reductions in Brent's Formula Grant for 2011/12 and 2012/13 are at the 'band 1 floors' of 11.3% and 7.4% respectively. Brent's formula grant for 2010/11 was £164.489m with the rolling in of various specific and area based grants and with adjustments to the baseline the adjusted formula grant for 2010/11 was £187.047m with the floor reduction of 11.3% Brent's formula grant is £165.911m. Without the protection of the floor this would have fallen by a further £12.671m to £153.240m. Below are detailed the baseline adjustments to 2010/11 and 2011/12 formula grants.

Formula Grant/Adjustments	2010/11 £m	2011/12 £m
Formula Grant	164.489	165.911
Concessionary Fares	1.594	
Child Death Review Processes	0.078	
Care Matters White Paper	0.485	
Adult Social Services	5.061	
Personal Social Services	1.596	
Private Sewers	(0.103)	(0.096)
Academies	(0.957)	(0.755)
Supporting People	12.807	
Housing Strategy for Older People	0.110	
LSC Staff Transfer	0.244	
HIV/AIDS	0.377	
Preserved Rights	1.206	
Other	0.060	
Adjusted Formula Grant	**187.047**	**165.060**

5.12 Population projections form a very significant element of the relative needs and central allocation blocks. The 2010/11 settlement was based upon revised 2004 based population projections carried out by the Office of National Statistics (ONS) and used the population projection for 2010 of 271,639. This was significantly lower than a study of Brent's population by Professor Les Mayhew which calculated that Brent's population was 289,000 in 2007. Furthermore the Greater London Authority's own calculation of Brent's population is slightly lower than Professor Mayhew's – 281,800 at mid-2007 – but still significantly higher than the ONS. During 2010 the ONS introduced revised 2008 based population projections and revised population estimates 2002 – 2008 which saw Brent's population fall significantly. The 2011 population projection used in the 2011/12 settlement is 252,268 which more than 18,000 less than the 2010/11 population projection and indeed more than 11,000 lower than the 2001 census figure of 263,500. This has without doubt had a significant impact on Brent's raw formula grant and has increased the level of damping from £7.5m in 2010/11 to £12.6m in 2011/12.

Details of the make-up of Brent's Formula Grant are in Table 5.1 below.

Table 5.1 Make-up of Brent's Formula Grant

	2010/11 £m	2011/12 £m	2012/13 £m
Grants Rolled In		16.750	16.692
Relative Needs Amount	134.396	140.232	122.869
Relative Resources Amount	(30.749)	(38.621)	(35.857)
Central Allocation	53.305	34.947	30.997
Floor Damping	7.537	12.603	18.145
Total Formula Grant[1]	**164.489**	**165.911**	**152.845**

The Capping Rules

5.13 The Local Government Act 1999 allows the government to limit the budget requirement of authorities if it considers increases in council tax excessive. A number of options are open to it to limit the amount councils increase their budgets by including requiring them to re-set their budgets in the current year – with resulting re-billing costs, disruption to council tax collection, and uncertainty for service delivery – or limiting the budget requirement in the following year.

5.14 For 2011/12 the government has set aside £650m so that every council can freeze their council tax in 2011/12 and receive a grant equivalent to a 2.5% increase in funding. In the case of Brent this would be £2.585m. This grant would be received for each year of the spending review and would not preclude councils from increasing their council tax in future years. The government wants to protect council tax payers from authorities who reject its offer and impose excessive increases. Through the Localism Bill the government wants to introduce powers which allow residents to veto excessive increases through a referendum. However in the interim the government can take action.

5.15 The ministerial statement on 9th February included a statement on council tax capping principles for 2011/12. The Secretary of State for Communities and Local Government "will consider an authority to have set an excessive increase if

(a) The amount calculated by the authority as its budget requirement for 2011/12 is more than 92.5% of the authority's alternative notional amount; and
(b) The amount calculated by the authority as its Band D council tax for 2011/12 is more than 3.5% greater than the same amount calculated for 2010/11."

[1] In 2011/12, NNDR accounts for £126.736m (£143.632m for 2010/11) of Formula Grant and RSG accounts for £39.175m (£20.857m for 2010/11).

5.16 Brent's alternative notional amount (ANA) is £288,028,000 and 92.5% of this is £266,425,900. Brent's budget requirement is £267,889,000 so exceeds its ANA by £1,463,100. Therefore, to avoid capping members will need to set a council tax increase of no more than 3.5%. Due to the conditions of the council tax grant any council tax rise lower than 2.5% would actually reduce the resources available to the Council. Therefore, the only realistic options available are to either to set the council tax increase at 0% or between 2.5% and 3.5%.

5.17 Members will need to weigh up carefully the risks associated with capping (such as costs and disruption of re-billing and the likely need for in-year cuts) against the consequences for services of not making adequate provision to meet all of the council's needs if they wish to spend at such levels. Members need to be mindful of the advice of the Director of Legal and Procurement in appendix M.

The Collection Fund

5.18 The Collection Fund accounts for all monies relating to the council tax for Brent in 2011/12, the Greater London Authority (GLA) precept in 2011/12, and arrears of both council tax and community charge.

5.19 Whatever balance remains on the fund in respect of the under/over recovery of council tax or community charge must be added to, or subtracted from, the following year's council tax bills. Adjustments in respect of community charges are added to the council's part of the bill only, while council tax adjustments are shared with the GLA.

5.20 The Executive meeting on 13th December 2010 approved an estimated council tax deficit of £1.3m in 2010/11. The council needs to budget to collect £1.006m of this through the council tax in 2011/12, with the balance being met through the GLA precept. The community charge account is estimated to be in balance, so no adjustments need to be made for this.

The Council Tax Base

5.21 Council tax is a property based tax with classification of properties into 8 bands depending on the value of the property (see Appendix H(i)). Different rates of tax apply to each band so that properties in Band A will pay one-third of the tax of properties in Band H, the highest level. There are various reductions to the standard charge, for example where there is a single householder in residence in the property. Band D is the middle band and Band D equivalents are used to express the tax base of the authority.

5.22 A tax base of 97,252 equivalent Band D properties in 2011/12 (compared to 96,457 in 2010/11) was agreed by the General Purposes Committee on 25th January 2011. This assumes a collection rate of 97.5% will be achieved in respect of charges raised for 2011/12 (unchanged from 2010/11).

Calculating the Council Tax Level

5.23 The calculation of the council tax for Brent services is set out in Table 5.2 below. The calculation involves deducting Formula Grant from Brent's budget, adding the deficit on the Collection Fund, and dividing by the tax base.

Table 5.2 Calculation of Brent's Council Tax for 2011/12

	£'000
Proposed Brent budget	267,889
Less: Formula Grant	 (165,911)
Plus: Net Deficit on Collection Fund	 1,006
Total to be met from Council Tax for Brent Budget	**102,984**
Taxbase (Band D equivalents)	**97,252**
Band D Council Tax (£)	**£1,058.94**

Greater London Authority (GLA)

5.24 The GLA came into existence on 3rd July 2000. Before 2000/01 the London Fire and Civil Defence Authority (LFCDA), now the London Fire and Emergency Planning Authority (LFEPA), and Metropolitan Police had set budgets which acted as precepts on the Collection Fund and were reflected in the overall council tax payable by residents. These two bodies, and several other London wide bodies, such as Transport for London and the London Research Centre (to which Brent historically paid subscriptions), are now absorbed into the GLA which issues one overall precept.

5.25 Each financial year, the Mayor and Assembly must prepare and approve a budget for each of the constituent bodies and a consolidated budget for the authority as a whole.

5.26 The GLA's budget setting process is as follows:

(a) The Mayor must prepare for each financial year a budget for each of the constituent bodies and a consolidated budget for the Authority as a whole.

(b) The Mayor will then prepare a preliminary draft of his proposed consolidated budget for consultation with the Assembly.

(c) After such and any other consultation, the Mayor determines the draft consolidated budget and presents it to the Assembly. The Assembly must approve this budget with or without amendment.

(d) After the draft consolidated budget has been approved, with or without amendment, the Mayor shall prepare a final draft of his proposed consolidated budget for the next financial year. If at the time he presents the final draft budget to the Assembly, that final draft is different to the original draft, with or without amendments, the Mayor must present a written statement to the Assembly of his reasons for the changes. This final draft must be presented and agreed before the end of February.

(e) After considering the final draft, the Assembly must approve it with or without amendments. Any amendment must at this stage be agreed by two thirds of the members voting. The resulting budget will be the approved consolidated budget for the financial year.

5.27 The Mayor published details of 2011/12 budget for consultation on 22nd December 2010. The Mayor's draft consolidated budget proposals were published on 2nd February 2011 and were considered by the Assembly on 10th February 2011 The final budget was published on 14th February and is set to be agreed by the Assembly on 23rd February 2011.

5.28 Table 5.3 below shows the budget for the GLA itself and each of its functional bodies in 2010/11. The budget includes a £20 per Band D council tax payer Olympic levy in line with the agreement on funding of the Olympics between the Mayor and the then Secretary of State for Culture, Media, and Sport.

Table 5.3 Breakdown of Proposed 2011/12 Budget for GLA

	2010/11 £m	2011/12 £m	Proportion of GLA Budget Requirement %
Mayor of London	131.8	137.1	4.2
London Assembly	8.6	8.0	0.2
Transport for London	12.0	12.0	0.4
Met. Police	2,673.3	2,701.1	82.7
LFEPA	437.3	409.4	12.5
TOTAL	**3,263.0**	**3,267.6**	**100.0**

LFEPA = London Fire and Emergency Planning Authority

5.29 The precept at Band D is £309.82 for 2011/12. This represents a 0% increase (the Olympic levy also remains at £20 at Band D). This precept is set to be confirmed at the Assembly meeting on 23rd February 2011.

Setting the Tax

5.30 The council is required to make certain calculations under sections 30, 33, 34 and 36 of the Local Government Finance Act 1992. These calculations are:

- The basic amount of council tax for both Brent Council and the GLA;
- The basic amount of council tax for each valuation band for both Brent and the GLA;

- The aggregate amount of council tax for each valuation band, which includes the basic amount for Brent and the GLA.

5.31 In accordance with these requirements, Members are asked to agree the calculations set out in the recommendations. The effect of a 0% increase in Brent Council's Band D council tax, which leaves council tax at the 2010/11 level of £1058.94, combined with the GLA precept remaining at £309.82, would be an overall increase of 0%. The full calculation for each Band is included within the recommendations.

5.32 Any amendments agreed to the budget will require a recalculation to be undertaken.

Council Tax and NNDR Instalment Dates and Recovery Policy for Council Tax

5.33 Appendix G (ii) sets out the council tax and NNDR instalment dates and the recovery policy for council tax which Members are asked to endorse.

5.34 The council has continued to promote payment by direct debit to improve overall collection. The instalment date for non-direct debit payers will be : at the 1st of the each month starting in April until the 1st January 2012, whilst direct debit payers can pay on the 1st, 12th, 17th, or 28th of the month. Both direct debit payers and non-direct debit payers will have to make payments over a maximum of 10 instalments.

5.35 Council tax collection rates have been improving and are now favourably comparable to other similar London Boroughs. At the end of December 2010, 84.4% of council tax due in 2010/11 was collected, up slightly from 83.6% in December 2009 despite the current economic conditions. The council is set to achieve or slightly outperform its target in-year collection of 95% of council tax due for 2010/11 by 31st March 2011, although it will have to collect arrears in future years to achieve the overall target set of 97.5%.

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SECTION 6

6. THE FUTURE - MEDIUM TERM FINANCIAL STRATEGY

Introduction

6.1 Councils are expected to plan their finances over more than a one year period. The longer term planning of finances supports the achievement of priorities in the Borough Plan and allows more effective planning of services. It encourages councils to predict events in the future and develop their strategy in the light of these. It helps councils work more effectively with partners in the public, voluntary and private sectors. It allows councils to plan their strategy for balances, using them as a safety valve to ensure that changes in resources or demands from year to year do not impact unduly on services or council tax payers.

6.2 2010 saw the British economy emerge from recession which began in the last quarter of 2008. The recovery has been fragile underlined by the 0.5% reduction in GDP in the December quarter and there has been sluggish growth apart from in manufacturing. The current forecast for 2010/11 is now expected to be 1.5% annually. In addition there continues to be inflationary pressures with RPI rising to 4.8% and CPI at 3.7% in December 2010. Inflation has risen again having peaked in the spring of 2010 and there will be further pressure from the January increase in VAT and higher fuel and commodity prices.

6.3 The October 2010 Spending Review 2011/12 – 2014/15 highlighted the need to reduce the deficit and improve economic growth. The deficit for 2010/11 is forecast to be £150bn and the intention is bring this down to £37bn by 2014/15. By 2015/16 £128bn savings are planned and this will be achieved by £99bn of spending reductions and £29bn of tax increases which should eliminate the structural deficit. As part of these proposals Local Government will be one of the hardest areas with a reduction in funding of 26.7% over the spending review period and funding reductions much deeper and quicker than expected. Councils will also be hit with household benefit caps from 2013, council tax benefit to reduce by 10% and schools budget to see only a 0.1% increase although pupil rolls are rising. With all these changes it is important that the Council estimate both the timing and impact on the Medium Term Financial Strategy (MTFS) to allow the Council to effectively plan its response.

6.4 The two year settlement announced in December saw Brent's formula funding reduce by 11.3% in 2011/12 and 7.4% in 2012/13, the removal of area based grants and the consolidation and deletion of many specific grants. For 2013/14 and 2014/15 there is likely to be a new system of funding and nationally we can still expect reductions in funding of 1.4% and 7.8%. However, there are a number positive aspects to the settlement with the introduction of the Council Tax Grant , the New Homes Bonus and greater flexibility afforded by the lifting of ringfencing on most grants.

6.5 As part of the challenge of meeting the funding reductions Brent has achieved £42m of savings and funded cost pressures of more than £12m to balance the budget in 2011/12. The savings have been achieved through a combination of One Council projects and service initiatives. This is on top of £10.9m of One Council Savings achieved in 2010/11. For future years One Council initiatives are planned to deliver further savings of £13.8m and £24.3m in 2012/13 and 2013/14 respectively. These will be delivered through additional procurement savings, the customer contact project, waste and recycling, fundamental review of activities and further changes to staffing and conditions.

6.6 This section of the report sets out the financial forecast for Brent, and looks at the financial issues that will affect Brent in the medium term. It:

- sets out the council's strategy to address the major issues raised;
- considers the resource envelope within which the council will be operating over the next four years; and
- looks at the way the council will need to manage its finances within the resource envelope.

Medium Term Financial Strategy

6.7 Financial planning needs to be carried out in the context of the MTFS.

6.8 The MTFS is not simply or even primarily a set of forecasts of future spending needs. Instead it allows Members and others to examine the financial consequences of their priorities for spending and council tax levels within a set of clear principles and set out actions required to align resources and spending.

6.9 Members have agreed that the MTFS should be based on the principles that:

(i) Financial plans should provide for a balanced position between income and expenditure for both capital and revenue accounts;

(ii) Adequate provisions are made to meet all outstanding liabilities;

(iii) A rigorous financial control system is implemented that ensures that these financial plans are delivered and therefore reduces the corporate impact of adverse events and trends;

(iv) A system is established that protects balances from erosion by ensuring that every decision to release balances is accompanied by a decision to replenish them;

(v) There will be a thorough examination of the council's 'Base Budgets' on a regular basis to identify efficiency savings and to ensure that existing spend is still a council priority;

(vi) Resources will be allocated to investment in the council's assets to ensure they support the delivery of corporate and service priorities;

(vii) There will be a redirection of resources to fund corporate policy priorities as expressed in the Borough Plan.

(viii) Resources will be made available to finance 'invest to save' schemes to help modernise and improve services and generate efficiencies in the medium term.

6.10 Service areas will be required to manage their budgets over all three years within these limits subject to any changes within the overall strategy and adjustments for savings delivered through the One Council Programme. For example, if the inflation allowance set was felt to be insufficient, a service area would have to review its base budget provision to identify how additional savings could be made within its budget. This is a rolling programme with an indicative target set for Year 4 as part of each budget process.

Resource envelope

6.11 The introduction of multi-year settlements was associated with an expectation from government that councils would use the additional certainty about external funding to enable forecast council tax levels to be set.

6.12 The fact that there was only a two year settlement for 2011/12 and 2012/13 means that we can only be certain of funding for two years but we can make assumptions based upon the national figures included within the Spending Review to forecast funding beyond 2013/14.

Managing the budget within the resource envelope

6.13 Appendix H contains the financial forecast for the council. It is built up using the 4 year budgets for service areas, projections over four years of currently identified growth and central items, and savings from the One Council Programme. It also includes resource projections, including grant levels, movements in the council tax base, and collection rate assumptions.

6.14 The result of the process is that a level of net savings required is identified for each year of the plan over a range of council tax increases between 0% per annum and 3.5% per annum. Details of projected net savings required are provided in Table 6.1.

Table 6.1 Initial Forecast of Net Savings Required in Future Years

	2012/13 £m	2013/14 £m	2014/15 £m
Net savings required where council tax rise is:			
- **0% per annum**	**23.6**	**16.6**	**28.4**
Cumulative	**23.6**	**40.2**	**68.6**
- **2.5% per annum**	**21.0**	**14.0**	**25.6**
Cumulative	**21.0**	**35.0**	**60.6**
- **3.5% per annum**	**20.0**	**12.9**	**24.4**
Cumulative	**20.0**	**32.9**	**57.3**

6.15 The figures shown in Table 6.1 are the level of savings in each year, and assume that the savings in the previous year have been made. The figures are also shown cumulatively to show the total level of reductions that would be needed in the period 2012/13 to 2014/15 with the increases in council tax.

6.16 The projections also assume that the council will neither increase or reduce its level of balances.

6.17 Factors that are built into the projections include:

Spending assumptions

- Service area budgets have been rolled forward at 2011/12 levels into future years;
- No allowance for pay inflation in 2012/13 other than for staff earning less than £21k per annum (2%) then 2% for future years;
- Inflation of 2% for prices in 2012/13 and future years;
- In addition an allowance has been made for providing additional monies to fund the pension fund deficit with contributions of £1.7m (2012/13), £0.5m (2013/14) and £1.7m(2014/15)
- No savings assumptions are built into service area budgets for 2012/13 onwards;
- Provision for cost pressures in service area budgets in future years is £6m per annum and these are inclusive of identified growth for future years of £1,089k in 2012/13, £297k in 2013/14 and £297k in 2014/15. Details of this are provided in Appendix D(i). The £6m is required to meet additional demand pressures, legislative or other regulatory changes which lead directly to additional costs to the council, and any on-going loss of income due to economic conditions or other factors. This replicates the level of growth required in previous years.
- The movement in central items detailed in Appendix F. These include:

- *Debt charges (capital financing charges net of interest receipts)*: These are forecast to grow from £25.359m in 2011/12, £26.563m in 2012/13 and £27.603m in 2013/14 and £29.104m in 2014/15 (these figures include the costs of the Civic Centre);
- *Levies:* These are forecast to grow from £2.238m in 2011/12, £3.089m in 2012/13 and £3.986m in 2013/14 and £4.973m in 2014/15. The main reason for this is the West London Waste Authority levy which is expected to increase as a result of the increased real cost of waste disposal and Landfill Tax increases of £8 per tonne per year. The impact of the Landfill Allowance Trading Scheme could also have a significant impact in later years;
- *South Kilburn Development:* Funding from central items for the South Kilburn Development is set at £900k in 2011/12, rising to £1.5m in subsequent years as the level of development increases;
- *Freedom Pass/concessionary fares.* These have risen significantly over the last few years and currently stand at £13.767m. There are no indicative figures for years but the current assumptions for future years is that prices will rise by 4% and there will be a 1.5% increase in usage. In addition because of the volatility of this budget in the past an additional contingency of £500k is being allowed for in 2012/13 to reflect any additional increases in transport costs. Therefore, Brent has budgeted for an additional £1.257m (2012/13), £826k (2013/14) and £872k (2014/15).
- *New Homes Bonus/Regeneration.* For 2011/12 the Council is matching the income received for the New Homes Bonus with additional spend on regeneration because of the linkages between the two areas. The details of the New Homes Bonus are still to be finalised and there are issues over funding in future years. The cautious assumption for the moment is that there will be no additional income over and above the £1.25m currently assumed.
- *Redundancy and Restructuring Costs.* A budget of £6.354m has been set aside for 2011/12. These costs are assumed to remain constant over the medium term but their mix is likely to change with higher redundancy and severance costs in the earlier years being replaced with the actuarial strain costs of meeting the costs of early retirements which are spread over three years.

<u>Resource assumptions</u>

- Formula grant 2012/13 £152.845m (settlement figure), 2013/14 £151.011m and 2014/15 £139.383m (based on national assumptions from the Spending review);
- Other unallocated grants to remain at 2012/13 levels
- Council tax base increase of 0.25% per annum in line with previous forecasts;
- Council tax collection of 97.5% in each year;
- Council tax increases ranging from 0% to 3.5%.

6.18 The budget projections provide a framework within which the council can manage its budget over the medium to longer term. This involves:

- *Reviewing projections of budget pressures resulting from demand pressures, cost increases, and loss of income and identifying means by which they can be reduced/eliminated*. The delivery of projects within the One Council programme will be vital in containing demand pressures and delivering transformed and improved services.
- *Identifying the impact of corporate and service priority growth.* No allowance has been made for additional or service priority growth in future years.
- *Reviewing provisions within central items:* This will be a key area for the council to look at in order to try to limit growth. Appendix H includes £46.170m in 2011/12, £50.251m in 2012/13, £53.195m in 2013/14 and £56.741m in 2014/15.

Summary

6.19 The year on year budget gap shown in Table 6.1 is substantial. However, the One Council Programme provides a planned means of addressing a significant element of this shortfall over the period of the MTFS.

SECTION 7

7. THE SCHOOLS BUDGET

Introduction

7.1 This section provides details of the School Budget's probable outturn for 2010/11 and also sets out estimates for the Schools Budget (SB) for 2011/12. Reports on the budget and related matters were provided to the Schools Forum on 12 January 2011, and the final Schools Budget was presented to Schools Forum on 31 January 2011. The Schools Budget itself was agreed by the Executive on 15th February 2011 and Members are requested to formally approve it at Full Council.

The Probable Outturn 2010/11

7.2 The Schools Budget consists of two main elements. The first element is called the Individual Schools Budget (ISB) and is delegated to schools in the form of budget shares. The second element consists of Centralised Items and this money is held back centrally to fund expenditure incurred on services such as Pupil Referral Units, SEN and payments to non-maintained nurseries. A ring-fenced specific grant called the Dedicated Schools Grant (DSG) funds all areas of the Schools Budget.

7.3 Budget shares were allocated to schools at the start of the 2010/11 financial year and schools were expected to spend this money on revenue expenditure. Schools are allowed to carry forward surpluses, as long they do not exceed 5% of their budget amount in secondary schools and 8% in primary and special schools. Where surpluses are earmarked for specific purposes schools can carry forward amounts greater than these percentages.

7.4 Centrally held budgets within the Schools Budget are experiencing pressures in certain areas such as in-year SEN statements and pupils placed in out of borough special schools, due to price increases and demand pressures. The pressures in these budgets are still being quantified but at present the forecast is for the Schools Budget to break-even on an in year basis for 2010/11. The deficit brought forward from the 2009/10 financial year amounted to £3m and should any deficit arise from the 2010/11 financial year, it would be added to this and will be the first call on next year's DSG. The Schools Budget for 2011/12 approved by the Schools Forum will enable the cumulative deficit to be reduced by at least £1.5m.

Schools Budget Funding in Brent

7.5 The 2011/12 financial year in many ways marks an interim year before major changes to Schools Funding are introduced following a fundamental review to be undertaken by the Government. This could for example result in a national funding formula for schools. The data from the January 2011 pupil count will determine the final Dedicated Schools Grant (DSG) that Brent will receive. The Department for Education (DfE) provide a finalised DSG in June once the annual pupil data has been cleansed and approved by them. In previous years the DCSF have estimated pupil numbers and provided a provisional DSG amount during December. However, DCSF estimates often proved unreliable in the past, overstating pupil numbers and thus overstating their provisional DSG figures. For 2011/12 the DfE decided not to provide a provisional DSG figure for local authorities and have instead provided a Guaranteed Unit of Funding (GUF) which provides authorities with a specific DSG per pupil rate. Local authorities can then use their own local pupil number forecast to arrive at their individual forecast DSG amount. The final DSG will be calculated by multiplying this GUF rate by the final approved pupil numbers for January 2011.

7.6 The position for 2011/12 is further complicated by the DfE's decision to simplify funding streams for schools by mainstreaming a number of former grants into the DSG. The GUF rate has therefore been increased to take account of all the former grants that have been mainstreamed.

7.7 In broad terms the settlement for schools is cash flat with the 2011/12 GUF simply being based on the 2010/11 DSG level plus the 2010/11 value of the grants being mainstreamed. While this represents a more favourable settlement than for the rest of local government it nevertheless can be seen as a real terms reduction as the settlement does not cover inflation. The GUF for Brent has been set at £6,236 per pupil which can be compared with an average for England of £5,082 and a highest and lowest GUF of £8,052 and £4,428 respectively.

7.8 Details of the provisional Schools Budget for 2011/12 are given in Appendix I(i).

7.9 The January 31 2011 Schools Forum considered the Schools Budget and requests for retaining elements of the mainstreamed grants as well as requests for other central retention of the Schools Budget. The views of the Forum are set out in Appendix I(ii). The Forum's views regarding requests for central retention have all been incorporated within the provisional School's Budget presented in Appendix I(i). Where the Forum made decisions to cease funding, officers are now planning for the cessation of those related activities from April 2011. There could potentially be some redundancies arising and the Forum accepted that any redundancy costs resulting from their decisions should be met from the Schools Budget. There should therefore be no financial impact on the Council's general fund as a result of these Forum decisions.

7.10 The Forum also expressed a strong view that the recovery of the £3m Schools Budget deficit should be achieved over a longer time span than two years which would allow additional funding to be delegated to Schools. However, the proposed Schools budget allows schools delegated budgets to be held cash flat, which is in line with the funding settlement while halving the deficit by £1.5m. Given the greater uncertainty regarding 2012/13 when conditions may not be as favourable it would not be prudent to extend the period of the deficit recovery and the Schools Budget as presented in Appendix I(i) is being recommended to the Full Council for its approval.

Schools Budget Risks

7.11 Some of the pressures impacting on the central expenditure items in 2010/11 have already been examined in paragraph 7.4. It is anticipated that some of these pressures will continue to persist in 2011/12.

Schools Budget Medium Term Financial Plan

7.12 The DfE are currently undertaking a major review of school funding which could result in significant changes to the method of calculating each Local Authority's DSG settlement as well as the structure and makeup of the Schools Budget. Any changes arising from this review will feed into the 2012/13 settlement.

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SECTION 8

8. HOUSING REVENUE ACCOUNT

Introduction

8.1 The Housing Revenue Account (HRA) is a record of revenue expenditure and income, relating to the authority's own housing stock, i.e. it reflects the council's landlord role. The statutory framework for the operation of the HRA is provided in the Local Government and Housing Act 1989 and this Act prescribes the categories of income and expenditure to be included in the HRA, hence the "ring-fenced HRA".

8.2 Expenditure charged to the HRA in 2011/12 includes:
- Repairs and maintenance;
- Supervision and management;
- Rent and rates; and
- Capital charges.

8.3 Income credited to the account in 2011/12 includes:
- Dwelling rents;
- Non dwelling rents;
- Charges for services and facilities;
- Interest receivable; and
- HRA subsidy paid by the government.

8.4 Any balances on the HRA at the end of the year are carried forward within the HRA to the next year. There is no general discretion to transfer sums into the HRA or to support the General Fund with contributions from the HRA i.e there can be no cross-subsidy between the General Fund and the HRA, although legitimate charges flow between the accounts.

8.5 The council must agree and publish an annual budget for the HRA and this budget must avoid a deficit. This process is often referred to as rent setting, as the final component in agreeing a balanced HRA is setting the level of dwelling rents. If, during the year, it seems that the account is moving into deficit, the council must take all reasonably practicable steps to bring the account back into balance, including the consideration of additional rent rises. To the extent that it is not possible to find savings or increase income, then a debit balance should be carried forward to the following year and the council must budget to eliminate the deficit during that year.

8.6 The dwellings that the council owns at Stonebridge (transferred from the Stonebridge Housing Action Trust following the ballot in 2007) are held outside the HRA, and are not therefore included in the HRA budget. Proposals for rent levels for these dwellings for 2011/12 were included in the "HRA Budget 2011/12 and Rent Increase Proposals for Council Dwellings" Report agreed by the Executive on 15th February 2011. For these Stonebridge dwellings in 2011/12, that report set out proposals to increase the average rents by 5.3% and to increase the service charges by an average of 50.3%.

8.7 A detailed report on the HRA budget for 2011/12 was agreed by the Executive on 15th February 2011. That report set out proposals for an overall rent increase of 6.14% for the main properties within the stock. This is in line with the government's rent restructuring policy. Members are requested to formally agree the HRA budget at Full Council.

The Probable Outturn 2010/11

8.8 The HRA budget report shows that net HRA expenditure for 2010/11 is forecast to exceed the budget by £208k. Additionally the surplus brought forward from 2010/11 exceeded the budget by £208k. Taking these variances into account, it is therefore forecast that the estimated balance on the HRA account at 31st March 2011 will be £466k in surplus, which is in line with the budget.

The 2011/12 Budget

8.9 The 2011/12 HRA budget includes the following:

- The government's implementation of its rent restructuring policy continues into 2011/12 and, under the national formula, individual rents should increase by 5.1% + 1/5thth towards their target rent. However, the impact on tenants will be cushioned by "caps and limits", which generally means that in 2011/12 no rent will increase by more than 5.1% + £2.

- A decrease in housing subsidy of £3.246m (excluding stock loss and MRA Brought Forward), which takes account of an increase in management and maintenance allowances £1.348m, a decrease of £2.758m relating to guideline rent increases, and a reduction £1.836m where the almo allowance will be discontinued and funding for almo round 2 borrowing will instead be paid using the Council's consolidated rate of interest.

- An inflation allowance of 0% for pay, 2.71% for repairs, and 0% for other prices.

- An increase in service charges of 4.6%;

- An overall average rent increase of 6.14% (average £5.50 per dwelling per week) for the main properties within the stock. This increase is to be applied taking full account of the government's rent restructuring guidance. The following table sets out the impact on tenants, grouping the increase in bands:

Analysis of change in weekly rent from 2010/11 to 2011/12

Banding	No
Between £1.50 and £2	1
Between £2 and £3	65
Between £3 and £4	941
Between £4 and £5	1,186
Between £5 and £6	4,149
Between £6 and £7	2,890
Between £7 and £8	8

- Net savings of £924k comprising stock loss, efficiency and other savings;
- Net Growth proposals of £977k, comprising:
  - £138k capital financing, to fund the debt charges on a £6m HRA capital programme that was agreed for 2010/11, with the debt charges being funding by a reduction in the HRA Direct Revenue Financing Budget.
  - £977k for the ALMO round 2 interest rate adjustment
- An estimated dwelling stock level (excluding Brent's Stonebridge dwellings) at 1st April 2011 of 9,113 dwellings (actual 9,211 dwellings at 1st April 2010);
- Rent collection assumed at approximately 99.6% of the rental income due; and
- A nil voluntary HRA debt repayment. Up to 2003/04 there was a statutory requirement for the repayment of HRA debt. This requirement was removed in April 2004, along with the subsidy to pay for it. There is a provision to make a voluntary repayment, but this is not subsidised. The budget proposals include £600k of HRA unsupported borrowing under prudential borrowing for Disabled Facilities Grants for council tenants, and the debt management costs associated with this are met by Brent Housing Partnership. All other HRA debt charges are met in full through housing subsidy. No voluntary repayment of debt has been included in the budget for 2011/12. The current level of debt relating to the Housing Revenue Account was £330m at 31st March 2010 and is estimated to be £338m at 31st March 2011 - this takes account of a £6m HRA capital programme agreed in the 2010-11 budget.

8.10 Taking into account the above, the HRA is estimated to show a surplus of £400k at 31st March 2012.

8.11 Details of the HRA budget are shown in Appendix J.

HRA Risks

8.12 The main risk associated with the HRA budget for 2011-12 are:

- The HRA's medium and long term viability. The HRA Business Plan 2009 showed that there are insufficient capital resources to maintain the dwelling stock post decent homes, and also that the operational HRA is likely to be in deficit in 5 years time. The HRA Business Plan is currently being updated to reflect the budget for 2011-12, updated stock condition data, and the impact of the Council Housing Finance reform. The Council Housing Finance reform is likely to have a favourable impact on the HRA Business plan.

- Recovery of Leaseholder Service Charges (Major Work); and
- Rent Collection – maintaining high collection performance.

Council Housing Finance Reform

8.13 The Government has confirmed the proposal to implement reform of the HRA subsidy system and this is now included in the Localism Bill, which was published in December 2010. It is now anticipated that the new system will be implemented for April 2012, and a policy paper from CLG is expected in January/February 2011 setting out the detailed proposals.

8.14 Under the HRA subsidy reform proposals, the HRA will be retained, but will include a new self financing system, in which rents are retained by Councils to spend on their own stock, in exchange for a one-off reallocation of debt.

Review of the Management of the Council's Housing Stock

8.15 The Council's Housing stock is currently managed by Brent Housing Partnership (BHP), which is an Arms Length Management Organisation and was established in 2002. The current management agreement between the Council and BHP is due to expire in September 2012, and the Council has engaged consultants to conduct a review of future options for the management of the stock. The review, will:

- Include an assessment of the strengths and weaknesses of the current Housing Management arrangements; and
- Set out a full range of options for the ongoing delivery of housing management across the borough.

The outcome of the review will be reported to the Executive for a decision in Spring 2011.

SECTION 9

THE CAPITAL PROGRAMME 2010/11 to 2014/15

Introduction

9.1 This section up-dates the capital programme position for 2010/11 and sets out proposals for the programme from 2011/12 onwards. The programme includes for the first time projected figures for 2014/15. The capital programme in this report is presented in the new council departmental format.

9.2 The capital programme is a four year rolling programme. The key drivers of the capital programme are priorities in the Borough Plan and condition of assets. These are in turn reflected in the asset management plans for classes of assets (e.g. schools, council housing, other council buildings, roads, parks etc) and private sector and social housing strategies (disabled facilities grants, private sector renewal, housing association grants).

9.3 There are a number of constraints on the capital programme which are as follows:

a. Unavoidable capital spending requirements: e.g. the council's buildings need to meet basic condition standards, school places need to be provided, roads need to be maintained;

b. Restrictions on the way resources are used: e.g. lottery, Transport for London, Targeted Capital Fund, devolved capital funding for schools, disabled facilities grant, other grant funding, Section 106 funding etc;

c. Limited access to capital receipts: This is particularly an issue given the impact of the current slump in the property market. The general market situation means it is not necessarily a good time to sell property assets;

d. Limited capacity to fund borrowing: There is no direct constraint on borrowing (since the Local Government Act 2003 introduced the prudential borrowing framework) but councils have to take into account the impact on future revenue spending. The level of prudential borrowing has to be considered in the context of the council's overall revenue budget commitments in the medium term. At a time when revenue budgets are being reduced the Council's ability to meet the costs associated with borrowing is significantly limited, unless it enables revenue savings elsewhere in the Council's budget.

9.4 The capital funding from the government has previously been of a combination of capital grants and support for borrowing through the formula grant system. For 2011/12 and 2012/13 there is no support for borrowing through the formula grant system. There has been a cut in total capital grants for England in 2011-12 excluding DfE and DEFRA grants of 6.7% with an increase of 0.8% in 2012-13.

Despite the above, the council will continue to be required to consider longer term issues that need to be addressed. These include:

a. The schools capital programme, specifically to meet longer term school capital needs and address the requirements for additional pupil places.

b. The longer term revenue and capital funding needs of council housing.

c. Sports facilities such as the requirement to develop a procurement strategy for Multi Use Games Areas (MUGAs) in the borough.

d. Parks where there is a backlog of repairs.

9.5 This section of the report sets out:

- Forecast outturn spending on the 2010/11 programme,
- The proposed 2011/12 to 2014/15 programme,
- The main risks in the capital programme,
- The policy to be applied to Minimum Revenue Provision.

The 2010/11 Capital Programme

9.6 The revised capital programme for 2010/11 is summarised in Appendix K(i), with details of the programme and changes to it in K(ii). A summary of the revised 2010/11 programme is included in Table 9.1 below.

Table 9.1 Revisions to 2010/2011 Capital Programme since Second Quarter Monitoring

Service Area	**2010/11 position (second quarter) £'000**	**Amended 2010/11 position (third quarter) £'000**	**Variations to 2010/11 position £'000**
Resources			
Grant and External Contributions	(80,121)	(69,775)	10,346
Capital Receipts	(6,222)	(6,222)	0
S106 Funding	(10,502)	(9,357)	1,145
Supported Borrowing	(6,580)	(6,580)	0
Unsupported Borrowing	(21,444)	(20,110)	1,334
Self-funded borrowing	(22,184)	(21,339)	845
Total GF Resources	**(147,053)**	**(133,383)**	**13,670**
Housing HRA	(9,290)	(10,605)	(1,315)
Unsupported Borrowing	(8,620)	(8,620)	0
Self-funded borrowing	(704)	(902)	(198)
Total Resources	**(165,667)**	**(153,510)**	**12,157**
Expenditure			
Regeneration and Major Projects	110,997	97,828	(13,169)
Children and Families	9,576	9,573	(3)
Environment and Culture	15,904	15,847	(57)
Housing and Community Care – Adults	886	886	0

Service Area	2010/11 position (second quarter) £'000	Amended 2010/11 position (third quarter) £'000	Variations to 2010/11 position £'000
Housing and Community Care – Housing	6,793	6,852	59
Corporate	7,570	7,070	(500)
Allowance for slippage	(4,673)	(4,673)	0
Total GF expenditure	**147,053**	**133,383**	**(13,670)**
Housing HRA	18,614	20,127	1,513
Total Expenditure	**165,667**	**153,510**	**(12,157)**
Net Position	**0**	**0**	**0**

Further detail of the movements on the 2010/11 capital programme will be provided within the Performance and Finance Review 2010/11 – Quarter 3 report which will be submitted to the March meeting of the Executive.

2011/12 to 2014/15 Capital Programme

Overall programme

9.7 A summary of the proposed capital programme for 2011/12 to 2014/15 is attached as Appendix K(iii), with details of the breakdown of the programme in Appendix K(iv). Table 9.2 provides a high level summary.

Table 9.2 Proposed 2011/12 to 2014/15 Capital Programme

Service Area	Amended 2010/11 position (third quarter) £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
Resources					
Grant and External Contributions	(69,775)	(49,800)	(19,774)	(17,991)	(17,991)
Capital Receipts	(6,222)	(16,112)	(9,595)	(4,599)	(4,430)
S106 Funding	(9,357)	(8,401)	(11,523)	(16,364)	(7,940)
Supported Borrowing	(6,580)	0	0	0	0
Unsupported Borrowing	(20,110)	(6,076)	(5,541)	(5,526)	(3,730)
Self-funded borrowing	(21,339)	(47,656)	(36,652)	(17,616)	(200)
Total GF Resources	**(133,383)**	**(128,045)**	**(83,085)**	**(62,096)**	**(34,291)**
Housing HRA	(10,605)	(7,000)	(7,000)	(7,000)	(7,000)
Unsupported Borrowing	(8,620)	(1,684)	(1,684)	(1,684)	(1,684)
Self-funded borrowing	(902)	(600)	(600)	(600)	(600)
Total Resources	**(153,510)**	**(137,329)**	**(92,369)**	**(71,380)**	**(43,575)**
Expenditure					
Regeneration and Major Projects	97,828	111,161	66,505	46,189	20,180

Service Area	Amended 2010/11 position (third quarter) £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
Children and Families	9,573	631	631	631	631
Environment and Culture	15,847	7,540	7,535	8,250	8,250
Housing and Community Care – Adults	886	1,102	658	0	0
Housing and Community Care – Housing	6,852	4,780	4,780	4,780	4,780
Corporate	7,070	450	450	450	450
Allowance for slippage	(4,673)	2,381	2,526	1,796	0
Total GF expenditure	**133,383**	**128,045**	**83,085**	**62,096**	**34,291**
Housing HRA	20,127	9,284	9,284	9,284	9,284
Total Expenditure	**153,510**	**137,329**	**92,369**	**71,380**	**43,575**
Net Position	**0**	**0**	**0**	**0**	**0**

Spending proposals

9.8 The capital programme is based on the previous year's four year capital programme, rolled forward by a year, and amended to take account of the new Local Government Settlement announcement.

9.9 Amendments to the programme against that previously reported reflect:

a. Slippage of funding for schemes from 2010/11.

b. Amended capital grant funding announcements.:

c. Reviewed requirements for unsupported borrowing to underpin the capital programme taking into account affordability to the revenue account.

d. The addition of a fourth year – 2014/15 – to the four year programme which includes rolling programmes, such as highways maintenance, the private sector housing renewal programme, but does not at this stage include any new major schemes.

Resources

9.10 Funding changes from the previously agreed programme are as follows:

a. *Grant funded schemes*

Table 9.3, below sets out a comparison of grant notifications under the Government Settlement announcement to previously forecast budget provision.

Table 9.3 Grant Notifications - 2011/12 Forecast to Actual

Funding Source	2011/12 Forecast Programme Allocation £'000	2011/12 Announced Capital Allocation £'000	2011/12 Variance Forecast to Allocation £'000
Basic Need	4,600	7,411	2,811
Modernisation	2,500	0	(2,500)
Locally Co-ordinated Voluntary Aided Programme	1,531	1,529	(2)
Capital Maintenance for LA Maintained Schools	0	4,219	4,219
Devolved Formula LA Maintained Schools	3,333	631	(2,702)
Devolved Formula VA Maintained Schools	1,282	265	(1,017)
Adults Personal Social Services Grant	0	652	652

Members should note that Grants to Voluntary Aided schools are made direct to the schools (passported via the authority) and as such are not included in the capital programme as expenditure cannot be controlled by the Council.

b. *Capital receipts*

Capital receipts have been maintained at existing levels but the position will need to be kept under review. Details of the properties included in the disposal programme are included at Appendix K(v). The disposal timetable is indicative and decisions will be taken on the basis of market conditions at the time and the need for the council to ensure best value from the disposals.

c. *S106 Funding Agreements*

Table 9.4 below provides the details of estimated Section 106 agreement funds that have been allocated within the planned capital programme. Members should note that this is currently an indicative profile of expenditure, but a working group is being established by officers from across the spending service areas to provide more accurate forecasting of S106 utilisation. Also Section 106 funds are only triggered once schemes start on site and therefore timing of receipt of funds is not guaranteed, there has been a reduction in the number of agreements being triggered as a result of the economic downturn and a slowing in development.

Table 9.4 S106 Agreement Monies - 2010/11 to 2014/15 Capital Programme

S106 Agreement Monies	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
Education	233	3,473	4,738	7,583	3,000
Environmental Health	154	102	121	140	100
Landscape & Design	619	277	414	552	200
Public art	299	73	107	141	100
Parks	303	483	583	682	500
Planning	1,001	271	406	542	300
Streetcare	132	96	64	32	100
Sports	759	231	342	453	200
Sustainability Strategy	17	10	13	15	10
Transportation	3,640	2.699	4,033	5,367	3,000
Housing	0	402	386	509	200
Brent into Work	720	249	264	279	200
General	22	35	52	69	30
Total	**7,899**	**8,401**	**11,523**	**16,364**	**7,940**

d. *Self-funded borrowing*

Schemes funded from self-funded borrowing include 'invest to save' schemes such as automation in libraries, energy conservation schemes for which part funding is from Carbon Trust monies, IT schemes, and funding for the Civic Centre.

e. *Other borrowing*

Overall unsupported borrowing levels within the capital programme between 2010/11 and 2014/15 have been reviewed in light of the Local Government Settlement announcement and reductions have been made where possible to ease pressure on the revenue account to meet debt charges. The capital programme continues to include a line for forecast slippage in year which was put in place to 2013/14 to ease the pressure on the programme in prior years. This is not included in 2014/15 forecasts.

Consideration of affordability is one of the critical tests in determining the limit on capital spending under the prudential regime for borrowing set up under the Local Government Act 2003. It is a requirement of the prudential regime that authorities monitor the impact of 'unsupported' borrowing on levels of council tax. Table 9.5 shows the impact on council tax bills of the unsupported borrowing (excluding self-funded borrowing) contained within the proposed capital programme for 2011/12 onwards.

Table 9.5 Impact of Unsupported Borrowing on Revenue Costs/Council Tax

	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
2011/12 Unsupported borrowing £6.076m (excluding all self funded expenditure)	182	659	659	659
2012/13 Unsupported borrowing £5.541m (excluding all self funded expenditure)	0	166	625	625
2013/14 Unsupported borrowing £5.526m (excluding all self funded expenditure)	0	0	166	582
2014/15 Unsupported borrowing £3.730m (excluding all self funded expenditure)	0	0	0	112
Cumulative unsupported borrowing costs	**182**	**825**	**1450**	**1978**
Impact on Band D Council Tax – using 2011/12 council tax base of 97,252 of unsupported borrowing	£1.87	£8.48	£14.91	£20.34

Capital Programme Risks

9.11 Capital expenditure is on the whole easier to control than revenue spending as it is not generally demand led and commitments are only entered into once contracts are let. If it is necessary to reduce spending, it is possible to do so by not letting contracts.

9.12 The monitoring and management of the Capital Programme position is reported to Members as part of the Performance and Finance Review process.

9.13 The underlying capital programme risks are as follows:

a. The impact of borrowing to fund the capital programme on the longer term financial stability of the council.

b. The effect of spending more on some schemes on the ability of the council to deliver other priority schemes.

c. The ability of the council to ensure that it is getting value for money from the spending it carries out on capital schemes.

d. The consequence of unmet needs on services provided in Brent.

e. Meeting capital funding needs for services funded under separate funding regimes, in particular schools and council housing.

f. Funding for major development programmes including South Kilburn, the Primary Capital Programme, Building Schools for the Future and the new Civic Centre.

9.14 Table 9.6 below sets out these risks in more detail and the measures taken to manage them.

Table 9.6 Capital Programme Risks

Risk	More detailed description	Measures taken to manage the risk
a. The effect of spending more on some schemes on the ability of the council to deliver other priority schemes.	Additional spending on schemes above that allowed for in the programme reduces funding available for other schemes. For most spending programmes, spend is within the council's control and therefore overspends only occur if controls fail. In other cases, mainly ones that involve land purchase or compensation, such as the Academies schemes or the Estate Access and Stadium Access Corridors, there is less direct control.	The council's capital spending controls and project management procedures are aimed at limiting additional costs to schemes in the programme. Schemes which it is proposed to add to the capital programme are subject to officer scrutiny and Member approval. Large schemes have to be approved by the Executive prior to going out to tender and when tenders come back. Smaller schemes are subject to the council's financial regulations and internal control procedures. Establishment of the new Regeneration and Major Projects Department to improve the Council's approach to deliver schemes on time and within budget.
b. The ability of the council to ensure that it is getting value for money from the spending it carries out on capital schemes	The council spends up to £150m each year on capital schemes. Achieving value for money is necessary to ensure that the council maximises outcomes from the spending.	Measures taken to manage this risk include: o Prioritisation of schemes as part of the process for putting together the capital programme; o Planned outcomes set for individual programmes are monitored through the quarterly Performance and Finance Review reports and in the annual budget report; o Council procurement procedures ensuring value for money is achieved

Risk	More detailed description	Measures taken to manage the risk
		through procurement; o Project management arrangements for individual schemes.
c. The consequence of unmet needs on services provided in Brent.	There is a limit on the resources the council can use to fund the capital programme. That means that not all needs can be met.	The council takes a strategic approach to prioritising resources through the development of the Capital Strategy and the four year capital programme. In addition, asset management plans are used to measure unmet need. The council continues to secure resources from other sources including: o Section 106 funding – although levels of triggered Section 106 have reduced as a result of the recession; o Lottery funding, for example for the Harlesden Library; o PFI funding, for example the Affordable Housing PFI; o Additional government funding, for example Basic Needs Safety Valve.
d. Meeting capital funding needs for services funded under separate funding regimes, in particular schools and council housing.	In the case of schools, the main pressures are the provision of additional pupil places and the need to maintain the conditions of schools. Government funding through grant and supported borrowing is insufficient to meet this.	The council has previously allocated the full amount of government grant, supported borrowing allocation, and section 106 funding to the schools programme. In addition, schools are able to borrow to fund works on the schools loan scheme. The council is looking at other opportunities to get improvements and expansion of schools as part of wider developments. In addition, the council continues to make use of other funding regimes, such as the Academy programme, to secure government funding. Representations are also made to government for further additional funding to meet unmet needs.

e. Funding for major development programmes	The council's major programmes/projects include the South Kilburn development, the Primary Capital Programme, new Academies and the Civic Centre project. These programmes/projects each individually present major risks and challenges to the council.	The new Regeneration and Major Projects Department has been established to improve the Council's approach to delivery of major programmes. Programme/Project Boards have been set up to manage each of these projects. There is reporting to Members at key stages of these programmes/projects.

Minimum Revenue Provision

9.15 The Local Authorities (Capital Finance and Accounting) Regulations 2003 set out the requirement that councils set aside a minimum of 4% of their General Fund capital financing requirement to repay principal on debt, regardless of the length of life of the asset that was being financed.

9.16 Revised regulations which amend this requirement were issued in 2008. Under the new regulations councils are required to set an amount of Minimum Revenue Provision (MRP) which is 'prudent'. The definition of what counts as 'prudent' is set out in statutory guidance which has been issued by the Secretary of State for Communities and Local Government and which authorities are required to 'have regard' to.

9.17 Under the guidance councils are required to prepare an annual statement of their policy on making MRP to Full Council. The purpose of this is to give Members the opportunity to scrutinise use of the additional freedoms and flexibilities under the new arrangements.

9.18 For new borrowing under the Prudential system, councils were required to adopt from 2008/09 one of two further options for determining a prudent amount of MRP. One option is 'the asset life method', which allows councils to make provision for repayment of principal over the estimated life of the asset. This can be done using the 'equal instalment' method, where equal amounts of principal are paid each year, with reducing interest payments as debt is repaid, or the 'annuity' method, which is akin to a mortgage where the combined sum of principal and interest are equalised over the life of the asset. An alternative option is the 'depreciation method' which involves making Minimum Revenue Provision in accordance with the standard rules of depreciation accounting. This means setting aside an amount each year in line with estimated annual depreciation until the total initial debt is provided for.

9.19 The policy previously approved and now proposed for continuation in 2011/12 for non-HRA assets is as follows:

- For prudential borrowing, it is proposed that the council adopts the 'asset life method', and that an 'annuity' approach is used for calculating repayments. This ensures payments are spread equally over the life of the asset, which matches more closely the value the council gets out of the asset than loading payments at the beginning as would happen under the equal instalment method. It is also considerably easier to understand and more transparent than the depreciation method (Option 4). The proposed asset lives which will be applied to different classes of assets are as follows:
    - Vehicles and equipment – 5 to 15 years;
    - Capital repairs to roads and buildings – 15 to 25 years;
    - Purchase of buildings – 30 to 40 years;
    - New construction – 40 to 60 years;
    - Purchase of land – 50 years (unless there is a structure on the land with an asset life of more than 50 years, in which case the land would have the same asset life as the structure).

The guidance also requires that the life of the asset is determined in the year in which it is acquired and is not varied subsequently. The requirement to make Minimum Revenue Provision does not commence until the asset becomes operational.

The guidance also sets out the approach to be taken to specific expenditure types which do not fall within these general categories, including spending capitalised under directions issued by the Secretary of State, capital grants to other organisations and individuals and so on. Details of the maximum asset life that can be applied in these cases are set out in Table 9.7.

Table 9.7 Asset Life for Specific Assets Set Out in Guidance

Expenditure Type	Maximum Value of Asset Life
Expenditure capitalised by virtue of a direction by the Secretary or State	20 years
Expenditure on computer programs	The life of computer hardware
Loans and grants towards capital expenditure by third parties	The estimated life of the assets in relation to which the third party expenditure is incurred
Repayment of grants and loans for capital expenditure	25 years, or the period of the loan if longer
Acquisition of share or loan capital	20 years
Expenditure on works to assets not owned by the authority	The estimated life of the assets
Expenditure on assets for use by others	The estimated life of the assets
Payment of levy on Large Scale Voluntary Transfers (LSVTs) of dwellings	25 years

9.20 These policies do not apply to HRA assets. The duty to make Minimum Revenue Provision in the Local Authorities (Capital Finance and Accounting) Regulations 2003 does not apply to HRA assets.

9.21 MRP on finance leases and PFIs is charged using the annuity method. The interest rate used is that implicit to the lease/PFI. The policy for leases and PFIs has no additional impact on the General Fund.

9.22 Should there be any amendments to the policies set out in this section of the report these will be reported to Full Council at that time.

SECTION 10

10. TREASURY MANAGEMENT STRATEGY AND ANNUAL INVESTMENT STRATEGY 2011/12

Introduction

10.1 This section of the report presents:

a. The 2011/12 Treasury Management Strategy setting out the proposed borrowing and lending policy and the factors influencing this over the coming year.

b. The 2011/12 Annual Investment Strategy setting out the security of the investments made by the authority.

10.2 Under the Local Government Act 2003, local authority borrowing is regulated by the Prudential Code, details of which are set out in Section 11 of the Budget Report, and the requirement for an Annual Investment Strategy.

10.3 Members are asked to agree

a) The Treasury Management and the Annual Investment Strategies for 2011/12 as part of the main recommendations to the report.

Regulatory Requirements

10.4 The 2009 Code of Practice for Treasury Management issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) includes provision for an annual report to Members on the Treasury Management Strategy. The Code requires that Members consider and agree the strategy before the beginning of each financial year. The Treasury Management Strategy is sensitive to interest rate movements, which may affect receipts from interest on balances, or payments of interest on new long term loans to the authority.

10.5 Guidance issued under Section 15 (1) (a) of the Local Government Act 2003 also requires that authorities should prepare an Annual Investment Strategy (AIS) to be agreed by Full Council before the commencement of each year. The AIS is required to set out the security of investments used by the authority, analysed between Specified and Non-Specified investments and clarifying the use of credit ratings. It also has to set out the maximum periods for which funds may prudently be committed (liquidity). To discourage the use of investments that may be considered speculative, such as equities, the acquisition of share or loan capital in any body corporate (such as a company) is defined as capital expenditure. On this basis, Brent does not invest treasury balances in shares, corporate bonds or floating rate notes issued by companies except through pooled schemes.

10.6 The Department for Communities and Local Government (DCLG) issued revised Guidance in 2010 following the collapse of Lehman Brothers and various Icelandic banks, and the House of Commons Select Committee report on local authority investments in Icelandic banks. The Guidance main points are:-

a) Security and liquidity are the key issues in lending. There should clear policies on the duration of loans, and the share of the portfolio that can be lent for longer periods.
b) The Treasury Strategy should be approved by Full Council. Authorities should consider sending revised strategies to members during the year.
c) The Treasury Strategy should be published.
d) Local Authorities should not rely solely on credit ratings but consider other information.
e) The Treasury Strategy should comment on the use of advisers.
f) The Treasury Strategy should comment on the investment of money borrowed in advance of need. The Guidance confirms that it is legitimate for authorities to borrow in advance, but is concerned that the consequent loans into the market should be legitimate and not be speculative.
g) The Treasury Strategy should comment on how staff training is reviewed and training needs met.
h) The Treasury Strategy should include proposals for regular scrutiny by members.

The proposed AIS for 2011/12 is attached as Appendix L.

Economic Background

10.7 The international economic background in 2008 was extremely volatile, with rising oil and commodity prices, and a credit crisis that led to the collapse / takeover / rescue of various banks as inter bank lending and the wider provision of credit reduced. In 2009, recession (the UK economy shrunk by 4.5%), low interest rates (UK 0.5%) and stock market recovery (up by 50% since the trough in March) were the main features. In 2010, growth resumed, as follows:-

a) Economic growth was positive. The UK economy grew by around 1.4%, Europe 1.5%, USA 2.7%, China 10%, and the World economy by 4.3%.
b) Stock markets rose by around 10% - 15%.
c) In UK, house prices were stable overall, rising in London and the South East but falling elsewhere. Commercial property prices continued to recover during the year.
d) Despite the previous recession and low wage increases, and contrary to expectations, UK inflation rose by 3.7% in 2010, driven by rising commodity prices, an increase in VAT and the decline in the value of sterling.

e) Short term interest rates have remained very low (UK 0.5%, USA 0% - 0.25%, ECB 1%) as Central Banks have sought to support economic activity and recapitalise the banks. Longer term rates have been held down by quantitative easing in UK and USA.

10.8 Looking ahead to the next financial year, it is expected that world economic growth will slow marginally to around 4% in 2011, led by growth in emerging economies such as China and India (8.5% - 9%) but restrained by lower growth in some developed countries and falling output in such countries as Ireland and Greece. Although the USA economy should grow by around 3% in 2011, it is anticipated that UK and Europe will only grow by around 1% / 2%. Reductions in public expenditure and tax increases may reduce growth rates further. Interest rates should continue to be very low – UK Bank Rate may remain at 0.5% throughout 2011, possibly rising to 1% towards the end of the financial year. Inflation may continue to be a concern - at present CPI (3.7%) is well above the Bank of England target rate of 2%, and may rise further in 2011 as a result of commodity price rises, VAT increases and the previous fall in the value of sterling. However, low pay increases (only 2.1% per annum in the year to December), unemployment and unused capacity should reduce inflation in 2012. Long-term interest rates may rise as governments borrow money to fund recovery programmes, but high saving rates in Asia may restrain large increases. However, the government has increased interest rates charged by the Public Works Loans Board, so that any council borrowing will be more expensive.

Financial Market Background

10.9 The sub-prime crisis and credit crunch of 2007 – 2009 led to the collapse of a number of banks, either into nationalisation, forced mergers or disappearance. However, the collapse of Lehman Brothers – a key broker and investment bank – in September 2008 caused a financial tsunami to overrun the banking system.

10.10 Although there has been progress in repairing the banking system through quantitative easing, recapitalisation and regulatory activity, there remain a number of issues to solve. In USA, new regulations (to reduce the opportunity for banks to trade) are only partially in effect. The housing market in USA, with widespread negative equity, will take years to recover. In UK, the housing market remains fragile as lenders restrict credit, so that prices may fall by a further 10% in 2011. Further, there are many other commercial property and other loans that remain on the brink of default. In Europe, bank debts are causing both nationalisation and restructuring of the banking sectors, and rising interest rates on sovereign debt. These factors have meant that Brent has continued to restrict the Lending List to UK institutions.

10.11 The collapse of Lehman Brothers, and the financial turmoil that followed, caused three Icelandic banks to be put into administration when their credit ratings were reduced and they were unable to meet short term obligations. Brent had two deposits outstanding, as follows:-

Heritable Bank	£10m	Lent 15.08.08	Repayable 14.11.08
Glitnir Bank	£5m	Lent 15.09.08	Repayable 12.12.08

To date, the council has had £5m returned by the administrators of Heritable Bank, who suggest that depositors will recover at least 80% of their original sum. It is anticipated that the £5m deposited with Glitnir will be returned as legal advice is that the deposit will be treated as a preferential creditor However, progress is likely to be slow in the light of legal challenges, especially from the winding up Board for the Bank. If the deposits are not returned in 2011/12, the lost interest will be around £50,000 (assuming an interest rate of 0.5%). The council is making provision for non-repayment of £2m in the 2010/11 accounts.

10.12 In the light of the turmoil on the financial markets, the Lending List agreed by the Director of Finance & Corporate Services was reconstructed to reduce risk by the removal of foreign and lower rated UK banks, and Building Societies. In March 2009 and October 2010 the council made early repayment of loans from the PWLB valued at £64.75m and £50m., thus generating substantial savings (£2.2m per annum) and reducing balances available to deposit with other banks (currently at very low interest rates). The repayment reduced council long term borrowing to £586.5m, around £60m below the anticipated level of the Capital Financing Requirement at the end of financial year 2010/11.

Lending Policy

10.13 Treasury management is defined as the management of the organisation's cash flows and its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.

10.14 Table 10.1 indicates the projected summary cash flow for the authority. It is anticipated that cash balances will be approximately £30m by 31st March 2012 if the council takes £75m in short term borrowing and resumes long-term borrowing.

Table 10.1 - Cash Flow Summary 2011/12

	£m		£m
Cash Balances as at 1 April 2011			**-20**
Capital programme (including BHP loans)	(100)		
Debt repayment (including premia)	(2)		
			(102)
			(122)
Repayment by Heritable Capital receipts/grants	2		
Payment of debt premia	5		
Long-term borrowing	54		
Short term borrowing	75		
Minimum Revenue Provision	11		147
Cash Balances as at 31 March 2012			**25**
Total long-term borrowing as at 31.03.11			**586**

10.15 In 2010 it was felt that the market had recovered significantly and that debt defaults would reduce. Following consultation with the adviser, first Butlers then Arlingclose, and a report to the Audit Committee, the former Director of Finance and Corporate Resources increased loan duration to one year, reinstated a suitably rated building society to the lending list and increased the size of loans to local authority and government institutions. The construction of the list also utilises credit analysis undertaken by Arlingclose. The current list is as shown in Table 10.2 below.

Table 10.2 – Current Brent Lending List

A. UK BANKS – UP TO £10M for INDIVIDUAL banks or Banking GROUPS, or building societies as indicated below

Rated AA- or above long, F1+ short term, B/C or above individual, 1 support (unless part owned by the government or supported by an implicit guarantee). Up to one year

Bank of Scotland
Lloyds Bank – linked with Bank of Scotland as part of Lloyds

Barclays Bank PLC
HSBC Bank
Clydesdale / Yorkshire Bank
Santander UK Ltd

National Westminster
Royal Bank of Scotland – linked with Nat West as part of the RBOS group

Nationwide building society

B. MONEY MARKET FUNDS –UP TO £12M

Rated AAA

Royal Bank of Scotland
Morgan Stanley Cash Fund
Northern Trust

C. DEBT MANAGEMENT OFFICE – NO LIMIT – up to one year
D. OTHER LOCAL OR GOVERNMENT AUTHORITIES – up to one year
E. SUPRANATIONAL INSTITUTIONS – UP to £10M

AAA long term and F1+ short term ratings that are supported by major international organisations such as the USA FED or the European Central Bank. These have only ever been used by external managers

10.16 The 2009 CIPFA Code of Practice in Treasury Management recommends that authorities should have regard to the credit ratings issued by all three main rating agencies, and make their decisions on the basis of the lowest rating, as well as to seek independent credit research. Two of the British banks, Royal Bank of Scotland and Lloyds, are rated lower (A+) by one of the rating agencies, but they have not been removed from the lending list on the grounds that they are part owned by the government as well as supported by an implicit government guarantee that allows them to issue certificates of deposit.

10.17 Over the longer term there are operational difficulties in running a reduced Lending List and a cost in foregone interest receipts. It is proposed that, if market conditions remain calm, the Council returns to using a longer Lending List in April. The Lending List will incorporate features outlined in the 2010

Treasury Strategy report, such as sovereign ratings, a limit of 20% on individual country exposure, with the exception of UK, no deposits with companies or countries that are on a negative rating watch, maximum deposit of £10m apart from government related agencies and AAA rated money market funds, and maximum lending period reduced to three years (with senior management approval).

10.18 Details of the basis on which credit ratings are used are set out in Table 10.3 below.

Table 10.3 – Use of Credit Ratings

a) The credit rating agencies (Fitch, Moody's and Standard & Poor) meet with financial institutions, review their financial prospects and issue ratings.

b) The main source of ratings used by Brent is Fitch, which uses four sets of criteria which can be used as an overall grid. This approach should reduce risk, and is followed by a number of other authorities – though some authorities only use two ratings (long term credit and short term credit). The other two rating agencies do not issue support ratings.

c) The Fitch ratings are as follows:

    i. Long term credit ratings are a benchmark of probability of default. The scales are split between investment and speculative grade – Brent only uses investment grade, which is spread from AAA – highest credit quality – to BBB – good credit quality.

    ii. Short term credit ratings are a benchmark of the probability of default, but with a 13 month time horizon. These are usually most relevant to our activity. The scale spreads from F1 (P1 for Moody's) – highest credit quality – to D, which is default.

    iii. Individual ratings are assigned only to banks and attempt to assess how a bank would be viewed if it were entirely independent and could not rely on external support. The rating looks at soundness of balance sheets and business models. There are often no ratings for subsidiaries. The scale spreads from A, a very strong bank, to F, a bank that has either defaulted or would have defaulted had it not been given support.

    iv. Support ratings indicate whether or not the bank will receive support should this be necessary. The scale spreads from 1, extremely high probability of external support, to 5, where support cannot be relied upon.

10.19 The Council uses these ratings to establish its lending list, but also includes institutions that have been accepted by the UK government's credit guarantee scheme. It is felt that admission to the scheme indicates that the institution is too significant to the economy to be allowed to default.

10.20 At present, the investment company, Aberdeen Asset Management, manages an external portfolio valued at £23m, whereas the in-house manager has around £40m. The external manager follows the Brent lending list, and is allowed to use certificates of deposit (CDs), supranational bonds, government gilts and cash to enable them to improve performance, with a target of outperforming their benchmark by 0.5% per annum. The manager has outperformed substantially in recent years using longer dated (one year) CDs.

It is felt prudent to retain external managers with different benchmarks, encouraging diversification. However, changes to the borrowing policy to reflect very low interest rates and the recent increase in PWLB lending rates may mean that the council reduces the funds placed with an external manager.

10.21 As set out above, rates are at 0.5% and are expected to remain at that level or rise marginally (to 1%) during the year. In-house activity will seek to lend for longer periods when appropriate, and use money market funds to add extra yield. However, reduced cash balances following previous restructurings will ensure that most cash is used for day to day cash flow purposes. The 2011/12 budget assumes that Brent will receive further payments from Heritable bank (£2m), but no payments from Glitnir, and that there will be no interest paid on deposits that are outstanding.

Borrowing Policy

10.22 Long-term interest rates have been volatile during 2010/11. Initially rates fell as a result of Quantitative Easing and the flight to safety during the Greek debt crisis. Recently, gilt rates have recovered (50 year gilts 4.3%, PWLB 5.3%) as markets looked at high levels of gilt issuance and economic recovery. It is anticipated that long-term rates may rise further in 2011/12 as the world economy recovers and inflation worries increase, but there are conflicting pressures. Rates may be reduced as a result of further quantitative easing, increases in taxation / reductions in government expenditure, or as a result of high saving levels in Asia. The budget uses a prudent assumption of a mix of short term borrowing and some longer term borrowing at an average interest rate of 5%.

10.23 Borrowing policy in 2010/11 will be determined by a number of factors:

a) The capital programme for 2011/12, including the new Civic Centre (£47m), and loans to Brent Housing Partnership for new houses (£46m).

b) The cost of loans from the PWLB. Previously the PWLB charged local authorities a 0.15% margin over government gilt rate when they took loans. In October 2010, the margin was increased to 1%, increasing pressure on councils to reduce capital programmes, borrow from other sources and to use internal resources (balances) rather than borrow externally.

c) The Capital Financing Requirement (CFR). This is the difference between the authority's total liabilities in respect of capital expenditure financed by borrowing and the provision that has been made to meet those liabilities in the revenue accounts. Research by the council's treasury advisers had previously indicated that CFR has been the most economical level for the authority's long-term debt. However, whereas before 2008 the interest rate curve had been 'inverted', with long term rates lower than short term rates, the curve has now normalised so that it may be advantageous not to borrow up to CFR but use relatively cheaper, short term debt and reduce lending to the market. However, if long term rates are expected to rise to allow the government to fund its deficit through gilt issuance, it may be advantageous to take long term debt despite the short term cost. Alternatively, if short-term interest rates remain low, some debt may be taken at variable rates that follow short-term rates. This approach has the advantage of reducing borrowing costs if rates remain low, matching reduced receipts from lending.

d) The need to borrow. The cash flow summary indicates a need to borrow in 2011/12 if the target is CFR.

e) Movements in interest rates during the year. The current 50 year gilt rate of 4.3% is, theoretically, composed of elements to cover expected inflation (2.5% - 3% for RPIX), a real yield (usually about 2.5% - 3%) and a risk premium (around 0.5%). This implies either that current long-term rates are low and may rise marginally, or that inflation will remain very low and that the risk premium is lower. Market commentators are concerned that inflation may remain high, though the Bank of England believes that inflation will fall in 2012 .

f) The prudential limits to borrowing as agreed by Full Council (see Prudential Code section of the Budget Report, Section 11).

10.24 It is proposed to borrow a further £67m long term in 2011/12 for the main capital programme and BHP. Officers will also look at market forecasts to confirm the advantages/disadvantages of borrowing early to fund major developments. Additional loans may also be taken if restructuring opportunities are evident or anticipated.

10.25 The Department for Communities and Local Government (DCLG) has proposed a reorganisation of housing finance in 2012, involving the repayment of housing revenue account debt. It may be necessary to amend the borrowing programme or undertake preparatory debt restructuring to minimize any adverse implications to the General Fund.

Prudential Indicators

10.26 Under the revised Treasury Management Code issued in 2009, the treasury prudential indicators are to be included within the treasury management strategy report. The Code requires increased analysis of loan duration, so that all loans above ten years are shown in ten year bands. The prudential indicators are as follows:

a. Adoption of the CIPFA Code of Practice for Treasury Management. This was adopted by the Council in September 2002. Amongst other things, it requires publication of an annual treasury management strategy, a mid-year report and an outturn report.

b. Exposure *to changes in interest rates:*

  - *Upper limit on net borrowing at fixed interest rates.* This has been set at 100% on the basis that all net borrowing may be at fixed rates if it is anticipated that short-term rates are set to rise and long-term rates are perceived to be low. Variable interest borrowing would be retained up to the level of any variable interest investments;

- *Upper limit on net borrowing at variable rates.* This has been set at 40%. Variable rate borrowing is held as a hedge against variable rate investments. It also may be held where variable interest rates are low compared to fixed rates and fixed rates are expected to fall. The upper limit has also been set with debt restructuring in mind.

c. *Maturity structure of borrowing.* Upper and lower limits on proportion of fixed interest loans that mature in:
   - Under 12 months;
   - Between 12 months and 24 months;
   - Between 24 months and 5 years;
   - Between 5 and 10 years;
   - Between 10 and 20 years
   - Between 20 and 30 years
   - Between 30 and 40 years
   - Between 40 and 50 years

   The limits have been set to allow flexibility to manage loan durations but also to avoid having too much exposure to maturing loans in any period.

d. *Total investments.* The limit proposed allows flexibility for either external managers or the in-house team to lend for longer periods than one year if interest rates make this advantageous. The limit has been set at £40m to reflect lower balances.

Table 10.4 Prudential Indicators for Treasury Management

	2010/11	2011/12	2012/13	2013/14	2014/15
Treasury Management Code adopted	Yes	Yes	Yes	Yes	Yes
Exposure to interest rate changes: Upper limit on fixed rate interest (% of net borrowing)	100%	100%	100%	100%	100%
Upper limit on variable rate interest (% of net borrowing)	40%	40%	40%	40%	40%
Maturity of fixed interest borrowing:					
Under 12 months: o Upper limit o Lower limit	40% 0%	40% 0%	40% 0%	40% 0%	40% 0%
Between 12 and 24 months: o Upper limit o Lower limit	20% 0%	20% 0%	20% 0%	20% 0%	20% 0%
Between 24 months and 5 years: o Upper limit o Lower limit	20% 0%	20% 0%	20% 0%	20% 0%	20% 0%
5 to 10 years: o Upper limit o Lower limit	60% 0%	60% 0%	60% 0%	60% 0%	60% 0%
10 to 20 years: (**Note –** similar limits for 20–30, 30–40 and 40–50 years) o Upper limit o Lower limit	100% 0%	100% 0%	100% 0%	100% 0%	100% 0%
Upper limit on Investments of more than one year:	£40m	£40m	£40m	£40m	£40m

Debt Restructuring

10.27 Many long-term loans were borrowed from the PWLB during periods when interest rates were high. The regulations under which such loans were given prevent their repayment without incurring substantial premia to reflect any difference between current low rates and previous higher rates. This could make the repayment of long-term debt with high interest rates expensive, especially if charged to the revenue budget for any one year.

10.28 Market loans known as LOBOs (Lenders Option, Borrowers Option) are long-term loans (up to 70 years) that allow the lender the option to increase the rate after a period of years. The borrower also has the option to refuse to pay a higher rate and repay the loan without incurring a penalty. Local authority debt is regarded as of high quality to lending institutions that are keen to grow such business on their loan books. To date Brent has taken 15 LOBOs, valued at £95.5m. The council may take more LOBOs if opportunities arise, subject to limiting council's exposure to potential increases during the period of the loan.

10.29 There are also other occasions when refinancing may be advantageous:

a) When rates rise, but are expected to fall again later. In such cases it may be advantageous to switch to variable rate debt before fixing back into lower rates.

b) If debt has a short period to maturity but market interest rates are unduly pessimistic.

10.30 It is proposed to continue monitoring opportunities for debt restructuring and to take action as circumstances allow. In a low interest rate environment, there are fewer opportunities to restructure. At present the council's main lender, the Public Works Loans Board (PWLB), has changed its terms to charge a larger premium on debt repaid prematurely.

Member Engagement

10.31 Before 2008, two Treasury Management reports were made each year, unless important issues arose. The reports were the Strategy report, when setting the budget, and the Outturn report at year end. However, since the collapse of Lehman Brothers and the default of the Icelandic banks, there have been reports on lending activity to each meeting of the Audit Committee, setting out deposits at the end of each quarter and how the lending list has changed over the period. Other papers have detailed the report of the Commons Select Committee on local authority lending to Icelandic banks, the revised CIPFA Treasury Management Code of Practice and the DCLG Guidance on local authority investments.

10.32 The revised CIPFA Treasury Management Code of Practice makes some changes to previous practice, as follows:-

a) A mid-year review of the annual treasury strategy to Full Council, looking at activities undertaken and any variation from agreed policies / practices.
b) The Audit Committee is to be responsible for ensuring effective scrutiny of the treasury management strategy and policies.
c) The Director of Finance and Corporate Services is to ensure that members tasked with treasury management responsibilities have access to appropriate training opportunities

As part of this, a training session for members was held in November 2010, and attended by 16 councillors. It is also proposed that this treasury management strategy and the annual investment strategy are considered by the Audit Committee at its meeting in February 2011.

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SECTION 11

11. SETTING PRUDENTIAL INDICATORS FOR 2011/12

Introduction

11.1 The introduction of a new prudential system of borrowing in the 2003 Local Government Act gave new opportunities for councils to assess their requirements for capital spending, and not have them artificially restricted by nationally set credit approvals, as they were under the previous system. But it also brought new responsibilities on councils to ensure that:

a. capital expenditure plans are affordable;

b. all external borrowing and other long term liabilities are within prudent and sustainable levels; and

c. treasury management decisions are taken in accordance with good professional practice.

11.2 Under regulations issued under the 2003 LGA, councils are required to follow the Prudential Code issued by CIPFA which sets out how councils ensure they use their new freedom responsibly. The code sets out indicators which councils are required to set before the beginning of each year, to monitor during the year, and to report on at the end of each year.

11.3 In setting their prudential limits, Members must have regard to:

a. Affordability e.g. implications for council tax and council housing rents.

b. Prudence and sustainability, e.g. implications for external borrowing.

c. Value for money, e.g. options appraisal.

d. Stewardship of assets, e.g. asset management planning.

e. Service objectives, e.g. strategic planning for the authority.

f. Practicality, e.g. achievability of the forward plan.

11.4 This section sets out proposed prudential limits for Brent for 2011/12 and subsequent years, which Members are asked to agree. It also sets out the arrangements for monitoring the prudential indicators.

Affordability

11.5 The Code requires Members to consider the affordability of decisions on investment in council assets.

11.6 Affordability of capital expenditure cannot be isolated from the affordability of the council's overall revenue expenditure. Section 9 of this report sets out the proposed capital programme for 2011/12 and subsequent years. General Fund revenue spending in 2011/12 to fund the unsupported borrowing proposed in that year is estimated at £182k (see section 9). Members should note however that proposed unsupported borrowing in the capital programme for 2011/12 onwards will have a cumulative impact on the council's budget and the costs of funding it are growing from £182k in 2011/12 to £825k in 2012/13, £1.450m in 2013/14 and £1.978m in 2014/15.

11.7 The CIPFA code requires that the council estimates:

a. capital financing charges as a proportion of net revenue stream for both the General Fund and Housing Revenue Account; and

b. the incremental impact of changes to the capital programme on council tax and rents.

11.8 The required calculations for 2011/12, and the three subsequent years are set out in Table 11.1 below. The ratio of capital financing charges to spending in the General Fund is 8.77% in 2011/12, increasing to 9.93% by 2014/15. Capital financing charges within the HRA reduce slightly as a proportion of the budget over the same period, decreasing from 36.50% in 2011/11 to 36.32% by 2014/15. The impact on Council Tax at Band D of unsupported borrowing was set out in Section 9 members should note that this calculation does not take account of the provision made for self-supported borrowing.

Table 11.1 Prudential Indicators of Affordability

	2011/12	2012/13	2013/14	2014/15
Capital financing charges as a proportion of net revenue stream:				
- General Fund	8.77%	9.14%	9.45%	9.93%
- HRA	36.50%	36.47%	36.41%	36.32%
Impact of unsupported borrowing on:				
- Council tax at Band D	£1.87	£8.48	£14.91	£20.34
- Weekly rent	0	0	0	0

11.9 At a time when revenue budgets are being reduced the Council's ability to meet the costs associated with borrowing is significantly limited. Section 9 of this report has set out the Council's proposed Capital Programme for 2011/12 and subsequent years in the light of the new Local Government Settlement announcement. However, ultimately affordability remains a political judgement and Members need to assure themselves that the plans set out in the report are affordable in terms of council tax and rent increases.

Prudence and Sustainability

11.10 The issues of prudence and sustainability are closely related to that of affordability. Are borrowing levels sensible and prudent and sustainable over the longer period? In particular is borrowing set at a level to finance capital investment in total and not for other purposes?

11.11 The indicators for prudence and sustainability cover capital spending, external debt, and treasury management.

11.12 For *capital spending*, the prudential indicators are as follows:

- Planned capital spending on the General Fund and HRA (see chapter 10);
- The estimated capital financing requirement for General Fund and HRA, reflecting the council's underlying need to borrow. This covers borrowing to fund past capital spending and in-year capital spending.

Table 11.2 Prudential Indicators for Capital Spending

	2010/11 £m	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m
Planned capital spending:					
- General Fund	133.383	128.045	83.085	62.096	34.291
- HRA	20.127	9.284	9.284	9.284	9.284
- Total	153.510	137.329	92.369	71.380	43.575
Estimated capital financing requirement for[1]:					
- General Fund	371.526	421.176	447.197	453.680	440.296
- HRA	337.724	338.324	338.924	339.524	340.124
- Total	709.250	759.500	786.121	793.204	780.420

11.13 For *external debt*, the prudential indicators are as follows:

a. The authorised limit for external debt. This allows flexibility to carry out debt restructuring should opportunities arise. For example, it may be appropriate to borrow in advance of repaying the original debt. It is therefore set at approximately £175m above the capital financing requirement to provide this flexibility. In addition the limit is set a further £45m above the capital financing requirement from 2011/12 onwards to allow for the proposed second tranche loan to the BHP for continuation of the Settled Home Initiative as reported to the February meeting of the Executive.

b. The operational boundary for external debt. This sets out the expected total of borrowing for each year. This is lower than the authorised limit and is a key management tool for in-year monitoring. It is set at a level that reflects the council's capital financing requirement, the level of the capital programme, and estimated requirements for cash flow. The boundary is set at a level approximately £75m above the capital financing requirement to allow for early borrowing either for restructuring or where interest rates may rise. The boundary is also set a further £45m above the capital financing requirement from 2011/12 onwards to allow for the proposed

[1] The Capital Financing Requirement estimates in this table are at 31st March of each year.

loan to the BHP, as detailed above. The CIPFA code accepts that the operational boundary may on occasions be breached temporarily but that a sustained or regular trend above the operational boundary would be significant and lead to further investigation and action as appropriate.

c. Net *borrowing.* A key indicator of prudence is that net external borrowing – gross borrowing less investment – does not, other than in the short term, exceed the total capital financing requirement. This is to ensure that net borrowing is only used for capital purposes.

Table 11.3 Prudential Indicators for External Debt

	2010/11 £m	2011/12 £m	2012/13 £m	2013/14 £m	2014/15 £m
Authorised limit for external debt	929	980	1,006	1,013	1,000
Operational boundary for external debt	829	880	906	913	900
Net borrowing	Below CFR	Below CFR	Below CFR	Below CFR	Below CFR

Achieving Value for Money

11.14 Members also need to consider achievement of value for money. There are many potential capital projects that are not value for money and the prudential code prohibits borrowing for such purposes. In Brent value for money is addressed in a number of ways including:

a. Projects are initially vetted for amongst other things value for money before being recommended for inclusion in the Capital Programme.

b. The Capital Strategy requires all projects to be internally assessed for VFM before being submitted.

c. Major projects require approval by the Executive and reports to Executive have to address VFM considerations.

d. Standing orders ensure that letting of contracts is subject to appropriate competitive processes.

e. Internal and external audit assess systems to ensure that appropriate processes are in place in identifying capital projects.

Proper Stewardship of Assets

11.15 The Code also requires consideration of stewardship of assets. The capital programme must deliver properly maintained assets and should not lead to acquisition of assets which put a strain on the council's ability to achieve this objective for all its stock. The council has developed an asset management plan for its general fund assets and a long term business plan for HRA stock which identifies the investment needs to keep assets to an appropriate standard. The long term business plans for the General Fund and HRA demonstrate that sufficient resources are available to maintain this stock at an affordable level.

11.16 The capital programme as a whole is linked to the Borough Plan and other plans and objectives of the council. This is a key criterion before projects can be recommended for inclusion in the capital programme. The service development planning process ensures that spend on revenue and capital is linked to the council's overall objectives. The budget approval process gives Members a final opportunity to check that this objective has been met.

Practicality

11.17 This is the last of the issues Members have to consider in setting prudential indicators. Is the capital programme set out in Section 9 of this report capable of delivery? Is it practical?

11.18 In 2011/12, monthly monitoring of the implementation of the delivery of the programme will continue and required action taken where there is delay. Section 9 has also set out the main risks associated with the capital programme and how these will be managed.

Monitoring and Reporting on Prudential Indicators

11.19 The CIPFA Code requires that prudential indicators are monitored during the year and reported at the end of the year as part of the final accounts.

11.20 The arrangements we have put in place for this are as follows:

- The probable actuals and estimates for all prudential indicators are reported as part of this budget report to the Executive and Full Council;
- The report to the Executive on the capital outturn includes details of the outturn on prudential indicators on affordability, capital spending, and external debt. Any amendments during audit will be included in our report to General Purposes Committee on audited accounts.
- Prudential indicators on affordability and capital spending are also reported in Performance and Finance Review reports to the Executive.
- Prudential indicators on external debt and treasury management are monitored daily within Finance and Corporate Services. The Director of Finance and Corporate Services and Deputy Director of Finance and Corporate Services review the figures on these indicators on a weekly basis. Any forecast of a breach of the limits or actual breach of the limits will be reported at the first opportunity to General Purposes Committee. The only exception to this is breaches of the operational boundary on borrowing which will be reported in the next budget monitoring report to the Executive (unless they are sustained in which case they will be reported on an exception basis to General Purposes Committee).

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SECTION 12

12. PROCEDURES REQUIRED TO CONTROL EXPENDITURE

Introduction

12.1 The council controls expenditure in a number of different ways. Principal amongst them are:

(a) The Constitution including Standing Orders and Financial Regulations which set out delegated expenditure limits, control procedures for external contracts, and the financial and reporting responsibilities of Service Area and Service Unit Directors;

(b) Additional guidance and directions issued on a regular basis by the Director of Finance and Corporate Services;

(c) This budget report and the budget process which allocates resources between services and sets a framework through which spending can be monitored during the year.

12.2 The purpose of this section is to remind Members and Service Area or Corporate Directors of the expenditure control framework and how it will operate in 2011/12.

Roles and Responsibilities

12.3 Under the executive arrangements Full Council is responsible for approving the budget and policy framework and the Executive are then responsible for implementing the policies and spending the budget (except in respect of those functions such as planning which are not executive functions) in accordance with the budget and policy framework and the council's constitution.

12.4 Members and officers at all levels within the organisation have a role to play and responsibilities to carry out in order to manage the council's finances. Everybody needs to be clear about what their roles are, to ensure proper accountability across the council, to avoid either duplication or areas where no one is accountable. There also have to be clear links between service and financial planning. Service priorities can only be agreed in the light of what is affordable.

12.5 Key roles include:

- Full Council set policy about service levels and priorities and take decisions to prioritise resources between service needs and council tax levels. They ensure that officers are monitoring spending, and agree action plans to recover from potential overspends.
- The Budget and Finance Overview & Scrutiny Committee scrutinises the budget process and the robustness of the budget proposals for both the current financial year and the medium term.

- The Corporate Management Team's role is to ensure corporate ownership of financial discipline and, through the Strategic Finance Group, provide Members with advice and enact their decisions.
- The Director of Finance and Corporate Services should put in place financial standards across the council to deliver a framework for financial control and provide accurate, timely and consistent monitoring information, and sound advice on financial decisions to be made by officers and members. He should also ensure that an effective and independent internal audit function operates.
- Service Area or Corporate Directors ensure that their service area enacts the necessary financial control framework and keeps spending within budget, indicating, where necessary, conflicts between current service policy and plans and resource allocation.
- Service Unit Managers should keep accurate financial records, comply with the financial control framework and take timely action to keep spending within budget.

Monitoring the Budget

12.6 Once the budget has been set for the year and spending has started, it is critical to have an up to date and accurate picture of how spending is going.

12.7 The key monthly events in the cycle will be:

- Service units supply information to finance business partners on spending to date and year end forecasts.
- Service areas supply similar information on total spending within their responsibility (including units) to Finance and Corporate Services.
- The Strategic Finance Group will review the monitoring information and provide summary information and exception reports to the Corporate Management Team.
- The Strategic Finance Group through the Corporate Management Team will examine proposed recovery plans, and take any other necessary action (including making recommendations to the Executive) to deliver spending within overall resources.

12.8 In addition to this monthly cycle, the Director of Finance and Corporate Services will report at least quarterly to the Executive on spending and forecasts. This report may go to Full Council if it requires decisions outside the budget and policy framework. The Director of Finance and Corporate Services will report immediately to the relevant Member body any significant financial problem that requires Members' decision to correct.

Virements, Transfers and In-Year Changes to Policy

12.9 The Council's Standing Order 17 sets out requirements in respect of the above.

12.10 Full Council agreed an update Scheme of Transfers and Virements under Standing Order 17(a), attached at Appendix N, in November 2005. This refers to a Schedule of Earmarked Reserves and Provisions approved by Full Council at the budget setting meeting held before the start of the financial year. This schedule for the 2011/12 financial year is Appendix N at Schedule 1. Members are asked to approve this.

Controlling the Budget

Overspending

12.11 Overspends are not acceptable. There is unlikely to be any cause of an overspend that cannot be dealt with by action of some kind, even if this means changing policy, service levels and staffing levels, or virements from elsewhere in the service's budget.

12.12 If the monthly monitoring reports indicate that an overspend is likely, and subsequent investigations confirm this view, then Service Area or Corporate Directors will be required to detail the action they propose to take to correct the overspend. This will normally be expected to take the form of changes to the service necessary to correct the imbalance. Specific and costed proposals will be expected. Exceptionally, Service Directors may need to seek the Executive's approval to propose a change in policy to meet the overspend, which would then be submitted for Full Council's approval.

12.13 There may be occasions where, although changes are proposed that will reverse the overspend, they will not operate quickly enough to recover the position in the current financial year. Service Area or Corporate Directors must examine all further possible savings within their service to deal with any shortfall. If they have done so and an overspend is unavoidable then they can apply to the Executive for a one-off supplementary budget allocation subject to the agreement of the Director of Finance and Corporate Services. Again according to the limits defined this may need Full Council's approval.

12.14 Any overspend of controllable expenditure has the effect at outturn of reducing the council's balances. Normally all such use of balances will be required to be replaced by the service causing them to happen.

Rejected Growth Bids

12.15 Services will have, during the budget setting process, submitted bids not approved and not included in the budget. Services need to consider their rejected growth bids and either fund the growth from compensating savings (see below) or not proceed with them. Service Area or Corporate Directors may need to produce a report to the next cycle detailing the action if any that is recommended in each case.

Compensating Savings

12.16 The phrase *"compensating savings"* can be used loosely in respect of committee reports. For the avoidance of doubt this phrase and the alternative of "met from within existing budget" are taken to have the following meanings:

(a) *"Compensating savings"*- efficiency savings or service cuts are required to fund the spending proposal. If this phrase is used then the Service Area or Corporate Director **must** identify how the compensating savings are to be found and explain fully in the report what the service implications are. If none are offered it will be assumed that none are available and the financial implications supporting the application are invalid.

(b) *"Met from existing budget"*- can be used to refer to a specific expenditure proposal that has been included in a budget, or falls within a normal budgeted category and where the item can be funded without an overspend, or where there are unallocated funds in a budget that can be used to fund the current year and the subsequent year costs of the item.

12.17 The significance of these definitions is that they ensure that new expenditure proposals are always funded and do not cause overspends. If *"compensating savings"* is used as the funding justification and are not specified then the financial implications are invalid and therefore no authority can be given for the spending. If "met within budget" is used, then by definition there can be no overspend arising from the expenditure decision itself.

Balances

12.18 The council has working balances to meet unforeseen financial contingencies. There is a danger that they will be seen as a resource available to solve any and every financial problem that arises. Therefore there is a need to establish policies to regulate the use of balances.

12.19 The key policy is that any application of balances must be accompanied by a proposal to restore them in the future. The possible reasons for allocating balances and the way that balances can be recovered include:

(a) A reference from a service for funds to avoid a policy change to eliminate an overspend. The service needs to identify additional efficiencies and savings the following year to restore balances while the continuing costs of the existing policy are added to its total saving requirement.

(b) A reference from a service for a temporary allocation of balances to give the service time to recover an overspend. The service needs to agree to restore the balances used over a period of time.

(c) To fund implementation costs of future savings. The first call on the future efficiencies and saving will be the restoration of balances.

(d) To provide initial funding for new initiatives or proposals. The restoration of balances and the future year costs are met by increasing the council's overall saving target in future years.

(e) To meet the cost of a policy change not budgeted for at the start of the financial year. The restoration of balances and the future year costs are met by increasing the council's overall saving target in future years.

(f) To meet some financial contingency not foreseen at the beginning of the financial year. The restoration of balances and the future year costs are met by increasing the council's overall saving target in future years.

12.20 In every case balances can only be allocated on the recommendation of the Council's Chief Finance Officer (S151 of Local Government Act 1972) and by the Executive or, depending on the defined limits, Full Council.

12.21 Balances will not be available to meet overspends or other inappropriate purposes. The Executive should use any control it has over balances as a means of ensuring that services are putting in place adequate recovery plans.

Financial Implications

12.22 There is a requirement to provide financial implications on every report requiring a Member decision, and for these to be cleared with the Chief Financial Officer in advance of publication. The Chief Financial Officer has a right to issue a report concurrently on matters requiring the Members' attention. There is a need to be clear about the content of financial implications so that they can play their intended role in controlling expenditure.

12.23 The financial implications of any proposal should set out:

- Its cost in the current and future financial years, and the basis on which the cost has been calculated;
- The proposed funding source, indicating either that it can be met from existing service area resources or what compensating savings will also have to be agreed; and
- If additional resources are required, a clear reference indicating what part of the cost is additional, and the policy and service implications of both not proceeding and funding the proposal from within existing resources, and the time period over which any use of balances could be repaid.

12.24 The Chief Financial Officer must be consulted on all financial implications that may result in a reference for additional funding, and should be consulted on major financial issues where spending is being contained within budget. For practical purposes, services should indicate to Finance and Corporate Services, as soon as they can, any issues that are likely to result in a report requiring such clearance, to enable the consultation to proceed as smoothly as possible. **In all cases failure to provide financial implications in the prescribed manner means that expenditure approval has not been given, and any expenditure that takes place is unauthorised**.

12.25 Where the Chief Financial Officer believes the financial implications of a report to be invalid he may:

- Require the report to be withdrawn from the relevant meeting;
- Supply alternative financial implications under his own name to be circulated to the meeting; or
- Indicate to the meeting the reasons why he believes the financial implications are invalid and the consequences of proceeding on that basis (i.e. that the expenditure would be unauthorised despite a resolution of the meeting to agree it).

12.26 The above is designed to protect Members from agreeing to proposals without having adequate financial advice before them. Where that is the case, irrespective of these rules, administrative law may well mean that any decision is invalid. The rules also have the effect of protecting the council from unfunded spending proposals.

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2010/11 LATEST REVENUE BUDGET COMPARED WITH FORECAST OUTTURN

	Original Budget £'000 (1)	Latest Budget £'000 (2)	Full Year Forecast £'000 (3)	Variance £'000 (3)-(2)
Service Area Budgets				
Children & Families	60,145	56,169	56,506	337
Environment & Neighbourhood Services	48,859	45,334	45,434	100
Housing & Community Care	115,953	113,489	114,244	755
Finance & Corporate Services / Central Units/Regeneration & Major Projects	25,792	26,869	27,369	500
Total Service Area Budgets	**250,749**	**241,861**	**243,553**	**1,692**
Central Items				
Capital Financing Charges *	22,989	22,775	22,775	0
Capitalisation Adjustment	(600)	(600)	(600)	0
Inflation Provision	300	120	120	0
Affordable Housing PFI	1,003	1,003	1,003	0
Other	1,500	1,482	1,482	0
Levies	10,576	10,576	10,141	(435)
Premature Retirement Compensation	5,344	5,344	4,844	(500)
Middlesex House	526	820	820	0
Remuneration Strategy	314	229	544	315
South Kilburn Development	600	600	400	(200)
Investment in IT	820	820	820	0
Insurance Fund	1,800	1,800	1,800	0
Civic Centre/Property Maintenance	1,668	1,668	1,668	0
Ward Working	850	850	850	0
Future of Wembley	350	0	0	0
Freedom Pass	1,532	223	0	(223)
One Council Programme	(6,729)	3,641	3,416	(225)
Performance Reward Grant	(2,000)	0	0	0
Performance Reward Grant Programmes	2,100	100	73	(27)
Building Schools for the Future	750	0	0	0
Procurement Income		(480)	(480)	0
Council Elections	400	400	400	0
Positive Activities for Young People	369	0	0	0
Learning Skills	244	0	0	0
Total Central Items	**44,706**	**51,371**	**50,076**	**(1,295)**
Area Based Grants	(28,578)	(26,355)	(26,458)	(103)
Contribution to/(from) Balances	(1,408)	(1,408)	(1,408)	0
Total Budget Requirement	**265,469**	**265,469**	**265,763**	**294**
Balances B/Fwd	**8,908**	**8,963**	**8,963**	0
Contribution from Balances	**(1,408)**	**(1,408)**	**(1,702)**	(294)
Total Balances Forecast for 31st March 2011	**7,500**	**7,555**	**7,261**	**294**

* Within Capital Financing charges is included £2m provision for the impairment of costs relating to Icelandic Banks

BUDGET VIREMENTS - 2010/2011 - Quarter 3

Detail	Children & Families £000	Environment & Neighbourhoods £000	Housing & Community Care £000	Business Transformation £000	Regeneration & Major Projects £000	Customer & Community Engagement £000	Strategy Performance & Improvment £000	Legal & Democratic £000	Finance & Corporate Services £000	Central Items £000
Officer Manager Saving - Transfer between Housing and Adult Social Care of £42k			0							
Working Neighbourhood Fund - Transfer between Strategy, Performance & Improvement and Regeneration & Major Projects					420		(420)			
Regeneration - Surrender of lease (One Council saving)					(29)		29			
Future of Wembley - transfer to Regeneration and Major Projects					350					(350)
Civic Centre - transfer to Regeneration and Major Projects				(200)	200					
Transfer of procurement function								404	(384)	(20)
Transfer of Human resources function				(5,085)					5,085	
Transfer of IT function				(792)					792	
Transfer of People Centre				126					(126)	
Transfer of One Stop Shop				(4,646)		4,646				
Transfer of Property & Asset Management function					(442)				442	
Wave 1 Staffing and Structure savings from the One Council Programme	(949)	(1,296)	(910)		(109)	(220)	(95)	(145)	(559)	4,283
Additional saving related to the One Council Project with Revenue & Benefits and the One Stop Shop						(73)				73
One Council saving Capital Financing - £214k										0
Additional internal income from Commensura contract - One Council saving - £450k										0
Recognition of external procurement Income to the One Council Programme -£30k										0
Transfer of finance function	(713)	(595)	(589)			(40)	(50)		1,587	400
Income Maximisation	(5)	(261)				(14)				280
Employee Benefits Adjustment						(88)			88	
One Council savings - reallocation to Streetcare		(84)								84
Total	**(1,667)**	**(2,236)**	**(1,499)**	**(10,597)**	**390**	**4,211**	**(536)**	**259**	**6,925**	**4,750**

2011/12 REVENUE BUDGET

	2010/11 £'000	2011/12 £'000
Service Area Budgets (SABs)		
Children & Families	60,145	57,703
Environment & Neighbourhood Services	48,859	42,567
Housing & Community Care		
- Housing	27,665	23,091
- Adult Social Care	88,288	92,361
Regeneration & Major Projects	0	(1,323)
Business Transformation	10,441	0
Central Units	8,738	12,466
Finance and Corporate Services	6,613	13,864
Total SABs	**250,749**	**240,729**
Other Budgets		
Central Items	51,035	46,170
Inflation Provision	300	2,520
One Council	(6,729)	(31)
Performance Reward Grant Programmes	100	0
Centrally held cost pressures	0	2,000
Area Based Grants	(28,578)	0
Council Tax Grant		(2,585)
Unallocated Government Grants	0	(23,414)
Use of Balances	(1,408)	2,500
Total Other Budgets	**14,720**	**27,160**
Total Budget Requirement	**265,469**	**267,889**
Less		
Formula Grant	164,489	165,911
Plus Deficit on the Collection Fund	(1,162)	(1,006)
	163,327	**164,905**
Total to be met from CT for Brent Budget	**102,142**	**102,984**
Total to be met from CT for GLA Precept	**29,884**	**30,131**
Taxbase - Band D Equivalents	96,457	97,252
Brent Council Tax Requirement at Band D	**£1,058.94**	**£1,058.94**
Brent % Increase	**0.0%**	**0.0%**
GLA Precept	**£309.82**	**£309.82**
GLA % Increase	**0.0%**	**0.0%**
TOTAL BAND D including Precepts	**£1,368.76**	**£1,368.76**
TOTAL % Increase	**0.0%**	**0.0%**

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SERVICE AREA: Summary

ITEM	YEAR 1	YEAR 2				
	2010/2011 Approved Budget £'000 (1)	Budget Virements & Technical Adjustments £'000 (2)	Cost Pressures £'000 (3)	Savings £'000 (4)	Inflation £'000 (5)	2011/2012 Budget Forecast £'000 (6)
Children & Families	60,145	7,527	2,100	(12,069)	0	57,703
Environment & Neighbourhood Services	48,859	3,833	641	(10,766)	0	42,567
Housing & Community Care						
Housing	27,665	(1,698)	0	(2,876)	0	23,091
Adult Social Care	88,288	8,017	5,638	(9,582)	0	92,361
	115,953	**6,319**	**5,638**	**(12,458)**	**0**	**115,452**
Corporate	25,792	3,847	1,791	(6,423)	0	25,007
TOTAL	**250,749**	**21,526**	**10,170**	**(41,716)**	**0**	**240,729**

Notes:

1. 2011/2012 Budget = Column 1 + 2 + 3 + 4 + 5
2. 2012/2013 Budget = Column 6 + 7 + 8 + 9
3. 2013/2014 Budget = Column 10 + 11 + 12 + 13
4. 2014/2015 Budget = Column 14 + 15 + 16 + 17

SERVICE AREA: Children & Families

ITEM	YEAR 1	YEAR 2				
	2010/2011 Approved Budget £'000 (1)	**Budget Virements & Technical Adjustments £'000 (2)**	**Cost Pressures £'000 (3)**	**Savings £'000 (4)**	**Inflation £'000 (5)**	**2011/2012 Budget Forecast £'000 (6)**
Achievement and Inclusion	17,323	(2,043)	300	(2,955)		12,625
Social Care	35,106	7,180	1,800	(6,770)		37,316
Strategy and Partnerships	4,878	(632)	0	(965)		3,281
Finance and Performance	2,838	3,022	0	(1,379)		4,481
						0
						0
TOTAL	**60,145**	**7,527**	**2,100**	**(12,069)**	**0**	**57,703**

Notes:

1. 2011/2012 Budget = Column 1 + 2 + 3 + 4 + 5
2. 2012/2013 Budget = Column 6 + 7 + 8 + 9
3. 2013/2014 Budget = Column 10 + 11 + 12 + 13
4. 2014/2015 Budget = Column 14 + 15 + 16 + 17

SERVICE AREA: Environment & Neighbourhood Services

ITEM	YEAR 1 2010/2011 Approved Budget £'000 (1)	YEAR 2 Budget Virements & Technical Adjustments £'000 (2)	Cost Pressures £'000 (3)	Savings £'000 (4)	Inflation £'000 (5)	2011/2012 Budget Forecast £'000 (6)
Building Control/Planning	2,425	(412)	0	(248)	0	1,765
Cemeteries and Mortuary	312	(187)	0	(121)	0	4
Directorate	2,548	(379)	0	(178)	0	1,991
Environmental Health	2,997	(297)	0	(859)	0	1,841
Health, Safety and Licensing	655	(138)	0	(111)	0	406
Libraries	6,806	(370)	0	(946)	0	5,490
Parks	3,517	(34)	0	(520)	0	2,963
Parking Control	0	(2,376)	0	0	0	(2,376)
Sports	2,849	(230)	28	(424)	0	2,223
Streetcare	25,847	7,560	613	(6,892)	0	27,128
Trading Standards	886	(55)	0	(79)	0	752
Transportation	17	751	0	(388)	0	380
						0
TOTAL	**48,859**	**3,833**	**641**	**(10,766)**	**0**	**42,567**

Notes:

1. 2011/2012 Budget = Column 1 + 2 + 3 + 4 + 5
2. 2012/2013 Budget = Column 6 + 7 + 8 + 9
3. 2013/2014 Budget = Column 10 + 11 + 12 + 13
4. 2014/2015 Budget = Column 14 + 15 + 16 + 17

SERVICE AREA: Housing & Community Care - Housing

ITEM	YEAR 1	YEAR 2				
	2010/2011 Approved Budget £'000 (1)	Budget Virements & Technical Adjustments £'000 (2)	Cost Pressures £'000 (3)	Savings £'000 (4)	Inflation £'000 (5)	2011/2012 Budget Forecast £'000 (6)
Public Sector						
Middlesex House and Lancelot Rd. Scheme	880	(880)				0
Housing Resources Centre	3,979	(3,253)				726
Temporary Accommodation	3,739	3,398		(833)		6,304
Travellers Site	0	5		(7)		(2)
Other Public Sector Budgets	(226)	(25)				(251)
Sub Total	**8,372**	**(755)**	**0**	**(840)**	**0**	**6,777**
Private Sector						
Private Housing Services	1,061	(132)		(131)		798
Housing Solution	2,060	(88)		(317)		1,655
Other Private Sector Budgets	47	(47)				0
Sub Total	**3,168**	**(267)**	**0**	**(448)**	**0**	**2,453**
Other						
Bed & Breakfast HB Deficit	500					500
Advice Centres	728			(265)		463
Supporting People Team	226	(226)		(1,256)		(1,256)
Supporting People Services	12,307	(28)				12,279
Policy and Development Unit	2,181	(403)		(61)		1,717
Other	183	(19)		(6)		158
Sub Total	**16,125**	**(676)**	**0**	**(1,588)**	**0**	**13,861**
HOUSING TOTAL	**27,665**	**(1,698)**	**0**	**(2,876)**	**0**	**23,091**

Notes:

1. 2011/2012 Budget = Column 1 + 2 + 3 + 4 + 5
2. 2012/2013 Budget = Column 6 + 7 + 8 + 9
3. 2013/2014 Budget = Column 10 + 11 + 12 + 13
4. 2014/2015 Budget = Column 14 + 15 + 16 + 17

SERVICE AREA: Housing & Community Care - Adult Social Care

ITEM	YEAR 1 2010/2011 Approved Budget £'000 (1)	YEAR 2 Budget Virements & Technical Adjustments £'000 (2)	Cost Pressures £'000 (3)	Savings £'000 (4)	Inflation £'000 (5)	2011/2012 Budget Forecast £'000 (6)
Adult Social Care						
Older People Services	37,240	2,863	3,013	(2,600)		40,516
Learning Disabilities	19,157	6,925	875	(2,736)		24,221
Physical Disabilities	13,828	(265)	875	(1,253)		13,185
Mental Health	8,912	(633)	875	(2,294)		6,860
Core Services	6,985	(858)		(683)		5,444
Voluntary Sector	2,166	(15)		(16)		2,135
TOTAL	**88,288**	**8,017**	**5,638**	**(9,582)**	**0**	**92,361**

Notes:

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3. 2013/2014 Budget = Column 10 + 11 + 12 + 13
4. 2014/2015 Budget = Column 14 + 15 + 16 + 17

SERVICE AREA: Corporate

ITEM	YEAR 1	YEAR 2				
	2010/2011 Approved Budget £'000 (1)	Budget Virements & Technical Adjustments £'000 (2)	Cost Pressures £'000 (3)	Savings £'000 (4)	Inflation £'000 (5)	2011/2012 Budget Forecast £'000 (6)
Chief Executive	736	(4)	0	0	0	732
Legal & Procurement	1,772	95	0	(300)	0	1,567
Customer and Community Engagement	8,442	(851)	274	(517)	0	7,348
Regeneration and Major Projects	319	(329)	350	(1,663)	0	(1,323)
Strategy, Partnerships and Improvement	3,281	113	0	(575)	0	2,819
Finance & Corporate Services	11,242	4,823	1,167	(3,368)	0	13,864
TOTAL	**25,792**	**3,847**	**1,791**	**(6,423)**	**0**	**25,007**

Notes:

1. 2011/2012 Budget = Column 1 + 2 + 3 + 4 + 5
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4. 2014/2015 Budget = Column 14 + 15 + 16 + 17

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SERVICE COST PRESSURES - 2011/12 - 2014/15

Service	Item	2011/12	2012/13	2013/14	2014/15	Comments
		£'000	£'000	£'000	£'000	
	Demand led pressures					
C&F	Children's Social Care - Placements	1,800				The social care purchasing budget has been under pressure for a number of years and has been subject to an invest to save scheme since 2007. In this time, real terms costs of the placements has reduced by £1.6m since 2005/06. However, at the at the time that the Invest to Save project was started, placements were overspending by £2m. The savings flowing from the Invest to save project never managed to reduce expenditure down to the budgeted level for a number of reasons. The service has experienced a 24% increase in referrals, 57% in child protection investigations and 40% increase in child protection plans. The original invest to save scheme did not take into account the increase in adoptions, special guardianship orders and residence orders. The in-house fostering service has not delivered the increase in in-house carers necessary to reduce IFAs and the service is currently being reviewed in an effort to increase the numbers from 75 back up to 95 though recruitment is a lengthy process.
C&F	Integrated Service for Children with Disabilities	300				All services provided as part of child/family assessment can be taken as a direct payment. The personalisation agenda has been promoted by government and the Aiming High for disabled programme over the last three years which has given rise to increasing rise in demand . Local authorities from April 2011 will have a duty to provide short breaks to families with disabled children. These can be provided by Direct Payments and more families are requesting this. The number of families requesting DP has risen by over 50 % this year from less than 10 new requests in in 2009/10 to over 30 so far this is year. Currently there are100 families receiving Direct Payments. Some of the cost will be covered by a reduction in families requesting LA commissioned domiciliary care through Care at home AC 45, but there is a significant net increase in the volume of families entitled either to Direct Payments or Care at Home.
F&CR	Housing Benefit Subsidy	500				Because of the huge increase in expenditure, the loss to the Council from the subsidy penalties has also increased substantially. It is anticipated that there will be an overspend in the net HB subsidy of at least £500,000 in 2010/11, and this is very likely to continue in to 2011/12.
F&CR	HB Service Caseload Increases	292				These increases are forecast to have reached 20% over two years by the end of 2010/11 and are also forecast to rise by 10% in 2011/12.. The caseload increases have been mitigated by the redesign of the service and transitional funding from the One Council Programme which will end in March 2011. This original growth of £518k bid has been reduced by £226k to £292k by transferring customer service officers from the OSS to R&B. Current analysis shows there is capacity within OSS to accommodate this transfer.
L&P	Execution and administration of elections		50			Additional workload and increased postal voting.
E&NS	Streetcare	23				These are the addition full year costs of the 2010/11 growth bid for additional rounds to collect organic waste for 6 months of the year (£60k) and more resources are required for the collection of clinical waste (£46k). There are additional costs for CCTV for contract monitoring, line rental and maintenance (£53k). The energy costs for extra illuminated street furniture (£50k) will also need to be funded.
E&NS	StreetCare - Street Lighting PFI Additional Lighting	20	20			Maintenance costs in the Street Lighting PFI continue to increase with new traffic and parking schemes increasing the stock of illuminated signs and bollards.
H&CC	Adult Social Care	3,500				Realignment of the the Adults Social Care Budget. Original projections forecast an overspend in excess of £7m for 2010-11. A significant amount of work has been done to reduce this. At the time of writing, the forecast overspend is £1.46m, and further areas are being reviewed to seek to eliminate this overspend. Many of the measures to reduce the overspend in 2010-11 are one-off, and the ongoing pressure on the budget is £3.5m. There are a number of factors effecting this forecast, and these include under budgeting in previous years, client numbers rising and the severity of support being required, costs rising above inflation, and expected income levels not being achieved.
H&CC	Concessionary Fares	2,138				The amount Brent pays in concessionary fares has increased from £10,035m in 2010/12 to £13.767m in 2011/12. Part of this increase is accounted for by the concessionary fare specific grant which Tfl use to receive being transferred to local authorities through formula funding. For Brent this amounted to £1.594m. The significant increase is due to the above inflationary increases in fares in 2010/11 and 2011/12. The effect on the 2010/11 increase was partly offset by an agreement reached between the London boroughs and Tfl to limit increases however the Mayor has recently withdrawn from this agreement which has led to higher charges coming through in 2011/12. In addition the move to charging by usage rather number of passes issued has also increased costs as the transition period is now over.

SERVICE COST PRESSURES - 2011/12 - 2014/15

Service	Item	2011/12	2012/13	2013/14	2014/15	Comments
		£'000	£'000	£'000	£'000	
	Carbon Tax	432				New scheme introduced to encourage large organisations to reduce carbon emissions. Payment is for number of credits used within the previous year. Estimated by London Energy Project to be £432k for Brent in 2011/12.
	Total demand led growth	**9,005**	**70**	**0**	**0**	
	Price led growth					
C&CE	Budget Shortfall	100				Shortfall of £60k on NI funding and £40k on current structure
E&NS	Contract inflation	308				This includes inflation provision for the Waste Service Contract (£15.5m), Street Trees Contract (£652k), Vale Farm Sports Centre Contract (£369k), Parking Contract (£4m), Willesden Sports Centre and Streetlighting PFI contract (£2.6m)
	Centrally-held Growth	2,000				Increased legal costs for Children &Families Social Care ; changes to Housing Benefit scheme having adverse impact on Temporary Accommodation budgets; cost of transferring clients with social care needs from Children & Families to Adult Social Care.
	Total price led pressures	**2,408**	**0**	**0**	**0**	
	Loss of income					
C&CE	The Brent Magazine	150				The deletion of the job shop has resulted in a shortfall on the income for the additional 6 issues of the Brent Magazine.
C&CE	Language Shop	24				This budget has now been consolidated across the Council and there is currently a shortfall in income in 2010/11 which is likely to continue into 2011/12.
F&CR	HB Admin Grant Reduction	75	634	297	297	Local authorities receive a grant from the DWP for the costs of administering Housing Benefit and Council Tax Benefit. In 2010/11 Brent received £4.029m.The Government has given an indication that it wishes to reduce this grant by 30% by 2014/15.
F&CR	Reduction in Summons Costs collected	300				A combination of increased CT collection levels, higher CT Benefit claimants and reduced summons costs collection levels results in a forecasted loss of income for 2011/12 of £300k.
R&MP	Planning Deficit	350				Pressures from a shortfall in planning income and effects of the loss of the Planning Delivery Grant. Any overspends have previously been covered from within the Environment service area.
E&NS	Bulky Waste - Repeal of £25 Charge	290				Seeks to cover the cost of reversing the Veolia Contract Variation and removing the income target. The calculation is £205,000 (at 2010-11 prices), plus estimated contractual inflation, thus £209k; plus returning the £81k income target to zero. This totals £290k.
H&CC	HRA/General Fund Recharges	0	385			Impact of stock transfers from South Kilburn and other sites
	Total pressures due to loss of income	**1,189**	**1,019**	**297**	**297**	
	GRAND TOTAL - DEMAND, PRICE AND LOSS OF INCOME LED PRESSURES	**12,602**	**1,089**	**297**	**297**	
	CUMULATIVE GRAND TOTAL - DEMAND, PRICE AND LOSS OF INCOME LED PRESSURES	**12,602**	**13,691**	**13,988**	**14,285**	

SERVICE AREA: CHILDREN AND FAMILIES

ANALYSIS OF SAVINGS

Unit	Item	2011/2012 £'000	2012/2013 £'000	2013/2014 £'000	2014/2015 £'000
Schools Traded Services and charging to the schools budget	Over the last three years C&F have reviewed charges to the schools budget rather than the general fund achieving £2.5m additional charges. Recent reviews have indicated that a further £1m can be charged mainly covering 3 children centres £860k. Further savings are still being reviewed for future years.	1,000			
Children's Centres	Savings are to be achieved through a restructuring of the children centre teams £550k and a review of centrally commissioned services £450k. A further £700k from Sure Start central expenditure and £255k from the development of a child based funding formula for ongoing allocations to centres. In addition a further £200k from not starting the Sudbury, Cricklewood and Kingsbury centre and £105k from various schools taking responsibility for all maintenance and revenue costs of buildings. Any potential costs still need to be identified.	2,250	1,300		
Social Care Transformation	A number of areas have been identified for reducing costs foster placements, children in residential homes, semi independent lIving, payments for children that have been adopted and other arrangements as well as families without recourse to public funds and the Youth Offending Service.	1,800			
Children's Social Care Restructuring	Savings will be achieved through further rationalisation of the fostering and adoption service including their panels. Income will be generated through the sale of approved adopters. A rationalisation of the safeguarding service through streamlining the child protection conference process including a reduced contribution to the LSCB. In addition there will be a reduction to commitments against the care matters grant with a cessation of the support to the Young Carers Centre, reductions in the Youth Offending Service and limited reductions in the Crisis Intervention Service and in unqualified staff in the localities social work teams.	1,300			
Children with Disabilities and SEN	Restructuring of short break provision (£190k), cease Easter holiday play schemes (£20k), implementation of new continuing care framework awarding additional financial responsibilty on health services(£50k), reduction in SEN early years support (£63k). Decrease in core staffing for the Education Psychology Service and increased charging of non statutory services (£108k).	431	194		

SERVICE AREA: CHILDREN AND FAMILIES

ANALYSIS OF SAVINGS

Unit	Item	2011/2012 £'000	2012/2013 £'000	2013/2014 £'000	2014/2015 £'000
School Improvement Service	Increase in charges for the Music Service (£50k) and £483k from reduction of consultancy support and post deletions within the School Improvement Service.	533	180		
Youth & Connexions	Restructuring and reduced service offering for the Youth Service including staff loses of £153k and impacting on the Dennis Jackson Centre (£36k), St Raphael Centre (£70k) and Wembley Centre (£101k). For Connexions staff savings of £34k with £80k reduction to PA delivery contracts and reduced careers guidance contract (£200k).	674	117		
Various	Ceasing a number of activities that had been funded via Area Based Grants that have ceased or had been part of ring-fenced grants for which the ring-fencing has been removed. These include: extended schools, School travel advisers, Choice Advisers, Sustainable Travel, extended rights for free travel, Positive Activities for Young people, Youth Opportunities Fund, Early Years Workforce, early years sustainability and Childrens Fund.	2,512			
Various	Savings in managerial, spans of control and operational activities as a result of waves 1 and 2 of the staffing and structure review	1,375	134		
Various	Savings from the standardisation of Outer London Weighting across officer and former manual grades.	167	68		
Various	Increased income generation mainly within Youth Services	27			
	TOTAL	**12,069**	**1,993**	**0**	**0**

Appendix D(ii)

SERVICE AREA: ENVIRONMENT AND NEIGHBOURHOOD SERVICES

ANALYSIS OF SAVINGS

Unit	Item	2011/2012 £'000	2012/2013 £'000	2013/2014 £'000	2014/2015 £'000
Control Room/CCTV Room	Merge the two existing rooms, share staff, reduce management & supervisory resource, and reduce hours of operation.	280			
Environmental Health	To cease the programme of alley gating and area based environmental improvement.	251			
Festivals	Reduce the number of festivals to include Respect, Countryside Day, Diwali, Holocaust Memorial Day and Bonfire Night.	231			
Grounds maintenance	Reduce level of grass cuts, no London in Bloom entry and less winter bedding in 2011/12 only	100	(100)		
Highways	Reduction in Highways Maintenance Contract Expenditure - through reducing the volume of reactive maintenance.	200			
Highways	Restrict responsive highways maintenance to pothole and footway trips for 2011/12 only	100	(100)		
Highways	Renegotiate reduction in streetlighting contract.	100			
Parking	Controlled Parking Zones - cease work to introduce new, and review/adjust existing schemes.	240	60		
Parking	Improve Contractor performance from 0.87 PCN/hour to 1.22 PCN/hour and settle a favourable dispute on Parking Suspensions.	300			
Parks	To cease the static parks wardens service.	200			

SERVICE AREA: ENVIRONMENT AND NEIGHBOURHOOD SERVICES

ANALYSIS OF SAVINGS

Unit	Item	2011/2012 £'000	2012/2013 £'000	2013/2014 £'000	2014/2015 £'000
Streetcare	Grafitti removal - reduce number of teams from 4 to 2.	162	54		
Parks	Delete playground inspector post.	20			
Review of Regulatory services	Review regulatory services creating business compliance and nuisance separation.	300			
Sports	Closure of Charteris Sports Centre.	155	10		
Sports	Willesden Sports Centre - reduce contract price from agreement by reducing the excess profit payment clause.	75			
Sports	Vale Farm Leisure Centre - negotiated reduction in contract price following extension of contract.	33	47		
Streetcare	CCTV - deletion of consultants budget.	69			
Streetcare	Reconfigure work of StreetCare Support section – the saving to be achieved by merging the support functions that currently serve Environment & Protection through separate arrangements.	200			
Streetcare	Reduce number of gully teams from 3 to 2; reduce sign shop staff by one; close stores; delete the Deputy Manager post.	180			
Streetcare	Streetlighting Energy - reduced consumption through dynamic billing.	90			
Streetcare	Reduction in contract for Street Trees through reduction in planned maintenance (£50k) and tree planting (£25k) - only for 2011/12	75	(75)		
Streetcare	Reduce number of Waste Development Officers from 5 to 3 and cease Schools Education Programme.	85			

SERVICE AREA: ENVIRONMENT AND NEIGHBOURHOOD SERVICES

ANALYSIS OF SAVINGS

Unit	Item	2011/2012 £'000	2012/2013 £'000	2013/2014 £'000	2014/2015 £'000
Streetcare	Reduce frequency of cleansing in residential (Zone 5) areas from twice per week to once per week.	350			
Streetcare	Move staff from 6 to 5 days a week to avoid redundancy costs on the Veolia contract by identifying ways of implementing the reduction of cleansing frequencies in residential areas from 3 times per week to twice per week.	100			
Streetcare	Additional savings on the waste and recycling contract.	600			
Streetcare	Negotiate the addition of gulley cleansing and graffiti removal work to Veolia contract.	50			
Streetcare	Reduced contribution to West London Waste Authority levy.	700			
Streetcare	One Council projects in Streetcare	461			
Arts & Libraries	Reduce grant by 10% to Tricycle Theatre	20			
Arts & Libraries	Review of Libraries	408			
Various	Savings in managerial, spans of control and operational activities as a result of waves 1 and 2 of the staffing and structure review	1,726	183		
Various	Savings from the standardisation of Outer London Weighting across officer and former manual grades.	247	50		
Various	Increased income generation mainly from increased charges for parking permits, on and off street parking and moving traffic contraventions	2,658	(166)		
	TOTAL	**10,766**	**(37)**	**0**	**0**

SERVICE AREA: HOUSING AND COMMUNITY CARE

ANALYSIS OF SAVINGS

Unit	Item	2011/2012 £'000	2012/2013 £'000	2013/2014 £'000	2014/2015 £'000
Adult Social Care Commissioning and Procurement	Transformation of service through redesign of services. Improve services and commission alternative services which offer more choice and control to service users	4,120			
Mental Health	Community Networks - Delete operational and purchasing budgets for Kingsbury Manor, Harlesden resource Centre and John Wilson House and provide two specialist CDW posts that will work in Community services (employment,welfare and support teams) to signpost service users to private and voluntary resources.	880			
Mental Health	Community Services Employment/Welfare/Support Team - delete 4 vacant posts	120			
Mental Health	Spot Purchases - Reduce reliance on residential and nursing spot purchase placements through the adoption of a Placement Reduction Strategy. It is expected that after 3 years there will be no new cases of residential placements other an exceptional cases.	250			
Home Delivery Meals	Increase the take up of hot meals to day centres by 25,000.	121			
Transport Eligibility Criteria	To encourage independent travel to day care provision	127	43		
Grants	Review the support to the voluntary sector programme	249			
Taxicard Scheme	To withdraw from the scheme in 2012/13		221		
Brent Integrated Community Equipment Services	Reduce Brent's contribution to the joint LA/NHS budget through negotiating a lower percentage contribution 40% from 50%.	150			
Various	The impact of inflation on means tested contribution to the costs of residential and home care packages and a 7% increase in the charge for clients in bed and breakfast and group homes.	693			
Various	Savings in managerial, spans of control and operational activities as a result of waves 1 and 2 of the staffing and structure review	719	15		
Various	Savings from the standardisation of Outer London Weighting across officer and former manual grades.	220	108		

SERVICE AREA: HOUSING AND COMMUNITY CARE

ANALYSIS OF SAVINGS

Unit	Item	2011/2012 £'000	2012/2013 £'000	2013/2014 £'000	2014/2015 £'000
Learning Disability	Day Services for Learning Disabilities - to improve service outcomes and reduce costs through consolidating all current day centres into the purpose-built John Bilham Resource Centre and redesign the service model to support users to access services in the community more independently.	635	433		
Various	Personalisation - Customer Journey project will address a number of operational problems and significantly improve the end to end assessment process. This will cover all staff and client groups involved in the end to end customer journey in Learning Disability, Older People/Physical Disability and Hospital Discharge.	1,298	8		
Sub Total Adults		**9,582**	**828**	**0**	**0**
Supporting People	Reduce providers contract price through negotiation and contract variations without significant impact on service users. This can be achieved through closing under utilised and unpopular shared houses or reducing the number supported through floating support. There will be reductions in central support. A framework contract for housing support services will be available under the WLA from November 2011.	1,200	600		
Housing Solutions/HRC	Implement lean service principles to back office staff	120			
Housing Solutions	Delete incentives for the procurement of private sector housing	193			
Housing Agencies	Decommission the Brent Community Law Centre (£226k) and the Brent Private Tenants Rights Group(£37k)	263			
Homeless Strategy	A review of the current spend to achieve the saving . Much of the spend is used to support front-line service delivery targeted at preventative work	200			
Housing Register	Development of a sub-regional system to replace the paper-based current system with an online application process	100	100		

Appendix D(ii)

SERVICE AREA: HOUSING AND COMMUNITY CARE

ANALYSIS OF SAVINGS

Unit	Item	2011/2012 £'000	2012/2013 £'000	2013/2014 £'000	2014/2015 £'000
Underoccupation Scheme	Reduce incentive payment to underoccupiers in social housing who accept a move to a smaller property from £4k to £1k.	200			
Private Housing Enforcement Team	Reduce the senior/specialist expert advice available to the team through reconfiguring the team.	56			
Traveller's Site	To increase rent charges for travellers site license fees, increased charges for empty property grant, disabled facilities and small works admin charge.	7			
Various	Savings in managerial, spans of control and operational activities as a result of waves 1 and 2 of the staffing and structure review	437	40		
Various	Savings from the standardisation of Outer London Weighting across officer and former manual grades.	100	20		
Sub Total Housing		**2,876**	**760**		
TOTAL		**12,458**	**1,588**	**0**	**0**

SERVICE AREA: CORPORATE UNITS

ANALYSIS OF SAVINGS

Unit	Item	2011/2012 £'000	2012/2013 £'000	2013/2014 £'000	2014/2015 £'000
Customer & Community Engagement	The Diversity team has lost funding for the Prevent Programme and will no longer be able to support this. The structure has been reviewed to provide a more focussed team.	143			
Customer & Community Engagement	Additional income from increased charges for advertising £14k and the Registration Service £23k.	37			
Legal & Procurement	Savings from deletion of the Liberal Democrat Researcher post, regarding of Labour Group Office Manager to Political Assistant, training savings and additional external income.	100			
Strategy, Performance & Improvement	There are 5 policy, partnership and performance teams across the Authority. The teams provide support to units on performance management, analysis of performance and reporting of data. There are also a number of specialist services such as GIS team, statutory schools data and evidence base provision within the function. There are also a number of non policy functions such as Welsh Harp Education, Land Charges and Property Database. Savings will be achieved through the review of the Welsh Harp Centre with options being explored with schools for this work and the restructuring of the policy teams with the loss of 12 posts.	500			
Finance & Corporate Services	Successful retendering of the Revenue & Benefits IT Contract	1,200			
Finance & Corporate Services	Finance modernisation project involving the centralisation of Finance and creation of a Finance Service Centre, a business partnering model and the implementation of a single accounting system.	1,105			
Regeneration & Major Projects	Departmental consolidation of non-managerial staff in planning/regeneration/housing teams, restructuring the business support functions and bringing forward the medium term facilities management solution.	182	100		

SERVICE AREA: CORPORATE UNITS

ANALYSIS OF SAVINGS

Unit	Item	2011/2012 £'000	2012/2013 £'000	2013/2014 £'000	2014/2015 £'000
Regeneration & Major Projects	Reduce the capacity of the Brent In 2 Work service by the end of 2010/11. All inhouse ESOL relatedemployment activities will be stopped and premises at 1 Olympic Way vacated. A new function will be set up which will focus on employment and education opportunities for the 'hardest to help' based around the new phases of the Wembley Development, South Kilburn and Civic Centre Projects. This is a one off saving from reserves built up from the Working Neighbourhood Fund	700	(700)		
Regeneration & Major Projects	Property savings from within Chesterfield house and Cotterell House from flexible working	224			
Various	Savings in managerial, spans of control and operational activities as a result of waves 1 and 2 of the staffing and structure review	1,990	254		
Various	Savings from the standardisation of Outer London Weighting across officer and former manual grades.	242	74		
TOTAL		**6,423**	**(272)**	**0**	**0**

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Adjustments and Transfers to and from Service Area Budgets 2011/12

Service Area	Adjustment	£'000
Children and Families	ABG - Connexions Additional Grant	16
Children and Families	LSC Transfer	244
Children and Families	Management Post Savings	(709)
Children and Families	Interpretation / Translation Transfer	(128)
Children and Families	Occupational Health Transfer	(14)
Children and Families	Training Centre Transfer	(22)
Children and Families	Recruitment / Advertising Transfer	(328)
Children and Families	Recruitment Admin Transfer	(171)
Children and Families	CRB Transfer	(114)
Children and Families	Overtime / Allowances Reduction	(203)
Children and Families	Reduction in ABG Grants	(1,513)
Children and Families	Repairs and Maintenance Transfer	(126)
Children and Families	Commercial Properties Transfer	12
Children and Families	Advertising Hoardings Transfer	3
Children and Families	Document Storage Saving	(2)
Children and Families	Finance Modernisation Reorganisation	(1,346)
Children and Families	Staffing and Structure Review - Wave 1	(949)
Children and Families	Early Intervention Grant Adjustment	12,704
Children and Families	Grant Adjustment - Key Stage 4 / Contact Point / Aiming High	193
Children and Families	London Councils - 16-19 RPG Regional Activities	(11)
Children and Families	Income Maximisation	(9)
TOTAL		**7,527**
Environment and Neighbourhood Services	Streetlighting PFI - Reduced Payment	(63)
Environment and Neighbourhood Services	Grafitti ASB Caseworker Transfer	(46)
Environment and Neighbourhood Services	Management Post Savings	(564)
Environment and Neighbourhood Services	Interpretation / Translation Transfer	(81)
Environment and Neighbourhood Services	Occupational Health Transfer	(1)
Environment and Neighbourhood Services	Training Centre Transfer	(16)
Environment and Neighbourhood Services	Recruitment / Advertising Transfer	(16)
Environment and Neighbourhood Services	Recruitment Admin Transfer	(146)
Environment and Neighbourhood Services	CRB Transfer	(75)
Environment and Neighbourhood Services	Overtime / Allowances Reduction	(20)
Environment and Neighbourhood Services	Reduction in ABG Grants	(322)
Environment and Neighbourhood Services	Repairs and Maintenance Transfer	(205)
Environment and Neighbourhood Services	Commercial Properties Transfer	264

Adjustments and Transfers to and from Service Area Budgets 2011/12

Service Area	Adjustment	£'000
Environment and Neighbourhood Services	Advertising Hoardings Transfer	35
Environment and Neighbourhood Services	Service Tenancies Transfer	41
Environment and Neighbourhood Services	Parks Support - PAM Transfer	(25)
Environment and Neighbourhood Services	Document Storage Saving	(2)
Environment and Neighbourhood Services	Water Coolers Saving	(1)
Environment and Neighbourhood Services	Finance Modernisation Reorganisation	(1,034)
Environment and Neighbourhood Services	London Councils Lorry Control Reduction	(5)
Environment and Neighbourhood Services	Staffing and Structure Review - Wave 1	(1,296)
Environment and Neighbourhood Services	Communications Staff	(113)
Environment and Neighbourhood Services	Local Flood Authority Grant Adjustment	134
Environment and Neighbourhood Services	Income Maximisation	(194)
Environment and Neighbourhood Services	One Council Streetcare	(84)
Environment and Neighbourhood Services	WLWA - Pay As You Throw	7,668
TOTAL		**3,833**
Housing and Community Care: Housing	Middlesex House Transfer	(880)
Housing and Community Care: Housing	Adult Transfer	(59)
Housing and Community Care: Housing	Management Post Savings	(372)
Housing and Community Care: Housing	Postage Saving	(22)
Housing and Community Care: Housing	Interpretation / Translation Transfer	(17)
Housing and Community Care: Housing	Occupational Health Transfer	(15)
Housing and Community Care: Housing	Training Centre Transfer	(8)
Housing and Community Care: Housing	Recruitment / Advertising Transfer	(50)
Housing and Community Care: Housing	Recruitment Admin Transfer	(19)
Housing and Community Care: Housing	Overtime / Allowances Reduction	(44)
Housing and Community Care: Housing	Finance Modernisation Reorganisation	(469)
Housing and Community Care: Housing	ABG Housing Guidance	2

Adjustments and Transfers to and from Service Area Budgets 2011/12

Service Area	Adjustment	£'000
Housing and Community Care: Housing	ABG Status Survey	8
Housing and Community Care: Housing	ABG - Supporting People Cuts	(171)
Housing and Community Care: Housing	Staffing and Structure Review - Wave 1	(397)
Housing and Community Care: Housing	Communications Staff	(32)
Housing and Community Care: Housing	Office Manager Transfer	42
Housing and Community Care: Housing	Preventing Homelessness	805
Housing and Community Care: Adult Social Care	Concessionary Fares	3,766
Housing and Community Care: Adult Social Care	Housing Transfer	59
Housing and Community Care: Adult Social Care	Management Post Savings	(208)
Housing and Community Care: Adult Social Care	Postage Saving	(11)
Housing and Community Care: Adult Social Care	Interpretation / Translation Transfer	(32)
Housing and Community Care: Adult Social Care	Occupational Health Transfer	(15)
Housing and Community Care: Adult Social Care	Training Centre Transfer	(8)
Housing and Community Care: Adult Social Care	Recruitment / Advertising Transfer	(58)
Housing and Community Care: Adult Social Care	Recruitment Admin Transfer	(26)
Housing and Community Care: Adult Social Care	CRB Transfer	(30)
Housing and Community Care: Adult Social Care	Overtime / Allowances Reduction	(155)
Housing and Community Care: Adult Social Care	Staffing and Structure Review - Wave 1	(513)
Housing and Community Care: Adult Social Care	Communications Staff	(33)
Housing and Community Care: Adult Social Care	Repairs and Maintenance Transfer	(87)

Adjustments and Transfers to and from Service Area Budgets 2011/12

Service Area	Adjustment	£'000
Housing and Community Care: Adult Social Care	Commercial Properties Transfer	9
Housing and Community Care: Adult Social Care	Finance Modernisation Reorganisation	(646)
Housing and Community Care: Adult Social Care	Office Manager Transfer	(42)
Housing and Community Care: Adult Social Care	Social Care Reform Grant Transfer	1,309
Housing and Community Care: Adult Social Care	LD Campus Grant Transfer	247
Housing and Community Care: Adult Social Care	Stroke Strategy Grant Transfer	96
Housing and Community Care: Adult Social Care	NHS Social Care Monies - Income	(3,414)
Housing and Community Care: Adult Social Care	AIDS Support Grant Transfer	377
Housing and Community Care: Adult Social Care	Learning Disability & Reform Grant Transfer	7,432
TOTAL		**6,319**
Customer and Community Engagement	Management Post Savings	(55)
Customer and Community Engagement	Postage Saving	(5)
Customer and Community Engagement	Interpretation / Translation Transfer	184
Customer and Community Engagement	Occupational Health Transfer	(2)
Customer and Community Engagement	Training Centre Transfer	(2)
Customer and Community Engagement	Recruitment / Advertising Transfer	(11)
Customer and Community Engagement	Recruitment Admin Transfer	(5)
Customer and Community Engagement	Overtime / Allowances Reduction	(12)

Adjustments and Transfers to and from Service Area Budgets 2011/12

Service Area	Adjustment	£'000
Customer and Community Engagement	Staffing and Structure Review - Wave 1	(220)
Customer and Community Engagement	Communications Staff	178
Customer and Community Engagement	Advertising Hoardings Transfer	(42)
Customer and Community Engagement	Water Coolers Saving	(3)
Customer and Community Engagement	Registrars Shared Service	(25)
Customer and Community Engagement	Finance Modernisation Reorganisation	(84)
Customer and Community Engagement	ABG Prevent Cuts	(102)
Customer and Community Engagement	One Stop Shop - Transfer	(1,397)
Customer and Community Engagement	Ward Working Team - Transfer In	850
Customer and Community Engagement	Employee Benefits adjustment	(88)
Customer and Community Engagement	Income Maximisation	(10)
TOTAL		**(851)**
Legal and Procurement	Management Post Savings	(41)
Legal and Procurement	Postage Saving	(25)
Legal and Procurement	Occupational Health Transfer	(1)
Legal and Procurement	Training Centre Transfer	(1)
Legal and Procurement	Recruitment / Advertising Transfer	(44)
Legal and Procurement	Recruitment Admin Transfer	(18)
Legal and Procurement	Overtime / Allowances Reduction	(10)
Legal and Procurement	Document Storage Saving	(2)
Legal and Procurement	Water Coolers Saving	(3)
Legal and Procurement	Staffing and Structure Review - Wave 1	(145)
Legal and Procurement	One Council Procurement	385
TOTAL		**95**
Regeneration and Major Projects	Staffing and Structure Review - Wave 1	(109)
Regeneration and Major Projects	Regeneration Lease - 1 Olympic Way	(9)
Regeneration and Major Projects	Working Neighbourhoods - Transfer Out	(477)

Adjustments and Transfers to and from Service Area Budgets 2011/12

Service Area	Adjustment	£'000
Regeneration and Major Projects	Future of Wembley	350
Regeneration and Major Projects	Property	(84)
TOTAL		**(329)**
Chief Executive	Various	(4)
TOTAL		**(4)**
Strategy, Partnerships and Improvement	Management Post Savings	(103)
Strategy, Partnerships and Improvement	Postage Saving	(2)
Strategy, Partnerships and Improvement	Occupational Health Transfer	(2)
Strategy, Partnerships and Improvement	Training Centre Transfer	(2)
Strategy, Partnerships and Improvement	Recruitment / Advertising Transfer	(47)
Strategy, Partnerships and Improvement	Recruitment Admin Transfer	(28)
Strategy, Partnerships and Improvement	CRB Transfer	(6)
Strategy, Partnerships and Improvement	Overtime / Allowances Reduction	(20)
Strategy, Partnerships and Improvement	Document Storage Saving	(2)
Strategy, Partnerships and Improvement	Water Coolers Saving	(2)
Strategy, Partnerships and Improvement	Finance Modernisation Reorganisation	(104)
Strategy, Partnerships and Improvement	Staffing and Structure Review - Wave 1	(95)
Strategy, Partnerships and Improvement	Grafitti ASB Post	46
Strategy, Partnerships and Improvement	Home Office Cuts	(37)
Strategy, Partnerships and Improvement	Transfer PMO Staff Budgets	517
TOTAL		**113**
Finance & Corporate Services	Management Post Savings	(188)
Finance & Corporate Services	Postage Saving	152
Finance & Corporate Services	Interpretation / Translation Transfer	(5)
Finance & Corporate Services	Occupational Health Transfer	(5)
Finance & Corporate Services	Training Centre Transfer	(5)
Finance & Corporate Services	Recruitment / Advertising Transfer	(37)
Finance & Corporate Services	Recruitment Admin Transfer	(21)

Adjustments and Transfers to and from Service Area Budgets 2011/12

Service Area	Adjustment	£'000
Finance & Corporate Services	Overtime / Allowances Reduction	(146)
Finance & Corporate Services	Revenues and Benefits Inflation on Contract	180
Finance & Corporate Services	Property & Asset Management - Procurement Postal Services	(17)
Finance & Corporate Services	Property & Asset Management - Procurement Fire Equipment Maintenance	(12)
Finance & Corporate Services	Repairs and Maintenance Transfer	418
Finance & Corporate Services	Commercial Properties Transfer	(285)
Finance & Corporate Services	Advertising Hoardings Transfer	4
Finance & Corporate Services	Service Tenancies	(41)
Finance & Corporate Services	Parks Support	25
Finance & Corporate Services	Document Storage Saving	(2)
Finance & Corporate Services	Various	(237)
Finance & Corporate Services	Water Coolers Saving	(6)
Finance & Corporate Services	Finance Modernisation Reorganisation	3,283
Finance & Corporate Services	Staffing and Structure Review - Wave 1	(559)
Finance & Corporate Services	Revenues and BenefitsOSS Transfer In	544
Finance & Corporate Services	Human Resources Transfer	1,170
Finance & Corporate Services	IT Transfer	(49)
Finance & Corporate Services	People Centre Transfer	(150)
Finance & Corporate Services	Property and Asset Management Transfer	84
Finance & Corporate Services	Job Evaluation	85
Finance & Corporate Services	Procurement Adjustment	20
Finance & Corporate Services	Employee benefits adjustment - One Stop Service	88
Finance & Corporate Services	IT System Development Fund Transfer	520
Finance & Corporate Services	One Council - Insurance	15
TOTAL		**4,823**
GRAND TOTAL		**21,526**

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	2010/11 Grant £'000	2011/12 Grant £'000	Notes
Children & Families			
Care Matters White Paper	369	0	Rolled into Formula Grant
Child and Adolescent Mental Health Services	1,044	0	Rolled into Formula Grant
Child Death Review Processes	60	0	Rolled into Formula Grant
Children's Social Care Workforce (formerly HRDS and NTS)	141	0	Early Intervention
Children's Fund	789	0	Early Intervention
Connexions	1,878	0	Early Intervention
January Guarantee	12	0	Early Intervention
Positive Activities for Young People	871	0	Early Intervention
Teenage Pregnancy	101.887	0	Early Intervention
Child Trust	5	0	Early Intervention
Young People's Substance Misuse	29	0	Early Intervention
Young People's Substance Misuse Partnership	126	0	Early Intervention
Learning Skills Council	185	0	Rolled into Formula Grant
Total Children and Families	**5,609**	**0**	
Schools			
14-19 Flexible Funding Pot	55	0	Ceased
Designated Teacher Training Funding	9	0	Ceased
Choice Advisers	35	0	Ceased
Education Health Partnerships	57	0	Ceased
Extended Rights to Free Transport	9	0	Ceased
Extended Schools Start Up Costs	288	0	Ceased
Secondary National Strategy – Behaviour and Attendance	52	0	Ceased
Secondary National Strategy – Central Coordination	124	0	Ceased
Primary National Strategy – Central Coordination	118	0	Ceased
School Development Grant (Local Authority element)	643	0	Ceased
School Improvement Partners	69	0	Ceased
School Intervention Grant	41	0	Ceased
School Travel Advisers	19	0	Ceased
Sustainable Travel General Duty	14	0	Under review
Total Schools	**1,532**	**0**	
Environment & Neighbourhoods			
Climate Change	23	0	Ceased
Enviromental Damage Regulations	0	0	Minor Grant
Total Environment	**23**	**0**	
Housing			
Supporting People Administration	0	0	Ceased
Supporting People Programme	12,807	0	Rolled into Formula Grant
NI 160 Status Survey	8	0	Ceased
Social Housing Allocation - Statutory Guidance	1	0	Ceased
Total Housing	**12,817**	**0**	
Adult Social Care			
Adult Social Care Workforce	774	0	Rolled into Formula Grant
Mental Capacity Act and Independent Mental Capacity	165	0	Rolled into Formula Grant
Mental Health	983	0	Rolled into Formula Grant
Preserved Rights	1,206	0	Rolled into Formula Grant
Carers	1,632	0	Rolled into Formula Grant
Learning Disability Development Fund	279	0	Rolled into Formula Grant
Total Adult Social Care	**5,039**	**0**	
Corporate			
Local Involvement Networks	184	0	Rolled into Formula Grant
Working Neighbourhoods Fund (replaces Neighbourhood Ren	520	0	Ceased
Preventing Violent Extremism	248	0	Allocation unknown
Stronger Safer Communities Fund	315	0	Allocation unknown
Economic Assessment Duty	65	0	Rolled into Formula Grant
Community call for Action/Scrutiny Cmt	2	0	Ceased
Total Corporate	**1,335**	**0**	
Grand Total	**26,355**	**0**	

	2010/11 Grant	2011/12 Grant	Notes
Children & Families	**£'000**	**£'000**	
Music Grant	**385**	**0**	Under review
Playing for Success	**80**	**0**	Ceased
Aiming High for Disabled Children	894	0	Early Intervention
Sure Start, Early Years and Childcare	10,163	0	Early Intervention
Targeted Mental Health in Schools	150	0	Early Intervention
Think Family Grant	430	0	Early Intervention
Two Year Old Offer - Early Learning and Childcare	888	0	Early Intervention
Youth Opportunity Fund	178	0	Early Intervention
Contact Point	0	0	Early Intervention
	12,704	**0**	
Schools			
Early Years - Flexibility of Free Entitlement for 3-4 Year Olds	2,960	0	Rolled into DSG
Ethnic Minority Achievement	5,385	0	Rolled into DSG
Extended Schools - Subsidy	1,062	0	Rolled into DSG
Extended Schools - Sustainability	1,025	0	Rolled into DSG
London Pay Addition Grant	1,029	0	Rolled into DSG
1-2-1 Tuition	1,488	0	Rolled into DSG
School Development Grant	13,303	0	Rolled into DSG
School Lunch Grant	433	0	Rolled into DSG
School Standards Grant	8,909	0	Rolled into DSG
Targeted Support for Primary & Secondary Strategy	1,259	0	Rolled into DSG
Total Schools	**36,853**	**0**	
Environment & Neighbourhoods			
Free Swimming Programme	215	0	Ceased
Total Environment & Neighbourhoods	**215**	**0**	
Housing			
Homelessness	805	0	Preventing Homelessness Grant
Total Housing	**805**	**0**	
Adult Social Care			
Social Care Reform	1,309	0	Rolled into Formula Grant
Learning Disability Campus Closure Programme	247	0	Rolled into Formula Grant
Stroke Strategy	96	0	Rolled into Formula Grant
Aids Support Grant	377	0	Rolled into Formula Grant
Total Adult Social Care	**2,029**	**0**	
Growth Areas - Revenue	110	0	Ceased
Total Corporate	**110**	**0**	
Grand Total	**53,181**	**0**	**2012/13 Grant £'000**
Preventing Homelessness	**0**	**1,675**	**1,675**
Early Intervention Grant	**0**	**14,173**	**14,662**
Social Care Reform	**0**	**7,432**	**7,608**
Lead Flood Authority	**0**	**134**	**210**
Grand Total	**53,181**	**23,414**	**24,155**

Extract from Minutes - Council Meeting 22nd November 2010

FIRST READING DEBATE ON THE 2011/12 TO 2014/15 BUDGET

Councillor John opened the debate by stating that the Liberal Democrats gave politics a bad name because they were a party that would say anything and do anything to win votes. She added that the local Liberal Democrats had, while in power, spent four years blaming the Labour government for lack of funding when the government had increased funding to local government by more than 40% in real terms. Now that the Liberal Democrats were in power the Council was faced with cuts of nearly one third, made worse by being front loaded. The Building Schools for the Future programme had been cut and local government was bearing a disproportionate share of cuts in public spending. Councillor John maintained that there was no need for cuts on such a scale because Britain's debt as a proportion of national income was one of the lowest in the EU and it appeared from recent reports that the country was able to afford to offer significant financial support to Ireland. She submitted that cuts were being made to further a political agenda which was the destruction of the welfare state. Councillor John submitted that when Labour left office in 2006, Brent Council was an improving council but progress had stalled between 2006-10 in the chaos of a joint administration between two parties who did not speak to one another often enough to make a decision. The cuts now faced by the council were on an unimaginable scale and the sort of cuts that the Liberal Democrats had opposed in the run up to the general election. The previous administration had a lot of choice in how to spend the resources at its disposal in contrast to being faced with having to make cuts such but, Councillor John said, there was a choice in the way that the cuts were made. Councillor John stated that the council could not justify keeping open branch libraries which hardly anybody used when there were disabled and elderly people who needed home care. She acknowledged that money had been spent on improving library buildings but nothing had been done to secure value for money and now the government was forcing the council to choose between empty branch libraries and meals on wheels. New ways of working had to be found and it was the intention of the administration to develop a library service fit for the 21st century. It was not the intention to salami slice or impose unidentified savings on departments but instead, priorities would be identified and everything possible would be done to defend front line services. Councillor John stated that the government had embarked on a programme of centralisation that included schools, social housing and welfare being removed from local democratic control with the services and facilities being offered to a mixed bag of organisations with vested interests.

Councillor Lorber referred to a past Labour government in the 1980's having to approach the International Monetary Fund for assistance and he accused the last government of again mis-managing the country's economy. Councillor Lorber asked if anybody wanted what had happened in Ireland to happen in the UK. He reminded members that the last Labour budget in March 2010 had proposed £44B of cuts. He stated that action on housing benefit had already been taken over the last two years because the previous Labour government had recognised the need to contain the money being spent. He submitted that it was now time for some hard decisions to be taken and it was time for people to be told the truth about the position the country was in. Councillor Lorber referred to the last Council administration which had achieved the highest resident satisfaction results. He stated that the administration over the four years it had been in office had been a successful one in achieving a freeze on Council Tax increases and delivering better services. The One Council programme was on course to save £21M and more if properly managed. The incoming Labour administration had opposed the building of the new civic centre despite the improvements it would deliver. Other savings were arising from working in partnership with other agencies and all this had been introduced because it was clear what cuts were in the pipeline. Councillor Lorber ended by saying that the country had to recognise it could only spend what it could afford.

Councillor HB Patel referred to the recent government decision to lend money to Ireland and justified this by reference to the fact that Britain exported more to Ireland than to China, India, Brazil and Russia and it was therefore very much in the UK's economic interest to support Ireland. He submitted that the current government was transferring more power to local government than had been the case before. Councillor Patel stated that the last Labour government had nearly bankrupted the country. He added that all political parties knew before the general election that cuts in expenditure would be required and it was only a question of how much and when such action was needed. The Government had decided to front load the cuts in order to reduce the debt more quickly, which he claimed was a common sense approach. Councillor Patel submitted that past local government budget settlements had awarded below inflation increases in certain areas. He felt the present government was showing the right way forward.

Councillor El-Abadi felt reference to the country doing so badly on the back of debt was misplaced. He wanted to hear how the budget cuts would be affecting Brent. He asked, if the past Council administration had done so well, why it was voted out at the recent local elections. Councillor Allie felt the corporate plan presented to the Council contained nothing new with many aspects comprising a continuation of what the Council was already doing.

Councillor Van Kalwala offered his full support for the actions being taken to support the most vulnerable in the borough. He acknowledged the need to make cuts but also submitted that the Council needed to increase its balances after the last administration had reduced them and increase its funding for property maintenance. He submitted that the last government had led the world in taking action to prevent a world-wide recession and now the present government was supporting the Irish economy instead of finding money to build schools, hospitals and provide services for children.

Councillor Hunter referred to the awaydays attended by lead members and officers and felt this set a poor example to people on how the Council was managing the current situation. She stated that it was true that many organisations had similar events but they did not necessarily include an overnight stay. Councillor Hunter stated that the previous administration had spent £200 on an equivalent event. There were other aspects which the Council needed to be seen to be leading on and one of those was avoiding unnecessary business travel that such events involved.

Councillor Shaw deplored the suggestion that up to six libraries might be closed. She urged residents to petition the Council against taking such action. She was proud that the previous administration had managed to invest in the library service so that the twelve libraries remained open and a home service was provided. She stated that closing libraries would punish the children who used them. She alleged that the current administration had wanted to close libraries for many years and that it was not the cuts that were forcing them to do this.

Councillor J Moher offered no apologies for reviewing the business case for the civic centre and reviewing the One Council programme. The new administration had now done this and satisfied itself on the viability of both. He reminded members that the government was making £85B cuts over four years which would mean Brent having to find £94M. Councillor Butt stated that the outcome of the Comprehensive Spending Review (CSR) had not been good for councillors of all political persuasions. The reduction in public spending was biased against local government. In June the Council had lost £7m in year as a result of grants being cut. The libraries had lost £100K from the book fund, free swimming for children and the elderly had been cut and still the full impact of the CSR would not be known until December. There would be a major impact on the ability for councils to deliver front line services but the administration would work to produce both the necessary savings and the services by looking for efficiencies and reviewing how services were delivered. Councillor Butt added that there were still many unknowns on how the CSR would affect schools through the pupil premium distribution. Nevertheless, he submitted that the administration had an ambitious and positive outlook despite the challenges that lay ahead.

Councillor Colwill referred to cuts made to the primary care trusts by the previous government and to a £9M cut from the Council's budget. He felt the past government had used money from pension funds and its gold reserves trying to keep the economy going. The debt for the Council stood at £100M which was the cost of the civic centre and he wondered if people would support this strategy when presented with such a comparison. Councillor Powney submitted that it was the view of many that public money should be used to support the economy and he thought this was a view held by the Liberal Democrats who were now saying that this was too extravagant and less should have been spent. However he could not remember them saying that before the general election. The level of risk to the Council had been increased by the in-year cuts made earlier in the year which amounted to the level of reserves held by the Council. Councillor Powney warned that there were also many other public sector cuts which could have an impact on the Council such as in demand led social care services. He pointed out that the Building Schools for the Future programme had been cut despite support for it before the general election.

Councillor Hashmi defended the past decision to invest in Icelandic banks by pointing out that this had been done in consultation with the government and the Bank of England. He also reminded members that all this money was not lost. Councillor Hashmi referred to the £7B recently earmarked to support Ireland and compared that to the £61B worth of exports from the UK to Ireland and the £80B lent to Irish businesses by British banks so he submitted that this money needed to be protected.

Councillor Matthews raised the issue of the suggested change in approach by London Councils towards voluntary sector funding and the danger this posed to services supporting women subject to violence. She identified the projects as an excellent example of partnership working and sought assurances that everything possible would be done to protect them.

RESOLVED:-
(i) that the Borough Plan 'Brent our Future 2010-14' circulated separately to all councillors be approved as the definitive statement of priorities over the next four years for the Council's Administration;
(ii) that the broad budgetary priorities set out in the report from the Executive be noted and the issues raised in the First Reading debate be referred to the Budget and Finance Overview and Scrutiny Committee.

BRENT COUNCIL

Budget & Finance Overview & Scrutiny Committee

Final Report

February 2011

Membership

Councillor Allie (Chair))
Councillor A Choudry (Vice Chair)
Councillor Ashraf
Councillor Long
Councillor Mashari
Councillor HB Patel
Councillor Sheth
Councillor Van Kalwala

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Chair's Foreword – Councillor James Allie

It is with great pleasure that I introduce the final report of Brent Council's Budget & Finance Overview & Scrutiny Committee.

This is the first year of operation for this committee and my colleagues, many of whom are new to the council and I have had to collectively develop our understanding of the issues and the budget setting process. We have focussed on the administration's priorities, the medium term financial context and changes to national priorities and policies that need to be considered when developing a robust budget.

The committee took evidence from a wide range of witnesses in the course of our enquiries. On behalf of my colleagues I would like to thank those officers and Executive members who took the time to prepare reports and presentations and attend our meetings.

Executive Members:

- Councillor John (OBE), Leader of the Council
- Councillor Butt, Lead Member for Resources.

Officers:

- Phil Newby, Director Strategy, Partnership & Improvement
- Martin Cheeseman, Director Housing & Community Care
- Alison Elliott, Assistant Director Community Care
- Eamonn McCarroll, Assistant Director Strategic Finance (H & CC)
- Krutika Pau, Director of Children & Families
- Graham Genoni, Assistant Director Social Care
- Mustafa Salih, Assistant Director Strategic Finance (C & F)
- Michael Read, Assistant Director Policy & Regulation (ENS)
- Bharat Jashapara, Assistant Director Strategic Finance (ENS)
- Margaret Read, Head of Revenue & Benefits
- Cheryl Curing, Head of Communications

I would also like to take this opportunity to thank members of the committee for their efforts during the course of our deliberations. Their proactive approach and dedication have ensured a lively and productive overview & scrutiny process.

Finally thanks must go to Duncan McLeod, Director of Finance and Corporate Resources (until September 2010), Clive Heaphy, Director of Finance and Corporate Services, Mick Bowden, Assistant Director of Finance & Corporate Services and Jacqueline Casson, Senior Policy Officer, Strategy, Partnerships and Improvement, for their support to the committee.

1. Introduction

The purpose of the Budget and Finance Overview & Scrutiny Committee is to undertake an in-depth review of the council's medium term financial strategy, the budget proposals and measures being taken to deliver a robust budget capable of delivering the administration's priorities as outlined in the Borough Plan. This includes examining the main issues, risks and pressures facing the council and the actions being taken to militate against them. In addition, the Committee's report aims to be a source of easily understandable information for all non executive councillors enabling robust challenge and debate on the administration's budget proposals.

The new coalition government's desire to reduce the national deficit as quickly as possible has presented local government with challenges and opportunities. The resulting emergency budget (June 2010) and Comprehensive Spending Review (October 2010) have had major ramifications for the budget setting process and timetable. One of the Budget & Finance Overview & Scrutiny Committee's main areas of investigation has been to establish, as far as is currently possible, what that means for Brent and how the administration proposes to meet that challenge and take advantages of the opportunities.

The One Council Programme of improvement and efficiency projects is the main driver within the council's medium term financial strategy for delivering significant cost reductions. Projects within the programme aim to make changes to the way the council delivers services, responds to demand led pressures, delivers greater choice and drives efficiencies in a way that also enhances performance. The Committee's main interest in this programme has concentrated on its ability to generate significant savings.

The committee's remit includes:

- Participating in the budget setting process
- Assisting in the setting of the council's budget within the context of the Corporate Strategy and any other overarching partnership strategies.
- Supporting the longer term service planning of the council by focusing its discussions on the Medium Term Financial Strategy, the principles for budget setting, the robustness of the budget and the ability to deliver savings, key revenue budget outputs and decisions, and key capital budget outputs and decisions.

The Committee has three opportunities to make its views known to the administration and to the council as a whole. These are:

- **First interim report** prior to the draft budget
- **Second interim report**, which builds on the first report and includes recommendations on the draft budget prior to it being agreed by the Executive
- **Final report**, which builds on the second report and includes recommendations on:
    - the Executive's budget prior to it being debated at Full Council;
    - the budget process; and
    - the budget scrutiny process.

This is the final report of the Budget & Finance Overview & Scrutiny Committee and contains the Budget Panel's recommendations to executive members following the publication of the Executive's draft budget.

2. Recommendations

1. **That balances should be set at an adequate level which takes into strong consideration the council's major risk assessment and continuing internal/external financial pressures.**

2. **That the level of balances is reviewed at regular intervals and reported to non executive councillors to ensure that the levels are pertinent and stay relevant to our risks.**

3. **That non executive councillor's be provided in an accessible format, information on the council's major risk assessment with and explanation of how this links into the level of balances required.**

4. **That councillor's receive a regular update about progress in recovering funds from Icelandic Banks.**

5. **That the Budget & Finance Overview & Scrutiny Committee expresses its full support for the council's effort to ensure that the Census data is an accurate reflection of the boroughs population. We would like to ensure adequate resources are available to support the necessary activity including looking at best practice elsewhere and encouraging councillors to participate where possible.**

6. **That an Overview & Scrutiny Committee receives regular updates on the implementation and impact of the council's Lobbying Strategy.**

7. **That a fundamental policy-based review is undertaken of departments with the largest and most frequent overspends.**

8. **That a level of Departmental overspend of 5% will automatically trigger an appearance before the Committee of the Director of the Department and Lead Member to explain the overspend.**

9. **That in developing a new Capital Programme / Strategy the administration considers:**

    - **What elements of capital spend is non -optional e.g. spending for extra school places, maintenance on buildings.**
    - **In relation to highways expenditure a risk assessment is made of what the impact will be on insurance claims.**
    - **What capital grant be lost if we don't match fund it or spend it now**
    - **What is the impact of zero spend on IT infrastructure**
    - **More robust information provided on how the council intends to address the shortages of school places, particularly in regard to capital expenditure.**
    - **That achieving maximum revenue from our property assets is included within the new capital programme / strategy. This should include**

disposal of council assets, increasing usage/lets of council properties such as school buildings and information on how 'Locality Hubs' will be financed and maintained.

10. **That the council continues its work on procurement and achieving its savings as outlined in the One-Council programme.**

11. **That the Audit Committee reviews the Procurement Team's strategy to achieve VFM in light of the Audit Commission's recommendations.**

3. Methodology

The budget scrutiny process mirrors that of the budget setting process and started in July 2010. At the Committee's first meeting the then Director of Finance and Corporate Resources provided an overview of the medium term financial strategy and the main factors that would influence the budget setting process. This included detail of cost assumptions, recent government announcements, emerging service pressures and the budget timetable. The resulting discussion helped to inform the development of the committee's work programme and highlighted areas of investigation. So far the committee has taken the following evidence:

- The Director of Finance & Corporate Services & Deputy Director of Finance & Corporate Services – Regular updates on the budget process, budget gap, budget pressures and the future financial prospects for the council following the emergency budget and the Comprehensive Spending Review. The committee also received regular updates on government announcements and their likely impact on the council's budget and an overview of the Capital Programme.

- The Director of Strategy, Partnership & Improvement provided an overview of the One Council programme and projected savings.

- The Director of Housing & Community Care & Assistant Director of Community Care provided information on the Adult Social Care budget and forecast 2010/11, long term demographic pressures, and the transformation projects aimed at producing savings.

- The Director of Children & Families & Assistant Director of Strategic Finance & Assistant Director Social Care informed the committee about the departments current budget position, actions being taken to control the overspend, transformation projects aimed at savings and efficiency and pressures on the capital programme from government announcements and demand for school places.

- The Assistant Director of Policy & Regulation Environment & Culture & Assistant Director for Strategic Finance provided information on the departments current budget position, the proposed recovery plan for dealing with the departments overspend and future budget pressures.

- Councillor Ann John, Leader of the Council and Councillor Muhammed Butt, Lead Member for Corporate Resources attending to discuss the Comprehensive Spending Review, the First Reading Debate papers and set out the administration's approach to setting a robust budget

- The Head of Revenue & Benefits provided information on the projected impact of changes to Housing Benefits and information about wider welfare reform.

- The Head of Communications report on the council's developing Lobbying Strategy.

4. Discussion – The First Interim Report

4.0 The budget gap

4.1 The coalition government's intention to make reductions to the national budget deficit within one parliamentary term has meant that predictions around the council's budget gap have been considerably more complex this year than in previous years. At our first meeting in July 2010 we received a presentation outlining the medium term financial strategy. This set out the assumptions relating to resources available to the council, such as reductions to formula grant and inflation and predicted the budget gap for the next three years. Assuming a council tax rise of 0% a budget gap of £24.6m was predicted for 2011/12 after allowing for £6.2m of savings from the One Council Programme with a cumulative gap of £94.4m in 2014/15. The council would still have a sizable gap even with a 3% rise in council tax, £21.5m in 2011/12 with accumulative gap of £81.5m in 2014/15. These figures included the impact of the government's Budget on 22nd June 2010, which resulted in the council losing £6.85m in grants in year.

4.2 By the time we discussed the First Reading Debate report at our meeting in November the government had announced its Comprehensive Spending Review (CSR). Headlines from the review which related to local government included:

- an average7.1% per annum real term reduction in formula grant in the four years to 2015
- funding to freeze council tax in 2011/12
- a Housing Benefits cap – discussed later in this report
- a reduction in council tax benefit of 10% - this will be localised by 2013/14
- an additional £2bn by 2014/15 to support social care
- Increase in the cost of borrowing from the Public Works Load Board (PWLB) by an average of 1% more expensive

4.3 The First Debate report set out two differing scenarios for the budget gap. Firstly assuming a council tax rise of 0% the gap for 2011/12 was predicted to be £36.7m with a cumulative gap of £98.1m in 2014/15. The second scenario included the government's proposed freeze of council tax for 2011/12 and a 2.5% per annum increase after that. The gap would be £36.7m in 2011/12 with a cumulative gap of £90.2m by 2014/15. The full impact of the CSR in terms of local government settlement would not be known until December. Meanwhile concerns remained over what the impact of the new formula grant methodology would be.

4.4 The First Reading Debate Report also set out measures that were being taken to close the budget gap. These include:

- ensuring there is no deficit carried forward from 2010/11
- savings produced from the One Council Programme
- identifying additional savings – permanent savings identified as part of managing the 2010/11 budget ceasing or reducing the scope of some activities

4.5 One of the Budget & Finance Overview & Scrutiny Committee's key roles is to examine how robust and deliverable the budget is. One of our main concerns has been the level of balances particularly given the level of departmental overspends that have been reported to us over the last few months. In October the total overspend was reported to be £5.6m but by November it had increased to £7.1m. The Director of Finance and Corporate Services informed us that if no action was taken to bring finances back into line the council's balances would reduce to £0.5m which would be substantially below the target set in 2010 of £7.5 m, which is already at the lower end of the range recommend by the then Director of Finance and Corporate Resources. By the time of our December meeting we heard that the total overspend had been brought down to £4.1m. While we understand that continued improvement was expected members of the committee were keen to investigate the underlying reasons for the departmental overspend in Children and Families and Adult Social Care in particular. This is discussed later in the report.

4.6 Given that the council is legally obliged to maintain a reasonable level of balances we pressed the Director on what a reasonable level of balances would be. We were informed that the current level met the requirement, but an indicative level of balances of £12m - £15m would be desirable given the increased risks, future financial pressures and difficult times ahead. A possible policy option could be to use Council Tax grant to grow reserves rather than for temporarily bolstering spending levels. The committee believes that the council should look to increasing its balances to the suggested range referred to above and a number of mechanisms should be explored including that set out above. We would also like to see the risk assessment provided in an easily understandable format to ensure non executive members a better informed on this and have a clearer indication as to how the adequate level of balances arrived at and where the council's service risk lie for 2011/12.

4.7 One of the key components of the budget strategy is the One Council Programme and its aim to drive costs out of the base budget. To explore the ability of the programme to deliver significant savings and close the gap we invited the Director of Strategy, Partnership and Improvement to provide us with an overview of the programme. We heard that the programme was about providing services in a different more efficient way that would produce savings, though there was still an emphasis on improvement.

4.8 We heard that the programme was managed by the Programme Management Office with a Programme Management Board that agreed the business case for each project, monitors progress and ensure that savings are identified and delivered. At our September meeting we were informed that that the council was on target to meet the £4.5m savings required for 2010/2011 and that the Programme Management Board was undertaking a series of meetings to identify deliverable saving for 2011/12 onwards. The Committee asked for this to be reported to us when available.

4.9 The Director of Finance & Corporate Services provided this information in November. Key headlines included that for 2011/12 the One Council Programme would deliver £20.8m savings, which accounts for 57% of the savings required. This would leave a budget gap of £15.9m which was an improvement to that predicted in July. By 2014/15 the cumulated savings from the programme are predicted to be £43.9m which is 49% of the total required.

4.10 The committee explored how realistic the projected savings from the programme were and we were assured by the Director of Finance & Corporate Services that they were realistic and achievable. In projecting the savings the Programme Management

Board had been prudent but expected that in reality the savings total from the Programme would be bigger.

4.11 The Audit Commission highlighted procurement as an area that Brent needs to develop. The committee understands that the One Council Overview & Scrutiny Committee will be looking at this project in April as part of its oversight of the One Council Programme. As this project aims to take £16.6m out of the base budget by 2013 / 14 and there is huge potential for further savings we believe that additional focus should be placed on the financial aspects of the project and on achieving value for money. We would therefore recommend that the Audit Committee reviews the Procurement Team's strategy to achieve Value for Money in light of the Audit Commission's recommendations.

4.12 At the November meeting, as mentioned above, the residual budget gap was £15.9m. The committee questioned the Leader of the Council and the Lead Member for Corporate Resources about how this would be closed. The Leader of the Council informed us that the council could no longer deliver some services in the way it does currently. A fundamental review of activities was therefore underway. This was not just about stopping some non statutory services but would look at what we provide and how it is provided. We sought reassurance that decisions made about services would not disadvantage those in the more deprived parts of the borough. Councillor John acknowledged that there remained the need to address inequalities in Brent.

The Director of Finance and Corporate Services informed us that tough decisions will need to be made and Members would need to consider:

- things the council can stop doing
- things the council can do less of
- things that another organisation could do better
- things that can be done more efficiently

5.0 Budget Pressures

5.1 The Committee spent some time exploring the main budget pressures facing the council. We were not just interested in the short term issues but wanted to explore the longer term pressures, their implications and the measures that were being taken to address them. To do this we focussed on what was, until the council's recent restructure, the three largest spending departments.

5.2 We heard from the Director of Housing and Community Care that demographic changes resulting in rising demand and managing that demand was a key issue for Adult Social Care. Some of the demographic changes came from people living longer including those with long term illnesses and an increased number of clients moving from child to adult social care.

5.3 The service has previously overspent its budget in each of the last three years and at the time of the September meeting the 2010/11 budget was overspent by £3.5m. It was therefore clear that service needed to take an in depth look at the underlying reasons for this. The Director said that the identified issues include: people not being assessed quickly enough, services not being provided quickly enough and the services commissioning and procurement strategy needing to be reviewed. Given that, the service had been rated as good by the Quality Care Commission.

5.4 The department has responded to these issues by developing a number of projects to improve services and create savings. These included the Customer Journey

Project, the Direct Services Review and West London Commissioning. The Assistant Director Community Care told us that the aim of the Customer Journey project was to achieve a more efficient and leaner customer service that would improve consistency, performance and produce savings in staff costs and care packages. This would ensure that the council's assessment of substantial needs was being robustly applied. We were informed that the council might need to consider raising the requirement for care service to the highest level of critical. This would result in many people not being eligible for the services they currently receive.

5.5 The Direct Services Review is likely to result in a significant move away from building based services like Day Centres that were experiencing a fall in visitors. Instead services will be bought by clients from their personal budgets with the aim of making clients more independent and delivering choice. It was envisaged that this would result in significant capital and revenue budget savings.

5.6 We were told that the Adult Social Care West London Procurement Project had a number of work streams. It had started over two years ago and while it had proved slow to get started it was estimated that the homecare project would result in an estimated £900k annual saving for the council.

5.7 The Children and Families department had also faced demand pressures that had contributed to an overspend for 2010/11 estimated in October to be £3.2m. The Director of Children & Families told us that the child population of Brent was rising and the cases were becoming more complex. In addition deprivation had increased in Brent over the last three years. Until this year an invest to save programme had been successful in controlling spending levels and the number of looked after children had fallen until a very recent sharp increase.

5.8 The number of non looked after children being supported by the council was also rising. Since the Baby P case there had been a 25% to 33 % increase. This would increase both support and court cost.

5.9 The Children's Social Care Transformation Project aimed to address some of these issues while improving efficiency and producing savings. Work streams included: reducing the unit costs of residential units, increasing the number of in-house foster carers, reducing costs for post looked after children, and reviewing the work of the Crisis Intervention and Support team.

5.10 The Committee explored options for reducing the threshold for referral and the scope for working with other boroughs in attracting more in-house foster carers. We heard that lowering the threshold could present a risk and that other authorities were in competition with Brent Council when trying to attract foster carers.

5.11 We heard that £420k of the department's overspend was due to staff not being correctly budgeted for and that this is being addressed. A further £180k was due to photocopying costs and this would be addressed through the corporate photocopying contract. By our December meeting the department had been successful in reducing their projected overspend to £1.7m.

5.12 A perennial area of concern for the council is school places. The demand for places has continued to rise and by the time of our meeting in October there were 111 children without a school place. The council's capital programme has identified £26m to deliver an additional 10 forms of entry up to 2015/16 but funding has not been identified beyond that. The government is currently reviewing capital funding for schools so correctly predicting future demand for school places, though difficult, is increasingly important.

5.13 As previously highlighted by the Budget Panel the detrimental impact of underestimated Office of National Statistics population figures for Brent is an ongoing concern. The 2011 census would provide an opportunity to gather the necessary evidence to challenge their view. The Budget & Finance Overview & Scrutiny Committee would like to strongly support all efforts to ensure that Brent's population figures are captured accurately and correctly and ensure that adequate resources are available to support the necessary activity, including researching best practice from elsewhere. We would also like to encourage all councillors to participate in the process where possible.

5.14 The Environment & Culture department's main budget pressure was from decreased demand for income generating services relating to planning, land charges and street care licences. Parking revenue was down by approximately £60k largely due to the recession. This had resulted in an income shortfall of around £500k. In addition the department had lost £350k in area based grant. In October we heard that there was a forecasted departmental overspend of £850k.

5.15 In examining the departments recovery plan the committee heard that each unit within the department was set a target and would be accountable for achieving that target. The Assistant Director said that this approach had worked in the past and that there was no indication that the budget pressures would impact on service delivery. In November we heard that the overspend had reduced to £404k

5.16 Additional budget pressures and areas or risk emanating from the Comprehensive Spending Review include the withdrawal of the Carbon Reduction Scheme which would result in a £500k additional cost to the council and an increase in the cost of borrowing which will be 1% more expensive from PWLB.

5.17 Exploring this further the Director of Finance and Corporate Services told us that currently the council pays out around £25m per year in interest. Some significant reductions in interest payment had recently been achieved by repaying some long term borrowing with short term borrowing at a variable rate of 0.5%. Careful consideration always needed to be taken about how viable this is given the penalties for early repayment. Borrowing is carefully managed via the council's treasury policy and given the potential volatility of variable rates it was advisable to keep about 75% of borrowing at fixed rates. The council has adopted new treasury management advisors Arlingclose. We would like to ensure that the Audit Committee continues to have an overview of their strategy and that Councillors receive regular updates on the recovery of funds from Icelandic Banks.

5.18 Given the range of budget pressures Members of the Committee asked for a report on how the council could ensure that it had a strategic, co-ordinated approach to lobbying on issues that impact on the Borough. We heard from the Head of Communications that the following immediate priorities had been identified:

- Population estimates and council funding
- School places in Brent
- Building Schools for the Future / Academies
- Housing Benefit
- GPs and Health Services in Brent
- Local Government Finance
- Adult Social Care

- Regeneration, housing and employment

We also heard that the initiatives outlined in the report would form the basis of a Lobbying Strategy which would be discussed by the Corporate Management Team in October 2010. The Director of Customer and Community Engagement would have overall officer responsibility for implementing the strategy. While the committee understands that the administration would assume political ownership we would like to ensure that the strategy and its impact are regularly reviewed by an Overview & Scrutiny Committee.

6.0 The Capital Programme

6.1 The Capital Programme is a four year rolling programme which is updated each year. The current programme spans 2010 – 2013/14 but currently reflects the priorities of the previous Corporate Strategy so does need to be updated to reflect the new Borough Plan. We heard that key challenges for developing the capital programme were:

- To revisit the estimated sources of funding, taking into account:
  - the impact of the 2010 Comprehensive Spending Review, which would not become clear until after the local government settlement has been announced, and
  - the continuing impact of the economic downturn on other contributions such as reduced levels of S106 Agreement monies arising from a slowing of major development projects.
- The ongoing need to provide additional school places across the borough and address other school capital needs, particularly in light of the cancellation of the Building Schools for the Future (BSF) programme.
- To ensure that the up-dated capital programme delivers the council's key priorities within the resources available.

6.2 The main risk with the current programme is that borrowing costs increase each year at a time when revenue resources are falling. This means that a greater proportion of the council's revenue will be used to service debt reducing the amount that can be spent on delivering services. Options open to the council are to reduce the level of capital spend and look for other sources of funding such as using grant or developing more self funded schemes such as the Civic Centre project. In this type of scheme revenue savings made from, for instance, leasing and running office space would be used to service capital borrowing.

6.3 We heard that the impact from the loss of Building Schools for the Future was not yet known though the council does aim to spend its full allocation of the Basic Needs Safety Valve funding to get up to the basic number of places. It would also be possible to look within the council's property, such as Children's Centres, for suitable alternatives for school places though costs would need to be considered carefully. The Committee would like more robust information provided on how the council intends to address the shortages of school places, particularly in regard to capital expenditure.

6.4 The committee would like to ensure that achieving maximum revenue from our property assets is included within the new capital programme / strategy. This should include school buildings information on how 'Locality Hubs' will be financed and maintained.

6.5 The Budget and Finance Overview & Scrutiny Committee would recommend that in developing a new Capital Programme the administration considers the following:

- What elements of capital spend are non-optional eg spending for extra school places, maintenance on buildings.
- In relation to Highways expenditure a risk assessment is made of what will be the impact will be on insurance claims.
- What capital grant will be lost if we don't match fund it or spend it now
- What is the impact of zero spend on IT infrastructure
- More robust information is provided on how the council intends to address the shortages of school places, particularly in regard to capital expenditure.
- That achieving maximum revenue from our property assets is included within the new capital programme / strategy. This should include disposal of council assets, increasing usage/lets of council properties such as school buildings and information on how 'Locality Hubs' will be financed and maintained.

7.0 Projected Impact of Changes to Housing Benefits

7.1 The committee was keen to explore the impact on the council of the proposed changes to Housing Benefit and the risks that would need to be taken into account when setting the council's budget.

7.2 Though details about the new scheme and wider welfare reforms were still emerging we heard from the Head of Revenues and Benefits that the impacts could be categorised into short, medium and longer term.

7.3 *Short term impacts 2011- 2012/13* – Approximately 12,000 or around 80% of private tenants will experience a reduction in Housing Benefit. These tenants will either have to renegotiate their rent, move to cheaper accommodation or find a way to fund the shortfall. There is also likely to be movement of tenants into and out of Brent though it is difficult to predict the net effect of this at the moment. All of this activity will generate an increased workload for the Housing Benefit team who are already forecasting a 10% increase in workload for 2011/12 due to rising unemployment in Brent which is on top of the 20% increase experienced in 2009/10 and 2010/11.

7.4 There is likely to be an increase in the demand placed on Housing Services arising from homeless applications and a potentially reduced supply of private sector accommodation.

7.5 Increases in non dependent deductions will mean that over 5,000 claimants will receive less Housing and Council Tax Benefit. There is a risk that this will lead to increased arrears which will require greater recovery and enforcement activities and therefore costs may rise.

7.6 *Medium Term Impact 2013/4* – details about the localisation and the reduction of Council Tax Benefit by 10% in 2013 are yet to be clarified but implications may include changes to the exiting computer system, staff training, redesign of forms and some provision for some element of awards being locally funded. We heard that this will lead to additional operating costs.

7.7 *Longer Term Impact 2014-2017* – In the longer term the role of local authorities in administering benefits will fundamentally change. The council will continue to provide assistance with Council Tax liabilities, housing costs for tenants in temporary accommodation, supported accommodation and those of pensionable age. All other work age benefits will be administered nationally, though the department of Work and Pensions have indicated that there may be a role for local authorities in supplying face to face provision.

7.8 London Councils have indicated that the levels of Housing Benefit administration grant is will be reduced by an average of 27% over the next four years. We were told that the level of reduction for Brent is likely to be closer to 30% resulting in a reduction of about £300k in 2011/12 and 2012/13. Given this and the projected increase in workload an inescapable growth bid has been submitted as part of the current budget setting process.

7.9 We probed further about the actions being taken to deal with the changes. We heard that packages of advice and information would be available to landlords and tenants, practical measures for those at risk of homelessness would be developed and new policies and procedures would be put in place to ensure fair distribution of the Discretionary Housing Award.

8.0 Discussion Second Interim Report

8.1 The final phase of the Budget & Finance Overview & Scrutiny Committee's work was to examine the administration's draft budget and question the Deputy Leader Councillor Butt on key elements of the budget proposals. This section of the report outlines the key areas of our discussion. The committee did not agree any additional recommendations, though some minor amendments were agreed to those made in our First Interim Report. This report will now be forwarded to the Executive.

8.2 One of our key focuses was the level of risk to the budget, particularly given the level of savings required and potential changes in demand for social care services. Members raised a number of questions about the level of balances. We heard that Brent had relatively low balances in relation to other London boroughs, being 27th out of 32. The Director of Finance and Corporate Services advised the proposed contribution of £2.5m to the council's balances was prudent given the level of risk associated with delivering the ambitious savings target for 2011/12..

8.3 The committee discussed some of the assumption made in developing the budget, in particular the level of inflation. The budget assumes 2% while national levels of inflation are currently higher. We were informed that while the national level is likely to reduce, pressure needed to be applied by the council to keep contract costs down and achieve efficiencies. A number of contracts were currently being renewed and commercial principles applied. An example of this was the £1.2m saved when renewing the council tax collection contract with Capita.

8.4 Questions were asked about how savings could be achieved by working with other councils. We were advised that as well as the saving achieved via the West London Alliance in Adult Social Care procurement mentioned earlier in this report, work was currently taking place on Special Educational Needs, property and Adult Social Care transportation. Activity is both at sub regional level and across London.

8.5 Members of the committee raised questions around a number of specific areas including taxi card, the voluntary sector, street cleaning, the waste contract and youth services.

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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 4 on Brent's 2011/12 budget proposals.

2. DETAIL

2.1 The table to this Appendix summarises the budgetary implications for the council for 2011/12 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 2009/10 was £216k. The estimated figure for 2010/11 is £225k, against a budget of £235k. The slight underspend is due to some anticipated one-off costs not arising.

3.2.2 The 2011/12 budget is not yet available and is not expected before the Brent budget is set. We are currently assuming this budget will remain unchanged at £235k.

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 Brent's 2011/12 subscription paid to The Local Government Association has been set at £49k for 2011/12. This is a reduction of £12k from the 2010/11 subscription of £61k.

3.3.3 The London Councils' subscription covers a number of cross London bodies. Overall costs are set to reduce by 25% over the next two years. The 2011/12 subscription will be levied as follows:

	2011/12 £'000
London Councils :	
- Core	175
Total Main Subscription	175
London Government Employers	4
Total	**179**

The core contribution (which includes an element to cover the London 2012 Olympics) for 2011/12. This is a reduction of £44k from the 2010/11 level of £219kThe total Central budget for the subscription is £179k inclusive of £4k for Local Government employers charge. The London Connects element of the contribution will cease as of 2011/12. In addition to the above other service areas receive charges principally the London Councils grants scheme charge of £436k which is met by Housing & Community Care.

3.3.4 The subscription to London Councils for the 2012 Olympics (included in the core element) commenced in 2006/07, and will finish in 2011/12.

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 2010/11 Brent was classed as a 'Premium' authority and paid the highest level of fee which was £26k. The subscription to the unit included £20k 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 For 2011/12 Brent's subscription will remain unchanged at £26k.

3.5 WEST LONDON ALLIANCE

3.5.1 The West London Alliance is a cross-party partnership between a number of West London local authorities (the core authorities being Brent, Ealing, Hammersmith & Fulham, Harrow, Hillingdon and Hounslow), which aims to provide a collaborative service and a clear single voice by lobbying on behalf of the area's residents, service providers and business communities. The subscription for 2011/12 will total £30k.

3.6 COPYRIGHT LICENSING

3.6.1 The Copyright Licensing Agency licenses public and private bodies to photocopy and scan material from books, journals and periodicals. The actual spend in 2010/11 was £24k and we expect the charge for the 2011/12 subscription to remain at the same level.

3.7 External Audit

3.7.1 This budget relates to the work undertaken by the Audit Commission (AC) in relation to the statutory audit of the Council's financial statements. It is net of charges for inspections and grant claim audits which are charged out to service areas (which the AC charge by the hour and have pledged to keep the rates at 2010/11 levels). For 2011/12 the AC has declared a reduction in fees to reflect their new approach to Value for Money audit work and the general decrease in costs associated with the move to IFRS. Across the London Boroughs, this reduction is expected to average 10% on 2010/11 fees. The AC has published the proposed 2011/12 scale fees for Brent as £439k. Although a strong indication, this figure is liable to change to reflect the scope of the audit work carried out. A prudent budget for 2011/12 is £474k as this includes £15k to cover the operational costs of the audit process and a provision of £20k for any additional and necessary audit work carried out.

3.8 Corporate Insurance Policies

3.8.1 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 costs are £320k in 2010/11. Premiums for premises, contents and vehicles policies are charged to units and service areas. The central contribution to the cost of council-wide policies will be £340k for 2011/12. This figure excludes the much larger contribution to the self-insurance fund (Paragraph 10 of this section)

4 CAPITAL FINANCING CHARGES AND INTEREST RECEIPTS

4.1 These budgets are a direct result of borrowing to finance capital programme expenditure and are strongly influenced by external factors linked to the economy and the movement of interest rates. Members will be aware of significant changes in recent years and should also reference the Treasury Management Strategy included in Section 10 of the main report. They also reflect the overall level of the capital programme (see Section 9). 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 2011/12.

(b) Capital Financing Charges , which 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 underspent 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 continues to be a significant increase in the budget in 2011/12 and beyond.

4.4 The council is estimated to have £586m of long-term debt outstanding at 31st March 2011. This has been taken out for periods of up to 60 years with most for the debt maturing after 2050. The average interest rate on existing loans, following debt restructuring, is around 5%. Opportunities for debt restructuring remain limited as the current Public Works Loan Board arrangements mean that relatively expensive historic debt held by the Council cannot be repaid early without incurring significant premia, though the Council were able carry out a £50m debt restructuring in November 2010 . This is reviewed on a regular basis. Investments are estimated to average £10m during 2011/12, with an estimated average return of 0.5%, reflecting very low rates on new deposits. 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 2011/12 for interest receipts and capital financing charges is £25.359m inclusive of civic centre costs (2010/11 £22.989m). This significant variation is primarily due to the recent debt restructuring, use of short term loans and the impact of the capital programme. It is forecast that interest earned on deposits in 2010/11 will amount to £930k but that the estimate for 2011/12 is just £50k. Interest rates may rise during 2011 but this is dependent on the state of the national economy in 2011/12. 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 Levies estimated to be paid in 2011/12 are shown below.

	2010/11 Actual £'000	**2011/12 Estimate £'000**
Lee Valley Regional Park	294	288
London Pension Fund Authority	368	332
Environment Agency	192	191
West London Waste Authority – Fixed Cost Element	9,410	1,427
Levy Sub total	**10,264**	**2,238**
West London Waste Authority – Pay As You Throw element		6,968
	10,264	**9,206**

5.3 A council tax base for 2011/12 of 97,252 was agreed by General Purposes Committee on 25th January 2011 (an increase from 96,457 agreed for 2010/11). All the levies, (apart from the new West London Waste Authority Pay As You Throw charges which are calculated according to actual waste tonnages delivered for disposal) are calculated on each authority's relative tax base. This means that changes in levies paid by Brent may not be exactly the same as increases or decreases 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 are currently expected to decrease the total levy raised in 2011/12 by 2%.

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 for outer London boroughs was reduced by approximately 9% in 2011/12 compared to this year following legal advice received by LPFA. This enabled a reduction in the estimated future cost of claims for compensation arising from exposure to asbestos by former GLC employees.

5.6 Previously the LPFA notified the boroughs that there needed 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. LPFA planned to phase this extra amount in over a three year period. Its introduction was opposed by London Councils and the boroughs. The Department for Communities and Local Government (DCLG) are still discussing this proposal. LPFA have said they will not pursue this issue at the current time.

5.7 Environment Agency

For 2011/12 most flood defence 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 Environment Agency did not increase its total levy requirement for 2011/12. However, Brent's 2011/12 payment changed slightly from 2010/11 because of variations in Brent's council tax base compared to other boroughs..

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 solely according to constituent boroughs' council tax bases. From 2006/07 until this year the levy was based on tonnages delivered by Waste Collection Authorities (WCAs) in the last complete financial year – i.e. 2008/09 was used to set the 2010/11 levy. Tonnages above those charged for through the levy were invoiced separately. The budget was held in Streetcare. Other expenditure including civic amenity waste and administration continued to be apportioned to boroughs on their council tax bases.

5.10 WLWA are introducing a new levy mechanism from 2011/12. Waste will be charged according to the tonnages delivered to WLWA. This is being called a Pay As You Throw (PAYT) levy. Charges will vary depending on the type of waste sent for disposal with landfill waste costings £85.05 per tonne compared with organic waste which will be charged at £36.15 per tonne. There will be a separate charge for WLWA's fixed costs. These will be apportioned according to each constituent authority's council tax bases before the start of the financial year. The revised levy mechanism was approved by Brent's Executive on 15th November 2010.

5.11 WLWA decided to apply £6M out of balances in 2011/12 which are much higher than they anticipated partly because of decreased economic activity.

WLWA decided that this will be used just to reduce the fixed costs element of the levy whilst PAYT rates remain unchanged..

5.12 PAYT charges will vary according to the tonnages sent to WLWA for disposal. This is similar to the non-household waste tonnages where the budget is currently held by Streetcare except that PAYT charges relate to all tonnages not just tonnages above Brent's allowances as at present.

5.13 The other three levies and the previous WLWA levies do not vary after they have been set. However final PAYT charges will depend on actual tonnages delivered to WLWA in 2011/12. The figure for PAYT charges has been calculated according to tonnages estimated by Streetcare. This includes the operation of the new waste collection system for part of the year. As part of the budget process the budget for PAYT charges has been transferred to Streetcare – the same place as the budget for non-household waste charges in the current year (and previous years). Contingencies totalling £278k are being kept both centrally and within Streetcare in case actual waste tonnages in 2011/12 exceed the current estimate.

5.14 Reductions in waste tonnages have contributed to the decrease in WLWA levy costs for 2011/12 compared to 2010/11. This partly accounts for the unexpectedly high balances held by WLWA estimated at 31st March 2011. WLWA have decided to use balances to reduce the 2011/12 levies as mentioned above. This is likely to be a one-off decrease. Brent's levies to WLWA have increased by at least 10% every year since 2007/08. The WLWA report estimates increases in WLWA's budget of 10.5% in 2012/13 and 2.1% in 2013/14. Landfill tax is expected to continue to increase by £8 per tonne per annum. (Landfill tax will be charged at £56 per tonne in 2011/12).

5.15 It is possible that in future years WLWA may have to pay Landfill Allowance Trading Scheme (LATS) penalties if tonnages sent to landfill exceed WLWA's allowance which reduces each year. These penalties would have to be passed on to WLWA's constituent authorities. This could potentially cause a significant increase in future costs depending on future waste tonnages and methods of waste disposal. The importance of the council's recycling initiatives cannot be understated as a contributor to reducing costs.

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. The amount paid to pensioners is uplifted by the inflation rate applicable in the previous September in previous years this was the Retail Price Index (RPI) though we expect that the inflation measure to be used for the uplift in 2011/12 will be the Consumer Price Index (CPI) which was running at 3.1% in September 2010. For the last two years this budget has also included a £150k allowance for increases in charges by the London Pension Fund Authority for former Brent employees covered by previous pension arrangements now managed by the LPFA this cost is now expected not to be levied. A reduction in costs is also being made for pensioners who fall out of the pension scheme which is reflected in the current underspending for 2010/11. It is now estimated that a provision of £5.148m will be required in 2011/12.

7. REMUNERATION STRATEGY

7.1 The council faces a range of significant challenges in its approach to remuneration for its staff. These include 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.

7.2 The budget of £229k includes provision for support to deliver its workforce development plan including one-off pay protection, supplements for hard to fill posts, job evaluation costs and back-dated pay compensation.

8. SOUTH KILBURN DEVELOPMENT

8.1 Work on the regeneration of South Kilburn is continuing. The Council have entered into development agreements with two Housing Associations for three sites. Four development sites are now underway with a further five sites undergoing the design development process. One site will reach practical completion in September 2011 and 26 tenants will be decanted there. Following the Executive agreements reached in June and November 2010 to decant up to 8 housing blocks – the Council has now sought the Secretary of State’s consent to formally decant tenants of those blocks and will be required to find suitable alternative accommodation to those tenants who will be displaced. Spending on these sites for decant will now happen at a much more rapid pace (50 in 2011/12 and 220 in 2012/13) which will take into account the majority of the spend against the budget.

8.2 A European compliant Developer Framework is currently being procured, and discussions are advanced with the Homes & Communities Agency with regard to ongoing development funding arrangements. It is anticipated that over the coming year there will be a number of mini competitions in order to select partners from the framework to take forward the delivery of the residential sites. As receipts are secured the intention is re-invest these into taking further sites through the planning process.

8.3 Projected spending in 2010/11 will be in the region of £400k. This has been used to fund work on the decanting of residents, legal costs, independent advice for residents and other consultant fees. Provision of £900k has been made in 2011/12 to meet decant costs, negotiations with the preferred development partners, legal costs, specialist consultant advice and ongoing independent advice for residents.

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9. INVESTMENT IN INFORMATION TECHNOLOGY

9.1 The council has a range of needs for investment in IT to meet new requirements or upgrade existing systems. These range from upgrades 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. £820k in the 2010/11 budget has been 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. For 2011/12 this budget has been reduced to £520k and has now been transferred to the Finance & Corporate Services budget.

10. INSURANCE FUND

10.1 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 has insurance policies to limit the council's overall exposure to large scale catastrophic events. The authority has an excess of £309k 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.

10.2 The main strains on the Fund are as follows:

(i) Damage to Buildings

Building losses have averaged around £120k for the last 4 years.

(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. Insurers have also been seeking 100% of the damages from local authorities. 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. The number of claims now being presented remains at comparative levels to preceding 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 has dropped over the past three years but prudence states we cannot assume they will drop further.

10.3 The number of claims still remains relatively high. There is also an increase in the average cost of a claim for both tree roots and third party claims which means there is still significant pressures on the fund. A budget of £1.8m is recommended for 2011/12 and future years unchanged from the 2010/11 level.

11. CIVIC CENTRE

11.1 The Civic Centre is currently under construction and the costs of this budget have been incorporated into the Authority’s capital financing charges.

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12. WARD WORKING

12.1 The Ward Working Team of six 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.
- Identifying proposed actions, responsibilities and time scales with council departments and external partners..
- Reporting back to residents

12.2 To assist with this process, a budget of £850k was allocated in 2010/11. For 2011/12 the budget will remain at £850k. This includes a budget for each ward. In 2011/12 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. For 2011/12 responsibility for the budget will transfer to Customer and Community Engagement.

13. FREEDOM PASS SCHEME GROWTH

13.1 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.

13.2 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.

13.3 The overall concessionary fares budget for London in 2009/10 was £257.4m with £56.7m met from government grant and £27.0m met from rebates and the use of reserves leaving £173.6m to be met from London Authorities. The use of rebates meant that the Authority's contributions fell from £7.863m to £7.000m. 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 was kept at £7.863m in 2009/10, with £863k being put in reserve.

13.4 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 would 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.

13.5 In 2010/11 the government issued a revised formula for allocating the concessionary fares special grant which saw London's grant would fall by £30.2m from £58.3m to £28.1m. The combined effect of the loss of grant and the phased introduction of the revised charging mechanism led to an increase in Brent's contribution to £10.035m. The costs of the Freedom Pass are met within the Adult Social and the 2010/11 contribution was funded by their existing budget of £7.863m plus £863k held in reserve from the underspend in Adult Social Care's concessionary fare budget for 2009/10 and the contribution of £1.309m held centrally.

13.6 As part of 2011/12 and 2012/13 settlement government made two changes to the way concessionary fares are funded. The first was a transfer of responsibility for administering concessionary fares from shire districts to shire counties and the second was the rolling up of the specific grant into formula grant In order to reflect these changes in the formula grant there was a transfer out of monies from shire districts (lower tier authorities) and a transfer in to shire counties (upper tier authorities). London has both upper and lower tier responsibilities so its authorities saw changes to the way it received funding as part of the funding formula. As a consequence London boroughs saw a proportion of the £28.1m of specific grant transfer into their formula funding. In Brent's case the increase was £1.594m.

13.7 For 2011/12 the cost of concessionary fares has increased to £13.767m from £10.035m an increase of £3.732m of which £1.594m relates to the change in funding arrangements. The rest of the increase of £2.138m relates partly to the completion of the phasing in of the revised charging mechanism based on usage and mainly to the costs of travel in London. TfL and the London Boroughs (through London Councils) entered into a multi-year agreement in 2004 on the amount TfL received for the Freedom Pass, and from April 2008, agreed an additional payment for National Concessionary Permit use. This agreement covered the period to 2009/10. Discussions took place in early 2009 with the London Boroughs on the principle of adopting a new five year deal which was agreed at officer level and endorsed by the Mayor in February 2009 as the first year of a new five year deal running to 2015. This agreement was based on the assumption of annual fare increases of RPI plus 1% from January 2010. The actual fare increase was above this on average, bus fares rose by 12.7% and tube fares by 3.9% and the settlement was some £12m less than TfL might have claimed had the actual fare package been used. At the end of last year the Mayor withdrew from this agreement and London boroughs are now faced with the full costs of meeting the increases. For future years the assumption is that fares will increase by 4% and that there will be 1.5% increase in the volume of journeys as more people qualify for concessionary fares. In addition due the volatility of transport costs an additional contingency of £500k has been built into the forecast for 2012/13.

14. AFFORDABLE HOUSING PFI

14.1 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 previous 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.

14.2 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 reached financial close on 6th July 2010 and secured the delivery of a further 169 units. The costs of both phases should be containable within the budget provision. The PFI contractor has completed construction of 87 properties and one residential care scheme comprising 15 bed spaces. Steady progress is being made to construct the remaining properties 277 properties and a further residential scheme comprising 5 bed spaces by the end of August.

14.3 However, there is a significant risk to the council's ability to support the modelled rents to be applied for the properties as result of the housing benefit subsidy controls that to be introduced in April 2011. Representations have been made to the Department of Work and Pensions to apply an exemption to the application of the housing benefit controls and a decision is pending. The

Council is working with the Contractor to review the application of modelled rents during the contract in the event the exemption cannot be applied.

14.4 The council will incur costs related to delivery of Phase 2 and this will be met from the provision of £1,159k in 2011/12.

15. COUNCIL ELECTIONS

15.1 This is a budget to cover the costs of the 2014 local elections, a budget of £100k will be provided for each year and rolled up into a reserve which can be used to pay for the elections. It will also cover any costs of by-elections up to the time of the next local elections.

16. CARBON TAX

16.1 The Carbon Reduction Commitment (CRC) Energy Efficiency Scheme is a new mandatory UK-wide scheme that is designed to incentivise large public and private sector organisations to take up cost-effective energy efficiency opportunities through the application of reputational and financial drivers. Organisations will be required to purchase credits to cover CO_2 emissions for any given year. Monies are to be retained by the government to support public finances and environmental initiatives. The estimated cost to Brent at this time is £432k for 2011/12 although this will not be payable until 2012/13.

17. NEW HOMES BONUS

17.1 The government is introducing a new grant from 2011/12 called the New Homes Bonus Grant. The objective is to provide an incentive to local authorities to increase housing supply in their area by providing a financial reward equal to the national average for the council tax band for each new additional property, payable for six years as a non ringfenced grant. Therefore councils would receive a double benefit from each new home, with the additional council tax due plus the reward grant. There will also be payments for long term empty properties brought back in to use, and an additional payment for each new affordable home (£350 per home - to be confirmed).

17.2 However this new grant will largely be funded by taking money out of the formula grant settlement. In effect this means that authorities with a below average number of new homes will lose out, and those with above average will gain. The government has indicated though that there will be additional money from the abolition of the Housing and Planning Delivery Grant, which will fund the cost in the first year (2011/12) and a falling proportion up to 2014/15.

17.3 The 2011/12 grant will be based largely in changes in property numbers between September 2009 and September 2010. During this period the increase in properties in Brent was slightly above the national average, so in a normal year the net increase in grant after taking account of reduction in formula grant would not be large. However if the grant is fully funded in the first year, Brent would gain approximately £1.25m. Final allocations will not be known until February 2011.

17.4 The grant will be paid for six years and will be cumulative. Therefore if the growth in properties in Brent were to be replicated for each of the next 5 years, by year 6 the grant for Brent would be £1.25m multiplied by six (i.e. £7.5m). However the formula grant payment would be reduced, so there would only be a net benefit if the rate of growth was above the national average. From the seventh year, properties built in the first year one would drop out from the calculation, and be replaced by those built in the seventh year.

17.5 With the developments in Wembley in particular there is a reasonable likelihood that Brent's increase will exceed the national average during this period, particularly for the earlier years. There was an increase of 718 properties between October 2009 and October 2010. Between September 13 2010 (the date used for the 2010 figures) and January 17 2011 there has been a further increase of 306, so for this short period at least the growth in numbers has accelerated.

18. REGENERATION

18.1 As part of Brent's regeneration strategy the Authority is striving to exploit opportunities to address social, economic and environmental need in the Borough through reducing unemployment levels, increasing income levels, and promoting measures to retain this wealth within the local economy. It is focusing on reducing the gaps between Brent's most deprived communities and the rest of London and in particular on the neighbourhoods of South Kilburn, St Raphaels / Brentfield, Roundwood, Church End, Stonebridge, Harlesden and taking positive action to prevent other areas falling into decline. It is also trying to ensure that there is substantial benefit from the regeneration of the Wembley area. It is therefore taking advantage of the additional monies from the New Homes Bonus and investing £1.25m in this budget, in line with a key priority in the Borough Plan.

19. REDUNDANCY COSTS

19.1 As part of the Authority's One Council Programme a number initiatives are in train to rationalise and improve the Council's services and meet savings required by central government. From the end of 2009/10 and over 2010/11 the Council has been reviewing staffing and structures with a view to reducing the number of management posts, increasing managerial spans of control and improving the ratios of front line to support staff. Over 2010/11 this has seen the loss of 300 posts. This has been achieved through the deletion of vacant posts, reductions in the number of agency staff, a voluntary redundancy scheme and some compulsory redundancies. This process will continue into 2011/12 and the Council needs to make provision for any redundancy and severance costs in the year as well as providing for the additional costs to the pension fund of any staff in 2010/11 who have been made redundant and taken early retirement, these costs are usually spread over three years. For 2011/12 the Council has provided £6.354m to cover these costs. This includes using £2.585m of Council Tax grant to be received by the authority if it does not increase its council tax in 2011/12.

20. PROCUREMENT INCOME

20.1 From July 2010 Brent entered into a new contract with Commensura as the main provider of agency staff replacing Matrix. A proportion of the agency staff savings accruing from this contract are held centrally. In addition there are also a number of rebates received for other procurement arrangements. In total the level of income in 2011/12 is forecast to be £480k.

21. SCHOOLS REFURBISHMENT

21.1 The Council received notification in December 2009 that it had been successful in getting accepted onto the Government's Building Schools for the Future (BSF) national programme with potential investment from government of around £85m in the first instance to rebuild or remodel four Brent secondary schools. In the current medium term financial plan the Council had set aside £1.5m in 2011/12 for programme management costs that the Council would incur to set up an in house team and provide for external financial, technical and legal advisers as required. However, following the General Election the government re-evaluated BSF and withdrew its commitment to Brent in July.

21.2 At present we have no indication from Central Government of a replacement programme for BSF. However, resources are still required to manage the current schools capital programme including its asset management plan, feasibility and development costs as well programme management costs and so £1.5m budget has been set aside for this purpose.

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ANALYSIS OF CENTRAL ITEMS 2011/12 -2014/15

	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
Coroners Courts	235	235	235	235
LGA	49	49	49	49
London Councils	179	170	170	170
LGIU Subscription	20	20	20	20
West London Alliance	30	30	30	30
Copyright Licensing	24	24	24	24
External Audit	474	474	474	474
Corporate Insurance	340	360	380	400
Capital Financing Charges	25,359	26,563	27,603	29,104
Levies	2,238	3,089	3,986	4,973
Premature Retirement Compensation	5,148	5,277	5,409	5,544
Remuneration Strategy	229	229	229	229
South Kilburn Development	900	1,500	1,500	1,500
Insurance Fund	1,800	1,800	1,800	1,800
Freedom Pass Scheme Growth	0	1,257	2,083	2,955
Affordable Housing PFI	1,159	1,188	1,217	1,248
Council Elections	100	100	100	100
Carbon Tax	432	432	432	432
New Homes Bonus	(1,250)	(1,250)	(1,250)	(1,250)
Regeneration	1,250	1,250	1,250	1,250
Redundancy and Restructuring Costs	6,354	6,354	6,354	6,354
Procurement Income	(480)	(480)	(480)	(480)
Schools Refurbishment	1,500	1,500	1,500	1,500
Other Items	80	80	80	80
TOTAL	**46,170**	**50,251**	**53,195**	**56,741**

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COUNCIL TAX PROPERTY VALUATION BANDS

Council Tax is a property based tax on the classification of properties into 8 bands depending on the value of the property as at 1st April 1991.

		Rate of Tax
A	Up to £40,000	6/9
B	£40,001 to £52,000	7/9
C	£52,001 to £68,000	8/9
D	£68,001 to £88,000	9/9 or 1
E	£88,001 to £120,000	11/9
F	£120,001 to £160,000	13/9
G	£160,001 to £320,000	15/9
H	More than £320,000	18/9 or 2

Different rates of tax will apply to each band so that properties in Band A will pay 1/3 of the tax of a property in Band H. Band D is the middle band and is used to express the tax base of the authority.

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COUNCIL TAX AND NNDR INSTALMENT DATES AND RECOVERY POLICY

Introduction

There are 110,000 domestic properties within Brent and the Revenues service is responsible for collecting Council Tax due for each of these properties. The Revenue generated from Council Tax collection forms a significant proportion of the Authority's overall Revenue budget and as such we recognise our responsibility to maximise collection to protect the overall financial health of the Authority. We also recognise the diverse nature of Brent as a Borough, with pockets of affluence and large areas of deprivation. We aim to take account of differing customer needs and circumstances and to reflect these in our policies for recovering Council Tax. In overall terms, we aim to deal robustly with those who are wilful non payers and to deal sensitively with those who are willing to pay but are experiencing difficulties in doing so and to ensure that payment arrangements are fair. All recovery action will be in line with the Revenues and Benefits Anti Poverty policy, which seeks to ensure that entitlement to benefit is identified wherever possible and those with genuine hardship have the opportunity to discuss and review their payment arrangement.

1. COUNCIL TAX INSTALMENT DATES

1.1 For 2011/12, the instalments will be due on the following dates:

(a) Direct Debit payers

1st, 12th, 17th, or 28th; depending on the date selected by the Direct Debit payer. If no date is selected, the instalments will be due on the 1st. Instalments commence on the selected date in April and end in January 2012.

(b) Non Direct Debit payers

First instalment on the 1st April 2011, then on the 1st of each month to 1st January 2012.

2. NNDR INSTALMENT DATES

2.1 For 2011/12, the instalments will be due on the 1st of each month from 1 April 2011 to 1 January 2012, a total of 10 instalments.

3. BRENT POLICY FOR COUNCIL TAX RECOVERY

3.1.1 The following documents are currently used for Council Tax Recovery up to bailiff stage:

- Reminder (s)
- Summons for a Liability Order Hearing

- Pre Bailiff Letter including a means enquiry form and debt leaflet giving help and advice if customers are in debt

3.1.2 **Summons for a Liability Order Hearing**

This document is issued in accordance with legislation. Summonses are issued under regulation 34 (2) and 14 days must have elapsed between the Summons Service and the hearing. (SI 1998/295).

Note that the summons contains all the requirements of a legal summons. It also contains notification that summons costs of £90.00 have been incurred and that the payment must include the costs.

3.1.3 **Inserts enclosed with a Summons**

Two inserts are included with the summons one has been designed to answer many of the questions that are often asked when summonses are received by the Taxpayer. It also incorporates a direct debit form that can be completed offering a payment arrangement. This form can be completed and returned to the Revenues and Benefit Section for a standard arrangement.

The other insert provides details of available debt advice and agencies that can assist.

3.2 **Policy for inhibiting Summonses**

3.2.1 A pre-summons vetting stage currently exists. This additional process has been established to ensure that Taxpayers are not summonsed whilst they have genuine outstanding matters with us. The vetting stage is undertaken by Capita. A pre summons list is produced containing the names and addresses of potential summons cases. The list is then cross checked against the items of work appearing in workflow including outstanding benefit claims, benefit appeals, complaints and Council Tax correspondence. Where appropriate a summons is not issued giving the Benefits Department/Capita and the Claimant/Taxpayer time to resolve the enquiry.

3.2.2 This process does not mean that a summons cannot be issued to a taxpayer that has an outstanding matter with us. A summons will still be issued in the following circumstances:

a) there has been a delay by the taxpayer in providing the necessary supporting documentation with their benefit application or information required to assess the claim

b) the taxpayer is late in making an application and therefore all the arrears would not be cleared by an award of benefit

c) where it appears that there will not be any or full entitlement to benefit

d) the issue raised is frivolous with the intention of delaying the payment of Council Tax

e) the issue raised is not connected to the Council Tax liability.

3.2.3 In accordance with the Anti Poverty strategy any accounts where the tax payer has been identified as vulnerable will usually be excluded from summons action. Where appropriate a summons will be issued to enable recovery from Income Support and Job Seekers Allowance. Summons costs will be reviewed in these cases.

Potentially vulnerable customers include:

- Customers who are 80 years or more in age
- Customers with physical disabilities that significantly impair their mobility
- Customers who may find it difficult to manage their own affairs because of mental health difficulties or substantial literacy difficulties.
- Homeless customers
- Customers with sensory impairments

3.3 Summons Arrangements

3.3.1 Once a taxpayer has been summonsed they will be offered the opportunity to contact the Council to make an arrangement. Should contact be made they will be offered any of the following arrangements.

3.3.2 Normally pay by three equal monthly instalments. This can be paid by cash or cheque to the Council. This arrangement must include summons and liability order costs of £120.00.

3.3.3 As Direct Debit is the preferred payment method arrangements by Direct Debit can have a greater number of monthly instalments. This arrangement must include total costs of £120.00, which includes those for a liability order.

3.3.4 Consideration will be given to extending payment arrangements and re-instating instalments where severe financial hardship is demonstrated. This extension is at the discretion of the Recovery Team.

3.3.5 Customers who have multiple Liability Orders will be given the opportunity to agree an affordable payment agreement, to cover all outstanding arrears. This may be subject to completion of a means enquiry form.

3.4 Attachment of Earnings Orders

Where employment details are available for taxpayers at any stage from a liability order being obtained to the point where bailiff action is commenced, an attachment may be applied. It may also be applied after a case has been returned by the bailiff if a debt remains outstanding. Deductions are made in accordance with current legislation, which determines the appropriate percentage of the individual’s salary giving the amount that may be deducted. Employment details are always asked for before any payment arrangement is agreed so that in the event of the customer defaulting on the arrangement the balance can be collected by deductions form the customer’s earnings.

3.5 **Benefit Deductions**

A Liability Order must be obtained before deductions can start.

Benefit deductions can be applied to state benefits such as Income Support, JSA and Employment Support Allowance, where the account is closed or there is no ongoing liability as the debtor is in receipt of 100% Council Tax Benefit for current year debt.

In vulnerable cases (outlined in 3.2.3), deductions from benefit may be made. The Council Tax Office has liaison arrangements with Social Services and other welfare agencies to help identify vulnerable individuals and ensure that their situations are taken into consideration.

3.6 **Pre Bailiff Notice**

3.6.1 This notice is a personalised notice issued within the first week following a Liability Order hearing. It is issued to all Taxpayers who have failed to pay in full or make an arrangement for payment, and where other methods of recovery are not appropriate. The notice advises the Taxpayer that the account will be passed to the bailiff within the next 14 days for collection if no arrangement is made to clear the balance or the account is not paid in full. The back of this notice gives details of charges connected with the process of the bailiff removing, or threatening to remove goods, in order to enforce a debt, known as Distress. Information is also given in relation to total costs, which includes the summons and liability order costs. An arrangement for payment can still be made at this stage. Inserts are also enclosed giving debt advice, requesting information in respect of employment or benefit entitlement. A means enquiry form is also enclosed for completion by the tax payer if they require an extended arrangement.

3.6.2 The Pre Bailiff notice is also issued to Taxpayers defaulting on arrangements where a liability order has previously been granted.

3.6.3 In practice there is a big response to this notice. Capita will deal with enquiries before bailiffs are instructed.

3.7 **Bailiff Action for Council Tax**

3.7.1 The following cases will be subject to Bailiff action following the issue of the pre-bailiff notice:

(a) No payment arrangement made

(b) Taxpayers defaulting on existing arrangements

(c) No contact made

3.7.2 The Bailiff operates under the Association of Civil Enforcement Agencies Code of Conduct.

The bailiff may make charges in accordance with the Regulations.

The bailiff has discretion to make arrangements. He/she is requested to return the Liability Order back to the council within three months if he/she is unable to collect unless otherwise authorised.

3.7.3 The bailiff firms currently used are authorised by the London Borough of Brent for both Council Tax and NNDR are:

(a) Newlyn Collection Services Ltd

(b) Equita

3.8 Bankruptcy, Charging Orders and Committal to prison

In cases where all other recovery methods have failed we will seek to obtain a charging order, bankruptcy order or to seek the Taxpayer's committal to prison. Which course of action is taken will depend upon individual circumstances and their payment history.

3.9 Other Methods

During 2010/11 other methods have been trialled to assess their effectiveness in collecting unpaid Council Tax. This includes outbound telephoning and visits to those properties where there have been no payments for greater than 3 months with comparisons made between the various methods. It has shown that the most successful is outbound telephone calling, this method will be expanded to supplement the other recovery options detailed previously.

3.10 Customers who are identified as experiencing financial hardship

The Anti Poverty Policy was devised to assist customers who are experiencing financial difficulties and as a result are having problems either paying their Council Tax arrears or adhering to their current year instalments. It came into force on 1st April 2007.

If a customer contacts the Council advising they have financial difficulties, we will review their outstanding balance(s) for Council Tax. Customers will also always be encouraged to consider applying for Council Tax Benefit and other Discounts and Exemptions, they may qualify for. Where potential entitlement is identified payment arrangements will be made pending assessment of benefit to ensure arrears do not increase. These may need to be reviewed if Council Tax Benefit is awarded.

If a customer contacts the Council following a recovery notice and advises that they cannot meet the payment demanded, consideration will be given to reinstating and extending their instalments. Where a customer indicates that they will require longer than 6 months to repay arrears or they are unable to meet their in year liability by 31st March, the case will be passed to the Capita Recovery team for consideration.

3.11 **Fast Tracking Benefit Enquiry**

Where a Taxpayer makes a late application for Council Tax Benefit after recovery has started or provides information enabling their claim to be assessed then the assessment will be fast tracked. This means the case will be passed to a benefit officer who will attempt to assess the claim within 24 hours. This could mean a case is put into payment or a request for further information is made to the claimant or the claimant is advised they have no entitlement to Council Tax benefit.

4.0 BRENT POLICY FOR NNDR RECOVERY

4.1 The following documents are currently used for NNDR up to bailiff stage:

- Reminder (s)
- Summons for a Liability Order Hearing

4.2 **Summons for a Liability Order Hearing**

This document is issued in accordance with legislation. Summonses are issued under the Collection and Enforcement Regulations (SI 1989/1058) and 14 days must have elapsed between the Summons Service and the hearing.

Note that the summons contains all the requirements of a legal summons and also contains notification that summons costs of £140.00 have been incurred and that the payment must include the costs.

4.3 **Bailiff Action for NNDR**

4.3.1 The following cases will be subject to Bailiff action

(a) No payment arrangement made

(b) Taxpayers defaulting on existing arrangements

4.3.2 The Bailiff operates under the Association of Civil Enforcement Agencies Code of Conduct.

The bailiff may make charges in accordance with the Regulations.

The bailiff has discretion to make arrangements. He/she is requested to return the Liability Order within three months if he/she is unable to collect unless otherwise authorised.

4.3.3 The bailiff firms currently used are authorised by the London Borough of Brent for both Council Tax and NNDR. They are:

(a) Newlyn Collection Services Ltd

(b) Equita

4.4 **Bankruptcy, Charging Orders and Committal to prison**

In cases where all other recovery methods have failed we may seek to obtain a charging order, bankruptcy order or to seek the Taxpayer's committal to prison. Which course of action is taken will depend upon individual circumstances and their payment history.

5.0 Liability Order Costs

5.1.1 Summons costs are applied for when the Complaint is laid and the costs are put on the account shortly after this. Both the summons and the summons insert give details of these costs. These summons costs will only be cancelled if the summons is withdrawn or in special circumstances where the costs are waived. Summons costs for Non-Domestic Rates are £140 and for Council Tax £90.

5.1.2 Liability Order costs for both council tax and non-domestic rates are £30.00. They are incurred when a Liability Order is granted. These costs can be asked for at Court even where the remaining balance outstanding relates to costs only. Taxpayers who therefore pay before the hearing date without settling Summons Costs may incur a further £30.00. Liability Order Costs will be applied for all cases where a balance remains outstanding on the Court list.

6.1 **Policy Review**

6.1 This policy document reflects the current initiatives employed and is not prescriptive. It is recognised that policies and the wording of documents are subject to change to meet changing circumstances and legislation. Any review of the Anti Poverty is likely to also impact on this policy.

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	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
Service Area Budgets (SABs)					
Children & Families	60,145	57,703	57,703	57,703	57,703
Environment and Neighbourhood Services	48,859	42,567	42,567	42,567	42,567
Housing and Community Care					
- Housing	27,665	23,091	23,091	23,091	23,091
- Adults Social Care	88,288	92,361	92,361	92,361	92,361
Business Transformation	10,441	0	0	0	0
Central Units & Regeneration & Major Projects	8,738	11,143	11,143	11,143	11,143
Finance & Corporate Services	6,613	13,864	13,864	13,864	13,864
Total SABs	**250,749**	**240,729**	**240,729**	**240,729**	**240,729**
Savings					
One Council Programme Savings	(6,729)	(31)	0	0	0
Total Savings	**(6,729)**	**(31)**	**0**	**0**	**0**
Cost Pressures for Service Areas					
Cost Pressures	0	2,000	8,000	14,000	20,000
Inflation Provision	300	2,520	7,470	13,570	20,970
Performance Reward Grant	2,100	0	0	0	0
Total provision for Cost Pressures	**2,400**	**4,520**	**15,470**	**27,570**	**40,970**
Other Budgets					
Central Items	51,035	46,170	50,251	53,195	56,741
Area Based Grant	(28,578)	0	0	0	0
Government Grants Unallocated		(23,414)	(24,155)	(24,155)	(24,155)
Council Tax Grant	0	(2,585)	(2,585)	(2,585)	(2,585)
Estimated Performance Reward Grant	(2,000)	0	0	0	0
Contribution to/(from) Balances	(1,408)	2,500	0	0	0
	19,049	**22,671**	**23,511**	**26,455**	**30,001**
Total Budget Requirement	**265,469**	**267,889**	**279,710**	**294,754**	**311,700**
Plus Deficit on the Collection Fund	1,162	1,006	0	0	0
Grand Total	**266,631**	**268,895**	**279,710**	**294,754**	**311,700**

			2012/13	2013/14	2014/15
Scenario - Council Tax increases at 0%, 2.5% and 3.5%					
Budget Gap at 0%, 2.5% and 3.5% Council Tax Increase					
Reductions required to achieve council tax increase of 0% in each year			**(23,624)**	**(40,243)**	**(68,559)**
Reductions required to achieve council tax increase of 2.5% in each year			**(21,044)**	**(35,001)**	**(60,578)**
Reductions required to achieve council tax increase of 3.5% in each year			**(20,008)**	**(32,872)**	**(57,280)**
Inclusive of One Council Savings			**(13,873)**	**(24,319)**	**(24,319)**

	2010/11 £'000	2011/12 £'000	2012/13 £'000	2013/14 £'000	2014/15 £'000
Formula Grant	**164,489**	**165,911**	**152,845**	**151,011**	**139,383**
The Formula Grant has been calculated based upon best estimates within the Spending Review					
Council Tax Calculation for 2.5% increases					
Brent Council Tax Requirement 96,457 in 2010/11, 97,252 in 2011/12 and assuming 0.25% increase for future years.	**1,058.94**	**1,058.94**	**1,085.40**	**1,112.58**	**1,140.39**
% Increase in Brent part of CT	**0.0%**	**0.0%**	**2.5%**	**2.5%**	**2.5%**
Balances					
Balances Brought Forward	**8,908**	**7,261**	**9,761**	**9,761**	**9,761**
Underspends/(Overspends)	**(239)**	**0**	**0**	**0**	**0**
Contribution to/(Use of Balances)	(1,408)	2,500	0	0	0
Balances Carried Forward	**7,261**	**9,761**	**9,761**	**9,761**	**9,761**

Cost Centre Code	Budget Description	2010/11 Schools Budget	Original Mainstreamed Grants	Additional Reduction in Centrally retained Items Passed to Schools	Pupil No. Growth Contingency	Contribution to Deficit Recovery	2011/12 Schools Budget
		£	£	£	£	£	£
	ISB (Excluding 6th Form)	175,309,097	30,995,505	2,344,381	449,000	-880,000	**208,217,983**
AA00	SEN Developments	188,119					**188,119**
AC10	Educational Psychology	162,850					**162,850**
AC42	Children with Disabilities	182,759					**182,759**
AC65-AC71	Recoupment & Other SEN Placements	8,092,191					**8,092,191**
AC70	Recoupment Income	-814,758					**-814,758**
AC74	Provision for Disabled Pupils	121,124					**121,124**
AC75	Statemented Pupils in IB Mainstream	741,246					**741,246**
AC76	Educational support for children with Medical Needs	56,551					**56,551**
AC80	E Years - Area SENCOs for PVIs	185,305					**185,305**
AC81	SEN Transport	477,000					**477,000**
AC90	Schools Causing Concern	184,801					**184,801**
AE41	SEN & Inclusive Education	99,794					**99,794**
AG21	Behaviour Support - Key Stage 4 PRU - Poplar Grove	620,955					**620,955**
AG22	New PRU Key Stage 3/4 - Church Lane	555,735					**555,735**
AG23	Behaviour Support - Key Stage 3 PRU - Stag Lane	646,956					**646,956**
AG25	Intervention - Non PRU support	136,362					**136,362**
AG27	Day 6 Exclusion	115,429					**115,429**
AG30	Brent Education Tuition Service	1,655,442					**1,655,442**
AH03	Gordon Brown Outdoor Education Centre	50,000					**50,000**
BE04	FSS LAC Education Team	332,855					**332,855**
BG01	Educational costs of Social Care placed children	418,610					**418,610**
CB10	Early Years Management & Advisory Teachers	575,977					**575,977**
CB26	Harmony CC support for vulnerable children	99,019					**99,019**
CB32	Willow's Centre CC - Vulnerable children support	423,842					**423,842**
CB42	FSS Treetops Nursery - Vulnerable children support	354,586					**354,586**
CB50	Early Years Payments - NEG	2,869,010					**2,869,010**
CC51	Speech & Language Therapy	346,107					**346,107**
CD30	Early Intervention Team	759,000		-359,000			**400,000**
DK04	Maternity & Jury Service	351,224					**351,224**
DK06	Schools Forum	33,693					**33,693**
DK07	Subscriptions	65,344					**65,344**
DK08	Statemented Pupils Contingency	1,309,324					**1,309,324**
DK09	Rising Rolls Contingency etc	629,957					**629,957**
DK41	Out of School - Pupils Without a Place	997,518					**997,518**
DK45	School Admissions	795,766					**795,766**
	Schools energy Adviser	45,000		-45,000			**0**
	Playing For Success Grant				81,000		**81,000**
	Mainstreamed Grants Centrally retained		3,421,347	-1,940,381			**1,480,966**
	Central Budgets Savings - Contribution to deficit recovery					-150,000	**-150,000**
	Deficit Recovery Contingency				470,000	1,030,000	**1,500,000**
	Total Expenditure	199,173,789	34,416,852	0	1,000,000	0	**234,590,641**
DM10	DSG Grant Income	-199,173,789	-34,416,852		-1,000,000		**-234,590,641**
	Net Budget	0	0	0	0	0	0

NOTES:

Pupil No. Growth based on prudent pupil forecasts. If Pupil growth is greater than forecast growth of 150 then the amount passed onto to schools would increase by the standard AWPU rates multiplied by the additional pupils. Similarly if pupil number growth is less than the forecast the amount passed onto schools would correspondingly reduce.

Sixth Form funding is excluded from the above figures. The amount of sixth Form funding provided by the YPLA is passed on directly to schools with no adjustments and will be added to the ISB line shown above.

The amount shown for grants to be mainstreamed is based on the DfE's latest high-level announcement; further work is being undertaken to finalise the correct figures with the DfE and the figure shown may be subject to change.

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Appendix I (ii)

DRAFT
Brent Schools Forum

Minutes of the 41st Schools Forum held on Monday 31st January 2011 at Manor School

Attended by:

Members of the Forum
Governors
Mike Heiser (MH) Chair
Alan Carter (AC)
Martin Beard (MB)
Stephen Greene (SG)
Herman Martyn (HM)

Head Teachers
Sylvie Libson – Vice Chair (SL)
Lesley Benson (LB)
Mary Adossides (MAd)
Sue Knowler(SK)
Elaine Clarke (EC)
Gill Bal (GB)
Sabina Nettey (SN)
Geraldine Freear (GF)
Maggie Raffee (MR)

Lead Member
Cllr Mary Arnold (MA)

Officers
Mustafa Salih (MS)
Lin Diaby (LD)
Graham Lovell (GL)
Roy Smith (RS)
Mike Hymans (MHy)
Rik Boxer (RB)

Others
Lesley Gouldbourne (LG)
Nicole Kennedy (NK)
Ruby Azam (RA)

MH opened the meeting at 6.15pm and welcomed everyone to the meeting.
MH asked everyone to introduce themselves and to identify the sector they were representing.

1. Apologies

None

2. Minutes of the 39th meeting held on 8th December 2010
i) Accuracy

Apologies for Lesley Gouldbourne were not recorded.
Otherwise the forum members went through each page and the minutes were agreed as an accurate record of the meeting.

ii) Matters arising

MS confirmed LA has communicated with School Governors to request representation on Schools Forum and there are approximately 6 Governors interested. An election process will be carried out to select members.

MS also confirmed the drawings for the special school have now been forwarded to the Project Manager as requested by AC.

Minutes of the 40th meeting held on 12th January 2011
i) Accuracy

MB referred to page 4 a) Energy Advisor. Thought the reference to (a stealth tax of some £300k for 2011/12. was for £600k.
Action: To be clarified.
Otherwise the forum members went through each page and the minutes were agreed as an accurate record of the meeting.

ii) Matters arising

MS confirmed the schools indicative budgets have been published on the Schools Extranet on Friday 28th January as requested.

3. SEN Statementing Formula Changes
RS presented the paper and confirmed there has been 6 responses to the consultation. The low numbers could be due to the tight timescales and/or schools being happy with the recommendations.
SL explained this has been discussed at the primary heads meeting and they are concerned about the bandings. Band B has no funding for children with cognitive needs at all. This implies very little funding.
RS stated there is confusion over the way the banding schedule codifies existing descriptors to current funding. No change is proposed in terms of resources allocated.
SL asked if this means there is no change to the current funding.
RS explained the descriptors have been taken from what is currently in practice.
SK does not think that is correct as Band C is the first band to pick up cognitive learning. There are needs lower in the scale than Down Syndrome.
MHy explained there are not many statements for just cognitive learning difficulties below £12,378.
SK is ok with not funding until Band B. The Band A children have access to small groups.

RS explained Band A should be removed as 0.5FTE is a range of needs up to 0.5FTE support and not 1 category band A.
SK commented that schools will and do provide support in small groups.
RS confirmed more work could be done to look at the descriptors in more detail with SENCOs and MHy.
LB asked for clarification at the other end of the banding scale. What happens to those children above Band C, are they not in mainstream schools? Are there no children who exceed Band C.
MHy confirmed children above Band C would be in Special Schools. Also explained it's very difficult to map to existing Bands for Special Schools. If there is a need to do so, further discussions could be held on the descriptors for Bands above C.
RB confirmed further work is needed on descriptors but asked the Forum to agree in principle to the banded approach.
SL stated the timing of the consultation has meant that schools won't have looked at the information in great detail but further work is needed as the budgets schools have are under pressure.
LB stated of the 6 responses to the consultation, none of them are saying the idea is great and there are some fundamental questions being asked.
RS confirmed the LA is not pushing the proposals without support. However, if this is deferred, the current situation will continue as it is.
MR commented she is on the Schools Funding Review Group where this has been discussed and it would be crazy to defer after all the work carried out so far and cannot see why the Forum cannot agree the proposals.
GF stated the consultation started on 1st December and asked if there is something that can be agreed to or not.
MB commented the threshold is defined at 0.5FTE rather than a cash value.
SK stated it is ok to set a level below which funding is not available, but should not state an amount but should be a level below which schools deal with, above they get funding at the levels in the Bands.
MH asked Forum to vote on recommendations with agreement that further work is required on descriptors.
Vote: 14 For, 0 Against & 2 Abstained
Action: Further work required on descriptors.

4. Formula Funding of Additional Resource Provision
RS introduced his paper to the schools forum following on from the previous meeting.
LB stated she is curious about how we are in this position. There must have been discussions about how it was going to be funded. If agreed, it must be made clear that it is an interim funding solution only.
MR commented that it must be right for the future.
RS explained that now we have this model it should help with any new facility.
LB suggested that if this works well, it could encourage other units but would be costly.
RS explained if you look at the cost of Out of Borough and Transport costs, this is better comparatively.
MB requested a mechanism to moderate the banding annually – referring to Kingsbury Green.
RS confirmed this would need to be looked at if a trend develops.
MB recommended bandings are kept under an annual review for all units.
MH asked Forum if they accept recommendations.

Forum carried a unanimous decision to accept recommendations.

5. Consultation on Proposed Schools Budget 2011/12

MS presented this paper with clarification of the following:
DfE provides final budgets in June following cleansing of the pupil numbers being finalised.
The ISB (Individual Schools Budget) has been increased by 0.3% and Central Expenditure reduced by 1.3%.
Early Years Single Funding Formula increase is due to the increase from 12.5 hours to 15 hours of free provision but additional DSG funding will be received to cover this.
MR asked why the £3m deficit was being recouped over 2 years rather than 3 years at £1m per year.
MS explained that although trying to delay the repayment is desirable, we don't have details of the funding settlement for the next 2 years and what the funding formula changes will be. It would lower the risk to clear this deficit earlier.
LB stated the figures don't show exactly where the over spend has come from and the Children's Centres, Harmony, Willow and Treetops have been moved into DSG from General Fund so are not part of the overspend. Details of the over spends would have been preferred.
GF asked where cost centres CB10-CB50 (Early Years) were held previously.
MS explained the Children's Centres on CB26, CB32 & CB42 were part of the Council's General Fund but is Children's Centre expenditure under the regulations.
LB agreed there is logic to them being moved across. Are they not funded out of Sure Start Grant.
MS confirmed CB50 (Early Years NEG) has always been part of the schools budget.
LB asked about CB10 (Early Years Management & Advisory Teachers) having met with Faira Ellks, the funding for that team was coming from the Sure Start Grant. Is it now coming from DSG.
MS confirmed again these have always been in the schools budget. The only ones new to this are the 3 Children's Centres.
LB asked if the childcare co-ordinator is funded by Integrated Services.
MS replied No it is not.
SN asked why the £3m is being cleared so quickly when government may give funding directly to schools which would make it more difficult for the LA to recoup from schools.
MS explained if that were to happen, a case would be put to government to recoup the money.
SN commented there is no incentive to not run a deficit budget.
SK stated there are two sets of items to be considered, the centrally retained items and the partly retained/partly devolved central expenditure. Also commented she is surprised BETS budget is equivalent to that of a lot of schools budgets. Has this been looked at in terms of pupil numbers etc?
RB explained it has been looked at and they have over 100 young people over a year and it includes full time education for permanently excluded pupils.
SK asked at what point does the support kick in, for example hospital tuition for a 2 day stay or more?
RB confirmed the LA can look into producing a detailed report on this area to a future meeting.

MR stated information is needed on items like BETS to be able to give a view on the budgets. Executive should be informed of views of schools forum in their decision making process.
AC asked where the BEDOS funding is located.
RB confirmed this is part of schools delegated funding.
SL asked if AC90 (Schools Causing Concern) has always been included.
MS confirmed it has.
LB explained that in the Early Years Sub Group meetings it was agreed the 3 Children's Centres on CB26, CB32 and CB42 would be looked at. They take in extremely vulnerable children, the structure has been dismantled with no teacher leadership or teacher input. There is no formula allocating funding to the children. Other facilities could meet the needs of the children.
GF stated this was previously raised in the December meeting (see page 7 of minutes) but there is still no resolution.
MS confirmed the comments need to be responded to and it is important this is looked at by the sub group.
MS will discuss with Graham Genoni to bring a paper to the next sub group meeting.
MS explained we are a lot clearer on these areas but confirmed there is still more to be done on items like BETS but it does take time.
MR asked for clarification if when Executive consider the budget, would the funding be re-vired to schools if the funding for BETS is considered to be higher than is required.
NK asked how it was decided who should pitch for funding at the previous meeting.
MS confirmed that when consulting Schools Forum, some things really need a view. Items that have always been in the schools budget do not need discussion with Schools Forum unless the budget is increasing.
MR proposed the deficit recovery be extended over 3 years.
MH clarified this would cut the schools contribution to £330k.
LG asked if the Forum agreed to recover it over 3 years, would that be put to the Executive.
MS confirmed the minutes of the Schools Forum and recommendations would be put forward with the budget.
SN asked if a member of Schools Forum could attend the Executive meeting to put forward their views in a passionate way.
MA confirmed as Lead Member for Children & Families, she is the representative for Schools Forum and will ensure MS's report represents the views of the Forum.
MH suggested the recommendations can be passed as they are or with further recommendations.
SK accepts the Children's Centres and BETS decisions may not come into being until the following financial year but could in year savings be put forward from those areas if identified during the review of the services.
MH suggested Forum could itemise the codes they wish to have looked at and any savings, if identified, be put back into schools budgets.
MB asked if the Forum could recommend a 97% budget rather than maintaining a cash flat budget, which would produce a £150k saving.
MH asked Forum to consider each item in Appendix B in turn.

Extended Schools – Subsidy Grant
MR commented the Secondary Schools think there shouldn't be so much centrally held back and £200k should be mainstreamed.

SL commented the Primary Heads feel all of the Subsidy Grant should be mainstreamed.
MH asked forum to vote on not keeping the subsidy grant centralised.
Vote: 12 For, 0 Against & 3 Abstained

Extended Schools – Sustainability Grant
SK explained the sustainability activities would take place in schools anyway and suggest keeping just 1 person to advise on after school activities under the School Improvement Service.
MR commented Secondary Heads feel it should all be delegated to schools and they don't think there is a need for someone to co-ordinate it for them.
MA asked how the activities across the borough ensure total inclusion if there wasn't a co-ordinator.
SK stated that sustainability is the schools own activities but also clusters of schools have been formed to deliver this.
MR agreed a person in School Improvement Service could co-ordinate this.
RB commented that whether the money was devolved or not, there is a collaborative partnership enterprise and a post to co-ordinate this is a good idea. Recommendations could be made as to where the post sits.
MS these reductions in centralised funding could potentially lead to redundancies and the costs would have to be met by schools.
MH proposed the grant should be distributed based on pupil numbers.
Decision: All in favour of distribution by pupil numbers and funding one post centrally to co-ordinate.

Secondary Strategy
Decision: All in favour of keeping central funding.

EMAG
GB proposing 25% reduction in centrally held element.
LB stated the primary schools would like to keep it as it is.
MR commented on the Academies being funded directly and can buy back the service.
MA stated the outcomes for the children are important for all schools.
MR suggested the LA look into how much of the improvements made is down to the school heads etc.
MAd explained EMTAS really helps to focus on the correct areas and has provided a very good service. The service can provide an overview across the borough. It should be kept as it is.
SK stated with the schools becoming academies still in a state of flux, this should be kept for this year.
AC asked what schools get from this service as the funding looks like the equivalent of 15FTEs.
RB confirmed this was in the papers for the previous meeting.
GF commented that she thinks this area is overfunded for the centralised element.
MH asked Forum to vote on keeping the funding as it is.
Vote to keep as stated: 6 For, 3 Against & 6 Abstained.

One to One Tuition
Decision: All in favour of keeping central funding.

Primary Strategy – Targeted Support Grant
LB stated primary heads looked at this with One to One Tuition and suggested keeping it as it is with a possible slight efficiency saving.
Decision: All in favour of keeping central funding.

School Development Grant
Decision: All in favour of keeping central funding.

School Lunch Grant
SK suggested none of this should be centrally retained.
MB asked how would statutory returns on nutrition be completed if not centrally.
SL proposed all of the funding should be devolved.
Vote for all funding to be devolved: 12 For, 1 Against & 2 Abstained.

Early Intervention Team
SK stated they Primary Heads had a long discussion about the amount of money that should be retained against the efficiency for staff and the majority were in favour of cutting the retained amount to £300k.
LB explained there was an argument made about having somebody based in schools would be a better option.
AC confirmed there was already £150k reduction being proposed and maybe cutting more would be too critical.
RB explained that on top of the £150k there is a further £195k children's fund gone and there is a risk of going over the tipping point if further cuts were made.
LB commented there were pretty clear views about not wanting to pay for something that was not delivering and the service needs to be leaner and more efficient.
MS confirmed this was looked at with the service and all staff will be tasked with improving quality of service. Cuts beyond those proposed could affect the level of service able to be delivered.
MS proposed a further review in 6 months.
NK asked if Pat Grady's team is separate from this.
RB confirmed it is separate from this.
NK commented that comments were made in a previous Forum meeting regarding CAF not working with the PVI sector and Jo Brider was supposed to make contact with NK but did not do so until December.
SN asked that after taking into account everything said, would any head be able to act in that way.
SN suggested cuts need to be made to poor quality staff.
MA agreed all staff are to be held accountable but we need to look at the bigger picture. Brent Early Intervention is really starting to work well and it would be a pity to dismantle something that is going in the right direction.
SL commented it was interesting to hear MA's perception when the schools experience is that it is a very poor service, poorly run and schools are not benefitting.
SL proposed to cut funding and service to come back with a full report on success.
SN commented that the figures presented previously were dreadful.
AC proposed cutting budget to £400k.
Vote to cut budget to £400k: 11 For, 0 Against & 3 Abstained

Playing for Success Grant

SK commented that the Primary Heads think this is worth keeping but raised concerns about the service being run by agency staff and suggest putting this into School Improvement Service. Some head teachers didn't know anything about the service.
MR stated that she doesn't know of any Secondary Heads who know anything about this service.
GB stated that Preston Manor City Learning Centre use Wembley Stadium facility.
MH proposed this budget is maintained as it is.
Decision: All in favour of keeping budget as it is.

School Energy Advisor
MB suggested looking at this in more detail when the costs are going to the schools.
Vote to stop funding this post: 10 For, 0 Against & 4 Abstained.

SK asked about the Music Grant as that hasn't been mentioned.
MH confirmed it is not in the schools budget and is pretty sure government will provide music grant but not sure if it will be in DSG or direct to schools.
SK asked for it to be noted that schools would like Music Service to be maintained. Even though it is not in the budget, it came up in discussions around the budget.
SK would also like a note for Executive to not cut the funding to Welsh Harp. Schools fully support and use the service as it's the only environmental education facility in Brent, it's heavily used by schools and relatively inexpensive.
LG confirmed it is also used by Special Schools and the facilities could not be met elsewhere.
MA confirmed she would take this back to the Executive.
LB suggested schools should fight the closure.
LG confirmed the Trade Unions have proposed to fight closure.
MH asked if the closure went ahead, then what would happen.
SK commented she presumed it would be open until the summer as bookings have been taken for that.
RB confirmed there would be a 90 consultation period and a fallback position would need to fit in with that if any alternatives were to be suggested.
MH asked forum to refer back to Appendix A.
MR proposed accepting appendix, incorporating decisions above and with all the items being questioned to be brought back with full details of how the funding is being spent.
GB asked to add school admissions to the list to be reviewed.
MH clarified the proposals decided upon in Appendix B should be included in Appendix A and a review of the other items to be carried out.
NK asked to have CB10 included.
MR suggested a list of codes to be reviewed should be emailed to all.
MS suggested we start with BETS and Admissions as they have the largest budgets.
Decisions: All in favour of agreeing recommendations with Appendix B decisions incorporated into Appendix A and suggested areas to be reviews.

6. AOB
Future dates to be confirmed.

Meeting closed 9.00pm

HRA Probable Budget 2010-11 and Budget 2011-12

Description	(1) Original Budget 2010-11 £000's	(2) Probable Budget 2010-11 £000's	(3) Budget 2011-12 £000's
Provision For Bad Debts	200	200	200
Rent & Rates	622	573	572
Services	589	589	589
Capital Financing	21,512	21,029	20,660
Depreciation (Major Repairs Allowance (MRA))	2,363	2,363	8,078
HRA Subsidy (incl MRA)	-6,660	-6,185	-8,553
Rent Income	-44,552	-44,430	-46,935
Non Dwelling Rents	-385	-379	-379
Other Income	-600	-255	-281
General Management	10,313	10,431	10,073
Special Management	5,352	4,814	4,952
Housing Repairs	11,746	11,958	11,766
Net Expenditure	**500**	**708**	**742**
Surplus B/Fwd	-1,966	-2,174	-466
To/(from) Earmarked Reserve (interest)	1,000	1,000	-676
Surplus C/Fwd	466	466	400
Total	**0**	**0**	**0**

HRA Probable Budget 2010-11 and Budget 2011-12
Subjective Analysis

Description	(1) Approved Budget 2010-11 £000	(2) Probable Budget 2010-11 £000	(3) Budget 2011-12 £000
Employees	2,154	1,964	2,034
Premises	17,546	17,200	17,121
Transport	70	30	30
Supplies and Services	3,161	3,347	3,314
Third Party Payments	8,907	8,827	8,559
Tfr Payments/Capital Financing	23,275	23,137	28,456
Support Services	421	508	508
Total Expenditure	**55,534**	**55,013**	**60,022**
Direct Income	-54,744	-54,015	-58,990
Recharged Income	-290	-290	-290
Total Income	**-55,034**	**-54,305**	**-59,280**
Deficit (Surplus) for the Year	500	708	742
Surplus B/Fwd	-1,966	-2,174	-466
To/(From) Earmarked Reserve	1,000	1,000	-676
Surplus C/Fwd	466	466	400
Total	0	0	0

CAPITAL PROGRAMME 2010/11

General Fund

Programme Details	2010/11 Capital Programme £000	2010/11 PFR QTR2 Capital Programme £000	2010/11 Revised Capital Programme £000	2010/11 Variance £000
RESOURCES: GENERAL FUND				
Capital Grants and other contributions				
Government Grant - SCE (C)	(106)	(104)	(104)	0
Primary Capital Programme	(9,155)	(9,155)	(5,535)	3,620
Basic Need Grant - Additional Primary Places	(1,938)	(1,479)	(2,976)	(1,497)
Building Schools for the Future	(150)	(150)	(150)	0
Devolved Formula Capital	(10,002)	(6,156)	(6,156)	0
Other External Grant	(61,195)	(56,507)	(47,888)	8,619
Capital Receipts in Year - Right to Buy Properties	(400)	(400)	(400)	0
Corporate Property Disposals	(1,940)	(1,940)	(1,940)	0
Other Receipts	(450)	(3,882)	(3,882)	0
Capital Funding Account	(59)	(1,384)	(2,384)	(1,000)
Additional Contributions	(2,095)	(4,910)	(4,306)	604
S106 Funding	(10,502)	(10,502)	(9,357)	1,145
Borrowing				
Supported Borrowing - SCE (R)	(6,580)	(6,580)	(6,580)	0
Unsupported Borrowing	(26,301)	(21,444)	(20,110)	1,334
Unsupported Borrowing - School Loan Scheme	(38)	(38)	(38)	0
Unsupported Borrowing (Self Funded)	(21,887)	(22,146)	(21,301)	845
Invest to Save Schemes				
External Grant Funding	(276)	(276)	(276)	0
Total Resources	(153,074)	(147,053)	(133,383)	13,670
EXPENDITURE: GENERAL FUND				
Regeneration and Major Projects				
Civic Centre	19,656	19,656	19,656	0
Children and Families				
School Schemes	59,163	58,673	47,784	(10,889)
Childrens Centre Sure Start Grant	3,922	3,722	3,722	0
Extended Schools	1,385	1,234	1,234	0
Co-Location Capital Grant	1,372	1,231	1,231	0
Playbuilder Capital Grant	409	409	409	0
Practical Cooking Spaces	68	68	68	0
Myplace Grant (Big Lottery Fund) - Roundwood Youth Centre	3,684	3,684	3,684	0
Culture Schemes				
Library Schemes	428	428	428	0
Adults and Social Care				
Individual Schemes	172	172	172	0
Housing Schemes				
New Units	100	100	0	(100)
Individual Schemes	1,091	1,091	1,091	0
Corporate				
Property Schemes	3,070	3,220	3,220	0
Strategy, Partnership & Improvement Schemes	6,594	9,501	7,463	(2,038)
S106 Works	7,808	7,808	7,666	(142)
Total Regeneration and Major Projects	108,922	110,997	97,828	(13,169)
Children and Families				
Non-School Schemes	759	759	759	0
Ringfenced Grant Notifications	1,739	1,325	1,322	(3)
LEA Controlled Voluntary Aided Programme	4,014	0	0	0
Devolved Formula Capital	6,156	6,156	6,156	0
Voluntary Aided Devolved Formula Grant	3,846	0	0	0
DCSF Specialist Schools Grant	18	0	0	0
Popular Schools Initiative	1,298	1,298	1,298	0
School Loans Scheme (Prudential Borrowing)	38	38	38	0
Total Children & Families	17,868	9,576	9,573	(3)
Environment & Culture				
TfL Grant Funded Schemes	4,225	4,225	4,225	0
Estate Access Corridor	1,868	1,868	1,868	0
Stadium Access Corridor	957	957	900	(57)
Leisure & Sports Schemes	1,259	1,259	1,259	0
Environmental Initiative Schemes	626	721	721	0
Highways Schemes	4,438	5,597	5,597	0
Parks & Cemeteries Schemes	427	1,277	1,277	0
Total Environment & Neighbourhoods	13,800	15,904	15,847	(57)
Housing & Community Care: Adults				
Ringfenced Grant Notifications for Adult Care	721	886	886	0
Total Housing & Community Care: Adults	721	886	886	0
Housing and Community Care: Housing				
PSRSG and DFG council	6,479	6,479	6,597	118
Individual Schemes	2,182	314	255	(59)
Total Housing & Community Care: Housing	8,661	6,793	6,852	59
Corporate				
ICT Schemes	773	773	773	0
Central Items	2,329	2,124	1,624	(500)
Total Corporate	3,102	2,897	2,397	(500)
Total Service Expenditure	153,074	147,053	133,383	(13,670)
Surplus carried forward	0	0	0	0
Deficit to be funded	0	0	0	0

CAPITAL PROGRAMME 2010/11

Housing Revenue Account

Programme Details	2010/11 Capital Programme £000	2010/11 PFR QTR2 Capital Programme £000	2010/11 Revised Capital Programme £000	2010/11 Variance £000
RESOURCES: HOUSING REVENUE ACCOUNT				
Supported Borrowing				
Major Repairs Reserve	(11,198)	(6,561)	(6,561)	0
Contributions	(2,729)	(2,729)	(4,044)	(1,315)
Unsupported Borrowing	(8,620)	(8,620)	(8,620)	0
Unsupported Borrowing - Self Funded	(704)	(704)	(902)	(198)
Total Resources	(23,251)	(18,614)	(20,127)	(1,513)
EXPENDITURE: HOUSING REVENUE ACCOUNT				
Housing Revenue Account				
ALMO	696	696	696	0
Individual Schemes	22,555	17,918	19,431	1,513
Total Expenditure	23,251	18,614	20,127	1,513
(Surplus)/Deficit	0	0	0	0

CAPITAL PROGRAMME 2010/11

Summary of Position

Programme Details	2010/11 Capital Programme £000	2010/11 PFR QTR2 Capital Programme £000	2010/11 Revised Capital Programme £000	2010/11 Variance £000
RESOURCES				
General Fund	(153,074)	(147,053)	(133,383)	13,670
Housing Revenue Account	(23,251)	(18,614)	(20,127)	(1,513)
Total Resources	(176,325)	(165,667)	(153,510)	12,157
EXPENDITURE:				
General Fund	153,074	147,053	133,383	(13,670)
Housing Revenue Account	23,251	18,614	20,127	1,513
Total Expenditure	176,325	165,667	153,510	(12,157)
Surplus carried forward	0	0	0	0
Deficit (to be funded)	0	0	0	0

CAPITAL PROGRAMME 2010/11

General Fund - Regeneration and Major Projects

Programme Details	2010/11 Capital Programme £000	2010/11 PFR QTR2 Capital Programme £000	2010/11 Revised Capital Programme £000	2010/11 Variance £000
Civic Centre				
Civic Centre (Self Funded)	19,656	19,656	19,656	0
Total Civic Centre Capital Programme	**19,656**	**19,656**	**19,656**	**0**
Funding				
Unsupported Borrowing (Self Funded)				
Civic Centre	(19,656)	(19,656)	(19,656)	0
Total Funding	**(19,656)**	**(19,656)**	**(19,656)**	**0**
Funding Gap	**0**	**0**	**0**	**0**
Children and Families Schemes				
Children's Centre Sure Start Grant	**3,922**	**3,722**	**3,722**	**0**
Extended Schools	**1,385**	**1,234**	**1,234**	**0**
Co-Location Capital Grant	**1,372**	**1,231**	**1,231**	**0**
Playbuilder Capital Grant	**409**	**409**	**409**	**0**
Practical Cooking Spaces (via Standards Fund)	**68**	**68**	**68**	**0**
Myplace Grant (Big Lottery Fund) - Roundwood Youth Centre	**3,684**	**3,684**	**3,684**	**0**
Total direct funded schemes	**10,840**	**10,348**	**10,348**	**0**
Access Initiatives	**579**	**579**	**579**	**0**
Targeted Capital Fund Grant (TCF)				
St Mary Magdalen's Junior School Rebuild (TCF Funded)	3,336	0	0	0
The Avenue Primary School (TCF Funded)	3,410	0	0	0
Additional TCF Funding (14-19 diplomas, Special Educational Needs and disabilities)	7,213	7,713	0	(7,713)
Schools Kitchens and Dining Areas	1,492	1,492	1,492	0
Targeted Capital Fund Grant	**15,451**	**9,205**	**1,492**	**(7,713)**
Individual School Schemes				
Ark Academy	6,697	6,697	6,697	0
Ark Academy (Additional DCSF Funding)	6,322	17,000	17,000	0
Ark Academy (ICT) (Additional DCSF Funding)	0	2,052	2,052	0
Ark Academy (Temps) (Additional DCSF Funding)	0	17	17	0
Alperton School Underpinning	2	0	0	0
Wembley Manor Re-build and Expansion	473	100	100	0
John Kelly (Crest Academies)	4,881	4,881	2,881	(2,000)
John Kelly (Crest Academies) - Environmental Improvement Government Grant	320	19	19	0
Wykeham School	81	0	0	0
Oliver Goldsmith	109	0	0	0
Chalkhill Nursery (Caretakers House Scheme)	0	116	116	0
Schools share of capital receipts derived from sale of caretakers houses	166	166	166	0
Individual School Schemes	**19,051**	**31,048**	**29,048**	**(2,000)**
Asset Management Plan:				
Barham - window replacement phases 1 & 2	40	0	0	0
Braintcroft - window replacement phase 1	3	2	2	0
Copland School - Kitchen H&S Works	0	20	20	0
Furness - mechanical, heat distribution system + hot and cold water system	27	0	0	0
St Mary Magdelaine - Toilets	10	10	10	0
Health & Safety	562	526	526	0
Surveys and asbestos works	300	300	300	0
KingsBury Green Roof Replacement	689	50	50	0
Grove Park Roof Replacement	57		0	0
Lyon Park - Boilers	25	32	32	0
Lyon Park - Electrics	435		0	0
Leopold H & S works	15	7	7	0
Mitchell Brook - Wall H&S	0	10	10	0
Chalkhill Latent defects and other issues	293	229	229	0
Oliver Goldsmith School M&E	313		0	0
Stonebridge M&E	98	11	11	0
Small roofing projects	190		0	0
Braintcroft - Remedial works	180	5	5	0
Mora Roof	380	41	41	0
Stonebridge Roofing	142	2	2	0
Grove Park - Windows Emergency H& S works	55	55	55	0
Uxendon Manor Roofing	578	29	29	0
Chalkhill roof	0	438	438	0
Curzon Cres - Roof	0	200	200	0
Furness roof	0	500	500	0
Lyon Park - Roof	0	494	494	0
Salusbury - Roof	0	495	495	0
Woodfield - Roof	0	200	200	0
Mitchell Brook - M&E	0	3	3	0
Preston Park M&E	0	11	11	0
Uxendon Manor M&E	0	12	12	0
Furness Windows	0	4	4	0
Asset Management Plan Works	128	0	0	0
Asset Management Plan Schemes	**4,520**	**3,686**	**3,686**	**0**

Programme Details	2010/11 Capital Programme £000	2010/11 PFR QTR2 Capital Programme £000	2010/11 Revised Capital Programme £000	2010/11 Variance £000
Hut Replacement Programme:				
Preston Park	32	32	32	0
Braintcroft (replacement of 3 huts with 2 due to asbestos)	12	12	12	0
Hut Replacement Works to be undertaken from Prioritised List	648	0	0	0
Hut Replacement Programme Schemes	**692**	**44**	**44**	**0**
New Opportunities Fund Works				
St Mary's CofE - multi use games area	155	0	0	0
Claremont High - pitch drainage	35	0	0	0
Queens Park Community - fitness suite	78	0	0	0
Commitments carried forward from previous years	5	80	80	0
New Opportunities Fund Works	**273**	**80**	**80**	**0**
Primary Capital Programme (PCP grant) + BNSV				
Sudbury School (PCP)	0	6,188	5,500	(688)
Islamia (PCP)	0	0	0	0
Wembley High Primary School (PCP)	0	0	0	0
Anson (PCP)	0	35	35	0
Park Lane (BNSV)	0	1,600	200	(1,400)
Brentfield (BNSV)	0	1,500	610	(890)
Newfield (BNSV)	0	1,100	457	(643)
St Robert Southwell (BNSV)	0	25	0	(25)
Preston Manor (BNSV)	0	644	1,709	1,065
Contingency (unallocated)	0	41	41	0
High Priority Packaged Condition Works - Phase 1	8,872	0	0	0
High Priority Packaged Condition Works - Phase 2	1,420	0	0	0
High Priority Packaged Condition Works - Phase 3	800	0	0	0
Primary Capital Programme (PCP grant)	**11,092**	**11,133**	**8,552**	**(2,581)**
Expansion of Secondary/Primary School Places				
Expansion schemes by 2FE at secondary schools (Claremont High School)	187	187	187	0
Strategy for development of school places	467	467	467	0
Building Schools for the Future Capacity Building	350		0	0
Two new temp primary classrooms for Sept 09	222	222	222	0
Stonebridge (2008/09 Expansion)	20	20	20	0
Park Lane Expansion	500	0	0	0
Gwenneth Rickus - RCCO	685	0	0	0
Bulge Classrooms 2010/11	0	745	745	0
St Robert Southwell	0	0	25	25
Brentfield (contribution to BNSV scheme)	0	0	0	0
Newfield (contribution to BNSV scheme)	0	0	0	0
Preston Manor (contribution to BNSV scheme)	0	0	0	0
Provision for school expansion	3,317	0	1,300	1,300
Expansion of Secondary/Primary School Places	**5,748**	**1,641**	**2,966**	**1,325**
Special Educational Needs Schemes				
Grove Park/Hay Lane joint Post 16 facility	37	10	0	(10)
Grove Park/Hay Lane Improvements	1,039	737	0	(737)
The Village School (Grove Park/Hay Lane Rebuild)	0	0	500	500
Manor School	100	0	0	0
Vernon House	14	0	0	0
Woodfield Bulge Classroom	0	95	0	(95)
Commitments carried forward from previous years	157	5	837	832
Special Educational Needs Schemes	**1,347**	**847**	**1,337**	**490**
Contingency for final accounts	410	410	0	(410)
Surplus Capital Grant not yet Allocated to Schemes	**0**	**0**	**0**	**0**
Total Children and Families Schemes	**70,003**	**69,021**	**58,132**	**(10,889)**
Funding				
Grant				
Central Government - SCE (C) (Modernisation Allocation)	(106)	(104)	(104)	0
Central Government Grant (per 2010 Settlement) - Basic Need	**0**	**0**	**0**	**0**
Central Government Grant (per 2010 Settlement) - Capital Maintenance for LA schools	**0**	**0**	**0**	**0**
Primary Capital Programme	(9,155)	(9,155)	(5,535)	3,620
Basic Need Safety Valve Grant - Additional Primary Places	(1,938)	(1,479)	(2,976)	(1,497)
Building Schools for the Future	(150)	(150)	(150)	0
Sure Start Grant	(3,922)	(3,722)	(3,722)	0
Extended Schools	(1,554)	(1,403)	(1,403)	0
Partnership for Schools (Academy 2 Land)	(300)	(300)	(300)	0
Ark Academy (Additional DCSF Funding)	(6,322)	(19,069)	(19,069)	0
John Kelly (Crest Academies) - Environmental Improvement Government Grant	(320)	(19)	(19)	0
Co-Location Capital Grant	(1,372)	(1,231)	(1,231)	0
Playbuilder Capital Grant	(442)	(442)	(442)	0
Practical Cooking Spaces (via Standards Fund)	(69)	(69)	(69)	0
Youth Capital Fund	0	0	(46)	(46)
Youth Capital Grant	0	0	(51)	(51)
Myplace Grant (Big Lottery Fund) - Roundwood Youth Centre	(3,684)	(3,684)	(3,684)	0
Targeted Capital Funding (TCF) (Education)				
St Mary Magdalen's Junior School Rebuild (TCF Funded)	(3,336)	0	0	0
The Avenue Primary School (TCF Funded)	(3,410)	0	0	0
Jesus and Mary Language College and Cardinal Hinsley RC High School (TCF) Funded	0	0	0	0
Additional TCF Funding (14-19 diplomas, Special Educational Needs and disabilities)	(7,213)	(7,213)	0	7,213
TCF - School Kitchen and Dining Areas	(1,492)	(1,492)	(1,492)	0
New Opportunities Fund Expenditure	(187)	0	0	0
BACES	89	89	89	0
Contributions				
Grove Park/Hay Lane Revenue Contribution to Capital Outlay (RCCO)	(150)	(150)	(150)	0
Gwenneth Rickus - RCCO	(685)	0	0	0
Housing S106 Contribution - Repayment due to Capital Funding A/C from 2009/10 transactions	0	0	(1,000)	(1,000)
Capital Funding Account	(59)	(59)	(59)	0
S106				
Children and Families S106 Funding - General	(233)	(233)	(233)	0
Capital Receipts				
Capital Receipts in Year - Right to Buy Properties	(400)	(400)	(400)	0
Former LRB/Ex-GLC Properties	(200)	(200)	(200)	0
Corporate Property Disposals	(1,940)	(1,940)	(1,940)	0
Supported Borrowing				
Central Government - SCE (R)	(6,580)	(6,580)	(6,580)	0
Unsupported Borrowing - General Fund				
Individual School Schemes	(6,030)	(5,461)	(3,461)	2,000
Asset Management Plan Schemes	(895)	(97)	(1,078)	(981)
Hut Replacement Programme Schemes	(692)	(124)	(124)	0
Expansion of Secondary/Primary School Places	(3,421)	(499)	(66)	433
Special Educational Needs Schemes	(1,347)	(1,347)	(1,337)	10
Sudbury Primary School PCP Scheme	0	0	(1,300)	(1,300)
Contingency	(410)	(410)	0	410
Unsupported Borrowing (Self Funded)				
Total Children and Families Funding	**(67,925)**	**(66,943)**	**(58,132)**	**8,811**
Funding Gap	**2,078**	**2,078**	**0**	**(2,078)**

Programme Details	2010/11 Capital Programme £000	2010/11 PFR QTR2 Capital Programme £000	2010/11 Revised Capital Programme £000	2010/11 Variance £000
Culture Schemes				
Harlesden Library (Main Programme)	(523)	(523)	(523)	0
Harlesden Library (Capital Receipt)	250	250	250	0
Harlesden Library (Big Lottery)	272	272	272	0
Harlesden Library (S106)	50	50	50	0
Installation of automation (RFID) across Brent's Libraries (Self Funded)	379	379	379	0
Total Culture Schemes	**428**	**428**	**428**	**0**
Funding				
Grant				
Harlesden Library - Big Lottery Fund	(272)	(272)	(272)	0
S106				
Harlesden Library S106	(50)	(50)	(50)	0
Capital Receipts				
Harlesden BACES	(250)	(250)	(250)	0
Unsupported Borrowing - General Fund				
Harlesden Library (Main Programme)	523	523	523	0
Unsupported Borrowing (Self Funded)				
Installation of automation (RFID) across Brent's Libraries	(379)	(379)	(379)	0
Total Culture Funding	**(428)**	**(428)**	**(428)**	**0**
Funding Gap	**0**	**0**	**0**	**0**
Adults and Social Care Schemes				
Learning Disabilities Kiosk Project	14	14	14	0
Albert Road	4	4	4	0
Brondesbury Road	0	0	0	0
Knowles House	122	122	122	0
Passenger Lift at Kensal Rise Senior Club	32	32	32	0
Total Adults and Social Care Schemes	**172**	**172**	**172**	**0**
Funding				
Unsupported Borrowing - General Fund				
Learning Disabilities Kiosk Project	(14)	(14)	(14)	0
Albert Road	(4)	(4)	(4)	0
Brondesbury Road	0	0	0	0
Knowles House	(122)	(122)	(122)	0
Passenger Lift at Kensal Rise Senior Club	(32)	(32)	(32)	0
Total Adults and Social Care Funding	**(172)**	**(172)**	**(172)**	**0**
Funding Gap	**0**	**0**	**0**	**0**
Housing Schemes				
New Units	100	100	0	(100)
Places of Change Programme (Capital Grant)	500	500	500	0
Chalkhill (funded by MHT contribution)	591	591	591	0
Total Housing Capital Programme	**1,191**	**1,191**	**1,091**	**(100)**
Funding				
Grant				
Places of Change Programme (Capital Grant)	(500)	(500)	(500)	0
Contributions				
MHT Contrbution to Chalkhill	(591)	(591)	(591)	0
Unsupported Borrowing - General Fund				
New Units	(100)	(100)	0	100
Total Housing Funding	**(1,191)**	**(1,191)**	**(1,091)**	**100**
Funding Gap	**0**	**0**	**0**	**0**
Property Schemes				
Total Priority 1 Backlog Repairs	1,723	1,723	1,723	0
Minor Works	159	159	159	0
Project Management - to provide additional resources to Service Areas	821	821	821	0
Carbon Reduction Measures (to include Salix match funding) - Self Funded	0	0	0	0
Asbestos Surveys	40	40	40	0
Compliance Surveys	2	2	2	0
Inspections of Non-Housing Property	80	80	80	0
Management Fees	110	110	110	0
Doorway to Desktop (Revenue Contribution to Capital Outlay from Reserve)	19	19	19	0
Dollis Hill Day Centre (Self Funded) (Stag Lane Refurb)	18	18	18	0
Combined Property and ICT Initiatives	0	0	0	0
Brent House Generator	98	98	98	0
Dollis Hill House	0	150	150	0
Total Property Schemes	**3,070**	**3,220**	**3,220**	**0**
Funding				
Contributions				
Doorway to Desktop - Revenue Contribution to Capital Outlay (RCCO) from Reserve	(12)	(12)	(12)	0
Unsupported Borrowing - General Fund				
Total Priority 1 Backlog Repairs	(1,723)	(1,723)	(1,723)	0
Minor Works	(159)	(159)	(159)	0
Project Management - to provide additional resources to Service Areas	(821)	(821)	(821)	0
Asbestos Surveys	(40)	(40)	(40)	0
Compliance Surveys	(2)	(2)	(2)	0
Inspections of Non-Housing Property	(80)	(80)	(80)	0
Management Fees	(110)	(110)	(110)	0
Doorway to Desktop	(7)	(7)	(7)	0
Combined Property and ICT Initiatives	0	0	0	0
Brent House Generator	(98)	(98)	(98)	0
Dollis Hill House	0	(150)	(150)	0
Unsupported Borrowing (Self Funded)				
Dollis Hill Day Centre (Stag Lane Refurb)	(18)	(18)	(18)	0
Carbon Reduction Measures (to include Salix match funding)	0	0	0	0
Total Property Funding	**(3,070)**	**(3,220)**	**(3,220)**	**0**
Funding Gap	**0**	**0**	**0**	**0**

Programme Details	2010/11 Capital Programme £000	2010/11 PFR QTR2 Capital Programme £000	2010/11 Revised Capital Programme £000	2010/11 Variance £000
Strategy, Partnerships & Improvement Schemes				
South Kilburn Regeneration Project	0	7,407	7,407	0
South Kilburn - Councils Contribution	528	528	0	(528)
The Growth Fund - Programme of Development	6,010	1,510	0	(1,510)
Safer Stronger Communities Grant	56	56	56	0
Total Strategy, Partnerships & Improvement Schemes	**6,594**	**9,501**	**7,463**	**(2,038)**
Funding				
Grant				
The Growth Fund	(6,120)	(1,620)	0	1,620
The Growth Fund - Contribution to South Kilburn Regeneration	0	0	0	0
Safer Stronger Communities Grant	(56)	(56)	(56)	0
Capital Receipts				
South Kilburn Regeneration Earmarked Land Receipts	0	(3,432)	(3,432)	0
Contributions				
South Kilburn NDC Contribution to Regeneration Project	0	(2,500)	(2,500)	0
South Kilburn Trust Contribution to Regeneration Project	0	(150)	(150)	0
Capital Funding Account - South Kilburn Regen' Earmarked Sum	0	(1,325)	(1,325)	0
Unsupported Borrowing				
South Kilburn - Councils Contribution	(528)	(528)	0	528
Total Strategy, Partnerships & Improvement Funding	**(6,704)**	**(9,611)**	**(7,463)**	**2,148**
Funding Gap	**(110)**	**(110)**	**0**	**110**
S106 Funded Works				
Environmental Health	154	154	154	0
Landscape & Design	619	619	619	0
Public Art	299	299	299	0
Parks	303	303	303	0
Planning	1,001	1,001	1,001	0
Street Care	132	132	132	0
Sports	762	762	759	(3)
Sustainable Strategy	17	17	17	0
Transportation	3,640	3,640	3,640	0
Education	0	0	0	0
Housing	139	139	0	(139)
Brent into Work	720	720	720	0
General	22	22	22	0
Total S106 Funded Works	**7,808**	**7,808**	**7,666**	**(142)**
Funding				
S106				
Children and Families S106 Funding - General	0	0	0	0
Environment and Culture S106 Funding	(6,955)	(6,955)	(6,946)	9
Housing and Community Care: Housing S106 Funding	(1,139)	(1,139)	0	1,139
Corporate: Brent into Work S106 Funding	(720)	(720)	(720)	0
Total S106 Funding	**(8,814)**	**(8,814)**	**(7,666)**	**1,148**
Funding Gap	**(1,006)**	**(1,006)**	**0**	**1,006**
TOTAL REGENERATION & MAJOR PROJECTS CAPITAL PROGRAMME	**108,922**	**110,997**	**97,828**	**(13,169)**
TOTAL REGENERATION & MAJOR PROJECTS CAPITAL FUNDING	**(107,960)**	**(110,035)**	**(97,828)**	**12,207**
TOTAL REGENERATION & MAJOR PROJECTS FUNDING GAP	**962**	**962**	**0**	**(962)**

CAPITAL PROGRAMME 2010/11

General Fund - Children and Families Capital Programme

Programme Details	2010/11 Capital Programme £000	2010/11 PFR QTR2 Capital Programme £000	2010/11 Revised Capital Programme £000	2010/11 Variance £000
Expenditure				
Devolved Capital	**6,156**	**6,156**	**6,156**	**0**
Voluntary Aided Devolved Formula Capital	**3,846**	**0**	**0**	**0**
Additional Grant Notifications (Ringfenced):				
Children & Families - Integrated Childrens System IT Capital	18	18	18	0
- Youth Capital Grant	0	77	77	0
- Harnessing Technology Grant	1,576	1,111	1,111	0
- Other ICT	119	119	116	(3)
- ICT Mobile Technology	26	0	0	0
Additional Grant Notifications (Ringfenced):	**1,739**	**1,325**	**1,322**	**(3)**
Local Education Authority Controlled Voluntary Aided Programme	**4,014**	**0**	**0**	**0**
Specialist Schools Grant	**18**	**0**	**0**	**0**
School Loans Scheme (Prudential Borrowing)	**38**	**38**	**38**	**0**
Total direct funded schemes	**15,811**	**7,519**	**7,516**	**(3)**
Popular Schools Initiative Grant (Preston Manor & Claremont High)	**1,298**	**1,298**	**1,298**	**0**
Non School Schemes				
Youth Services	759	759	759	0
Total Non School Schemes	**759**	**759**	**759**	**0**
Total Children & Families Forecast Capital Programme	**17,868**	**9,576**	**9,573**	**(3)**
Funding				
Grant				
Devolved Formula Capital	(6,156)	(6,156)	(6,156)	0
Voluntary Aided Devolved Formula Capital	(3,846)	0	0	0
Additional Grant Notifications (Ringfenced):				
Integrated Childrens System IT Capital	(18)	(18)	(18)	0
Harnessing Technology Grant	(1,577)	(1,112)	(1,111)	1
Other ICT	(116)	(116)	(116)	0
ICT Mobile Technology	(27)	(1)	0	1
Local Education Authority Controlled Voluntary Aided Programme	(4,014)	0	0	0
Specialist Schools Grant (Cardinal Hinsley School)	(18)	0	0	0
Popular Schools Initiative Grant (Preston Manor & Claremont High)	(1,298)	(1,298)	(1,298)	0
Youth Capital Fund	(338)	(338)	(292)	46
Youth Capital Grant	(51)	(128)	(77)	51
Local Authorities Short Breaks Funding	(467)	(467)	(467)	0
Unsupported Borrowing - Schools Loan Scheme	(38)	(38)	(38)	0
Total Children & Families Funding	**(17,964)**	**(9,672)**	**(9,573)**	**99**
Funding Gap	**(96)**	**(96)**	**0**	**96**

CAPITAL PROGRAMME 2010/11

General Fund - Environment & Neighbourhoods Capital Programme

Programme Details	2010/11 Capital Programme £000	2010/11 PFR QTR2 Capital Programme £000	2010/11 Revised Capital Programme £000	2010/11 Variance £000
Transport for London Grant Funded Schemes	**4,225**	**4,225**	**4,225**	**0**
Estate Access Corridor	**1,868**	**1,868**	**1,868**	**0**
Stadium Access Corridor	**957**	**957**	**900**	**(57)**
			2,768	
Environment Individual Schemes				
CCTV	220	220	220	0
Bridgepark Works	28	28	28	0
Interim Transport Plan Schemes (Carry forward from 2003/04)	338	338	338	0
Gladstone Park Pitches (Football Foundation Grant)	37	37	37	0
St Raphaels Estate (Contaminated Land Grant)	3	52	52	0
Contaminated Land Programme (Grant Determination No 2)	0	46	46	0
Environment Programme Works				
Pavements and Roads	4,312	4,312	4,312	0
Highways Patching (DoT Section 31 Grant)	0	0	0	0
CCTV Enforcement of MTC's (Self Funded)	0	1,104	1,104	0
Donnington Road non car access improvements (funded from provisions)	0	55	55	0
Streetscene/Street Trees	126	126	126	0
Parks & Cemeteries:				
Parks Infrastructure	332	332	332	0
Chalkhill Park (Funded from Chalkhill Reserve)	0	850	850	0
Cemetery and Mortuary Service	42	42	42	0
Burial Vaults at Willesden New Cemetery (Self Funded)	0	0	0	0
Cemetery Improvements (funded from donation)	53	53	53	0
Leisure & Sports				
Delivering the Sports Strategy	1,056	1,056	1,056	0
Gladstone Park Netball Courts and MUGA:				
- London Marathon Charitable Trust Grant	90	90	90	0
- Main Programme (from Sports Strategy)	110	110	110	0
Gibbons Recreation Ground Changing Rooms:				
- S106	3	3	3	0
Total Environment Scheme Capital Programme	**6,750**	**8,854**	**8,854**	**0**
Total Environment & Neighbourhoods Capital Programme	**13,800**	**15,904**	**15,847**	**(57)**
Funding				
Grant				
TFL Grant Income (Borough Spending Plan)	(4,225)	(4,225)	(4,225)	0
Gladstone Park Pitches (Football Foundation Grant)	(37)	(37)	(37)	0
St Raphaels Estate (Contaminated Land Grant)	(5)	(54)	(52)	2
Contaminated Land Programme (Grant Determination No 2)	0	(46)	(46)	0
Highways Patching (DoT Section 31 Grant)	0	0	0	0
Gladstone Park Netball Courts and MUGA (London Marathon Charitable Trust Grant)	(90)	(90)	(90)	0
Contributions				
EAC/SAC S106 funding	(1,405)	(1,405)	(1,405)	0
Environment and Culture S106 Funding	0	0	(3)	(3)
Estate Access Corridor Destination Wembley Reserve	(262)	(262)	(262)	0
Chalkhill Park (Funded from Chalkhill Reserve)	0	(850)	(850)	0
Cemetery Improvements (funded from donation)	(53)	(53)	(53)	0
Unsupported Borrowing - General Fund				
EAC/SAC	(1,180)	(1,180)	(1,101)	79
Individual Schemes	(586)	(586)	(586)	0
Highways Schemes	(4,438)	(4,438)	(4,438)	0
Parks	(332)	(332)	(332)	0
Cemeteries	(42)	(42)	(42)	0
Leisure & Sports	(1,166)	(1,166)	(1,166)	0
Central Items - Provision for Liabilities	0	(55)	(55)	0
Unsupported Borrowing (Self Funded)				
CCTV Enforcement of MTC's (Self Funded)	0	(1,104)	(1,104)	0
Total Environment Funding	**(13,821)**	**(15,925)**	**(15,847)**	**78**
Funding Gap	**(21)**	**(21)**	**0**	**21**

CAPITAL PROGRAMME 2010/11

General Fund - Housing and Community Care: Adults Capital Programme

Programme Details	2010/11 Amended Capital Programme £000	2010/11 PFR QTR2 Capital Programme £000	2010/11 PFR QTR3 Capital Programme £000	2010/11 Variance £000
Additional Grant Notifications (Ringfenced):				
IT Infrastructure Capital Grant	99	99	99	0
Framework-I Implementation (Social Care/Mental Care SCP(C))	622	622	622	0
Social Care Reform Grant	0	165	165	0
Total Housing & Community Care: Adults	**721**	**886**	**886**	**0**
Funding				
Grant				
IT Infrastructure Capital Grant	(99)	(99)	(99)	0
Social Care SCP (C) (Framework-I Funding)	(328)	(328)	(328)	0
Mental Health SCP (C) (Framework-I Funding)	(294)	(294)	(294)	0
Social Care Reform Grant	0	(165)	(165)	0
Total Adults Funding	**(721)**	**(886)**	**(886)**	**0**
Funding Gap	**0**	**0**	**0**	**0**

CAPITAL PROGRAMME 2010/11

General Fund - Housing & Community Care: Housing & Customer Services Capital Programme

Programme Details	2010/11 Capital Programme £000	2010/11 PFR QTR2 Capital Programme £000	2010/11 Revised Capital Programme £000	2010/11 Variance £000
Housing Schemes				
Private Sector Renewal Support Grant and Disabled Facilities Grant council	6,479	6,479	6,597	118
Information Technology	60	60	5	(55)
Disabled Facilities Adaptations to PFI Properties	250	250	250	0
St Raphaels Estate - Affordable Homes (Grant/Self Funded Borrowing)	1,868	0	0	0
Barnhill Cottage	4	4	0	(4)
Total Housing Capital Programme	**8,661**	**6,793**	**6,852**	**59**
Total Housing & Community Care: Housing Capital Programme	**8,661**	**6,793**	**6,852**	**59**
Funding				
Grant				
Disabled Facilities Grant	(1,562)	(1,562)	(1,680)	(118)
St Raphaels Estate Affordable Homes (Homes & Communities Grant)	(1,023)	0	0	0
Contributions				
Hyde/Trowers Contribution to Barnhill Cottage	(4)	(4)	0	4
Unsupported Borrowing - General Fund				
Private Sector Renewal Support Grant and Disabled Facilities Grant council	(4,917)	(4,917)	(4,917)	0
Information Technology	(60)	(60)	(5)	55
Disabled Facilities Adaptations to PFI Properties	(250)	(250)	(250)	0
Unsupported Borrowing (Self Funded)				
St Raphaels Estate - Affordable Homes	(1,690)	(845)	0	845
Total Housing Funding	**(9,506)**	**(7,638)**	**(6,852)**	**786**
Funding Gap	**(845)**	**(845)**	**0**	**845**

CAPITAL PROGRAMME 2010/11

Housing Revenue Account - Housing Capital Programme

Programme Details	2010/11 Capital Programme £000	2010/11 PFR QTR2 Capital Programme £000	2010/11 Revised Capital Programme £000	2010/11 Variance £000
Disabled Facilities Works (Unsupported Borrowing)	696	696	696	0
Installation of Digital TV to Blocks (Unsupported Borrowing Self Funded)	704	704	902	198
Rooftop Arials to Housing Blocks (Earmarked Reserve)	0	0	1,315	1,315
Health & Safety Works in South Kilburn (Unsupported Borrowing)	1,924	1,924	1,924	0
Health & Safety Works in South Kilburn - Revenue Contribution to Capital Outlay (RCCO)	1,045	1,045	1,045	0
Health & Safety Works to Housing Blocks (Unsupported Borrowing)	3,000	3,000	3,000	0
External decorations to Housing Blocks (Unsupported Borrowing)	3,000	3,000	3,000	0
Major Repairs Allowance Works	11,198	6,561	6,561	0
Main Programme RCCO (HRA)	1,684	1,684	1,684	0
Total Housing Capital Programme	**23,251**	**18,614**	**20,127**	**1,513**
Funding				
Contributions				
Main Programme Revenue Contribution to Capital Outlay (RCCO) (HRA)	(1,684)	(1,684)	(1,684)	0
Health & Safety Works in South Kilburn (RCCO)	(1,045)	(1,045)	(1,045)	0
Major Repairs Reserve	(11,198)	(6,561)	(6,561)	0
Rooftop Arials to Housing Blocks (Earmarked Reserve)	0	0	(1,315)	(1,315)
Unsupported Borrowing - Housing Revenue Account:				
Disabled Facilities Works	(696)	(696)	(696)	0
Health & Safety Works to Housing Blocks	(3,000)	(3,000)	(3,000)	0
External decorations to Housing Blocks	(3,000)	(3,000)	(3,000)	0
Health & Safety Works in South Kilburn	(1,924)	(1,924)	(1,924)	0
Unsupported Borrowing (Self Funded)				
Installation of Digital TV to Blocks	(704)	(704)	(902)	(198)
Total Housing HRA Funding	**(23,251)**	**(18,614)**	**(20,127)**	**(1,513)**
Funding Gap	**0**	**0**	**0**	**0**

CAPITAL PROGRAMME 2010/11

General Fund - Corporate Capital Programme

Programme Details	2010/11 Capital Programme £000	2010/11 PFR QTR2 Capital Programme £000	2010/11 Revised Capital Programme £000	2010/11 Variance £000
ICT Schemes				
Combined Property and ICT Initiatives **(To be used on Sharepoint Initiative in 2010/11)**	500	500	500	0
Customer Relationship Management System	54	54	54	0
Financial Systems Integration	25	25	25	0
Credit Card Hotline Automation - Software package and set up costs	38	38	38	0
E-mail and Data Storage System (Self Funded)	144	144	144	0
MG House Cabling	12	12	12	0
Total ICT Schemes	**773**	**773**	**773**	**0**
Central Items				
Provision for Liabilities	888	683	683	0
Carbon Trust Works	420	420	420	0
Invest to Save Schemes (Local Partnership Strategy Agreement Funding Balance)	48	48	48	0
Governmant Office for London Funded New Deal for Communities Works	2,864	2,864	2,864	0
Grange Road Acquisition	140	140	140	0
Surestart	42	42	42	0
Capitalisation (to be funded by unsupported borrowing)	600	600	0	(600)
Capitalisation Oracle Costs (to be funded from Capital Ambition Funding Distribution)	0	0	100	100
Performance Reward Grant - 2009/10 Oracle Funding	2,000	2,000	2,000	0
Total Central Items	**7,002**	**6,797**	**6,297**	**(500)**
Forecast Levels of Slippage in Year	**(4,673)**	**(4,673)**	**(4,673)**	**0**
Total Finance & Corporate Services Capital Programme	**3,102**	**2,897**	**2,397**	**(500)**
Funding				
Grant				
Salix Grant Funding (Carbon Trust Works)	(228)	(228)	(228)	0
Local Partnership Strategy Agreement Funding	(48)	(48)	(48)	0
New Deal for Communities Grant Funding	(2,864)	(2,864)	(2,864)	0
Performance Reward Grant	(2,000)	(2,000)	(2,000)	0
Capital Ambition Funding Distribution	0	0	(100)	(100)
Contributions				
Form H Capitalisation - Revenue Contribution	(600)	(600)	0	600
Unsupported Borrowing - General Fund				
Customer Relationship Management System	(54)	(54)	(54)	0
Financial Systems Integration	(25)	(25)	(25)	0
Credit Card Hotline Automation - Software package and set up costs	(38)	(38)	(38)	0
MG House Cabling	(12)	(12)	(12)	0
Provision for Liabilities	(888)	(683)	(683)	0
Carbon Trust Works	(192)	(192)	(192)	0
Grange Road Acquisition	(140)	(140)	(140)	0
Surestart	(42)	(42)	(42)	0
Combined Property and ICT Initiatives	(500)	(500)	(500)	0
Capitalisation of Revenue Expenditure	0	0	0	0
Forecast Levels of Slippage in Year	4,673	4,673	4,673	0
Unsupported Borrowing (Self Funded)				
E-mail and Data Storage System	(144)	(144)	(144)	0
Total Housing HRA Funding	**(3,102)**	**(2,897)**	**(2,397)**	**500**
Funding Gap	**0**	**0**	**0**	**0**

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CAPITAL PROGRAMME 2011/12 TO 2014/15

General Fund

Programme Details	2011/12 Capital Programme £000	2012/13 Capital Programme £000	2013/14 Capital Programme £000	2014/15 Capital Programme £000
RESOURCES: GENERAL FUND				
Capital Grants and other contributions				
Government Grant - SCE (C)	(11,632)	(11,630)	(11,630)	(11,630)
Primary Capital Programme	(3,620)	0	0	0
Basic Need Grant - Additional Primary Places	(11,790)	0	0	0
Devolved Formula Capital	(631)	(631)	(631)	(631)
Other External Grant	(22,022)	(7,463)	(5,680)	(5,680)
Capital Receipts in Year - Right to Buy Properties	(500)	(600)	(600)	(600)
Corporate Property Disposals	(3,585)	(3,630)	(3,630)	(3,630)
Other Receipts	(12,027)	(5,365)	(369)	(200)
Additional Contributions	(55)	0	0	0
S106 Funding	(8,401)	(11,523)	(16,364)	(7,940)
Borrowing				
Unsupported Borrowing	(6,076)	(5,541)	(5,526)	(3,730)
Unsupported Borrowing (Self Funded)	(47,656)	(36,652)	(17,616)	(200)
Invest to Save Schemes				
External Grant Funding	(50)	(50)	(50)	(50)
Total Resources	(128,045)	(83,085)	(62,096)	(34,291)
EXPENDITURE: GENERAL FUND				
Regeneration and Major Projects				
Civic Centre				
Civic Centre	47,456	36,452	17,416	0
Children and Families				
School Schemes	36,478	11,630	11,630	11,630
Myplace Grant (Big Lottery Fund) - Roundwood Youth Centre	1,244	0	0	0
Housing Schemes				
New Units	100	0	0	0
Corporate				
Property Schemes	610	610	610	610
Strategy, Partnerships & Improvement Schemes	16,872	6,290	169	0
S106 Works	8,401	11,523	16,364	7,940
Total Regeneration and Major Projects	111,161	66,505	46,189	20,180
Children and Families				
Devolved Formula Capital	631	631	631	631
Total Children & Families	631	631	631	631
Environment & Neighbourhoods				
TfL Grant Funded Schemes	4,000	4,000	4,000	4,000
Leisure & Sports Schemes	535	535	535	535
Highways Schemes	2,920	2,920	3,550	3,550
Parks & Cemeteries Schemes	85	80	165	165
Total Environment & Neighbourhoods	7,540	7,535	8,250	8,250
Housing & Community Care: Adults				
Ringfenced Grant Notifications for Adult Care	1,102	658	0	0
Total Housing & Community Care: Adults	1,102	658	0	0
Housing and Community Care: Housing				
PSRSG and DFG council	4,780	4,780	4,780	4,780
Total Housing & Community Care: Housing	4,780	4,780	4,780	4,780
Corporate				
ICT Schemes	400	400	400	400
Central Items	2,431	2,576	1,846	50
Total Corporate	2,831	2,976	2,246	450
Total Service Expenditure	128,045	83,085	62,096	34,291
Surplus carried forward	0	0	0	0
Deficit to be funded	0	0	0	0

CAPITAL PROGRAMME 2011/12 TO 2014/15

Housing Revenue Account

Programme Details	2011/12 Capital Programme £000	2012/13 Capital Programme £000	2013/14 Capital Programme £000	2014/15 Capital Programme £000
RESOURCES: HOUSING REVENUE ACCOUNT				
Supported Borrowing				
Major Repairs Reserve	(7,000)	(7,000)	(7,000)	(7,000)
Contributions	(1,684)	(1,684)	(1,684)	(1,684)
Unsupported Borrowing	(600)	(600)	(600)	(600)
Total Resources	(9,284)	(9,284)	(9,284)	(9,284)
EXPENDITURE: HOUSING REVENUE ACCOUNT				
Housing Revenue Account				
ALMO	600	600	600	600
Individual Schemes	8,684	8,684	8,684	8,684
Total Expenditure	9,284	9,284	9,284	9,284
(Surplus)/Deficit	0	0	0	0

CAPITAL PROGRAMME 2011/12 TO 2014/15

Summary of Position

Programme Details	2011/12 Capital Programme £000	2012/13 Capital Programme £000	2013/14 Capital Programme £001	2014/15 Capital Programme £001
RESOURCES				
General Fund	(128,045)	(83,085)	(62,096)	(34,291)
Housing Revenue Account	(9,284)	(9,284)	(9,284)	(9,284)
Total Resources	(137,329)	(92,369)	(71,380)	(43,575)
EXPENDITURE:				
General Fund	128,045	83,085	62,096	34,291
Housing Revenue Account	9,284	9,284	9,284	9,284
Total Expenditure	137,329	92,369	71,380	43,575
Surplus carried forward	0	0	0	0
Deficit (to be funded)	0	0	0	0

CAPITAL PROGRAMME 2011/12 TO 2014/15

General Fund - Regeneration and Major Projects

Programme Details	2011/12 Capital Programme £000	2012/13 Capital Programme £000	2013/14 Capital Programme £000	2014/15 Capital Programme £000
Civic Centre				
Civic Centre (Self Funded)	47,456	36,452	17,416	0
Total Capital Programme	**47,456**	**36,452**	**17,416**	**0**
Funding				
Unsupported Borrowing (Self Funded)				
Civic Centre	(47,456)	(36,452)	(17,416)	0
Total Funding	**(47,456)**	**(36,452)**	**(17,416)**	**0**
Funding Gap	**0**	**0**	**0**	**0**
Children and Families Schemes				
Myplace Grant (Big Lottery Fund) - Roundwood Youth Centre	**1,244**	**0**	**0**	**0**
Total direct funded schemes	**1,244**	**0**	**0**	**0**
Access Initiatives	**451**	**451**	**451**	**451**
Targeted Capital Fund Grant (TCF)				
Additional TCF Funding (14-19 diplomas, Special Educational Needs and disabilities)	7,213	0	0	0
Targeted Capital Fund Grant	**7,213**	**0**	**0**	**0**
Individual School Schemes				
Ark Academy (Additional DCSF Funding)	1,300	0	0	0
Alperton School Underpinning	2	0	0	0
Wembley Manor Re-build and Expansion	373	0	0	0
John Kelly (Crest Academies) - Environmental Improvement Government Grant	301	0	0	0
Wykeham School	81	0	0	0
Oliver Goldsmith	109	0	0	0
Individual School Schemes	**2,166**	**0**	**0**	**0**
Asset Management Plan:				
Health & Safety	0	50	50	50
Asset Management Plan Works	798	197	197	197
Asset Management Plan Schemes	**798**	**247**	**247**	**247**
New Opportunities Fund Works				
St Mary's CofE - multi use games area	80	0	0	0
Claremont High - pitch drainage	35	0	0	0
Queens Park Community - fitness suite	78	0	0	0
Commitments carried forward from previous years	0	0	0	0
New Opportunities Fund Works	**193**	**0**	**0**	**0**
Primary Capital Programme (PCP grant) + BNSV				
Sudbury School (PCP)	2,488	0	0	0
Wembley High Primary School (PCP)	1,132	0	0	0
Park Lane (BNSV)	1,400	0	0	0
Brentfield (BNSV)	2,343	0	0	0
Newfield (BNSV)	2,486	0	0	0
Preston Manor (BNSV)	5,561	0	0	0
Primary Capital Programme (PCP grant)	**15,410**	**0**	**0**	**0**
Expansion of Secondary/Primary School Places				
Park Lane Expansion (Main Programme contribution to BNSV scheme)	1,000	0	0	0
Brentfield (contribution to BNSV scheme)	647	0	0	0
Newfield (contribution to BNSV scheme)	682	0	0	0
Preston Manor (contribution to BNSV scheme)	1,300	0	0	0
Provision for school expansion (inc previous hut replacement allocation)	2,876	4,590	4,590	4,590
Expansion of Secondary/Primary School Places	**6,505**	**4,590**	**4,590**	**4,590**
Commitments carried forward from previous years (Newfield School Hygiene Room)	10	0	0	0
Special Educational Needs Schemes	**10**	**0**	**0**	**0**
Contingency for final accounts	200	200	200	200
Surplus Capital Grant not yet Allocated to Schemes	3,532	6,142	6,142	6,142
Total Children and Families Schemes	**37,722**	**11,630**	**11,630**	**11,630**
Funding				
Grant				
Central Government - SCE (C) (Modernisation Allocation)	(2)	0	0	0
Central Government Grant (per 2010 Settlement) - Basic Need	**(7,411)**	**(7,411)**	**(7,411)**	**(7,411)**
Central Government Grant (per 2010 Settlement) - Capital Maintenance for LA schools	**(4,219)**	**(4,219)**	**(4,219)**	**(4,219)**
Primary Capital Programme	(3,620)	0	0	0
Basic Need Safety Valve Grant - Additional Primary Places	(11,790)	0	0	0
Ark Academy (Additional DCSF Funding)	(1,300)	0	0	0
John Kelly (Crest Academies) - Environmental Improvement Government Grant	(301)	0	0	0
Myplace Grant (Big Lottery Fund) - Roundwood Youth Centre	(1,244)	0	0	0
Targeted Capital Funding (TCF) (Education)				
Additional TCF Funding (14-19 diplomas, Special Educational Needs and disabilities)	(7,213)	0	0	0
New Opportunities Fund Expenditure	(187)	0	0	0
Capital Receipts				
Capital Receipts in Year - Corporate Property Disposals	(185)	0	0	0
Unsupported Borrowing - General Fund				
Individual School Schemes (inc NOF works funding shortfall £4k)	(184)	0	0	0
Asset Management Plan Schemes	0	0	0	0
Hut Replacement Programme Schemes	0	0	0	0
Expansion of Secondary/Primary School Places	(56)	0	0	0
Special Educational Needs Schemes	(10)	0	0	0
Sudbury Primary School PCP Scheme	0	0	0	0
Contingency	0	0	0	0
Total Children and Families Funding	**(37,722)**	**(11,630)**	**(11,630)**	**(11,630)**
Funding Gap	**0**	**0**	**0**	**0**

Programme Details	2011/12 Capital Programme £000	2012/13 Capital Programme £000	2013/14 Capital Programme £000	2014/15 Capital Programme £000
Housing Schemes				
New Units	100	0	0	0
Total Housing Capital Programme	**100**	**0**	**0**	**0**
Funding				
Unsupported Borrowing - General Fund				
New Units	(100)	0	0	0
Total Housing Funding	**(100)**	**0**	**0**	**0**
Funding Gap	**0**	**0**	**0**	**0**
Property Schemes				
Project Management - to provide additional resources to Service Areas	200	200	200	200
Carbon Reduction Measures (to include Salix match funding) - Self Funded	200	200	200	200
Asbestos Surveys	30	30	30	30
Inspections of Non-Housing Property	80	80	80	80
Combined Property and ICT Initiatives	100	100	100	100
Total Property Schemes	**610**	**610**	**610**	**610**
Funding				
Unsupported Borrowing - General Fund				
Project Management - to provide additional resources to Service Areas	(200)	(200)	(200)	(200)
Asbestos Surveys	(30)	(30)	(30)	(30)
Inspections of Non-Housing Property	(80)	(80)	(80)	(80)
Combined Property and ICT Initiatives	(100)	(100)	(100)	(100)
Unsupported Borrowing (Self Funded)				
Carbon Reduction Measures (to include Salix match funding)	(200)	(200)	(200)	(200)
Total Property Funding	**(610)**	**(610)**	**(610)**	**(610)**
Funding Gap	**0**	**0**	**0**	**0**
Strategy, Partnerships & Improvement Schemes				
South Kilburn Regeneration Project	15,507	6,290	169	0
The Growth Fund - Programme of Development	1,365	0	0	0
Total Strategy, Partnership & Improvement Schemes	**16,872**	**6,290**	**169**	**0**
Funding				
Grant				
The Growth Fund	(1,365)	0	0	0
The Growth Fund - Contribution to South Kilburn Regeneration	(3,630)	(1,125)	0	0
Capital Receipts				
South Kilburn Regeneration Earmarked Land Receipts	(11,827)	(5,165)	(169)	0
Contributions				
South Kilburn Trust Contribution to Regeneration Project	(50)	0	0	0
Total Strategy, Partnerships & Improvement Funding	**(16,872)**	**(6,290)**	**(169)**	**0**
Funding Gap	**0**	**0**	**0**	**0**
S106 Funded Works				
Environmental Health	102	121	140	100
Landscape & Design	277	414	552	200
Public Art	73	107	141	100
Parks	483	583	682	500
Planning	271	406	542	300
Street Care	96	64	32	100
Sports	231	342	453	200
Sustainable Strategy	10	13	15	10
Transportation	2,699	4,033	5,367	3,000
Education	3,473	4,738	7,583	3,000
Housing	402	386	509	200
Brent into Work	249	264	279	200
General	35	52	69	30
Total S106 Funded Works	**8,401**	**11,523**	**16,364**	**7,940**
Funding				
S106				
Children and Families S106 Funding - General	(3,473)	(4,738)	(7,583)	(3,000)
Environment and Culture S106 Funding	(4,277)	(6,135)	(7,993)	(4,540)
Housing and Community Care: Housing S106 Funding	(402)	(386)	(509)	(200)
Corporate: Brent into Work S106 Funding	(249)	(264)	(279)	(200)
Total S106 Funding	**(8,401)**	**(11,523)**	**(16,364)**	**(7,940)**
Funding Gap	**0**	**0**	**0**	**0**
TOTAL REGENERATION & MAJOR PROJECTS CAPITAL PROGRAMME	**111,161**	**66,505**	**46,189**	**20,180**
TOTAL REGENERATION & MAJOR PROJECTS CAPITAL FUNDING	**(111,161)**	**(66,505)**	**(46,189)**	**(20,180)**
TOTAL REGENERATION & MAJOR PROJECTS FUNDING GAP	**0**	**0**	**0**	**0**

CAPITAL PROGRAMME 2011/12 TO 2014/15

General Fund - Children and Families Capital Programme

Programme Details	2011/12 Capital Programme £000	2012/13 Capital Programme £000	2013/14 Capital Programme £000	2014/15 Capital Programme £000
Expenditure				
Devolved Capital	**631**	**631**	**631**	**631**
Total Children & Families Forecast Capital Programme	**631**	**631**	**631**	**631**
Funding				
Grant				
Devolved Formula Capital	(631)	(631)	(631)	(631)
Total Children & Families Funding	**(631)**	**(631)**	**(631)**	**(631)**
Funding Gap	**0**	**0**	**0**	**0**

CAPITAL PROGRAMME 2011/12 TO 2014/15

General Fund - Environment & Neighbourhoods Capital Programme

Programme Details	2011/12 Capital Programme £000	2012/13 Capital Programme £000	2013/14 Capital Programme £000	2014/15 Capital Programme £000
Transport for London Grant Funded Schemes	**4,000**	**4,000**	**4,000**	**4,000**
Environment Programme Works				
Pavements and Roads	2,895	2,895	3,500	3,500
Streetscene/Street Trees	25	25	50	50
Parks & Cemeteries:				
Parks Infrastructure	70	70	145	145
Cemetery and Mortuary Service	10	10	20	20
Burial Vaults at Willesden New Cemetery (Self Funded)	5	0	0	0
Leisure & Sports				
Delivering the Sports Strategy	535	535	535	535
Total Environment Scheme Capital Programme	**3,540**	**3,535**	**4,250**	**4,250**
Total Environment & Neighbourhoods Capital Programme	**7,540**	**7,535**	**8,250**	**8,250**
Funding				
Grant				
TFL Grant Income (Borough Spending Plan)	(4,000)	(4,000)	(4,000)	(4,000)
Contributions				
Cemetery Improvements (funded from donation)	(5)	0	0	0
Capital Receipts				
Capital Receipts in Year - Corporate Property Disposals	(1,000)	(1,430)	(2,000)	(2,000)
Unsupported Borrowing - General Fund				
Highways Schemes	(1,920)	(1,490)	(1,550)	(1,550)
Parks	(70)	(70)	(145)	(145)
Cemeteries	(10)	(10)	(20)	(20)
Leisure & Sports	(535)	(535)	(535)	(535)
Total Environment Funding	**(7,540)**	**(7,535)**	**(8,250)**	**(8,250)**
Funding Gap	**0**	**0**	**0**	**0**

CAPITAL PROGRAMME 2011/12 TO 2014/15

General Fund - Housing and Community Care: Adults Capital Programme

Programme Details	2011/12 Capital Programme £000	2012/13 Capital Programme £000	2013/14 Capital Programme £000	2014/15 Capital Programme £000
Additional Grant Notifications (Ringfenced):				
Campus Reprovision Programme (PCT Grant Funded)	450	0	0	0
Surplus Capital Grant not yet Allocated to Schemes	652	658	0	0
Total Housing & Community Care: Adults	**1,102**	**658**	**0**	**0**
Funding				
Grant				
PCT Learning Disabilities Grant	(450)	0	0	0
Adults PSS Grant	(652)	(658)	0	0
Total Adults Funding	**(1,102)**	**(658)**	**0**	**0**
Funding Gap	**0**	**0**	**0**	**0**

CAPITAL PROGRAMME 2011/12 TO 2014/15

General Fund - Housing & Community Care: Housing & Customer Services Capital Programme

Programme Details	2011/12 Capital Programme £000	2012/13 Capital Programme £000	2013/14 Capital Programme £000	2014/15 Capital Programme £000
Housing Schemes				
Private Sector Renewal Support Grant and Disabled Facilities Grant council	4,780	4,780	4,780	4,780
Total Housing & Community Care: Housing Capital Programme	**4,780**	**4,780**	**4,780**	**4,780**
Funding				
Grant				
Disabled Facilities Grant	(1,680)	(1,680)	(1,680)	(1,680)
Capital Receipts				
Capital Receipts in Year - Right to Buy Properties	(500)	(600)	(600)	(600)
Former LRB/Ex-GLC Properties	(200)	(200)	(200)	(200)
Corporate Property Disposals	(2,400)	(2,200)	(1,630)	(1,630)
Unsupported Borrowing - General Fund				
Private Sector Renewal Support Grant and Disabled Facilities Grant council	0	(100)	(670)	(670)
Total Housing Funding	**(4,780)**	**(4,780)**	**(4,780)**	**(4,780)**
Funding Gap	**0**	**0**	**0**	**0**

CAPITAL PROGRAMME 2011/12 TO 2014/15

Housing Revenue Account - Housing Capital Programme

Programme Details	2010/11 Capital Programme £000	2012/13 Capital Programme £000	2013/14 Capital Programme £000	2014/15 Capital Programme £000
Disabled Facilities Works (Unsupported Borrowing)	600	600	600	600
Major Repairs Allowance Works	7,000	7,000	7,000	7,000
Main Programme RCCO (HRA)	1,684	1,684	1,684	1,684
Total Housing Capital Programme	**9,284**	**9,284**	**9,284**	**9,284**
Funding				
Contributions				
Main Programme Revenue Contribution to Capital Outlay (RCCO) (HRA)	(1,684)	(1,684)	(1,684)	(1,684)
Major Repairs Reserve	(7,000)	(7,000)	(7,000)	(7,000)
Unsupported Borrowing - Housing Revenue Account:				
Disabled Facilities Works	(600)	(600)	(600)	(600)
Total Housing HRA Funding	**(9,284)**	**(9,284)**	**(9,284)**	**(9,284)**
Funding Gap	**0**	**0**	**0**	**0**

CAPITAL PROGRAMME 2011/12 TO 2014/15

General Fund - Corporate Capital Programme

Programme Details	2011/12 Capital Programme £000	2012/13 Capital Programme £000	2013/14 Capital Programme £000	2014/15 Capital Programme £000
ICT Schemes				
Combined Property and ICT Initiatives **(To be used on Sharepoint Initiative in 2010/11)**	400	400	400	400
Total ICT Schemes	**400**	**400**	**400**	**400**
Central Items				
Carbon Trust Works	50	50	50	50
Total Central Items	**50**	**50**	**50**	**50**
Forecast Levels of Slippage in Year	**2,381**	**2,526**	**1,796**	**0**
Total Finance & Corporate Services Capital Programme	**2,831**	**2,976**	**2,246**	**450**
Funding				
Grant				
Salix Grant Funding (Carbon Trust Works)	(50)	(50)	(50)	(50)
Unsupported Borrowing - General Fund				
Combined Property and ICT Initiatives	(400)	(400)	(400)	(400)
Forecast Levels of Slippage in Year	(2,381)	(2,526)	(1,796)	0
Total Housing HRA Funding	**(2,831)**	**(2,976)**	**(2,246)**	**(450)**
Funding Gap	**0**	**0**	**0**	**0**

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London Borough of Brent
Disposals Schedule - 3 Year Rolling Programme.

DISPOSALS, 2010-2011

38, Craven Park
301, Kilburn Lane
164, Harlesden Road
Elthorne Way
Saxon Road
37b, Hazel Road
32, Pitfield Way
Bryan Avenue Stores
170a, Walm Lane
58, Peel Precinct
Crawford Avenue

Possible Disposals 2011-2012

Church Road car Park
Barham Park Caretakers Site
Vestry Hall
Neasden-Alperton Wayleave
Salusbury Road Car Park
Carlton Centre
Willesden Cemetery Lodges
Charteris Sports Cente

Potential Disposals Post- 2012

Ashley Gardens ISS Building
Elms Gardens Allotments
Scouts Hut, Kenton Road
Dudden Hill Lane Open Space
Clement Close Respite Home
Stonebridge Day Centre

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ANNUAL INVESTMENT STRATEGY 2011/12

1. Brent Council has regard to the Department for Communities and Local Government Guidance on Local Government Investments ("Guidance") and CIPFA's 'Treasury Management in the Public Services'.

2. Investment Principles

2.1 All investments will be in sterling. The general policy objective is the prudent investment of the council's treasury balances. The council will aim to achieve the optimum return on its investments commensurate with the proper levels of security and liquidity.

2.3 The Guidance maintains that the borrowing of monies purely to invest or on-lend to make a return is unlawful. The council will not engage in such activity.

3. Specified and Non-Specified Investments

3.1 Investment instruments identified for use in the financial year are listed in Appendices L(ii) and L(iii) under the 'Specified' and 'Non-Specified' investments categories. These are defined as follows:

a) Specified Investments (as set out in the Guidance) are those that offer high security and liquidity. Such investments will be in sterling, with a maturity of no more than one year, and will be made to bodies with high credit ratings – UK or local government, banks, building societies, money market funds, and supra-national institutions.

b) Non-specified Investments (as set out in the Guidance) are those that may either entail more risk or are more complex, such as gilts, certificates of deposit or commercial paper. In all cases where time deposits (loans with a fixed maturity date to banks, building societies etc) are not involved, external fund managers will take investment decisions within their Investment Management Agreements.

3.2 Appendices L(ii) and L(iii) also set out:

(a) the advantages and associated risk of investments under the category of "non-specified" category;

(b) the upper limit to be invested in each 'non-specified' asset category;

(c) which instruments would best be used by the council's external fund managers or after consultation with the council's treasury advisors.

4. Liquidity

4.1 Based on its cash flow forecasts, the council anticipates its fund balances in 2011/12 to range between £30m and £80m.

4.2 Giving due consideration to the council's level of balances over the next three years, the need for liquidity, its spending commitments and provisioning for contingencies, the council has determined that up to £20m may be held in 'non specified' investments during the year.

4.3 Appendices L(ii) and L(iii) set out the maximum periods for which funds may be prudently committed in each asset category. The duration of cash deposits has been shortened to three years (from five years) following severe volatility seen in the recent credit crisis. However, the current lending list will continue to use the shorter limit of one year to recognise that the banking system has not yet healed from the credit crisis.

5. Security of Capital: The Use of Credit Ratings

5.1 Credit quality of counterparties (issuers and issues) and investment schemes will, in the first instance, be determined by reference to credit ratings published by Fitch IBCA, Standard and Poor's, and Moody's *(*long-term/short-term, individual, support and sovereign), but the council will use the lowest ratings from the three companies. The Council will also use group and national limits to assist in proper diversification of investments, as well as duration limits. The external manager will use Brent Council's Lending List to establish authorised borrowers.

5.2 Monitoring of credit ratings:

- All credit ratings will be monitored continuously. Brent Council is alerted to changes in ratings through the adviser's (Arlingclose) website and emails.
- If it is anticipated that a downgrading may occur following adverse economic developments; the Head of Exchequer & Investments or a dealer will have discretion to remove the counterparty from the lending list.
- If a downgrade results in the counterparty/investment scheme / country no longer meeting the council's minimum criteria, its further use as a new investment / investment venue will be withdrawn immediately.
- If a counterparty/investment scheme is upgraded so that it fulfils the council's criteria, the Director of Finance & Corporate Services will consider including it on the lending list.
- The council will also use other sources of information to assess the credit worthiness of counter-parties and general market intelligence. Advice will be gleaned from the treasury adviser (Arlingclose), financial publications, asset managers and Capital Economics. Access will also be available to the credit lists used by two investment managers used by the council.
- Dealers are expected to act prudently and may decline to use particular counterparties if there is any cause for concern.

6. Investments Defined as Capital Expenditure

6.1 The acquisition of share capital or loan capital in any body corporate is defined as capital expenditure. Brent Council will not use or allow its external fund manager to make, any investment which will be deemed capital expenditure.

7. Investment Strategy to be followed In-House

7.1 Investments will be made with reference to the core balance (£40m), cash flow requirements and the outlook for short and medium-term interest rates (i.e. rates for investments up to 3 years).

7.2 Once stability has returned, the council will seek to utilise its business reserve accounts and short-dated deposits (1-3 months) in order to benefit from the compounding of interest at potentially higher rates, while looking for longer-term opportunities when the market becomes too pessimistic about rising rates. Brent Council has identified 2% as an attractive trigger rate to consider 1-year lending and 5% for 2 and *3* year lending. The ‘trigger points’ will be kept under review and discussed with Arlingclose so that investments can be made at the appropriate time.

9. External Cash Fund Management

9.1 Brent Council’s funds are managed on a discretionary basis by Aberdeen Asset Management. The fund manager is contractually required to comply with this strategy.

9.2 Brent Council will discuss with its external fund manager on a regular basis, instruments that they consider may be prudently used to meet the council’s investment objectives. Brent Council will evaluate the risk-reward characteristics of asset categories to decide whether to permit the manager to use instruments that comply with the Guidance.

10 The role of the treasury adviser

10.1 The treasury adviser (Arlingclose) gives advice on debt restructuring opportunities, interest rate movements, economic forecasts, external treasury managers and current capital finance developments. The adviser also provides credit ratings, and details of changes / possible changes in ratings.

10.2 However, it is for the council to take decisions on whether or not to act on the advice given. Other sources of market information and intelligence will also be sought.

11 Borrowing in advance

11.1 The council has previously used the Capital Financing Requirement (CFR) as a measure of borrowing need, but the low level of short term interest rates means that either short term loans will also be taken or internal cash balances used. The CFR reflects the total capital expenditure of the authority.

11.2 The council plans that total borrowing should be at, or about, CFR at year end. However, the capital programme may be delayed, leading to total borrowing being above CFR. Other factors will also affect borrowing decisions. If it is expected that long-term rates may rise, borrowing may be undertaken early. This will be particularly important if there is a major project being undertaken, such as the new Civic Centre. If long term rates are high, but short term rates very low (as at present), borrowing may be delayed to reduce funding costs.

11.3 If borrowing is undertaken in advance of need, the balance will be placed with a secure counterparty. If large sums are involved, consideration will be given to purchasing an appropriate government gilt, to preserve capital.

12 Staff training

12.1 There are three main treasury management training ‘areas’. First, dealing, which requires understanding of cash flow issues, information systems, the lending list, dealing and settlement of deals. Second, authorisation of deals, which requires knowledge of the lending list and information systems. Third, management requires an understanding of the market, treasury management codes, economic background, and current treasury management policies and strategies.

12.2 Staff training is reviewed on an ongoing basis to ensure that trainee accountants are given an initial treasury induction, and that dealers / managers are given access to market developments and technical updates on treasury issues (particularly changes to the lending list) and regular dealing practice.

12.3 Training needs are met through a variety of methods. New dealers are given on the job induction training, to enable them to deal competently, as well as attendance at relevant external conferences and seminars. Ongoing learning is through conferences and seminars provided by the main treasury organisations, CIPFA and economics consultancies. The principal treasury officer has passed the course in Treasury Management organised by the Association of Corporate Treasurers and CIPFA.

LOCAL GOVERNMENT INVESTMENTS
SPECIFIED INVESTMENTS

All "Specified Investments" listed below must be sterling-denominated.

Investment	Share/ Loan Capital?	Repayable/ Redeemable Within 12 Months?	Security/ Minimum Credit Rating	Capital Expenditure?	Circumstance of Use	Maximum Period
Debt Management Agency Deposit Facility	No	Yes	Govt-backed	No	In-house	1 year
Term or callable deposits with the UK government or with UK local authorities	No	Yes	High security although local authorities are not credit rated.	No	In-house and by external fund manager	1 year
Term or callable deposits with credit-rated deposit takers (banks and building societies)	No	Yes	Yes- varied	No	In-house and by external fund manager	1 year
Certificates of Deposit issued by credit-rated deposit takers (banks and building societies)	No	Yes	Yes- varied	No	To be used by fund managers	1 year
Gilts : with maturities up to 1 year	No	Yes	Govt-backed	No	In house and by external cash fund manager subject to the management agreement	1 year
Money Market Funds (i.e. a highly rated collective investment scheme)	No	Yes	Yes- *minimum : AAA*	No	In-house and by external fund manager subject to the management agreement	*Subject to cash flow and liquidity requirements*

Investment	Share/ Loan Capital?	Repayable/ Redeemable Within 12 Months?	Security/ Minimum Credit Rating	Capital Expenditure?	Circumstance of Use	Maximum Period
Forward deals with credit rated banks and building societies	No	Yes	Yes- varied	No	In-house and fund manager	1 year in aggregate
Commercial paper *[short-term obligations generally with a maximum life of 9 months issued by banks and other issuers]*	No	Yes	Yes- varied	No	External fund managers subject to the management agreement	9 months
Treasury bills [*Government debt security with a maturity less than one year*]	No	Yes	Govt- backed	No	External fund manager subject to the management agreement	1 year
Bonds issued by a financial institution that is guaranteed by the United Kingdom Government	No	Yes	Govt- backed	No	External cash fund managers subject to management agreements	1 year
Bonds issued by multilateral development banks	No	Yes	AAA	No	External cash fund managers subject to management agreements	1 year

LOCAL GOVERNMENT INVESTMENTS

NON-SPECIFIED INVESTMENTS

Investment	(A) Why Use It? (B) Associated Risks?	Share/ Loan Capital?	Repayable/ Redeemable Within 12 Months?	Security/ Minimum Credit Rating	Capital Expenditure?	Circumstance of Use	Max % of Overall Investments	Maximum Maturity of Investment
Term deposits with credit rated deposit takers (banks and building societies) with maturities greater than 1 year	(A) (i) Certainty of rate of return over period invested. (ii) No movement in capital value of deposit despite changes in interest rate environment. (B)(i) Liquid : as a general rule, but cannot usually be traded or repaid prior to maturity. (ii) Return is fixed even if interest rates rise after making the investment. (iii) Credit risk : potential for greater deterioration in credit quality over longer period	No	No	Yes-varied	No	In-house, authorised by senior management	100%	*3 years*
Certificates of Deposit with credit rated deposit takers (banks and building societies) with maturities greater than 1 year	(A)(i) Although tradable, can be illiquid in a credit crisis. (B)(i) 'Risk that price may fall during the life of the CD, so that there may be a capital loss if the instrument is sold early.	No	Yes	Yes-varied	No	To be used by fund manager	80%	*3 years*
UK government gilts with maturities in excess of 1 year	(A)(i) Excellent credit quality. (ii) Very Liquid. (iii) If held to maturity, known yield (rate of return) per annum ~ aids forward planning. (iv) If traded, potential for capital gain through appreciation in value (i.e. sold before maturity) (v) No currency risk (B)(i) 'Market or interest rate risk' : Yield subject to movement during life of sovereign bond which could negatively impact on price of the bond i.e. potential for capital loss.	No	Yes	Govt backed	No	External cash fund manager only subject to the management agreement	50%	*10 years*

Investment	(A) Why Use It? (B) Associated Risks?	Share/ Loan Capital?	Repayable/ Redeemable Within 12 Months?	Security/ Minimum Credit Rating	Capital Expenditure?	Circumstance of Use	Max % of Overall Investments	Maximum Maturity of Investment
Sovereign issues, excluding UK government gilts : any maturity	(A)(i) Excellent credit quality. (ii) Liquid. (iii) If held to maturity, known yield (rate of return) per annum ~ aids forward planning. (iv) If traded, potential for capital gain through appreciation in value (i.e. sold before maturity) (v) No currency risk (B)(i) 'Market or interest rate risk' : Yield subject to movement during life of sovereign bond which could negatively impact on price of the bond i.e. potential for capital loss.	No	Yes	AAA	No	External cash fund manager subject to the management agreement	50%	*10 years*
Forward deposits with credit rated banks and building societies for periods > 1 year (i.e. negotiated deal period plus period of deposit)	(A)(i) Known rate of return over period the monies are invested ~ aids forward planning. (B)(i) Credit risk is over the whole period, not just when monies are actually invested. (ii) Cannot renege on making the investment if credit rating falls or interest rates rise in the interim period.	No	No	Yes - varied	No	To be used in-house, authorised by senior management	50%	*3 years*
Bonds issued by a financial institution that is guaranteed by the United Kingdom Government	(A)(i) Excellent credit quality. (ii) Relatively liquid. (although not as liquid as gilts) (iii) If held to maturity, known yield (rate of return) per annum, which would be higher than that on comparable gilt ~ aids forward planning, enhanced return compared to gilts. (iv) If traded, potential for capital gain through appreciation in value (i.e. sold before maturity) (B)(i) 'Market or interest rate risk' : Yield subject to movement during life of bond which could negatively impact on price of the bond i.e. potential for capital loss. (ii) Spread versus gilts could widen.	Yes	Yes	AAA / government guaranteed	No	External cash fund manager, subject to the management agreement	80%	*3 years*

Investment	(A) Why Use It? (B) Associated Risks?	Share/ Loan Capital?	Repayable/ Redeemable Within 12 Months?	Security/ Minimum Credit Rating	Capital Expenditure?	Circumstance of Use	Max % of Overall Investments	Maximum Maturity of Investment
Bonds issued by multilateral development banks	(A)(i) Excellent credit quality. (ii) Relatively liquid. (although not as liquid as gilts) (iii) If held to maturity, known yield (rate of return) per annum, which would be higher than that on comparable gilt ~ aids forward planning, enhanced return compared to gilts. (iv) If traded, potential for capital gain through appreciation in value (i.e. sold before maturity). (B)(i) 'Market or interest rate risk' : Yield subject to movement during life of bond which could negatively impact on price of the bond i.e. potential for capital loss. (ii) Spread versus gilts could widen.	Yes	Yes	AAA or government guaranteed	No	External cash fund manager , subject to the management agreement	80%	*3 years*

* **The prohibition on the use of derivatives** : This prohibition effectively relies on the judgement of the House of Lords in the case of Hazell v The Council of the London Borough of Hammersmith and Fulham and Others in 1991. Their Lordships held that local authorities have no power to enter into interest rate swaps and similar instruments.

Our treasury adviser, Arlingclose, believes that as this ruling still stands and was not rescinded by the introduction of the Local Government Act 2003, local authorities do not have the power to use derivative instruments.

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ADVICE FROM THE DRECTOR OF LEGAL AND PROCUREMENT

1. INTRODUCTION

This appendix sets out in some detail Members' individual responsibilities to set a legal budget and how Members should approach the task. It also reminds Members about the rules concerning personal and prejudicial interests.

The paper concludes with specific legal advice over aspects of the budget which potentially give rise to difficulties.

2. WHEN THE BUDGET MUST BE SET

Under Section 32 of the Local Government Finance Act 1992, budget calculations have to be made before 11th March, but they are not invalid merely because they are made on or after 11th March. However, delay in setting the Council Tax will have very serious financial consequences. It will render the Council vulnerable to legal proceedings requiring it to set the tax. In any event, it is important that the tax is set well in advance of 1st April as no sum is payable for Council Tax until 14 days after the date of posting bills. Serious financial losses will accrue very soon from a late setting of Council Tax as income is delayed and interest is foregone.

An important feature of Council Tax is that the statutory budget calculation must be followed exactly. If not the Council Tax resolution will be invalid and void. Detailed advice will therefore be available at the Council meeting.

3. NOTICE

There is a requirement to publish notice of the amount set for Council Tax in at least one local paper within 21 days. There is also a duty to consult with representatives of Non-Domestic Ratepayers about the proposed revenue and capital expenditure before the budget requirement is calculated.

4. CAPPING

The Local Government Finance Act 1992 and Local Government Act 1999 contain powers on the part of the Secretary of State to cap the Council's budget requirement. The cap is applied to the budget requirement and not to the final level of Council Tax requirement, and so it is a means by which the Secretary of State can directly control the Council's expenditure. An authority can be designated for capping if the amount it calculates as its budget requirement is considered to be excessive either intrinsically or in relation to the previous year's calculation. It is considered that the Secretary of State could cap the budget requirement even if it does not exceed the amount of its Relative Needs Formula. In practice no Secretary of State has done this. The Secretary of State can insist that the authority revises its budget for the year within such lower amount as he determines, or he can set a notional amount for the year which is taken into account in determining capping decisions for the following year. If the decision is for the authority to revise its budget for the year, the capped authority must then in effect re-set its budget and Council Tax at an appropriate level. Any reduction in budget must be passed on in full by way of a reduced Council Tax.

The same legislation applies to the Greater London Authority whose budget could be capped which would require Brent, as the billing authority, to issue new bills.

5. MEMBERS' FIDUCIARY DUTIES

The obligation to make a lawful budget each year is shared equally by each individual Member. In discharging that obligation, Members owe a fiduciary duty to the Council Taxpayer.

The budget must not include expenditure on items which would fall outside the Council's powers. Expenditure on lawful items must be prudent, and any forecasts or assumptions such as rates of interest or inflation must themselves be rational. Power to spend money must be exercised bona fide for the purpose for which they were conferred and any ulterior motives risk a finding of illegality. In determining the Council's overall budget requirement, Members are bound to have regard to the level of Council Tax necessary to sustain it. Essentially the interests of the Council Taxpayer must be balanced against those of the various service recipients.

Within this overall framework, there is of course considerable scope for discretion. Members will bear in mind that in making the budget commitments are being entered which will have an impact on future years. Some such commitments are susceptible to change in future years, such as staff numbers which are capable of upward or downward adjustment at any time. Other commitments however impose upon the Council future obligations which are binding and cannot be adjusted, such as loan charges to pay for capital schemes.

Only relevant and lawful factors may be taken into account and irrelevant factors must be ignored. A Member who votes in accordance with the decision of his or her political group but who does so after taking into account the relevant factors and professional advice will be acting within the law. Party loyalty and party policy are capable of being relevant considerations for the individual Member provided the member does not blindly toe the party line without considering the relevant factors and professional advice and without properly exercising any real discretion.

Under the Brent Member Code of Conduct members are required when reaching decisions to have regard to relevant advice from the Chief Finance Officer (the Director of Finance and Corporate Services) and the Monitoring Officer (the Borough Solicitor). If the Council should fail to set a budget at all or fail to set a lawful budget, contrary to the advice of these two officers there may be a breach of the Code by individual members if it can be demonstrated that they have not had proper regard to the advice given.

6. ARREARS OF COUNCIL TAX AND VOTING

In accordance with section 106 of the Local Government Finance Act 1992, where a payment of Council Tax that a member is liable to make has been outstanding for two months or more at the time of a meeting, the Member must disclose the fact of their arrears (though they are not required to declare the amount) and cannot vote on any of the following matters if they are the subject of consideration at a meeting:

(a) Any decision relating to the administration or enforcement of Council Tax.

(b) Any budget calculation required by the Local Government Finance Act 1992 underlying the setting of the Council Tax.

(c) Any recommendation, resolution or other decision which might affect the making of the Annual Budget calculation.

Members should note the following points:

(i) These rules are extremely wide in scope. Virtually any Council decision which has financial implications is one which might affect the making of the budget underlying the Council Tax for next year and thus is caught. The former DoE (now DCLG) shared this interpretation as it made clear in its letter to the AMA dated 28th May 1992.

(ii) The rules do not apply just to full Council meetings but extend to committees and sub-committees of the Council and to the Executive and its Highways Committee.

(iii) Members who make a declaration are not entitled to vote on the matter in question but are not prevented by the section from taking part in the discussion. However, where questions of enforcement are under consideration, Members with any arrears of Council Tax are likely to have a prejudicial interest under the Brent Members Code of Conduct. In these circumstances Members are disentitled from taking part in discussions as well as from voting, and must declare an interest whether or not their arrears have been outstanding for two months and must leave the room.

(iv) Members will have a defence under section 106 if they did not know that the section applied to them (i.e., that they were in arrears to the relevant extent) at the time of the meeting. Thus unwitting Members who for example can prove that they did not know and had no reason to suppose at the time of the meeting that their bank has failed to honour a standing order will be protected should any prosecution arise.

(v) It is not enough to state that a benefit application has been submitted which has not yet been determined, as Members remain liable to pay pending determination.

(vi) Breach of the rules is a criminal offence under section 106 which attracts a maximum fine of £1,000.

7. PERSONAL AND PREJUDICIAL INTERESTS

Under the new code of conduct, a member will have a personal interest in an item of business if a decision in relation to that business might reasonably be regarded as affecting his or her well-being or financial position or the well-being or financial position of a relevant person to a greater extent than the majority of other council tax payers, ratepayers or inhabitants of the electoral division or ward, as the case may be, affected by the decision.

A relevant person is (a) a member of your family or any person with whom you have a close association; or (b) any person or body who employs or has appointed such persons, any firm in which they are a partner, or any company of which they are directors; (c) any person or body in whom such persons have a beneficial interest in a class of securities exceeding the nominal value of £25,000; or (d) any body of which you are a member or in a position of general control or management and to which you are appointed or nominated by your authority or any body (aa) exercising functions of a public nature; (bb) directed to charitable purposes; or (cc) one of whose principal purposes includes the influence of public opinion or policy (including any political party or trade union) of which you are a member or in a position of general control or management.

Any member with such an interest will, generally, have to declare that interest at the start of the agenda item. However, the business of the meeting relates to or is likely to affect any of the following categories of people then you need only disclose to the meeting the existence and nature of that interest if you actually address the meeting on that business:

i) any body of which you are a member or in a position of general control or management and to which you are appointed or nominated by your authority;

ii) any body exercising functions of a public nature.

Members will receive more detailed advice prior to the meeting about the interests they may or may not need to declare at the meeting but members should seek early advice to avoid any confusion on the night of the meeting.

A personal interest will also be a prejudicial interest if it is one that members of the public, knowing the facts, would reasonably regard as so significant as to be likely to prejudice the Member’s judgement of the public interest. However, under the new code, a member will not have a prejudicial interest if the business under consideration — (a) does not affect your financial position or the financial position of a connected person (listed in paragraph 8 of the Code) nor (b) does not relate to the determining of any approval, consent, licence, permission or registration in relation to you or any connected person or body. There are other specified exemptions relating to school meals, council tenancies, allowances, etc.

If a member does have a prejudicial interest then the Member concerned must withdraw from the meeting and leave the room. A failure to comply with the Code puts the member at risk of suspension or disqualification. Again, members will receive more detailed advice on this prior to the meeting but if any member is aware of any interest that may amount to a prejudicial interest then he or she should seek advice well before the meeting in question in order for the issues to be considered fully.

Dispensations

Dispensations are available in respect of prejudicial interest under the Brent Code of Conduct but only in very limited circumstance and only from the Standards Committee. As the dispensation now has to be given by the Standards Committee and not the Secretary of State there are also time limits to be considered which are new. The Standards Committee can only meet on 5 clear days notice and, unless certified as urgent, business can only be transacted if 5 clear days notice of it has been given. There is no Standards Committee meeting currently fixed before the budget setting meeting.

8. RESPONSIBILITIES OF CHIEF FINANCIAL OFFICER AND AUDITORS' POWERS

Chief Financial Officer and Monitoring Officer

Section 114 of the Local Government Finance Act 1988 places the Chief Financial Officer under an obligation to prepare a report (to full Council) if it appears to him that the expenditure the Authority proposes to incur in a financial year is likely to exceed its resources available to meet that expenditure. A failure to take note and act on such a report could lead to a complaint to the Standards Board. Similarly, the Council's Monitoring Officer is required to report to Full Council if it appears to him or her that a decision has been or is about to be taken which is or would be unlawful or would be likely to lead to maladministration.

Under section 25 of the Local Government Act 2003 the Chief Financial Officer is now required to report to the authority on the robustness of the estimates made for the purposes of the calculations required to be made by the Council. These are the estimates which the Executive is required to determine and submit to Full Council and are contained within this report. However, if the Council were minded to agree a budget based on different estimates e.g. if Council did not agree with the estimates provided by the Executive then those estimates which the Council would adopt would effectively become 'the estimates' for the purpose of Section 25 and as such should be subject to a report by the Chief Financial Officer.

External Auditors' Powers

Section 91 of the Local Government Act 2000 provides that an External Auditor may issue an "Advisory Notice" if he has reason to believe that an

Authority is about to take a course of action which, if pursued to its conclusion, would be unlawful and likely to cause a loss or deficiency. This power is to be used where the matter is significant either in amount or in principle or both.

While the advisory notice has effect it is not lawful for the authority to implement or take the course of action in question unless it has considered the issues raised in the notice and given the auditor notice that it intends to proceed with that course of action in a specified period and that period has expired.

In addition, it is also open to the Auditor to apply for judicial review on any decision of an Authority or failure to act which it is reasonable to believe would have an effect on the accounts of an Authority.

9. SPECIFIC BUDGET ADVICE

Balances and Other Budget Calculations

A local authority must budget so as to give a reasonable degree of certainty as to the maintenance of its services. In particular local authorities are required by section 32 of the Local Government Finance Act 1992 to calculate as part of their overall budget what amounts are appropriate for contingencies and reserves. The Council faces various contingent liabilities set out in the main budget report. Furthermore the Council must ensure sufficient flexibility to avoid going into deficit at any point during the financial year. Members will need to pay careful attention to the advice of officers here.

In addition to advising on the robustness of the estimates as set out above, the Chief Financial Officer is also required to report on the robustness of the proposed financial reserves. The same advice applies to these as to the other calculations required to be made by the Council. The Director of Finance and Corporate Services' view of the level of reserves is contained within the report.

Having considered the officer's report the Council is then required to *"have regard to the report"* but it is not required to adopt the recommendations in it. However, Members must demonstrate they have acted reasonably if they do not adopt the recommendations.

Alternative Proposals

If alternative proposals to those contained in this report are moved at the budget setting meeting, the Chief Financial Officer will need to consider if the estimates or proposed financial reserves contained in this report are affected and whether a further report (which may be oral) is required under section 25 of the Local Government Act 2003. If the Chief Financial Officer is unable to report on the estimates or the reserves because of the lateness of the alternative proposals then he will not be able to comply with this statutory requirement. The Act does not say what happens if this duty is not fulfilled and nor does it say whether the Council can set the budget without that advice. It follows from this then that there is no express statutory prohibition. However, the authority is at risk of a Judicial Review by an interested person e.g. a resident or the Audit Commission if the Council has failed to have regard to a report of the Chief Financial Officer on the estimates and reserves used for its budget calculations.

Capital Programme

The requirements of the *"Prudential Code"* established in the Local Government Act 2003 are set out in the report.

Expenditure Charged to the Housing Revenue Account

Members will be aware that the Housing Revenue Account (HRA) is by law to be maintained separately from the General Fund and there are strict rules which determine to which account any expenditure must be charged. There are only very limited areas of discretion here. Members should bear in mind that if they wished to review any current determination which affects the apportionment of charges between the General Fund and HRA, they would need to do so on the basis of an officers' report and specific legal advice. The Housing Revenue Account must be maintained in balance throughout the year by Section 76 Local Government and Housing Act 1989.

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Scheme of Transfers and Virements under Standing Order 17(a)

Definitions

Unless specified to the contrary within the specific paragraphs, each of the following words within this Scheme of Transfers and Virements has the precise meaning assigned to it in this scheme.

Accounts – For the purposes of this scheme, the Council shall be considered to be operating three "accounts" – the General Fund, the Housing Revenue Account, and the Capital Programme.

Budget – The Council's budget agreed by Full Council for a financial year is set at a Council meeting at the same time as the Council Tax levels are set for the financial year and is amended from time to time in accordance with this scheme or other relevant powers.

The budget includes planned expenditure and income for the Accounts, as well as transfers into and out of Reserves and Provisions.

The General Fund budget for each financial year for each service area is summarised in the General Fund Budget Summary Appendix of the Report. The matrices in the Service Area Budget Summary Appendix of the Report show budget heads within each service area.

The Housing Revenue Account budget for each financial year is set out in the Housing Revenue Account Appendix of the Report.

The Capital Programme is set out in Capital Programme Forecast Appendix of the Report. This is set in the context of the Prudential limits set out in of the Report.

Full Council may amend the Budget at any time during the financial year, and the amended budget will replace the budget set at the budget setting Council meeting held before the start of the financial year.

Reserves and Provisions – The Council sets aside amounts from its Accounts from time to time to meet potential future specific or general liabilities or risks. Collectively the cumulative values of these amounts are called the Council's Reserves and Provisions.

The values of Reserves and Provisions which are subject to the Transfer provisions of this scheme are those that appeared in the Council's accounts as at 31st March of the previous financial year in respect of that year (for example, the values for 2009/10 were the values for 2008/09 as they appeared in the accounts as at 31st March 2009) as amended by appropriations contained in the other elements of the budget.

Reserves and Provisions Established by the Director of Finance and Corporate Services - The Director of Finance and Corporate Services may agree that reserves be established by a Service Area at the end of the Financial Year for a specified purpose, where the Service Area has sought permission from the Director of Finance and Corporate Services to apply some or all of that reserve to expenditure for that specified purpose in the next Financial Year and the Director of Finance and Corporate Services is of the opinion that this is a reasonable and prudent use of the resources.

The Report - References to the “Report” are references to the “Budget and Council Tax” report as agreed by Full Council at the budget setting meeting held to set the budget before the start of the current financial year.

Virements – A virement is an increase in any budget or budgets or part of a budget or budgets that is matched by an equal and opposite decrease in any other budget or budgets or part of budgets within the same Account, such that when the total changes are aggregated the net change across all budgets within that Account is zero.

Schedule of Earmarked Reserves and Provisions - the Schedule of Earmarked Reserves and Provisions approved by Full Council at the budget setting meeting held before the start of the financial year.

Transfers – For the purposes of this scheme, a Transfer is a movement of funds from any reserve, provision or Account to any other reserve, provision or Account.

New Spending – Any increase in gross expenditure or reduction in gross income above the aggregates included in each Account is considered to be *“new spending”* for the purposes of this scheme.

Earmarked Supported Borrowing – A permission to borrow issued by a Department of State limited to a specific purpose and coming with a commitment to include the financing charges within the calculation of Revenue Support Grant or Housing Subsidy.

GENERAL PROVISION

1. Except where explicitly stated to the contrary, no virement, transfer, or new spending is authorised by this scheme if it is in conflict with the Policy Framework or if it conflicts with anything specifically agreed by Full Council as part of the budget setting process other than by a decision of Full Council.

TRANSFERS

General

2. Spending on any Account above that allowed for in the Budget, or a shortfall in income below that estimated in the Budget will result in a charge to Reserves unless compensating changes are made. This follows from the

Accounting Code of Practice, which has Statutory force. It is acknowledged that such transfers may result in a conflict with the Policy Framework. Statute provides procedures for dealing with such transfers, especially where the resultant transfers exhaust Reserves and Provisions. This scheme does not deal with these transfers, although limits are placed on the Executive's action to minimise the chance that such circumstances arise.

3. In certain circumstances where such overspends on Accounts arise, there is a choice as to which Reserve the charge should be made. There may also be circumstances in which Provisions can be used to prevent Reserves being exhausted. These are matters that are reserved to Full Council.

Earmarked Reserves and Provisions for Specified Purposes

4. Certain reserves and provisions have been established to aid the smooth running of the Council's finances, and it will be normal to charge costs to those reserves and provisions subject to financial regulations and local procedures and policies. These are listed in Part A of the Schedule of Earmarked Reserves and Provisions, and officers may make transfers from these reserves and provisions up to the amounts in them for the specified purposes.

5. Part B of the Schedule of Earmarked Reserves and Provisions lists those other reserves and provisions from which transfers may only be made on the authority of the Executive, up to the limits of the amounts in them and for the purposes for which they were established.

6 Transfers from Reserves and Provisions Established by the Director of Finance and Corporate Services may be made by the Director of Finance and Corporate Services up to the amount of £250k. Transfers of any greater amount may only be made on the authority of the Executive.

7. Transfers from Reserves and Provisions not included in the Schedule of Earmarked Reserves and Provisions or transfers from Reserves and Provisions for purposes other than those for which they were established require the approval of Full Council, unless otherwise allowed by this scheme.

Executive Powers

8. The Executive shall have the power to approve any Transfer that does not result in New Spending across Accounts, on the recommendation of the Director of Finance and Corporate Services, for the purposes of the efficient management of the Council's affairs.

9. For the purposes of maintaining Reserves at a prudent level (as determined by the Executive on advice from the Director of Finance and Corporate Services,), the Executive may make any Transfer from any Account to the appropriate Reserve if there is a reported saving in that Account.

10. The Executive may make one or more Transfers up to a total of £500,000 in the financial year from any Reserve to any appropriate Account for the purposes of New Spending provided that:

    (a) Reserves are maintained at a prudent level after considering the effect of the Transfer and any risks that fall upon Reserves;

    (b) The Account to which the Transfer is to be made is not immediately prior to making the transfer forecast to overspend; and

    (c) The New Spending is for an objective contained within the Policy Framework, the Corporate Strategy, a legislative requirement or a contractual obligation.

VIREMENTS – GENERAL FUND

Officers

11. Officers may make any virement within a budget line in a service area (i.e. within any one line in the Service Area Budget Summary Appendix of the Report).

12. Subject to paragraph 11, officers may agree any virement within their area of responsibility which:

    (a) Is designed to keep function and finance together (as determined by the Director of Finance and Corporate Services); or

    (b) Increases the budget of a unit that is overspending by reducing that of a unit that is underspending.

13. Virements in paragraph 11 may only be agreed by officers provided that:

    (a) They do not result in a commitment which would itself lead to an increased overspend in the current financial year or give rise to unfunded expenditure in future years;

    (b) They are consistent with the Service Plan;

    (c) They do not conflict with any prior decision made or policy or plan or strategy adopted by the Executive; and

    (d) They are reported to the Director of Finance and Corporate Services.

14. The Director of Finance and Corporate Services may agree any virement between areas of responsibility of different Officers whose effect falls within the criteria set out in paragraph 11 subject to the constraints in paragraph 13(a) to 13(d).

Executive

15. Subject to paragraph 14, the Executive may agree any virement either within or between any Service Area which:

    (a) Falls within the purposes of paragraph 11;

    (b) Helps to maintain prudent levels of Reserves; or

    (c) Helps to keep expenditure within the overall budget totals; or

    (d) Finances new initiatives supporting the Policy Framework or the Corporate Strategy but not explicitly included in the Service Development Plan and Budget.

16. The Executive may only agree virements under paragraph 15 if it has received advice from the Director of Finance and Corporate Services that after the virement:

    (a) Reserves remain at prudent levels; and

    (b) No unfunded expenditure commitments arise in future years.

New Spending

17. Where additional resources arise during the year and these are limited for a specific use (e.g. because of grant conditions), then officers may commit the New Spending provided that:

    (a) There is no unfunded spending commitment for future years;

    (b) Any match funding for the current year is met from identified underspends; and

    (c) The Director of Finance and Corporate Services certifies that the criteria in paragraph 16 apply.

18. Where additional resources arising from additional income, grant not limited for a specific use, or underspends of budgets are identified, then the Executive may agree New Spending, subject to the criteria in paragraphs 15 and 16.

VIREMENTS - CAPITAL PROGRAMME

General

19. The Capital Programme consists of individual projects and sums allocated for work of a particular type. Financial Regulations dictate that the latter type of expenditure can generally only be spent after approval by Executive of project schemes within that type.

20. Capital projects often span more than one year, and include provisions for contingencies, provisional sums and the like. This generates a degree of flexibility available for managing the overall programme and this scheme takes advantage of that flexibility.

21. Many funding streams for Capital projects are limited to particular types of projects. Nothing in this scheme allows virement between projects if the funding stream cannot be vired because of some other condition or limitation restricting or precluding a virement.

22. The Capital Programme is funded by a combination of capital receipts, grants and other direct external contributions and borrowing. The total amount of permitted borrowing can be varied during the financial year under the terms of Local Government Act 2003 and relevant regulations. Apart from any contingencies agreed in the Budget, this scheme does not permit any increase in the level of permitted borrowing beyond that agreed in the Budget. Such increases require approval by Full Council in the context of advice from the Director of Finance and Corporate Services and subject to CIPFA's *"The Prudential Code for Capital Finance in Local Authorities."*

Officers

23. Officers should make such virements as are necessary to ensure that the overall capital spend is kept within the sums allocated for that purpose within their area of responsibility provided that:

    (a) They do not stop or significantly change projects approved by Full Council or the Executive except where as part of project approval the Full Council or Executive has delegated authority to officers to revise or reschedule such projects;

    (b) They do not commit expenditure beyond resources available in future years; and

    (c) They report changes to the Director of Finance and Corporate Services.

Executive

24. The Executive may make such virements within the Capital Programme as are necessary to ensure that overall spending is within the resources available, and it can bring forward, delay or stop projects as necessary to achieve this.

25. The Executive may vire funding from one set of capital projects to another without limit provided that:

    (a) Reductions are not made to funding of projects below the level that is contractually committed;

    (b) Spending commitments in future years are not made beyond the resources available to fund them.

New Spending

26. Where new Capital resources, not limited to specific purposes, are identified during the year, the Executive may commit new expenditure from the reserve list, where such a list exists, in its own priority order providing that:

    (a) The Capital Programme is not projected to overspend its resources;

    (b) Spending commitments in future years are not made beyond the resources available to fund them.

27. Where new Capital resources, not limited to specific purposes, are identified during the year, and the reserve list has been fully funded, the Executive may commit new expenditure on other capital schemes provided that:

    (a) The Capital Programme is not projected to overspend its resources;

    (b) Spending commitments in future years are not made beyond the resources available to fund them;

    (c) The new spending meets objectives set out in the Policy Framework or the Corporate Strategy.

28. Where new Capital resources, limited for use for a specific purpose, are identified during the year that do not require matched funding, the Executive may commit new expenditure provided that:

    (a) Spending commitments in future years are not made beyond the resources available to fund them;

    (b) If the new funding is by Supplementary Credit Approval, a report is received from the Director of Finance and Corporate Services indicating that the cost of the new borrowing is affordable;

(c) The new spending meets objectives set out in the Policy Framework or the Borough Plan.

29. Where new Capital resources, limited for use for a specific purpose, are identified during the year that do require matched funding, the Executive may commit new expenditure on that match funding provided that:

(a) The Reserved List, where such a list exists, has been fully committed and there are sufficient capital resources available to meet the match funding requirements directly or by virement, OR additional revenue resources have been identified to meet the match funding requirements;

(b) Spending commitments in future years are not made beyond the resources available to fund them.

VIREMENTS – HOUSING REVENUE ACCOUNT

30. The Director of Housing and Community Care may make any virements necessary for the efficient running of the Housing Revenue Account within the Account, including the use of revenue resources for capital purposes, provided that:

(a) Spending commitments in future years are not made beyond the resources available to fund them; and

(b) The changes are reported to the Director of Finance and Corporate Services.

REPORTING ARRANGEMENTS

31. Subject to paragraph 30, all Transfers, Virements and New Spending are to be reported to Full Council whether or not they require Full Council's approval. Normally this will be done by means of the regular expenditure monitoring reports made by the Director of Finance and Corporate Services. The reports will classify changes by whether Officer, Executive or Full Council approval was required.

32. Virements within one line of the Service Area Budget Summary Appendix of the Report, Transfers falling within Part A of the Schedule of Earmarked Reserves and Provisions and Virements within the HRA will not normally be reported to Full Council but will be reported if the Director of Finance and Corporate Services or the monitoring officers consider that a report should be submitted.

33. Any failure to report to or notify the Director of Finance and Corporate Services on any matter as required under this scheme will not invalidate the decision by virtue of that failure to report or notify alone.

Schedule 1

Earmarked Reserves and Provisions

PART A Officers have the authority to make transfers from these reserves and provisions up to the amounts in them for the specified purpose.

- Westbrook Trust
- Edward Harvist Trust
- Concessionary Fares
- Mental Health Client Deposits
- John Lyons Trust
- Wembley National Stadium Trust
- Hospital Sunday Trust
- Kelloggs Trust
- Best Bar None
- Library/Arts Project
- Dollis Hill House
- Apprenticeship Grant
- Willesden Sports Centre PFI
- Extended Schools and Swimming
- Legal Costs
- Single Regeneration Schemes
- Middlesex House
- Jews Free School PFI
- NNDR Revaluation Refunds
- Civic Centre
- Systems Development Fund
- Granville Plus
- Single Status
- Wembley Youth and Community
- Challenge and Innovation Fund
- Migration Impact
- Magistrates Court Fees
- Stonebridge HAT Project
- Schools Balances
- Standards Fund
- Non-LMS Schools Balances
- Long Term Sickness
- Local Safeguarding Children Board
- Supporting People
- Homelessness Strategy
- Thames Court Building Project
- Housing Fraud Initiative
- Mortgage Repossession Fund
- Private Landlords Rent Deposit Scheme
- Consumer Support Network
- Carpenders Park Cemetery Development
- Brent Transport Services
- Local Development Framework Inquiry
- DCLG Resource Payment
- Performance Reward
- DOF as Stakeholder
- Financial Skills and Systems
- Payroll Liabilities
- Viewstar Project
- Local Housing Allowance Implementation
- Performance Fund
- WLA Olympic Fund
- Preventing Extremism
- Working Neighbourhood Fund
- Affordable Housing Initiative

PART B Transfers may only be made on the authority of the Executive.

- Section 106 and Commuted Car Parking
- Capital Funding
- Chalkhill Community Building
- Brent tPCT Settlement

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BACKGROUND INFORMATION

2010/11 Revenue Budget and Council Tax – Report to Council on 1st March 2010.

Budget Process 2011/12 – Report to the Executive on 14th July 2010.

First Reading debate on the 2011/12 Budget Report – Report from Director of Finance and Corporate Services to Council on 22nd November 2010.

Performance and Finance Review Quarter 2 – Report to the Executive on 13th December 2010.

Collection Fund Surplus/Deficit at 31st March 2010 Report – Report to the Executive on 13th December 2010.

Calculation of Council Tax Base 2011/12 – Report to General Purposes on 25th January 2011.

Housing Revenue Account Budget Report 2011/12 – Report to the Executive on 15th February 2011.

2011/12 Budget and Council Tax – Report to the Executive on 15th February 2011.

Local Government Finance Settlement 2011/12 – Various Papers

Budget Guidelines, 2011/12 – 2014/15

CIPFA Code of Practice for Treasury Management in Local Authorities.

Treasury Management Policy Statement and Systems Documentation.

General Budget Working Papers

Any person wishing to inspect these documents should contact Clive Heaphy, Director of Finance and Corporate Services, Room 114, Brent Town Hall, Forty Lane, Wembley, Middlesex HA9 9HD. Tel (020) 8937 1424.

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